



MASTER DATA MANAGEMENT (MDM) FOR INSURANCE

Abstract

The massive digital shift of businesses and consumers requires that insurance companies be able to automate processes and obtain a single version of the truth where data is concerned. Leading-edge Master Data Management (MDM) solutions can provide a comprehensive data management strategy for insurers to further customer engagement, and gain deeper insights that improve process efficiency, risk management and adherence to compliance and regulations.

DIGITALIZATION

0%

100%

The digitisation of businesses and the increasing role of insurance across all businesses combined with increased competition, rising customer expectations, legal and regulatory norms require insurers to have a robust data management strategy in place. To ensure the accuracy

of data, insurance companies need to establish a data governance strategy to consolidate, manage and distribute the data to other applications and systems. The mass migration of businesses and consumers to digital platforms, and the digital transformation across industries

mean that insurers need a better understanding and connect with clientele. The digital economy and the movement of data to public and private clouds requires revolutionary approaches to data management.

The need for MDM in the insurance sector

Insurance companies typically receive data from multiple sources – business functions, geographical locations, customer interactions, customer relationship management systems and even social media. Much of this data collection is automated via third-party systems and applications. These systems originating from customers, other providers or partners do not feed into one another, resulting in data redundancy and inaccurate data. Data is also constantly changing, resulting in multiple versions of

data. Insurers need a single window into authentic data to lower operational risks, develop relevant policies at reasonable prices, and adhere to regulations.

Traditionally, MDM has been used to validate the data, and ensure that the 3 C's of data – complete, correct and consistent – are satisfied. A master data repository ensures the integrity, accuracy and validity of the data. Data and information integration is a necessity for insurance companies. When business analysts have a single view of the data they can make

better decisions. Integrating customer information gives customers a seamless experience and improves customer relationships.

In the digital economy, enterprises are moving from purely transactional relationships towards long-term associations with customers. MDM in insurance can now be used for both analytics and digital data engagement. Next-generation MDM solutions can provide 360-degree visibility into customers across channels.



Next-Gen MDM

The growth of the MDM market is fuelled by the pressing need for quality data tools and satisfying compliance requirements. The Banking and Financial Services Industry (BFSI) needs centralised data models with data governance and needs the ability to garner insights for enhancing customer centricity while providing personalisation and ensuring data privacy. Many of these needs can be satisfied with innovative MDM solutions* which leverage Artificial Intelligence (AI) and Machine Learning (ML). In fact, the global MDM market is predicted to grow to USD 27.9 billion by 2025, with a compound annual growth rate (CAGR) of 19.8 per cent. Deploying these MDM solutions enables insurers to identify any anomalies in data sets, predict patterns, and improve the accuracy of data. There are several benefits of using MDM in the insurance sector. Here are some of them:

- **Enables deeper insights:** High-quality data resulting from MDM improves predictive analytics capabilities. For instance, predictive analytics tools can help identify upselling opportunities, and forecast profitability, leading to improved decision making. Aggregation of potential and existing customer data from multiple data sources with behaviour patterns and demographics when used in conjunction with predictive analytics lets insurers make targeted marketing efforts in certain regions with the right offerings.
- **Drives customer-centricity:** To satisfy high consumer expectations, and minimise operating costs, insurance companies are veering towards self-service models. MDM solutions that can provide high quality and accurate data become imperative in such scenarios. Insurers can gain a complete 360-degree view of the customer. Data-driven insights can be used to deliver personalised on-demand services to customers.
- **Improves customer service:** A data-driven approach results in benefits to several processes. For instance, claims processing can be speeded up with advanced MDM solutions. When data is reliable and accurate, automated processes can accelerate payouts to customers, thereby reducing the waiting period, and improving customer satisfaction. With a holistic view of all systems and processes, claims submissions can be simplified, improving the overall customer experience.

- **Risk management and fraud detection:** The availability of accurate and consistent data from multiple sources helps to identify mismatches during claims processing. When applied to centralised pools of customer data, MDM solutions can help identify fraudulent customers and claims, resulting in potential savings of millions of dollars.
- **Adherence to compliance and regulations:** Personal data such as financial or healthcare information needs to be managed with appropriate privacy and security measures, as well as with access control. This is important both from the aspect of user data protection and privacy, current and emerging regulatory requirements, as well as legal and financial implications. When organisations use MDM, they can get a 360-degree view of critical business data attributes. By extracting relevant reports, and obtaining the gaps, corrective action can be taken, helping the organisation achieve 100 per cent compliance.

In order to realise these benefits, insurers need to have an MDM strategy in place. The availability of high quality data with data governance is the cornerstone of MDM. Data needs to be cleansed, standardised and consolidated from multiple sources. Insurers must compare both vendor and customer master data with data from authorised providers to find anomalies. Data quality should be enhanced with

data correction and data validation. Monitoring this data is a continuous process. Policies and procedures regarding data security, storage, backup and retrieval need to be established, and followed stringently. The data architecture must cater to both legacy and modern data infrastructure such as cloud-based storage. Cloud-native applications are transforming MDM solutions as they offer a

responsive and scalable data architecture, an adaptable model and a holistic view of customer data.

The digital economy is driving the adoption of MDM in insurance. An effective MDM strategy will result in improved customer engagement and experience, increased operational efficiency with a lower risk of fraud and drive better decision making for insurers.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping **organizations with intuitive decision-making** automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, [Live Enterprise](#) is building connected organizations that are innovating collaboratively for the future.

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