



Why data management is one of the insurance industry's biggest risks

Insurance is inherently data driven. Carriers capture and analyze vast amounts of data to improve product development, inform risk assessment, accurately match price to peril and make better underwriting decisions.

That's always been the case, but modern insurance data management is more challenging than ever, as carriers wage a daily battle to get business value from unprecedented levels of data volume, variety and velocity.

Data is an asset, but paradoxically, more access to more data can limit its usefulness, as surging volumes, complex structured and unstructured formats, and siloed legacy systems conspire to minimize its realizable value.

From the rise of big data analytics to intelligent automation and now AI, trust in company data has been the key to unlocking innovation. It will continue to be an essential enabler for insurers as they seek to enhance customer experience (CX), improve back-office efficiency, create new

products and services, manage portfolios more profitably and take full advantage of digital transformation.

It will also be pivotal preparation for what may be the most transformative change yet — the shift to net zero.

Modernizing data management in the cloud is the vital first step. It requires unifying all an insurance company's disparate sources of internal and external data under one platform.

Your CEO may be ready for AI, but your data isn't

Advances in analytics, automation and the cloud are altering how brokers, underwriters and reinsurers operate in three fundamental ways:

- 1 Scaling back reliance on manual processes in key areas like underwriting and claims processing to lower operational costs.
- 2 Improving CX to address digital purchasing habits, the rise of churn and overcome diminished brand loyalty.
- 3 Compliance with a cascade of new regulatory requirements for ESG and sustainability disclosures. For example, The SEC's mandate that all publicly listed companies report their ESG performance became the law of the land in January. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) is expected to be finalized this year, building on requirements already established on the Corporate Sustainability Reporting Directive (CSRD) implemented in January 2023.

Each of these shifts requires a new approach to the way insurance data is managed and governed.



Pressure points



Changing customers / changing expectations

Loss of loyalty and rising customer churn make it essential for insurers to forge closer relationships with policyholders.¹ Digital is one of the key omnichannel touchpoints, and the major demographic cohorts from late Gen X to Millennials to today's Gen Z expect digital experiences to be seamless.



Barriers to innovation / accessing the benefits of digital transformation

Data fears and concerns about privacy, regulation and security are holding some insurers back from moving data estates to the cloud. This creates a brittle data estate. Questionable quality, unknown lineage and uncertainty about compliance fuel lack of trust in the data and lack of confidence in analytics.



Intensifying reporting requirements

Insurance companies are now expected to collect, process, analyze and disclose sustainability metrics at a much deeper level of granularity. Yet they aren't equipped to meet the rising number of technical requirements behind ESG disclosures. Understanding data lineage is key to this. It serves as a critical accountability tool. The EU AI Act, for example, demands that any organization deploying an AI application proves it's compliant. Without proof of data's journey, you risk potential fines.

Different functions. Different challenges.

Spotlight on underwriting

Underwriters are arguably the original data scientists. Risk analysis requires reviewing data across different sources and synthesizing it to make accurate (and profitable) decisions. Yet underwriting is often neglected when technology investment decisions are being made. Lack of data integration and lack of process integration result in unnecessary errors in claims processing.

Spotlight on brokerage

The customer data held by brokers can encompass outstanding mortgage balances, asset fair values or even medical histories. It's used by operations, finance, accounting and actuarial teams to optimize pricing, determine coverage duration and assess risk. But data sources can overlap, resulting in identical or near-identical information in multiple places. Data procured from third parties like mortgage lenders and policy underwriters could have quality issues and personal identifiable information (PII).

Spotlight on reinsurance

Reinsurance portfolios are growing in complexity, but data management isn't keeping pace. Some carry underperforming elements where root causes of poor profitability and high volatility are unknown. Analytics can help identify loss drivers, but many reinsurers still manage the data behind their investments with a mix of legacy tools and manual systems. Lack of data governance, quality and trust makes it difficult to calculate accurate pricing or clarify risk exposure.

¹ Bain: Customer Behavior and Loyalty in Insurance: Global Edition 2023

Enabling the data-driven insurer

The business benefits of data modernization in insurance

Improving fraud detection

Trusted data is essential for the development of effective algorithms to detect fraudulent claims, minimize losses and stop misrepresentation of information.

Improving risk assessment

Insurers need data that is trusted, accurate and quality-assured in order to design accurate predictive models for risk assessment.

Keeping up with changing customer behavior

Today's policyholders expect seamless, personalized experiences at every touchpoint. Trusted and accurate customer data helps insurance companies better understand trends and respond to individual needs.

Delivering reliable ESG reporting

Compliance with regulatory requirements for sustainability reporting can be complex, blending different types of non-financial data. Modern data management harmonizes disparate ESG data types to create a single source of truth for sustainability analytics and reporting.

Ensuring data quality

Incomplete or inaccurate data can lead to flaws in risk assessment, underwriting and claims processing. Ensuring the quality and accuracy of the vast amounts of data insurance companies collect is crucial for making reliable decisions.

Simplifying data integration

Bringing together data from different sources is essential for gaining comprehensive insights, yet many insurance companies continue to rely on siloed systems and databases, making it challenging to analyze data effectively.

Strengthening data privacy

Modern data management helps insurers safeguard sensitive personal information from breaches and unauthorized access and comply with data protection regulations.

Updating underperforming legacy systems

Many insurance companies still rely on outdated systems that may not be compatible with modern data analytics. Modernizing data management moves insurers to a cloud-first footing designed for digital transformation.

Standardizing data

The absence of agreed industry-wide data standards can cause inconsistencies and undermine trust in analytics insights. Standardizing formats and definitions with master data management (MDM) is a cornerstone of data modernization.

And more broadly ...

- Supporting ongoing innovation
- Unlocking the benefits of AI by ensuring it's trained on trusted data sets
- Deriving insights that reduce operating costs
- Obtaining a 360-degree view of changing customer behaviors, needs and expectations



Benefits of data modernization in underwriting



Leverage the shift to robust and agile cloud data management

The Informatica Intelligent Data Management Cloud (IDMC) is a powerful, scalable and cost-effective, SaaS cloud solution that unifies every sophisticated data management service insurers need on a single platform.

These include AI-driven data ingestion, data integration, change data capture, data replication, data governance, data quality, data catalog, data lineage and master data management — all accessible through a marketplace that lets business users browse, search, find and understand the data they need in an intuitive online ‘shopping’ experience.

The IDMC platform’s focus on user experience is particularly powerful if an insurance company wants to leverage modern data architectures like data mesh and data fabric.

Because they both seek to integrate the data estate through loose integrations rather than tight, brittle couplings, each one demands the kind of elasticity, scalability and flexibility inherent in the IDMC SaaS model.

Recognized as a Leader on Gartner’s Magic Quadrant, Informatica has made IDMC the world’s most comprehensive intelligent data management cloud — elastic, serverless, open source, API/microservices-driven and cloud-first.

It’s designed to help insurance companies unify, govern and democratize their data — whether on-premises, in the cloud or hybrid — to derive more business value.

Success Story

Enabling trusted analytics for a European insurer

Our client, the European subsidiary of a global insurance organization with worldwide assets of more than \$35 billion, wanted enhanced analytics and reporting to support its investment and underwriting strategy.

In practice this meant full, fast access to trusted insurance information that would improve the company's ability to accurately identify trends and devise profitable responses.

Challenge

Integrate data from multiple dispersed systems to create an open and flexible platform for all future data integration needs. The firm also wanted to introduce web-enabled reporting and analysis tools.

Solution

Improve the integrity of the insurer's European data across all platforms and applications with Informatica's IDMC platform, with vital guidance from Cognizant on how best to enhance trust in the client's management information.

Results

Enhanced productivity through reduction of report production time, heightened ability to match resources to commercial opportunity, improved understanding of customer requirements and faster sharing of insights with the firm's network of European brokers.

What does trusted data mean in practice?



Quality assured

Complete, accurate, up to date



Known lineage

We know where it comes from



Governed consistently

Clear stewardship, clear rules about who can access data and how it can be used



All data harmonized and de-siloed

Creating a single source of truth



Democratized across the organization

Enabling business units to generate their own insights



Compliant

Abiding by all regulatory rules and responding when they change



Secure

Privacy protected

Why Cognizant and Informatica are the right choice for insurers

Over the last 15 years, Informatica and Cognizant have focused on helping insurance companies become more data-driven with solutions that combine global expertise and superior technology. Cognizant is also an Informatica MDM Migration Factory Partner, enabling its clients to quickly scan their on-premises data ecosystem and footprint to simplify migration to new cloud platforms.

Together we've delivered 200+ data and cloud projects. Our comprehensive offerings in AI-driven data modernization and data engineering, data governance and privacy, customer experience and more help insurers improve their products, reduce fraud, accelerate accurate claims processing while delivering new cost savings and operational efficiencies.



Want to learn more?



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About Cognizant

Cognizant (Nasdaq: CTSH) engineers modern businesses. We help our clients modernize technology, reimagine processes and transform experiences so they can stay ahead in our fast-changing world. Together, we're improving everyday life. See how at www.cognizant.com or [@cognizant](https://twitter.com/cognizant).

About Informatica

Informatica (NYSE: INFA) brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. When properly unlocked, data becomes a living and trusted resource that is democratized across your organization, turning chaos into clarity. Through the Informatica Intelligent Data Management Cloud™, companies are breathing life into their data to drive bigger ideas, create improved processes, and reduce costs. Powered by CLAIRE®, our AI engine, it's the only cloud dedicated to managing data of any type, pattern, complexity, or workload across any location — all on a single platform. Informatica. Where data and AI come to life.

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