

Customer and Partner Engagement

Practical insights on loyalty, incentive, referral, rewards, and engagement programs that help organizations create stronger customer and partner relationships.



How Data Science is Helping Insurance Industry to Make the Right Moves?



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The insurance industry is made up of companies or organizations that offer risk management policies in the form of insurance contracts. The concept of insurance mechanism is that – one party (the insurer) will guarantee payment for an uncertain future event. On the other hand, another party, the insured (policyholder) pays a certain amount as premium to the insurer in exchange for that uncertain future occurrence.

The whole operational process of the Insurance Industry can be better managed and analyzed with the help of Big Data Analytics. It provides profound market insights and helps companies to take credible decisions or strategies.

Let's explore how Data Analytics can help the Insurance Industry to make the right moves.

1. **Customer-centricity**

In the insurance industry, there is a new trend and that has to do with being client-centric. This trend has been able to eliminate the guesswork in the industry when it comes to knowing what a client when it comes to getting insurance. Ideally, clients are always hoping to get a consultant that they can trust to provide all they need or hope to get. Data analytics has been used to fill that gap by giving brokers forehand knowledge about what the client wants.

Presently, brokers now make use of this technology to get a clear foresight about what the client might be looking for. This is done by collecting general information about their clients from their database. With the use of data analytics, they can figure out an actionable solution to what each client might be looking forward to when it comes to insurance.

Let's take a look at an example of how this works. With the use of data analytics, agents can access intelligent management platforms that have smart dashboards has one of its features. This allows insurance agents to access the portfolio of their clients and if there is a possible gap, the system alerts them. Instead of going to meet their clients with a blindfold over their eyes and making cold-calls that are in no way related to what the clients want, they are able precisely to know what the client in question is missing and how to go about it.

Getting things done this way increases the clients' trust in the insurance company and make it easy for them to buy into what the insurance company has to offer.

2. **Prevent and Reduce Fraud, and Waste**

The issue of fraud is a big deal in the insurance industry. Many believe that the insurer is only out to get some money out of their pockets for their gain. So they decide to make creepy moves to cheat the insurer instead. Issues like this give insurance companies a fatal blow whenever it happens and in most cases, such companies never get to recover and become financially buoyant again to continue with their normal activities.

The use of Data analytics has been able to curb issues like this and save many insurance companies from fraudulent claims. Wondering how data analytics comes into place here? The prevention and the reduction of fraud are done by making use of actionable intelligence which happens to be an aspect of data analytics. This is used to determine clients that are most likely to make fraudulent claims even before it happens.

For instance, an agent can monitor a client through the use of data to know their real-time activities on social media. If a client claim to have lost his house as a result of wind that led to the falling of a tree branch on his rooftop in the winter and keeps posting pictures of his amazingly decorated rooftop. This will serve as a clear indication that something is wrong somewhere.

3. **Help Pricing Premiums**

When it comes to providing pricing and premiums, insurance companies often find that very difficult to do. They run into different types of issues that involve the accuracy of their collected data. Over the years, many depended on the use of “The Law of Large Numbers” a statistical analysis used to predicts that are insurable. Although this hasn’t been enough to provide the best kind of policies and premiums. As a result of this, making predictions of individuals incidents was difficult. The only thing they could do was statistically predict how things will shake out.

For insurance companies to be at the top of their game, they had to begin to introduce the use of data analytics to figure out prices and premiums. With this, they were able to use data to track down price policies accurately and keep in touch with the individual policyholder.

4. **Self-Servicing of Policies**

In the insurance industry, self-servicing seems to be the new break that will bring in a new kind of innovation. For most agents, they feel this innovation will take over all their services and offer it in a better way. In turn, making them completely obsolete with no means of generating revenues. However, it is unknown to many that these worries are of no need.

This innovation has the potential to not only offer policyholders a better way to manage their policies but also to be able to make their clients happy at all times. For many insurance companies, the use of customer portals is now a necessity and shouldn’t be set aside for no reason whatsoever.

We, at [NextBee](#), help Insurance companies and agencies to evaluate market insights, and formulate business strategies. To discuss more on this topic, feel free to contact us today.

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