![BizXcel™]

THREE ANALYTIC PILLARS TO ADDRESS THE TALENT SHORTAGE AND LOSS RESERVES IN A RECESSIONARY ENVIRONMENT

Solving the most complex data challenges through actionable insights.

Meet our Team

Steve Goris
VP, Analytics & Software Development

Douglas Bowen
Head of Sales – North America
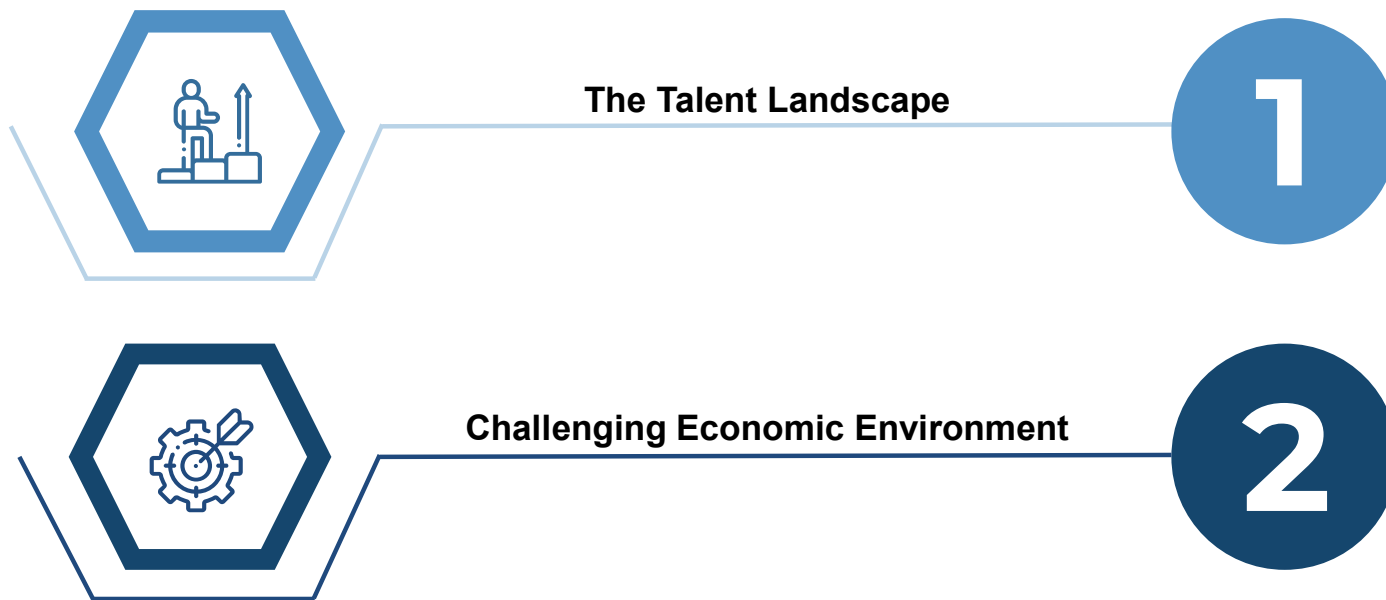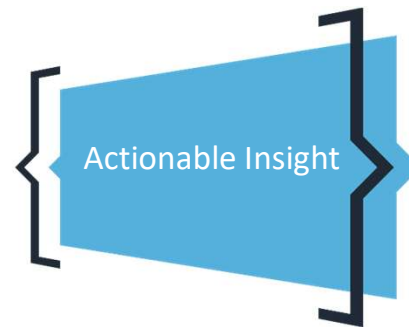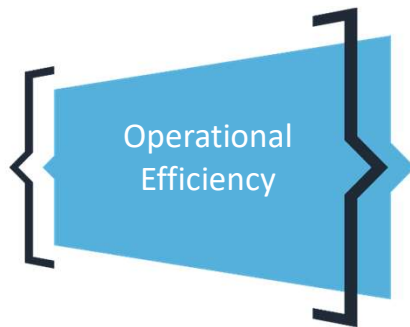
Robert Stickle
COO

Today's Agenda

- Talent Shortage and Economic Landscape

- Leveraging the Three Pillar Best Practice Model

- Leveraging the Three Pillar Best Practice Model

- Drilling into the Solutions - Synergy of Automation & Analytics

- Customer Retention => Importance of Being Proactive

- Questions and Discussion

Overview – The Themes

The Talent Landscape 1

Challenging Economic Environment 2

Overview – The Pillars

Operational Efficiency

Actionable Insight

Profitable Growth and Retention

BizXcel™

Overview – Talent Landscape
(Demographic Challenges)

- Stats Confirm Tightening Market…U.S. Bureau of Labor Statistics & U.S. Census Bureau

  - U.S. Bureau of Labor Statistics, the number of insurance professionals aged 55 and older has increased 74% in the last ten years.
  - Less than 25% of the industry is under the age of 35.
  - The industry's unemployment rate remains well below the national Average as insurers compete within the limited talent pool.
  - According to the U.S. Census Bureau, the 65-and-older population will almost double over the next 30 years, reaching 88 million by 2050.

Overview – Evolving Talent Expectations

Change in employee expectations has pushed the "good to have" parameters to the "we need it all" bucket

"GOOD TO HAVE"

- Corporate social responsibility → **DEI**
- Paid leaves/time off Support for personal commitments → **Flexibility**
- Role and responsibilities Work timing Work location → **Work profile**
- Salary Insurance Retirement fund → **Compensation + benefits**

"WE NEED IT ALL"

- Action-oriented employer commitment to diversity, equity, and inclusion → **DEI quotient**
- **Financial wellness** → Holistic package; short- and long-term financial needs
- Flexibility of location, time, role → **Flexibility – where, when, what**
- **Career enrichment** → Dynamic career profile with clear enrichment pathways

Source: Deloitte analysis.

BizXcel™

Overview – Economic Environment

What Did We Learn from the GFC?

2007 - 2008 - 2009

1) With investment income declining, the focus shifts to underwriting profitability.
2) Utilize risk-based pricing to ensure premiums reflect the true risk of the policyholder
3) Analyze market conditions and adjust product offerings to respond to shifts in demand (e.g. Construction, Auto sectors)


What's Different About Today?

1) With inflation averaging ~7% over the last two years, its driving up claims and operating costs.
2) Market Volatility – Economic stage is set for prolonged stagflation which means income from investments will likely continue to be a lower source of revenue.

Biz Xcel™

Economic Landscape – Supply Side Inflation Emerges

- Impact of Covid (2020-DDI)

- Demand Increases w/ Reopen

- Supply Side Inflation Kicks In

- Central Banks Raise Rates
- which Reduces Demand

- Example: Auto & Construction
    Sector Inflation

Figure 1: Supply- and Demand-Driven Contributions to Annualized Monthly Headline PCE Inflation

https://www.frbsf.org/economic-research/indicators-data/supply-and-demand-driven-pce-inflation/
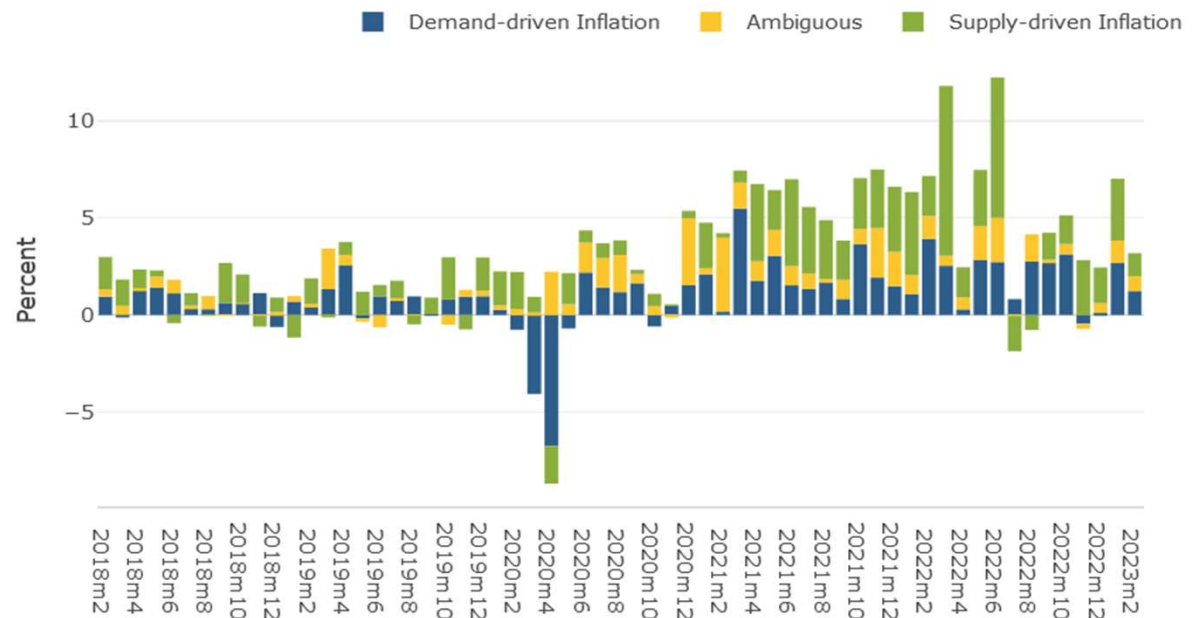
Federal Reserve Bank of San Francisco

BizXcel™

# Established Best Practice Application

Toolkit At Your Disposal

- Revisit the Realm of Automation – Begin the Journey or Augment Existing
- Deploy Best Practice Analysis – Claims Triangles w/ Trending Views
- Defend Profitability Across Lines of Business and Brokerage
- Maintain a Pulse on the Dynamics of Changing Customer Preferences
- Being Proactive with Customer Retention Helps Mitigate Risk

BizXcel™

Automation

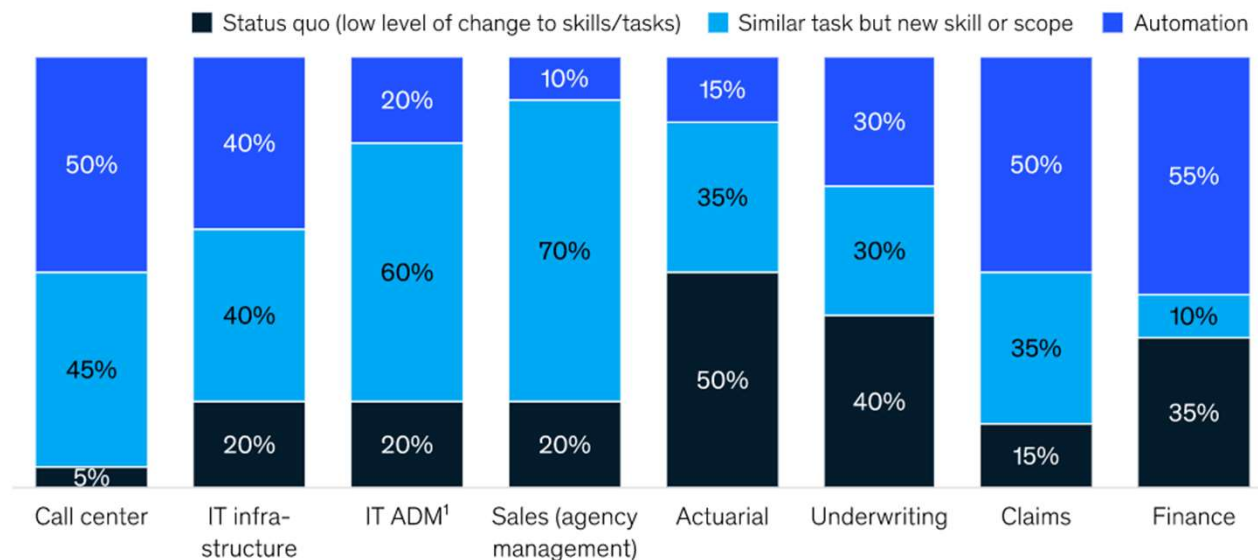# Operational Efficiency (Automation)

- Automation:
    - There is no better time than now!
    - There are many opportunities to innovate and automate!
- From the front-office to the back-office (and everywhere in between).
- Free your team to focus on high-value activities.

BizXcel™
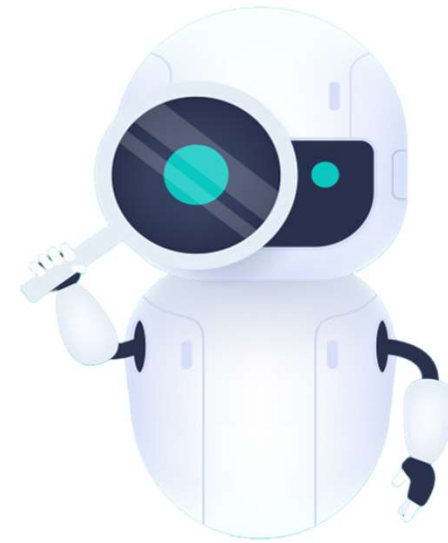
Operational Efficiency (Automation and Forecasted Mix of Skills)

First Line of Defense => Augment Existing Back Office Automation and Identify Areas with Greatest ROI

Automation will change the mix of skills required for key roles in insurance.

Legend:
- Status quo (low level of change to skills/tasks)
- Similar task but new skill or scope
- Automation

Category	Automation	Similar task	Status quo
Call center	50%	45%	5%
IT infrastructure	40%	40%	20%
IT ADM[1]	20%	60%	20%
Sales (agency management)	10%	70%	20%
Actuarial	15%	35%	50%
Underwriting	30%	30%	40%
Claims	50%	35%	15%
Finance	55%	10%	35%

[1] Application maintenance and development.
Source: McKinsey Insurance Practice benchmark

Leveraging Automation (By Department)

Customer Service

- After-hours customer support
- Handling feedback
- Sending notifications
- Updating customer profiles
- Real-time updates on purchase status

Financial Services

- Extracting billing information
- Processing financial transactions
- Invoicing
- Preparing data for audits
- Accounting reconciliation

Human Resources

- Employee surveys
- Onboarding
- Managing payroll and benefits
- Handling compliance
- Time record validation

Information Tech.

- Backups
- Data migration
- Automation testing of sites and applications
- Managing events
- Security and compliance monitoring

Insurance Lifecycle

- Quote validation
- Underwriting process
- Claim process
- Document processing
- Data quality/validation
- Compliance

Sales/Marketing

- Updating information in a CRM
- Campaign management
- Reporting
- Quoting
- Performing follow-ups and post-sale requests

BizXcel™

Operational Efficiency (Automation of Data Capture)

Though many companies have transitioned from paper to digital documents, employees are still processing them manually.

Employees are still manually entering the data from records on their computers (such as invoice numbers) in different on-premise or web-based applications.

The data source became digital, but data processing from the documents is still manual.
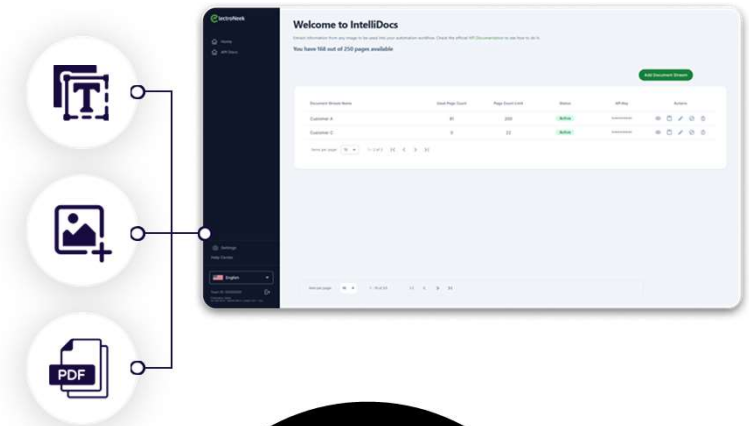
Recent studies indicate that up to 90% of businesses are unable to derive value from digitized document processing.

Biz Xcel™

Consider the Stop-Start-Continue Methodology...

Stop
WHAT DO WE NEED TO STOP DOING?

Start
WHAT DO WE NEED TO START DOING?

Continue
WHAT DO WE NEED TO CONTINUE DOING?

What do we need to automate?

BizXcel™

Actionable Insight ("Hit The Target")

- Utilize business intelligence and analytics capabilities to glean new insight and support better decision making.

- Importance of Alignment to Organizational Culture and Strategic Objectives.

- Liberate data from disparate sources to empower analytical evidence-based truth.

- There is no better time than now!
- Identify opportunities, achieve success, repeat.

BizXcel™

Actionable Insight (Overview)

The Art and Science of Mitigating Risk

- Focus on data-driven decisions.

- Utilize analytic capabilities to provide the right information at the right time.

- Enrich data to provide value.

The right-toolset in the hands of the right-team yields a data-driven decisioning process.

Customer Behaviour in a Recessionary Environment

- Identify and monitor the most critical metrics.

- Understand "your" customer.

Defend Profitability

- Leverage a digital approach.

- Customer segmentation.

- Bring the "analytic power" to the people!

Organizational Capabilities

- Prioritize as a strategic theme.

- Continuous Improvement.

- Agile Approach (Iterate, Improve and Repeat).

- Minimize/eliminate the organizational silos.

BizXcel™

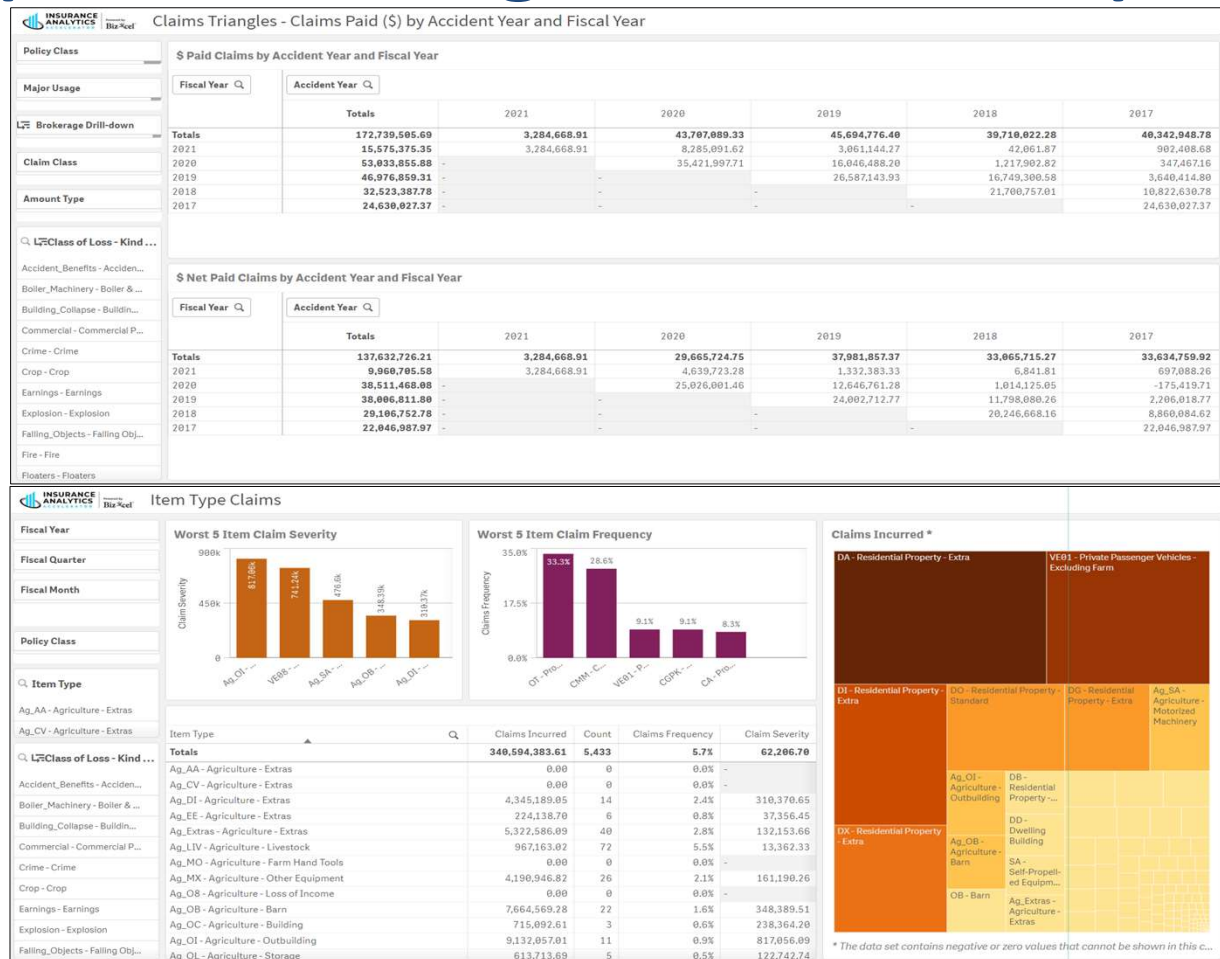# Actionable Insight (Claims Triangles and Trends)

Bring the toolset to the people!

Minimize/eliminate the organizational silos.

The right-toolset in the hands of the right-team yields a data-driven decisioning process.
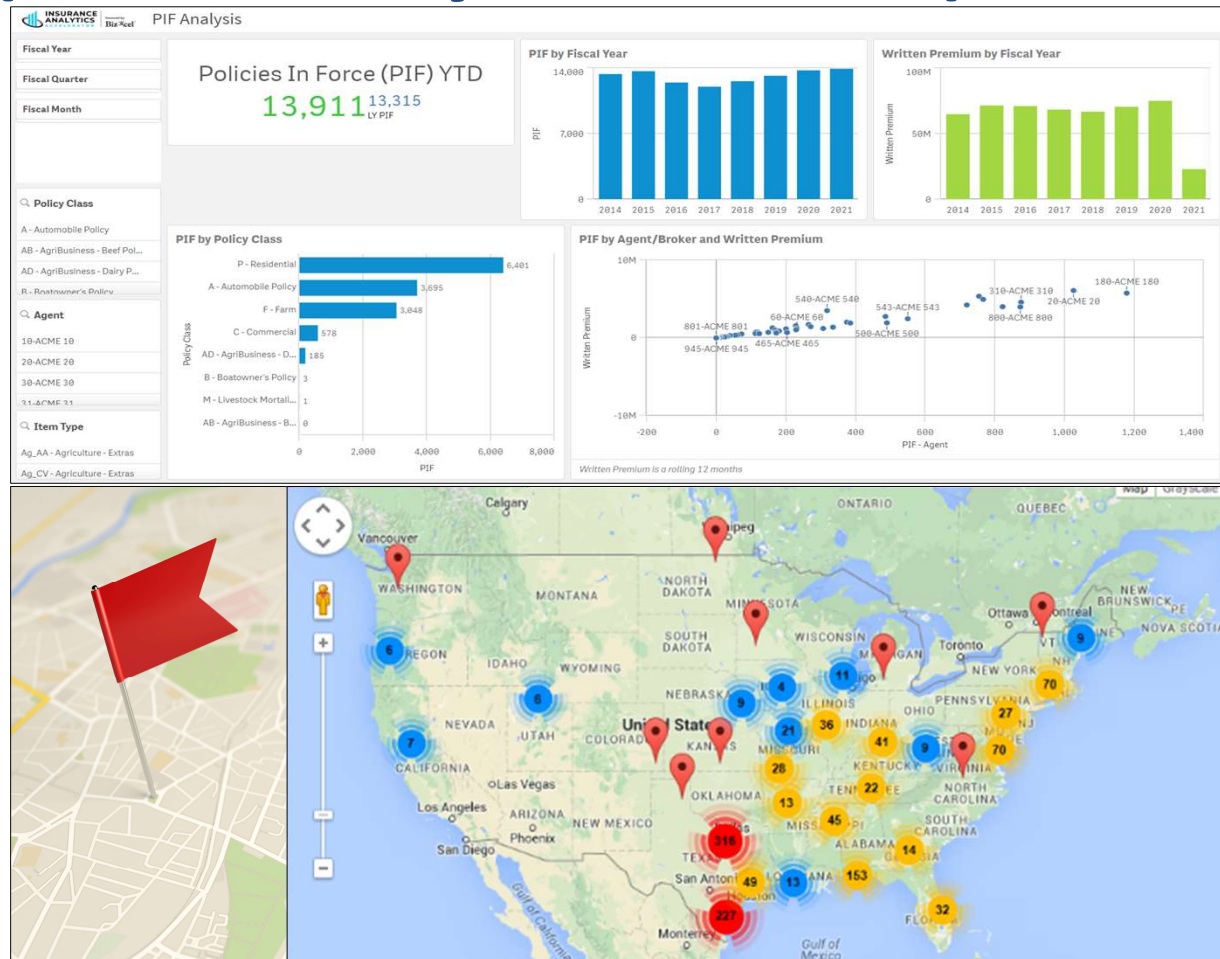
Actionable Insight (Profitability and Trends)

Understand "your" data (and turning that data into value).
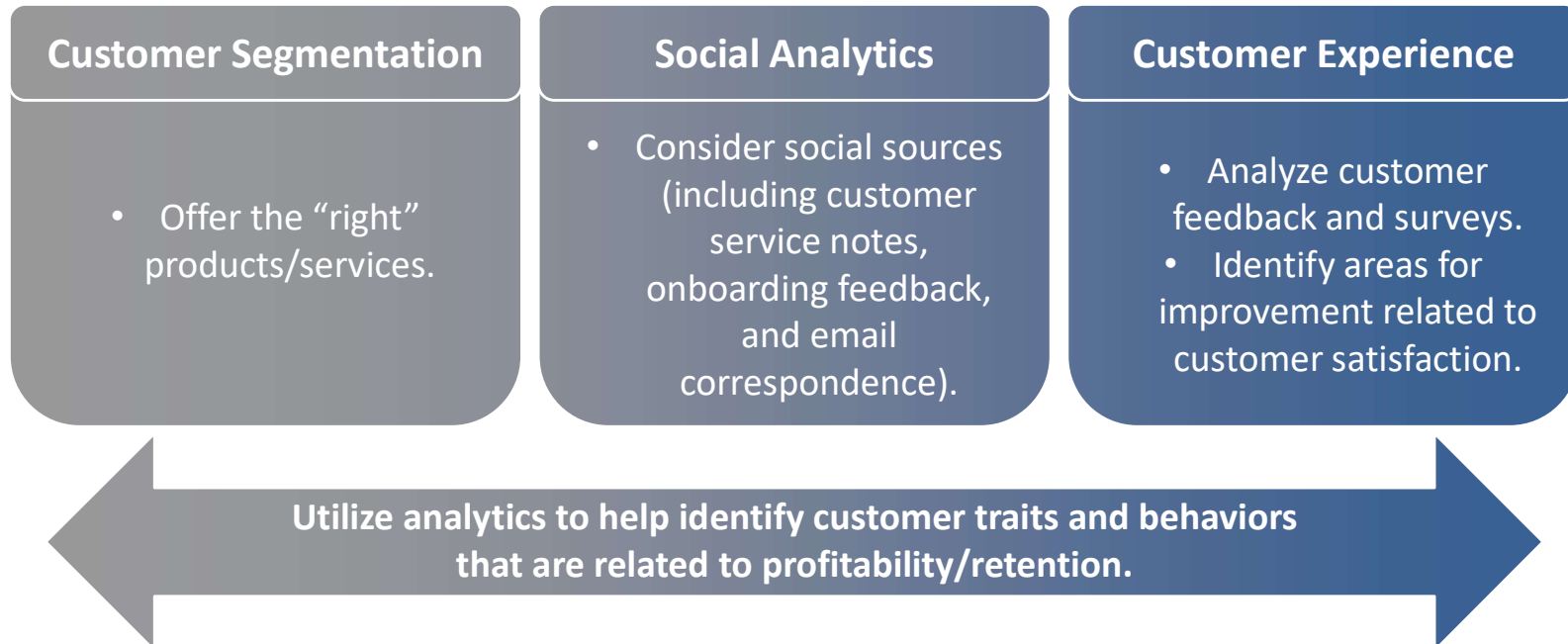
Understand "your" customer.

The value of intuitive analytics help reveal the "full" picture.

Profitable Growth and Retention

Profitable Growth and Retention (The "Drivers")

- **Retention drives Profitable Growth - Heavily Influenced by Customer Behavior.**
  - **Customer Behavior - Dynamic in Nature (e.g. life events, economic trends).**

Customer Segmentation	Social Analytics	Customer Experience
• Offer the "right" products/services.	• Consider social sources (including customer service notes, onboarding feedback, and email correspondence).	• Analyze customer feedback and surveys. • Identify areas for improvement related to customer satisfaction.

Utilize analytics to help identify customer traits and behaviors that are related to profitability/retention.

BizXcel™

Profitable Growth and Retention

- Getting Customer Segmentation "Right" As It Evolves.
  - More relevant products and/or services.
  - More relevant pricing for the products and/or services.
- "There's Gold In Your Firm's Historical Data!"
  - Multi-Year Trend Analysis enriched with data integration.
  - Enrich data from legacy systems, social media platforms, etc…
- Identifying Correlation Between Emerging Social Trends and Customer Behavior.
  - Social Monitoring via Automation.

BizXcel™

Actionable Insight (Profitable Growth and Retention)

Retention is one of the foundational drivers of profitable growth.

Assess and evaluate retention as a priority (on an ongoing basis).

Consider opportunities to enhance product and/or service offerings.

Profitable Growth and Retention (Customer Service)

- **Managing Customer Touchpoints** effectively is a key factor in improving retention onboarding, call center interactions, billing, customer service, and general service inquiries.

- **Improve the Quality of Service at Each Touchpoint.**

- **Remain Flexible** with New Offerings – When more customers emphasize cost-effective coverage packages, carriers must be prepared to offer coverage options that satisfy the customer's needs.

- **Tailored Coverage Plans** – Allow insurance companies to balance customer needs and still maintain a reasonable level of protection.

- **Take Time to Understand Customer Segments** and provide personalized products; insurance companies can help retain customers and maximize their profitability.

BizXcel™

Profitable Growth and Retention (Advanced Analytics)

Sentiment Analysis and Predictive Analytics Help Improve Customer Lifetime Value (CLV). **Why?** They allow businesses to be **proactive in addressing** customer concerns.

- **Sentiment analysis:**
  - Primary channels – Social and conversation activities (derived from customer support).
  - Analyze "tone" via customer interactions (from various data sources).
- **Predictive analytics:**
  - Provide the ability to leverage large sets of data to identify patterns that suggest a customer is at risk of churning.
  - Predictive modeling and learning algorithms can be trained utilizing historical data to identify the common factors that contribute to the risk of churning (i.e. policy cancellations, modification of coverage or customer complaints).

BizXcel™

Key Takeaways (success in the digital world)

How to be successful in the digital world.

Customer Value
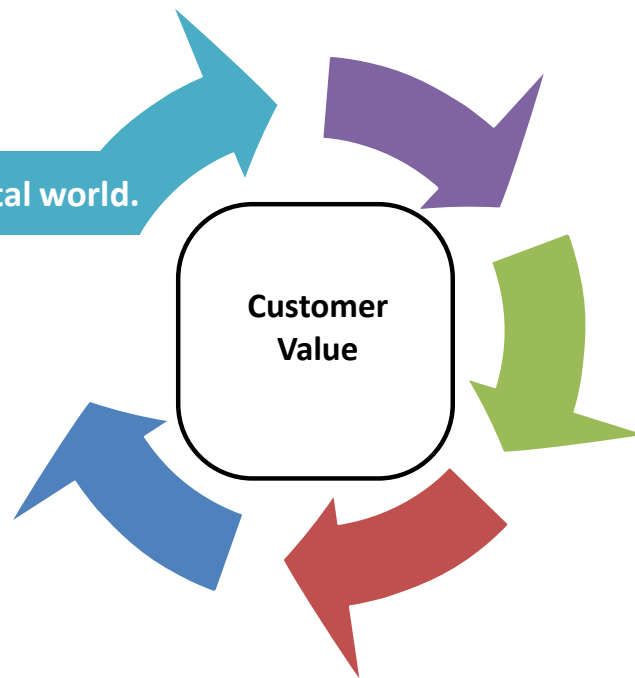
Know "your" Customer

Digital Delivery

Operational Efficiency

Iterative Improvement

Identify Innovation Opportunities

National Association of Mutual Insurance Companies
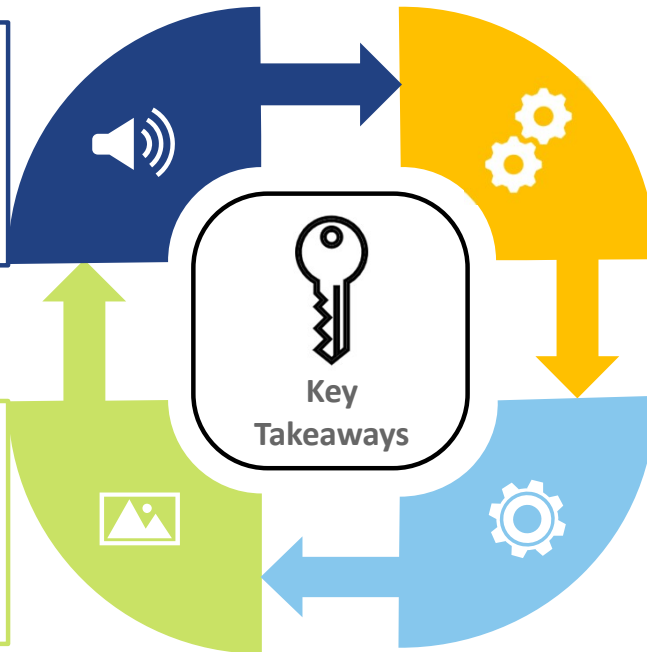
BizXcel™

Key Takeaways (Lessons Learned)

Moving Forward/Call To Action
- There is no better time than now!
- Innovation is a critical success factor!
  - This has always been true but...
  - The "digital world" is unique.

External Environment
- The importance to proactively understand the economic environment (including hard/soft markets).

Governance/Management
- Robust practices/processes can help an insurance carrier succeed.
- Processes and controls to provide stability (while limiting stagnation).

Internal Environment
- Ability to understand "your" customer.
- Product/service offerings and pricing must be continuously evaluated.
- Access to information (beyond "raw" data) is paramount to success.

Key Takeaways

BizXcel™

Questions/Discussion

Thank you!

Contact Information

Phone Number

1-866-905-2228

Email Address

sales@bizxcel.com

Website

www.bizxcel.com