

SOA PREDICTIVE ANALYTICS SEMINAR  
SEOUL, SOUTH KOREA  
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## **Session 2**

# **Undiscovered Opportunities - advanced analytics for insurance distribution**

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# SOA Predictive Analytics Seminar

8<sup>th</sup> September 2017



# Undiscovered Opportunities

## Advanced Analytics for Insurance Distribution



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8<sup>th</sup> September 2017

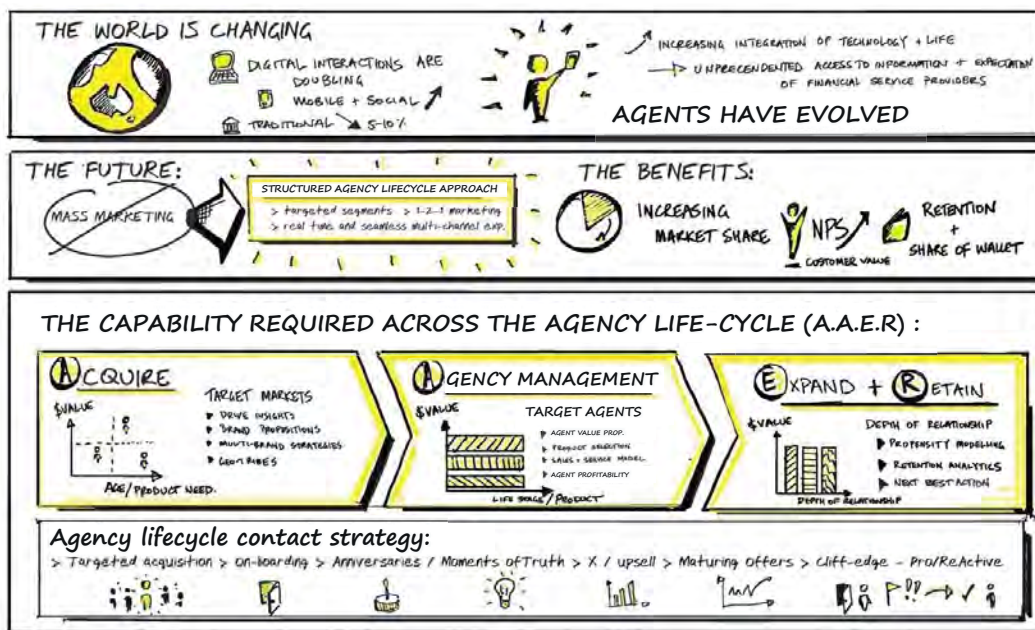


# Agenda

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## Understanding the agent has never been as easy and yet too complex...



# Improve decision making through Advanced Distribution Analytics (ADA)

Agent Acquisition



Enhance productivity



Agent Retention



Business Optimization



## Issues

“We don’t know which **type of agents to recruit** is most effective given product strategy, target client base and market competition”

“We want to understand the unique **factors drives sales** in the market and how to help our agents to be **successful in their career**”

“In our efforts to retain agents we are not always taking into account **sales quality, ability to influence and value of the sales**”

“How can we **optimize bottom-line performance** at same time offers the most optimal compensation to intensify our agents”

## Solution

Find the right type of agent and offer them the most relevant and attractive offer

Identify qualitative and quantitative insight as well as provide modern IT platform to enhance customer experience and efficiency

Take proactive actions to retain valuable agents and extend the agent’s lifetime value

Optimize agent structure and provide market comparable non-linear resource allocation and compensation program








# 1

## Looking Behind the Numbers


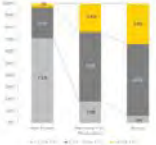

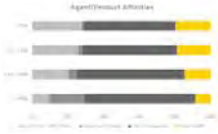





# What questions can we answer with the data you already have?

- 
Who are your top agents, what do they sell and how productive are they?
- How can you further optimize compensation for the next phase of growth?

- 
Who is leaving us and why?
- What factor leads to long term consistent performance?

- 
Are more layers associated with more production... or more problems?

## Do we know who the top sellers are and why?

Top Producers

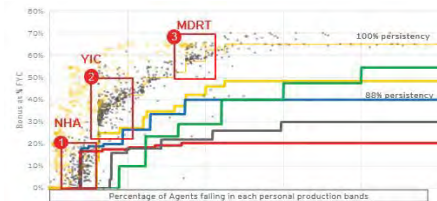
Who are they?	What they sell?	How productive?
 <p>Distribution of Manpower, FYC and Bonus by productivity</p> 	 <p>Product mix by personal FYC level</p> 	 <p>Compensation effectiveness on production</p>  <p>Correlation between productivity and service length</p> 
<ul style="list-style-type: none"> <li>Significant amount of sales comes from the few top agents - 3% of top producers contribute more than 20% of total FYC.</li> <li>The productivity gap between top producer and low producing agents is large – only 18% of total FYC is from 71% of low producing agents.</li> </ul>	<ul style="list-style-type: none"> <li>Higher producing agents sell more Long term life policies, as opposed to Accident &amp; Health or MPF.</li> <li>Linked and Universal policies are much more prominent in top agents' product mixes, contributing around 20% of their FYC.</li> </ul>	<ul style="list-style-type: none"> <li>In most instances, single case sizes were not the main driver – Many top agents have modest average case FYC, but high number of cases and consistent performance.</li> <li>Group with the highest performance as a whole are junior level managers with long service.</li> </ul>

# Can we understand the impact of compensation and structure?

## Compensation Optimization



Distribution of production bonus and Simulation of payment under peers' compensation scheme

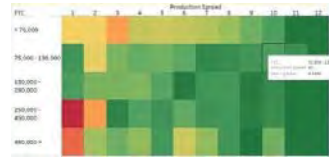


- Seasoned agents (denoted by yellow dots), in contrast to new joiners (denoted by grey dots), cluster above certain thresholds, providing significant evidence of agents tuning their performance to meet specific compensation requirements.
- Presence of extreme low performers suggests inefficiencies in monitoring scheme.

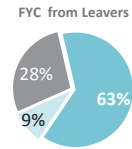
## Leaver Profile



Adviser Departure Rate by previous Year FYC and Production Concentration



Comparison of FYC from sole leavers and joint leavers



- FYC from joint leaver (Producer)
- FYC from joint leaver (Manager)
- FYC from sole leaver

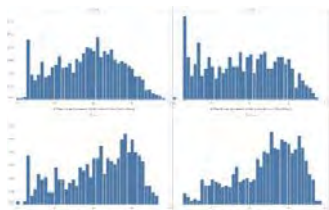
- High productivity agents with concentrated production have highest probability to leave (indicated by (dark) red).
- Significant whole team departures to competitors are observed while new joiners mostly come solely.
- Productivity loss with manager departure can be notably aggravated through whole team departures.

# And who is performing... And who is leaving?

## Consistent Performance



Production concentration by Number of good performance years in the last three years



- Spread of production over the year likely leads to consistently good performance across different years - only a few high producing agents with good performance in three consecutive years have highly concentrated production (production spread less than 2 months), which is much more common case with occasional good performer.

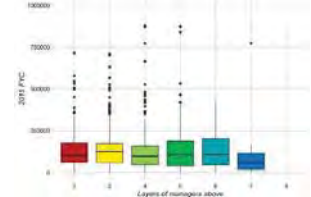
## Agency Structure



Agency structure benchmarking



Productivity distribution by layers of managers above



- From benchmarking, the Company currently has more managerial layers than its peers do
- There does not appear to be significant differences in average productivity between those agents in a taller tree compared with a more branched-out situation, indicating additional managerial layers does not lead to more production



# 2

## New Insights with New data



**BUT... other questions are NOT so easy to answer**

A collage of four yellow-bordered boxes with questions and icons on a bokeh background. The questions are: "Do different cities require different approaches?" with a location pin icon; "Why are top agents top agents?" with a trophy icon; "Which recruits are most likely to succeed?" with a ribbon award icon; and three boxes containing three dots "...".

Do different cities require different approaches?

Why are top agents top agents?

Which recruits are most likely to succeed?

...

...

...

# Why is it so hard to answer these questions?

The solution is not always straightforward or accessible. Here are the key challenges in implementing analytics to solve some other business questions:



## Asking the right question in the right way

- Understanding of industry issues
- Organization process, culture and the human element are just as critical as technology to realizing true value from analytics



## Getting the data to answer the questions

- Structured and unstructured data
- Database management & integration
- Data quality and governance



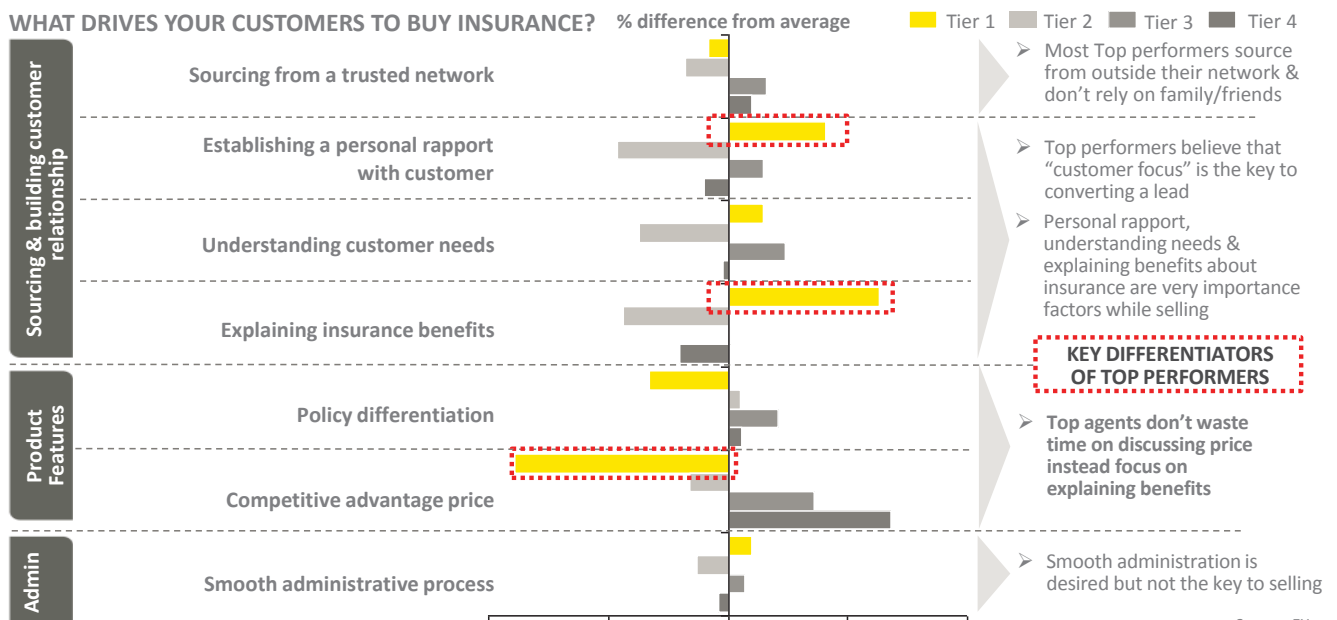
## Availability of resource

- Technical skill combined with business insight
- Local market knowledge
- Business unit inputs and overall project management

# Why are top agents top agents ?

Conversion driver analysis: top performers know that price is unimportant — but personal rapport is critical

SAMPLE



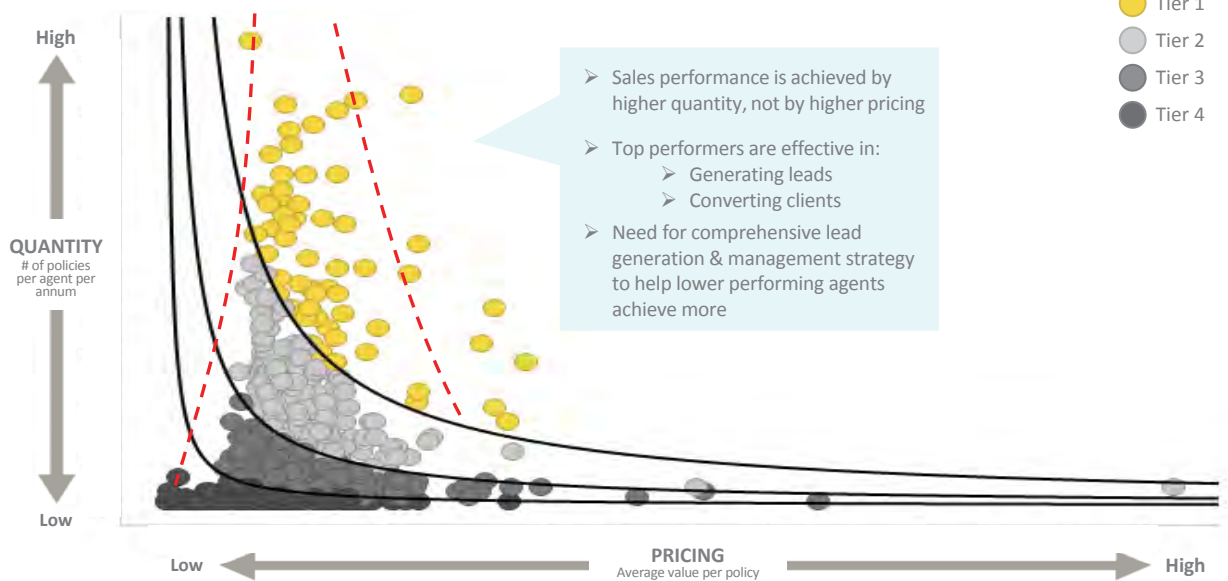
Source: EY



# Why are top agents top agents ?

Performance analysis: quantity drives performance – not pricing

QUANTITY VS PRICING MATRIX FOR ALL TIERS OF AGENTS

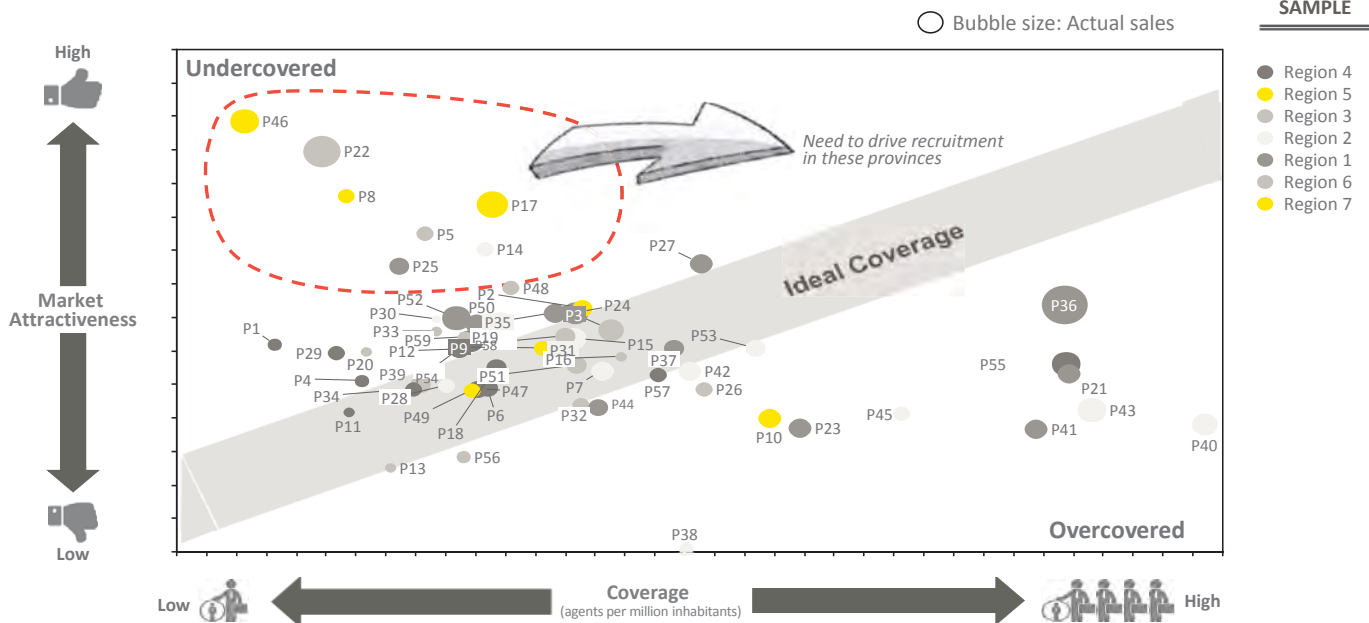


SAMPLE

- Tier 1
- Tier 2
- Tier 3
- Tier 4

# What is the geographic profile for an area ?

Coverage analysis: recruitment targets need realignment towards market potential



SAMPLE

Note: P = Province; Market attractiveness is defined as the average of scores scaled to 10 for population, population density and population growth. Coverage is # of agents per million people.

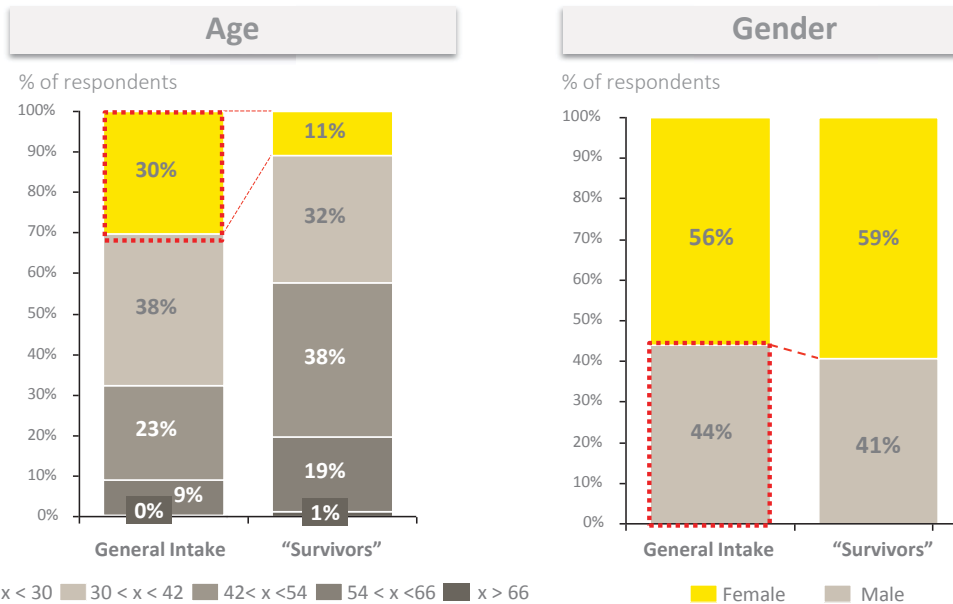
Source: EY

# Who are those most likely to succeed at insurance sales?

“Survivorship” analysis: identify key factors contributing to long term success

DEMOGRAPHIC PROFILE OF NEW RECRUITS (GENERAL INTAKE) VS AGENTS WHO STAY LONG TERM (SURVIVORS)

SAMPLE



- Branches are pressured to recruit aggressively and easy-to-recruit younger demographics – hence general intake is too focused on the young (<30) who do not tend to succeed in life insurance sales
- Gender does not matter in recruitment but does matter where it comes to matching agents with customers

Source: EY

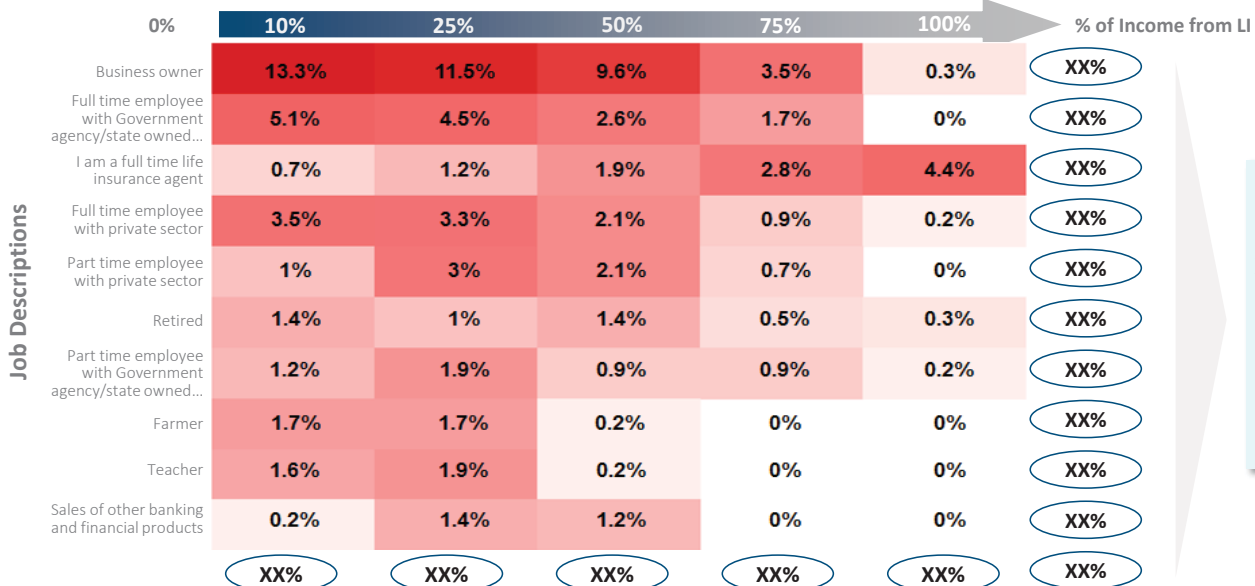
# Who are those most likely to succeed at insurance sales?

Segmentation analysis: break down the agency population by income derived from insurance sales

SAMPLE

WHAT % OF YOUR INCOME IS FROM THE SALES OF LIFE INSURANCE?

% of respondents ● X-XX% ● X- X% ● X- X%



- Potential to use data to profile agents before recruitment

Source: EY

# 3

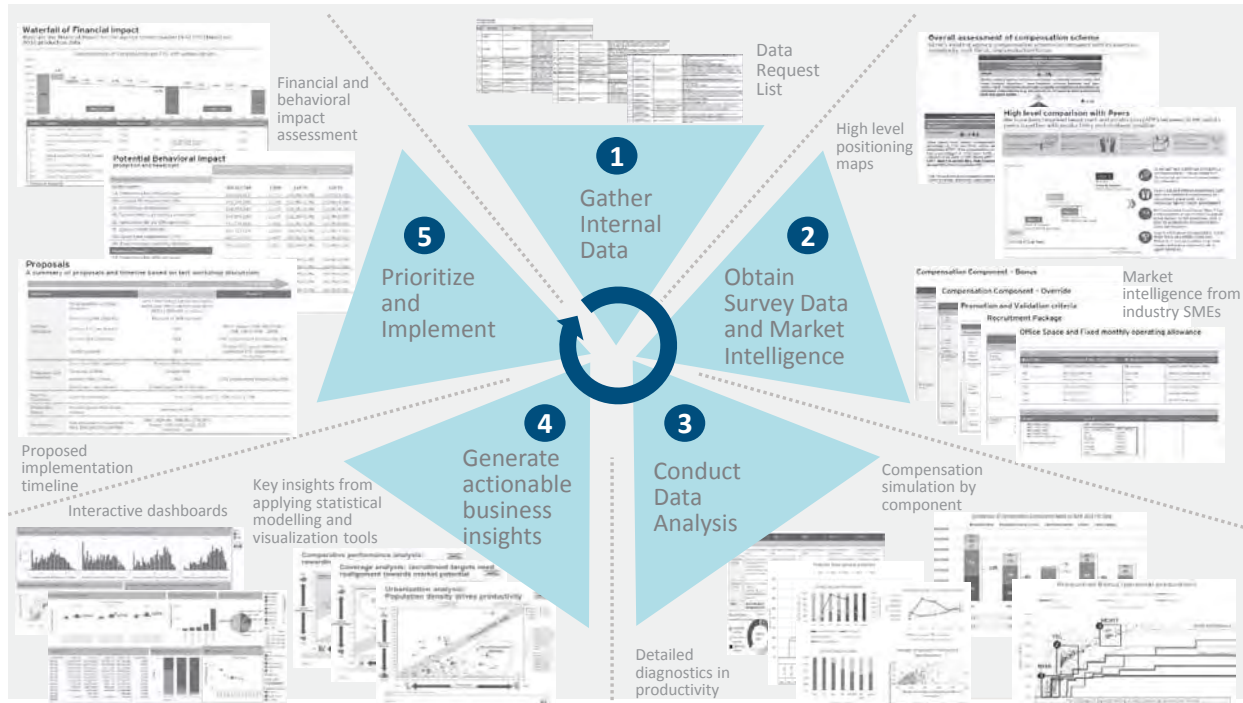
## Getting Started



### Begins with Asking the Right Questions



# Key Steps in Your Analytics Journey Ahead



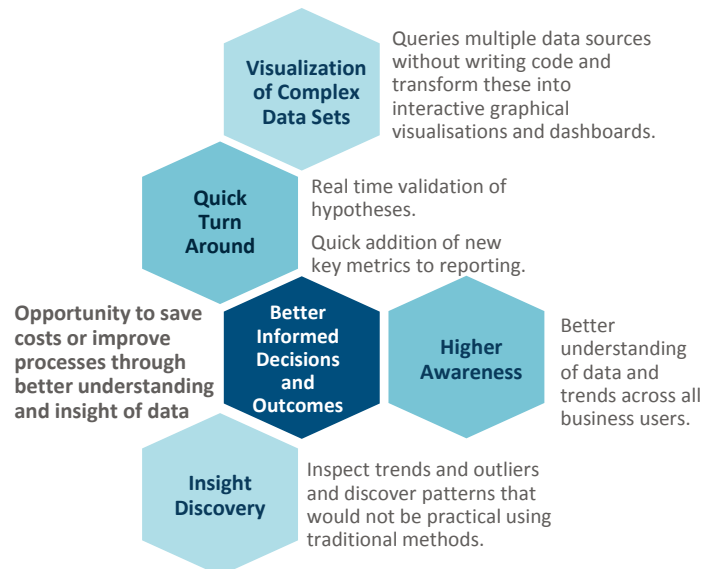
## Implementation – make the analytics REAL

Interactive data visualization gives you an insight into what's going on

**Data visualization** can provides users with a self-service analytical capability to explore data and answer questions quickly in a intuitive, drag and drop manner, whilst working across multiple platforms and devices.



### What are the Benefits ?



# Lets explore how can visualization can help ...

