

# Predictive Analytics in Insurance: Closing the Data Value Realization Gap

August 2020: Complimentary Abstract / Table of Contents



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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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# Background and scope for the analysis of the adoption of predictive analytics in the insurance industry

- Insurers are planning for rapid digital adoption in order to reimagining products, channels, and operations in a post-pandemic world
- Insurers have been investing in digital capabilities such as analytics, automation, cloud, design thinking, Internet of Things (IoT), machine learning, and mixed reality. Data has been a foundational asset that powers these digital capabilities
- Insurers have amassed a vast volume and a variety of data coming from internal as well as external sources, which is both structured and unstructured. Insurance firms have struggled to realize the return on investment or the business value from their data initiatives
- Globally, insurance firms spent over US\$6.3 billion on data and analytics services in 2019
- As insurers accelerate their data initiatives, the advancements in predictive analytics technology and use cases specific to insurance industry are reaching significant enterprise adoption maturity
- Predictive analytics plays a key role as insurers look to adopt newer business models, drive superior operational efficiencies and customer experience. Enterprise wise adoption of predictive analytics is one of the key enablers to drive top-line growth and cost take-out initiatives
- In line with this, insurance industry has seen increased maturity in adoption of predictive analytics – driven by an explosion in data availability, increased adoption of cloud, data democratization, and advances in Artificial Intelligence/ Machine Learning (AI/ML)
- In this report, we lay down a definition of predictive analytics, identify the key business drivers for adoption of predictive analytics in insurance, explore use cases of predictive analytics in insurance, and provide some best-in-class examples of insurers leveraging predictive analytics
- In addition to analyzing the adoption trends, we also look at the challenges faced by insurers in their predictive analytics adoption journey, and the complex technology vendor and service provider landscape that insurers must navigate through this journey

## Scope of this report:



**Geography**  
Global



**Industry**  
Insurance

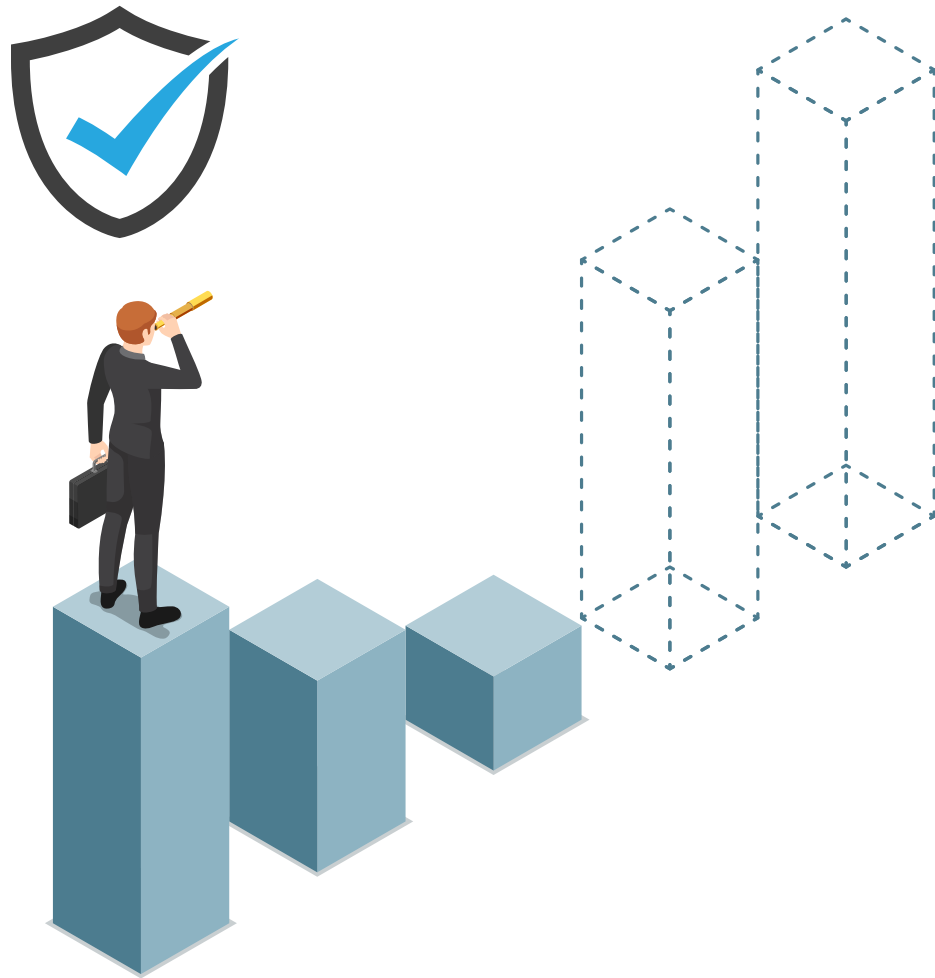


**Services**  
Insurance IT Services



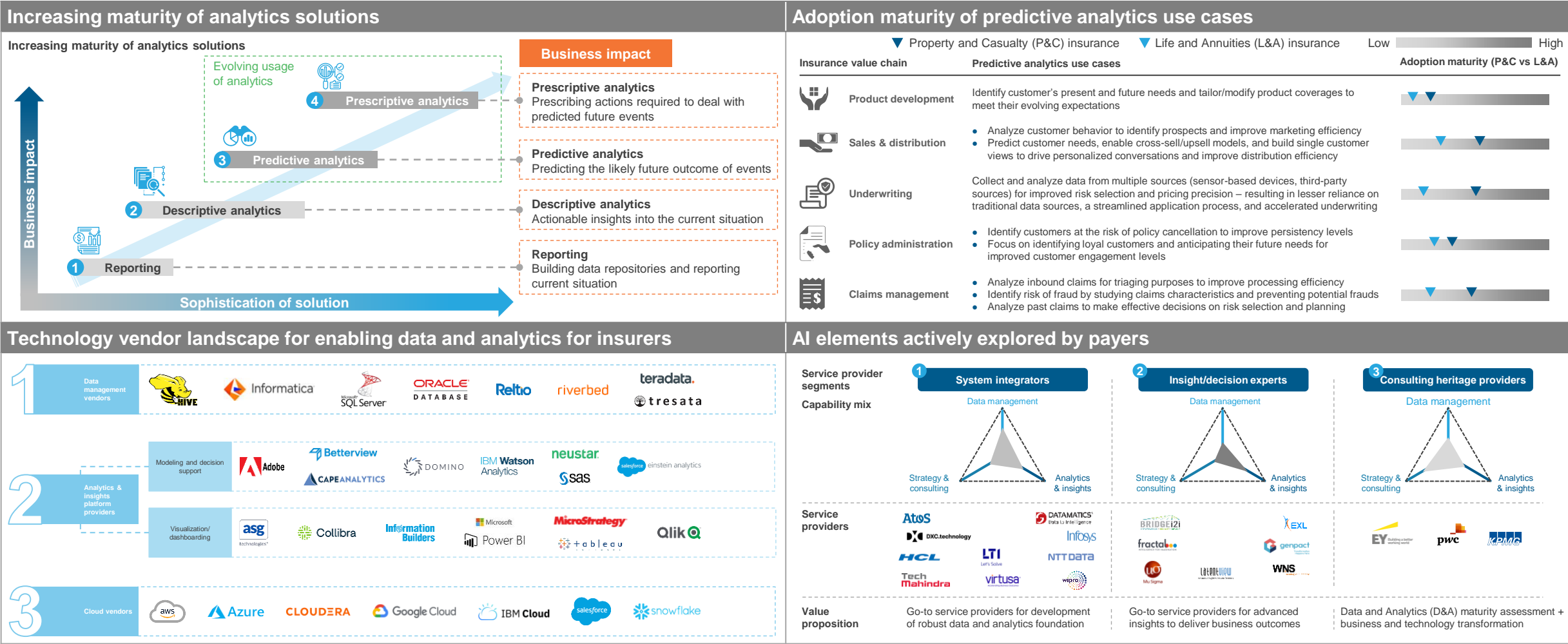
**Sources**  
Everest Group's ongoing tracking of the insurance industry, proprietary databases, public disclosures, and interactions with enterprises, service providers, and technology vendors

## Executive summary



- Insurers are amplifying their focus on adopting data and analytics to reinvent and transform the insurance business. The core ethos is to build a data-driven technology firm that protects customers
- A platform-based operating model, in combination with a data exchange, is the foundation for successful adoption of predictive analytics
- Insurers are leveraging predictive analytics to personalize experiences, drive revenue growth via enhancing sales, channel, and product effectiveness, improve customer retention, and reduce processing times for claims and underwriting
- Insurers need to iron out existing challenges around their fragmented data and legacy systems, lack of a holistic view of the customer, and limited tools and talent availability to enable adoption of predictive analytics at scale
- Migration of data from legacy systems to modern data infrastructure is a bottleneck due to lock-ins created by legacy data technology vendors, lack of business buy-in, and costs and risks of migration
- Insurers need to navigate through a complex landscape of technology vendors and service providers, and partner with fit-for-purpose vendors to meet their end-to-end predictive analytics needs

# This study offers six distinct chapters providing a deep dive into key aspects of predictive analytics in insurance; below are four charts to illustrate the depth of the report



# Research calendar

## Insurance IT Services

Published Planned Current release

### Flagship Insurance IT Services reports

	Release date
Life & Annuities (L&A) Insurance Application and Digital Services PEAK Matrix® 2020 – Conflated Growth and Efficiency Agendas	December 2019
Property & Casualty (P&C) Insurance Application and Digital Services PEAK Matrix® 2020 – Coverage, Channels, and Commercial Model Innovation	December 2019
Guidewire Services PEAK Matrix® Assessment 2020 – Setting the Stage for Core on Cloud	May 2020
Life & Annuities (L&A) Insurance State of the Market 2020: Platform-first Model to Simplify and Rationalize Systems for Rapid Cost Take-out	June 2020
Guidewire Services – Service Provider Compendium 2020	June 2020
Property and Casualty (P&C) Insurance State of the Market 2020 : Underwriting for the Next Normal	August 2020
IT Enablement Services PEAK Matrix® Assessment for Insurance Business Model Innovation 2020	Q3 2020
IT Enablement Services for Insurance Business Model Innovation – Service Provider Compendium 2020	Q3 2020

### Thematic Insurance IT Services reports

	Release date
Guidebook for Blockchain Adoption in Insurance: A Compilation of Insights from 30+ Projects	May 2019
Assessing Digital Experience Platforms in Insurance and Vendor Profiles 2020 – Building SUPER Insurance Experiences to Drive Differentiation and Growth	April 2020
IFRS 17 – Enablers for Seamless Regulatory Transition	April 2020
Making a Business Case for Modernizing Core Systems for the US Retirement Industry: Value Beyond Cost Savings From a Cloud-enabled Recordkeeping System	May 2020
<b>Predictive Analytics in Insurance: Closing the Data Value Realization Gap</b>	<b>August 2020</b>
Cloud in Insurance	Q3 2020
Claims Management of the Future – Focus on P&C Insurance	Q3 2020

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