



SYNOPSIS

DEATH BY DATA

Marc Mer, Basem Morris

Key words: Data Analytics, Big Data, Internet of Things, connected devices, smart technology, insurance as a service, behavioral science, nudge theory

Purpose of your paper: The purpose of this presentation is to explore how the emergence of smart technology and connected devices has opened up a new world of possibilities for insurers, and firms at large, to think differently about how to obtain and analyse increasing volumes of data. This presentation will explore new and unique ways for firms to use big data and the potential benefits this provides, as well as some of the dangers and common pitfalls which lead to 'Death by Data'.

Synopsis:

As our computers and mobile devices become more connected, so do our cars, watches, televisions, fridges, and even our plumbing. Thanks to these advances, data is now being generated at an unprecedented rate. As we go about our day-to-day activities, we all leave a trail of digital breadcrumbs behind – our driving behavior generates data, our movements and location are constantly captured, and every touch of our smartphones is logged. Consequently, firms now have the opportunity to find new and innovative ways of obtaining and using data to their advantage.

Across all forms of insurance, the increasing use of Big Data to write policies on an individual risk basis is changing the application of underwriting, risk pooling and risk management. In addition, by utilising available data and technologies, Insurers can now change the playing field and take up a newfound role of proactive risk mitigation. This allows insurers to, not only get involved in the lives of their customers at claim time, but also throughout the life of the policy. Similarly, firms at large can now use data to better understand their customers, the market they play in and even their own businesses.

However, although the potential benefits of data are abundant, firms are still struggling to maximize the value of their data. If firms were to use data to its potential, what kind of results could they expect? We will explore case study examples around insurance as a service, as well as how the combination of analytics and behavioral science yield surprisingly powerful results. By combining advanced analytics with the study of human behaviour, it is possible to, not only predict the likelihood of future scenarios, but also influence potential outcomes.

We will also look at some of the potential dangers that come with this outpouring of data and the common pitfalls to be avoided when embarking on this journey in order to escape 'Death by Data'.