SAS® Customer Analytics for Insurance

Lower acquisition costs, improve retention rates and increase wallet share

Overview

In today’s challenging economy, a better understanding of customers’ needs and improved customer services are imperative for lowering acquisition costs, improving retention rates and increasing wallet share. Insurers are experiencing decreasing customer loyalty and rising acquisition costs. And with no single view of the customer, insurers cannot determine customer preferences to identify new opportunities for organic growth through cross-sell and up-sell strategies.

SAS® Customer Analytics for Insurance turns raw data into insight that insurance companies can use to manage marketing strategy intelligently and increase premium revenue. The integrated software infrastructure enables business users to analyze complex customer behavior hidden in large volumes of historical data and answer critical business questions, such as which customers are likely to buy a new product and which are likely to lapse a policy. The framework helps insurers understand customer needs and preferences and align the company’s products and services accordingly. Such insights help marketing and sales personnel target customers with suitable marketing campaigns and improve their response rates.

Challenges

- **No single view of the customer.** Customer data often resides with independent agents or in multiple operational systems across different lines of business, leading to disparate and duplicate customer data.
- **Inability to predict customer behavior.** Inconsistent and incomplete customer data, plus lack of collaboration across departments, make it hard to build effective behavioral models.
- **Ineffective or nonexistent segmentation/customer profiling.** Early withdrawals and low retention rates jeopardize opportunities for recovering acquisition expenses over the policy term and make it difficult to develop a tiered pricing model.
- **Decreased customer loyalty.** Increased competition from insurance aggregator websites, banks and other financial services companies is eroding customer loyalty.
Better understand and drive decisions related to customer profitability

**Key Benefits**

SAS Customer Analytics for Insurance enables you to:

- Create a single view of the customer.
- Increase premium revenue.
- Uncover new sales opportunities and increase wallet share.
- Improve retention rates.
- Reduce marketing costs.

**Key Differentiators**

Only SAS Customer Analytics for Insurance provides you with:

- Superior data integration capabilities.
- An insurance-specific data model and prebuilt analytic capabilities.
- Improved productivity via user-friendly interfaces and intuitive, Web-based reporting.

**How SAS® Can Help**

SAS Customer Analytics for Insurance delivers specific analytical techniques to help you understand and drive decisions related to customer profitability. The solution enables you to segment customers according to a multitude of variables – including demographics, geographics, claims history and other behavioral attributes – to create more meaningful and targeted marketing programs.

The solution helps you improve retention rates by determining causes and predicting future occurrences of customer attrition. In addition, you can increase premium revenue by knowing which customers are good candidates for cross-selling and up-selling by applying analytics to historical data.

**Create a Single View of the Customer**

SAS Customer Analytics for Insurance consolidates all customer data into one place – regardless of source. The solution cleanses the data and transforms it to provide a complete picture of the entire customer relationship. In addition, the solution:

- Supports both customer-centric and household-centric views.
- Delivers consistent, accurate, verifiable and up-to-date information.
- Includes a comprehensive warehouse data model that serves as a single version of truth and standardizes more than 5,000 insurance data elements to ensure consistent terminology and reporting throughout the organization.

**Increase Premium Revenue**

Segmenting existing books of business to understand the key rating variables that drive underwriting performance is fundamental for sustained growth. SAS Customer Analytics for Insurance enables you to understand interrelationships among variables to improve rating and pricing strategies.

**Uncover New Sales Opportunities, and Increase Wallet Share**

It is essential both to retain existing customers and to maximize their lifetime value through cross-selling and up-selling. SAS Customer Analytics for Insurance enables you to identify potential cross-sell/up-sell prospects using predictive analytics – like decision trees – to forecast expected customer behavior.

**Improve Retention Rates**

Predict customer behavior using detailed analytics, such as cluster analysis, to gain insight into the major factors that influence customer retention. SAS Customer Analytics for Insurance provides reporting on lapsed policies and an accurate early-warning alert system for predicting who is likely to lapse in the future.

**Reduce Marketing Costs**

SAS Customer Analytics for Insurance enables you to connect policy offers to the right customers using predictive analytic techniques based on demographic, geographic and behavioral data across the organization.
Capabilities

Insurance Data Model

A comprehensive, scalable data model serves as a single version of the truth for an enterprise data warehouse that covers all key insurance subject areas. Historical data is stored at a granular level to support all reporting and analytical requirements. The solution supports P&C (both personal and commercial lines) and life products, and has the flexibility to extend to new lines of business as needs arise. The solution also includes:

- A comprehensive dictionary that describes insurance data elements.
- A complete mapping of physical data structures to business terms.
- Both logical and physical data models – e.g., ERwin data models and SAS metadata.
- The ability to be deployed in multiple databases, including SAS, Oracle, Teradata and DB2.
- Business data definitions that are consistent with global insurance data standards, such as ACORD.
- Support for a variety of business issues, including Solvency II.

Data Management

An enterprise data management environment meets all your data management needs. You can access data from virtually any system in any form, transform and cleanse data in real time, and handle data migration and synchronization federation projects – all through a versatile environment that is easy to deploy. The solution also includes:

- Wizards for accessing source systems, creating target structures, importing and exporting metadata, and building and executing data ETL process flows.
- A dedicated GUI for profiling data and identifying and repairing source system issues, while retaining the business rules for later use in ETL processes.
- Real-time services for real-time data cleansing and augmentation, as well as other real-time processes.
- Enterprise connectivity to data sources – AS/400, ODBC, IBM DB2/UDB, Informix, Microsoft Access, Excel, SQL Server, Netezza, Oracle, Sybase, SAS, Teradata and more.
- Support for unstructured and semi-structured data.
- Data quality embedded into batch, near-time and real-time processes.
- Data cleansing provided in native languages, with specific language awareness and localizations for more than 20 worldwide regions.
- Out-of-the-box standardization rules that conform data to corporate standards, plus the ability to build customized rules for special situations.
- An interactive GUI that enables data stewards to profile operational data and monitor ongoing data activities.
- Customized and reusable data quality business rules that can be accessed directly within process job flows.
- The ability to migrate or synchronize data between database structures, enterprise applications, mainframe legacy files, text, XML, message queues and a host of other sources.
- The ability to join data across sources for real-time access and analysis.

Reporting and Business Intelligence

Comprehensive, easy-to-use business intelligence software provides insights to empower users at all levels to make better decisions faster. Capabilities include portals and dashboards, report viewing, report building, advanced data exploration, Microsoft Office integration, guided analysis, metadata management, guided SAS OLAP cube creation and application development. In addition, the solution includes:

- A Web-based, interactive reporting interface for business users.
- Query capabilities for all levels of users across multiple BI interfaces.
- The ability to slice and dice multidimensional data using a special slicer dimension and by applying filters on any level of a hierarchy.
- Critical first-alert, call-to-action dashboards for performance results.
- Dynamic business visualization tools for interactive data exploration, visual queries and more.
- Access to SAS capabilities for data access, reporting and analytics directly from Microsoft Office, including Word, Excel and PowerPoint.
- Wizard driven report creation within Microsoft Office tools.
Data Mining and Predictive Modeling

SAS Customer Analytics for Insurance enables data miners and business analysts to create highly accurate predictive and descriptive models based on the analysis of vast amounts of data within your company. Results can be shared throughout the organization to deliver analytical information and incorporate models into business processes. The solution also includes:

- A powerful set of interactive data preparation tools for optimally addressing missing values, filtering outliers and developing segmentation rules.
- An unmatched suite of predictive and descriptive modeling algorithms, including: decision trees, neural networks, memory-based reasoning, hierarchical clustering, linear and logistic regression, associations, market basket analysis, sequence and Web path analysis, and more.
- The ability to combine model predictions to form a potentially stronger solution (e.g., averaging, voting and maximum).
- Model evaluation to compare multiple models in a single framework for all data sources.

Why SAS®?

Superior Data Integration Capabilities

Only SAS gathers all customer data into a single version of the truth by pulling together data from all touch points and distribution channels across the organization.

The solution also automatically validates data as part of the data integration process so insurers can be confident in its integrity throughout the organization.

Insurance Data Model and Prebuilt Analytic Capabilities

SAS helps you jump-start your analytic capabilities with insurance-specific logical and physical data models. In addition, SAS enables you to:

- Reduce costs and implementation time with prebuilt customer data marts and predictive models.
- Accurately forecast customer behavior using SAS’ powerful predictive analytics.
- Analyze data for trends to segment markets, determine customer value and calculate retention scores that provide early-warning indicators when a key customer’s behavior is about to change.

Improved Productivity

Only SAS provides prebuilt processes and analytic techniques with a ready-to-deploy architecture specifically designed to address a wide range of insurance business challenges, which boosts the productivity and self-sufficiency of your business analysts and subject matter experts. In addition:

- A guided, user-friendly interface enables business analysts to develop predictive analytical models for customer analytics, including those for segmentation, retention, cross-sell and up-sell.
- SAS’ award-winning business intelligence technology enables intuitive, Web-based reporting.
- A portal framework hosts scorecarding, dashboards and other reporting capabilities to disseminate information throughout the organization.
- Business users have ready access to online reports containing performance data in historical comparisons with drill-down capabilities on the latest key metrics, such as line of business revenue and retention rates.

About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at more than 50,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®: www.sas.com