



**INSURANCE AND
INVESTMENT MANAGEMENT**

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About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

DATA ANALYTICS INSIGHT AND REPORTING: HOW NAVIGANT CAN HELP YOU LEARN FROM DATA

THE DATA DILEMMA

The need to garner actionable insights from data is greater now than ever before, and is growing at an astonishing pace. Data production is expected to be 44 times greater in 2020 than it was in 2009¹, and this poses a fundamental challenge to the insurance industry — how can you use increasingly robust and complex data to better understand customers' needs, improve service, increase retention, improve acquisition, mitigate risks, and increase sales.

The value of internal customer data is immense, but many insurers choose not to invest in the infrastructure and expertise necessary to realize that value. This dilemma stems from:

- Difficulty in merging customer data housed within disparate, legacy platforms or “silos”
- Unpredictable IT infrastructure costs required to accommodate a customized, databased solution
- Absence of a coherent and comprehensive data strategy that plots an actionable course forward
- A lack of connectivity and transparency across multiple lines of business and products

Navigant helps insurers to address this data dilemma and to navigate the challenges that may be limiting them from taking advantage of the valuable insights embedded within their own data.

^{1/} IDC/EMC 2011 Digital Universe Study, 2010.

RESULTS CUSTOMIZED FOR YOUR NEEDS

Our experts provide flexible reporting capabilities to help uncover insights within your data. We identify trends and showcase results through meaningful, sortable and customizable tables and graphs. The result:

- Provide comprehensive data solutions with explanations — we do not simply provide answers that come from a “black-box;” instead, we can clearly explain our methodology to you and recommend best practices to use the data to improve bottom line results. This approach enables continuous refinement and improvements to meet your specific objectives.
- Deliver consistent work that exceeds client expectations — we implement a customized solution for you that incorporates thorough quality control and data model validation throughout the data analysis spectrum.
- Build dashboard reporting enabling clients to update dynamic parameters “on the fly” via a front-end reporting platform to provide executive-level insight for a broad set of individuals (e.g., what are typical customers behaviors/preferences within an age range) or granular insight for an individual.
- Offer a pragmatic approach with multiple options and flexibility in order to meet client cost and timing needs. Our approach is to work with our clients and iteratively provide reports and insights, refining when necessary for desired results.

ILLUMINATE THE CUSTOMER DATA ABYSS

Navigant is at the forefront of working with insurers to harness both their own internal data and vetted external data to build comprehensive customer “dossiers” that help to address the challenge of understanding and predicting client preferences and behavior. Our proprietary customer matching process is used to:

- Provide insurers with a holistic view of their customers’ biographic and policy information across businesses, even with incomplete and mis-matched data.
- Identify and fill “data gaps” that exist within customer records (e.g., missing birth dates, address information).
- Alert insurers to a customer death using our continuously updated “death database” including over 100 million death records sourced from the Social Security Administration’s Death Master File (“DMF”) and other credible data sources.
- Rehabilitate incorrect or outdated customer contact information to reduce returned mail using USPS CASS-certified software to validate addresses, and National Change of Address (“NCOA”) processing to identify the most recent customer address on record and provide address change notifications.
- Illuminate customer knowledge to assist in developing both customer servicing and sales strategies, improving underwriting capabilities, increasing client retention, and focused marketing efforts.

DATA SCIENCE AND STATISTICAL SERVICES

Our team specializes in complex data modeling and database analysis. Given our deep experience with “big data,” we built matching algorithms involving hundreds of millions of records which provide the technical and industry experience in connecting internal and external customer intelligence for an insightful holistic view.

We can also help you increase sales through uplift modeling and enhanced marketing focus to help clients find the most likely buyers and most profitable customers. This can be modeled through complex regression analysis, classification, and machine learning-based algorithms and then results communicated through scoring and ranking systems based upon your specific business characteristics as well as Navigant’s insights.

Our team has deep knowledge of the insurance business combined with technical skills in data science through education and experience. Some skills and tools include:

- Extensive insurance industry and financial services experience developed through serving 80% of the top 300 financial services firms over the past twenty years.
- Predictive modeling including least squares, robust, and logistic regression and multivariate analysis, model testing and validation, principal components analysis, hedonic regression models, regression-based event studies, and cluster analysis.
- Customer clusters to help decipher different groups of customers, which can be effective for marketing purposes. The scoring system will demarcate groups, and we can also implement a statistical clustering analysis to help segment customers according to different variables.
- Statistical sampling for determining sample size requirements to obtain statistically valid samples and extrapolate results or calculate precision and confidence level of an established sample.
- Statistical inference testing, including hypothesis testing via chi-square and t-tests.
- Deep understanding to confirm that all assumptions are satisfied including multicollinearity, autocorrelation, and heteroskedasticity and that the model is optimally constructed including transformations and measures of model fit. We do not simply plug numbers into a model and export the output. We ensure that all models are tested and validated and that the output is sensible and can be interpreted clearly and correctly.

In addition, we ensure the most variation possible will be explained using the available client data, as well as third-party resources to help insurers predict customer demands. We do not build models that can only explain the past; bootstrapping, PRESS statistics, and other data validation techniques are employed to quantify and improve model predictive strength.

THE NAVIGANT APPROACH

Our team's Insurance expertise combined with a sophisticated, statistics-based approach and a suite of intuitive, executive-focused reports enables us to work with insurers not only to improve their data, but also help to better understand the intersection between their customers and their products.

Please contact us to learn more about how we can help you leverage your data to gain knowledge and insight.

NAVIGANT'S FINANCIAL SERVICES CONSULTING PRACTICE

Navigant (NYSE: NCI) provides a wide range of services, spanning from consulting and compliance to litigation and investigative support, to help highly-regulated industry organizations address their most critical business issues. Our Financial Services consulting practice works collaboratively with banking, insurance, and investment management clients to achieve their business objectives by improving operational effectiveness and mitigating compliance risks. Our comprehensive service offering focuses on our clients' key opportunities and challenges including core business operations, technology, human capital, regulatory compliance, strategic transformations, customer service, and business process outsourcing (BPO). We bring deep industry, consulting and technical expertise, and are known for partnering with our clients to realize their business objectives.

