

The big data rush

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Harnessing the power of 'big data' presents insurers with a phenomenal business opportunity, but are they ready for it? To understand attitudes, Ordnance Survey and the Chartered Insurance Institute have launched a new report and survey, reports Richard Brocklebank

Insurers already hold vast amounts of data, but now they can gather even more from sources such as GPS-enabled devices, social media postings and internet search histories. This torrent of data now measures some 2.5 quintillion bytes per day.

The key to unlocking so-called 'big data' (a mass of information held digitally that is so large that it is difficult to analyse, search and process) is through data analytics, to uncover hidden patterns, unknown correlations and customer insight.

This can provide competitive advantage; premiums can be better correlated to risks rather than market prices, which is particularly pertinent given the challenging economy.

Bigger picture

To understand attitudes to big data, [Ordnance Survey](#) and the [Chartered Insurance Institute](#) have launched a new report and survey, *The big data rush: how data analytics can yield underwriting gold*. The researchers questioned some 242 underwriters and spoke to 220 members of the [Chartered Institute of Loss Adjusters](#) about the data they collect and how underwriters could better exploit this. Overall, it showed insurers are well aware of the transformative power of big data and how it can build a more detailed risk picture.

Insurers hold their own data sources, but also buy in credit checks and use freely available government data. Yet they can potentially go much further.

Management tools

Telematics allows insurers to monitor driving behaviour and understand risk exposure by providing details not only of miles travelled, but also roads used, journey time and behaviours.

Location intelligence is also a major advance in helping to manage big data. It includes layers of information, with addresses, property type and building footprints supplemented with the users' own data. Most events and transactions yield some location data, such as addresses, place names, GPS coordinates or elevations. Merging this lends structure to raw data and delivers new insights.

Big data has enormous potential ? but also needs investment. And while it can help insurers

gain an enterprise wide view, this is a considerable undertaking. Are they ready to invest time, money and manpower?

Respondents felt that insurers lacked the tools and skills to capture big data's potential. Many battle with legacy systems and have difficulty harnessing the value of their internal unstructured data, never mind external new data. Despite this, the industry does have inherent analytical and data handling skills through the very nature of assessing risk and innovative marketing.

This report provides food for thought for underwriters and pricing specialists to help identify additional training and new skillsets needed to unlock competitive advantage.

For the taking is the opportunity for insurers to find new insights, improve their business processes and increase profitability ? however, the first movers will gain the most. The big data rush is on.

<p>Key survey findings</p> <ul style="list-style-type: none">- 96% of respondents said the digitally enabled world will see the emergence of new risk rating factors- Nine out of 10 said access to real-time claims data would help price risk more accurately- Motor (88%), household (76%) and health (60%) are where pricing accuracy could be transformed by big data pricing models- 88% agree linking information by location is key to usefully combining disparate big data sources.	<p>More potential to work with loss adjusters</p> <p>Loss adjusters' ability to feed underwriters' data from the claim site could be valuable for insurers looking to make real-time underwriting and pricing decisions.</p> <ul style="list-style-type: none">- Just over half (52%) of respondents use data from loss adjusters to support underwriting decisions- 84% of loss adjusters agree insurers currently underuse information they gather- 87% believe breakthroughs in predictive analytics mean insurers will demand more detailed and frequently updated data.
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Further information

- Details of the full report are available on [registration](#)
- Related competencies include: [T036](#) , [T051](#) , [T072](#)