Are you prepared to make the decisions that matter most?

Decision making in the insurance industry
Sensors. Social media. Climate change. They all force changes in the way you measure risk. And old ways of getting information don’t drive decisions like they once did. Are your analytics set up to help you quickly spot and evaluate new possibilities and impacts?

Source: PwC’s Global Data & Analytics Survey 2014
Big decisions in the insurance industry

Big decisions change strategy and long-term course. Few feel fully prepared to make big decisions.

Should we...

- Transform our distribution to respond to changing customer preferences and technology advances?
- Exploit new sources of data and technologies to build or maintain our competitive advantage?
- Change how we’re organised so we can create or respond to disruptive business models at the speed and scale we need?

Few see their senior management as fully prepared to make the most important decision they need to make in the next 12 months.

Source: PwC’s Global Data & Analytics Survey 2014
Where speed and sophistication count

The bigger the stakes, the bigger the difference that sophisticated analytical capabilities can make.

Among insurance executives

**Top goals for big decisions, next 12 months**

- Collaborate with competitors: 31%
- Corporate financing: 30%
- Enter a new industry or start a new business: 26%
- A major investment in the business: 24%
- Shrink an existing business: 22%
- Corporate restructuring: 22%
- Grow an existing business: 19%
- Negotiating major contract(s): 15%

Source: PwC’s Global Data & Analytics Survey 2014
No time for indecisiveness
Among insurance executives, next 12 months

39% expect to make a big decision at least once per month
43% say their most important decision will be based on a new opportunity they simply can’t ignore
48% plan to revisit their most important big decision within 3-6 months to adjust for new information

31% estimate the value of their most important big decision as US$1 billion or more in future profitability

Source: PwC’s Global Data & Analytics Survey 2014
Both intuition and analytics matter

It's no longer good enough to make decisions based on intuition alone.

Among insurance executives

Which did you rely on most for the last big decision you made?

- My own experience and intuition: 30%
- Relevant experience of others: 39%
- Data and analytics inputs: 31%

Source: PwC’s Global Data & Analytics Survey 2014
What prevents you from making greater use of data and data analysis when making big decisions?

**What prevents you from making greater use of data and data analysis when making big decisions?**

**Among insurance executives: top responses**

**Other senior leaders lack sufficient skills or expertise**

31%

**There is a limited direct benefit to my kind of role**

39%

**It’s difficult to assess which data is truly useful**

37%

**The quality, accuracy or completeness of the data isn’t high enough**

28%

**Seeing limits:** It’s sometimes difficult to see how you exploit new sources of data for competitive advantage. Insurers need new quantitative skills that build upon their traditional actuarial and statistical perspectives. These new skills also require different ways of thinking about data and how it can be used.

**Real-time data:** Insurers are faced with new sources of real-time data from sensors, telematics, wearable and other mobile devices that haven’t been historically available. It’s challenging to interpret this data and incorporate new insight into traditional products, underwriting, operations and claims decision making.

Source: PwC’s Global Data & Analytics Survey 2014
Where change in decision making is starting to happen

Among insurance executives

We’ve changed the way we approach big decision making as a result of big data or analytics

Top three changes, last 24 months

- Relied on enhanced data analytics such as simulation, optimisation, or predictive analytics (71% Yes)
- Employed a dedicated data insights team to inform strategic decisions
- Changed the way data or analytics is presented to management

Source: PwC’s Global Data & Analytics Survey 2014
Some decisions you need to make are big enough to change the course for your business. And decision making ‘as usual’ may not be right for the task. More data are within your reach to understand what was previously unknown. Sophisticated analytical tools are available to you to ‘see’ a wider range of possibilities and evaluate them quickly. Now is a good time for an upgrade in your decision making capabilities. Where should you start?

Source: PwC’s Global Data & Analytics Survey 2014