THE SOLUTIONS TO THE WORLD'S BIGGEST PROBLEMS ARE IN THE DATA

Today we have mountains of data but...

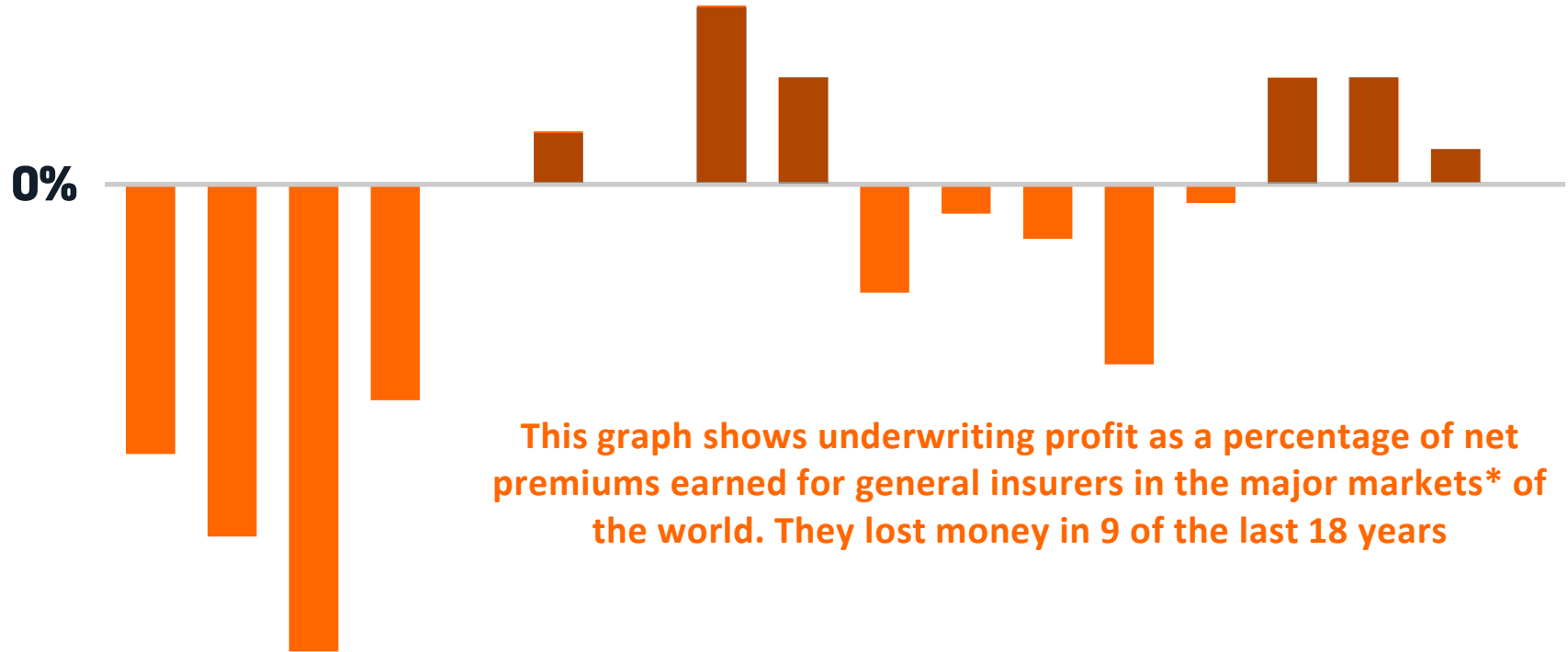"Only 0.5% of all data is analysed or used"

Bernard Marr, Forbes.com

The data landscape

Internal data

Purchased data

Low availability

High availability

Public data

Data from partners

- Geolocation
- Consumer bureau
- Web browsing
- Merchant acquiring
- Business bureau
- Weather
- Government
- Economic
- Facebook
- Crime data
- Twitter
- Election results
- Demographic
- Other products
- Application
- Transaction flows
- Purchases
- ERP
- Smartphone / feature phone and app usage
- Digital behaviour
- System logs
- Process data
- HR data
- Connected devices

Insurance companies are not using the data to solve efficiency and customer relationship challenges in their businesses and are missing opportunities for profit
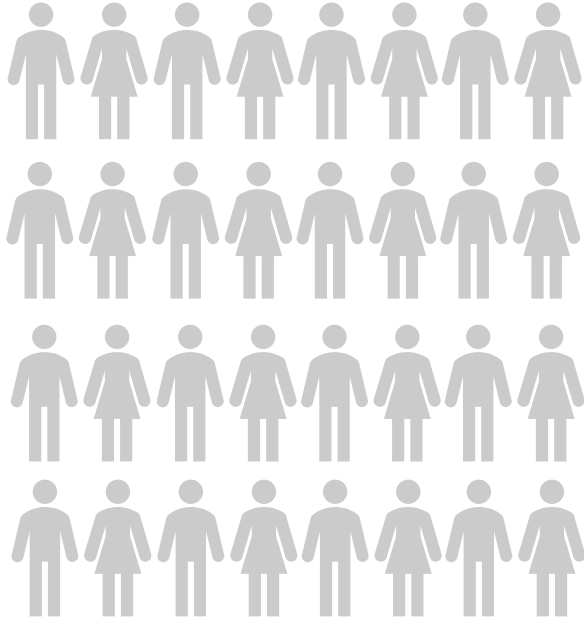

0%

This graph shows underwriting profit as a percentage of net premiums earned for general insurers in the major markets* of the world. They lost money in 9 of the last 18 years

* For US, Canada, UK, Germany, France, Italy, Japan and Australia

SOURCE: Swiss RE Economic Research & Consulting

Small changes can impact financial value exponentially

	Model impact	Accounting profit	In force EV	New business EV
Baseline		£372m	£1.79bn	£78m
Expenses	**-10%**	£74m	4%	10%
Claims	**-10%**	£136m	11%	28%
Lapse	**-10%**	£173m	5%	18%
Acquisition	**+10%**			11%
New position		**£755m**	**£2.16bn**	**£144m**
Improvement		**Double**	**21.1%**	**84.5%**

*Based on actual SA insurance data averaged for 4 major listed insurers

The new way of managing risk...
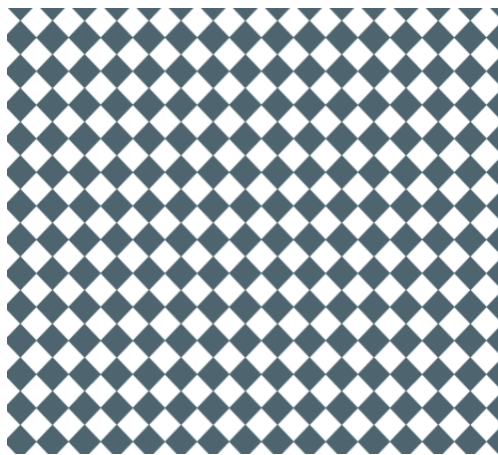
No more generic rule-based segmentation

Use machine learning to enable scalable personalised interactions

How is this done?

Provide **your data** in whatever amount and format you have it - don't spend time cleaning it first

Find unique patterns to identify pockets of value using **Emerge's proprietary machine-learning** software

Run the model in your operational systems through an **API or batch process in** the Azure cloud

There is opportunity to personalise the full customer lifecycle

For example, let's look at a few insurance case studies

Sales

Fraud

Retention

SALES

Aim
Identify the propensity for orphan clients to buy a savings product through the DFA channel

Input data
All savings campaigns since January 2016

243 000
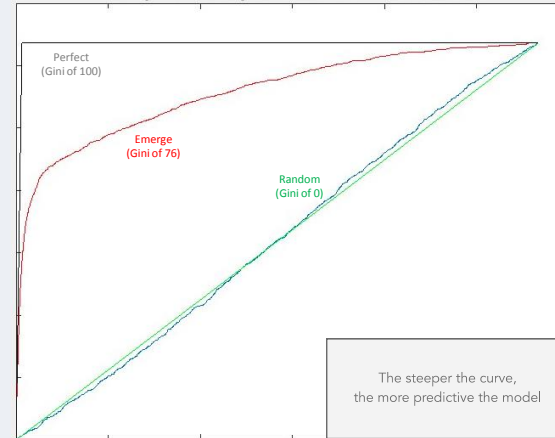Campaign leads considered

12 hours
To run the model

35
data variables
- Demographics
- Policy details
- Other policies
- Broker descriptors

Model results

65% sales

Identified
In 5% of the base

76
Gini coefficient

Increased conversion rate by 350% compared to the existing propensity model

Perfect
(Gini of 100)

Emerge
(Gini of 76)

Random
(Gini of 0)

The steeper the curve, the more predictive the model

RETENTION

Aim

Identify the propensity for a health insurance policyholder to cancel in the next three months

Input data

All data available for the policies with a lapse date in the future where relevant

110 000

policyholders considered

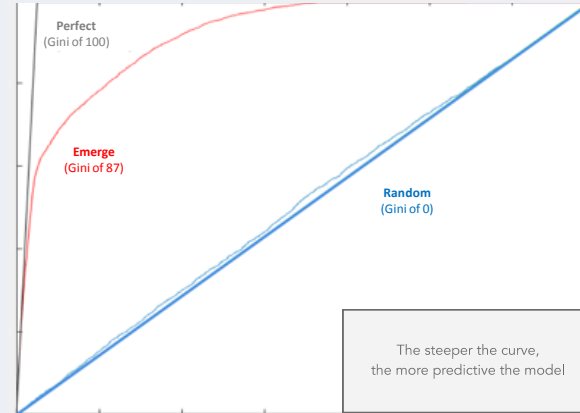**7.5 hours**

To run the model

360

data variables

- Client details
- Policy details
- Other products
- Channel
- Claims

Model results

83%
lapses

Identified
In 15% of the base

87

Gini coefficient

Perfect
(Gini of 100)

Emerge
(Gini of 87)

Random
(Gini of 0)

The steeper the curve,
the more predictive the model

By emailing clients that are at risk of leaving with relevant communication we halved the lapse rate from 30% to 15%

There is opportunity to personalise the full customer lifecycle

For example, let's look at a few insurance case studies

Sales

Case Study: Sales call centre

Which clients will buy a savings product?

Increased conversion rate by 350%

Fraud

Case Study: Fraud operations
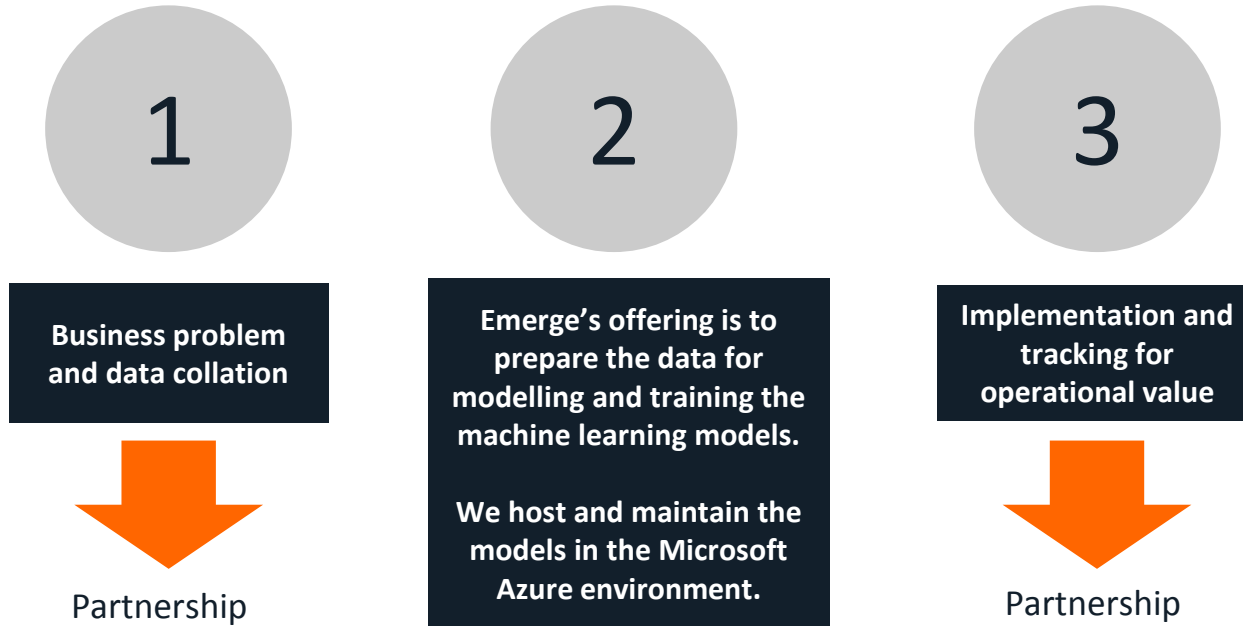
Which claims should be investigated?

70% of fraud found in just 15% of claims

Retention

Case Study: Client retention

How can I engage clients to create loyalty?

Reduced client cancellations by 50%

The way we envisage a partnership with you…

1

Business problem and data collation

Partnership

2

Emerge's offering is to prepare the data for modelling and training the machine learning models.

We host and maintain the models in the Microsoft Azure environment.

3

Implementation and tracking for operational value

Partnership

Microsoft

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