



The Relevance and Benefits of use of Standards In Insurance

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Overview



- ▶ Why Data standards
- ▶ Challenges
- ▶ Data
- ▶ Domain
- ▶ Technology
- ▶ Culture
- ▶ Indian experience
- ▶ Prescription





▶ There are three kind of lies:
Lies
Damned Lies
and
Statistics

Benjamin Disraeli

Former British PM



The Crooks already know these tricks

Honest Men must learn them in Self defense

Darrel Huff

In his enjoyable little book
How to Lie with Statistics

Data

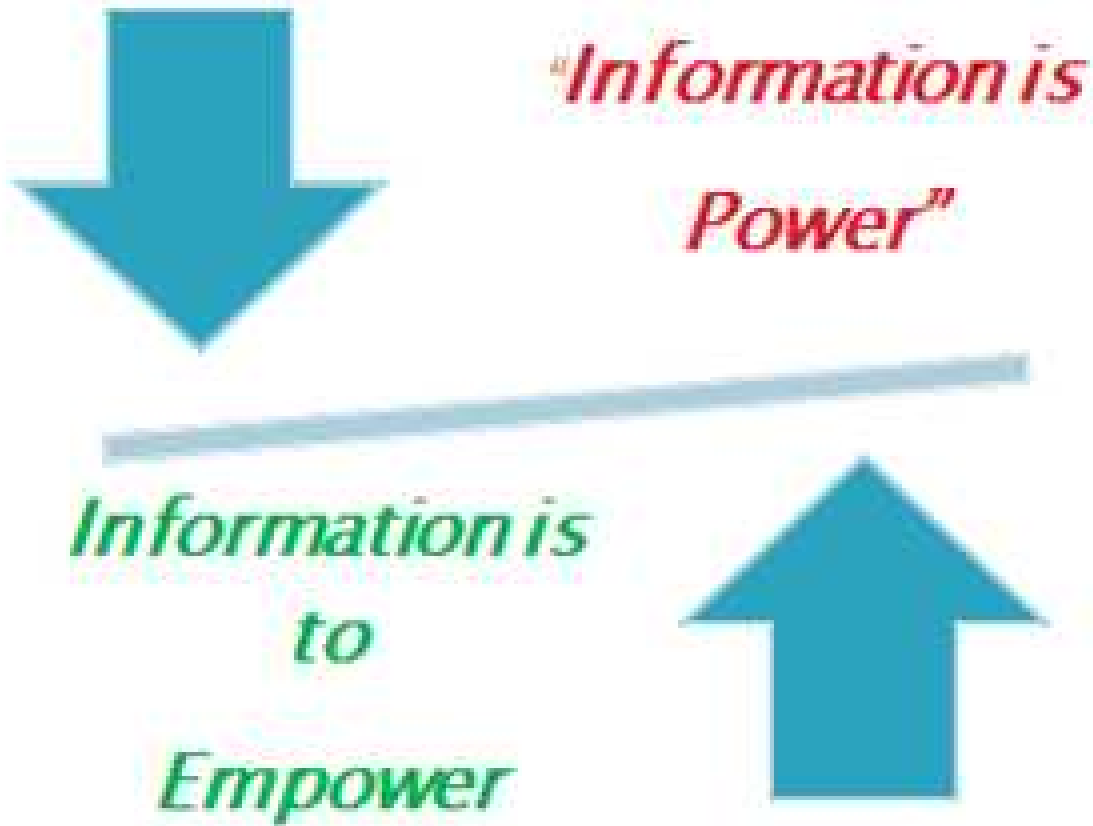
»» Why does it matter

Importance of Data

- ▶ Various sectors growing at breakneck speed
- ▶ All stakeholders have to strategise
- ▶ Strategisation requires analytics
- ▶ Analytics is \$ 12 bn industry today
- ▶ Data required for analytics
- ▶ Data flow is Tsunamic
- ▶ Data size in Zeta bytes
- ▶ Unconventional sources of data



Why should Data matter



Problem of Plenty



- ▶ The very volume and speed of flow are challenges
- ▶ Data comes in so many formats:
 - text

numbers

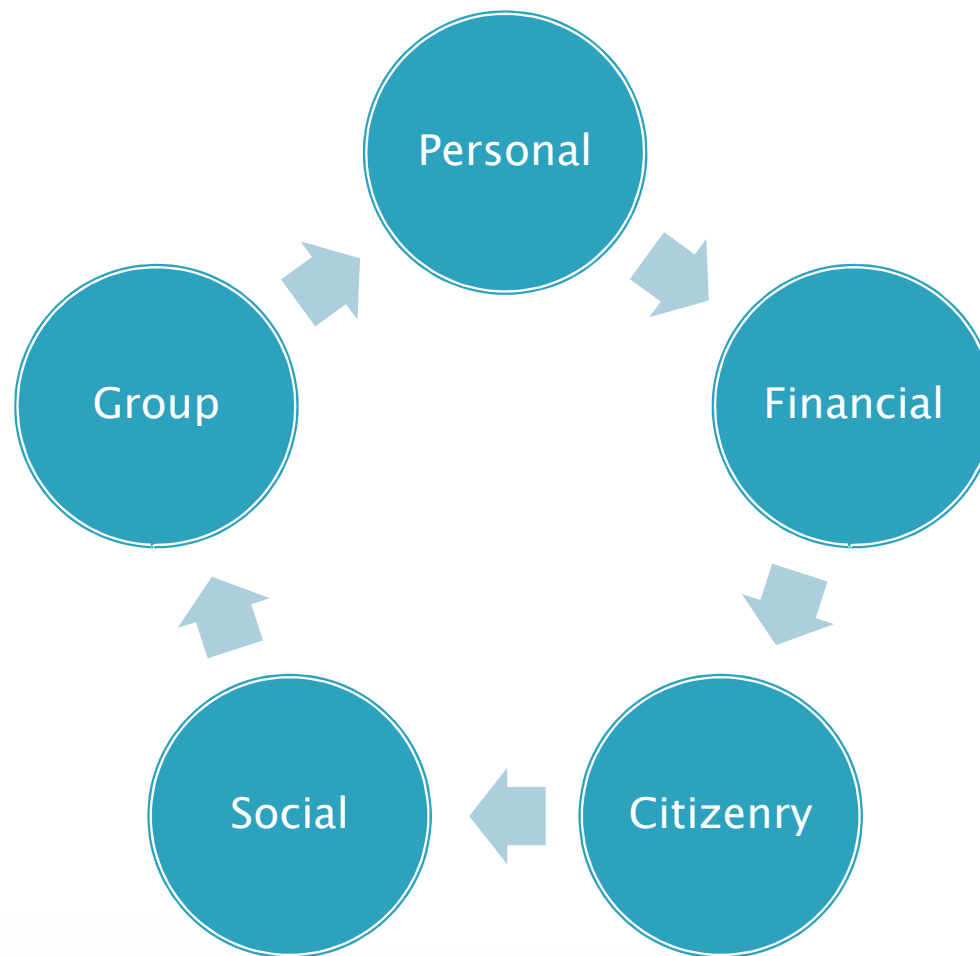
visuals

messages

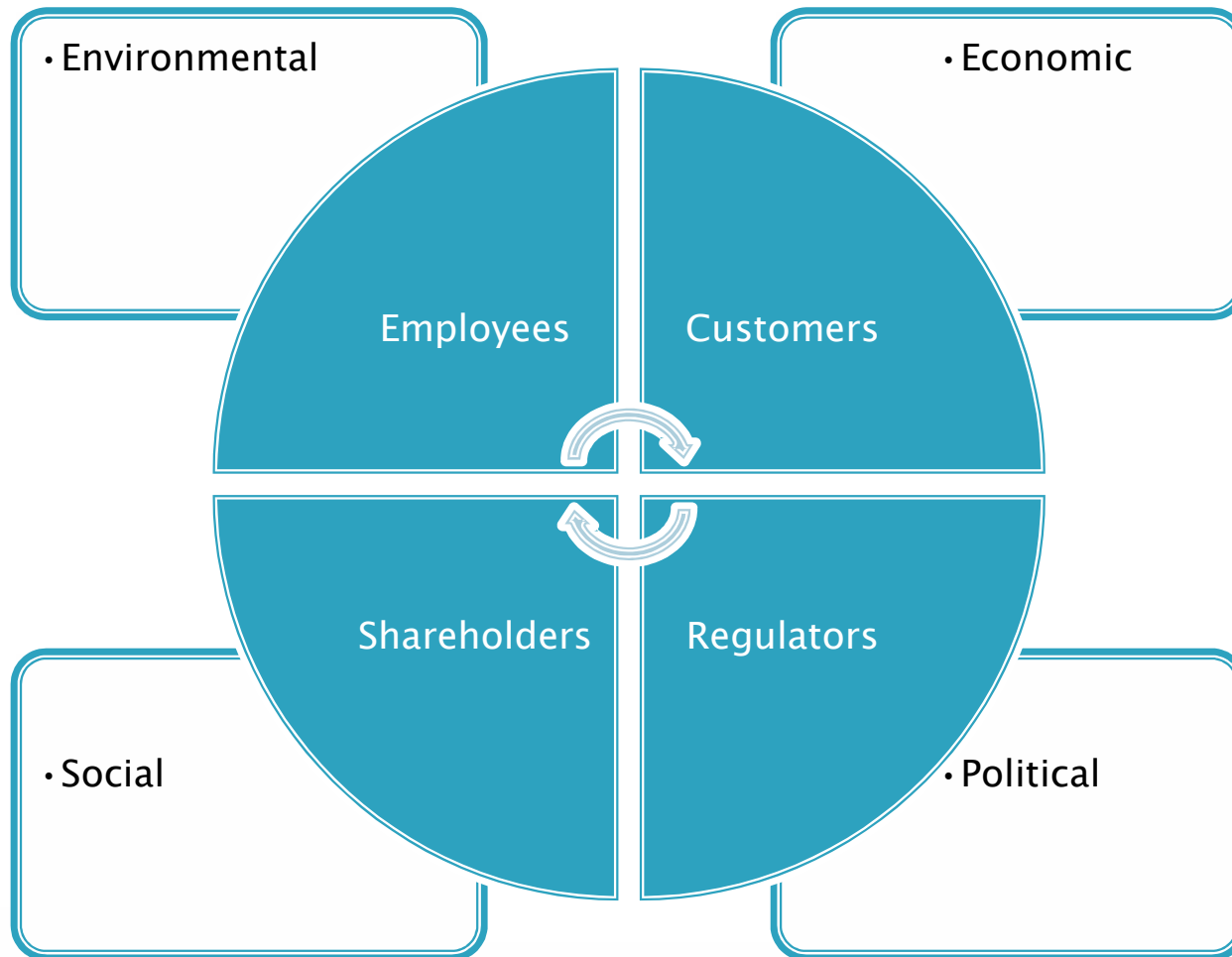
voice



An Individual's data maze



A Corporate's data maze



Problems unique to (Re)Insurance

- ▶ Products themselves Intangible
- ▶ Unique taxonomy
- ▶ Archaic verbiage
- ▶ Global interconnect but local peculiarities
- ▶ Varying Cultural Disconnects
- ▶ Lackadaisical adoption of Global Systems like IFRS
- ▶ Increasing innovation in Risk Transfer Methods
- ▶ Still a “ Push Product” character



Emerging markets– Problems of (Re)Insurance Industry

- ▶ Data dependent but not data efficient
- ▶ Real time Customer service Inefficiencies
- ▶ Inaccurate experience pricing
- ▶ Lack of vendor models for Nat Cat
- ▶ Varying data base structures
- ▶ Influence of Foreign JV partners
- ▶ Lack of sync between Players in Supply chain
- ▶ Lack of regulatory direction over data definitions



Technology Challenges

- ▶ Obsolete IT systems and Infrastructure
- ▶ Lack of adoptive culture
- ▶ TCO issues
- ▶ Labour Unions resistance
- ▶ Vendor lock in
- ▶ Absence of Market Common Initiatives
- ▶ Differing objectives of various Data base Owners



The Casualty List

- ▶ Customer Profiling
- ▶ Market segmentation
- ▶ Real time transactions
- ▶ Post Facto & Predictive Analytics
- ▶ Ease and prompt B2B and B2C financial settlements
- ▶ Experience and Exposure based Underwriting
- ▶ Efficacious Risk transfer / Reinsurance purchase
- ▶ Detection of Fraud / Money laundering etc
and so on.....



Standards



► Cacophony



Leads
To



Reduced Audience



Standards

Unity In Diversity

Standards

- ▶ Ensure disparate IT systems can coexist
- ▶ Act as a Grand Interpreter between Various U/W, Claims and Settlement Taxonomy Environments
- ▶ Enable Real time Placement, Claims and A & S transactions
- ▶ Facilitate Live seamless flow of data between external sources and Internal ERP frameworks
- ▶ Eradicate inefficiencies in rekeying of data



Challenges in Adoption of Standards



- ▶ Common awareness of common problems
- ▶ Awareness of Standards
- ▶ Recognition of Value of Standards
- ▶ Myths –
 - TCO
 - Skill Resource
 - Employee redundancy
 - Confidentiality
 - Loss of Competitive Differentiation
 - Transition Blues
 - Lock In
- ▶ Lack of legislative / regulatory compulsion



In Banking SWIFT
has been
a Game Changer

The Greatest Challenge

» culture

India and the Standards

»» Unfolding story

Status Quo

- ▶ Two dozen plus Players each in Life and Non Life
- ▶ No common platform
- ▶ Quite a few Life & Non Life Players possess State of Art IT infra
- ▶ B2C is progressive
- ▶ B2B interlink Non Existent
- ▶ Data repository only for Non Life (For Life has just started)



Various Regulatory Initiatives

- ▶ IIB was formed in 2009
- ▶ Data dictionaries for Motor, Health rich
- ▶ Efforts on for OLOB
- ▶ Life yet to make beginning
- ▶ Health Standardisation on way
- ▶ ETASS about to be floated
- ▶ Fraud Analytics to be constituted
- ▶ India specific standard WIP





IIB and Standards



Intention



- ▶ For efficient functioning of the Insurance Sector, as well as protection of Policy holders:
- ▶ Reliable ,timely and accurate data is **collected, processed and disseminated** by an *independent body*

Chairman ,IRDA

Order dt.15 th Oct,2009.



Unique Positioning

- ▶ IIB is in a unique position by virtue of being the only mandated body with statutory powers for collecting any info
- ▶ IIB will be market neutral
- ▶ IIB can be '*authentic*'
- ▶ IIB can be the 'one stop source'
- ▶ IIB will be non judgmental
- ▶ IIB can be predictive



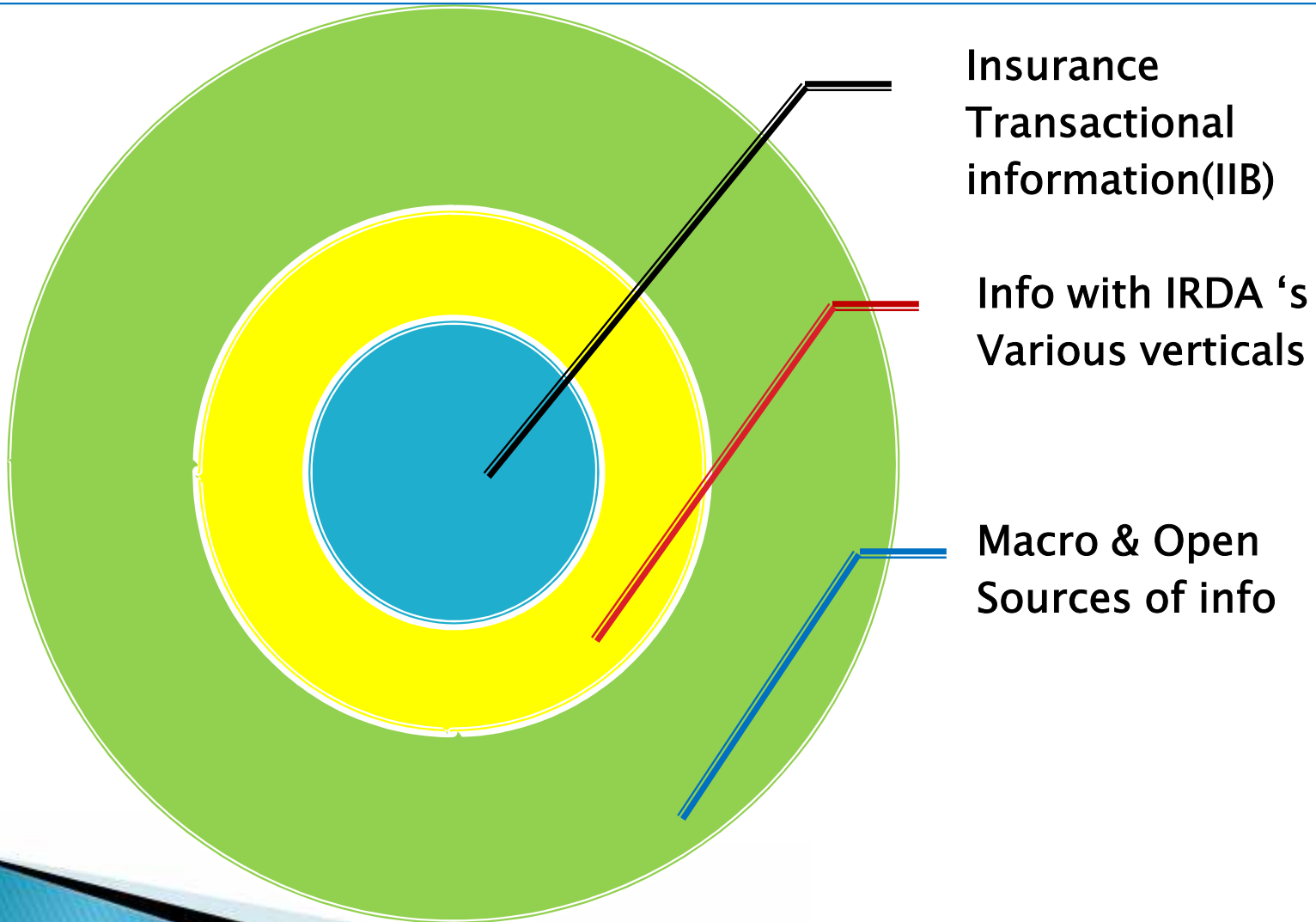
Customers



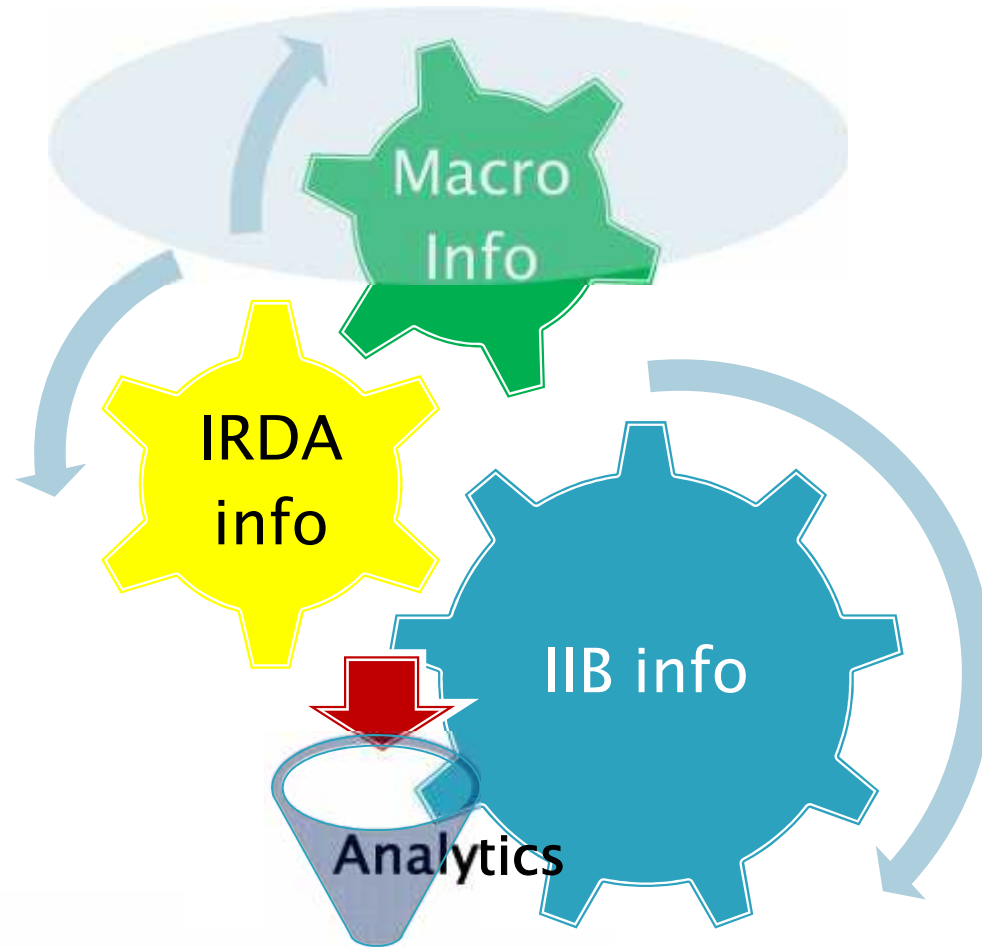
- ▶ Insurance Industry in India– Life and Non Life
- ▶ IRDA' s internal Customers
- ▶ Policy Makers – the Government/s
- ▶ Investors
- ▶ Academia, Consultants , Market Research agencies etc
- ▶ Global Fora like IMF,IIS,IAIS,



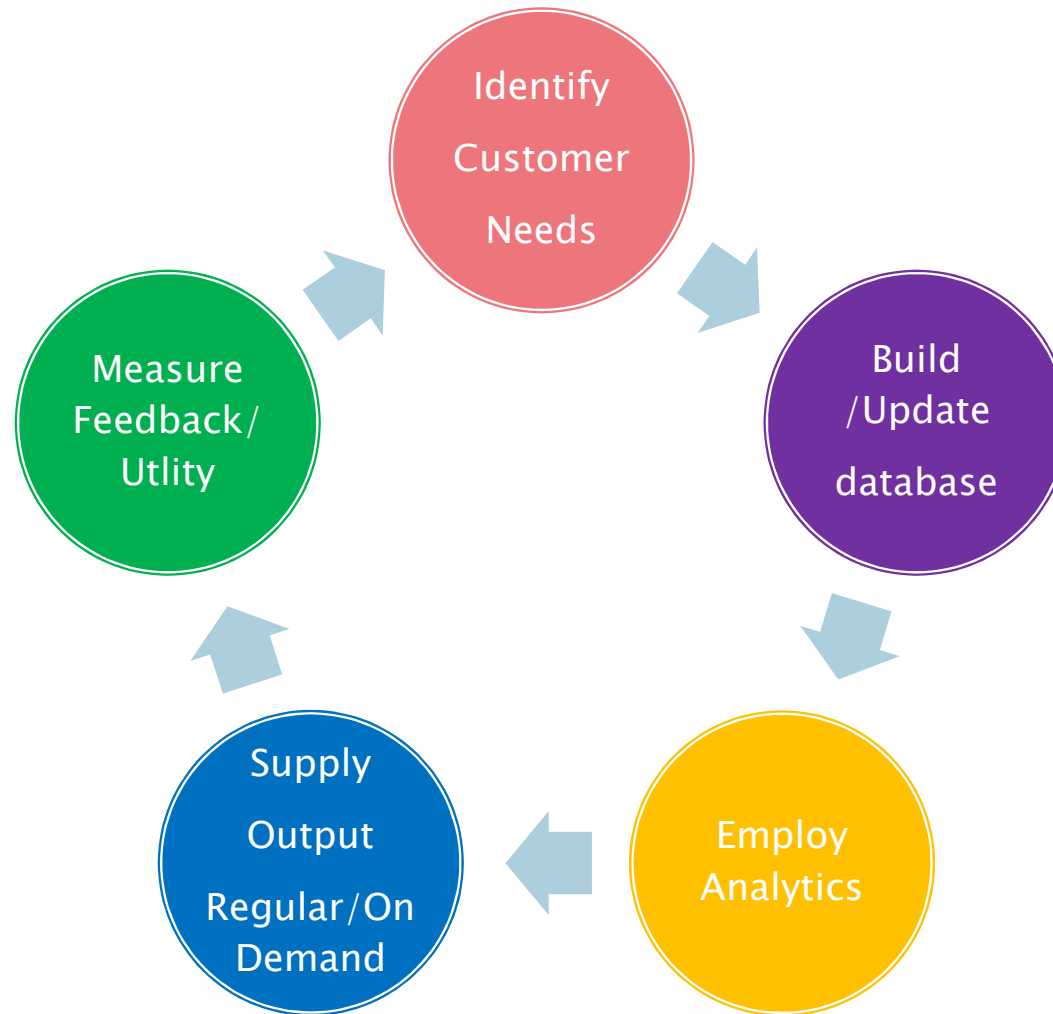
Information Source Framework



Process



Long Term and ever





The One Credible Source >>

*IIB 's rationale for existence is its Credibility
and as a Utility for Market 's Informed Decision Making
process*

Data Humongous

- ▶ Transactional Data for Auto, Health, Property collected
- ▶ Casualty and Liability recent
- ▶ Non Life 40 million records p.a
- ▶ Life 400 million records p.a
- ▶ Data Dictionaries for Auto, Health and Property
- ▶ Data Dictionaries for Casualty and Liability in evolution
- ▶ Data Dictionary for Life finalised
- ▶ Mortality and Morbidity –subset of Life



Challenges

- ▶ No Standards in vogue
- ▶ Data field mapping only via Consensus based Data Dictionary Mechanism
- ▶ Regular changes – a problem
- ▶ Change management– time consuming



IIB Output

- ▶ Regular reports
- ▶ Thematic Reports
- ▶ Bespoke Reports



Major Initiatives

- ▶ V Seva
for Insurers, Enforcement Agencies, Public
- ▶ Referral Rates for Fire
- ▶ In Progress– Referral rates for Group Health

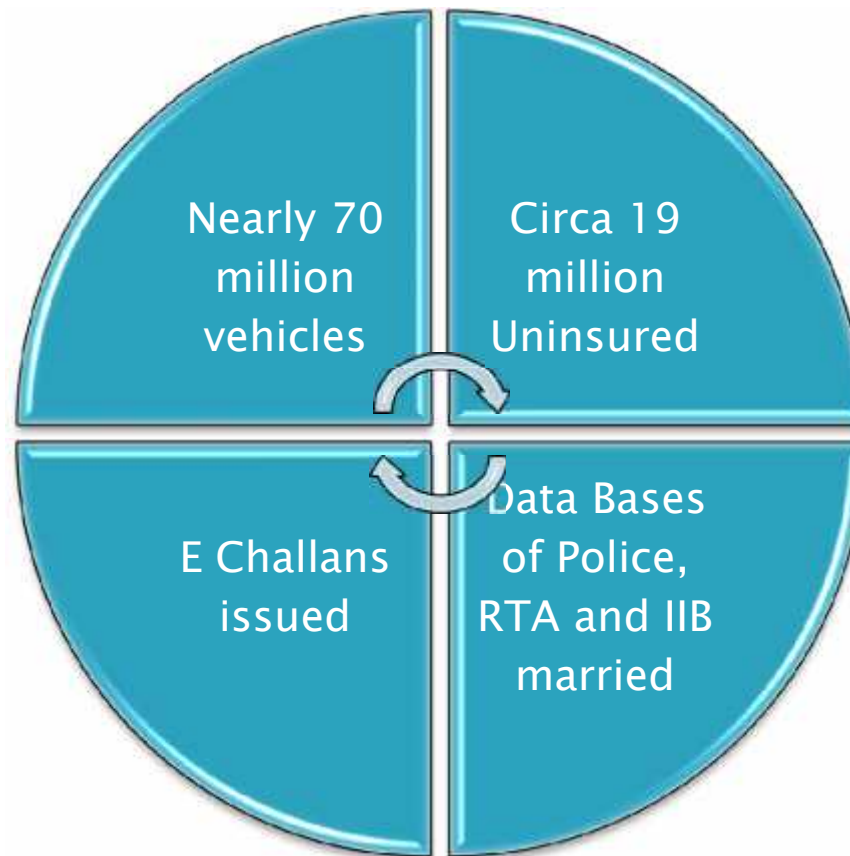
Heat Mapping for
Natural
Catastrophes
Health Portability Portal





The Cyberabad Initiative

Catch Me if You Can ?



Health Insurance Hospital Registry

Hospital Unique ID



- ▶ Out of 1.5 lac Hospitals, circa 32 500 Hospitals listed after De Dupe
- ▶ Unique 13 Digit ID to be allocated
- ▶ Geo Spatial tagging
- ✓ Benefits

Health Analytics
Fraud Prevention
Disease Patterns/Endemic
Facile Provider
transactions
Medical Tourism



Prescription

Somethings to do

- ▶ Create Market awareness of inefficiencies
- ▶ Engage All stakeholders
- ▶ Demonstrate experience of Success of other markets
- ▶ Hand hold through out adoption process
- ▶ Facilitate Skill Pool Development
- ▶ Ideate Regulatory Intervention
- ▶ Help localize and evangelise adoption
- ▶ Incubate International cooperation





**Thank You
For
Your kind attention**

