Why third-party data is the insurance industry's
best-kept secret

Insurance Insights

Cate Wright

Global Insurance Product Manager, BAE Systems Applied Intelligence

Insurance carriers face many challenges in today's digitally defined world, but the availability of data isn't one of them. Gathered, harvested and shared by businesses, individuals and institutions, there's an enormous volume and variety of data around. For those who want to derive insight from it, sifting through this avalanche of information can be a real struggle.

That's why third-party data sources are such an important (yet often overlooked) piece of the puzzle. They can play an invaluable role in helping insurers find clarity amidst the data blizzard. The latest installment in our Insurance Insights series looks at the benefits insurers can experience when embracing third-party datasets, including combating insurance fraud and faster claims and policy processing.

Data deliberations

If you're tasked with tackling fraud in your institution, you'll know that while data can be a source of huge potential, it's not without its hurdles. Big, enticing opportunities await if you're able to interrogate your data and harness insight from it. But to get there, you face a series of challenges.

- You need to ensure your data is in the correct format

- You have to make sure you're using your data at the appropriate point in the customer journey

- And you must implement the right technology to effectively manage, analyze and apply the data.

That's a fair bit to think about. And although insurers are more than familiar with the process of gathering and storing customer and policy data today, making the most of that data (creating an advantage for your customers and your business) is trickier when you're dealing with the vast volumes of information that exist today.

So, if you're struggling to stay afloat in this flood of data, adding another source into the mix – in the form of third-party data – might sound like the last thing you'd want to consider. This simplistic view might suggest that embracing another dataset will only increase the strain on insurance firms. But, as you're about to find out, more data needn't mean more hassle. In fact, it can have the opposite effect…

When more = less

Adding third-party data can alleviate the processing pressure you face, by providing an enhanced view of risk and helping to validate the information provided by the customer faster. In fact, third-party data has been used for some time by insurance firms, from sources including Identity Verification (IDV) and credit referencing data, both at the point of application and the point of claim.

With insurers being pushed to automate processes and speed up the customer journey, there's a collective effort to seek out new third-party datasets and find innovative ways to harness the potential of complementary external data.

Below, we've explored three ways third-party data could help you improve customer experiences and eliminate fraud – provided you have the right foundations in place.

#1 – Data-agnostic technology

Adopting third-party data to use alongside your own internal data opens a universe of possibilities and potential benefits. You can develop intricate pricing strategies, identify fraud faster, and create marketing campaigns which resonate with potential customers more effectively. But all these benefits are only possible with a technology platform that can competently and consummately process both internal and external datasets.

A technology platform that allows for continual analysis and optimization of both internal and external data helps your processes function at their peak. And that means you derive the greatest possible benefit.

It'll give you an effective counter-fraud solution, by collating internal data from all points in the customer journey and combining that with appropriate third-party data to return a clear view of the risk. And the right technology platform will also provide you with measurable cost savings and a clear return on investment, by providing a faster more streamlined customer journey and improving operational efficiencies.

#2 – Artificial Intelligence (AI)-powered counter-fraud

Processing, interpreting and acting on internal and third-party data historically meant allocating a significant share of your internal resources – from investigators through to analysts. Thanks to machine learning and AI, this is no longer the case.

Counter-fraud products with AI at their core offer effective detection and improved efficiency, minimizing human workloads and providing greater accuracy, continually learn and evolve their capabilities – futureproofing your data processing practices.

#3 – Fast-paced pre-population

You'll probably already be aware of the benefits that applying analytics at the point of claim can bring. This practice allows for faster pay-outs, and happier customers. But customers are upping the ante, now expecting speedier quotes and other services to be provisioned at pace too.

Quotes still represent the greatest challenge when it comes to meeting the need for speed – especially in the ever-growing aggregator space. Customer validation and counter-fraud measures naturally have a decelerating effect on the rate at which quotes can be issued. And this creates an inherent friction between the demands of the customer and the need to prevent fraud.

Third-party data can once again help here. The pre-population of application fields using third-party data sources allows an insurer to not only increase the speed of an application – by reducing the fields the customer needs to complete – but it also ensures the information provided is accurate and instantly validated. Additionally, pre-population reduces the volume of post-sale fraud validation that's required, improving the productivity of both the internal counter-fraud and validation teams.

Third-party data - your trump card

If you're busy firefighting and keeping on top of the new challenges that arise each day, the thought of adding another item to your to-do list – in the form of embracing third-party data – might not sound all too appealing. Yet, as we've discussed, if that third-party data is not only able to improve the customer experience, but help prevent fraud too, you'll probably feel differently about that prospect.

To find out how your organization could benefit from third-party data and explore the range of external datasets that you could introduce, talk to our insurance specialists today. Visit **www.baesystems.com/insuranceinsights** for more information.

Profile

Cate Wright

Global Insurance Product Manager,

BAE Systems Applied Intelligence

Cate Wright joined BAE Systems as Global Insurance Product Manager. She brings a vast array of experience, gathered from over a decade working for some of the biggest names in the insurance sector.

Having started her career at Zurich Insurance in the Property Claims & Fraud Complaints division, Cate soon progressed to become a specialist in fraud detection and prevention. She held roles at Allianz Insurance before becoming Head of Fraud at GoCompare.

Cate's role at BAE Systems sees her putting the knowledge and expertize she has built up over the past 13 years into practice and helping customers to optimize their operations and create value-adding counter-fraud solutions.

BAE Systems, 8201 Greensboro Drive, Suite 1200, McLean, VA 22102 U.S.

E: learn@baesystems.com | W: baesystems.com/insuranceinsights

in linkedin.com/company/baesystemsai

twitter.com/baesystems_ai