Leveraging Big Data for Inclusive Insurance

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Overview

- Context

- What is Big Data?

- Why Big Data?

- Case study: Using big data (How)

- Winning Big: Big data throughout the value chain
“Data is becoming the new raw material of business”

Craig Mundie

“Data is becoming the new raw material of business”

Craig Mundie… modified

- Enough information is consumed to fill ±174 Million DVDs
- ~302 Billion emails are sent
- ~2.6 Million blog posts are written
- ~4.2 Million minutes are spent on Facebook
- ~984,560 hours of video are uploaded on YouTube
If harnessed…

• Better decisions… Evidence based
• Better performance through understanding the levers: product, pricing, sales and service…
  o New clients
  o New services & better customer experience
  o **INCLUSIVITY** – LEAVING NO ONE BEHIND - FINANCIAL INCLUSION…*not exclusion*
What is Big Data?

- "Classic" definition: Data that is far too LARGE, COMPLEX, and DYNAMIC for any conventional data tools to capture store, manage & analyze.
- BI & Traditional tools hold scale in mind
- While "size" of data is traditionally the hallmark of big data, the term is poor, and may be better rooted in an understanding that Big Data is about capacity to SEARCH, AGGREGATE and CROSS-REFERENCE data sets.
- Technological: computational power and algorithmic accuracy to gather, analyze & link
- Analytical: Identification of patterns to make claims
Why Big Data: Evidence for business impact

BUT… what is the major difference between business intelligence and big data?

“BI helps find answers to questions you know. Big Data helps you find the questions you don’t know you want to ask”

• Big Data usage leads to:
  o 5% increase in productivity
  o 6% more profitable than competitors

• Objective financial & operational measures- even after accounting for contributions to labor, capital, contracted services, & traditional IT investment
Stop: The data problem?

- Facts:
  - Data exists: problem is mining it effectively; Skills to analyze; Understanding what does it mean for my business
  - The questions shifts from what do we think to what do we know

95%

39%
Big Data usage trends in the insurance sector

- **Pricing, underwriting and risk selection**
- **Better management decisions**
- **Loss control and claim management**
- **Understanding customer needs**
- **Product development**
- **Marketing, distribution and sales**

The chart shows the current usage (purple) and expected usage in the next two years (pink) for each of these areas.
Case Study: Sport and Emotional attachment

• There’s something special about sharing the heartbreak of a loss or the elation over a win with a group of people.
Sponsorship Amounts and Customers (fans)

- $0.5 Million
- $1 Million
- +500 000 Million Fans (paid-up members)
Leveraging the customer (fan) base

**People**

- **43,760** People Talking About This
- **2,023,083** Total Page Likes
  - ▲ 0.4% from last week
- **9,061** New Page Likes
  - ▲ 26.2%

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Graph showing trend over time.
Let’s understand

- There is engagement with the page, but this increases and decreases throughout the season.
- Many of the fans actually have forgotten who the sponsor is (it falls into the background)
- There is NO sponsor engagement or reference
Using Predictive Analytics (within the constraints)

- Understand when conversations peak
- What peaks conversations
- During what period of the season “Likes” and “conversations” attract greater interest
- The “mood” of the conversations based on results
Insights generated to effect Impact

• Right offering (A): Price points, their communication channels, and price discrimination
• Right Time (B): Understood favourite topics they would engage in. We understood when they would engage and WHY
• Right Channel (C): Understanding which channel generates ENGAGEMENT, for the target market- Twitter is NOT followed

• A + B + C = Growth in bottom-line for club and sponsor, while ensuring the right offering, at the right time, through the right channel ensuring consumer inclusion
• For customer acquisition:
  o Behavioral data allows for understanding of consumers propensity to take-up insurance offers, and continue paying premiums
  • Improved targeting of sales and distribution (Right offering, right time, right channel)
The insurance value chain… and the role that Big Data plays throughout.. Ensuring inclusivity
But let us not forget…

• Facts:
  - Data exists: problem is mining it, analyzing it, and making it have business impact is the challenge
How to find us
Get involved. Contact us.

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