Big data opens up new horizons for insurance companies: KPMG in Canada report

Amid regulatory changes and insurtech competition, Canadian insurers find that a one-size-fits all approach in the millennial era won't work anymore

TORONTO , Nov. 28, 2019 /CNW/ - With digital-savvy millennials now the world's largest population segment and Gen Z following in their footsteps, Canadian insurance companies must rethink their business and harness big data to drive growth and profitability, finds a new KPMG in Canada report called Insurance frontiers: Here to horizon.

"The insurance industry will look radically different in 10 years from how it does today," says KPMG's Chris Cornell , Partner and National Insurance Sector Leader. "Forging a new path won't be easy; insurers must digitize their operations, products, and processes, and use data-driven insights to address this seismic shift in customer dynamics. The one-size-fits-all approach won't work anymore."

As many as 86 per cent of chief executives at insurance companies around the world surveyed by KPMG are concerned over how millennials will change their business. Millennials aren't following historical norms in terms of predicted life paths or milestones. Also, 84 per cent of Canadian millennials don't trust traditional advertising and 95 per cent say the most credible source of product information is their friends.

Data allows insurance companies to know their customers in ways not previously possible, the report says. Big data can be used to inform assumption setting, better understand risk drivers, anticipated behaviours or events, make quicker underwriting decisions, and support strategies and decisions.

By using data analytics, social media listening, and artificial intelligence, insurance companies can make every customer 'a segment of one' with personalized care and customized insurance products, the report says.

"From the moment we're born to the moment we die, we generate an enormous amount of data," says Mr. Cornell. "Big data can open up new horizons for insurers. But, they must put into place much stronger data collection and analysis tools. This requires a total rethink of how to collect, store, analyze, and use data, not to mention how to ensure that it's kept safe and secure."

For example, by using data for predictive analytics, insurers can create more tailored, micro-insurance products to help companies better understand, manage, and respond to their unique risks, such as reducing fleet insurance premiums.

Released today at KPMG's 28th annual insurance conference in Toronto , the report delves into five key trends that present risks and opportunities:

- Seismic shift in customer dynamics
- Business model disruption, innovation, and technological change
- Focus on strategic alliances and partnerships
- Game-changing regulations
- Building a future-forward workforce

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The report notes that while insurtechs have ratcheted up the pace of change, many are focused on enhancing or improving a segment of the insurance value chain rather than trying to disrupt the entire industry.

"Strategic alliances present a massive opportunity for Canadian insurers," says Mr. Cornell.

Insurance companies would benefit from stepping back and thinking about what the insurer of the future looks like without considering their current organizational structures, he says. "By envisioning what is possible, insurers can look at how third parties and strategic alliances could help them achieve that vision," he adds.

When it comes to digital change, an astounding 87 per cent of insurance CEOs said they are directly involved in devising and leading technological change within their firm, finds the KPMG's 2019 Global CEO Outlook. However, three-quarters (76 per cent) of insurance CEOs also admit they ignored insights from data analysis and computer-driven models because the findings were contrary to their own intuition and experience.

KPMG surveyed 1,300 CEOs in 11 countries and key industries, including 132 CEOs from insurance companies in the U.S., Europe , and Asia with revenues from US$500 million to over US$10 billion .

The report also urges insurance companies to act soon in order to ensure they're ready in time for IFRS 17. Already deferred by one year, companies must comply by Jan. 1, 2022 .

"Insurers need to build in enough time to test, analyze and compare results and make any necessary changes," says KPMG's Stephen Smith , Audit Partner in Financial Services. "One of the biggest issues is that it's not scalable, making the transition complicated for larger companies with large, complex books of business. Small insurers, meanwhile, are finding the regulatory burden quite challenging to address given their more limited internal resources and operational flexibility."

大資料為保險公司開闢了新的視野：

加拿大的畢馬威報告在監管變化和科技競爭中， 加拿大保險公司發現，在千禧年，一刀切的方法將不復存在，2019 年 11 月 28 日/CNW/ - 隨著精通數位的千禧一代現在是全球最大的人口群體，而 Z 代公司緊隨其後，加拿大保險公司必須重新思考其業務，利用大資料來推動增長和盈利能力，畢馬威在加拿大的一份新報告名為"多倫多"。保險前沿：這裡到地平線。畢馬威合夥人兼國家保險行業領袖克裡斯？康奈爾（Chris Connell）表示："10 年後，保險業將看起來與現在大不相同。"開闢一條新路並不容易，保險公司必須將其運營、產品和流程數位化，並使用資料驅動的洞察來解決客戶動態的這一巨變。

畢馬威（KPMG）調查的全球保險公司首席執行官中，多達86%的人擔心千禧一代將如何改變業務。千禧一代在預測的生活路徑或里程碑方面沒有遵循歷史規範。此外，84%的加拿大千禧一代不信任傳統廣告，95%的人認為最可信的產品資訊來源是朋友。

報告稱，資料允許保險公司以以前不可能的方式瞭解其客戶。大資料可用於為假設設置提供資訊、更好地瞭解風險驅動因素、預期行為或事件、做出更快的承保決策，以及支援戰略和決策。

報告稱，通過資料分析、社交媒體監聽和人工智慧，保險公司可以通過個人化護理和定制保險產品，使每位客戶成為"一部分"。

康奈爾先生說："從我們出生的那一刻起，到我們死去的那一刻，我們產生了大量的資料。"大資料可以為保險公司開闢新的視野。但是，它們必須建立更強大的資料收集和分析工具。這需要徹底重新思考如何收集、存儲、分析和使用資料，更不用說如何確保資料的安全。

例如，通過使用資料進行預測分析，保險公司可以創建更定制、更微的保險產品，說明公司更好地瞭解、管理和應對其獨特風險，例如降低車隊保險費。

今天在多倫多舉行的畢馬威第28屆年度保險會議上，該報告深入探討了呈現風險和機遇的五大趨勢：

- 客戶動態的地震變化
- 商業模式顛覆、創新和技術變革
- 專注于戰略聯盟和夥伴關係
- 改變遊戲規則
- 建設面向未來的員工隊伍

報告指出，儘管保險技術加快了變革的步伐，但許多保險企業都專注于提升或改善保險價值鏈的一部分，而不是試圖擾亂整個行業。

康奈爾說："戰略聯盟為加拿大保險公司帶來了巨大的機遇。

他表示，保險公司將因退後一步，考慮未來的保險公司會是什麼樣子而不考慮其目前的組織結構，將受益匪淺。"通過設想可能實現什麼，保險公司可以看看協力廠商和戰略聯盟如何說明他們實現這一願景，"他補充道。

畢馬威（KPMG）2019年全球CEO展望
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指出，在數位化變革方面，87%的保險CEO表示，他們直接參與了公司內部的技術變革的設計和領導。然而，四分之三（76%）的保險CEO也承認，他們忽視了資料分析和電腦驅動模型的見解，因為這些發現與他們自己的直覺和經驗相悖。

畢馬威調查了11個國家和關鍵行業的1300名CEO，其中包括132位來自美國、歐洲和亞洲保險公司的首席執行官，其收入從5億美元到100多億美元。

報告還敦促保險公司儘快採取行動，以確保它們及時為《國際財務報表準則》第17號做好準備。已經推遲一年，公司必須遵守2022年1月1日。

畢馬威金融服務審計合夥人斯蒂芬-史密斯（Stephen Smith）表示："保險公司需要有足夠的時間來測試、分析和比較結果，並做出任何必要的改變。"最大的問題之一是它不可擴展，這使得擁有大型複雜業務書籍的大型公司的過渡變得複雜。與此同時，小型保險公司發現，鑒於其內部資源和運營靈活性較為有限，監管負擔難以應對。