



# The Race for Data

How Insurers Must Adapt



The commercial insurance industry is undergoing dramatic changes. Traditionally the sector is built on strong relationships. Business is still conducted face-to-face. Operating costs are high and though profits are large they're volatile. The arrival of digital insurers potentially poses a huge challenge to incumbents. But big investments are being made to stay relevant and competitive. Change is also being driven by:

# Commercial Insurance Industry Challenges

## Cost pressures

Broker commissions and insurer expenses can easily eat up 40-60% of the premium and claims still have to be paid out of what's left. Something has to give! But, given that customers see the speed and quality of the claims service as critical, cost savings must be managed carefully.

## Premium pressures

In the wake of COVID-19 many businesses have had to cut their costs even further. Their income has dropped so the pressure to cut overheads like insurance premiums has increased. As a result brokers will have to do more to earn their commissions. They'll challenge insurers more on both premiums and reinsurance premiums. Meanwhile insurers are also seeing significant reductions in investment income, especially from low-risk sources.

## Risk selection

Profitability now rests more than ever on the choice of risk. Managing risk means understanding the customer and its business fully. The pandemic has driven huge changes and accelerated existing trends. There have been changes to property terms to reflect premises lying unoccupied. Overall mileage for motor and air travel has fallen sharply as has the number of business trips. Meanwhile opportunities have emerged such as the growth in cyber and pandemic coverage.

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## Customer Experience

Clients want a fast, smooth, frictionless experience. Brokers must show their value goes beyond advice, quotes, binding and renewals to prevent claims. They need to offer expertise and quick access to information.

Insurers prove their worth by handling claims for critical losses such as property damage and business interruption smoothly and by making quick payments.

## Changing business model

Traditionally underwriters and brokers have met face-to-face to negotiate terms and to sign contracts. But the shift to remote working and the widespread use of technologies such as online video, digital signatures, electronic placement and portals has led many to question the necessity of meeting in person.

The future working environment will be more remote. That will accelerate the adoption of a digital-only business model encompassing site surveys, document review and signing. Brokers and insurers will need to find better ways of building and maintaining commercial relationships at a distance.

The shift towards home working will present challenges when it comes to training, enabling, motivating and leading the workforce. Cyber threats and PII/PHI data will need managing even more carefully. At the same time brokers and insurers will be giving serious thought to cutting expensive office space.

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## Accessing the right data at the right time

Underwriters, brokers and reinsurers spend far too much time taking data from multiple sources, generally in a format that suits the sender, and organising it so it's usable and useful. That's all time that could be spend on far more productive activities like customer engagement and risk analysis. The exponential growth in data is making it increasingly challenging to identify data with real value and use it effectively.

# The Great Race for Data Begins

Few sectors have more data than insurance. It's swimming in information, most of it locked up in documents. But all the data in the world is of little use if you can't access it easily when you need to make decisions.

In the great race for data it'll be the brokers, insurers and reinsurers who have the best data and who make the most effective use of it who will last the distance.

To be useful your data must be clean and organised. And that's a big task. Insurance is an industry that works on information from 3rd parties. There are few data standards. Information is circulated in lots of different formats. It makes reading, interpreting and structuring data challenging. A key task for your data and actuarial teams is knowing which data is critical to your processes and therefore needs to be prioritised and cleaned.

Given the complex nature of risk in commercial insurance the data in documents such as proposal forms, quotes, binders, slips, policies, endorsements, loss reports and inspection reports, is both hugely valuable and often vital. In many cases the quality and accessibility of the data determines just how good the decisions taken by brokers, insurers and reinsurers are.

## A broker for example, needs to:

- Ingest proposal forms and policies and use the data effectively
- Compare quotes from multiple insurers, all in different formats, quickly.
- Understand any differences between binders/renewing policies and policy documents
- Understand key data agreed in an insurance slip including:
  - All limits and sub limits
  - Deductibles
  - Endorsements
  - Underlying insurance

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## An insurer needs to act fast to:

- Ingest policies
- Judge whether a risk is suitable for its portfolio
  - Assess any inspection requirements
- Respond to Brokers' requests for quotes
- Understand what is/isn't covered by a policy
- Weigh information in loss reports/inspection reports

With regulations, standards and market forces changing at an ever-increasing pace, insurance industry players need to react and adapt quickly.

# How Cognitive Machine Reading Lets You Master Data Digitisation

If you want to uncover the vital insights buried in your documents and organise them so you can use them when you need them, you need to be able to:



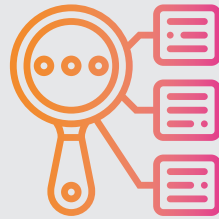
Ingest different formats  
e.g. pdf, jpeg/png, Word, email



Learn continuously like a human



Improve image quality



Data and document classification



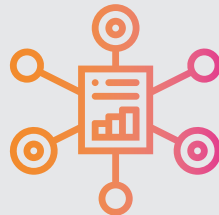
Operate in multiple-languages  
and interpret 'market language'



Have data export availability in multiple  
formats that integrate easily with  
downstream systems



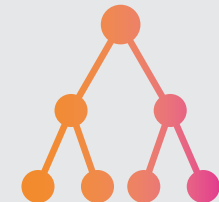
Extraction of unstructured data, paragraphs,  
and clauses, plus application of business rules  
to get the data exactly as needed



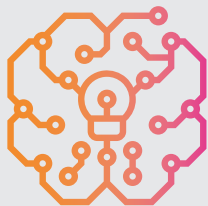
Compliant management of data



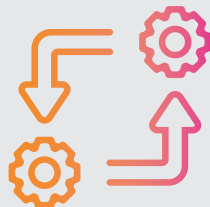
Natural Language Modelling



Creation and management of  
'knowledge bases'



Use supervised and unsupervised  
Machine Learning



Produce consistent,  
compliant outcomes

Using these techniques lets you extract valuable data from, for example, insurance slips and submissions, or compare changes in documents such as binders and policies.



## For the Insurance industry there are 5 significant benefits:

# 1

### Automate:

inefficient, expensive processes that waste experienced colleagues' time

# 2

### Create capacity:

perform business-critical, often highly labour-intensive processes every time

# 3

### Access Data:

a continuous push rather than an ad-hoc pull model

# 4

### Quality:

enable compliance, auditability and better customer service

# 5

### Market advantage:

Better data gives a competitive advantage, better customer experience and opens up potential new revenue streams

## Why the Standard Capture Solution *Won't* Work

- It can't handle unstructured data or variations in how data and documents are set out
- OCR offers poor extraction capabilities
- Hard to read the data with the human eye
- Difficult to operate in multiple-languages
- Past deployments of neural networks needed a lot of time and money and offered no guarantee of success. These solutions tended to be very focused on individual lines of business or discrete functions and, so, couldn't be scaled across the enterprise. This pushed up the costs of purchase, maintenance and support

# The Finish Line

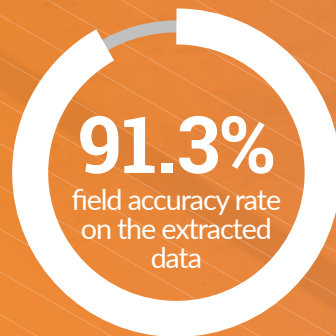
## How Insurers Won Their Races for Data

### Multi-class Insurance Slips

A global broker wants to extract rich data from Multi-Class insurance slips including Property, Directors & Officers Liability and Aviation. These are an outstanding source of information. Coverages and terms of binding can be mined for data in real time and the results can also be used for predictive analytics.

The slips contained **30 key pieces of information** and the process involved extracting tables and checking for the presence of clauses, limits and deductibles. However previous attempts to extract this data were marred by low levels of accuracy.

AntWorks, however, made light work of it. In **just 3 weeks**, with a sample set of **only 100 documents** (including many samples not seen by AntWorks) it achieved the following results:

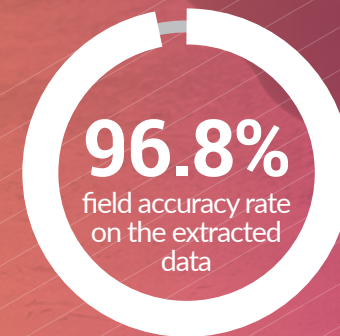


### Policy Indexing

A large commercial broker wanted to automate the indexing and organisation of commercial policy and endorsement documents from multiple insurance carriers in its document repository.

A large internal team handled a process that involved extracting **17 key pieces of information** from **120,000 documents annually**, with some of the documents being as long as 400 pages. The process was hard to train people for, it was dull and repetitive and yet it still needed a team with considerable knowledge of insurance that could have been far better deployed elsewhere.

In **just 3 weeks**, with a sample set of **only 220 documents** in **40 different formats**, relating to 10 different coverage types, from a range of insurers and including many samples not seen by AntWorks, the results achieved included:



These processes are now being implemented across all this commercial broker's lines of business in multiple markets.

# Commercial and Employee Benefits Automation Opportunities



## Slip Extraction

Extract rich data from multi-LOB insurance slips such as Energy, Aviation, Property and Directors & Officers



## Quote Comparison

Compare quotes from carriers' side by side using extract and compare



## Proposal Forms

Extract data from proposal forms including handwritten data eliminating the need for manual extraction and review



## Submission Processing

Extract data from broker submissions, annotate, curate and handoff to systems (quote, CRM, policy admin)



## Inspection Reports

Understand potential risks/claims scenarios through the extraction of key data from Inspection Reports



## Member Enrolment

Understand changes to starters, leavers promotions etc. to enable automation of updates



## Employee Benefits Policy Extraction

Understand policy document key content and changes across different employee benefits coverage



## Policy Indexing

Seamlessly ingest and extract key data from multi-carrier policies and endorsements



## Policy Review

Review differences between binders and policy documents using extract and compare



## Policy Extraction

Understand what's on cover across policies by defining key searches, ML interpretation and business rules



## Submission Prioritisation

Prioritise submissions using your own business rules to focus on the best risks



## Loss Reports

Understand future preventative factors through the extraction of key data from inspection reports



## Medical Invoices

Extract key data and understand service categorisation from medical invoices



## Pensions Administration

Extract data from key changes forms in handwritten and text including change of address, beneficiary, name and claims forms



# Investing in Your Future Success

Right now, data is at the heart of innovation in insurance and this innovation will be crucial in determining who wins out in a crowded, complex and competitive market. Cognitive technologies like CMR Plus are becoming the standard tools for processing the vast and sometimes labyrinthine sources of data that are the lifeblood of insurance. But it's not so much about the volume of data as the quality. It's about identifying the most relevant information and using it properly. Success or failure will increasingly rest on reading, interpreting, understanding and using the right data in decision making. The more there is at stake the more vital that will be.

It's time to automate. Many of the most experienced, knowledgeable people in insurance, people who could be improving your customer service and helping grow your business, are wasting time on manual data entry, something cognitive machine reading does better and faster.

The race for data is on. The race for customers is on. Is it one you're in the right shape to win?

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