IBM Business Analytics for Insurance

Overview
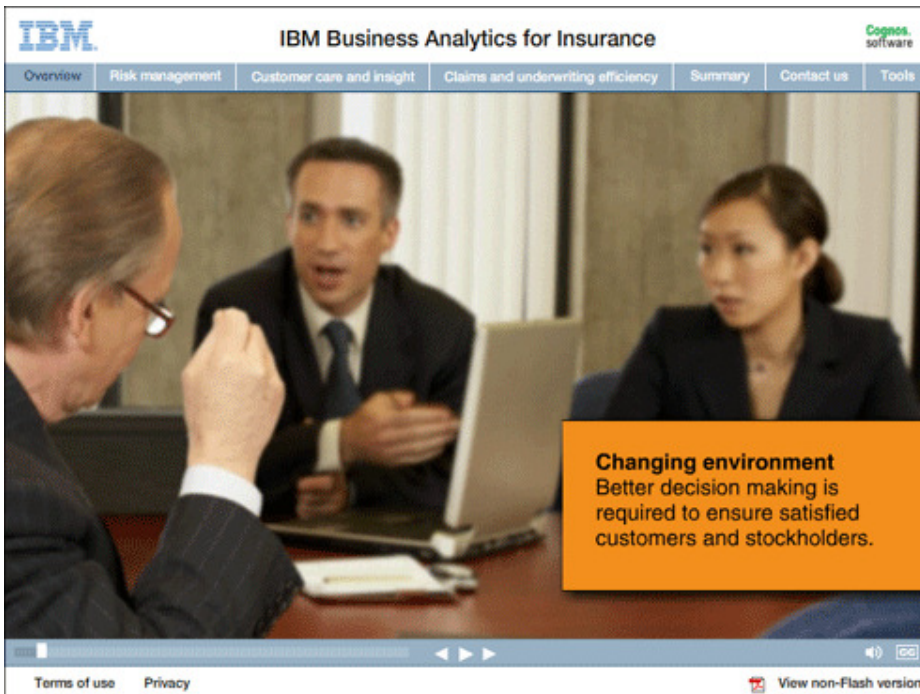

1. Narrative:
The business of insurance remains the same—assume risk for others...deliver timely restitution if a loss occurs...and do it all effectively and profitably.

Onscreen Copy:
The business of insurance
Assume risk and deliver timely claims while maintaining profitability.

2. Narrative:
The insurance environment has changed though—becoming much more complex, which requires better decision making across the enterprise to ensure both your customers and your stockholders are satisfied with their results.

Onscreen Copy:
Changing environment
Better decision making is required to ensure satisfied customers and stockholders.
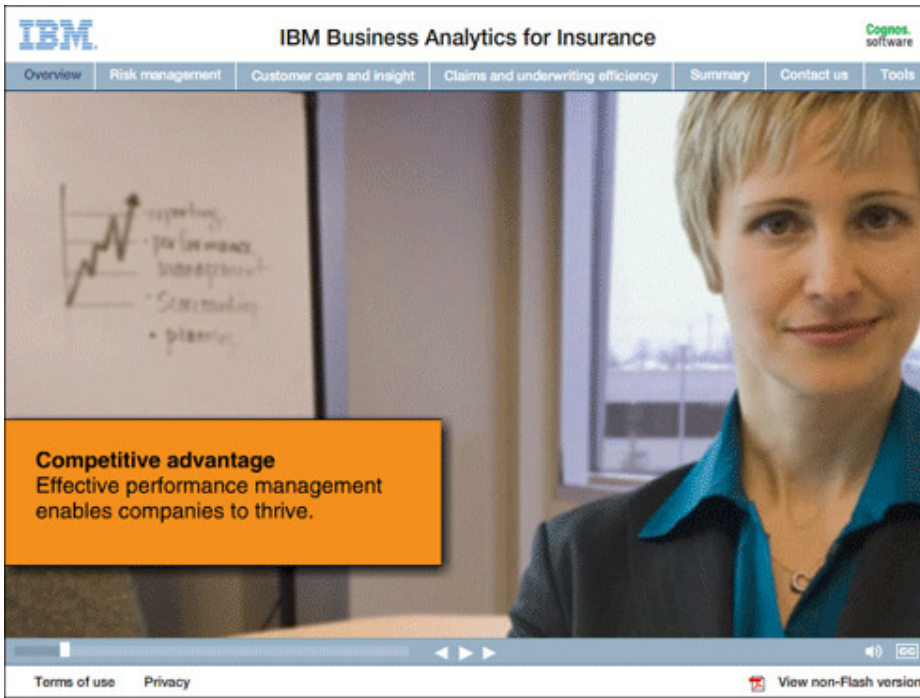
3. Narrative:
The companies that thrive as market conditions evolve will do so by establishing and maintaining a competitive advantage through effective performance management.

Onscreen Copy:
<u>Competitive advantage</u>
Effective performance management enables companies to thrive.
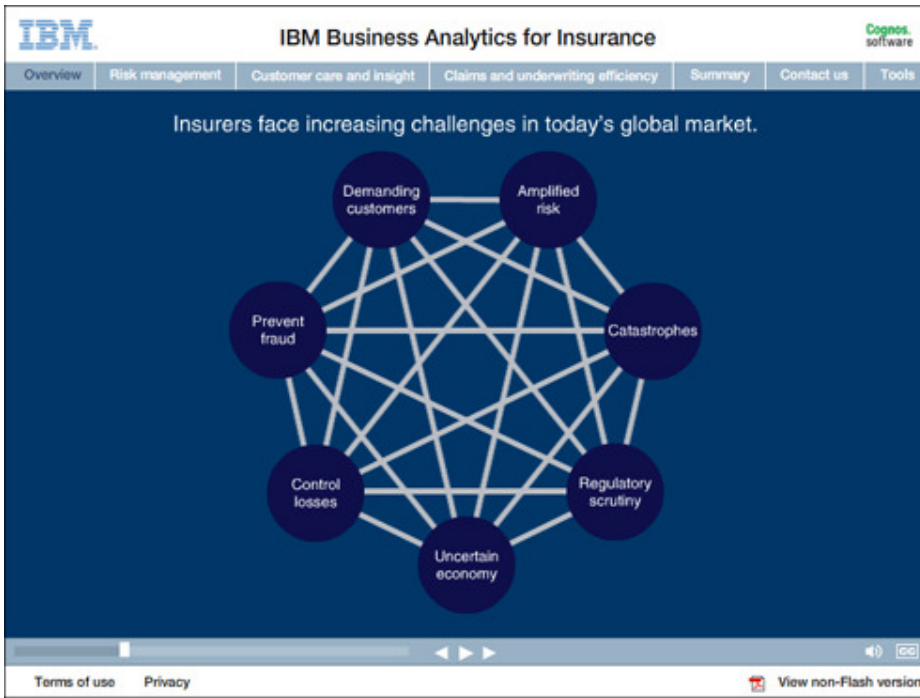

4. Narrative:
Insurers face increasing challenges in today's global market...

Onscreen Copy:
Insurers face increasing challenges in today's global market.

5. Narrative:
...from managing amplified risk...to dealing with catastrophes...to meeting the demands of increased oversight and greater regulatory scrutiny...to navigating through a more uncertain economic environment. At the same time, they must manage claims to provide quality levels of service while controlling losses and expenses, and prevent fraud...and satisfy a more informed and demanding customer base.

Onscreen Copy:
Insurers face increasing challenges in today's global market.

6. Narrative:
Managing performance at every level of the organization is business critical. Overcoming these challenges requires information—not just data, but true insight on every aspect of the life of a policy and claim.

Onscreen Copy:
Overcoming today's challenges requires true insight that's available throughout your organization.

7. Narrative:
And this insight must be available to everyone throughout your organization. After all, as an insurer, decision making occurs in every department, at every branch office, and at every level of your company.

Onscreen Copy:
Overcoming today's challenges requires true insight that's available throughout your organization.

8. Narrative:
Insurance executives especially require deep insight into all levels of operation to provide transparency into decision-making processes and enable them to reasonably defend past decisions. Executives realize better than anyone that decisions based on "gut instinct" are no longer acceptable in today's unforgiving business environment.

Onscreen Copy:
Insurance executives need insight to ensure transparency and to defend decision making.
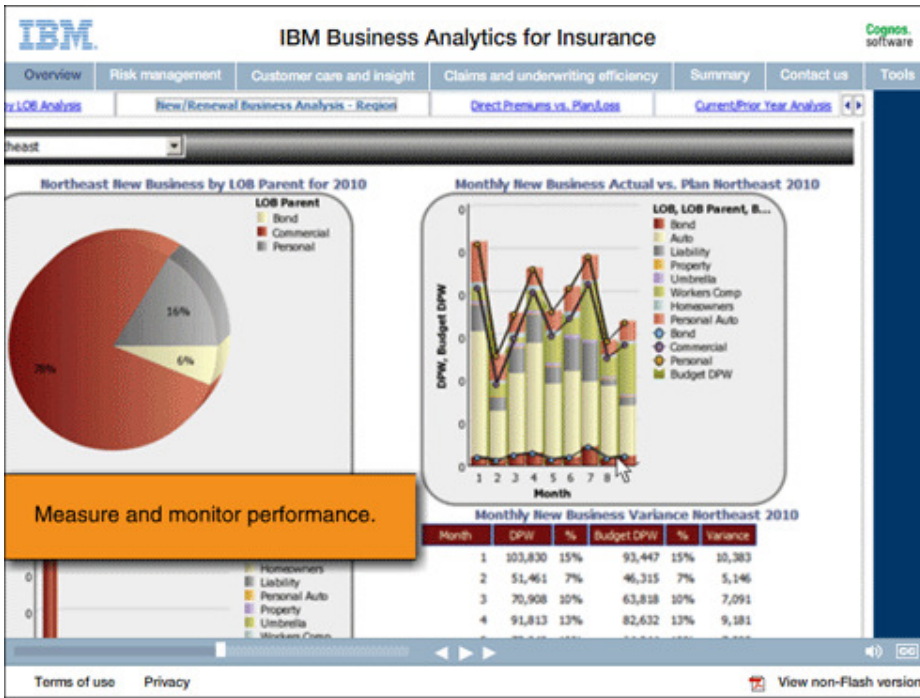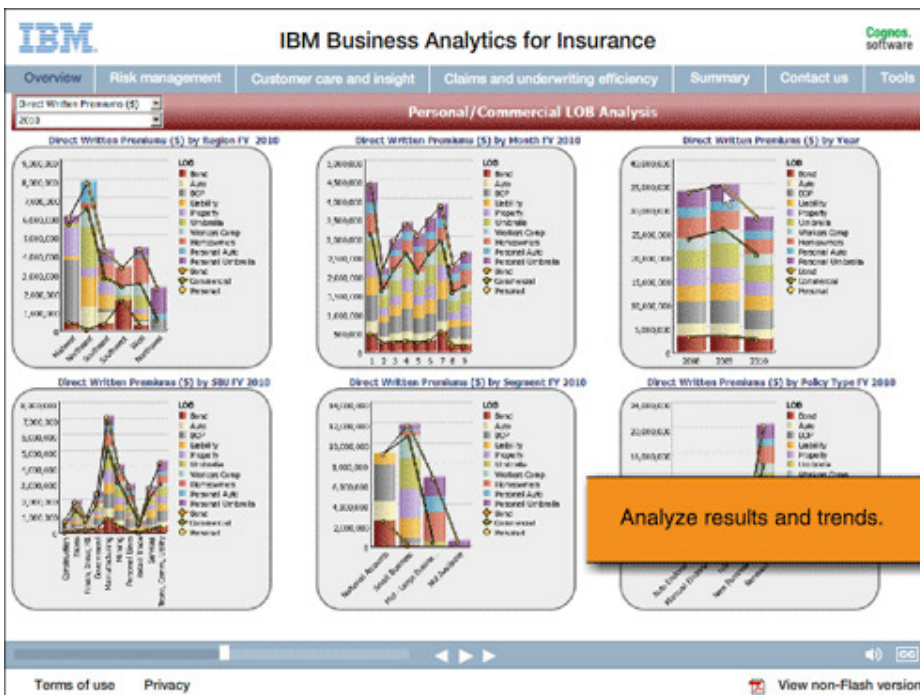
9. Narrative:
IBM Cognos software and solutions deliver the insight and knowledge required to make better decisions, enabling you to...measure and monitor performance...
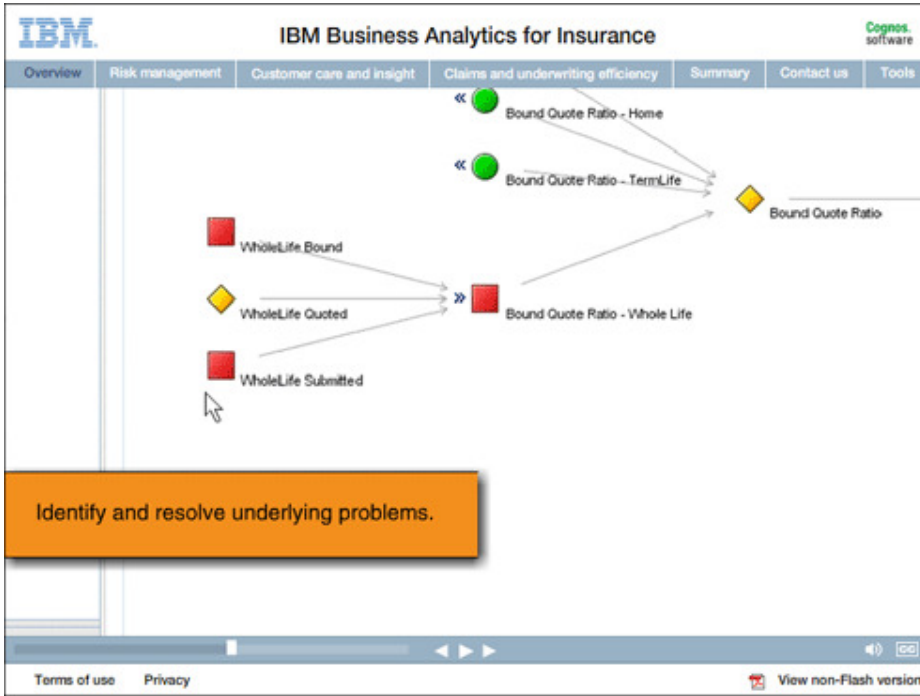
Onscreen Copy:
Measure and monitor performance.

10. Narrative:
...analyze results and trends...

Onscreen Copy:
Analyze results and trends.

11. Narrative:
...identify and resolve underlying problems earlier...

Onscreen Copy:
Identify and resolve underlying problems.

12. Narrative:
...and improve your ability to forecast, report and meet compliance requirements.

Onscreen Copy:
Improve your ability to forecast, report, and meet compliance requirements.

13. Narrative:
IBM Business Analytics help in the areas most critical to insurance success. IBM Cognos business intelligence and enterprise financial planning solutions enable you to manage and reduce all types of risk across your organization, whether it be portfolio risk, market risk, operational risk, strategic risk or underwriting risk.

Onscreen Copy:
Risk management
IBM Cognos software helps you improve your ability to manage and reduce all types of risk across your organization.

14. Narrative:
IBM Cognos software also improves your customer care and insight, enabling you to better analyze customers and customer segments. This includes both sets of insurance customers—the end customers you insure, and the agents and brokers who produce your revenue.

Onscreen Copy:
Customer care and insight
IBM Cognos software enables you to better analyze customers, improve your ability to underwrite, and increase overall profitability and satisfaction.
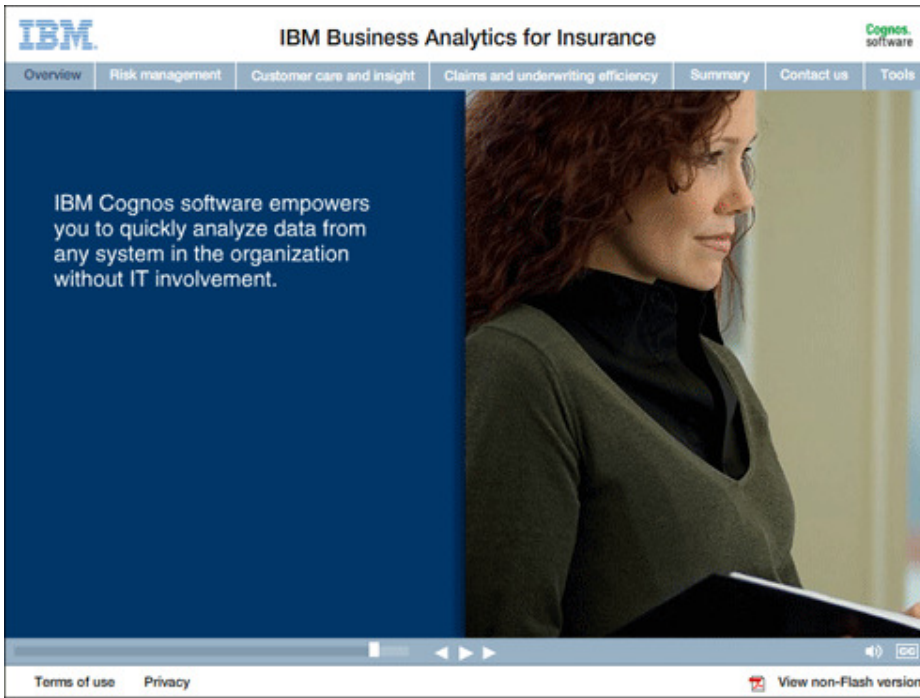
15. Narrative:
With accurate information, you can offer the right product and service to your customers, at the right time...improve your ability to underwrite...and increase your overall profitability and customer satisfaction.

Onscreen Copy:
<u>Customer care and insight</u>
IBM Cognos software enables you to better analyze customers, improve your ability to underwrite, and increase overall profitability and satisfaction.

16. Narrative:
And, IBM Cognos software helps you improve underwriting and claims management efficiency and insight, so you can generate quotes and policies more quickly, speed claims settlements, improve recoveries and better manage performance across the organization.

Onscreen Copy:
<u>Claims and underwriting efficiency</u>
IBM Cognos software helps you generate quotes more quickly, speed settlements, improve subrogation, and better manage overall performance.

17. Narrative:
Imagine accessing and analyzing data from any system in the organization, regardless of format or location. IBM Cognos software empowers you with "speed of thought discovery," while eliminating the need to order information from IT.

Onscreen Copy:
IBM Cognos software empowers you to quickly analyze data from any system in the organization without IT involvement.
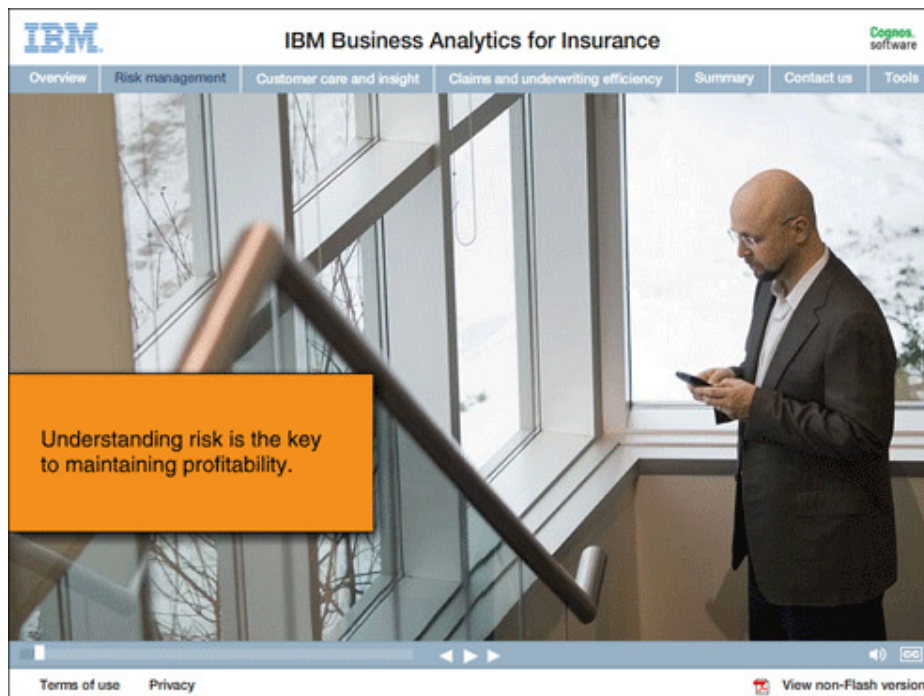

18. Narrative:
Please stay with us as we share some examples of how IBM Cognos software can help your company make better decisions.

Onscreen Copy:
Stay with us as we share examples of how IBM Cognos software can help your company make better decisions, or click the topic on the menu that most interests you:
- Risk management
- Customer care and insight
- Claims and underwriting efficiency

Risk management

1. Narrative:
Risk is the foundation of the insurance industry. Without it, there would be no need for this industry. Understanding your risk portfolio—to the point of being both comfortable and confident with it—is what distinguishes between gambling on risk and predictably profiting from it.

Onscreen Copy:
Understanding risk is the key to maintaining profitability.

2a. Narrative:
It's important to understand and gauge the various types of risk you face...

Onscreen Copy:
It is important to understand and gauge all types of risk, including:
- Underwriting risk
- Portfolio risk
- Operational risk
- Market risk
- Investment risk

2b. Narrative:
...from underwriting risk, so you can craft premiums and coverage that are popular and profitable...to broader portfolio risk, so you can avoid outsized exposure to specific categories or events...to operational risk, so you can make money while ensuring you're able to meet your obligations...to market risk, where you must now invest more wisely than ever to generate predictable, sustainable returns.

Onscreen Copy:
It is important to understand and gauge all types of risk, including:
- Underwriting risk
- Portfolio risk
- Operational risk
- Market risk
- Investment risk

3. Narrative:
So how can you best manage risk?...by providing the right information to the right people at the right time—information that is reliable and delivered in a way that complements their decision-making style. IBM Cognos software is designed to deliver the essential insight required to improve risk management at all levels of your organization.

Onscreen Copy:
IBM Cognos software delivers accurate, timely information and insight to anyone within your organization to improve risk management.
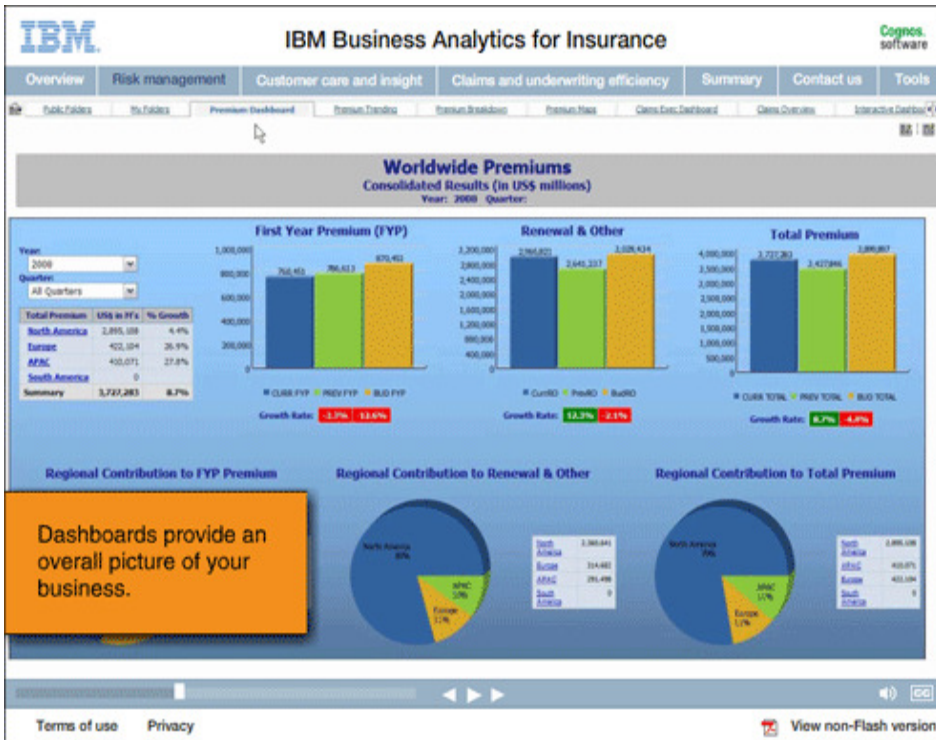
4. Narrative:
Here's just one risk management example involving the monitoring, analysis and management of premiums. This screen provides a high-level, worldwide picture of your premiums...

Onscreen Copy:
Dashboards provide an overall picture of your business.
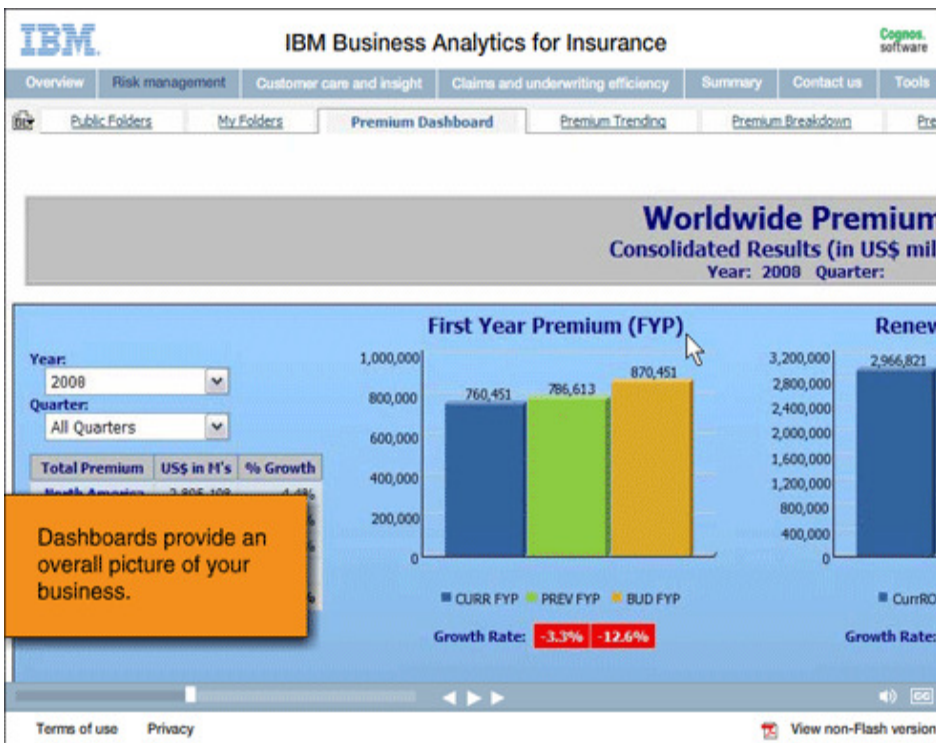
5. Narrative:
...including first-year premium...

Onscreen Copy:
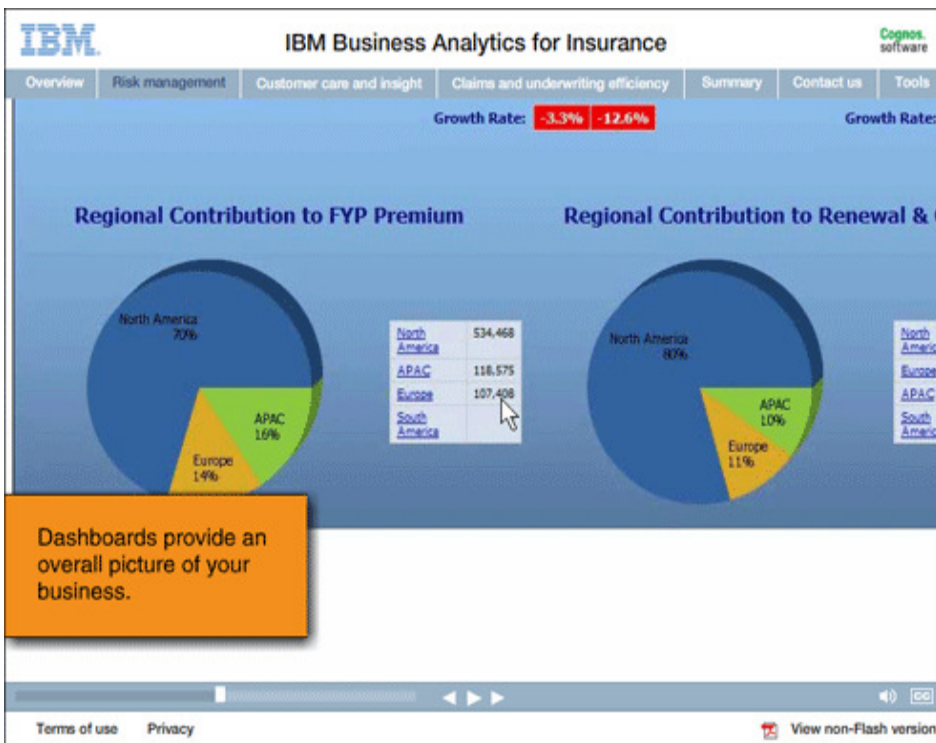Dashboards provide an overall picture of your business.
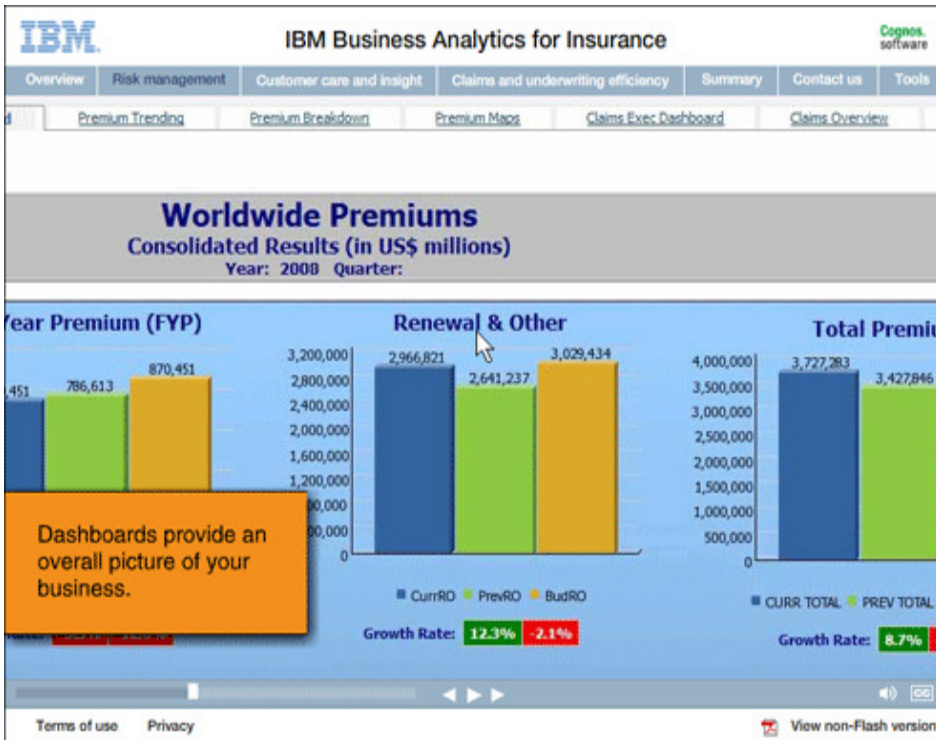
6. Narrative:
...renewals...

Onscreen Copy:
Dashboards provide an overall picture of your business.

7. Narrative:
...and your overall total premiums.
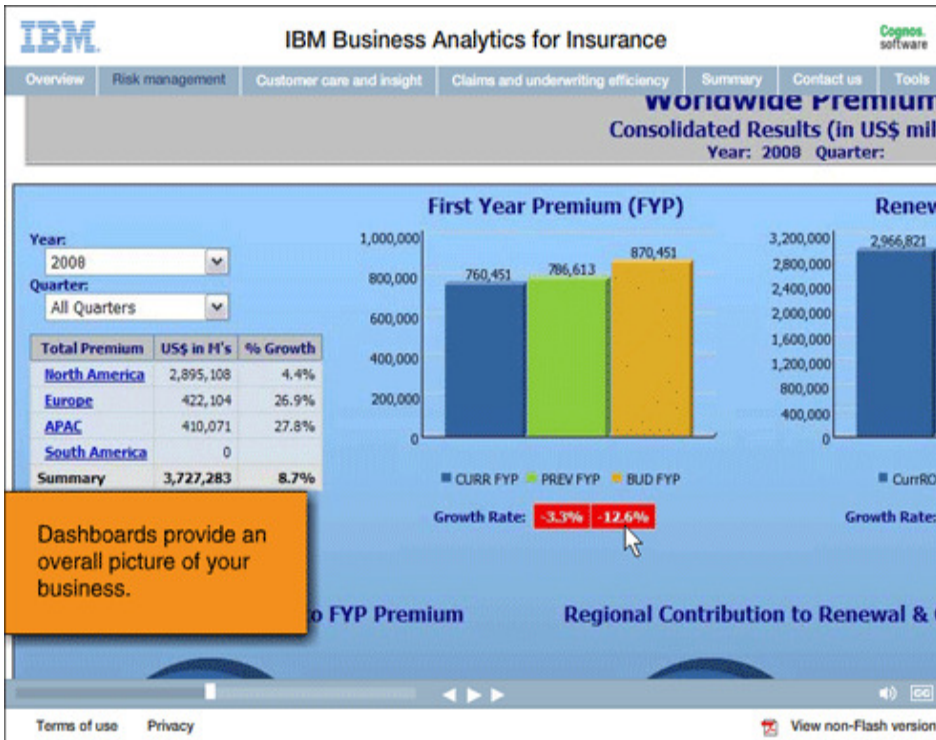
Onscreen Copy:
Dashboards provide an overall picture of your business.

8. Narrative:
You can also see relative growth rates for the current period versus prior period for each category...

Onscreen Copy:
Dashboards provide an overall picture of your business.

9. Narrative:
...as well as contributions from each major geographic region.

Onscreen Copy:
Dashboards provide an overall picture of your business.
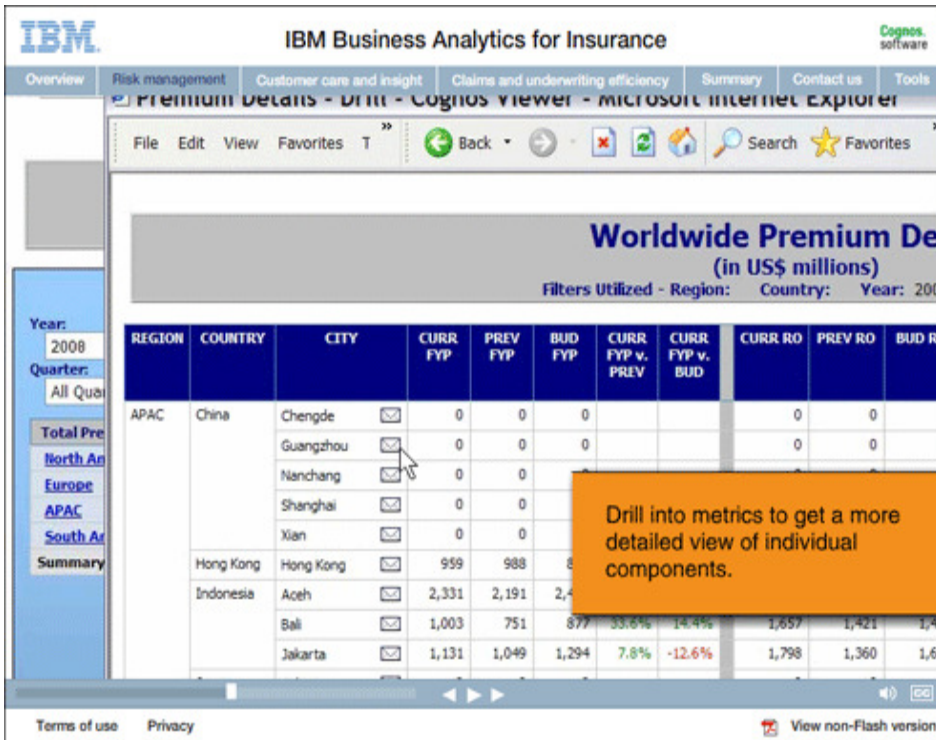
10. Narrative:
IBM Cognos software lets you easily drill into each metric to get a more detailed picture of the individual components that make up the metric you're analyzing. The breadth and depth of insight available is virtually limitless.

Onscreen Copy:
Drill into metrics to get a more detailed view of individual components.
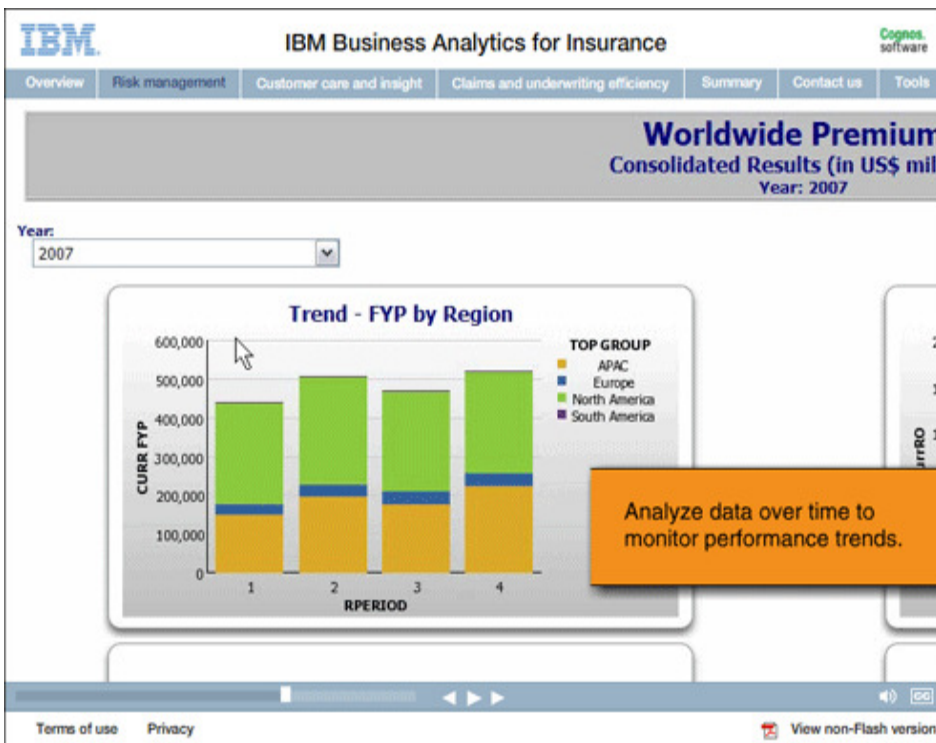
11. Narrative:
Reviewing trends is a very effective way to identify concerns and manage performance. Here, you can analyze how your premiums have been performing over time—both from a yearly perspective and quarterly perspective. It's easy to change the time period to hone in on what's important to you.

Onscreen Copy:
Analyze data over time to monitor performance trends.
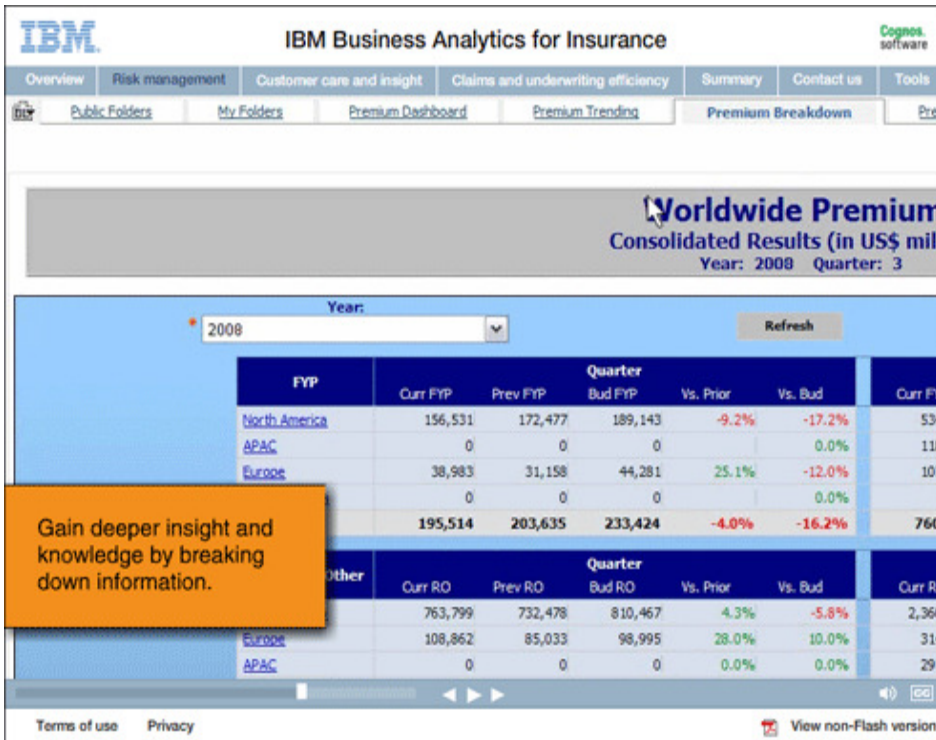
12. Narrative:
You can also break down the data by geography to gain deeper insight and knowledge into how specific countries are performing.

Onscreen Copy:
Gain deeper insight and knowledge by breaking down information.
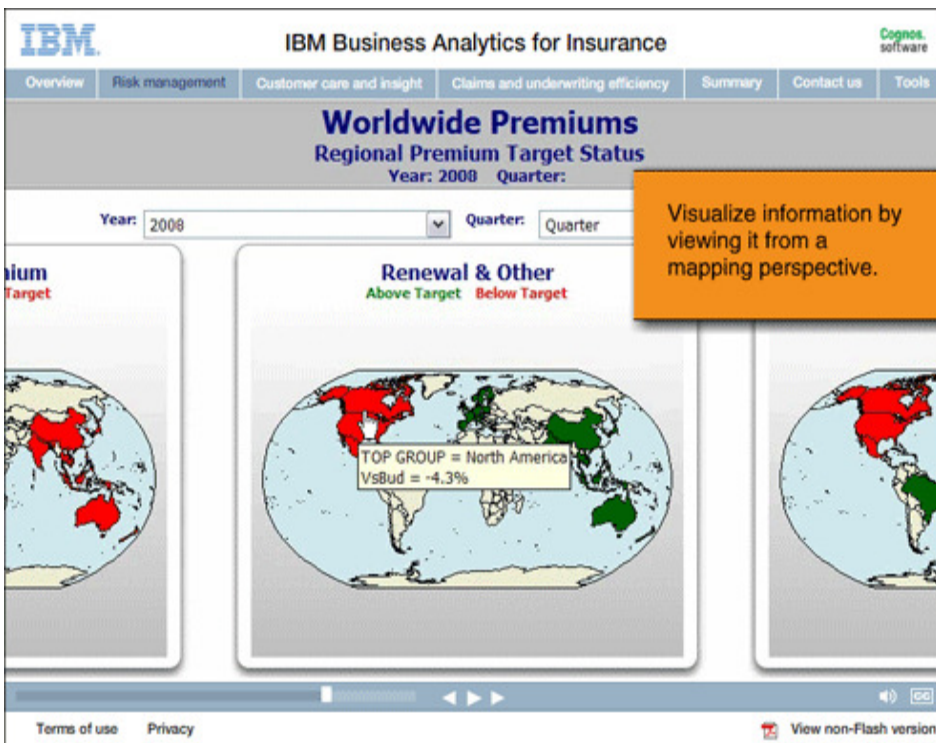
13. Narrative:
Or change to a mapping view of information. This world map clearly highlights that the United States and Canada are performing poorly, and likely need further follow-up, while the Asia-Pacific region is performing well. These maps can be modified to reflect customized MSAs or other metrics.

Onscreen Copy:
Visualize information by viewing it from a mapping perspective.

14. Narrative:
You've seen just a brief view of how IBM Cognos software can provide in-depth analysis regarding premiums. The same sort of deep insight can be acquired across every aspect of risk in your organization. Because, after all, when it comes to insurance, how well you manage risk can mean the difference between predictable profits versus unexpected losses. Visit us on the web to find out more.

Onscreen Copy:
IBM Cognos software provides the in-depth analysis needed to manage all aspects of risk and improve profitability.

Visit www.ibm.com/cognos/insurance to find out more.

Customer care and insight
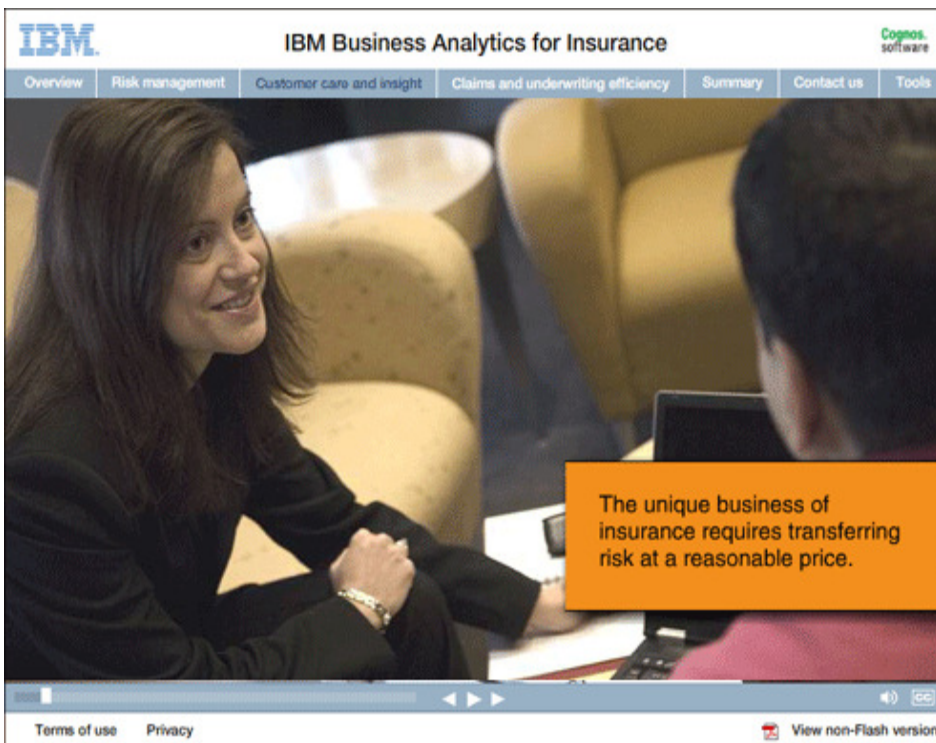
1. Narrative:
How many business propositions involve customers paying sizeable amounts of money for policies they hope to never use? Welcome to the unique world of insurance, where your job is to transfer risk from clients, for events they hope never occur, at a price they're willing to pay.

Onscreen Text:
The unique business of insurance requires transferring risk at a reasonable price.

2. Narrative:
And while your business proposition is very different, like any industry, attracting, understanding and pleasing your customers is paramount to your success.

Onscreen Text:
Understanding your customers is paramount to success.

3. Narrative:
Besides your reputation for processing claims in a fair and timely manner, you must also provide attractive premiums to customers on the front-end of your relationship—while still underwriting to a profit. The trick is finding the right opportunities with the right customers, and then offering coverages at the right price. In today's highly competitive environment you must retain your best customers while finding ways to cross-sell new offerings to them.

Onscreen Text:
Providing customer satisfaction while maintaining profitability requires:
- Processing claims in a fair and timely manner
- Providing attractive premiums to customers
- Underwriting to a profit
- Customer retention
- Cross sell / up sell
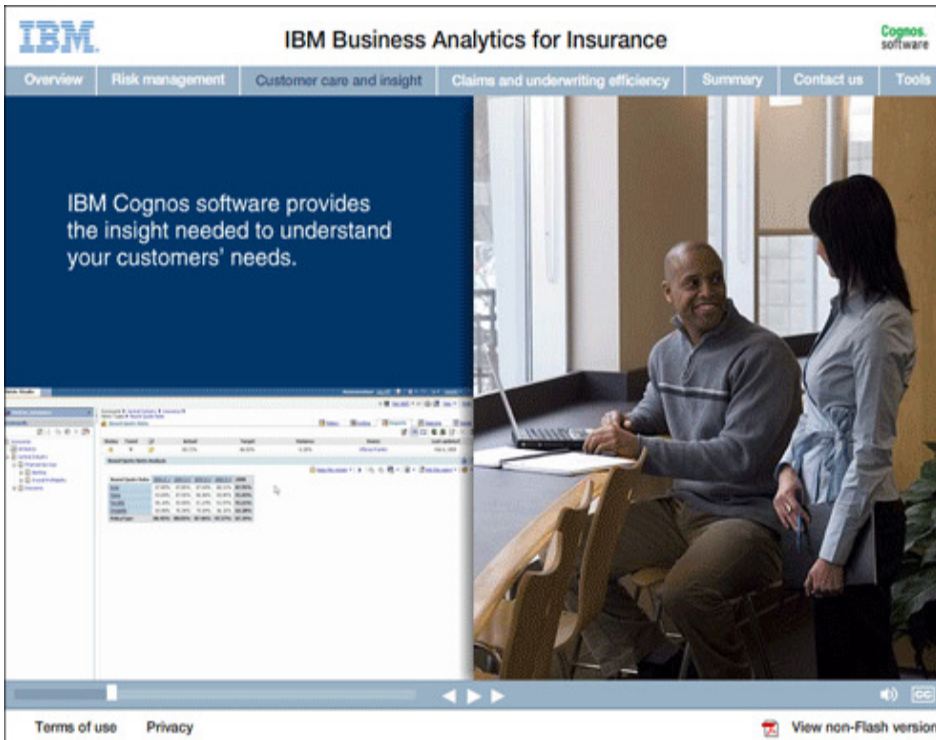
4. Narrative:
IBM Cognos software provides the insight you need to understand your customers and determine whether the products you provide are meeting their needs.

Onscreen Text:
IBM Cognos software provides the insight needed to understand your customers' needs.
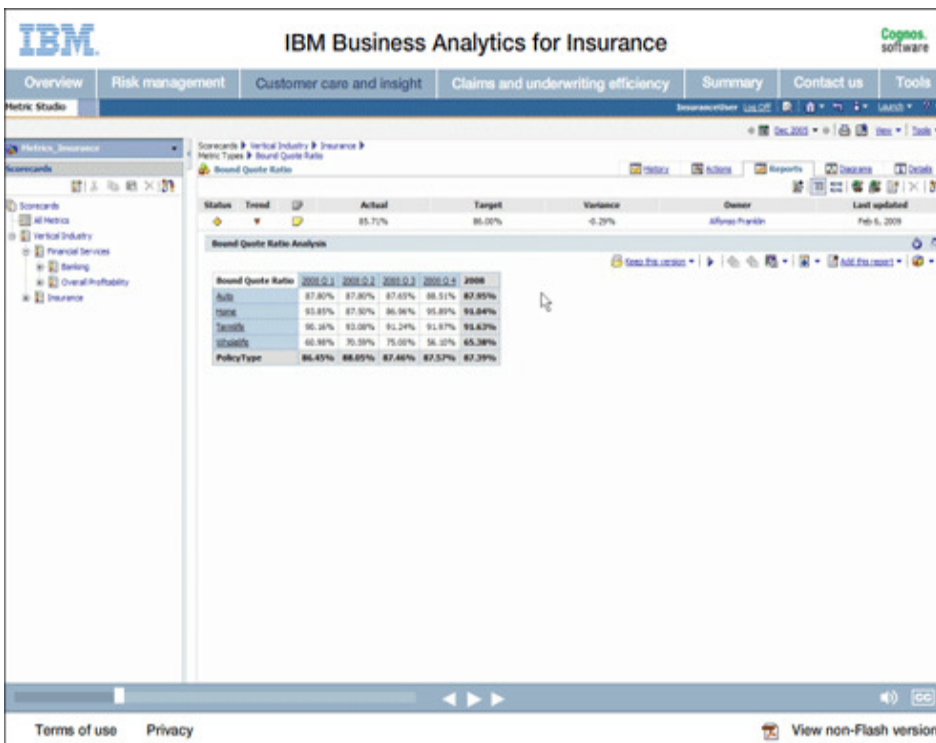
5. Narrative:
Here is just a small glimpse of the type of insight you can gain through ad hoc analysis—in this case, related to the policies you've sold to your customers...

6. Narrative:
IBM Cognos software makes it easy to review reports covering a broad array of metrics across your major policy types. This particular table shows your bound quoted ratio across product lines for your entire company over particular time periods.

Onscreen Text:
Easily review reports across major policy types.

7. Narrative:
As you can see, there are various measures and dimensions that you can apply to the report—all of which provide deeper insight while accessing and aggregating data from a variety of sources.

Onscreen Text:
Access data from a variety of sources.

8. Narrative:
You may want to sort the information to identify where your ratios are high or low.

Onscreen Text:
Sort information and focus on specific areas of interest.

9. Narrative:
From there, you might decide to focus on the product with the highest bound quoted ratio—in this case, term life.

Onscreen Text:
Sort information and focus on specific areas of interest.

10. Narrative:
Perhaps you're interested in getting a regional breakout; it's as easy as dragging and dropping the region into the table.

Onscreen Text:
Breakout data and drill down for additional information.

11. Narrative:
Deciding to drill even further, you select the Northeast region, and then the New York / New Jersey area, ultimately getting a breakdown of the metric within each individual community.

Onscreen Text:
Breakout data and drill down for additional information.

12. Narrative:
If you don't find what you're looking for, it's easy to break down information across other dimensions, such as age segmentation. Just highlight the ages you wish to report...

Onscreen Text:
Easily modify reports by breaking down information by a variety of dimensions.

13. Narrative:
...and drag them into the regional table and you instantly see your bound quoted ratio across major regions and selected age groups.

Onscreen Text:
Easily modify reports by breaking down information by a variety of dimensions.

IBM Business Analytics for Insurance

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Measures tree:
- LoyaltyId
- Age
  - 25-35
  - 35-45
  - 45-55
  - Over 50
  - Under 25
- Gender
- Measures
  - Premium Renewal Ratio
  - Policy Renewal Ratio
  - Quote Submit Ratio
  - Bound Submit Ratio
  - Bound Quote Ratio
  - New Policies
  - Submit
  - Quoted
  - Bound
  - Submit Premium
  - Quoted Premium
  - Bound Premium
  - Policies Incepted
  - Exting Customer Folder

	45-55	90.91%	90.91%	66.67%
	Total	82.61%	88.24%	91.67%
Southeast	Under 25	100.00%	100.00%	100.00%
	25-35	75.00%	100.00%	75.00%
	35-45	100.00%	90.91%	100.00%
	45-55	100.00%	100.00%	100.00%
	Total	94.44%	97.14%	92.50%
Region	Under 25	100.00%	100.00%	100.00%
	25-35	85.19%	92.11%	90.00%
	35-45	89.80%	93.18%	96.08%
	45-55	93.33%	94.29%	80.00%
	Total	90.35%	93.55%	90.62%
Gender	F			
	M			

Quickly add metrics to gain additional insight.

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14. Narrative:
Want to add a breakout by gender, independent of region, to identify if there are any distinctions between males and females? That's easy as well.

Onscreen Text:
Quickly add metrics to gain additional insight.

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Bound Quote Ratio

		2008 Q 1		2008 Q 2	
		Quote Submit Ratio	Bound Submit Ratio	Quote Submit Ratio	Bound Submit Ratio
Mid-Atlantic	Under 25	100.00%	100.00%	50.00%	50
	25-35	50.00%	50.00%	73.68%	7
	35-45	57.89%	57.89%	72.22%	7
	45-55	57.14%	50.00%	76.92%	6
	Total	57.14%	55.36%	73.08%	71
Northeast	Under 25	50.00%	50.00%	80.00%	8
	25-35	64.29%	50.00%	48.48%	3
	35-45	70.59%	55.88%	48.78%	4
	45-55	68.75%	62.50%	64.71%	5
	Total	67.65%	55.88%	53.12%	46
Southeast	Under 25	50.00%	50.00%		
	25-35	40.00%	30.00%		
	35-45	48.28%	48.28%		
	45-55	45.83%	45.83%		
	Total	45.57%	43.04%	43.75%	42
	Under 25	61.54%	61.54%	50.00%	50

Quickly add metrics to gain additional insight.

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15. Narrative:
And because your reviewing the bound quoted ratio metric, you might also be interested in comparing the quote submitted ratio to the bound submitted ratio. Again, this is as easy as dragging and dropping those metrics into your report.

Onscreen Text:
Quickly add metrics to gain additional insight.

16. Narrative:
Let's say you want to compute the difference between those ratios. IBM Cognos software recognizes the relationship between those metrics and suggests types of calculations you might want to perform. Or you can define custom calculations based on your needs.
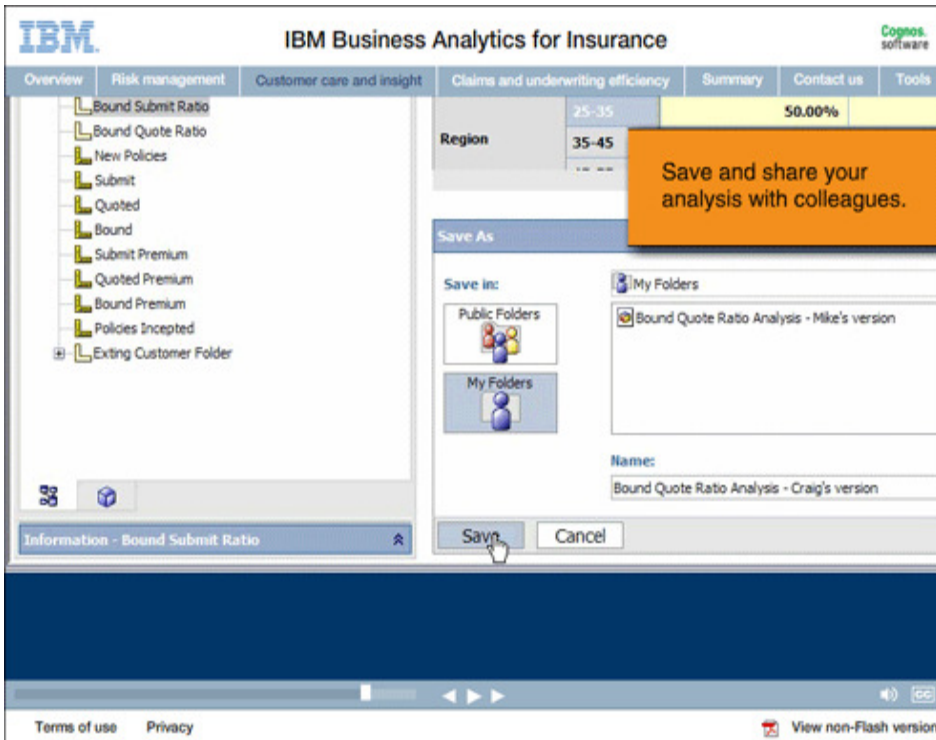
Onscreen Text:
Perform calculations on related metrics.

17. Narrative:
Seeing the deltas enables you to identify any outliers: for instance the 25- to 35-year old age group in the Northeast region for the Q1 time period. This large divergence might merit a closer look to see what's going on.

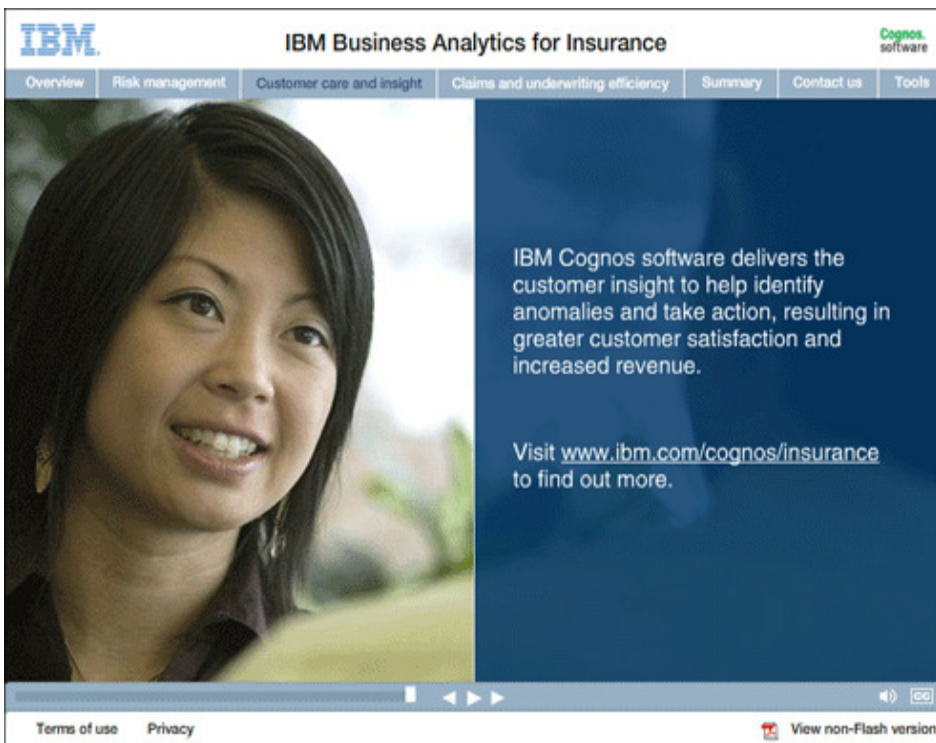**Onscreen Text:**
Identify outliers that merit a closer look.

18. Narrative:
Saving your work is a simple process as well, enabling you to share your analysis and findings with colleagues.

Onscreen Text:
Save and share your analysis with colleagues.

19. Narrative:
Again, this is just a glimpse of the insight you can gain from IBM Cognos software—insight that can help you identify anomalies regarding policies, product lines and other customer-oriented data so you can address them before they become bigger problems. The result?...greater customer insight and revenue opportunity for your company. Visit us on the web to find out more.

Onscreen Text:
IBM Cognos software delivers the customer insight to help identify anomalies and take action, resulting in greater customer satisfaction and increased revenue.

Visit www.ibm.com/cognos/insurance to find out more.
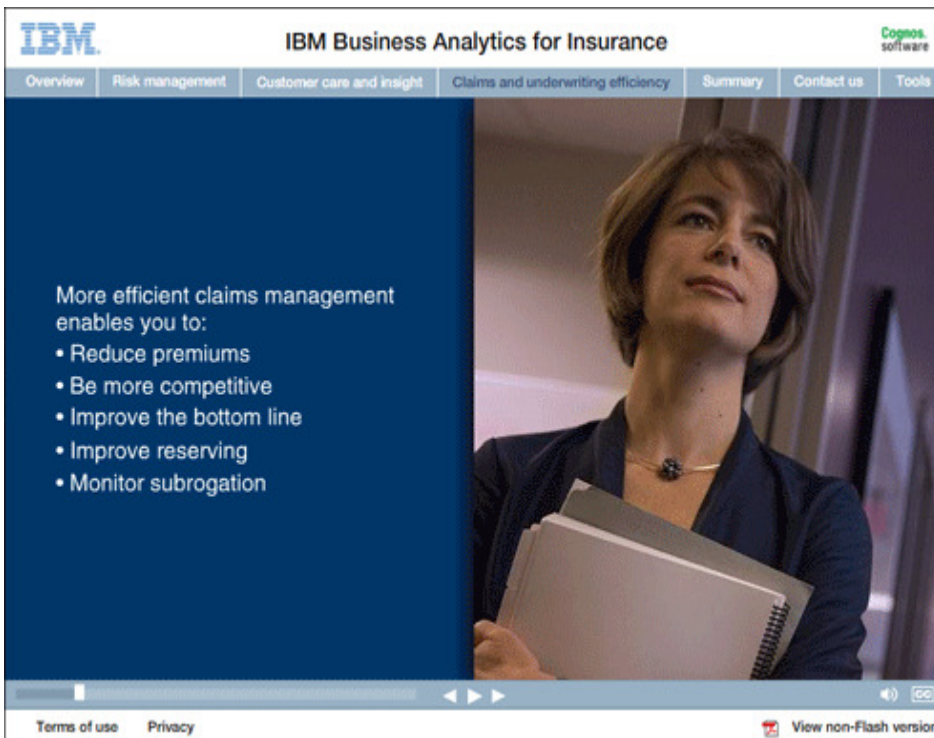
Claims and underwriting efficiency

1. Narrative:
Leading insurers realize that managing claims performance is crucial in order to efficiently pay claims and deliver quality services while reducing costs and protecting profitability.

Onscreen Text:
Managing claims performance is crucial to:
- Paying claims more efficiently
- Reducing costs
- Protecting profitability

2. Narrative:
After all, managing claims more efficiently on both the front-end and the back-end enables you to contain premiums so you can be more competitive without compromising the bottom line. You can also better establish retentions and minimize leakages, as well as better monitor recoveries, including salvage and subrogation.

Onscreen Text:
More efficient claims management enables you to:
- Reduce premiums
- Be more competitive
- Improve the bottom line
- Improve reserving
- Monitor subrogation

3. Narrative:
Achieving these benefits requires deeper, more detailed knowledge into your claims performance—actionable knowledge you can gain through IBM Cognos software.

Onscreen Text:
IBM Cognos software provides the knowledge needed to improve claims management.

4. Narrative:
This scenario demonstrates how IBM Cognos software can improve claims management insight... Imagine you're an insurance executive. This dashboard, personalized for your needs, provides an overall view of how your claims business is performing.

Onscreen Text:
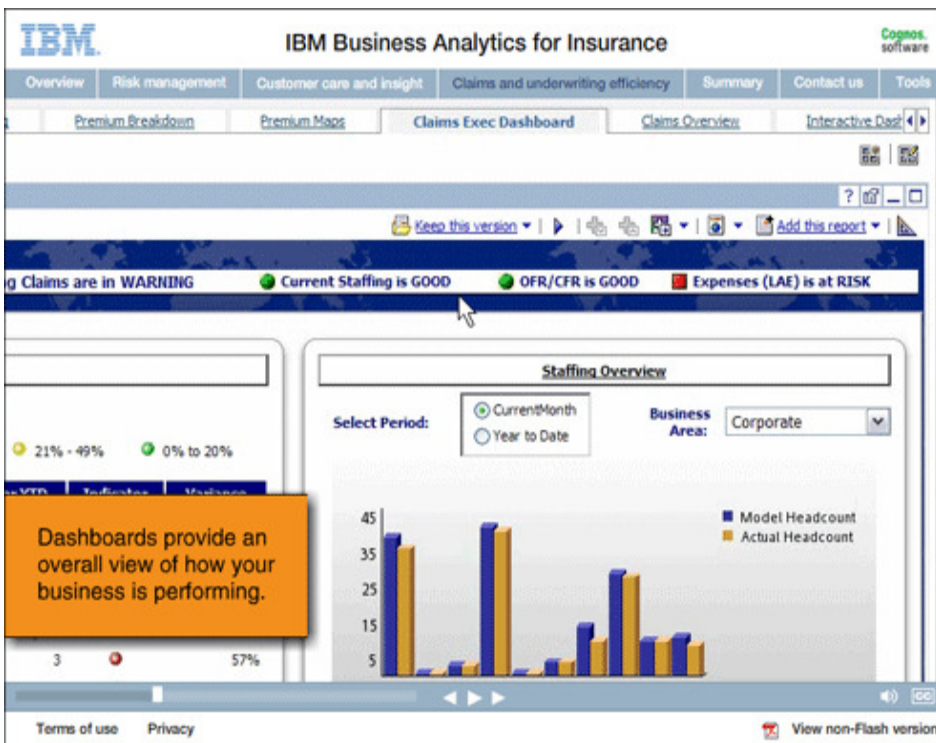Dashboards provide an overall view of how your business is performing.
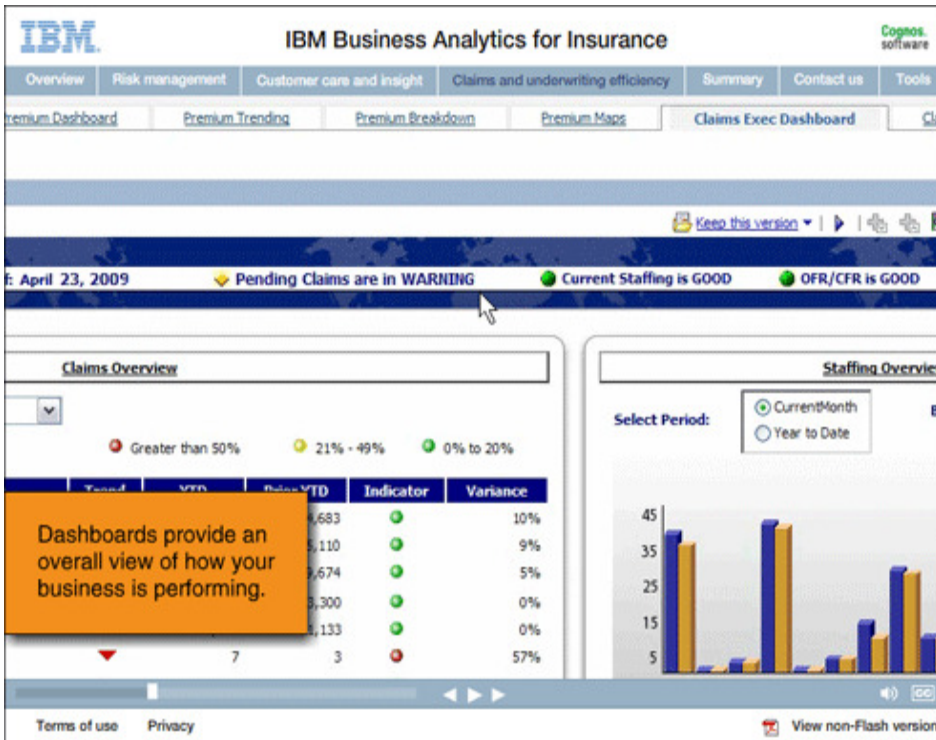
5. Narrative:
Areas of interest might include overall pending claims status...

Onscreen Text:
Dashboards provide an overall view of how your business is performing.

6. Narrative:
...your current staffing levels...

Onscreen Text:
Dashboards provide an overall view of how your business is performing.
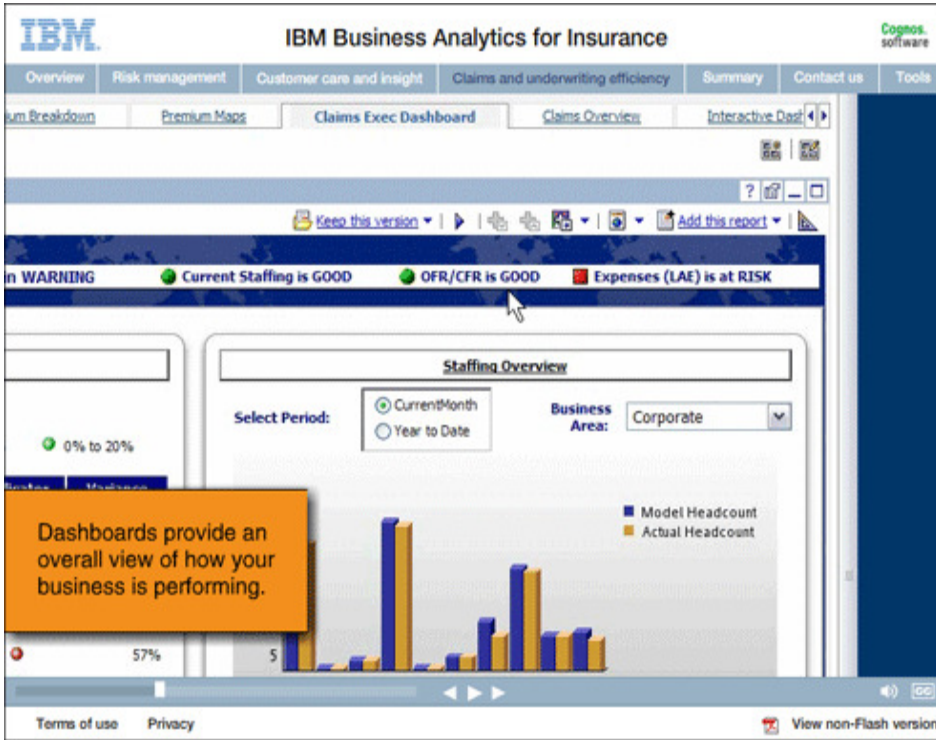
7. Narrative:
...your open file and closed file review process...

Onscreen Text:
Dashboards provide an overall view of how your business is performing.

8. Narrative:
...as well as your overall loss adjustment expenses.

Onscreen Text:
Dashboards provide an overall view of how your business is performing.
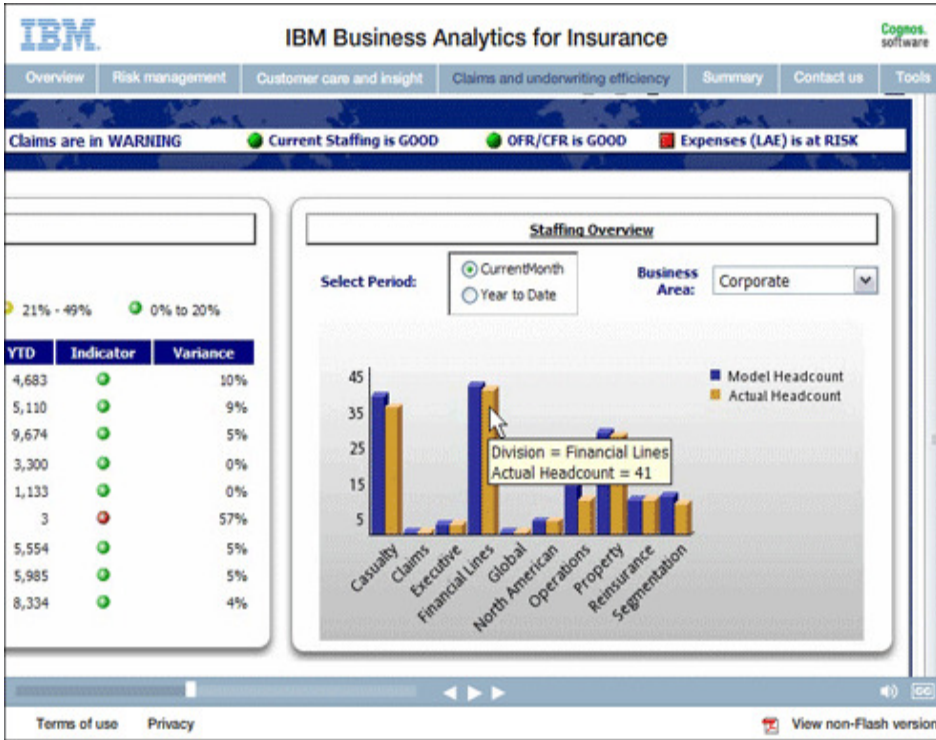
9. Narrative:
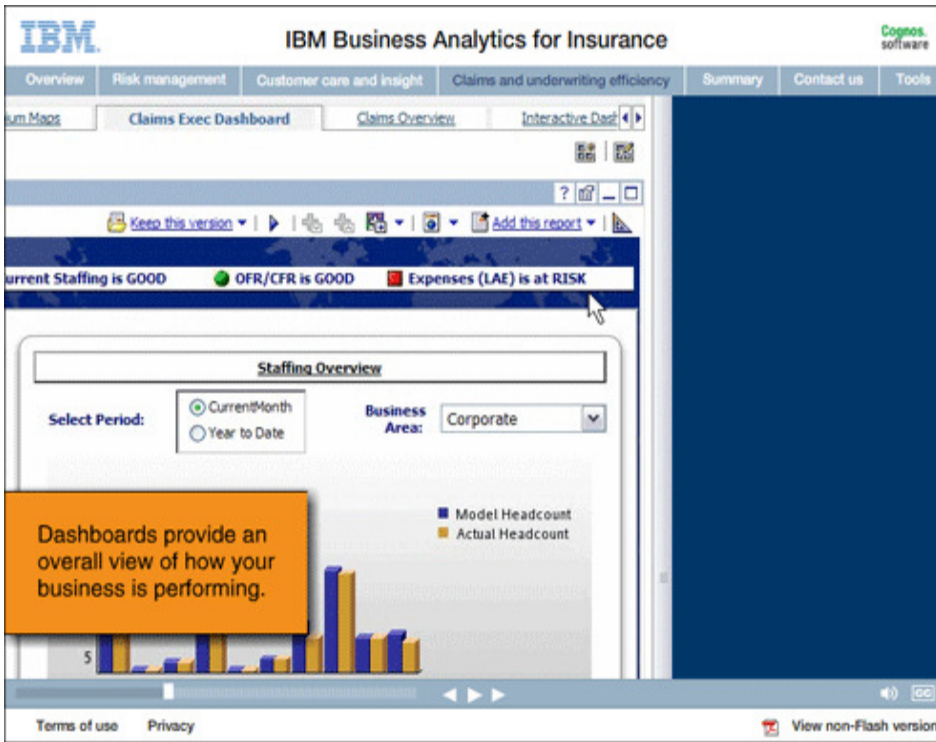The value of these dashboards isn't limited to the instantaneous picture you get of each metric—such as the current-to-actual head count performance within Financial Lines this month.
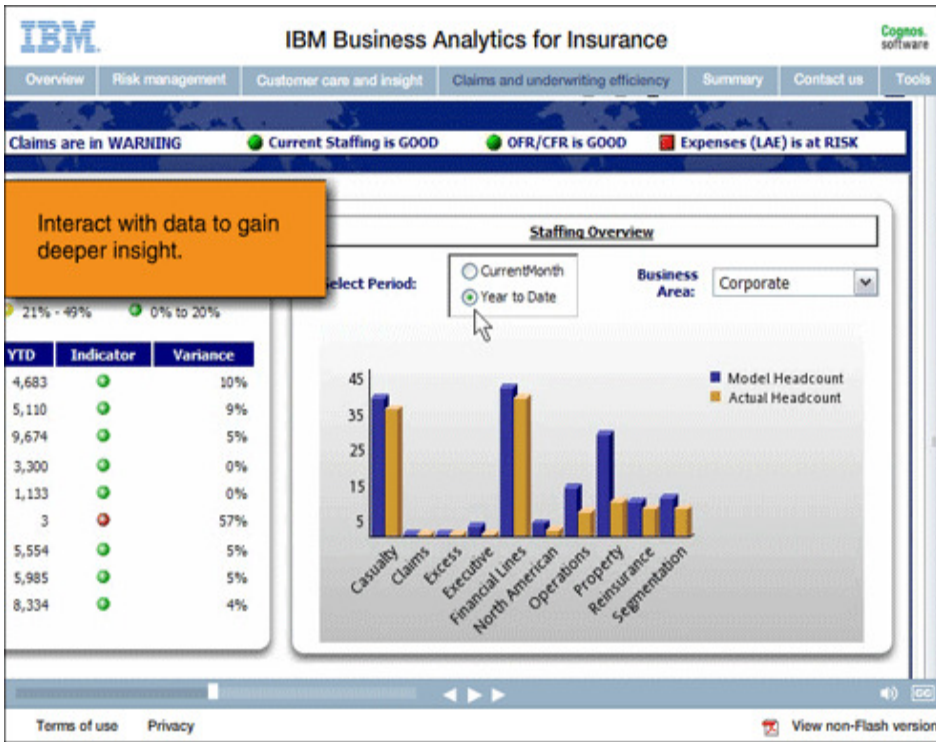
10. Narrative:
Even greater value comes from the ability to interact with the data to gain deeper insight, or simply a different perspective, such as switching to a year-to-date view.

Onscreen Text:
Interact with data to gain deeper insight.
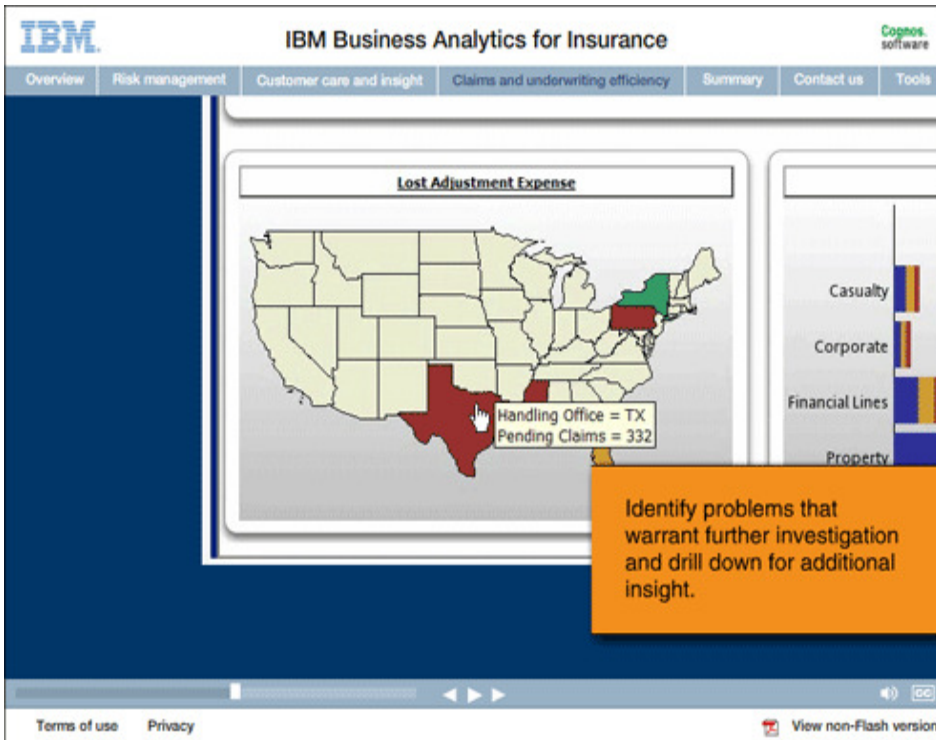
11. Narrative:
Here, you can check your Loss Adjustment Expenses by state. For example, you see an anomaly in Texas where there are 332 pending claims.

Onscreen Text:
Identify problems that warrant further investigation and drill down for additional insight.

12. Narrative:
It's probably worth drilling into that to take a look at the individual claims in the state that comprise that total.

Onscreen Text:
Identify problems that warrant further investigation and drill down for additional insight.
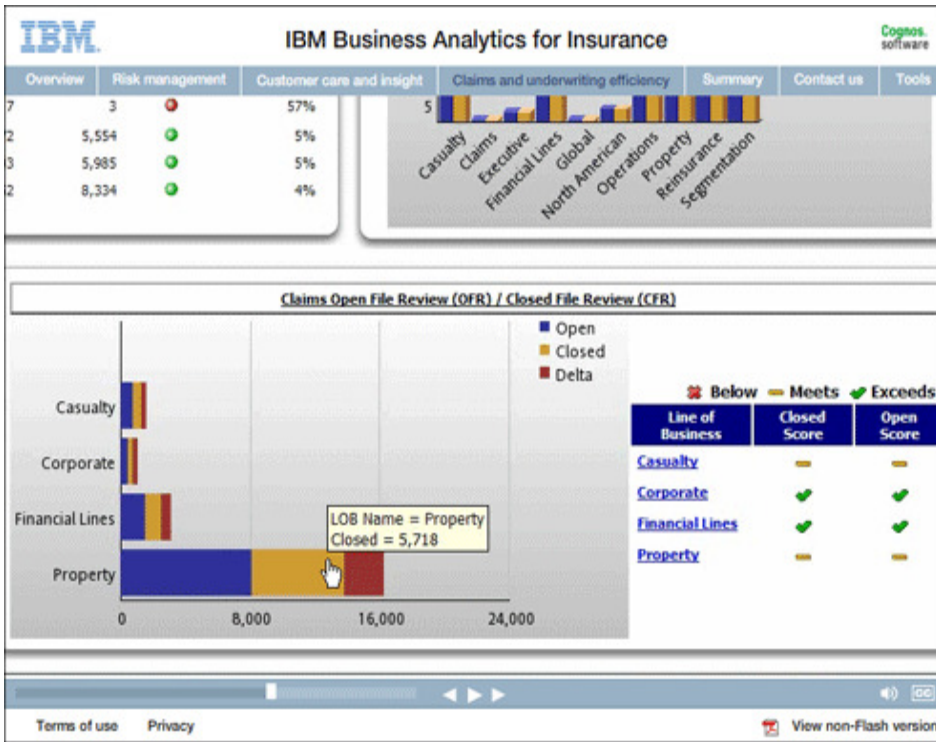
13. Narrative:
Within the open and closed file area of the dashboard, you quickly discover that the vast majority of open and closed files exist in the property portion of your business.
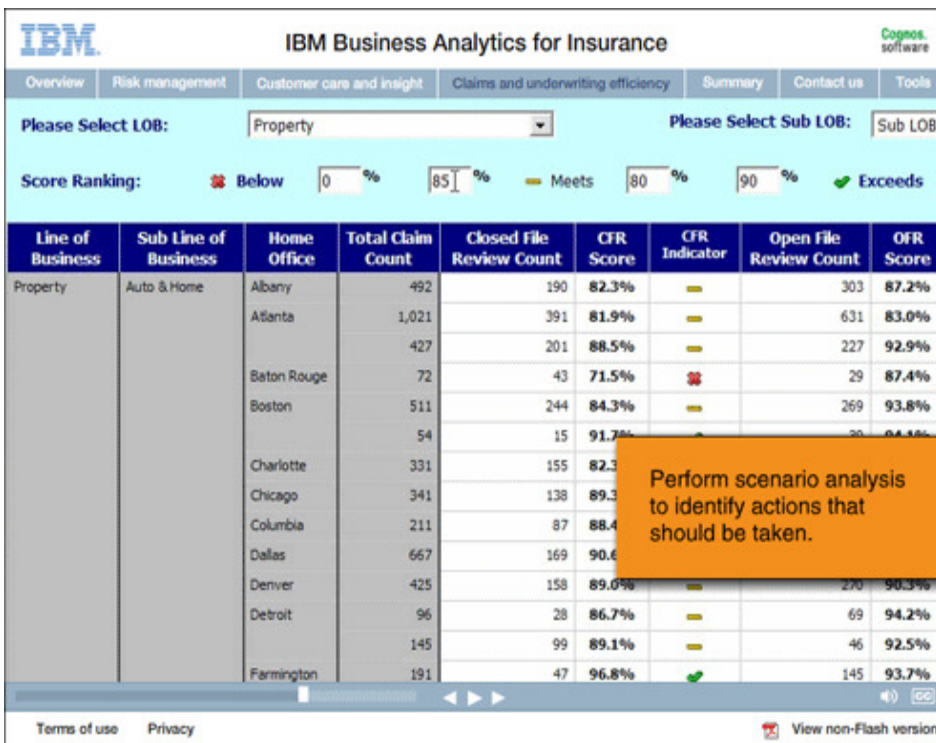
14. Narrative:
Drilling further, you can get a detailed breakout report and perform "what if" scenario analysis. For example, you may decide to increase your score ranking by 5% to see how that impacts your open and closed file indicators.

Onscreen Text:
Perform scenario analysis to identify actions that should be taken.

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Please Select Sub LOB: Sub LOB Name

— Meets 85 % 95 % ✔ Exceeds 95 % 100 % **Select**

Closed File Review Count	CFR Score	CFR Indicator	Open File Review Count	OFR Score	OFR Indicator	Open File Review Resolved Count	OFRR Score	OFRR Indicator
190	82.3%	✖	303	87.2%	—	0	0.0%	✖
391	81.9%	✖	631	83.0%	✖	0	0.0%	✖
201	88.5%	—	227	92.9%	—	0	0.0%	✖
43	71.5%	✖	29	87.4%	—	0	0.0%	✖
244	84.3%	✖	269	93.8%	—	0	0.0%	✖
15	91.7%	—	39	94.1%	—	0	0.0%	✖
155	82.3%	✖	177	92.9%	—			
138	89.3%	—	204	93.0%	—			
87	88.4%	—	124	80.7%	✖			
169	90.6%	—	499	94.2%	—			
158	89.0%	—	270	90.3%	—	0	0.0%	✖
28	86.7%	—	69	94.2%	—	0	0.0%	✖
99	89.1%	—	46	92.5%	—	0	0.0%	✖
47	96.8%	✔	145	93.7%	—	0	0.0%	✖

Perform scenario analysis to identify actions that should be taken.

◀ ▶ ▶

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15. Narrative:
After making the adjustment, you can see that the status has changed for several regions, perhaps indicating that further action should be taken.

Onscreen Text:
Perform scenario analysis to identify actions that should be taken.

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IBM Cognos software delivers the knowledge, insight, and analysis to better manage your claims performance, resulting in:

• Reduced premiums and better claims service for customers
• Motivated agents
• Increased bottom line

Visit www.ibm.com/cognos/insurance to find out more.

◀ ▶ ▶

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16a. Narrative:
This scenario demonstrates just a small portion of the knowledge, insight and analysis delivered by IBM Cognos software, enabling you to better manage your claims performance. And the benefits of improving your claims efficiency are many...
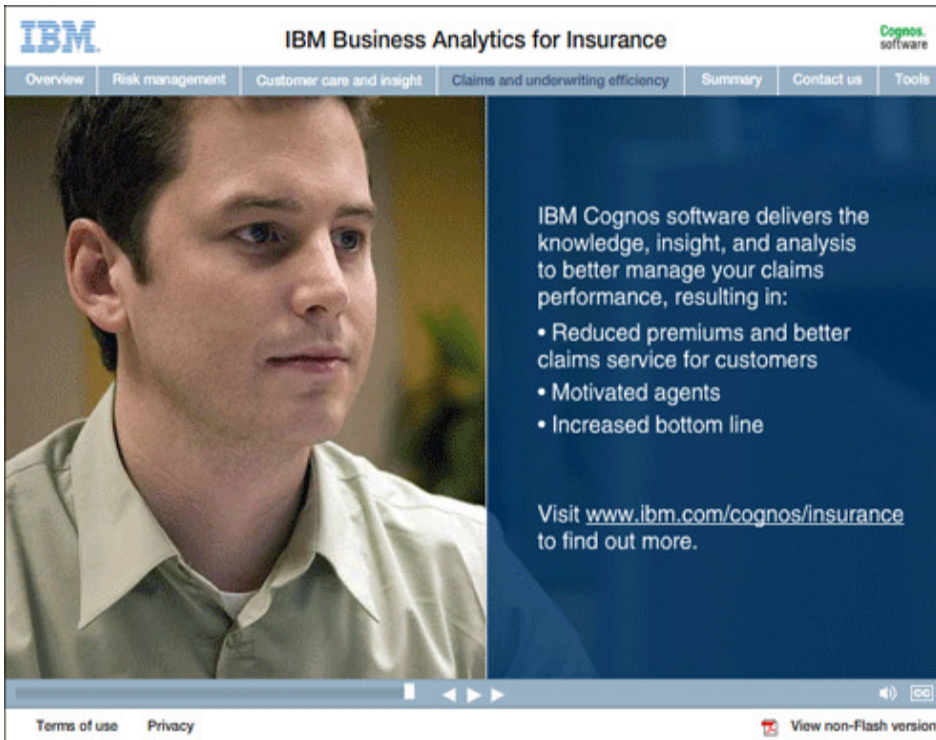
Onscreen Text:
IBM Cognos software delivers the knowledge, insight and analysis to better manage your claims performance, resulting in:
- Reduced premiums and better claims service for customers
- Motivated agents
- Increased bottom line

Visit
www.ibm.com/cognos/insurance
to find out more.

16b. Narrative:
...not the least of which are happier customers, who appreciate the reduced premiums and quality claims service...happier agents, who welcome the ability to sell more policies, more easily...and satisified stockholders, who enjoy the increased bottom line. Visit us on the web to find out more.

Onscreen Text:
IBM Cognos software delivers the knowledge, insight and analysis to better manage your claims performance, resulting in:
- Reduced premiums and better claims service for customers
- Motivated agents
- Increased bottom line

Visit
www.ibm.com/cognos/insurance
to find out more.

Summary

1. Narrative:
As you can see, IBM Cognos software delivers the deep knowledge and insight required to better manage insurers' risk, customer care and claims efficiency.

2. Narrative:
Discover how IBM Cognos software can help you manage your insurance performance by visiting us on the web.

Onscreen Text:
Discover how IBM Cognos software can help you manage your insurance performance by visiting us on the web.

www.ibm.com/cognos/insurance