TINtech London Market session summary:
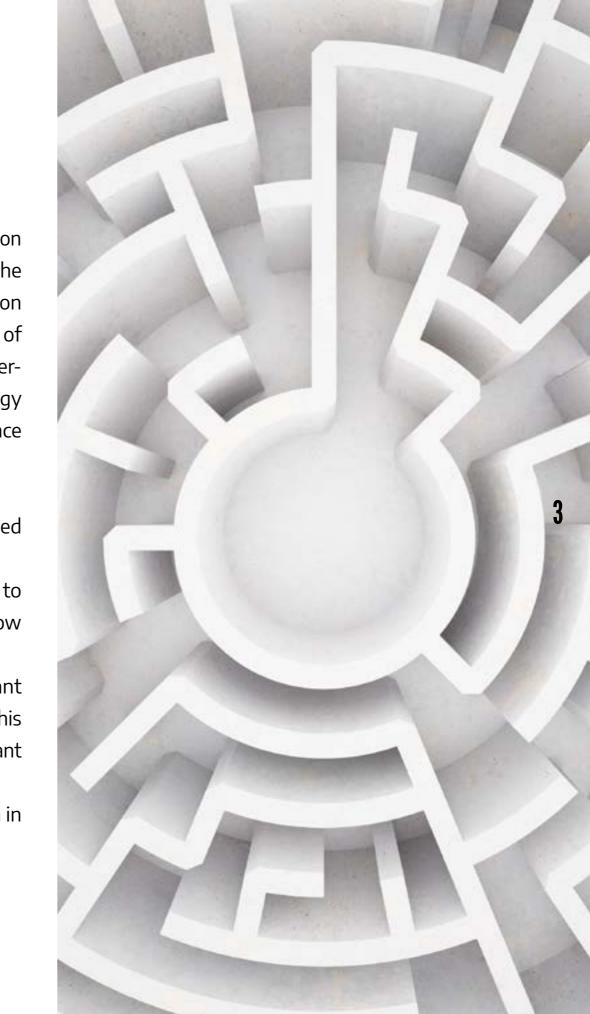
Data & Analytics

Introduction

On February 8th 2022 more than 200 insurance industry executives attended TINtech London Market, the sector's leading technology strategy event. This report summarises the data and analytics session that was sponsored by Guidewire and featured a presentation from Saki Thethy, Head of Data and Market Relationships at Miller Insurance on 'Overcoming data integration challenges to improve the client experience'.

Key Challenges

Mark Phillips, Vice President for Analytics for Guidewire in Europe, set up the discussion by outlining some of the key challenges in leveraging data and analytics facing the sector, AKA the "unanswered questions" companies need to be asking themselves on the road to achieve the potential strategic, commercial and operational benefits of data analytics. In the context of an ever-increasing number of data sources, an ever-increasing diversity in where that data comes from, AND the fact that the technology now exists to make sense of that data, Mark asked these questions of the audience (and by implication the sector as a whole):

- 80% of analytics projects comes from data curation. How do you balance the need to use more data with the need to deliver on analytics projects?
- How do you reconcile traditional, linear modelling approaches with the need to continuously model based on new data or in response to market demand? How can you stay agile?
- Increasing demands from the business for analytics projects can put significant burden on the actuarial, data science and IT organisations. How do you make this process as efficient as possible to stop investment in innovation leading to significant operational overhead?
- How do you get the insights into the hands of the practitioners that need them in a way that's consumable?
- How do you foster the right culture around analytics?

Whilst Saki didn't promise to answer all of those questions, he did share some insights into how he has approached some of them in his role as 'head of all things data' at Miller. Saki started by emphasising the literally fundamental place that data has in the London market:

> *If you zoom out of the London market, what it really is, is a tool for connecting risk and capital, and data is a mechanism to do that... everything that happens in the London market is data... and that can be your slips, your wordings, or the stuff that is on in your spreadsheet. It's actually not a question of what is data or technology and what's not. It's just a question of how well can you ingest and measure all of those data points? If we take this expansive idea of what data is in the context of insurance, then insurance is fundamentally monetizing data. Insurance is data driven.*

And for Saki this means that the old distinctions between different silos within organisations become irrelevant, if not obstructive. Its essential that every department understands that data has value beyond its immediate application in their part of the business. The example Saki chose was the distinction he hears made between 'the data people' and 'the business' or 'the commercial people'.

> *But if the commercial people aren't interested in data, then you have to ask the question why not?*

With this premise that data is fundamental to both the London market itself, and to each individual organisation that makes up the market. Saki went to outline 4 key questions to ask when devising and implementing a data strategy.

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4 key questions to ask

What's the data for?

Saki observed that across the London market, data is too often seen as something that's ancillary to the process of placement or underwriting, that the tendency is to ask what data is needed to place a risk or underwrite a risk, and too often that's the only reason that organisations source/capture data. They don't think of it as something fundamental that stretches across the entire process. And therefore, when the data is analyised at a later date, what they find is "a pile of data that is only necessary for the purpose of that individual placement". Therefore, when organisations attempt to look across their portfolio they can't really come up with any fixed conclusion or useful insight, and this leads to what Saki described as "a disjunct", but also an opportunity for data professionals:

If your business strategy for data isn't clear and data is not connected you as a data leader in your organisation, get to join those dots.

And once again he was keen to stress the "umbrella role" of data, but here also the cross-functional perspective on data that it is essential to adopt:

If your conception of data is not across everything that the business does, then you're missing a trick. Then you you're in a silo. Data should be across the piece.

Do you have data on your data? Do you understand what data you actually have?

Saki argues that it is essential for every organisation to identify its use cases of data: when someone is doing some level of data analysis for some purpose that they need, it's important to identify those people and those processes and 'bring them into the fold' (to not quote Saki). To quote Saki:

Finding out that someone's actually got a spreadsheet over here is not necessarily something to be scared of, it's something to embrace because if you bring those people in and show them the tooling that they could use, that actually can be quite helpful.

Saki advocated equipping these people doing what some might refer to as 'cottage industries' with an analytical toolkit, and the proportionate expertise and governance that will enhance their own roles and their contribution to the business, because as Saki pointed out, it's very likely they are doing those things for a commercial imperative, and therefore there is a commercial benefit to ensuring they are doing it as efficiently as possible using the best tools as possible, but also that the data that they in turn provide is made available to the wider business.

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Is data quality right? and Does it have to be right?

To be precise the opening question in a discussion around data quality should be "What is the context in which data quality exists?"

And in some contexts, data accuracy and quality are absolutely essential, but in others, where for example the objective is insights from data, it can a case of 'perfect is the enemy of good'.

Saki cited an example from the broker perspective, where the data dictating payments to underwriters and clients obviously has to be precise and correct, but also stressed there are other contexts where,

> what you're looking for is something more directional...where you don't have to be pixel perfect. If you're talking to the FCA, you want it to be correct. You want it to be exactly there. But if you start with the point of view that you need to get data quality perfect before you share anything with anyone you never deliver...what you'll end up with is no delivery and great data in a silo.

Are your use cases for data defensive or offensive?

Saki advocated asking yourself if your use cases for data are "defensive or offensive", where defensive use cases are contexts in which data accuracy is essential – for example regulatory requirements, centralised reports or data that feeds into a single 'golden record' – as opposed to use cases where actionable insight is the priority – so predictive analytics, commercial applications and federated applications of data.

Saki described what he sees as a shift in organisations from the defensive to the offensive, but that a common pitfall is trying to do both without being clear around the differences between the use cases, and prioritising accordingly. For example, starting with automating some defensive use cases like regulatory and more standard reporting that have to be very highly governed or under centralized control - and accordingly you really need your data quality to be of a very high standard – and fortunately, a lot of that can be automated with the right technology and the right approaches. Once this is achieved it is possible to shift to more offensive mentality, and look at leveraging the data in more commercial contexts where you can prioritise insight over accuracy - but

You have to get that defensive bit right because it won't go away before you can get to a commercial lens on data.

Defensive or Offensive Data?

Defensive	Offensive
• Regulatory	• Commercial
• Standardised reports	• Analytical toolkit
• Centralised	• Federated
• Controlled	• Flexible
• Single 'golden record'	• Multiple versions of the truth

Barriers

Saki finished with an overview of what he sees as some key barriers to achieving a data strategy that really works for an organization.

Technological blindness, or the tendency to focus on shiny toys rather than concrete objectives.

One of the pitfalls I say is people starting with the technology... I think there's lots of great technology out there and I'm not against technology, but applying technology without a reason for doing so doesn't really make sense.

Whilst it's important to know about the latest technology tools, its essential to know what are they going to deliver for you.

if someone says 'We should have a data lake', I'm not against the idea of data lakes per se. But I also want to know where does that take us? What capabilities does it open up? And how can I translate that into something that the generic broker sitting in one of our teams will understand really impacts them?

Bad strategy

One of the lessons for me around data strategy is strategy is as much about what you choose not to do

Rather than advocating an approach that promises to put right a range of business problems over a period of six months (for example), Saki advocated delivering what can be done now, knowing that the solution is imperfect and promising to correct those aspects over time: a strategy that allows you the quick wins that you can achieve now AND allows more challenging objectives to be achieved later

Culture

Saki argued that perhaps the most important barrier to a good data strategy is culture. If data is fundamental to all London market organisations it needs to be fundamental to their culture, and like data, that culture needs to cut across siloes and departments, encompassing all aspects and all corners of the organisation.

It is clear that for a data strategy to succeed it needs to reflect the core, fundamental role that data has always played in the London market, and identify and enhance every use case for data within the organisation, demonstrating the value of adopting analytical toolkits in each and every context and adapting approaches to data quality accordingly.

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We will leave it to Saki to summarise:

The argument that I always make is that data exists and should permeate organisations, not be a technology silo or regulatory silo or an operational silo - if you get your data culture right, everyone understands how it impacts them as individuals in the day-to-day work they do. If data is throughout the organisation. That's a pretty good start for success.

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