



# Building the Vision: A Look into the Future of an Efficient Insurance Data & Analytics Market

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# TransUnion is a leading global provider of risk and information solutions

TransUnion leverages **Information for Good** to serve our customer needs



**Our Mission:** Help people around the world access the opportunities that lead to a higher quality of life, by helping organizations optimize their risk-based decisions and enabling consumers to understand and manage their personal information

**Our Objective:** TransUnion will be a leading global risk information solutions provider delivering sustained, market-leading organic growth and attractive margins

## About Us

- Founded in 1968
- Jointly owned by Advent International and Goldman Sachs Capital Partners VI Fund, LP
- Headquartered in Chicago, USA
- Employing more than 3,500 people worldwide
- Global footprint with presence in over 30 countries on 5 continents
- Maintaining consumer profiles on an estimated 1 billion consumers around the globe
- 2014 Revenue: \$1.3 billion

## Issues We Address

**Better risk-based decision-making for businesses, including**



Engage

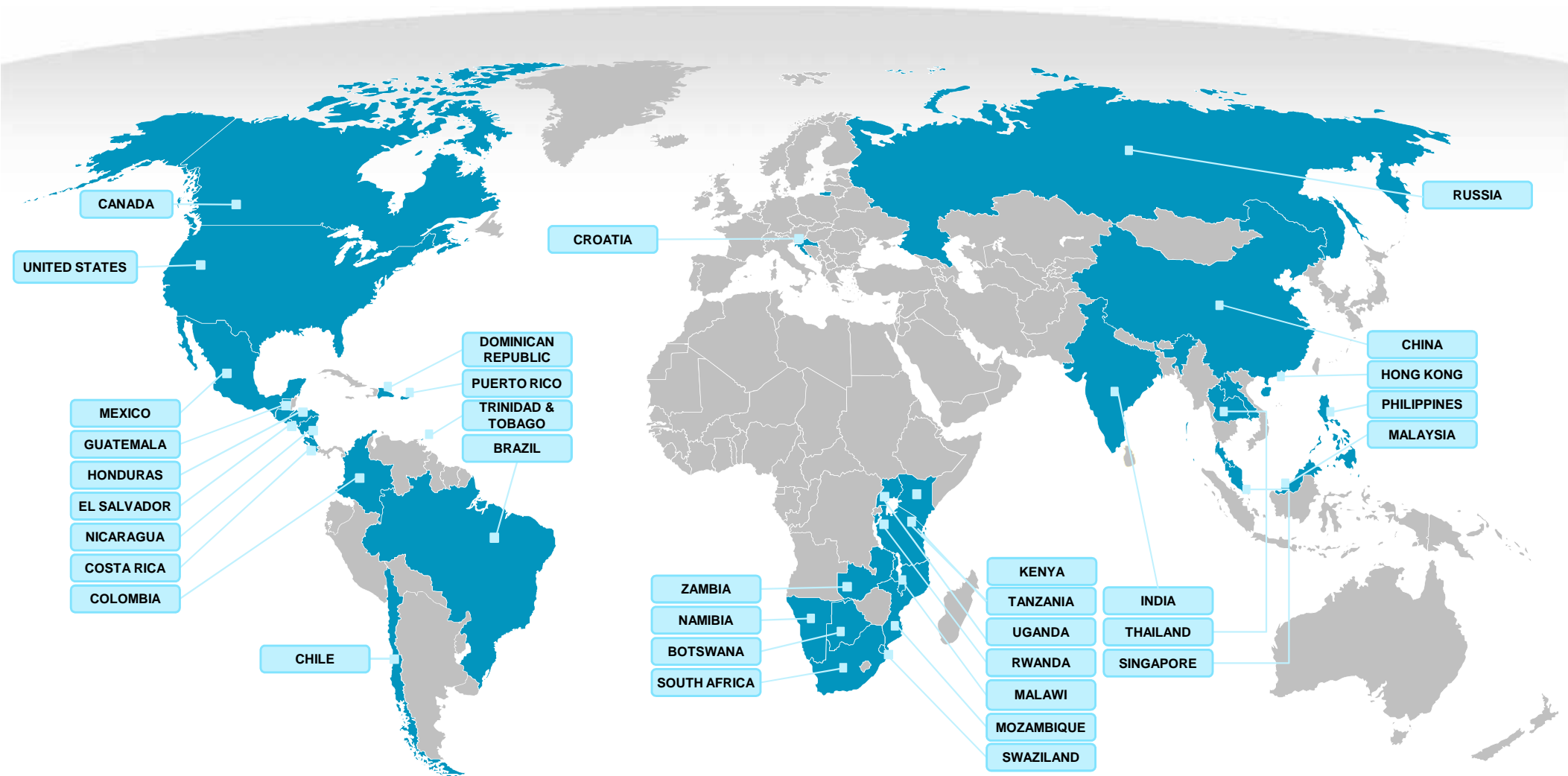
Acquire

Manage

Collect



# We help build economies worldwide by connecting businesses and consumers



# TransUnion in India

## CIBIL (Credit Bureau)

Credit Information Bureau (India) Limited



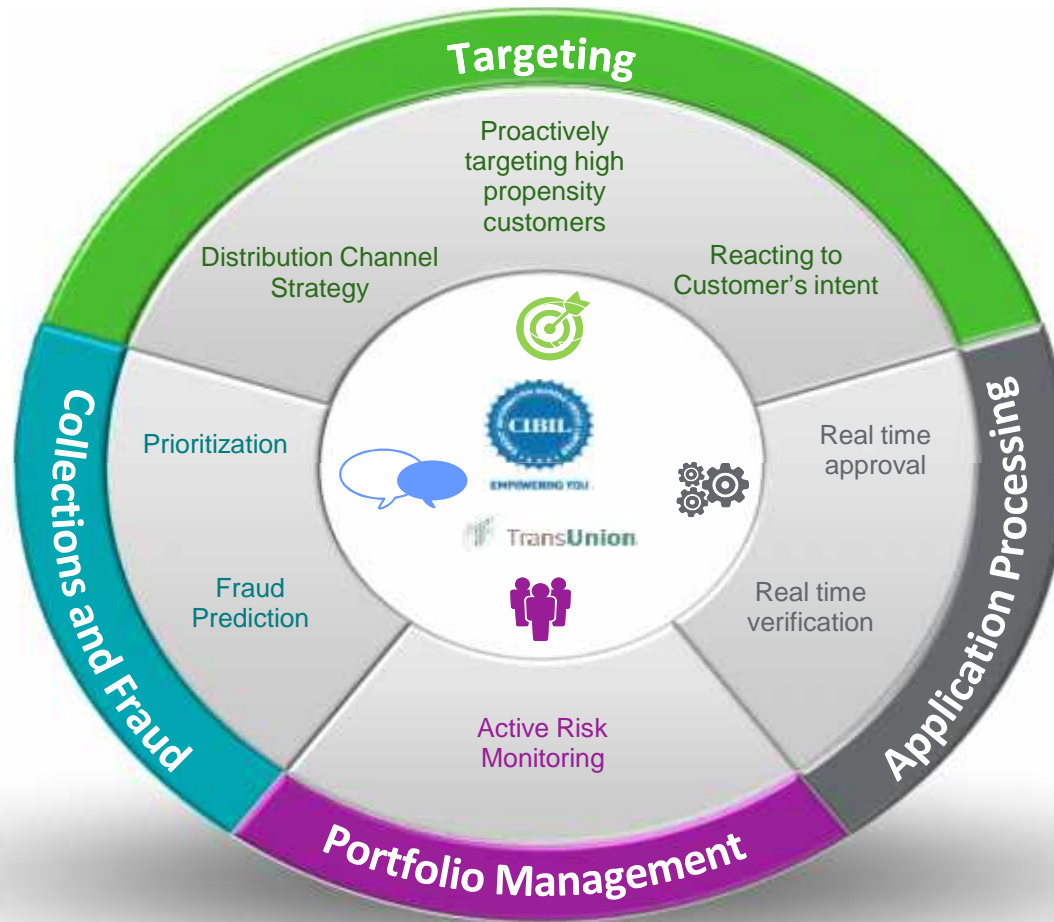
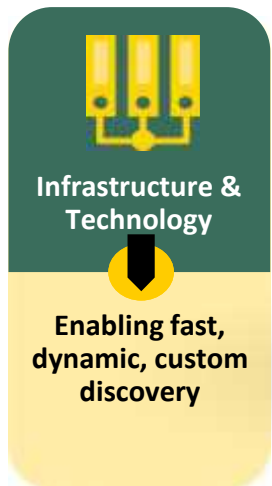
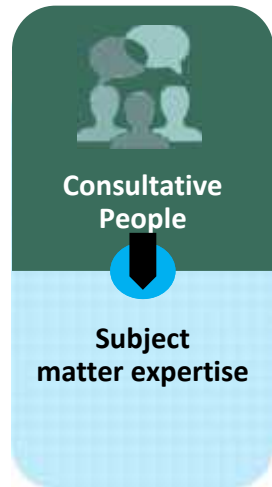
- Setup under the Credit Information Companies Act under RBI supervision
- **TransUnion majority owner (55% stake)** bureau in India with remaining ownership divided between banks
- **Market leader with share (85%);** ahead of other competitors
- Primary customer segment includes banks, telcos, and insurers

## Analytics & Decisioning Solutions Business



- **Fully owned (100% TU stake) ADS business (analytics and decisioning business)**
- Responsible for new product development, driving sales and custom delivery for CIBIL, and building out the TransUnion decisioning business in India
- Consultative engagement with banks to solve real-world problems for retail lending business – across the entire credit value-chain

# We partner with companies to unlock value across the consumer lifecycle



The increasing abundance and use of data are changing the world we live in.

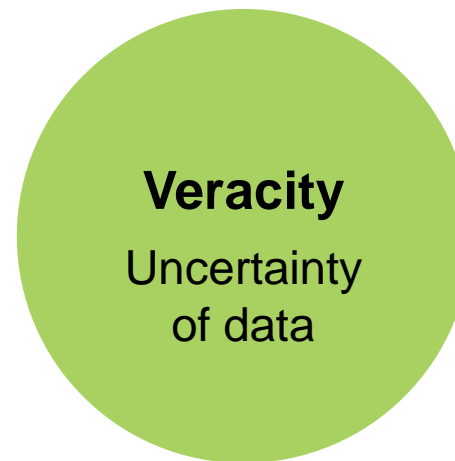
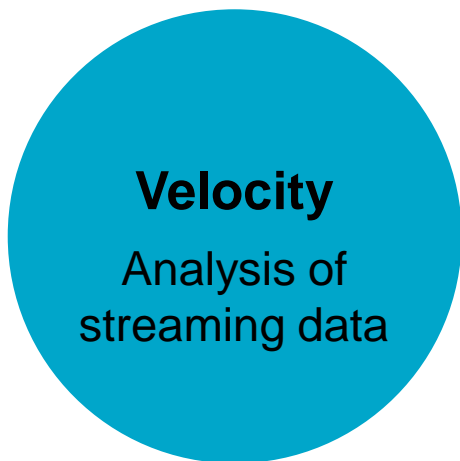
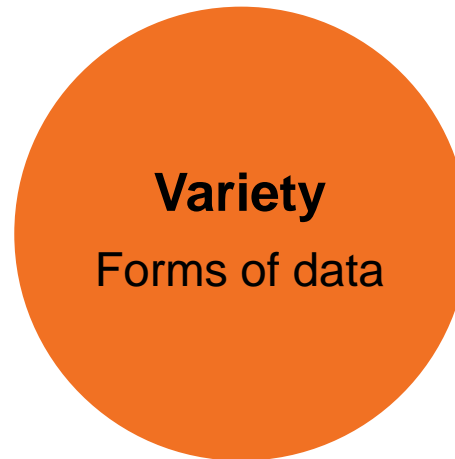
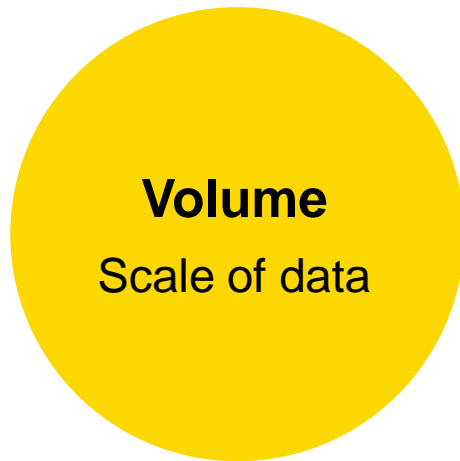
# Volumes and rate of acceleration of data are staggering!



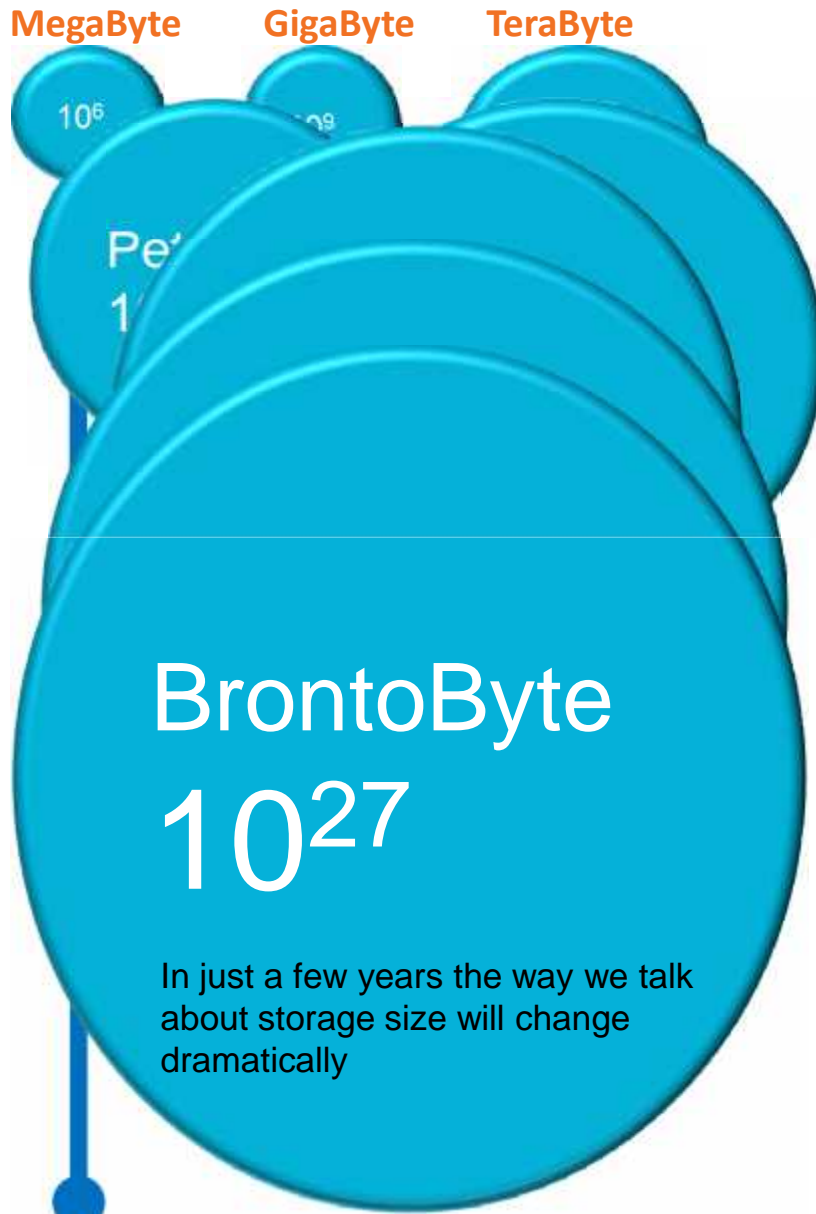
**Source:** Practical Analytics, 2012 (<http://practicalanalytics.files.wordpress.com/2012/10/newstyleofit.jpg>)

# Four Vs of Big Data

Big Data can be considered in four dimensions



# Volume – scale of data



**40 ZettaBytes**  
(43 Trillion Gigabytes)  
of data will be created  
by 2020, an increase of  
300 times from 2005



World population  
**7 billion**



**6 billion**  
have cell phones

## Variety – forms of data



**30 billion pieces of content** shared on Facebook every month



### Alternative data



**4 billion+ hours of video** watched on YouTube each month



Industry healthcare data size has been estimated to be

**150 ExaBytes**

(161 billion gigabytes)

**400 million tweets**

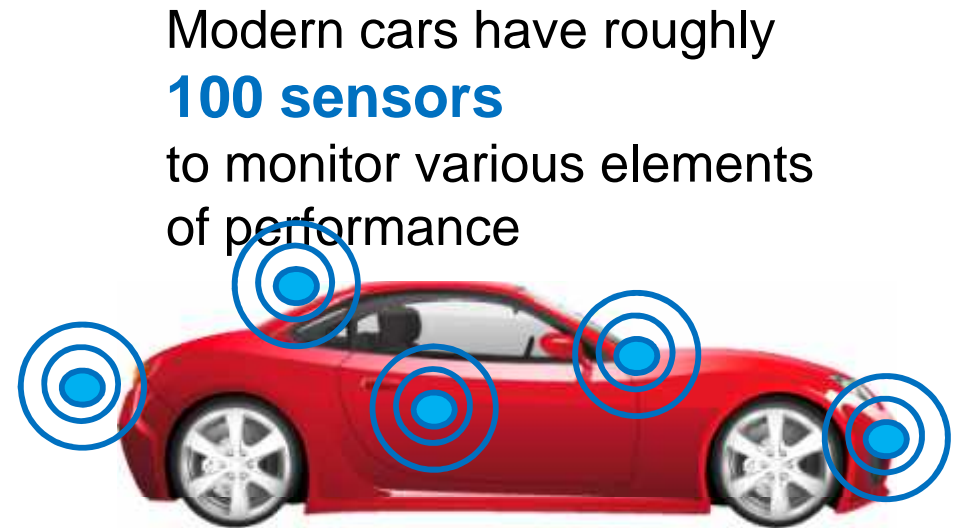
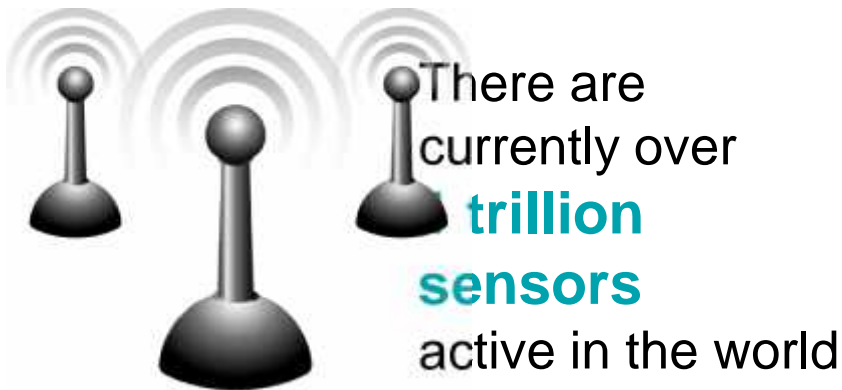
sent per day on Twitter



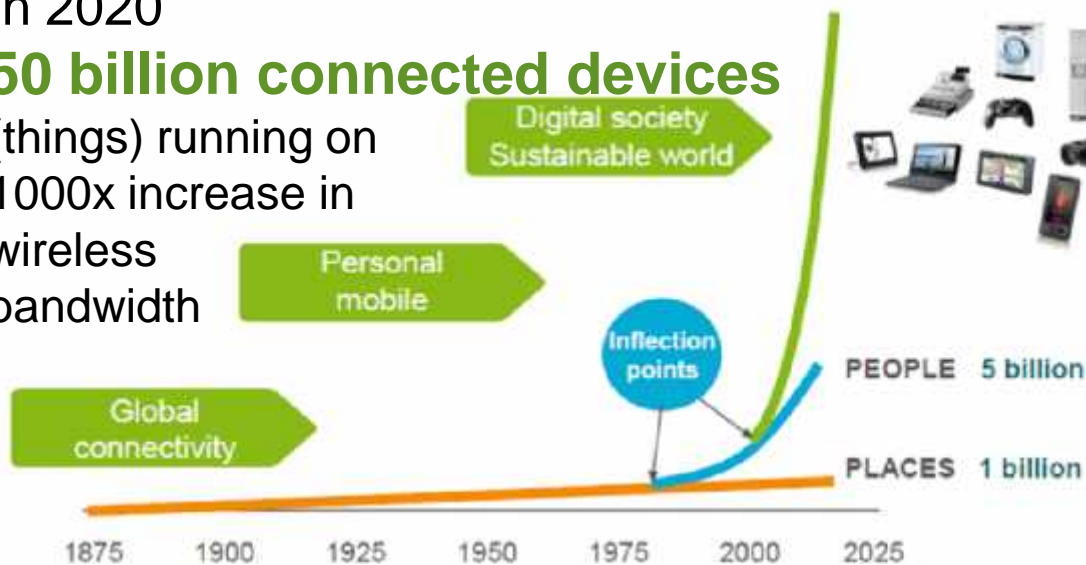
By end of this year, there will be

**420 million wearable wireless health monitors**

# Velocity – analysis of streaming data

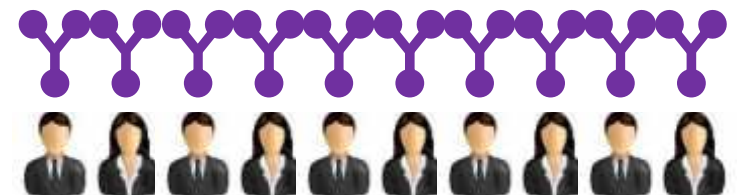


In 2020  
**50 billion connected devices**  
 (things) running on  
 1000x increase in  
 wireless  
 bandwidth



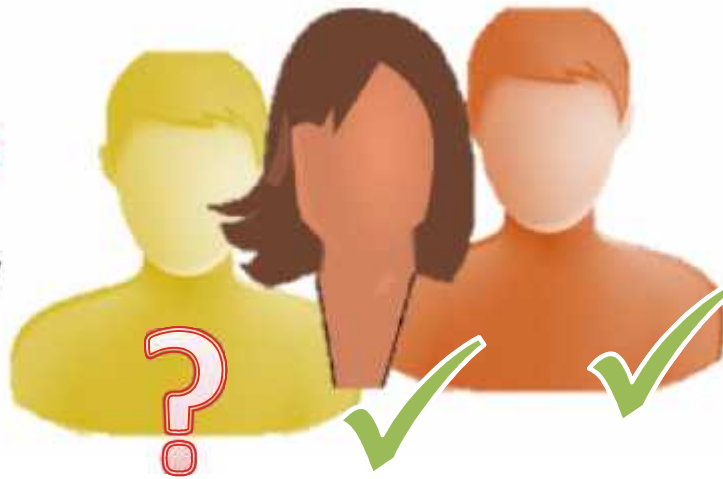
Source: Ericsson AB, "Infrastructure Innovation - Can the Challenge be met?," Sept 2010

By 2016 there will be an estimated  
**18.9 billion network connections**  
 – almost 2.5 per person on earth



## Veracity – uncertainty of data

**1 in 3**  
**business leaders**  
don't trust the  
data they currently  
use for decisions



Poor data quality  
costs the US economy  
**\$3.1 trillion per year**



## Internet = true?

Beware what you say into the  
new “digital microphones” known  
as social media.

Frequency of  
defamation lawsuits  
on the rise based on  
social media postings...



The nature of  
unstructured  
data presents a  
real problem to  
organizations'  
**ROI**

# What does this mean for Insurance?

*“Cherry-picking” low-risk customers and spurning those who will prove liabilities is becoming much easier.*

*In the process, insurers may transform themselves from distant, cheque-writing uncles into ever-present and interfering helicopter parents.*

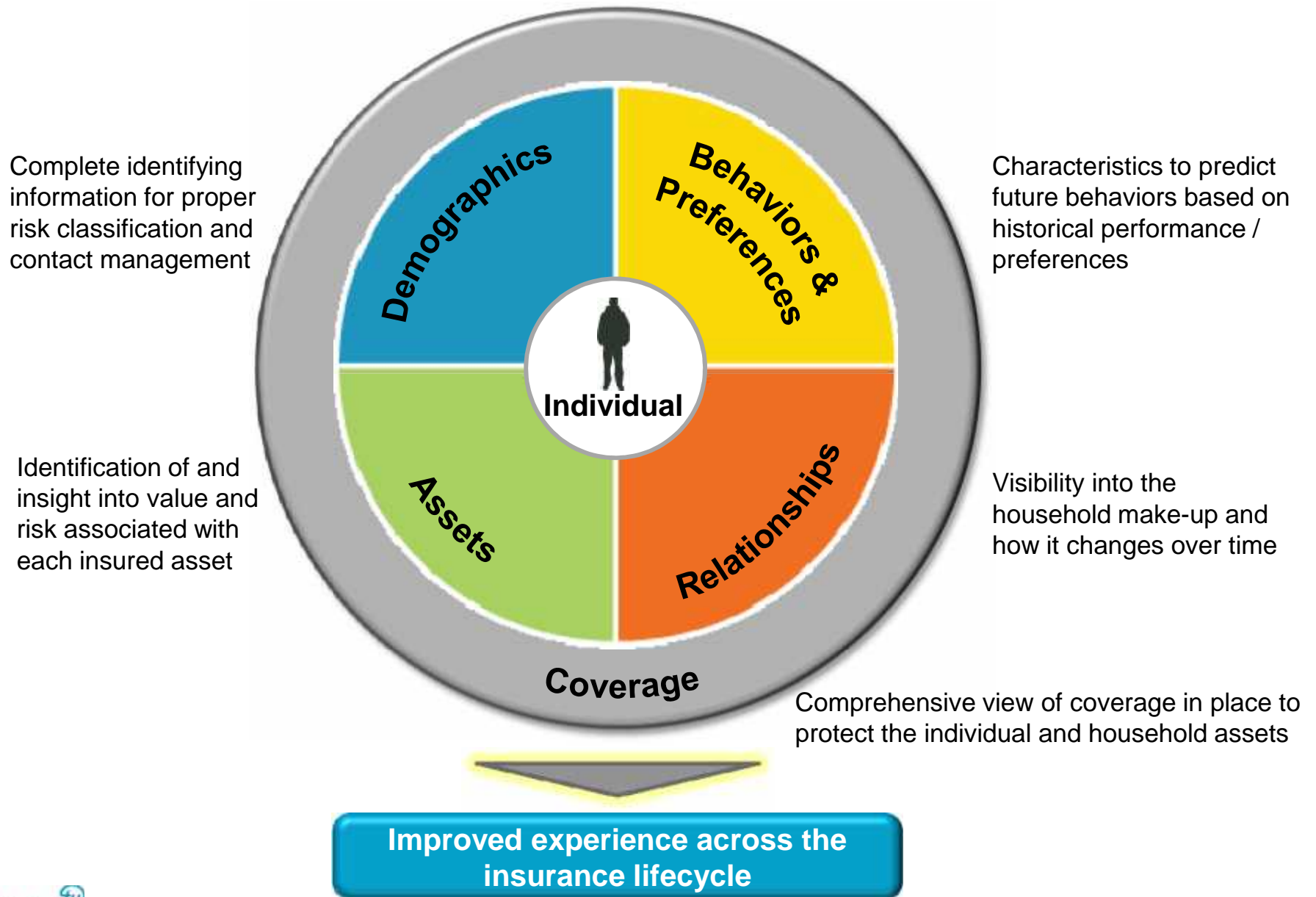
- The Economist, March 2015

# What is an EFFICIENT INSURANCE MARKET?

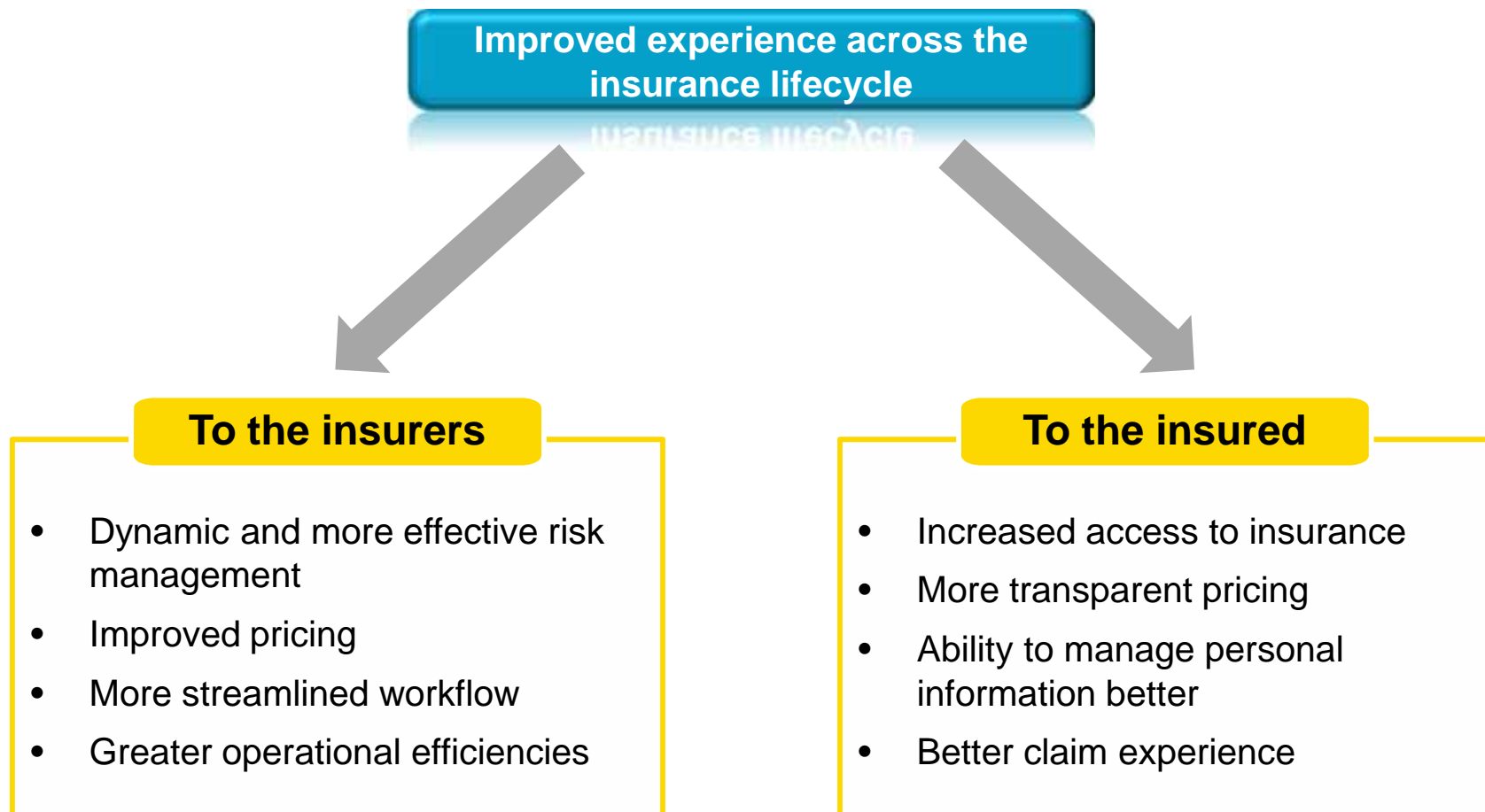
It is...

- ...where we build a comprehensive view of the customer
- ...using internal and external data and analytics
- ...to make insurance increasingly accessible
- ...and to enable dynamic, more effective risk management
- ...fostering an improved experience for both the insurers and the insured across the insurance lifecycle

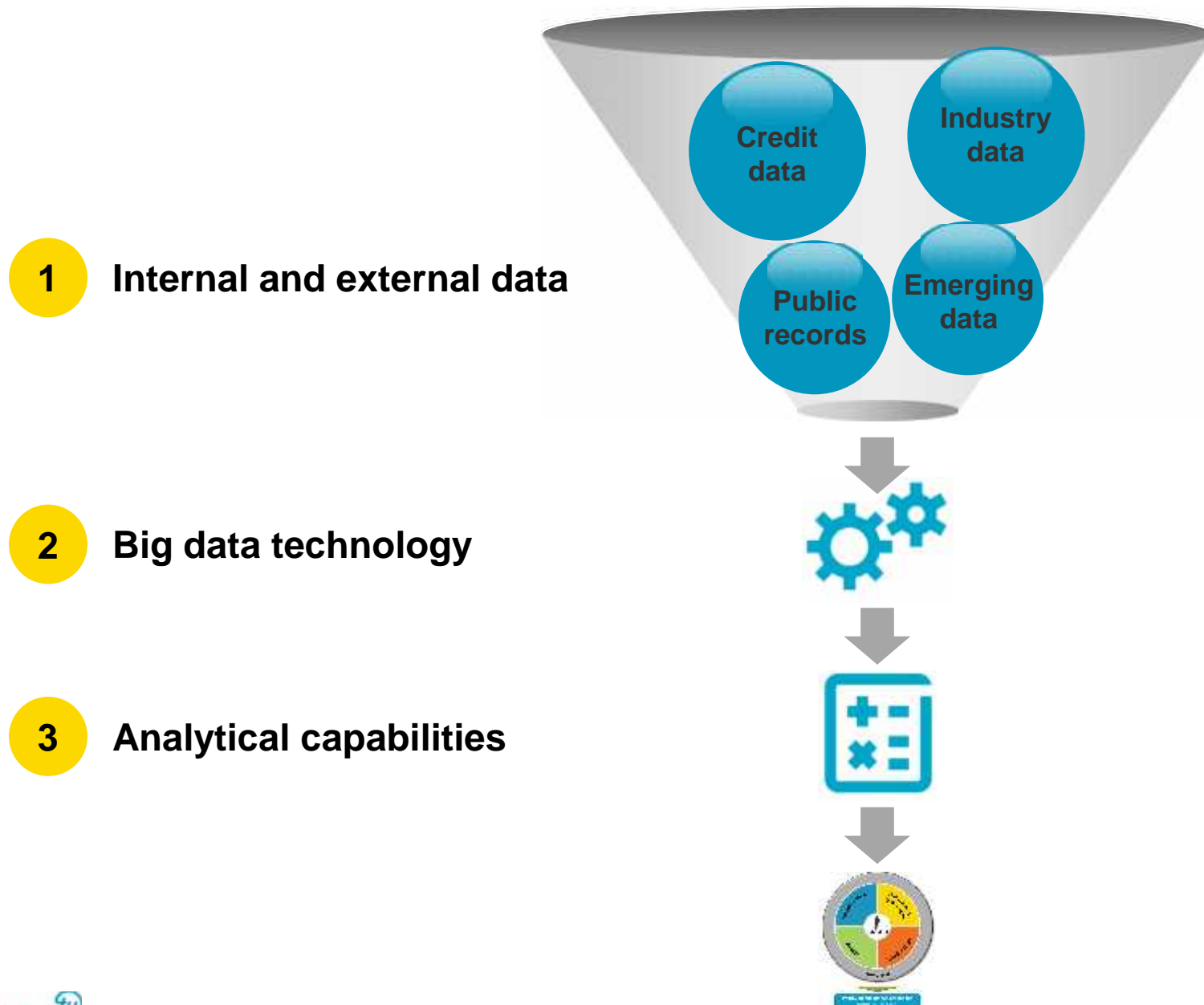
# The efficient insurance market: A comprehensive customer view leads to improved insurance experience



# The efficient insurance market: A comprehensive customer view leads to improved insurance experience



# An efficient insurance market has three building blocks



# An efficient insurance market will benefit each insurer and insured across all stages of the lifecycle





## Use case

### Internet browsing data

...informs the insurer when a consumer is shopping for a new car

+

### Coverage information

...tells the insurer that this consumer is an existing customer for property insurance

+

### Credit score

...informs the insurer on what auto insurance product to offer to customer

**The best risk-based product offered to the customer at the time of need**

## Benefits

- **Decrease cost** per acquisition
- **Increase reach** and addressability with greater certainty
- Improve **marketing effectiveness**
  - Avoid wasted spend from poor targeting
  - Build learnings into campaign results faster
  - Leverage online and offline conversions to optimize workflow



## Use case

### Credit database

...provides identity information to pre-fill the application

+

### Household data

...gives longitudinal information to improve data matching and householding of claims, thus reducing false positives

+

### Claims history

...identifies additional claims that were not found in original searches



**Enhanced quote process with improved ability to price the policy**

## Benefits

- **Improve experience** for both broker and consumer
- **Reduce time** to quote
- **More accurately price** the risk



## Use case

### Credit database

...provides identity information  
insurance scores

+

### Vehicle database

...provides information on garaging  
address, drivers and vehicles in  
household

+

### Claims history

...gives history of claims and driving  
violations

**More accurately priced risk, based on  
verified identity and rating factors**

## Benefits

- Improve product **portfolio profitability**
  - Increase premium and rating accuracy
  - Avoid losses on fraudulent policies
- More **targeted product** development
- **Segment risk** into low, medium, high risk bands
- **Improve processing time** on policies



## Use case

### Credit database

...sends triggers on significant changes in credit use and payment history

+

### Social media activity

...informs the insurer of key life events

+

### Claims database

...gives ongoing view on claims and insurance-related events

**Timely actions on cross-sell opportunities, risk changes, etc.**

## Benefits

- Deeper **understanding of life events**
- **Continuous evaluation** of portfolio
- More **dynamic view** of risk and premium impact



## Use case

### Credit database

...uncovers evidence of financial distress

+


### Criminal records

...informs the insurer of any criminal history

+

### Claims database

...provides information on ongoing claims investigations and past violations



**Prevent and detect insurance fraud by uncovering inconsistencies in applicant representations**

## Benefits

- Direct positive **impact on loss and expense ratios**
- **Shorten claims cycle**
  - Better triage at First Notice of Loss
  - Less manual collection of information
- **Prevent and detect fraud**
- Broader understanding of all claim participants

# Data & Analytics in Fraud Management at Claims



## At First Notice of Loss:

- With internal & external data
- Predictive model
- Build “triage” score
  - Fraud
  - Severity
  - Subrogation
  - “Clean” fast track
- Build target rich subset of claims



Thank you