Pitney Bowes Software in Insurance

Helping to better manage data, customers and risk

Pitney Bowes
Software

Pitney Bowes Software has a long history of working with the insurance industry. Our technologies and solutions help insurers manage risk and exposure, become more agile and customer-centric, communicate more effectively and improve marketing operations whilst driving down operational cost.

At a time of great change, the insurance industry faces significant challenges. First and foremost is the imperative to build a sustainable and profitable operation whilst at the same time managing capital requirements against the needs of the ongoing business. Risk and exposure need to be tightly controlled whilst customers need to be retained and developed by building trust and confidence. And as Solvency II approaches, industry regulations are getting tighter and more onerous.

The application of technology can provide many of the answers but the adoption of new systems and processes often brings new challenges, particularly when it comes to the effective management of data, customers and risk.

At Pitney Bowes Software, a wholly owned subsidiary of Pitney Bowes Inc. (NYSE:PBI), a customer communications management technology leader, we have over 20 years' experience of working with the insurance industry. Our people and software help insurance and reinsurance companies connect with their customers and drive profitability.

Lifetime customer relationships can be enabled by integrating data management, location intelligence, sophisticated predictive analytics, rules based decision making and cross-channel customer interaction management to increase the value of every customer communication while also delivering operational efficiencies.

Insurers and brokers around the world are using our technologies to transform the effectiveness of their operations in critical areas including:

• Acquiring and retaining customers

• Customer communications management

• Ensuring data quality

• Improving risk & exposure management

• Facilitating regulatory compliance via enhanced data management

Read on to find out how our solutions are helping the insurance industry to conduct business and address current and future challenges.

> *Customer-centric marketing is the new model for marketing effectiveness. But to make customer centricity real, marketers must implement best practices in metrics, culture and technology.*
>
> **Peter Kim,**
> **Forrester Research**

Acquiring and retaining customers

In a price-conscious market where customer choice is abundant, competing on price is unlikely to be a viable strategy in the long term. Instead, we believe that insurance companies need to improve how they acquire new customers and, more importantly, how they retain and maximise the value of existing relationships.

Sidestepping the price trap requires genuine engagement with customers and making them the focus of business operations and decisions. The aim is to earn customer trust by aligning products and services with the needs and wants of the customer thereby maximising lifetime value.

The challenge is to achieve the customer insight that makes this possible without massively increasing operational costs.

Our technologies enable insurers to engage with their customers as individuals, creating a multi-channel dialogue where there once was one-way communications. The aim is to enable an outstanding customer experience that increases retention, reduces risk and drives revenues and profitability.

Insurers can optimise each interaction with customers by providing the capability to deliver accurate and relevant service and retention offers that are tailored for each individual customer, at the specific moment of interaction, whatever the channel. The decision of the 'best-next-action' is performed in real-time, using the company's data, business rules and predictive analytics.

Our solutions go beyond segmentation to identify customers most open to up-selling, automates processes and centralises campaign management, thereby increasing campaign efficiency.

Delivering 'Peace of Mind' at Tryg

Tryg is the second largest general insurer in the Nordics, with a mission to be perceived as the leading provider of 'peace of mind'. Therefore, personalised marketing is very important when it comes to delivering on the brand promise. In practical terms this means having the functionality that makes it possible to make the right offer to the right customer at the right time.

In Norway, Tryg had been using Portrait Campaign Manager for renewals and marketing campaigns since 1996. In Denmark, exactly the same work, including analytics, was outsourced to a number of different suppliers. The marketing team was looking for a solution to integrate the various country requirements and deliver on the Tryg brand identity and value.

The key requirement was for a solution that made it easy to develop highly targeted customer programmes. The new tool also needed to handle renewals, enable effective cross-selling and event driven marketing, and provide a robust platform for increasing retention rates.

Tryg evaluated the options and chose a solution comprising Portrait Campaign Manager, Customer Analytics, and Uplift Optimiser. This integrated easily with existing systems and meant that Tryg could automate marketing processes and provide a fast, personalised response to customers. Today it is used for marketing programmes, helping Tryg to deliver 'peace of mind' while staying competitive and profitable.

"We needed to find an integrated solution that would enable us to develop highly targeted customer programmes, handle renewals, enable effective cross-sell and event-driven marketing as well as increase our retention rates."

Dorte Ransby Vice President, Tryg.

Customer Communications Management

Communicating with customers was relatively straightforward when the primary channels were telephone and post. Not so today! Insurers now have to support multiple communication channels, messages need to be far more personalised and increasingly the customer decides when, where and how, he or she wishes to be contacted.

The ultimate goal is to implement a customer-centric model that delivers great customer experience with relevance and consistency at every touchpoint across multiple channels. But this can create enormous challenges in the back-office where new and old legacy systems need to be integrated to deliver seamless communications across media and devices.

In an increasingly digital age where customers research, compare and buy commodities online, insurers need to ensure that they are presenting their customer communications in accordance with customer's expectations and behaviour.

For example, there are a number of benefits for insurers associated with transitioning a large proportion of their customer base to online billing. The most obvious one is the significantly lower operational costs that could be realised through lower printing and mailing costs particularly within expensive renewal processes. But another potentially profitable avenue that this could open up would be combining this with predictive analytics to serve up targeted and timely offers to customers at the moment they were most likely to respond positively to them.

Our solutions deliver a scalable, enterprise communications capability that supports the creation of highly-targeted messages and their delivery across print, email, SMS, web, telephone or self service applications. We support the high speed production of documents such as policies and statements, and in addition, provide a platform for customer centric engagement based on intelligent, rules based content generation.

Time and cost efficiencies within Beazley's policy creation

Beazley plc (BEZ.L) is the parent company of specialist insurance businesses with operations in Europe, the US, Asia and Australia. Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's also rated A (excellent) by A.M. Best.

Beazley wanted to automate the production of policy documents for its specialist liability product lines in the US in order to achieve operational efficiencies and deliver faster service to brokers. In order to accomplish this, the company needed a document composition solution that could integrate with its underwriting system to instantly produce quotes and policy documents for electronic delivery.

Ben Spencer, Head of US IT explains, "Our goal was to provide our underwriting teams with the ability to consistently produce complex policy forms on demand. By incorporating PBS's EngageOne software into our BeazleyPro application, we now have the tools to deliver policy documentation to brokers extremely efficiently."

EngageOne now processes 86% of all of Beazley's US professional liability policies each year, with plans to cover Beazley's remaining liability product lines in the US. The automated system consistently produces compliant policies leading to significant operational efficiencies with the document creation and quality assurance process.

> "We're now capable of processing up to seven million addresses an hour, which far exceeds our prior geocoding capabilities. Having a single platform globally has extended our area of coverage and enabled much better decision making across country lines."

Stephen Mildenhall, CEO, Aon Benfield Analytics.

It Starts and Ends with Data Quality

It doesn't matter whether the ultimate goal is accurate catastrophe modelling or customer-centric communications, success or failure depends on the quality of data that an organisation has and its ability to manage and analyse it effectively.

Many things can get in the way. The sheer volume of data is growing exponentially, technologies and customer expectations are constantly changing, mergers and acquisitions may bring together disparate systems, whilst dealing with data silos and duplicate records will always be work in progress.

Customer data, one of the most valuable assets for any organisation, is typically held across multiple systems, be they core insurance and risk assessment systems, billing or CRM applications. Insurers must address the challenge of bringing together multiple datasets from a multiplicity of platforms to provide a single view of the customer in order to enable more meaningful conversations.

With our technology insurers can access and integrate almost any data element to provide a shared view across the company and support a variety of business efficiency initiatives. Data from core systems may be combined with existing CRM systems and external addressing and lifestyle data to develop a holistic view of a policy holder, as an individual and potentially as a family member with multiple needs and requirements.

In the case of risk, exposure and catastrophe modelling, we make it possible to access and integrate data from a range of sources to deliver enhanced risk insight. For instance, policy address information can be geocoded and linked into external data sets to deliver an in-depth risk analysis.

Ultimately it is all about making connections that enable greater insight, whether it is for enabling lifetime customer relationships or better understanding and management of risk and exposure. Consequently this leads to greater operational efficiencies, cost control and improved profitability.

Accuracy for Willis' Catastrophe Modelling

A world leader in risk management services, Willis Group needed the latest location-based technology to improve international geocoding and to deliver an enhanced service to clients, whose margins depend on precise understanding of the risks being covered.

The answer was Spectrum™ software which translates address information within policy details into latitude and longitude points, which can then be used for in-depth risk analysis. Providing an accurate overview of an area's risk status means that Willis' direct corporate clients, insurance carriers and target reinsurance companies can get the best and most comprehensive picture of exposures and price for their book of business at time of renewal.

The use of Spectrum together with a risk modelling data suite provides the ability to make international comparisons across country lines to create more effective pricing, underwriting and risk management – for example, the ability to pinpoint the distance between a property and a fault line can help ensure that a deal is underwritten at the correct premium.

Looking ahead, Spectrum also provides better insight and risk reporting capabilities to help achieve compliance with the requirements of Solvency II.

The Essentials of Risk Management

Understanding and managing risk and exposure underpins almost every activity in the insurance sector. A better understanding enables more accurate policy pricing, better loss ratios and ultimately a more sustainable business. New regulations also require a deeper insight into levels of exposure for compliance purposes.

The challenge for insurers is to access, analyse and quality-assure precise data at a granular level to ascertain the relationship between what is to be insured and the associated risk factors. Having accurate and timely location intelligence in place reveals the precise location of properties and businesses in relation to local risks such as floods, subsidence, crime and other perils. Only with this information, is it possible to enable accurate risk assessments and exposure and concentration management as well as setting appropriate premiums and ensuring adequate capital provision.

Data management solutions make it possible to rationalise and centralise data for maximum accuracy. Our risk based offering combines geospatial datasets with historical information for flooding, weather, crime, subsidence and other natural hazards to facilitate underwriting and portfolio risk management.

Real-time Geographic Risk at Barbican

Barbican Insurance wanted to use the latest in location-based technologies to deliver a truly differentiated service to its customers and drive more accurate underwriting. The company implemented our Risk Data Suite, a solution specifically designed to assist underwriting decisions, improve risk awareness and monitor exposure.

The Risk Data Suite provides Barbican with an integrated, location-specific view of potential risk. It does this by combining geospatial datasets and historical information on a variety of perils with the ability to analyse this data using our MapInfo Professional™ location intelligence and mapping software.

Barbican can now perform complex geographical risk analyses with pinpoint accuracy and in real time, something which is practically unheard of in the industry. This has enhanced the firm's industry standing and reputation for customer service, not least because it enables them to deliver a level of insight that enables decisions to be made at the first point of contact.

"By increasing the locational accuracy, our catastrophe modelling can now produce more precise results and risk estimations for a myriad of potential perils. The improved insight and risk reporting capabilities are also helping to address EU Solvency II regulatory requirements."

Nigel Davis, Executive Director, Willis.

Higher standards generate efficiencies and regulatory compliance

While there is a place for point-level solutions designed specifically for compliance, long term business benefits and profitability may be achieved by focussing on enhancing their overall capabilities in data integration, data quality, geocoding and spatial analysis. These core capabilities can help companies not only step up to the demands of compliance such as Solvency II and reducing solvency capital requirements, but they also add value across the entire operation. From territory assignment, marketing and pricing to straight-through underwriting, online quotation systems and claims management, the power of location intelligence can pay dividends in so many ways.

Poor data quality can impact on an organisation's ability to conduct an accurate 'Risk and Solvency Assessment' in several ways, including:

• Delays in model updating

• Calculation failures

• Punitive default values

• Increased manual intervention

Any inability to assess risk and solvency accurately can lead to regulators imposing heavier capital charges than are strictly necessary. This can restrict cash flow and investment outlay and ultimately impact the bottom line. Customer communications must also be monitored and audited to comply with regulations governing the sale and administration of general insurance.

Our customer communication solutions provide audit, archive and retrieval capabilities that enable compliance and protect against action and penalties by regulators. And our data management and data quality solutions allow organisations to profile, validate, standardise, merge, enhance, spatially analyse, integrate and monitor data without replacing existing back-office applications.

High Speed Compliance at Endsleigh

Endsleigh Insurance needed to perform high-speed archive and retrieval of business documents for compliance with FSA regulations. It also wanted to enhance the way that call centre and branch staff dealt with customers by giving them access to documents, exactly as the customer received them.

Endsleigh chose to integrate the rapid document archiving and retrieval component of our CCM software suite with its own CRM software. Today, 1,000 staff members have real-time access to critical printed documents to provide optimal customer service. Endsleigh branches and call centres have sub-second access to all policy documents and letters sent to individual clients.

The archive solution helps Endsleigh's call centres to provide optimal customer service by increasing first call closure rates, reducing customer waiting times and resolving queries faster. The solution has also improved operational efficiency in the call centre, improving the rate of collections and significantly reducing labour costs.

From a compliance point of view, the repository can hold between one to two million pages, enabling Endsleigh to store seven years of documents on a single server and eradicating the need for expensive Computer Output to Laser Disk (COLD) storage.

> "To succeed in this demanding environment, insurers will need to come up with creative strategies to generate growth. At the same time they must keep striving to improve operational excellence to squeeze costs out of the system and adapt to domestic and global regulatory reforms."
>
> *Rebecca C Amoroso, Vice Chair, Deloitte.*

Pitney Bowes Software: Solutions for Insurance Providers

We offer a comprehensive portfolio of software solutions that address the business needs of the insurance industry. Working with insurers, reinsurers, underwriters and brokers, we are helping them build a secure, sustainable and profitable business that's fit for today and ready for tomorrow.

Customer Analytics and Interaction

The **Portrait Customer Interaction Suite** combines world leading customer analytics, powerful inbound and outbound campaign management plus best-in-class business process integration to deliver real-time customer interactions that communicate precisely the right message through the right channel, at the right time.

Used by leading insurers, it offers the capability to engage with customers as individuals, connecting every customer communication, whether outbound, inbound, marketing, sales or service, to create an ongoing dialogue where insight forms the basis for each and every interaction.

By building greater customer understanding, organisations can anticipate and predict customer needs, identify and decide on the most relevant offers, interact with customers through their channel of choice, fulfil customer requirements and delight on customer expectations.

The result is outstanding customer experiences that engender increased retention, improved cross and up-sell capabilities and greater lifetime values.

Customer Communications Management

The **EngageOne Communications Suite** delivers the flexibility, scalability and reliability to drive high-value, personalised communications to policy holders at any time through any channel.

It simplifies document creation, management and distribution, ensuring that all customer communications, from marketing to policy creation, claims handling and billing, are accurate, accessible and secure.

Used to great effect in a variety of insurance applications, EngageOne delivers the capability to streamline and automate manual underwriting processes for faster, more accurate quotes and improved operational efficiency.

It also allows insurers to manager interactive claims correspondence with greater control and efficiency, automating the claims communication workflow and improving the accuracy and integrity of data. In doing so it drives out unnecessary cycles and costs and reduces claims processing times.

Risk and Exposure Management

Our **Risk Data Suite**™ provides comprehensive industry datasets on a range of perils, combined with powerful mapping software and professional services. It enables corporate risk managers, underwriters, claims managers, marketers and IT professionals to make their organisations more competitive and profitable.

As leaders in **Location Intelligence**, we offer our customers real-time geocoding and our **MapInfo Pro**

systems provide the perfect platform for the visualisation and analysis of risk and exposure, as well as supporting advanced CAT modelling. Allowing underwriters and insurance professionals to gain a better understanding of the real risk and exposure associated with any specific proposal or book and to make better business decisions.

Our risk aggregation, book analysis and risk proximity analysis capabilities drive precision pricing for greater profitability and can also be used, for example, with appropriate data sets to identify agents and cover holders to generate premium business in under-optimised geographies and territories.

Data and Data Quality

Data lies at the heart on the insurance business and our **Spectrum**™ technology platform improves risk analysis and assessment with its centralised data validation, standardisation, data governance and spatial analysis capabilities. It is the leading centralised data quality, data integration and location intelligence solution available today.

Our data portfolio comprises over 100 geographic datasets that are proprietary or sourced from established third parties such as TeleAtlas, Ordnance Survey and the Royal Mail.

Available via traditional media or via the **Geosk**™ platform, which provides the world's broadest set of geospatial data through a cloud-based portal enabling one-stop shop 'data on demand'. Accurate and reliable data can make a real difference, improving efficiency, reducing cost and managing risk effectively.

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Every connection is a new opportunity™

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