6 Major Use Cases of Advanced Analytics in The Insurance Industry

1 Detection of fraudulent claims

Insurance companies incur huge losses every year due to fraudulent claims. Predictive modeling techniques are also used to analyze patterns in fraud and in the screening of false claims. Allianz Insurance in Czech Republic has managed to save approximately US$4.5 million per year by reducing the number of fraudulent claims paid.

2 Detecting And Mitigating Risk in Real-Time

Insurance firms can obtain minutest details like braking behavior and speed of the car. Using advanced analytical modeling, insurers can accurately assess the likelihood of the driver being involved in an accident. One of our customers used advanced analytics to improve the safety of drivers and reduce insurance payout.

3 Personalized Marketing Strategy

Advanced analytics extract insights from an expansive database that comprises various details on customers. This helps insurance companies to ensure highly personalized and most appropriate experiences for their customers. A hypothesis/model is formulated by using data acquired from various digital platforms.

4 Influencing Customer Behavior

Insurance companies can use data generated from IoT devices and wearable technology such as fitness trackers to assess a person's health and assess risk. Insurance companies can further go on to offer services and discounts and motivate customers to use fitness monitoring devices.

5 Lifetime Value Prediction

Customer Lifetime Value (CLV) is predicted using customer behavior data to determine the customer's profitability for the company. These models provide insights on the likelihood of customers' behavior in maintenance or surrendering of a policy. CLV can also be leveraged for developing market strategies as it reflects one of the important customer characteristics.

6 Claims Prediction

Being able to make accurate claim predictions helps to mitigate risks, gain competitive advantage, and reduce financial losses. Algorithms are developed to recognize relationships between vast numbers of variables. Forecasting the prospective claims helps insurance companies to develop competitive and optimum premiums and improve pricing models.