



**Top ten reports every
insurance executive needs**
Executive insight with
IBM Cognos software

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Overview

The crisis in the financial markets jolted the insurance industry awake to the realities and dangers of highly complex global systems and the need to respond to rapid fluctuations in market conditions.

Insight into information from all corners of the operations of an insurance company has never been more important. With factors including increased competition, growing regulatory scrutiny and an increasingly demanding customer base, insurance company executives need to make better use of the data existing throughout their organizations. Turning data into an information asset and then employing it for timely, accurate and defensible decision-making is no longer a nice-to-have.

Over the coming months and years insurance companies need to:

- Improve the frequency of executive insight and exception reporting.
- Improve operational efficiency, customer service and sales performance across the organization, connecting all areas of the business with C-level goals and strategy.
- Meet regulatory/rating agency reporting requirements and respond quickly to Board and senior management requests.
- Manage operational risk performance across the enterprise, within departments and across channels.
- Gain a single view of the customer for service, sales, marketing or risk purposes, including the ability to identify and target the most profitable customers across products, channels, services and region dimensions.
- Underwrite to a profit.
- Improve the use of capital relative to the lines of business (LOBs).
- Comply with regulatory requirements such as Solvency II.

The IBM® Cognos® Executive Insight solution is the answer to all of these needs. Powered by IBM Cognos 8 BI software, it brings together multiple policy, claims and production data sources to provide executives with the deep insight they need to be more effective. It empowers them with at-a-glance information into the key performance areas that are pertinent to their individual decision-making role.

The Executive Insight solution delivers a robust series of reports, including dashboards, scorecards and tabular reports for summary level review. It also provides drill-down capability to more granular levels of detailed insight and alerts.

IBM Cognos software is an enterprise-class platform that provides the technical underpinning of the system. It is architected from the ground up as a single, modern, open, web services, services-oriented platform. The platform sits on top of whatever existing infrastructure you have already invested in deploying. It provides one single solution for your business intelligence and performance management requirements.

With the Executive Insight solution insurance companies can:

View performance across the following measures:

- Direct Premiums Written
- Budgeted Direct Premiums Written
- Renewed Direct Premiums Written
- Expiring Direct Premiums Written
- Expiring Count
- Losses Paid
- Large Claims Count

By any of the following dimensions:

- State
- Region
- Strategic Business Unit (SBU)
- Policy Type
- Line of Business
- Time – Month/Year

In any of the following combined layouts:

- Displayed and color coded in a map of the United States
- Pie charts, bar charts, line charts
- Tabular reports, cross tab reports

With the ability to export and save to the following:

- PDF
- Excel
- HTML

In this paper we will cover the top 10 reports and dashboards your insurance company needs:

- Production, Underwriting and Claims Overview
- Claims Overview
- Line of Business Analysis
- Underwriting (Policy Type) Analysis by State
- Budget Analysis/Losses Paid
- Current Year/Prior Year Analysis
- Claims Exceeding Premiums by LOB
- New Business to Plan
- Regional Analysis
- Performance Scorecard

The top 10 reports

The Production, Underwriting and Claims Overview report

The Production, Underwriting and Claims Overview dashboard provides a high-level overview of many key business indicators. It allows insurance executives to quickly and easily obtain critical information needed for the successful operation of the business.

In the sample screenshot below you can see some of the functionality of this dashboard including:

- Links to dashboards, current business alerts and recent financial market performance charts.
- New business versus plan information, with the ability to drill into detail.
- An overview by state, region or individual regions – all color-coded based on the measure selected – with the ability to drill down to detail when a state or region is selected.

Below the map image, tabular ranking reports are available to measures such as top and bottom states (and regions) across the country. The metrics section provides a quick indication of actual versus target performance on key business metrics. Below that, there is an overview of account retention by status, with the ability to drill into detail.

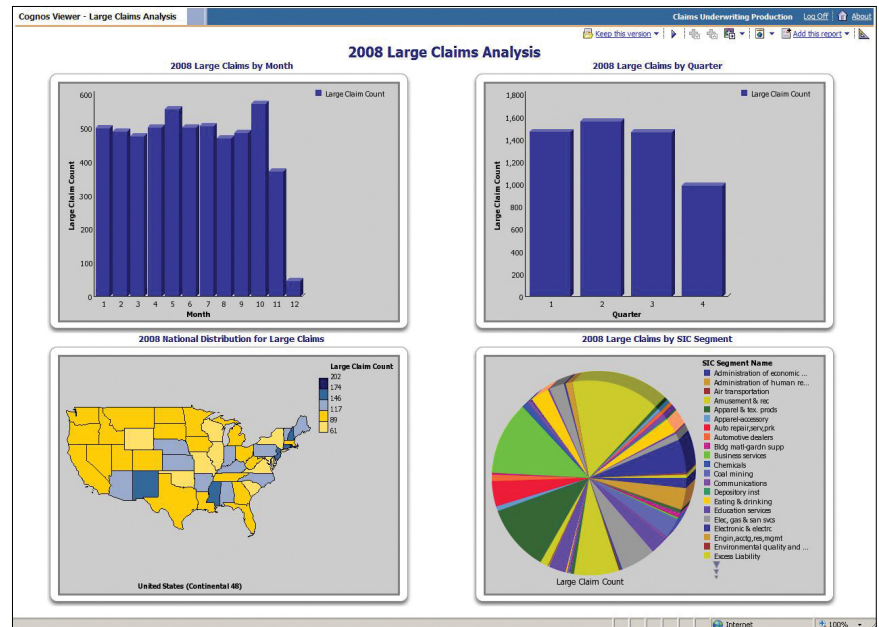


The Claims Overview report

The Claims Overview dashboard provides the ability to view key business metrics, current events relating to the insurance industry and marketplace via RSS feeds (WSJ, weather) and alerts that could be specific to a particular area of the business, in this case, claims.

The main screen provides the ability to perform additional ad-hoc analysis on key dimensions and measures and display the results in a way that is preferred by the executive. The default view shows large claims for 2008 by various dimensions and measures.

One of the critical features of IBM Cognos 8 BI is the alerting function. In this case, the alert can go out to executives based on discrepancies in large claims beyond a certain threshold. In this screenshot there is a sharp decline in large claims in December 2008, a positive indication, but one that still requires notification.



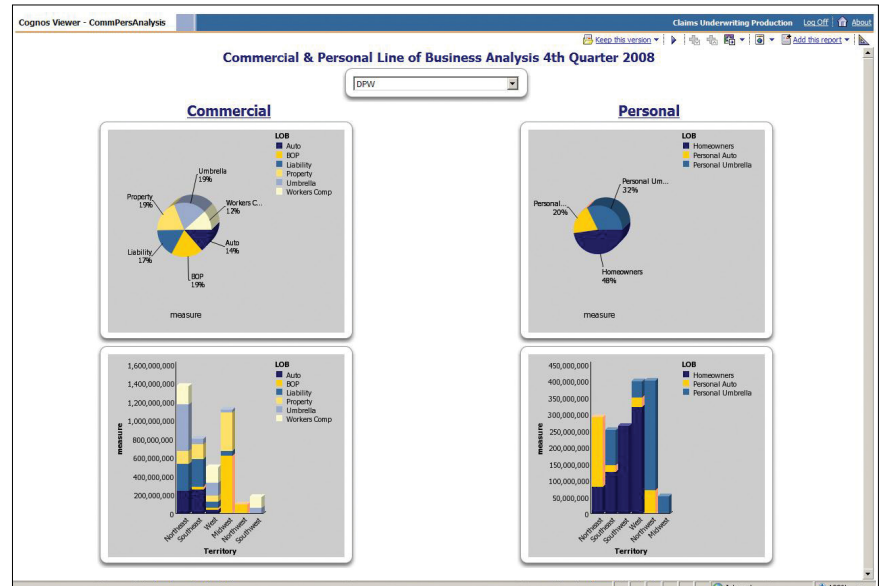
The Line of Business Analysis report

The Line of Business Analysis dashboard contains several combination charts that provide an executive with an overview of personal, commercial and bond businesses, based on the dimensions and measures selected.

The linear portion of the chart shows the performance of the parent LOBs and provides a boundary for the stacked bar portion of the chart, which shows performance for individual LOBs within the parent LOB.

The drop-down menu provides the ability to change measures, for example from direct premiums written to large claim counts and year. In this example, we can see that in the regional view, the Midwest is doing the bulk of their business in the commercial lines, specifically in the property and business owners policy (BOP) lines. They are also doing a small amount of business in personal LOB, writing only umbrella policies.

In the Northeast, the bulk of business is in commercial lines, made up of auto, liability, umbrella, property and workers comp.



With the heads-up from an alert, an executive can view an analysis of personal and commercial lines of business side-by-side for a particular quarter, with the ability to select different measures. In this particular view, the pie chart shows LOBs and a stacked bar chart that shows LOBs by region for the quarter.

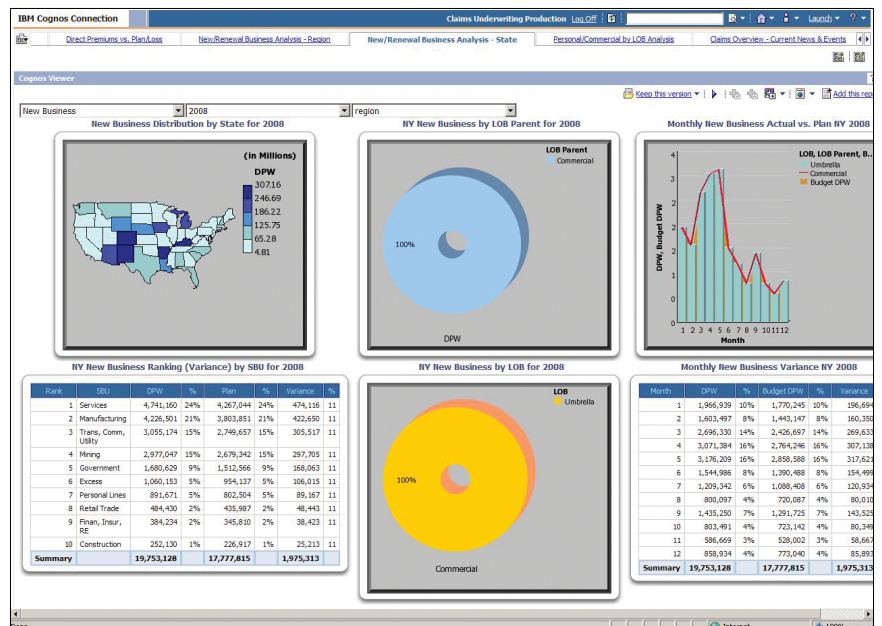
The Underwriting (Policy Type) Analysis by State report

A Policy Type (Renewal, New Business) Analysis by State dashboard lets executives view critical factors such as new business, renewals and more across any dimension.

In this example, the executive can view:

- Detailed information on new business and renewals.
- Pie charts showing distribution by parent LOB and LOB, as well as LOB across time.
- Tabular reports that show DPWs, percent of total, variance to budget and rankings by SBU (left) and month (right) for the particular year selected.

Here it shows that 24 percent of new business is coming from the Services SBU, with only one percent coming from construction. On the right, roughly 46 percent of new business was written in March, April and May. The executive can then switch to a different state, policy type or year.



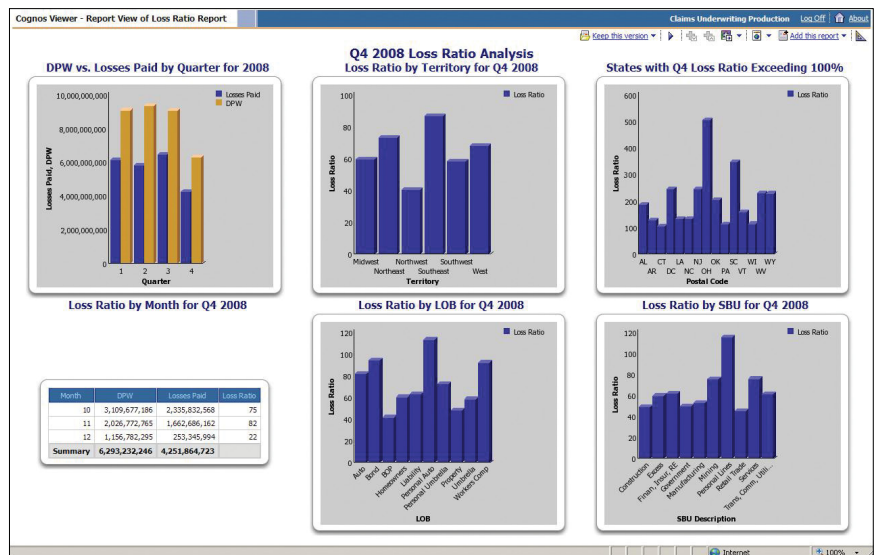
The Budget Analysis/Losses Paid report

With the Budget Analysis dashboard, executives can analyze performance versus plan for direct premiums written across various dimensions, with a red line to show corresponding losses paid.

A filter for the year is available for toggling between years. At a glance, the executive can see that overall premiums written are exceeding plan. In some cases, losses are exceeding premiums written, which may indicate the need to investigate if policies are being priced correctly in those areas. For example, in personal lines and workers comp, losses are exceeding premiums, which may indicate a pricing issue. Switching to 2007, this is not the case. In 2006, the same happened with personal lines and auto.



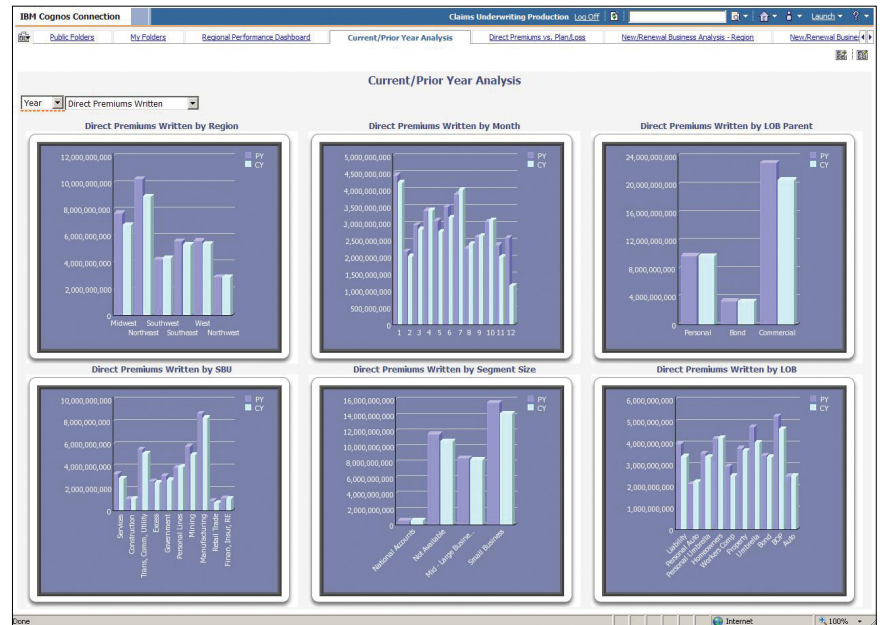
Via an alert, executives can be notified that the ratio of direct written premiums to losses has exceeded a certain threshold, in this case, 65 percent in the fourth quarter. Additional charts show loss ratio by region, LOB, states with Q4 loss ratios exceeding 100 percent, allowing an executive to pinpoint the LOB or geographical cause of the problem.



The Current Year/Prior Year Analysis report

Comparing current year performance with past years is a must-have for insurance executives. With the Current Year/Prior Year Analysis dashboard senior management can view various aspects of the business and perform a side-by-side comparison of the current (selectable) versus the year prior, and with the ability to select different measures.

In this example in 2008, premiums written business is flat or down compared to 2007, with larger discrepancies in the Midwest and Northeast, and in December. Anomalies also exist in small business, liability, umbrella and BOP areas. Using 2007 as the base year, this was not the case. Changing the view to 2008 large claims, there has been an increase in large claims and losses paid versus 2007.



The Claims Exceeding Premiums by LOB report

By using a Claims Exceeding Premiums by LOB alert, executives can be sent a report that helps them quickly gain insight into the various dimensions and time frames where losses are exceeding premiums. In this example we can see that on a monthly basis in the commercial auto LOB, losses are exceeding premiums written on a regular basis, which again may indicate a pricing issue.

Losses Exceeding Premiums by Quarter FY 2008						Losses Exceeding Direct Premiums Written FY 2008					
LOB Parent	LOB	Quarter	OPW	Losses Paid	Difference	LOB Parent	LOB	Month	OPW	Losses Paid	Diff
Commercial	Auto	1	666,412,215	699,496,298	33,084,083	Commercial	Bond	2	165,113,928	194,531,095	29,417,167
		2	652,017,589	747,024,549	95,006,961			3	193,127,416	242,446,211	49,318,795
		3	606,725,011	730,290,200	123,565,189			5	238,035,203	282,229,649	54,194,446
Workers Comp		1	619,275,058	866,269,675	246,994,616			9	201,670,066	295,152,466	93,482,400
		3	679,854,041	899,740,900	219,886,859			10	225,304,233	305,822,911	80,518,678
Commercial			3,224,283,914	3,948,821,682	724,537,768	Bond			1,013,250,846	1,320,782,363	307,531,516
Personal	Personal Auto	1	515,721,216	639,209,156	123,487,940	Commercial	Auto	2	145,960,467	195,729,071	49,768,604
		4	329,670,459	373,197,751	43,527,292			3	198,144,410	255,323,390	57,178,979
Personal			845,391,675	1,012,406,907	167,015,232			4	230,357,258	230,650,952	293,694
Summary			4,069,675,590	4,961,228,590	891,553,000			6	202,209,311	238,377,802	136,166,200
								8	167,946,924	209,018,372	41,071,448
								9	154,856,505	263,610,361	108,753,856
								11	136,489,926	197,815,961	61,326,035
							Liability	9	197,626,738	246,501,160	48,874,423
								11	201,353,149	203,082,648	1,729,499
							Umbrella	7	315,800,591	345,008,965	29,208,374
							Workers Comp	1	162,715,590	314,205,669	151,490,620
								2	153,011,192	365,351,170	212,340,079
								4	207,155,875	227,815,152	20,659,277
								7	263,053,398	532,835,977	269,782,579
								9	183,834,923	207,276,504	23,441,581

The New Business To Plan reports

With a New Business To Plan dashboard executives get a multi-dimensional view into premiums written versus plan. They can then quickly drill up or down within dimensions, in this case, between year, month and day. This dashboard can also be configured to drill down to detail on actual accounts opened on a particular day.

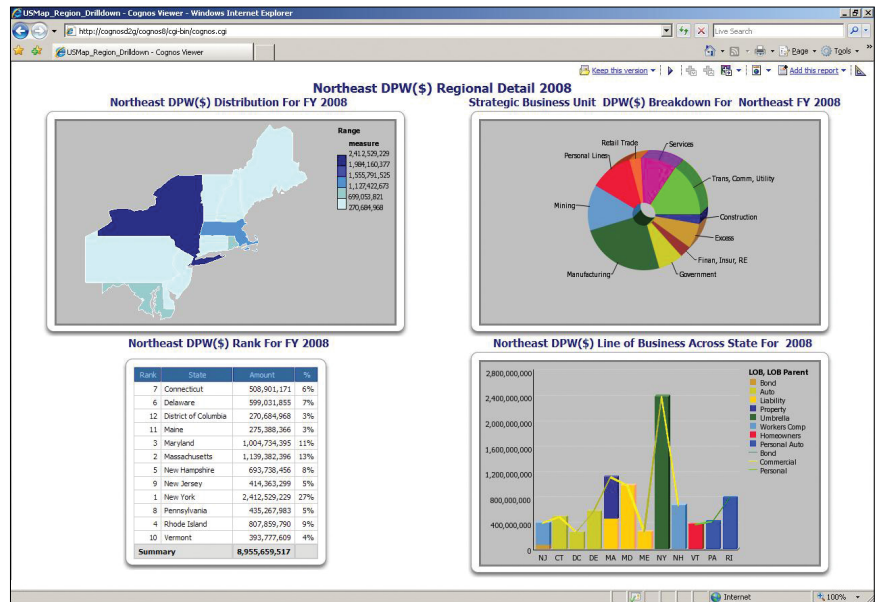


The Regional Analysis report

With a Regional Analysis dashboard, insurance executives can easily view performance across states and regions through a wide range of mapping capabilities. An executive can vary the year, measure, state and region, and can compare the performance of states or regions. Below, ranking reports show the top and bottom performers, based on the selected year or measure within the view (states or regions).

On the left, states are ranked, according to measure, both overall for the US or within a particular region, if selected. On the right, a ranking of regions is displayed for the measure selected. In this example, an executive can see that New York ranks highest in premiums written. Switching to bottom performers, the dashboard indicates that Maine and the District of Columbia are the least performing states/districts for premiums written.

If the executive selects a regional view, the drilldown will show details of the region selected, in this case the Northeast Region. The display shows a distribution of the region selected, a with features expanded capability, a tabular ranking report of the states within the region and a percent of total region.



The dashboard also includes a pie chart showing the breakout by SBU for that region, and the breakout of LOBs (stack) and parent LOBs (line) across states within the region.

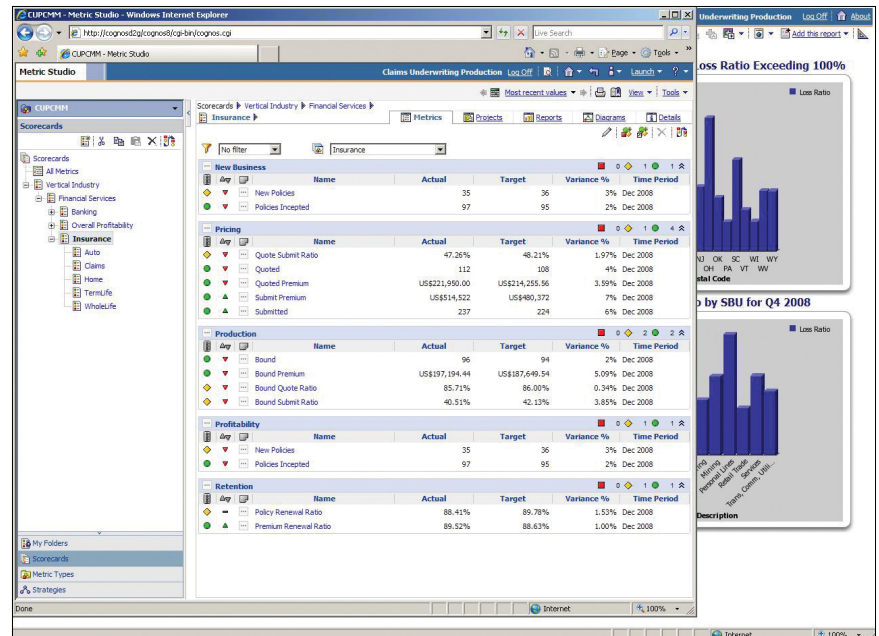
The Performance Scorecard report

Scorecarding with IBM Cognos 8 BI links initiatives and projects to strategy, with metrics and strategy maps. Scorecards help align teams and tactics with strategy, communicate goals consistently and monitor performance against targets.

With the Performance Scorecard report an executive can view the scorecard and metrics they are accountable for and that are critical to the success of the business. By hovering over a particular metric, a more detailed graph is displayed that shows how that particular metric is trending with an actual versus target perspective.

An executive can view the details of a particular metric, which will provide a more granular level of the actual versus target perspective, with associated tolerance levels.

Reports, notes and analysis can be attached to the metric to get the information underpinning metrics and understand what drives performance.



Summary

This paper illustrates only a few ways insurance companies are gaining quick wins, deep insight and better competitive advantage from IBM Cognos 8 BI. Performance management in essence is about providing the insight that inspires action – to eliminate issues, seize new opportunities and respond faster to customers, regulators, the Board and other key stakeholders.

In order to accomplish business goals, insurance companies need to go with a trusted, industry leader in insurance performance management. IBM invests heavily in understanding what matters most to insurance companies and delivering solutions that enhance decision-making, reduce costs and provide a fast time to value and ROI. As such, many of the leading players in insurance already choose IBM Cognos software, including:

- Six of the top 10 insurance companies in the world.
- Seven of the top 10 insurance companies in the U.S.

Executive Insight is another example of the IBM commitment to insurance companies. It delivers business intelligence reporting so corporate and regional executives can:

- Improve their overview of corporate and regional performance for underwriting, claims and production.
- Understand new and renewal business by line, region and product type.
- Measure and monitor claims by line of business, coverage, severity and frequency by region.
- Observe timely regional performance against goals and objectives for new, renewal business and claims activity.
- Offer corporate scorecard results in real time.
- Provide daily feedback against corporate goals including trends.
- Take action, assign ownership, and track progress for remedial actions to prevent performance gaps.
- Eliminate inefficiencies associated with monthly regional performance reporting.
- Review executive briefings that are distributed automatically so they can quickly analyze performance and develop action plans to continuously improve operations.



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IBM Cognos business intelligence and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance.

IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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