



Episode 12: Why life insurers need to embrace data democratization

[MUSIC PLAYING]

AMANDA HUG: The companies that reimagine how they distribute, consume, and analyze their data are going to be better positioned into the future.

NARRATOR: You're listening to (Re)Thinking Insurance, a podcast series from WTW, where we discuss the issues facing P&C, life, and composite insurers around the globe, as well as exploring the latest tools, techniques, and innovations that will help you rethink insurance.

[MUSIC PLAYING]

CARRIE KELLEY: Hello and welcome to (Re)Thinking Insurance. I'm your host Carrie Kelley. On today's podcast, we'll be discussing data democratization with Amanda Hug, a director out of the WTW New York office. Welcome, Amanda.

AMANDA HUG: Hi, Carrie. Thanks for having me.

CARRIE KELLEY: Oh. I'm happy to have you on the show. Now, as you may know, we like to learn a little bit about our guests before we jump into our main topic. So what's something that you like to do outside work?

AMANDA HUG: Yeah. Thanks for asking. I think two things. One, I'm a Christian, so I'm very involved in my church here in New York City. And then secondly, I just love adventure. I love traveling. I love finding adventures on my travels, or if I'm not traveling, making adventure. So I live in Manhattan now, and one of the things I did for adventure was what I called the perimeter walk, where in one day, my friends and I walked all the way around the island of Manhattan 33 miles. It was fun for the first 12, and then really brutal after that. So we saw a lot of cool things, but that was my one and only time I'll be doing that.

CARRIE KELLEY: Nice. And I love that you're finding adventure even at home, so it's very nice. So our topic today is data democratization. And before we get into some specific questions about that, maybe we can start with you just giving some broad background on what that is and what it means.

AMANDA HUG: Sure, yeah. Well, first of all, it's just a fancy word for sharing data, I would say, is kind of the shorthand. It really is about how do companies share data across teams, across functions, across products, and really open it up so that everyone has access to do the work that they need and to advance the business.

CARRIE KELLEY: OK. So it sounds like a fascinating topic. How did you get interested in it?

AMANDA HUG: Well, I ended up falling into it a bit because at my prior company, I was working at a large life insurer as chief of staff to the CFO. And we were in the middle of a finance transformation. So we were trying to transform the way that we think about our business in a couple of ways. We were upskilling our employees. We were building out a data platform to use data and analytics, and then we were doing some offshoring where appropriate. And so the big piece of that was how do we build out this brand new data platform, put all of our financial data in it, and start to use it amongst the finance team and then open it up more broadly for the whole company. And so I kind of got to live through what it looks like to build out a data platform, what it looks like to get buy-in from your employees, what roadblocks you're facing along the way, and then, of course, the light at the end of the tunnel, the benefits that you reap on the other side. So I've definitely gone through it. Felt the growing pains, but then also felt the benefit. So definitely want to speak to that and how I think other people can come along that same journey.

CARRIE KELLEY: Great. Well, I'm interested to get your perspectives as we talk through some of this.

AMANDA HUG: Great, thanks.

CARRIE KELLEY: So what are the benefits of data democratization?

AMANDA HUG: So a couple of things come to mind. The first is eliminating bias. So right now, you have different experts across different areas of the company, and they're really operating independently. And so they might be making decisions that make sense for their product, or their business line, or their talent, but they don't have that bigger picture view. And in addition, a lot of times, decisions-- we hate to say it, but decisions that companies are made based on opinions, impressions, ideas, and not necessarily on facts and on real hard data. And so eliminating that bias toward a gut feel decision and moving towards concrete data is definitely key, and then I think increased collaboration. So collaboration has long been a way to generate value for the company, right? And with the onset of new disciplines, particularly as it relates to technology and analytics, this is even more true. So I operate as an actuary, and actuaries can do a lot of things when it comes to predicting the future, right? We've been doing that for many, many years. But our data science colleagues are coming in with different tools, different ways of thinking about things. And if we are willing to share data and willing to collaborate, I think two heads are better than one, and we'll probably end up in a better place.

CARRIE KELLEY: So I think we broadly feel that the insurance company or insurance in general is kind of behind other industries in harnessing the power of data. But why do you think that is?

AMANDA HUG: It's a couple reasons, but I would really point to the long nature of our business. If you're in a retail business or consumer goods, you make a sale once and then you can move on with your life. With us, we make a sale and then we hold on to those customers for 30-plus years. And that's one of the things that's so powerful about insurance, but it definitely creates challenges when you're thinking about data because the data that you have is on people that may have applied for policies, like I said, 30 years ago. And so you certainly weren't collecting things like their email address back then or anything about their social media profile. And so that's one challenge is the long nature.

And along with that, anyone who's worked in an insurance company or touched insurance companies knows that legacy systems are incredibly problematic. They generally don't talk to each other. A lot of times, companies try and do system conversions with some success and some not. But that disparate data being in many different systems can be very problematic.

CARRIE KELLEY: And so why is this something that companies should strive towards?

AMANDA HUG: Yeah. So I feel really passionately about-- this is kind of the future for insurance. And if we can modernize, then there's so much power behind data, right? We all have heard the quote that 90% of the data that exists in the world was created in the last two years.

And so if we can start to capture that data and use it and analyze it, we're going to be more powerful. And I think the reason why is a couple of things. We can one, increase our revenue by using data. So here's an example. If you have an operations team that's in the call center and they're talking to customers all day long, and they don't have much data on the customer, they're perhaps going to interact with everyone the same way. They're not going to make any personalized recommendations. And that's fine. I'm sure they're giving good customer service, but there's perhaps unmet opportunities or unmet needs for those people that are calling in that they could be leveraging.

So if they worked with the finance team and collaborated to get data on, let's say, lifetime customer value, perhaps someone calls in and you know more about their loyalty. You know more about their buying preferences. You know more about their stickiness. Then you could potentially pitch across sell product and generate more revenue in that way.

And then the other side of it is, of course, expenses. If you are using your data more efficiently and you're minimizing duplicate work across different teams, you have a savings opportunity there. So I would say those are the two angles of it. And in the way that you're doing this is you're using analytics on your data, right? It's not just having the data. It's then taking it, understanding it, and making better decisions from it.

CARRIE KELLEY: We've talked about the legacy systems and how good it would be to democratize data and some of the benefits. But if an insurer wanted to move forward with this, what do they need to consider? It seems like there are definitely a lot of hurdles and moving pieces.

AMANDA HUG: Yeah, definitely. So I think there are different perspectives on this. And maybe not everyone is as enthusiastic as I am. And the reason for that is that there are some things that you need to think about.

So one example and probably the biggest is regulatory concerns. So from a regulatory perspective, companies are worried about compliance risks with sharing data, right? We have life insurance policies, annuity policies with real people behind them, with personally identifiable information that we

want to make sure is not put in the wrong hands. And we want to make sure we're following all of the privacy rules.

Like if your company is in California, there are stricter privacy rules there. If you have clients that are in Europe, then you have to follow GDPR. And so there's a number of considerations on the privacy angle of it that people do get concerned about.

And along with that comes a bit of reputation risk, I think. You can think about all the scandals of data breaches that have happened in various industries. And so you want to get this right because you don't want to have that risk.

I think the other piece is the misinterpretation of data. So from a business perspective, people are worried about the downstream impacts of colleagues misusing data because they're not familiar with the underlying principles or the underlying products and just making decisions that really aren't informed because they don't have the subject-matter expertise to apply the data correctly.

So consider an example of this might be if you have a leader that's unfamiliar with life insurance and annuity products and all they're looking at is premiums, well, premiums for annuities are probably going to be higher. They might say, let's double down on annuities. But that doesn't consider profitability, associated expenses, risks. And so there's a lot there that you need to make sure when people have the data, do they appropriately understand it?

And then I guess the last one is the legacy systems, is it even possible? And I think it is possible, but you need to certainly have the right IT talent to help you navigate that landscape.

CARRIE KELLEY: So I guess in terms of what are the concrete starting places. And I know it's going to range from company to company, but this isn't a two-week project. Is this, as you've seen company implement, is this a six-month, one-year project, who needs to be involved, and that kind of thing.

AMANDA HUG: Yeah, definitely. So I think the first piece is you want to develop a business case for this and figure out how you're going to start empowering your employees to use data. There is a cultural shift. And you need to be prepared for that. Change is not easy, so you need some change champions to help you understand the why and help your employees get behind it.

Because historically, data has been very siloed, right? The finance team has the finance data. The controller's team has the controller's data. The sales team has their data. And so there might be a bit of concern about, oh, why is actuarial accessing sales data? Or why does sales need to know about operations data? So you have to overcome that barrier.

And then as far as minimizing some of the risks, I think collaborating with your legal and data governance experts is key and having a framework in place where you have access rights and permissions for that more confidential data that you don't want to get into the wrong hands. And then definitely software.

Software is a critical component of this. Most insurance companies, to their credit, are moving to a centralized data platform. And that is essentially a warehouse of data that different users across the company can query. And it's meant to be one source of the truth. And so really, again, partnering with your IT folks to pick the right platform and have the right data cataloging tools and data access tools is definitely important as companies are looking to start out.

CARRIE KELLEY: If you had one takeaway for companies who are looking to embrace data democratization, what would that be?

AMANDA HUG: Yeah. I think it would be that the companies that reimagine how they distribute, consume, and analyze their data are going to be better positioned into the future. And so we might not have the data right now, because we weren't collecting it 30 years ago. But if we start now, in five years, 10 years collecting data on applications or collecting data with client interactions, even when you lose a sale, having all that data now will, I think, provide huge dividends in the future. Because you'll be able to figure out what are the buying patterns, who are my customers, who are the customers that are fringe, and be able to really understand your business better. And then that will have an impact on the bottom line.

CARRIE KELLEY: Great. Well, thank you, Amanda. That was really interesting. I appreciate you joining me today.

AMANDA HUG: Yeah, definitely. I could talk about data and data democratization all day long, so I appreciate you giving me the platform here. And if anyone's interested in learning more, I would definitely love to hear from them. So certainly reach out.

CARRIE KELLEY: Excellent. All right. And thank you everyone for listening to (Re)Thinking Insurance.

[MUSIC PLAYING]

NARRATOR: Thank you for joining us for this WTW podcast, featuring the latest perspectives on the intersection of people, capital, and risk. For more information, visit the Insights section of wtwco.com.

[MUSIC PLAYING]