

BUSINESS BRIEF

Financial Services Industry (Life Insurance)
Data Management and Analytics



Realizing the Benefits of Big Data and Wearables in Life Insurance

Gain a competitive advantage and serve customers better with insights from Big Data and predictive analytics

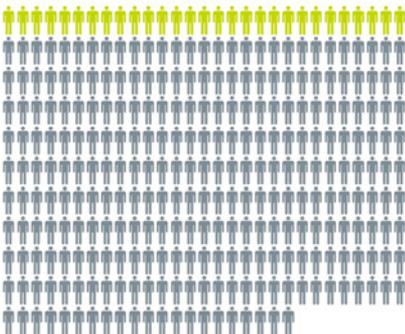
A 35% drop in market share

1950



In 1950, there were approximately 23 million life policies in the US, covering a population of 156 million.

2010



In 2010, there were approximately 29 million policies covering a population of 311 million¹

Industry Strategic Challenges

The insurance industry has always been an intensely competitive business. Now, new forces at play in the insurance marketplace are putting pressure on insurers to reinvent themselves and their industry. The rise of digital commerce has led to consumer demand for more personalized insurance products and faster delivery of services. At the same time, there are growing concerns about privacy and security. Demographic and technological changes are challenging existing business models, in which established players compete on price and premium using a time-consuming and cost-intensive approach to customer relationship lifecycle management. Insurers are looking for ways to stay relevant and set their organization apart from the competition.

Insurers who embrace predictive analytics based on data gathered, in part, with wearable technology are able to increase profits through new sales opportunities and reduce the cost of customer acquisition and retention. The power of Big Data and predictive analytics offers the ability to meet today's challenges effectively, with a more targeted approach to attracting and retaining the most profitable customers.

Within the industry, however, cultural resistance and a lack of technology-related skills—even more than technical hurdles—present significant barriers to digital transformation. To transition successfully will require companies to prioritize supporting auditors, actuaries, underwriters and claim officers in developing new skill sets. In addition, insurers will need to develop both streamlined business processes and new, data-driven strategies for customer relationship management.

Cloud-based analytics solutions such as the COVALENCE™ Health Analytics Platform from Big Cloud Analytics (BCA) can help companies transform successfully. Intel and BCA have collaborated to make it possible for insurers to utilize wearable technology to provide fast and effective new services to customers—the key to maintaining and growing business.

Business Drivers and Desired Outcomes

Data drives the entire insurance value chain. Insurers depend on historical data and trend analysis at every step in the customer relationship management lifecycle, from customer acquisition to prospect scoring to developing strategies for customer retention. Predictive analytics can help companies reduce the cost of customer acquisition by optimizing the results of marketing campaigns, ensuring

that companies get the biggest bang for their marketing buck. In addition, the insights that Big Data provides can help companies identify new opportunities across business lines to expand relationships with existing customers. Cross-selling and up-selling can help reduce attrition—particularly costly first-year life insurance policy lapses. Analytics also can help insurers develop a holistic customer retention strategy by analyzing transactional, as well as demographic, details to determine customer lifetime value and to predict risk of lapse.²

Digital Transformation and Business Innovation



Through its increasing influence, availability and power, digital technology offers opportunities for all insurers to drive business performance through increased revenue or decreased expenses. Life insurers, particularly, stand to benefit from new technology tools that can help them redefine their relationship with customers. For example, wearable health monitoring bracelets and advanced analytics of the biometric data obtained from those bracelets can help insurers create personalized offerings to match the needs of individuals. Providing customers with wearable technology and advanced analytics also encourages healthier lifestyle and behavior changes. This can affect the health and life expectancy of the insured, in turn impacting the timing and size of claims, and ultimately improving both customers' quality of life and insurers' bottom lines.



¹ Rao, Dr. Anand S., and Jamie Yoder. *Strategy: Reinventing Life Insurance*. Rep. Vol. 6. N.p.: PricewaterhouseCoopers LLP, 2014. Print.
² Capgemini. *Analytics: A Powerful Tool for the Life Insurance Industry*. Nov. 2011. <https://www.capgemini.com/resources/analytics-a-powerful-tool-for-the-life-insurance-industry>.

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Enabling Transformation

COVALENCE™ Health 360 – Beyond Steps



Using data obtained through wearable technology and other sources can help organizations reach key business goals such as increased customer loyalty, improved revenue growth, and lower claims costs through improved underwriting. In one possible scenario, customers might share personal data in exchange for special pricing or a reduced premium. In another, insurers might use health analytics to obtain a deeper understanding of mortality and morbidity, allowing for better market segmentation. Faster, more accurate prospect risk analysis could enable optimization of the underwriting and claims process, and fraud detection would be easier with data analysis highlighting unusual patterns of behavior.

Solution Summary

Together with our technology collaborators, Intel is helping the life insurance industry to reinvent itself, with wearables and data analytics solutions such as COVALENCE™ Health Analytics Platform from Big Cloud Analytics and devices from FitBit* and Garmin*. These solutions offer insurers the ability to transform their relationships with customers for greater profitability, through the many benefits of Big Data.

Where to Get More Information

For more information about Big Data analytics solutions, please visit www.bigcloudanalytics.com and www.intel.com/fsi.