Safety Insurance

Finding the key to retaining high-value customers while realizing significant operational savings

Overview

The need
Safety Insurance's success hinges on its ability to serve and retain its most valuable customers – but with customer data fragmented across numerous policy systems, how could it maximize consistency when offering multi-policy incentives?

The solution
Working with New England Systems, an IBM Premier Business Partner, Safety Insurance deployed a powerful analytics solution that unlocks deep insights on each customer relationship.

The benefit
Provides a "single view" of the customer across all types of insurance. Analyses and reports now are completed in minutes, making analysts more productive. Valuable customers receive better service.

In the insurance industry, commercial success depends on the ability to attract and retain the most valuable customers by offering the most attractive policies at the best rates. But when you provide dozens of types of policies to millions of policyholders, how can you consistently identify your most valuable customers?

Deploying sophisticated big data and analytics technologies from IBM is enabling Safety Insurance to address this problem by gaining a holistic and single view of the customer across all its lines of business. Ultimately, this kind of insight will help the company provide more coherent and personalized service, thereby boosting customer loyalty and increasing profitability.

Together, insurers in the Safety Insurance Group are one of the largest writers of home, auto and commercial auto insurance in Massachusetts, and many of their customers hold several policies for different types of coverage. As with any insurer, the most valuable customers are those who pay their premiums on time, and rarely submit a claim. Safety Insurance recognized that it would be able to boost revenues by winning more repeat business from these most valuable customers – but first it would have to ensure that these customers could be identified consistently.

"Involving both business and IT stakeholders in the project was key to our success. Our actuaries worked hand-in-hand with our IT team to identify the right data to load into the system – ensuring that we would extract the maximum possible business value from our new solution," says Chris Morkunas, Data Governance Manager at Safety Insurance.

Solution components

Software

- IBM® Cognos® Business Intelligence
- IBM PureData® System for Analytics

IBM Business Partner

- New England Systems

Chris Morkunas, Data Governance Manager at Safety Insurance, explains: "We have several different policy management systems that support our eight lines of business. If a customer bought multiple policies from different lines, it was time-consuming to gain a single view of their overall relationship with Safety because the data was fragmented across the different systems."

He continues: "Without a more efficient way to identify multi-policy customers, Safety Insurance was hampered in its efforts to offer the most comprehensive service and policy support. These limitations also made it more difficult to verify multi-policy discounts, which increased the risk that Safety was not consistently providing its most competitive quote to the customer."

Additionally, whenever Safety Insurance wanted to analyze policy data across multiple lines of business, staff had to spend significant time manually pulling data from the relevant systems. As a result, highly trained actuaries often times spent more time compiling reports than they did performing meaningful analysis of the report results.

Switching to a powerful analytics solution

Safety Insurance teamed up with New England Systems, an IBM Business Partner, to find a solution. The insurer decided to deploy the IBM® PureData® System for Analytics to provide a high-performance data warehouse platform that would unite data from all of its policy and claims systems. It also implemented IBM Cognos® Business Intelligence to provide sophisticated automated analysis and reporting tools.

Chris Morkunas elaborates: "New England Systems guided us throughout the implementation and provided us with the know-how to rapidly turn high-end technology into a key business asset."

Safety Insurance is currently determining which of its existing reports deliver value to the business, such that they should be recreated in IBM Cognos Report Studio. Once a report has been developed in Cognos, it can be generated at the touch of a button – eliminating manual reporting tasks once and for all.

Accelerating delivery of mission-critical information

Harnessing the immense computing power of IBM PureData System for Analytics enables Safety Insurance to generate reports in a fraction of the time previously needed.

Chris Morkunas remarks: "Queries that previously took 15 minutes now take just two, and batch reporting jobs that once ran overnight are now finished in five minutes. We already are saving one day per month on financial reporting alone."

"The combination of PureData and Cognos has opened up a whole new world of analytics possibilities that will enable us to run our business more wisely and more efficiently."

— Chris Morkunas, Data Governance Manager, Safety Insurance

Moreover, automating report generation enables actuaries to focus on analyzing figures rather than compiling them. Automation also standardizes the reporting process, which improves consistency and reduces the company's reliance on a particular analyst's individual knowledge.

Chris Morkunas explains: "In the past, it took an analyst around two hours to manually compile one report. If you're creating dozens of reports every week, that means you're spending tens of thousands of dollars per year, before you can even extract any value from your data. So it's obvious that by automating this process, we should realize a significant return on our investment in the IBM solution extremely quickly."

Identifying high-value customers

By providing new insight into which policies each customer has bought, the analytics solution offers Safety Insurance a new level of insight into customer relationships and total customer value. By revealing how valuable a particular policyholder is to the overall business, the company will be able to provide more comprehensive service, better combinations of products, and consistent application of multi-policy discounts.

Chris Morkunas adds: "It's not just about the company – our customers will benefit too from the more cohesive service that we will be able to provide. In the past, customers had to tell us which policies they owned – now we can tell them. We're also launching a new mobile app that allows customers to manage all of their policies on-the-go."

In the future, the company also is planning to use the powerful analytics technology to analyze claims data. Among other use-cases, this should enhance Safety's ability to identify fraudulent claims.

Chris Morkunas concludes: "We will be able to evaluate whether fraudulent claims typically share any common attributes that make them easy to spot – enabling us to fight fraud and avoid unnecessary claims payments. Similarly, we will be able to determine whether there are certain factors that are indicative of an unusually high or low number of claims, and adjust our rating algorithms accordingly.

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About Safety Insurance

Founded in 1979, Safety Insurance is a property and casualty specialist that provides auto, home and commercial insurance to consumers and businesses in Massachusetts and New Hampshire. Insurers in the Safety Insurance Group had overall direct written premiums of approximately USD731.7 million in 2013 and an "A" rating from A.M. Best. Safety Insurance is currently the third-largest private passenger automobile carrier, the third largest commercial automobile carrier and the fourth largest homeowner carrier in Massachusetts.

To learn more about Safety Insurance, please visit: www.safetyinsurance.com

About New England Systems

New England Systems is an IBM Premier Business Partner that focuses on enabling its clients to overcome their information management challenges. The company is privately owned and has operations throughout the northeastern United States.

To learn more about products, services and solutions from New England Systems, please visit www.nesystems.com

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Software Group
Route 100
Somers, NY 10589

Produced in United States of America
January 2015

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