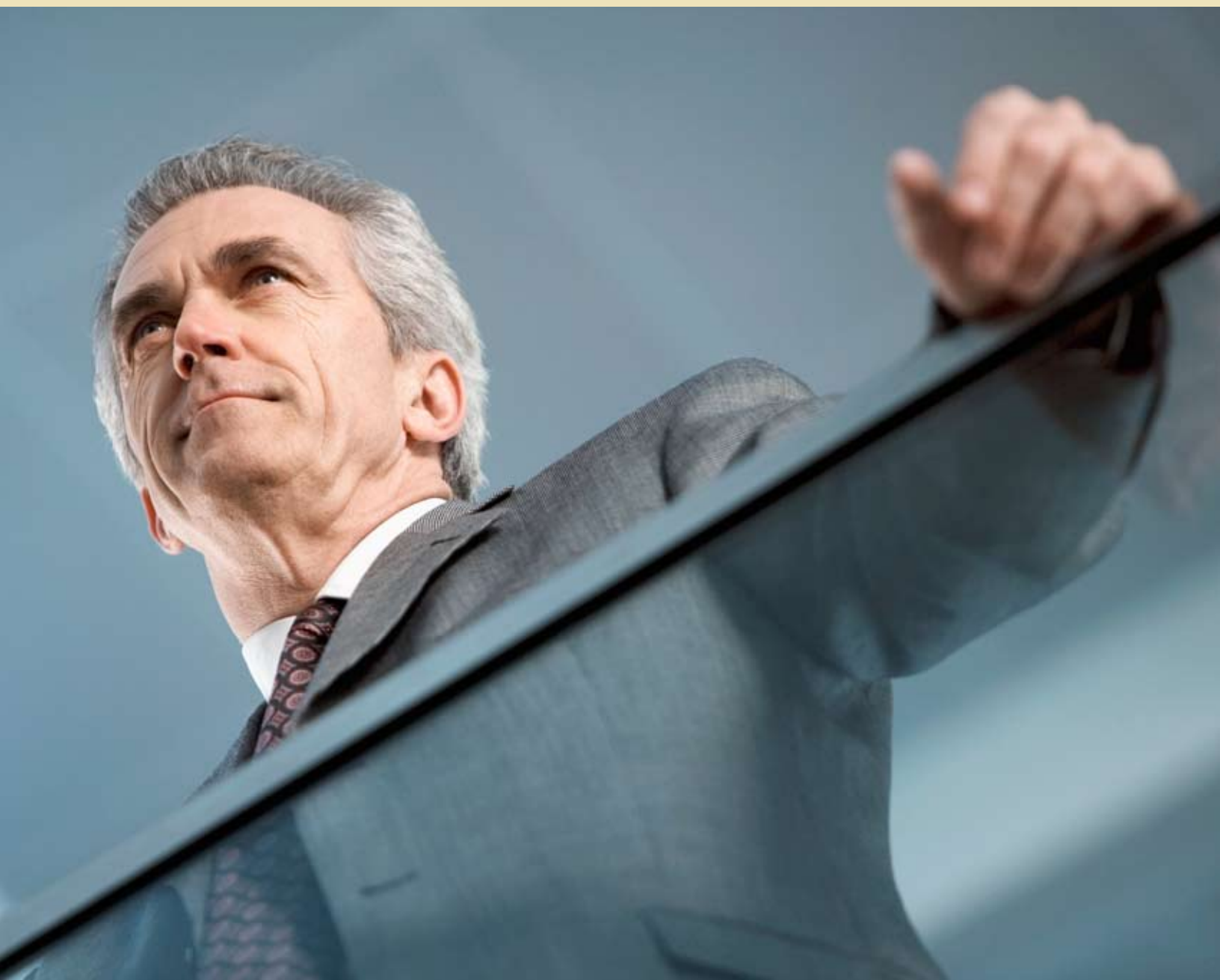


## Executive Insight for Insurance Performance Blueprint



## **Introduction**

In an increasingly competitive marketplace, complicated by industry globalization, escalating and emerging risks and stricter regulatory pressures, insurance companies can no longer afford "business as usual." Nor can they continue to rely on pure cost cutting, reorganization and investment income alone. They must improve their business processes, not only to stay competitive, but to avoid the pitfalls of an unpredictable financial market. To accomplish this, insurance executives need visibility into their underwriting, rating, claims, customers, agents and financial plans to make the right decisions. However, for an industry saddled with aging systems and manual paper-based processes, good decisions can be elusive.

For underwriting and rating, carriers rely on agency or other channel activity to generate submissions and applications. Not every application is for business that the underwriter considers ideal. So the company does not quote on every opportunity it receives. Additionally, not every quote offered by the carrier is accepted. Having insight into the success of both new and renewal business activity helps insurance companies determine the success of its programs, sales force and agency plant. This can range by product type, location and other factors.

The *IBM Cognos® Executive Insight for Insurance Performance Blueprint* puts intuitive interfaces to multiple policy, claims and production data sources in front of key home office and regional executives, providing them with insight into key performance areas that are pertinent to their individual decision-making roles.

## **Insurance challenges today**

How confident are you in making key business decisions based on the reports you receive today and the analysis you can perform on them? Do these reports give you a complete view of the business? What happens if you make a decision based on incorrect data?

Executives are personally liable for the prudent management of their companies. More and more pressure is being placed on the executives to provide the Board of Directors the answers to questions they struggle to answer with confidence. They typically rely on IT for data extracts; IT relies on a patchwork of systems and manual workarounds to extract, cleanse and report on data spread over underlying older systems and newer applications.

Many insurance companies are data rich and information poor. They have vital data spread all over their organizations and stored in disparate systems. Old-fashioned IT query and consolidated data feeds to analysts result in hours of poring over spreadsheet applications to sort through the data, aligning and refining it to make sense of it. Compounding the situation is the fact that many follow disjointed processes and often use estimates and “gut feelings” to overcome missing or un-trusted data. Inadequate information and manual processes create issues of integrity, reliability, latency and cost efficiency.

Essentially, insurance leaders are struggling to answer “how am I doing” consistently because of the heavy reliance on old approaches to data gathering. Microsoft® Excel remains the key tool for organizing data, with little time left to do any analyses. Meanwhile, they have to deal with the following business drivers and challenges:

- **Visibility:** Flooded with more information than ever, insurance executives still struggle to “see” and act on the right information.
- **Risk management:** Underwriting to a profit is a requirement for all insurance companies if they want to remain competitive. Operational and fraud risk can undermine those efforts with losses due to fraud, financial crime, and the failure of business oversight.
- **Consolidated compliance and regulatory reporting:** Financial institutions, including insurance companies, face new regulations, laws and business processes because of today’s turbulent economic situation. Stakeholders are mandating improved business performance and detailed reporting requirements.
- **Increasing competition:** Fighting for new and renewal revenue means understanding the market best, developing and properly pricing products and services that attract and retain relationships between the carrier and its agents and, brokers and between the insured and their agents. Doing this effectively and efficiently requires insight into performance from a multitude of perspectives.

Insurance executives, decision makers and board members need to make better use of the data existing throughout their organization. In fact, turning data into an information asset and then employing it timely, accurate, defensible decision making is no longer a nice-to-have—it’s a necessity.

Having insight into the success of both new and renewal business activity can help your insurance company executives determine the success of programs, sales force and agency plant. This can range by product type, location and other factors. Regarding claims, understanding the size, frequency and geographic exposures is crucial to your being able to adjust your company's strategy for underwriting, along with providing quality claims services. Ironically, this basic information has not readily available to executives except for periodic historical reports—until now.

The *Executive Insight for Insurance Blueprint* provides insurance executives the insight they need about production, underwriting and claims, and presents this information in appealing and useful dashboards, scorecards and reports—on their computers and handheld devices.

### **Introducing the Executive Insight for Insurance Blueprint**

IBM is the leading provider of performance management solutions to the insurance industry, with thousands of customers worldwide including six of the top 10 insurance companies in the world. We have taken our experience in this industry to develop the *Executive Insight for Insurance Blueprint*, which reduces the labor-intensive process of creating reports and briefs so that executives have more time to analyze information and take action that results in better business outcomes.

IBM Cognos Performance Blueprints are pre-configured solution building blocks that companies can use to jump start their software implementations. Blueprints are pre-defined data, process and policy models that encapsulate the collective best-practice knowledge from the IBM Cognos Innovation Center for Performance Management and leading customers in specific business process areas.

The *Executive Insight for Insurance Blueprint* offers key home office and regional executives intuitive tools for viewing and analyzing multiple policy, claims and production data sources. It gives them information about key performance areas that are pertinent to their individual decision-making roles. Empowering these key individuals to make at-a-glance, informed decisions is just the beginning.

With the *Blueprint*, preparing executive briefs is just a “button push” away or even automatic when data is updated. For insurance companies, this feature alone reduces hundreds of hours of effort to seconds, giving decision-makers the time to analyze rather than create reports. Executives no longer have to wait for a report for IT to run a report and analysts no longer need to spend a weekend assembling reports.

Using integration with Microsoft Office, the *Blueprint* produces and automatically distributes regular executive briefs (Figure 1) to regional executives so they can report back to their corporate offices about any unusual success or issues, along with their professional advice and action plans.

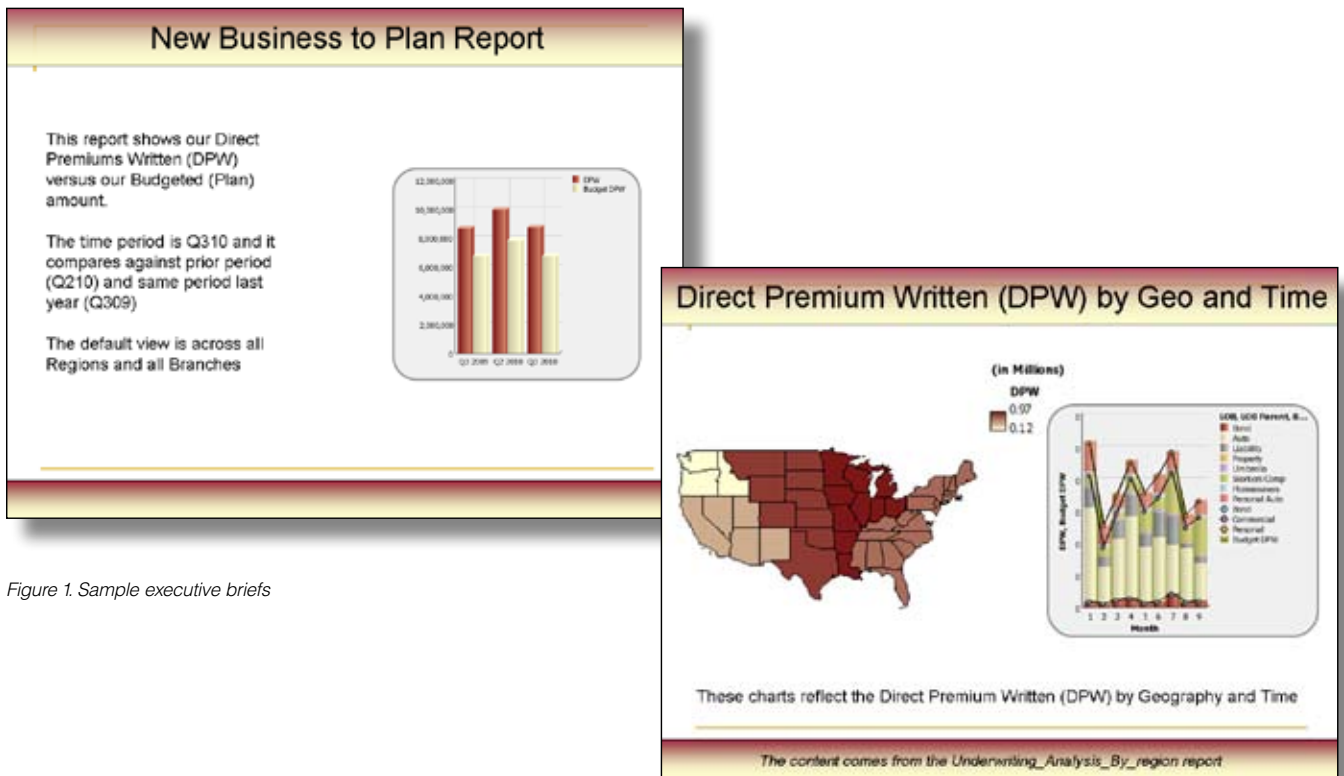


Figure 1. Sample executive briefs

## How the Blueprint works

Using dashboards, balanced scorecards and alerts, the *Executive Insight for Insurance Blueprint* provides a launching point for executive collaboration and solution design. It uses the IBM Cognos 8 Web portal interface to deliver underwriting, claims and production level information with role based interfaces.

The Executive home page (Figure 2) brings together information from internal as well as external sources and uses much of the power of IBM Cognos 8 BI.



Figure 2. Executive home page

Among the features of this dashboard are a search tool that you can use to check for occurrences of a search term or data element not only in reports, but also in cubes, analyses and the entire model. Alerts point out issues and anomalies automatically so that you do not have to hunt for items of concern. In addition, the home page can provide live RSS feeds of information, such as the stock market, that can help executives monitor outside market forces and understand their effects on company performance.

Set reports give key information about premium performance against budgets by region and top 10 listings, all of which you can manage and change using “guided analysis.” In other words, tweaking your analysis is simple and straightforward because of various preset perspectives. For users who do not require in-depth analyses but only need to keep informed of the facts from various perspectives, this is a particularly useful feature.

Dashboards for regional executives are also available that have much of the same features (Figure 3). You can set these dashboards up to show a regional manager his or her regional perspective on many of the same measures and metrics as the executive dashboard. Regional managers can also make changes to their dashboards so that they provide more detailed information.



Figure 3. Regional manager dashboard

All reports have drill down and drill through capabilities so that users can get information at all levels of detail (Figure 4). The *Blueprint* also supports ad hoc queries and report creation. And, once you create a report, it can be automatically generated on demand with the latest updated versions of the supporting data. This eliminates a great deal of time and effort.

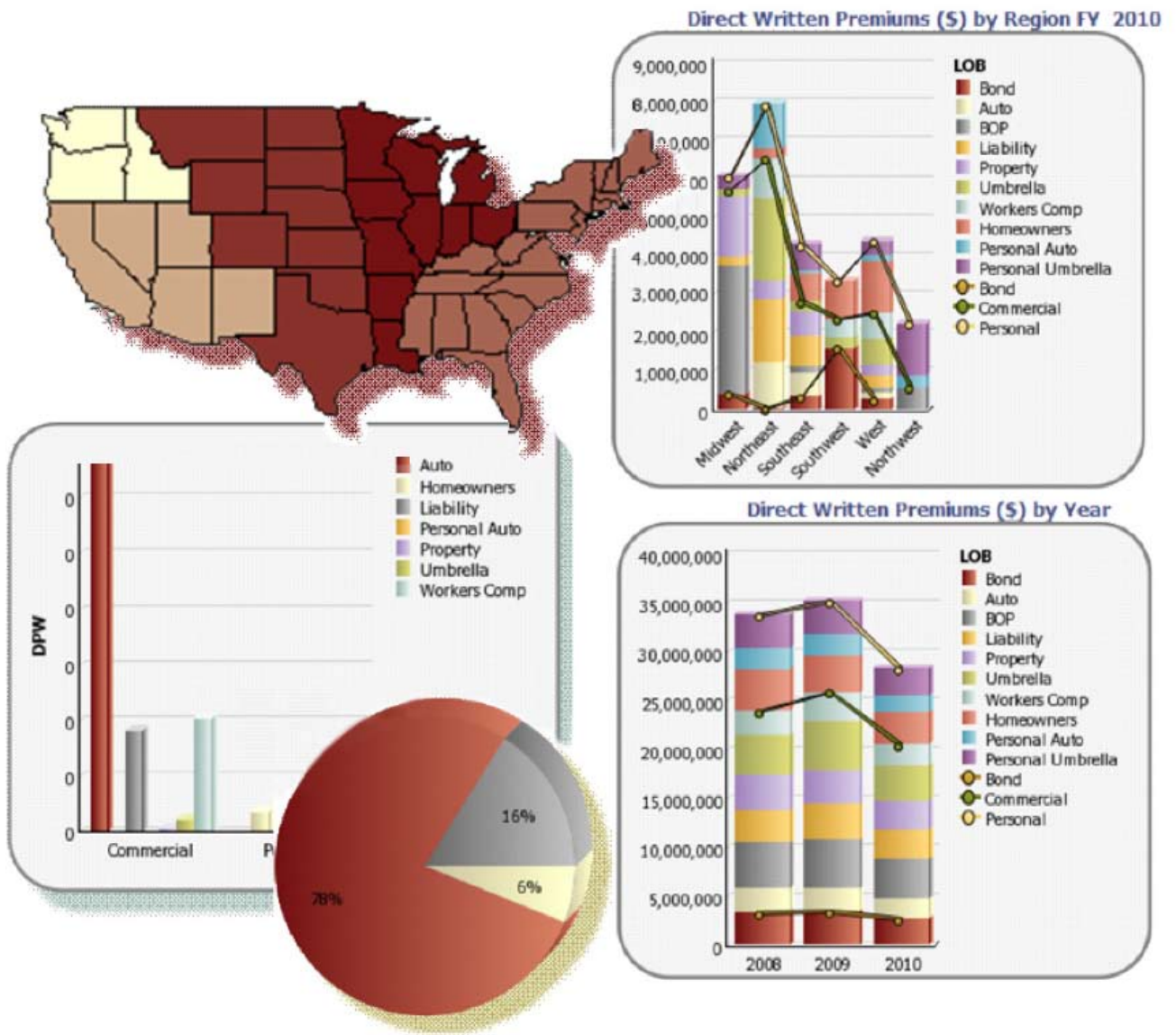


Figure 4. Underwriting, claims and production level information with role based interfaces



All dashboards are customizable and security applies all the way through the application so users only see the information that is pertinent to their role and responsibilities. The *Blueprint* supports single sign on, which significantly reduces administrative and user issues.

### **Blueprint benefits**

The *Executive Insight for Insurance Blueprint* delivers a robust set of underwriting, claims and production dashboards, reports and scorecards. Using these tools, both home office and regional executives can assess the pulse of their company's performance—in real time. It also helps corporate and regional executives:

- **Improve** their overview of corporate and regional performance for underwriting, claims and production.
- **Understand** new and renewal business by line, region and product type.
- **Measure** and monitor claims by line of business, coverage, severity and frequency by region.
- **Observe** timely regional performance against goals and objectives for new, renewal business and claims activity.
- **Offer** corporate scorecard results in real time.
- **Provide** daily feedback against corporate goals including trends.
- **Take action**, assign ownership and track progress for remedial actions to prevent performance gaps.
- **Eliminate** the inefficiencies associated with monthly regional performance reporting.

**Conclusion**

Executive insight into information from all corners of the operations of an insurance company has never been more important than it is today. Increased competition; growing regulatory scrutiny and an increasingly demanding customer base require that insurance executives, decision makers and board members make better use of the data existing throughout their organization. Turning data into an information asset and then employing it timely, accurate, defensible decision making is now a mandate.

Using dashboards, balanced scorecards and alerts, the *Executive Insight for Insurance Blueprint* provides a launching point for executive collaboration and solution design. It puts intuitive interfaces with multiple policy, claims and production data sources in front of key home office and regional executives, so they have insight into key performance areas that are pertinent to their individual decision-making roles.

### **About the IBM Cognos Innovation Center For Performance Management**

The IBM Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 IBM Cognos solutions customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.

### **About IBM Cognos BI and Performance Management**

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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