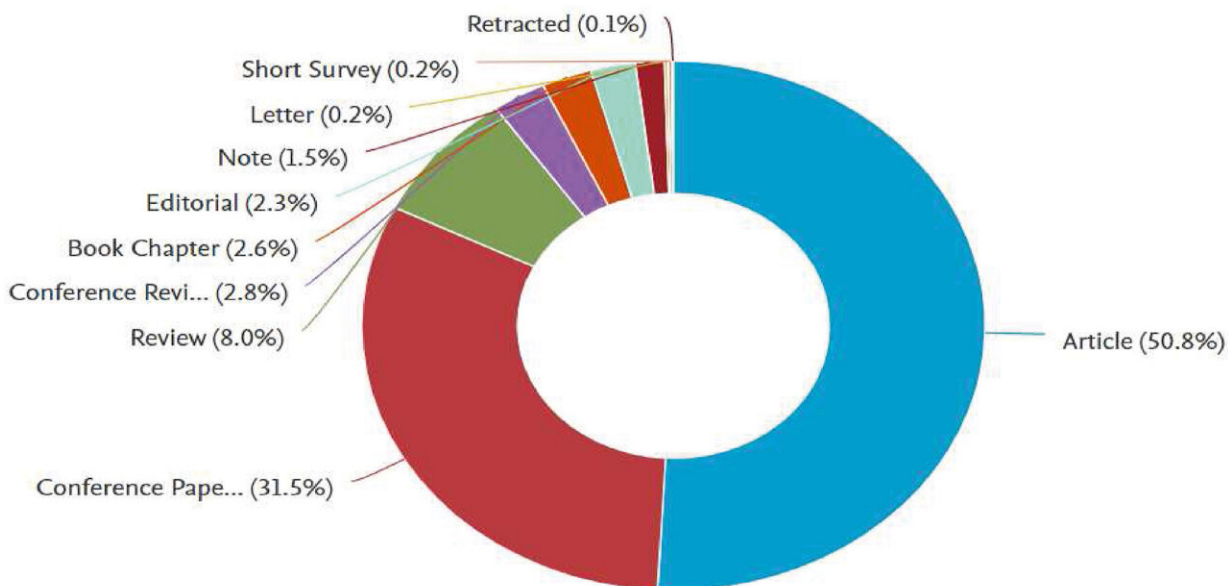# How big data transforms the insurance sector

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Documents by type. Credit: *The Journal of Finance and Data Science* (2023). DOI: 10.1016/j.jfds.2023.100102

In 2022, the insurance industry made a whopping USD 6 trillion globally—more than the entire economy of big countries like Japan and Germany. A recent study, published in *The Journal of Finance and Data Science*, looked at how technology, especially big data, is shaking things up in insurance.

The study found that by using big data, insurance companies can understand risks better, offer fair prices and keep customers happier.

"What's surprising is how fast insurance companies are jumping on the big data bandwagon," says first author of the study, Nejla Ellili. "They're investing a lot of money in it—around $3.6 billion by 2021. And guess what? It's paying off. Big data helps them save money, offer better insurance deals, and catch more fraud. But it's not all sunshine; there are some problems too."

The study found that there is a need to be careful about privacy and ethics when using all this data. The findings also revealed that while much is known about how big data is helping insurance right now, there's still a lot to be elucidated in terms of the long-term effects.

"This means researchers and people in charge of insurance rules need to keep studying to make sure big data is used the right way," adds Ellili. "Our findings give us a roadmap, like a guide, for future research, telling us what we should look at next."