White Paper
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Stay agile and stand out in changing insurance markets

Information Management

Cognos® software

Contents

Overview

This white paper overviews the present and potential global insurance market pressures and opportunities. It addresses the growing need for players to put in place flexible 'enterprise and beyond' business intelligence (BI) and performance management (PM) platforms. It covers all market sectors across property and casualty (non-life), life and pensions, health and reinsurance.

In an environment of rapid and continuous change, insurers must improve their agility inside and outside the enterprise to make better and quicker decisions, and then monitor them and measure their impact.

This white paper also includes examples of insurers globally that have achieved significant advantage through the successful deployment of BI/PM solutions.

IBM commissioned and produced this white paper in conjunction with Douglas Shillito, FCII, Chartered Insurance Practitioner, managing director of Shillito Market Intelligence Ltd and editor of www.insurancenewslink.com. It will make reference to relevant published research, mainly covered in www.insurancenewslink.com.

The changing insurance marketplace

A sea change

The traditionally slow-moving insurance marketplace is undergoing a sea change. While it has faired reasonably well so far through the credit crunch, excluding the AIG saga (which, strictly speaking, was not insurance-based), the difficult economic conditions provide a real opportunity for insurers to differentiate.

Regulatory pressures are certain to become more intense because of the banking debacle despite the industry's continuing message that insurers are not banks. Progress has been made on Solvency II in Europe but the cross-border group supervision requirement favoured by the bigger insurers has been put on the back burner.

Solvency II and other capital adequacy efforts nevertheless present a major opportunity to build an ongoing enterprise view of the whole business. More transparency of capital adequacy and how it is reached through the assessment of all aspects of risk—investment, financial, underwriting and claims, operational and reputational—is inescapable but can be turned around to be an opportunity for business transformation.

Allied to this, the marketplace is changing quickly because of the advances in technology and communications. The advent of the Internet as a ubiquitous means of communication for consumer and business alike is heralding a 24X7 culture and resulting in much more of a global outlook. Solvency II and other insurance regulatory requirements are increasingly being considered as potentially having a worldwide application. This is being spurred by the credit crunch and the international expansion of insurance into developing countries such as BRIC (Brazil, Russia, India and China).

Global expansion

According to a recent survey (1), despite the turmoil in the global economy, nearly two-thirds (62%) of insurers plan to grow outside of their home market in the next 12 months.

The survey queried more than 100 leading life insurers and property and casualty (P&C) insurers in 16 of the world's largest insurance markets to better understand how they envision profitable international expansion in the current economic and financial turmoil. Among the study's most significant findings were:

- 75% of respondents said they believe that the current economic and financial turmoil will offer more opportunities to grow outside of their home market in the next three years.
- When asked to cite drivers of their companies' anticipated international expansion over the next three years, "spreading risks and balancing business cycles" was cited most often (77%), followed by "managing costs more efficiently" (74%).

Insurers will seek better global integration to manage operations across several countries and/or regions. Performance management and business intelligence capabilities will be critical enablers.

- More than four in five insurers said that, to make their international expansion more efficient, they are currently undertaking or plan to implement changes to their back-office capabilities (cited by 82% of respondents) and are implementing or will implement changes to their information technology infrastructure and services (cited by 81%).
- In addition, while only 13% of respondents said they currently use a globally integrated operating model—where strategy and operations are managed globally in an integrated fashion—20% of respondents said they plan to use such a model within the next three years.

CEO views

Forty major insurance and reinsurance CEOs across the globe were surveyed on strategic market issues at the 36th General Assembly of the Geneva Association held in Kyoto, Japan recently.

- 75% said that they expect the recession to have only a mildly or somewhat negative impact on their companies' bottom line. However, 45% felt that the financial crisis will have a strong or even more major impact on their customers' buying behaviour. Two thirds expect the global economy to return to a path of sustainable growth between the second and fourth quarter of 2010.
- 54% expressed their dissatisfaction with the overall developments in solvency regulation, some calling explicitly for a better recognition of cross-border support.
- Two thirds were dissatisfied with overall developments in financial reporting, with 42% saying the pace of reform should be slowed.
- Macro-economic volatility ranks highest in terms of perceived risks facing the industry for the next twelve months.

Apart from improvements in risk management, a 'back to basics' approach to corporate strategy, capital management, asset management and product management was identified as a key imperative.

Effective performance management capability provides the link between corporate strategy and execution. It ensures alignment of operational decisions with strategic imperatives and enables the effective use of capital, including the appropriate application of capital to profitable lines of business. Increasingly, CEOs are now able to view essential business metrics through 'executive dashboards,' which provide visualizations of the key performance indicators relative to corporate targets. These dashboards let business leaders make rapid corrections or enquiries if appropriate and give them a firm handle on the 'heartbeat' of their organization. They can also conduct their own customized analyses without relying on IT. But most interestingly, with the establishment of thresholds and alerts, they can have the report itself alert them to anomalies and issues that warrant attention.

The market is gathering speed

The credit crunch and its possible outcomes have insurance executives trying in the short term to cut costs without compromising customer service. But long term, they face the twin issues of a more transparent and demanding regulatory scenario and the future multi-channel distribution environment involving the Internet. To address these forces, insurers must be able to react quickly and with greater certainty in a market that is gathering speed and where consolidation and competition will inevitably increase.

Historically, insurers in general have not been adept at taking an enterprise view of the business, with systems and people tending to work in compartments. However, an enterprise view in itself will not be sufficient to differentiate in the future. Instead, insurers need to manage the 'virtual enterprise.' They need to connect, monitor and measure the 'outer office' of customers, brokers, business partners and outsourcers. They need to decide on secure levels of delegation and the sharing of information electronically for decision-making. The traditional barriers to information transfer such as inconsistent quality are becoming less relevant as performance management technology improves to accommodate diverse datasets within a single report.

Keeping ahead of regulatory and distribution opportunities through technology advances coupled with executive insight and monitoring of key business metrics will not only let insurers rise to the market sea change challenge but also improve market share and maintain competitive advantage.

The uncertainty of preparing for Solvency II

Insurers' mixed readiness for Solvency II has been highlighted by a number of surveys over the last year. Some surveys indicate a quickening of pace in Enterprise Risk Management (ERM) initiatives, but there are still indications of indecision and unreadiness.

More than half (61%) of insurers in the UK believe that the cost of implementing Solvency II will be less than £500,000, with a further 8% still having no idea of the cost, according to a new survey (2).

Of those remaining companies, 8% felt the cost of implementation would be between £500,000-750,000, 4% between £750,000-£1m and 19% thought the cost would be in excess of £1m.

The authors commented that the estimated cost of implementation does not seem to correspond with the size of a firm, implying that many firms have only made basic estimates of cost. They stressed that while the implementation date of October 2012 might seem a long way away, it is essential that planning, especially in terms of GAP and cost-benefit analysis, start now.

Interestingly, the survey highlighted that firms are allocating responsibility for implementation to a variety of different department heads. While 32% believe that the Finance Director should be responsible, 19% believe it should be the Risk Director and 17%, the Actuarial department. The regulators recommend that it be the risk management area.

The biggest concern insurers had about Solvency II is the establishment of a consistent standard and the level of information to be disclosed in the public domain.

It appears that most insurers have opted for an internal model rather than the standard model being offered. This decision could result in a smaller capital requirement as it will be a closer match with a company's overall risk scenario.

Despite these uncertainties and apparent inconsistencies, insurers may perhaps be missing the critical point. While there is an apparent cost involved in implementing systems to comply with Solvency II, the same systems and resulting insight can be used to operate their insurance business more effectively and efficiently. There is a tangible benefit to be realized. This benefit goes beyond avoidance of financial penalties, but also incorporates the financial advantage of improved operational efficiency, better customer service and less customer turnover.

Considerable systems disconnect

Two surveys in 2007 indicated a considerable disconnect between core systems when looking across the enterprise.

Research amongst European insurers(3) indicated that 40% of respondents had yet to achieve a single view of customers. A further survey(4), again polling European insurers, highlighted that 60% of insurers said their claims systems were "disconnected" from core IT systems such as policy administration systems, central customer databases and product catalogues.

Insurers' systems have been developed in silos for several decades. Many policy management systems cover a limited class of products and the many mergers and acquisitions have exacerbated the task of achieving an enterprise view across core administration systems and a single view of the customer.

Time and cost restrictions have meant that insurers only sporadically replace product and transaction systems wholesale with systems focused on customer and business processes. Current market conditions make it increasingly less likely that this 'big bang' approach will be adopted. Most insurers will seek to adopt a series of incremental improvements within a strategic framework. Reuse of existing assets will remain high on the agenda, and is likely to remain so.

Meanwhile, markets and technology move on and more solutions become available to address increasing regulatory compliance, a 24X7 global environment, wider distribution options and the changing customer mindset.

For many insurers, a phased replacement of legacy systems is the likely route forward. But if insurers are to remain competitive and agile in their decision-making, a flexible enterprise view of the business to enable effective performance management cannot wait for total replacement of the old systems. To gain an enterprise view without a total system overhaul, companies must be able to extract, integrate and present strategically related information from a wide range of existing systems. They need to consolidate information across financial, new business and renewal, product, claims, sales and marketing, territory and human resources. Only then can they improve company management to meet the growing challenges of the market.

IT and business coming closer

The advances in technology and communications are having a positive impact in reducing the gap between IT and business. Systems are also progressively bridging the gulf between the back and the front office. With the universal acceptance of the Internet, the 'outer office' is increasingly demanding access to information.

As a result, business analysts and line managers are becoming increasingly influential in the choice of technology, development and systems changes with IT being repositioned as technical gatekeepers. As a result, the most successful IT efforts are likely to be those that best align their services and products to the business need. IT will need to communicate system benefits in ways business users understand, without resorting to IT jargon. They will be viewed as partners in the clients' information agenda.

The customer mindset is also changing, particularly in the personal lines, simple life and investment businesses, where there is a rising demand for instant 24X7 self-service access.

The paradox is that as technology improves to satisfy the information agenda, it will need to be simpler to use and explain to ensure it is at its most effective. Elegance of design, ease of implementation and business intimacy will become critical success factors for the most successful IT providers.

High level of churn

In the UK, insurers have generally been caught off guard and can do much to improve their websites. The advent of online comparative aggregator sites has proved popular with the prospect and policyholder, but has resulted in a higher churn on renewal than in other less Internet-advanced countries.

A report last year(5) provided a comparative study of customer churn in Europe and the US across a range of sectors. Looking at vehicle and household insurance, 25.4% of UK customers changed insurer in the last year as compared to 12.6% in the US and a European average of 19.4%. The UK churn rate has increased from 17.8% since 2005.

Even more concerning is that 35.9% of UK personal lines customers have seriously considered changing insurer in the next twelve months, way ahead of the US at 11.8%, Germany at 21.9%, Italy at 19.2%, Spain at 8% and France at 7.1%.

Across all sectors, the main reasons given for defection were: not being recognised as a valuable customer (55%); unhelpful staff (47%); and ineffective call centres (42%). In such a competitive environment, insurers cannot allow this problem to continue, and many see technology as part of the solution. The ability to correlate staff behaviour and effectiveness to customer retention can be captured within a performance management agenda.

The introduction of Services Orientated Architecture (SOA) and Web Services is bringing about modular replacement of legacy systems and secure access across the enterprise and to the outer office. Tweaking business processing systems by the increasing use of Business Rule Management Systems (BRMS) eliminates traditional coded IT development and avoids vying for IT department priorities. Increasingly, systems developments are being treated as a cost centre (and potentially a profit centre) for business divisions.

Systems are becoming more user-friendly as the range of user access widens. Insurance markets are beginning to experience a 'spread and share' environment, as epitomized by social networks such as Facebook and Twitter.

Just as the pressure of increased regulation is an opportunity to bring together the myriad information strands across the enterprise, the Internet and SOA are enablers to develop future multi-channel distribution channel strategy both locally and globally.

Multi-distribution channels emerge

Many of the world's insurance companies are moving toward multi-distribution models. These companies recognise that the sale of insurance through multiple distribution networks is a powerful lever for growth, especially in mature markets, according to a recent global report(6).

The report's findings draw on a survey of 2,250 distributors and in-depth interviews with 59 senior executives from leading global insurers. The report covers the retail insurance market, including both non-life (including health) and life segments. The report reveals new insights on distributors' attitudes toward multi-distribution, the influence insurers have on those attitudes, the necessary steps to a multi-distribution model and the progress insurers are making in building and leveraging multi-distribution capabilities.

Multi-distribution is the most effective way for insurers to attract new customers and increase the wallet share from existing customers, according to the report. The average mature-market insurance customer holds 5.2 policies, but the average share of wallet for a single insurer is only 1.1 to 1.5 policies.

The report states that a mature multi-distribution model develops through five distinct stages. It found that many insurers have already developed significant capabilities in the first three stages of multi-distribution: (a) developing multi-network and (b) multiple-channel capabilities and (c) mutualising functions (which mean centralising and sharing distribution-related operational functions such as IT across networks). Only a few insurers have advanced to the next stages of (d) centralising intelligence and (e) cross-network cooperation (thereby attaining a 'mature' multi-distribution model).

Going forward, insurers will need to better understand not only the profitability of individual channels, but also the claims, sales and retention characteristics of each channel. While to some degree this has been measured in a spreadsheet environment, complexities of the marketplace make this approach no longer sustainable. A higher level of business intelligence is essential.

A good example of the changing scenario is the Retail Distribution Review (RDR) in the UK life market being undertaking by the Financial Services Association. It will result in channel options for the customer ranging from simple guidance to independent advice. The indications are that life and pension products will increasingly be distributed in a similar way to P&C insurances.

Optimising enterprise applications

When capital is in short supply, the pressure to optimise existing resources and assets intensifies. In the IT space, enterprise applications such as Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) are prime targets.

A new report (7) points to the strategic importance of these applications to running businesses efficiently and effectively. It demonstrates how changes in the way they are architected, delivered and used are altering the entire application value proposition and lifecycle. Entitled "Evolving Enterprise Applications," the report says there is a tendency to focus on cutting costs. It argues that because cost reduction and value generation are two sides of the same bottom line, they should be tackled together as part of a unified strategy. Savings in one area can be used to fund smart investments in another.

"Cost cutting is a natural reaction to a tough economic climate," says the report's lead author. "So are freezing budgets and halting additional expenditures. But these actions can be counter-productive if they are carried out in a siloed fashion with little attention paid to long term and strategic implications. Challenging times are times of change, but change also brings opportunity. That means taking a fresh view of what is being done, why and how, and being prepared to adapt both business operations and applications."

The report says that technology changes play a part in opening enterprise applications up, changing the way they are used and enabling them to be used for more. Such changes include:

- the move to SOA that brings modularity and therefore technical and business agility
- increased use of Business Process Management (BPM) capabilities to enable enterprise-wide process standardization
- embedded Business Intelligence (BI) for actionable insight
- participatory Web 2.0-type technologies for collaboration and real-time interaction.

Each technology would be so much less without the enterprise application DNA structure. However, for this transformation to be effective, closer alignment between business and IT is a prerequisite.

Strategic spending is necessary to maintain the value of existing investments and deliver fresh financial benefits, says the report.

The scenario has clearly been set for business transformation in the current economic climate. The most important step to take is to get closer to what makes the business tick, identifying strengths, weaknesses and opportunities. This knowledge gives businesses the ability and agility to make and spread better and quicker decisions and monitor the consequences on a continual basis.

Improving agility in decision-making

Measure, manage and monitor

There is a progressive maturity in the application of Business Intelligence (BI) and Performance Management (PM) systems. Not so long ago, business intelligence was in the hands of a few company research specialists. Results were not well presented and were mainly in the domain of the financial and actuarial departments. Development was definitely in the hands of the IT department.

The biggest strides have been made by those vendors who quickly perceived that information about the business, however prettily presented, meant very little on its own without a comprehensive set of Key Performance Indicators (KPIs) from which to measure, monitor and project. KPIs have been developed across the insurance enterprise, comparing performance against target, budget, prior periods and forecasts, at all levels (branch and territory) and for all products.

On demand enterprise overviews are now available for senior management with sophisticated alerting, providing continual updates against KPIs. Managers can keep an eye on sales (quotations and business secured) and marketing; renewal retention and lapses; new, settled and pending claims; product profitability; customer/channel service metrics; and associated expenses and staffing levels-through to Profit and Loss and Balance Sheet.

Usability and accessibility with security (including mobiles) has improved and widened the user base. The flexibility to drill up and down in detail provides a wider opportunity to enable the spread of quicker and better-informed decision-making – a quantum leap from intuitive 'finger in the air' decisions to those based on up-to-date, accurate facts.

Increasingly, a wider range of users can compile their own reports. They can safely, simply and speedily carry out 'what-if' projections across underwriting, product pricing and mix, claims, staffing, distribution and sales targeting – in fact, across all company operations. Decisions made can be tracked, highlighted and quantified for effectiveness. The three bywords are measure, manage and monitor.

Business intelligence solutions are increasingly integrating with a growing range of external databases and Geographic Information Systems (GIS). In a more competitive and increasingly global marketplace, BI solutions are capable of capturing market, regulatory and IT trends, competitor profiles and appropriate research to enable internal analytics and metrics to be put into a market perspective, supported by the full range of multi-media.

BI/PM platforms will be able to provide added focus on multi-distribution channel management, customer experience and the impact of the Internet on all internal and external ways of working.

Solvency II and the increasing move towards international regulatory and accounting standards generally provide not only a financial and actuarial challenge, but an opportunity for the whole business to benefit from a coordinated enterprise overview. Current BI/PM tools allow the relatively simple visualization of capital adequacy, by product or territory. Business leaders will increasingly use this information to inform their strategy, as opposed to finding capital to support their strategy.

Effective dashboarding allows alignment of product performance with effective use of capital. Dashboards enable more responsive regulatory reporting and decision-making at a lower cost. Insurers need to show through an audit trail that, at the time they made a decision, it was reasonable and defensible. This requires the right information to the right people at the right time to make informed and fair decisions.

The shift to business

A leading IT analyst made predictions on BI systems at the start of the year (8).

One was that by 2012, business units will control at least 40% of the total budget for business intelligence. Another was that by next year, 20% of organisations will have an industry-specific analytic application delivered via Software as a Service (SaaS) as a standard component of their business intelligence portfolio.

The researcher highlighted that the economic downturn will force many companies to be more aware of changes in their organisations, to re-think their strategies and operating plans, and to face demands from stakeholders and governments for greater transparency concerning finances, operations, core performance metrics and decisions.

The shift to business will mean a shorter chain of command, a more nimble organisation and reduced overheads.

More than a third of US insurers (at the latest count 43% of P&C insurers and 20% of life and annuities players) have BI as one of their top three projects for 2009. But researchers warned(9) that despite that fact, only about half of the 24 insurers in a survey late last year had excellent or acceptable business intelligence capabilities in place according to their own estimates. Only about one-third reported significant business impact from their business intelligence investments. However, an additional third expected impact over the next 12 months. The researchers also highlighted that the market has moved from data scarcity to data abundance.

One area pinpointed for action is claims. The vast majority of claim officers (92%) for US property & casualty insurers said they plan on making investments in technology over the next two years, according to findings from a new survey (10). 74% of claim officers reported their main objective will be to improve the customer experience, while 69% pointed to improving cycle times. And 66% said the capital influx will be primarily aimed at bettering management information system and reporting capabilities.

The survey also highlighted the potential for predictive modelling but reported that only 14% of respondents reported reaping high returns. Claims lags pricing and underwriting, where predictive modelling is seen as critical. While claims systems and data are not yet sufficiently developed, this could quickly change. An underestimated opportunity area lies in claims processing. The need to improve the customer experience is paramount, but to be really effective, a single customer view across systems is essential.

A combination of performance management with predictive analytics lets insurers, in key operational areas, not only better understand outcomes and react to existing issues but, equally importantly, to anticipate events and plan accordingly to reduce uncertainty.

A new ethos

The required change in user behaviour has to be managed. A personalized, easy-to-use dashboard and alert system enables decision-making across a wider range of staff and, increasingly, more delegated authority throughout the distribution processing chain. Key benefits include increased accountability within a controlled framework, greater empowerment and, most critically, improved customer service at reduced cost.

Training staff in decision-making and how to monitor the effects of their decisions will need a new mindset across the enterprise and beyond. Specifically, there is a vital requirement to measure benefits achieved through those decisions in terms of cost savings, productivity and service improvement, growth and retention, and the bottom line of actual and potential profitability—by territory, product, channel and customer.

With the advances in IT generally, more people sharing secure information should result in better and quicker decision-making by more staff and business partners. But it will not happen overnight without a new ethos being established. Equally important is a user's ability to change the process and pricing simply and quickly through Business Rule Management Systems (BRMS) and Business Processing Management (BPM) tools.

An interesting development is the growing number of insurance software application suppliers that have enhanced their management information suite to BI and PM status, either by internal development or through partnership with specialists. This has traditionally been a weak area of many insurance application specialists. BI and PM systems vendors are also partnering with other specialists such as GIS. GIS and BI/PM are clearly linked and will increasingly converge.

A wider role for Geographical Information Systems

GIS has generally been associated to date with catastrophe exposure. But with web developments, they are now coming out of the specialist closet for use across the company and with business partners.

Because 80% of business has a location component, electronic maps can provide insight by layering at a geo-coding level for underwriting risk, claims handling, serving existing customers, sales and branch location and expanding into new markets, to name just a few key uses. Google Earth can also be layered and integrated. A widening range of external databases are now available for integration, such as crime statistics, flooding and earthquake data.

New research in the UK(11) among directors and managers of operational risk in the financial sector reveals that although operational risk has moved up corporate agendas, the resources to manage it have yet to be secured. Of the 50 senior risk specialists interviewed, 39% with UK responsibility and 42% with international responsibility feel that their organisational risk management function does not currently have sufficient resources allocated to it. For 72%, access to resources is the top issue they face in the coming 12 months.

According to the survey, operational risk professionals are also battling with a lack of access to the important risk management data and support represented by increasingly sophisticated GIS. While over 60% say that geographical information is vital or important to their organisation, less than a third (28%) currently uses geographic information in their role.

The convergence of Business Intelligence and GIS to create the concept of location intelligence is seen by some as an inevitable development, being essentially an integration of complementary technologies. GIS is rapidly moving beyond the limitation of mapping, to becoming a visualization of complex business data where there is a geo-component.

What has been achieved

Below are some worldwide examples of achievements through deployment of BI and PM solutions. The companies range in size, focus and level of maturity;

Operational efficiency : A large US P&C insurer has improved claims services, increasing customer satisfaction while reducing costs.

Improved reporting: A global reinsurer in the UK realized that its existing fragmented reporting systems were restricting its agility to react to market changes and business needs quickly enough, slowing down decision-making. It now has clear sight into the spread of risk across customer, industry and geography. It has benefited from more accurate and agile reporting, leading to better decisions, and can share performance reports with customers. This agility lets it be more competitive in price. Because of the substantial time savings, it aims to provide every decision-maker with access to the BI and PM platform.

Business users create reports : A leading Japanese insurer is no longer dependent on the IT department. It runs quick ad hoc queries and has improved efficiency, regulatory and board level reporting.

Insurance product profitability : An Australian insurer had developed forecast models that were well designed and based on strong methodologies. But they could not be used effectively because of the restriction of existing planning and reporting technologies. The company built a performance blueprint around property and casualty products that was able to forecast specific drivers such as average cost per claim and the number of new policies in a specific period. The project was completed within six months and has enabled the insurer to analyse historic and forecasted product mix, identifying areas of potential profitability. A major challenge was to take a complex process and convert it to a relatively simple one for the business to use with confidence.

Profitability by class of business: An international broker is able to assess the profitability of clients by class of business.

Corporate client profitability and customer access: A US health insurer wished to achieve a complete view of member information and real-time analysis of corporate and client data. It also desired to enable its customers to access their records and profiles to assist in making financial decisions. The company has achieved its aims and also improved resource allocation across operations, management and support. It has gained competitive edge and a reduction in report requests now that customers can carry out their own analysis.

Business user self-service: A major UK life insurer is able to maintain its competitive position, producer demand and profitability through business self-service for reporting and analytics.

Improved competitiveness in health insurance : A German health insurer faced a continually changing legal environment and new regulatory requirements. At the same time, it was facing demands from its member organisations for commercial and market information to maintain their competitiveness. Essential requirements for a new information platform were that it be web-based and easy to use. Member organisations were widely geographically distributed and the model needed to produce major cost savings in terms of training and systems administration. All decision-makers can now access the same up-to-date information, improving user satisfaction and confidence through ready-made reports and analysis.

International deployment: A global insurer has extended BI and planning and deployed it internationally for enterprise competitive advantage.

IT performance management: A US Internet-based insurance agency needed to ensure that its network and IT systems were running at peak performance. It installed a solution in just three weeks across three systems that provided unified early-warning, rule-based alerts and continuous monitoring. The platform ensures that performance problems are identified before they become customer service issues. A collaborative environment has been established where staff have taken ownership of decisions. The solution indicates whether issues have been resolved.

Improved decision-making: A player in the UK and US life closed book sector has tighter control on costs and faster access to better quality information, which has improved decision-making.

Improved productivity at reduced cost: A large Swedish insurer needed to improve productivity and adapt to changing customer demands while reducing costs. Its new BI/PM platform saved 45% of the time normally spent collecting and consolidating data, and decision-makers now receive fast, accurate information. Significant savings have resulted and will continue in the future through standardisation. Time on certain operations was reduced from 66 to 3 hours. The 700 users throughout the organization have twice as much time for analysis and initiatives. In the 50 local offices, claims managers, human resources, marketing and sales, for example, can monitor their own information and make quicker and better decisions.

Call centre effectiveness: A US vehicle insurer has maximized call centre effectiveness for customer satisfaction.

Rapid integration after merger: A Dutch insurer faced fragmented production and management information systems after a number of mergers. Each department had its own information, often resulting in arguments over the accuracy of figures. The company now bases decisions on fact rather than guesswork. It has a strong information infrastructure and up-to-date management information, after a fast roll-out of the solution to various divisions. Improving the quality and timing of information has enabled it to target its strategy better.

Performance of assets under management: A global life insurer has introduced executive planning and a BI solution to achieve agile, accurate analytics and reporting on assets under management.

Conclusion

A global IT researcher(12) has called the insurance industry "the perfect storm" when it comes to the impact of business drivers. Litigation risk, regulatory pressures, lagging technology adoption stance and dependence on a distribution network are all reliant on leveraging enterprise content. There is currently so much focus on keeping the business running that insurers often do not have the time, people or budget to better exploit the data that they already possess. "The emergence of the hot predictive analytics market space has also proven to be something of a distraction, because insurers need to walk (have a business intelligence strategy) before they can run (deploy predictive analytics)," say the researchers.

It is no longer just the larger insurers and brokers that are implementing BI and PM solutions. Today, these solutions are quicker to install (focusing on the main pain points first) and can effectively benefit a much wider range of internal and external users through advances in technology.

In looking for a speedy implementation and an early return on investment, companies will want to consider a vendor's experience, such as:

- long-term and in-depth knowledge of the insurance markets
- the availability of an established BI/PM set of templates and KPIs across the enterprise
- a wide range of satisfied clients globally.

This white paper has overviewed the pressures and opportunities that will escalate the need to deploy BI and PM systems across the enterprise and to the outer office. Those players that already have the agility to make better and quicker decisions, and are successfully spreading that ethos to a wider range of staff and partners, are setting the pace in the quickly changing insurance markets.

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