



RSA



BIG DATA, BIG OPPORTUNITIES

Telematics can solidify client relationships and kick advisory services into high gear

The current telematics conversation tends to focus on its obvious benefits. At one end, plug-in or app technology offers insurers hard data on a drivers' on-the-road habits—do they speed or make other risky maneuvers?—to create a three-dimensional view of the risk. At the other, safety-conscious drivers get lower premiums. But the rewards don't end there: the data gleaned from usage-based insurance (UBI) programs can also add valuable dimension to a broker's role as educator, risk manager and advisor.

STRONGER SEGMENTATION

Telematics represents a huge leap forward for client relations. The information it gathers offers "a much greater depth of understanding of the customer," says Steve Livingstone, director of telematics at RSA Canada. While insurers use the frequency, depth and breadth of the resulting data to fine-tune underwriting, brokers can use it to engage, educate and advise their clients, he says.

For instance, customer segmentation isn't new, but the insight telematics offers into their behaviour and risk profiles is, he says. So is the data's immediacy. "You don't need to wait for underwriting or customer information," he points out. With that in hand, brokers can "triage" clients according to their driving habits, and further segment clients based on "near term" or "lifetime" values and needs.

With greater context for a driver or fleet,

brokers can then customize product offerings. This alignment is key, says Livingstone, since it makes products more relevant and "the customer is more likely to appreciate or accept the insight or offer."

The wealth of telematics data also comes with cues: certain behaviours or habits can serve as advisory prompts for things like recommending additional insurance products or making modifications to their automobile coverage, according to Livingstone. These also give brokers more options for recommendations, with many ways—ranging from electronic push notifications, print mailings or in-person communications—to share their suggestions. "The information to effectively communicate with the consumer is there."

IN-HOUSE ANALYSIS

Drivers won't be the only ones making changes—big data calls for some shifts at the broker level, too. More data and information means more analysis. "It will require the ability to determine what data is needed to best service your customers and the best time to do so," he points out. It also means that brokers must have the means to capture and store the information, as well as integrate it with other brokerage processes such as client management, document production or billing.

And, as new data makes service more personalized, "consumer expectations will grow as more information and

functionality is presented to them," says Livingstone. A 2014 Towers Watson survey* of Canadian insurance shoppers backs this up, finding that 65% of those interested in UBI are willing to pay for "value-added services." This could stoke more demand for digital interaction, he adds. "It will require a capability within the brokerage to create, manage and grow in this capacity."

AN EARLY START

How can brokers make the most of big data? Livingstone has clear advice: "get in early." Although insurers in the United States and the United Kingdom are telematics leaders, Canadian carriers are relative newcomers. "It's emerging and evolving quickly," he notes. If brokers take part in insurer telematics pilot projects, or use a telematics device themselves, "not only does it help one of your key insurance partners, it benefits you to see how the device really works and the quality of the data and communications."

He also urges brokers to make their offices UBI-ready: appointing someone as the in-house telematics expert—well-versed in everything from its mechanics, related servicing and deployment—creates a valuable resource for clients and colleagues. What's more, it helps the brokerage "evolve to accommodate a telematics customer experience."

* Source: Towers Watson, Usage Based Insurance: Canadian Consumer Survey Infographic—Understanding What Customers Want (March 2014)