Case Study:

Insurance Carrier Saves Over $2 Million in Annualized Premium Losses Through Data-Driven Customer Retention Program

CLIENT BACKGROUND

A regional property and casualty insurance company that sells and services automobile and homeowner policies.

With industry-wide average attrition rates over 20%, retaining customers is crucial for insurance carriers of all sizes. In the case of this insurer, deploying a predictive retention model was key to their success.

The insurer worked with LexisNexis® to develop a targeted retention strategy that harnessed statistical analysis and predictive modeling in order to:

- Monitor policies nearing expiration
- Determine which policy holders were most at risk for non-renewal
- Bring focus to policy holders that are the most profitable based on premium
- Engage profitable at-risk policy holders through targeted campaigns to increase renewal rates
- Track renewal rates over time for continuous improvement

The LexisNexis® Renewal Retention Service is a score-based predictive retention strategy model that:

- Leverages the LexisNexis repository of public records
- Indexes customer behavior to identify and segment the customer behavior patterns that indicate the potential for non-renewal
- Returns a retention score and reason for the score for each customer that provides a quantifiable prediction of how likely that customer is to non-renew and why

The solution allowed marketing staff to adjust creative messaging to address the relevant reasons for renewing or not renewing a policy, such as price or service. This enabled them to target campaigns to the most profitable customers. Campaign strategies were also modified for maximum effect (for example, some customers only required a mailer where others received a phone call as well).

OVER $2 MILLION IN PREMIUMS SAVED

The client was able to increase customer retention by almost 9% (mail only) and 16% (with phone follow-up), preventing well over $2 million in potentially lost premiums during the first year of the program.

LexisNexis® RISK SOLUTIONS | Insurance

The retention score proved to be a key driver in delivering marketing communications to the "right" customer—the customer who presented the greatest potential loss in revenue through a lapsed policy.

LexisNexis robust and reliable data structure, combined with statistical analysis and predictive modeling, was instrumental in enabling the insurer to realize significant ROI from subsequent direct mail and call campaigns. Ultimately, the carrier saved well over $2 million in potentially lost premiums in the first year of the program.

For more information:

Call 800.458.9197 or email insurance.sales@lexisnexis.com

About LexisNexis Risk Solutions

LexisNexis Risk Solutions (www.lexisnexis.com/risk) is a leader in providing essential information that helps customers across all industries and government predict, assess and manage risk. Combining cutting-edge technology, unique data and advanced scoring analytics, we provide products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of Reed Elsevier, a leading publisher and information provider that serves customers in more than 100 countries with more than 30,000 employees worldwide.

Our insurance solutions assist insurers with automating and improving the performance of critical workflow processes to reduce expenses, improve service and position customers for growth.

Why LexisNexis® Renewal Retention Service?

Insurance carriers can't afford to lose hard-won, profitable customers.

This multi-line insurance carrier recognized the value that LexisNexis extensive insurance and analytics experience could bring to its retention initiative, enabling continually improved renewal rates and focusing resources where they have the greatest impact.

By identifying at-risk policyholders and providing information that guided timely and relevant customer engagement, LexisNexis Renewal Retention Service helped the carrier reduce losses and protect profitability.

LexisNexis®
RISK SOLUTIONS

Insurance