



## SAS® Customer Segmentation for Insurance

*Improve campaign efficiency and profitability with accurate classification of customer value*

The ability to segment customers according to their likely behavior and potential profitability is key for gaining a complete understanding of customers—and understanding customers is more important than ever for insurance companies, where intense competition, declining customer loyalty and high lapse rates continue to erode profit margins.

But many insurance providers struggle to segment their customers effectively, often because they have difficulty making sense of the huge volumes of customer data that exist throughout the enterprise. Even when some segmentation is possible, it is often limited to simple demographic segments or basic policy data that gives no quantifiable insight into either current customer value or likely future behavior.

Many insurers also lack the ability to track changes in customer segments—such as changes in life stage or overall buying habits—leaving these companies with no way to evaluate the long-term success of their marketing efforts.

Without accurate, verifiable segmentation of customers with respect to value, strategic decision makers cannot get the information they need to evaluate and execute strategies, such as effective underwriting, for improving the efficiency of marketing campaigns and customer profitability. Segmentation achieves the most value when customers are grouped according to data such as propensity to claim, life stage, life style, product holdings, cross-sell potential, lapse potential and key demographics.

### **Better marketing through accurate segmentation**

SAS® Customer Segmentation for Insurance is built on SAS software's open, extensible architecture and takes advantage of its award-winning data warehousing and analytics. This analytical depth gives marketers the ability to create more accurate customer segments and predict customer behavior, which in turn gives insurers the power to create better-targeted product offers, product communications and bundled services.

The solution identifies and categorizes the customer base into distinct groupings with similar characteristics to:

- Create manageable groups for targeted activities such as underwriting and marketing campaigns.
- Identify attributes, needs and wants of each customer group.
- Compare the characteristics of different segments to determine segment-specific actions.
- Set effective measurable goals for each segment.

SAS Customer Segmentation for Insurance uses demographic, geographic, attitudinal and behavioral data available from across the enterprise as well as information from analytical applications, such as cross-sell potential, lapse propensity, etc., to develop highly accurate segments. Insurers can segment their customers according to a multitude of variables including current and future profitability, claims propensity and overall risk potential.



This kind of segmentation allows insurance companies to deploy appropriate marketing, service and sales strategies to different segments in order to improve response rates, customer retention, overall business performance and profitability. Segments generated by SAS are also written back to client and client segment data structures in order to attach segmentation information to customer records and allow more effective tracking of segments over time. These segments can provide relevant channel support as well, supplying customer intelligence to insurance intermediaries.

### **Comprehensive insurance intelligence**

SAS Customer Segmentation for Insurance is available as a component of SAS Insurance Intelligence Solutions, a suite of software and services that combines award-winning analytic and data warehousing technology with decades of industry experience. Through proven, prebuilt processes, techniques and models, SAS Insurance Intelligence Solutions speed up both implementation and results—yielding significant returns within months, not years.

SAS Insurance Intelligence Solutions provide powerful, integrated intelligence for numerous aspects of your business, including marketing automation, performance management, cross-sell and up-sell, customer retention, customer segmentation and claims prediction.

### **About SAS**

SAS is the market leader in providing a new generation of business intelligence software and services that create true enterprise intelligence. SAS has more than 800 insurance customers worldwide. In all, SAS solutions are used at more than 40,000 sites—including 90 percent of the Fortune 500—to develop more profitable relationships with customers and suppliers; to enable better, more accurate and informed decisions; and to drive organizations forward. SAS is the only vendor that completely integrates leading data warehousing, analytics and traditional BI applications to create intelligence from massive amounts of data. For more than 25 years, SAS has been giving customers around the world *The Power to Know*®. Visit us at [www.sas.com](http://www.sas.com).



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