



Bancassurance Data-Driven Solutions

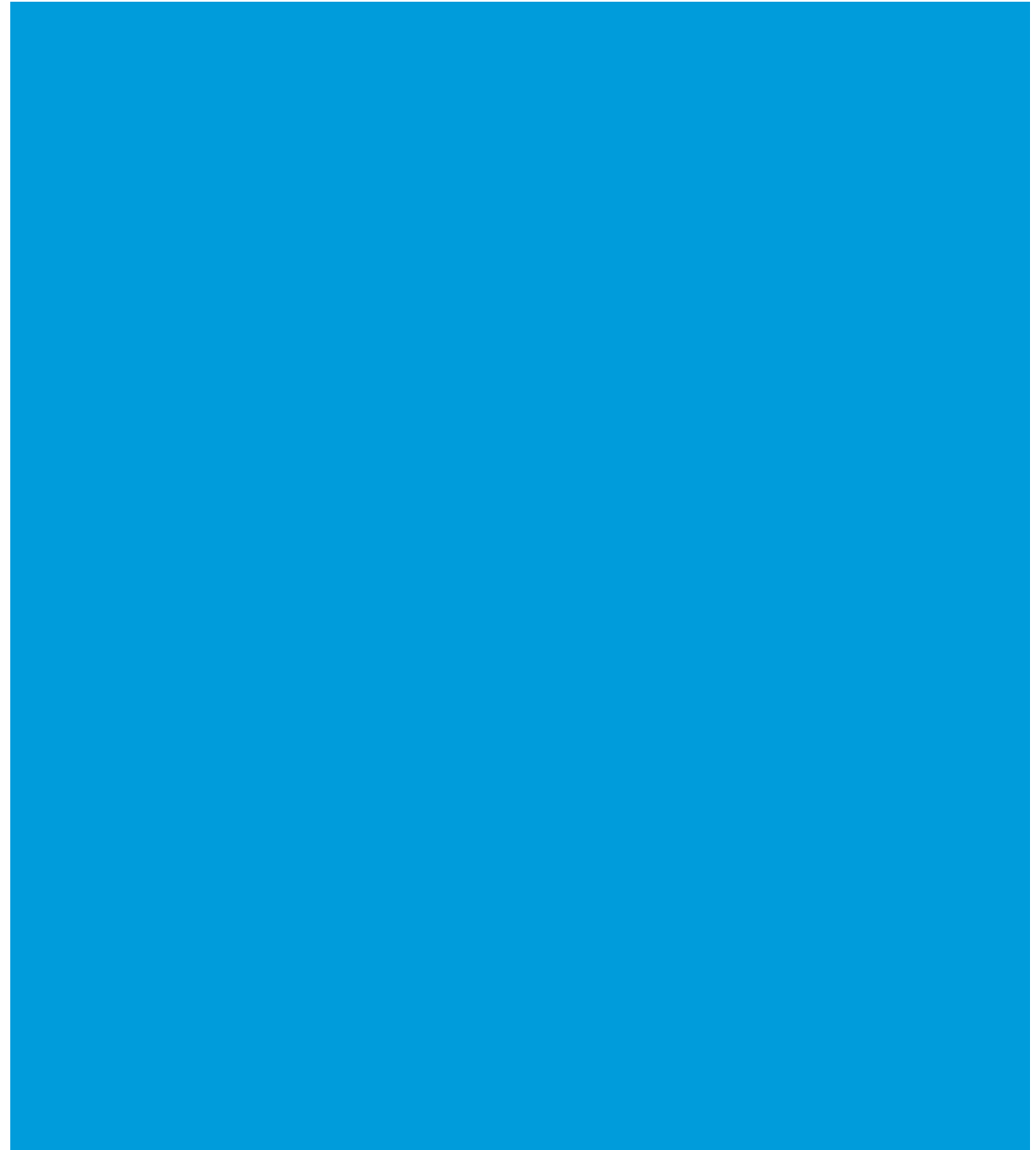
EAA e-Conference on
Data Science & Data Ethics

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Petr Vaclav

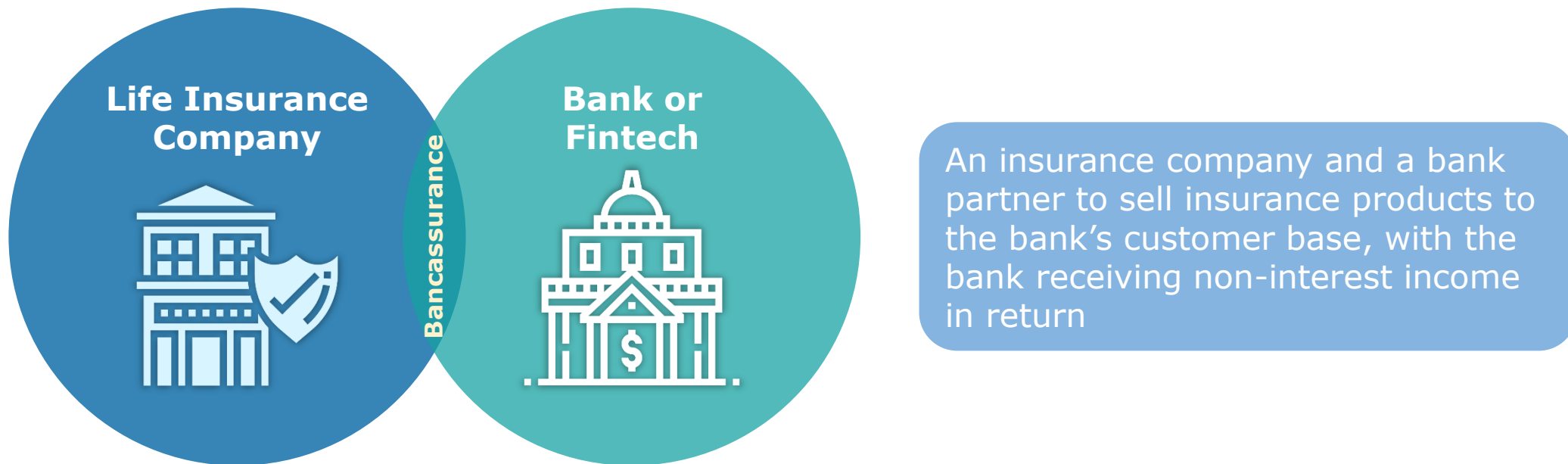
Reinsurance Group of America

KEY MARKET TRENDS & CHALLENGES



BANCASSURANCE IS THE FASTEST GROWING CHANNEL FOR LIFE INSURANCE

- **Bancassurance** accounts for **58% of life insurance premiums** in EMEA
- However, **low penetration rates** of 37% suggest plenty **room for growth**



RGA's Bancassurance Data-Driven Solutions (BDDS) Objectives

Leverage RGA's Data & Analytics and domain expertise to help banks and fintechs harness the power of their data to successfully and effectively cross-sell life insurance products to their customers

KEY CHALLENGES FOR BANCASSURANCE

Customer Experience



How can we improve the customer journey?

Customer Targeting

Purchase Experience

Data Sharing



How can we navigate a lack of comfort in sharing data?

Regulatory Environment



How can we flexibly operate under stricter regulation?

Risk Selection Expertise



How can we help banks understand the intricacies of risk selection?

Data & Analytics Expertise



How can we help insurers extract insights from financial data?

OPEN-BANKING OPENS NEW WAYS TO ACCESS BANK DATA, EXTENDING THE USE AND REACH OF SOLUTIONS BEYOND TRADITIONAL BANCASSURANCE

- Access transactions in a legally governed, secured and standardised way
- Leverage data for risk scoring & segmentation, lead generation and UW
- Develop **Life & Health Insurance Advisor** product in banking / PFM apps
 - Identify customers with high propensity-to-buy or important lifetime events
 - Educate customers about life & health insurance, gradually “nudge” customers
 - Offer personalised products with simplified UW and exceptional UI / UX



**BANCASSURANCE
DATA-DRIVEN
SOLUTIONS
(BDDS)**

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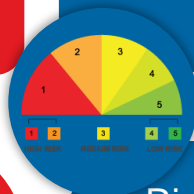
DATA SCIENCE SOLUTIONS DESIGNED TO MEET DIFFERENT CLIENT SITUATIONS

Simple UW Rules Engine (SURE)



- Leverages RGA's underwriting expertise
- Identifies easy-to-implement opportunities to streamline the bank's underwriting process
- No data from bank needed

Risk Scoring & Segmentation Model (FAST)



- Risk scoring framework to simplify the bank's underwriting process
- Utilises banking data to leverage RGA's experience from predictive modelling, financial underwriting, wellness initiatives, and other data and behavioural science projects worldwide
- Requires some aggregated data from bank

Bancassurance Mortality Model (BAM)



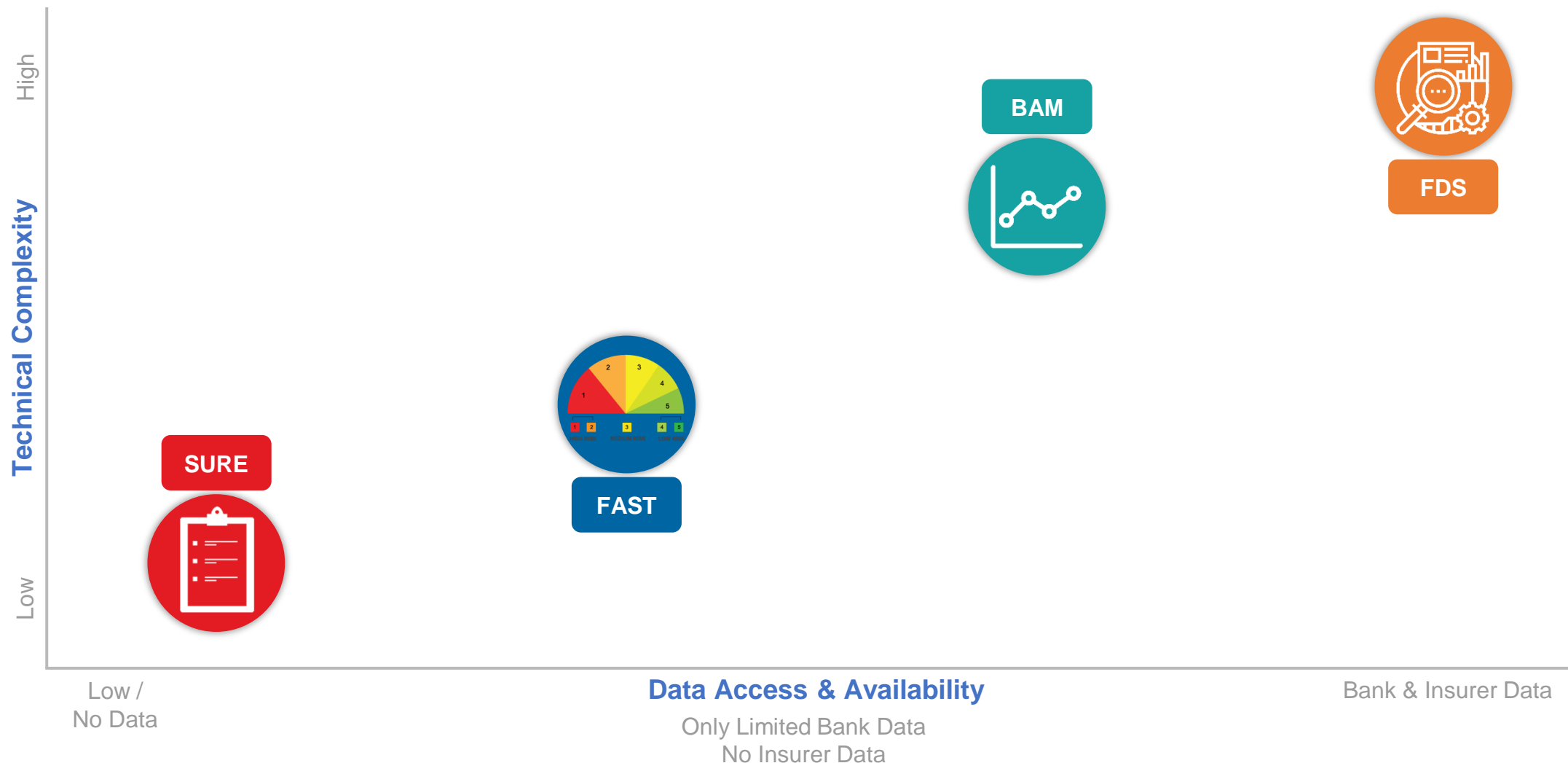
- Customised mortality risk segmentation model
- Leverages RGA's previous experience with predictive modelling for bancassurance in multiple markets
- Requires some banking and insurer data

Full Data-Driven Solution (FDS)



- Fully-fledged, customized predictive model
- Leverages RGA's previous experience and state-of-the-art ML & AI algorithms
- Requires customer-level banking data and insurer data

DATA SCIENCE SOLUTIONS DESIGNED TO MEET DIFFERENT CLIENT SITUATIONS



**FAST RISK
SCORING &
SEGMENTATION**

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- Scores mortality risk for **banking / financial services customers**
 - Primarily aimed at bancassurers, but also viable for clients with access to financial data
- Determines customers and customer groups eligible for:
 - **Simplified issue offer** (reduced no. of underwriting questions)
 - **Discounted premiums**
 - **Outbound, targeted campaigns**
- **Improves cross-sell** conversion rates by up to **3-4x**
- No customer-level data is required to calibrate FAST for a bank
 - Only aggregated data, statistics and distributions are required
 - Designed to address GDPR, data privacy and data sharing challenges in EU
- RGA backs the insurance risk – usually via quota share reinsurance

LEVERAGES RGA'S UW, DATA SCIENCE & BEHAVIOURAL SCIENCE EXPERIENCE

Signals & Predictors



Demographics



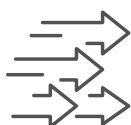
Finances



Transactions



Lifestyle



FAST Risk Scoring & Segmentation

FAST Score for every customer based on his / her own signals

- Income and Financial Score
- Family Composition Score
- Employment and Education Score
- Medical and Insurance Score
- Lifestyle Score



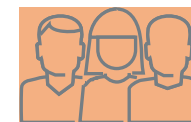
Diamond



Gold



Silver



Bronze

FAST Segmentation selects offers eligible for every bank customer

Challenge

1. Our client wanted to improve **customer experience and cross-sell** conversion rates
2. Our client also needed the solution to work in non-face-to-face setting due to COVID-19

Solution

1. Leveraged ~20 signals to fine tune **RGA's FAST model** to the bank's customer base
2. Segmented the customer base into 4 segments with differentiated UW and risk framework
3. Lifted & shifted RGA's FAST model into the client's environment to score every customer
4. Designed, prepared and executed **targeted cross-sell campaigns** for Diamond customers

Results & Benefits

- **3-4x improvement in cross-sell conversion rates**
- Successful implementation of non-face-to-face journey
- **Blueprint** for future campaigns endorsed by the bank's staff



**CLOSING
REMARKS**

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DATA-DRIVEN SOLUTIONS WILL FUEL BANCASSURANCE GROWTH

- Bancassurers have started to harness the power of banking data to **gain advantage** in the increasingly competitive and digital market
- Open-banking allows fintech / insurtech to gain access to banking data and compete with traditional bancassurers
- Successful **data-driven bancassurance solutions (BDDS)** will be:
 - Cost efficient to implement and deploy
 - Transparent through ease of interpretation and reasoning
 - Governed through monitoring and performance tracking
 - Compliant with GDPR and new regulations

In his role as Vice President, Decision Science & AI, Petr Vaclav leads data analytics, machine learning (ML), and artificial intelligence (AI) initiatives for RGA and RGAX business units, clients, ventures and acquisitions across the EMEA region.

Petr's main focus is on digital distribution and underwriting, data-driven and predictive underwriting, and bancassurance as well as being a bridge between the company, its clients and partners.

Prior to joining RGA in 2020, Petr had more than 10 years of experience as data science, business and technology leader helping companies harness the power of data, build world-class data teams, and develop commercially successful ML and AI solutions across financial services, fintech, insurtech, e-commerce, pharma, and professional services.

Petr received a Master of Science (M.Sc.) in Business Analytics from the University of Warwick, and a Bachelor of Arts (B.A.) in business and management from the University of Reading.

ABOUT ME



Petr
Vaclav

RGA

