



**DATA-POWERED EXCELLENCE:**

# Driving Insurer Success with Third Party Data



# Nobody puts data in a corner. Anymore...

Traditionally, the insurance industry moves cautiously and slowly; time's up on that pace. The data that you have on hand and has been used for years, such as your own loss and claims data, are no longer enough to survive. What used to work, just won't cut it anymore; the risks are too high. The climate crisis, booming populations, global pandemics, explosions of data, and expanding digital realities are intensifying risks and introducing new threats. Insurance companies need to take action. They must figure out how to put data at their core to survive in this new reality; they need a data infusion.

With the current, speedier pace of the insurance industry, the power of data has emerged as a pivotal factor in driving operational efficiency, risk evaluation and mitigation, and enhancing overall business performance. One of the key drivers bringing about this change is the incorporation of a data strategy into the processes of insurance agencies. Third-party data, sourced from external providers, offers a wealth of information beyond what is traditionally available to insurers through their own first-party data. This collection of diverse and dynamic data brings unprecedented insights, enabling insurance companies to make more informed decisions, streamline operations, and create a more personalized experience for policyholders.



## Understanding Data Sources

**First-party data:** Data and information collected from an organization's customers and audiences from their own channels.

**Second-party data:** First-party data from an organization that is then shared with a secondary party and can be used for enriching the secondary party's database.

**Third-party data:** Data collected by an organization without a direct link to an organization's business or customers.

While the digital transformation of insurance industry has been going on for years, the data transformation has lagged. The evolution of data is now at the forefront, and it's turning the industry upside down, creating a dynamic, efficient, customer-satisfying force that improves processes and creates new opportunities.

It's time to get smart about third-party data – what it is, how to use it, where to get it, how to make it work for your organization, how it can enhance your underwriting activities, how to make it a value-add for your clients. Sounds like a lot, right? Don't worry; the data will deliver.

## **Third-party data - Let's break it down.**

We're talking about information collected and maintained by external sources that are not directly connected with your company. This data is obtained from a variety of external providers, such as government agencies, industry databases, financial institutions, and other relevant sources. Third-party data supplements an insurance company's internal data, providing additional insights, background, and details about individuals, properties, businesses, or other items relevant to the insurance processes.

There are many examples of third-party data, here are a few:

- Credit report data
- Property and Real Estate data
- Telematics devices data
- Internet of Things (IoT) data
- Social media data
- Health and Medical record data
- Criminal record data
- Weather and climate data
- Business and industry data
- Public record data
- Government data
- Market research and demographic data

These examples illustrate the diverse range of third-party data sources that insurance companies can employ to enhance their underwriting and risk-evaluation processes and provide more accurate and personalized services to their clients.

# But how much data is too much data?

The significance of third-party data in insurance cannot be overstated. However, there's a pertinent question: how much data is truly necessary?

Even though the industry is changing, the goal remains the same: to increase profits while improving productivity, reducing claims and improving customer retention. But, be aware that customer retention and satisfaction are not automatic. Customers today are savvier; they expect more value, faster services, personalized offerings, and digital availability. Plus, add in the fact that we are seeing more extreme claims, new risks, and catastrophic weather events than ever before begs for better answers, pricing, and risk mitigation. Can you deliver that without stepping up your datasets?



*Combining different types of third-party data with traditional insurance information...can provide **deeper insight** to improve the underwriting process and **enhance operational efficiency***

**Reinsurance Group of America**

## A few scenarios to consider:

### **USE CASE #1: MARKET EXPANSION AND PRODUCT DEVELOPMENT**

An insurance company aims to increase its market reach and develop new insurance products. By analyzing third-party data on economic trends, market demographics, and emerging risks, the untapped markets and evolving customer needs are identified. The insights gained from external data help create innovative insurance products tailored to specific industry sectors or demographic segments. This proactive approach to market expansion and product development positions the agency as a forward-thinking player, fostering growth and relevance in a dynamic insurance landscape.

## USE CASE #2: RISK ASSESSMENT WITH ZYWAVE'S LOSS INSIGHT

Zywave's Loss Insight addresses the core needs of the industry: understanding, predicting, and mitigating risk. Underwriters use the dataset to evaluate individual risks; actuaries use it to model loss experience and develop rating information; brokers use it to help evaluate limit adequacy and coverage needs; risk managers use it to evaluate their own insurance programs; and market development professionals use it to help quantify opportunities for new or expanded insurance products and services. Some examples of success using Zywave's Loss Insight include:

- **Improved Risk Selection and Pricing** - using Loss Insight data to review and confirm information submitted by an account and to understand its industry exposures
- **Individual Case Review** - obtaining more details and specific court documents for actual or potential losses being evaluated
- **Development of New Products** - evaluating losses by category, type, industry, company type, geography, etc., supporting the quantification of uninsured exposures
- **New and Enhanced Rating/Pricing Models** - including the appropriate structured data points from the loss database (settlement amount, filing date, disposition date, etc.)
- **Limits Adequacy Analysis** - contrasting purchased or proposed limits to actual loss experience for similar organizations
- **Clash Event Modeling** - using different kinds of Related Cases to model potential multi-coverage, multi-party impacts
- **Case Reserving** - developing reserving models using information about historical cases including case category and type, parties (plaintiff and plaintiff attorney), jurisdiction, judge, etc
- **Training of Models** - applying artificial intelligence to develop new approaches for underwriting risk assessment

### USE CASE #3: CLAIMS PROCESSING EFFICIENCY

An insurance company focuses on optimizing claims processing by integrating third-party data into its workflow. The agency incorporates external data sources, such as weather and atmospheric information, to quickly assess and validate claims related to weather-related events. By leveraging real-time weather data, the insurer can expedite claims, accurately determine the impact of natural disasters on insured properties, and efficiently allocate resources. This results in faster settlements, improved customer satisfaction, and reduced operational costs.



*The real-time insights provided by Zywave's loss data product has enabled **faster and more accurate underwriting decisions** and improved our response time to brokers and clients.*

**Andrew Lewis,**  
Lead Underwriter - IQUW, Cyber

These are just a few examples; data can provide your organization with more opportunities and benefits than ever before. Let's take a look.

# The data advantage.

Data is a true game-changer with benefits that can't be denied. Let's examine some of the key advantages:

**Increased value to customers** - Strategic use of third-party data allows insurance companies to move beyond a one-size-fits-all approach, providing a more individualized, responsive, and value-driven experience for their policyholders. This value takes many forms, including personalized coverage plans, more accurate pricing and discounts, faster claims resolutions, better and more targeted communications, innovative product offerings, and trust.

**Tailored product** - With a deeper understanding of client demographics and market trends from third-party data, insurers can tailor product offerings to meet evolving market demands. This agility in product design enhances competitiveness in the market.

**Smarter underwriting** - By supplementing internal data with external insights, underwriters can refine their underwriting practices. This leads to more customized insurance policies, tailored to the specific needs and risk profiles of individual policyholders.

**Improved risk assessment** - Third-party data provides additional information that can enhance the accuracy of risk assessments. This includes details about the policyholder's property, credit history, and other relevant factors, leading to more precise underwriting decisions.

**Market expansion opportunities** - External data can provide valuable insights into untapped markets and emerging trends. Insurers can identify new opportunities for market expansion and growth by leveraging information from third-party sources.

**Operational efficiencies** - Access to external data sources enables faster and more efficient claims processing. Insurance companies can verify information promptly, assess claims accurately, and reduce the time and resources required for claims resolution.



### Cyber Corner

“Cyber Risk” means any risk of financial or physical loss, disruption of services, privacy violation, or damage to the assets or reputation of an organization through either a failure of its information or technology systems, or a malicious act affecting their information or technology systems. While system “hacks” and data breaches get the lion’s share of publicity, Zywave’s Cyber Risk Loss Insight dataset also includes such risks as:

- Cyber Extortion
- Data - Unintentional Disclosure
- Data - Physically Lost or Stolen
- Data - Malicious Breach
- Privacy - Unauthorized Data Collection
- Privacy - Unauthorized Contact or Disclosure
- Identity - Fraudulent Use/Account Access
- Industrial Controls & Operations
- Network/Website Disruption
- Phishing, Spoofing, Social Engineering
- Skimming, Physical Tampering
- IT - Configuration/Implementation Errors
- IT - Processing Error

The more than 216,000 entries in Zywave’s Cyber Risk Loss Insight dataset involve billions of unauthorized disclosures, thefts, or serious disruptions of customer and employee identities, corporate assets, and systems capabilities.

**Competitive advantage** - Insurers leveraging third-party data gain a competitive edge by staying ahead in the rapidly evolving landscape. The ability to harness external insights positions organizations as more knowledgeable and capable of adapting to industry trends.

**Compliance Competence** - Third-party data can assist insurers in staying compliant with evolving regulations. By accessing external sources for compliance-related information, organizations can adapt their practices to meet regulatory requirements effectively.

# Integrating third-party data into your workflows.

Figure out what you need, where you can get it, and how it interacts with your current data, programs, and processes. Here are a few considerations:

**Assess your goals/needs** - Know where your company is when it comes to available data, technical capabilities, etc. Identify specific business objectives and challenges that can be addressed or improved with the integration of third-party data. This could include goals such as enhancing risk assessment, improving customer segmentation, or streamlining claims processing.

**Define use cases** - Clearly outline the use cases for third-party data within the organization. Determine which aspects of operations, such as underwriting, fraud detection, marketing, or customer service, can benefit from external insights.

**Identify relevant and reliable data sources** - Research and identify reputable third-party data providers that offer information relevant to your identified use cases. Consider sources that align with your industry focus, such as property and casualty, health, or workers compensation insurance. Choose sources that have a proven track record of providing high-quality, accurate information.

**Determine system integration** - Evaluate the compatibility of third-party data with your existing systems and technologies. Consider integration capabilities, including APIs, to streamline the flow of external data into your agency's processes.

**Insert into sales and marketing processes** – Once you figure out how the data can be integrated into your systems, figure out how it fits into each step of your sales process. There are natural ways that data can enhance many stages of the customer lifecycle, from buying to engagement to retention. Data customizes experiences and makes people feel like more than a number.

**Educate employees** - Train employees on the use and benefits of third-party data. Ensure that staff members are aware of the new data sources, understand how to interpret the information, and can effectively incorporate it into their workflows.

**Review and refine** - Foster a culture of continuous improvement by regularly reviewing the effectiveness of your third-party data integration. Stay informed about advancements in data sources and technologies and be open to exploring new opportunities for optimization.

## We can help: Zywave's Data Solutions

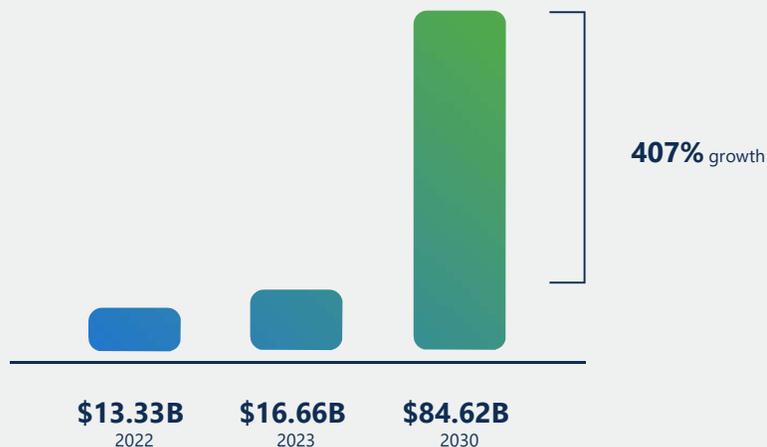
No matter what your focus is, Zywave has a data solution that will help your team. Take a look:

**Cyber OverVue:** Leverages a database of 100,000+ cyber cases to facilitate effective, data-driven decision making, creating a holistic view of an organization's cyber risk. Cyber OverVue provides the ability to forecast potential scenarios and how they could impact your client or prospect.



### The Need for Data

The cyber insurance market size was valued at USD 13.33 billion in 2022 and is projected to grow from USD 16.66 billion in 2023 to USD 84.62 billion by 2030. (Source: Forune Business Insights)



**miEdge Analytics:** Compare yourself against the competition, from a national to city level. And see information on the top 250 carriers and brokers, based on your search parameters.

**Loss Insight:** This dataset provides access to more than **1 million historical loss events** exceeding \$10 trillion in loss value. Get access to data on significant accidents, lawsuits, regulatory actions, and events allowing you to make smarter coverage decisions.

**Benchmark Analysis:** Utilize data from over 400,000 insurance programs for US organizations that provide objective information for evaluating the structure and cost of insurance programs and guiding clients and prospects about their level of coverage.

**ModMaster:** Engage your policyholders with reports that blend workers' compensation education and information specific to them. Create custom report packages branded to your organization, delivering value and achievable savings through loss control.

## **Bottom line - the time for data is now.**

It's time for insurance companies to seize the competitive edge by integrating smart data and analytics into their business processes. The importance of data cannot be overstated. It's not just more information for the sake of having more, it's the compass guiding you through the intricacies of risk assessment, client engagement, and strategic decision making.



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