REAL INSIGHTS by INDATECH

October 2025 • Part 1

GET REAL WITH DATA

RELIABLE • EXPECTED • ACCURATE • LEGITIMATE

We've all heard the 3 rules of real estate – location, location, location. The 3 rules of insurance should be data, data, data.

BASEBALL

Since it's time for October baseball (Go Blue Jays!), let's use a simple analogy. If you're a baseball fan, you may already know the difference between Plate Appearances and At-bats. They sound similar but are different. For example, when you get a walk or are hit by a pitch it counts towards Plate Appearances but not At-bats. A key baseball metric is Batting Average, which is the ratio of hits to At-bats. But, if you want to qualify for the best Batting Average, you need a certain number of Plate Appearances, not At-bats.

It may sound simple and confusing at the same time, but if you're a die-hard baseball fan, you probably know this. If you're not, it can be easy to use the wrong number as your denominator when calculating Batting Average. It matters who's setting up your data.

INSURANCE

In insurance, Loss Ratio is often thought of as a primary measure of performance. In simple terms: Losses divided by Premiums. Simple, right? Never mind which value you're using for Losses – Paid, Incurred, Ultimate. Or what period you're looking at – Calendar, Policy or Accident Year. For our Baseball analogy, what are you using for the denominator? Written Premium or Earned Premium?

It sounds like a simple question, but I've seen many occasions during data reconciliation projects where different reports use different values based on the source of the data. You take the year's losses and divide them by the year's premiums. Simple, right? Maybe not.

Just like in baseball, there are many more metrics in insurance that require using the right data to get the correct information. Another example is how widely Claims Frequency and Severity can vary depending on how the Claims are counted. Ask 3 people and you may get 3 different answers.

If your organization relies on multiple sources or systems to generate your management reports, what you may end up with is frustration with reports that don't reconcile. This can only lead to concerns that you're not getting an accurate picture of your performance.

Serious planning needs data confidence

How do we improve our results? What are the problematic areas with claims? Are our rates adequate? Are we being adversely selected against? How do we embark on a pricing optimization project? Are we ready to use AI for underwriting support and claims processing? Should we look at new technology platforms?

Regardless of how you prioritize these questions, they all have one thing in common: a need for data you have confidence in. Eliminate the skepticism and sleep easier with a REAL independent assessment of your data.

RELIABLE

Next time we'll dive into what makes the data RELIABLE. You'll need to identify, understand and assess:

- All SOURCES you rely on for information
- The DATA CAPTURE PROCESS for each source
- GUIDELINES used to capture data
- The QUALITY REVIEW rules being used

Let's talk. In the meantime, enjoy October baseball... and the start of the hockey season.

The Canadian Insurance Data Experts

indatech.ca
Toronto • Canada
rlacroix@indatech.ca • 416.720.1498