
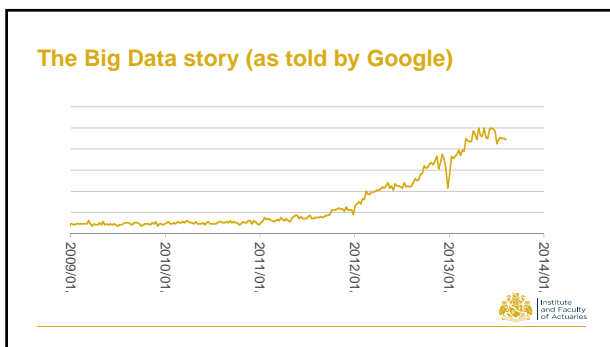
 Institute and Faculty of Actuaries

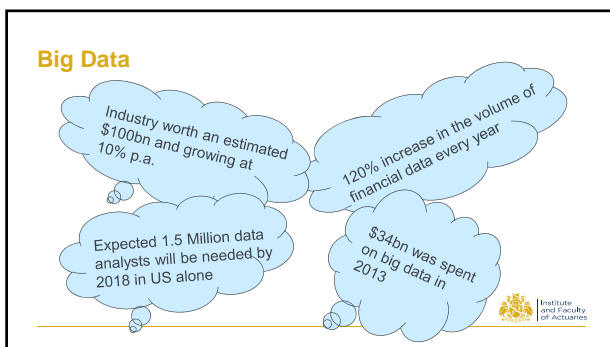
Using Big Data to become US President – Imagine what it can do for your business


Peter Temple

03 July 2014












Big data is like teenage sex:
everyone talks about it, nobody really knows how to do it,
everyone thinks everyone else is doing it, so everyone
claims they are doing it....





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**Big data – not just
a big story**
A study in hunger, insight and
courage



03 July 2014

The importance of not being Ted?

Senator Massachusetts 1962 – 2009




"5 month and 150 votes"




SCOTT BROWN
U.S. SENATE



The importance of being George ?



George Clooney's Backyard Function for Obama Sets New One-Night Fundraising Record

\$15 million



"And this is the first time that George Clooney has ever been photoshopped out of a picture," Mr Obama said, to laughter and applause. "Never happened before, will never happen again"

[The New York Times]



And 68 adverts in Dothan.....



You tube: Play the ad "47 percent, Romney"



Deliver a historic election victory!

PERCENTAGE OF VOTES CAST FOR OBAMA BY EARLY VOTERS IN HAMILTON COUNTY, OHIO

57.68%
Model

57.16%
Actual





On the face of it a narrow win....

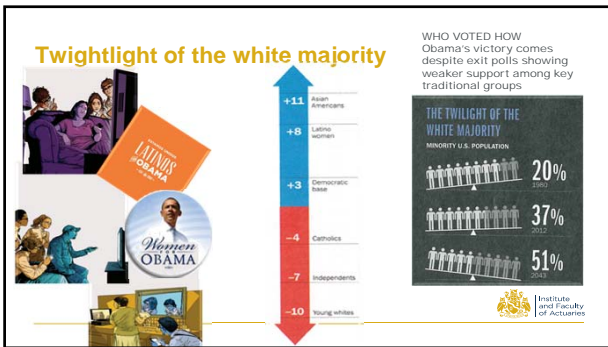


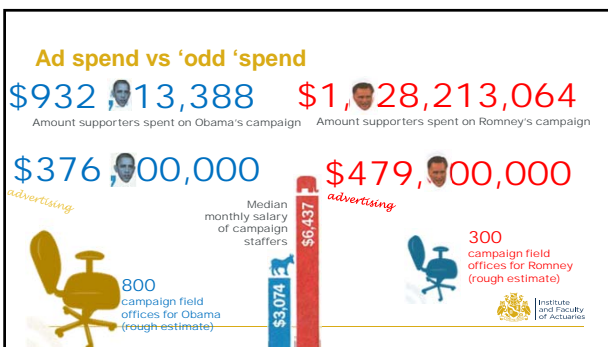
....But how it was won is the key

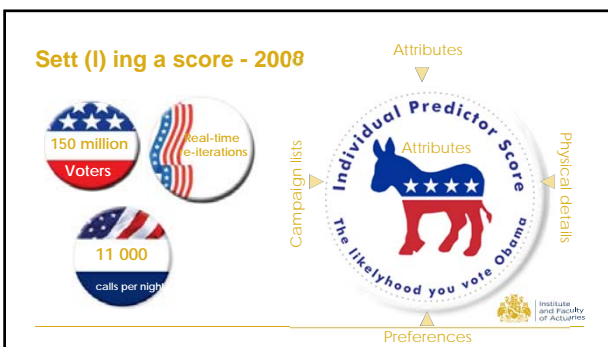
Battleground States

	OBAMA	ROMNEY
VIRGINIA 100% RPT.	✓ 51.2%	47.3%
FLORIDA 100% RPT.	✓ 50.0%	49.1%
N. CAROLINA 100% RPT.	48.4%	✓ 50.4%
OHIO 100% RPT.	✓ 50.7%	47.7%
NEW HAMPSHIRE 100% RPT.	✓ 52.0%	46.4%
COLORADO 100% RPT.	✓ 51.5%	46.1%
WISCONSIN 100% RPT.	✓ 52.8%	45.9%
IOWA 100% RPT.	✓ 52.0%	46.2%
NEVADA 100% RPT.	✓ 52.4%	45.7%









2012 : Same world, but different

2008: 69,456,897 names of each voter

Get every one of them to vote Obama again

AND

More money

More door knocks

More phone calls

More registrations

More votes



The methods
changed the
landscape forever





Setting the persuasion score

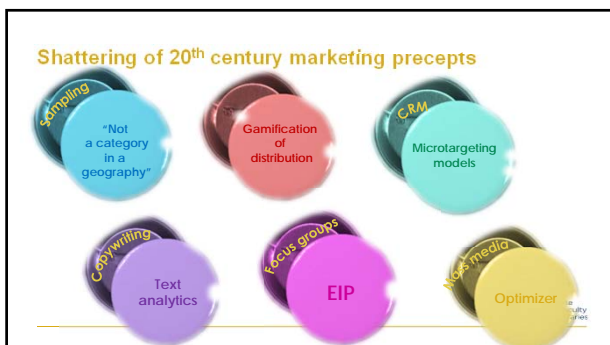
Commercial
lists of all adult
voters

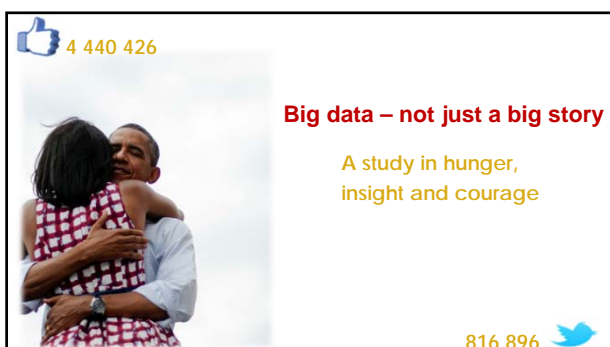


Current
registration
rolls









Big Data – In practice

- Not just mortality!
- More data
- Techniques
- What you do with it?

KEEP
CALM
AND
LISTEN TO
EXAMPLE



Bored to death...

- Policyholder behaviour
 - Cross-selling
 - Elasticity
 - Click-through-rates
 - Calls
- Distribution
- Processes
 - New business
 - U/W consistency
 - Lapse
 - Claims



Distribution

- What is a good broker or agent?
 - Sales
 - NTU
 - Early lapses
 - Policy size
- What about quality of business?
 - Mix
 - Number of benefits
 - Other quality measurements?



Model of underwriting decisions

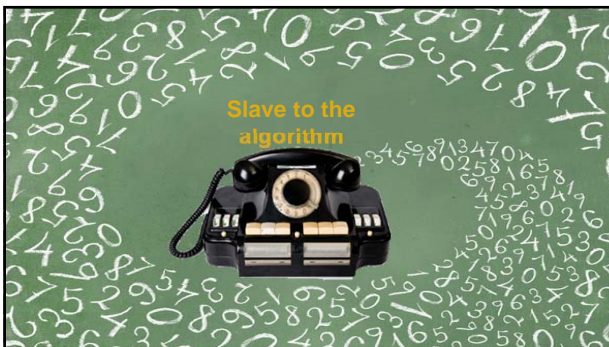
- Age
- Gender
- Smoker-status
- Sum assured
- Medical evidence
- Etc.



> Expected underwriting outcome?

- Standard
- Loadings (% or per mile)
- Postpone
- Decline





The "mean is no longer the method"



Woman who only had
20%-40%
probability of voting democrat
could be swung to Obama on
the single issues of
health and equal pay



It's about the "non-customer"



> **NON-voter, stupid:**
The importance of the non-voter customer in an almost perfectly competitive world

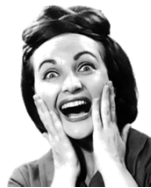
© 1945
Illustration by Norman Rockwell



And making that customer "reveal themselves"

> **Gamefied Distribution:**

gave the (actual) customer to the channel rather than incentivising the channel to find the customer



Listen to what the people like

> **Controlled anarchy:**

opened up the platforms, let go of the main message and trusted the data at the nodes

> **Packaged at the nodes:**

the product, so centric in our worlds, could be built by the volunteer and the voter at the extremities



Matching people



> Juxtaposition:
On-line to off line,
physical to personal,
empirical to the
intuitive:
customer to channel



Big Data means

- Understanding our customer
 - Segment
 - Better product
 - Better offers
 - Less hassle
- Understanding our business
 - Efficient processes
 - Find value
- There are risks...



Big data will require

Courage

...and good judgement!




Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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