



Business Impact

“A client that buys more – a client that has more and more products or more coverage – doesn’t leave.”

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Challenges

- **Inability to create a single view of the customer.** Multiple, disparate legacy systems across different lines of business result in conflicting and inconsistent customer views.
- **Insufficient customer insight.** Insurers often lack sufficient insight into customers’ lifestyle changes, insurance buying habits and behaviors.
- **Lack of cross-channel integration.** Agents, brokers, growth of direct channels and the emergence of social media are making it essential to integrate customer insight across multiple distribution channels to make fully informed decisions.

How can we improve customer retention rates and increase premium income?

YOUR GOAL: Increase profitability and lower churn rates.

Insurance products have become largely commoditized, and customers often choose their insurer purely on the basis of price. Due in large measure to the rapid growth of the Internet and the proliferation of online insurance aggregators, customers now have a greater choice than ever for insurance quotations. With little differentiation between product offerings, it is extremely challenging for insurance companies to retain customers, and this results in poor loyalty levels and increased costs.

Retention of the *right* policyholder, however, is imperative for profitability. Because the cost of acquiring new customers can be up to 10 times the cost of retaining existing ones, even a small increase in retention rates can add millions of dollars to premium revenue, while an increase in lapse rates for unprofitable customers can dramatically improve an insurer’s combined ratio.

Experience shows that a customer holding two policies with the same company is much more likely to renew than a customer holding a single policy. Unfortunately, disparate customer databases for different lines of business make it difficult to construct a consistent, consolidated view of each customer. And without a single view of the customer – along with an understanding of which customers are profitable and why – it is impossible to determine which types of customers you should try to retain.

OUR APPROACH

The key to improving retention rates lies in gathering and analyzing all your customer data in order to fully understand customer behavior, and developing proactive retention strategies. SAS approaches the problem by delivering software and services that help you:

- **Gain a 360-degree view of the customer** by consolidating all policy, claims and billing data in one place, regardless of format; cleansing the data; and then transforming it into a complete picture of the entire customer relationship.
- **Identify those customers most likely to lapse or cancel policies** by using predictive analytics to identify behaviors that signal attrition so you can do something about it *before* it happens – not when it’s too late.
- **Connect the right products to the right customer segments through agents and direct channels** by analyzing customer data to determine what drives customer loyalty and to identify cross-sell and up-sell opportunities.

Advanced customer analytics from SAS can unlock insights hidden in your customer data, and you can use this knowledge to retain your most valuable customers, acquire more like them and improve your overall profitability.



THE SAS® DIFFERENCE: Increase retention, acquisition and profitability

Only SAS provides a complete framework of capabilities to help insurers predict customer lapse and implement successful marketing campaigns to increase revenue.

With SAS you get:

- **Market-leading data management capabilities.** Extract data from multiple sources, and transform it to identify profitable customers with the highest risk of attrition.
- **An analytical data model.** Accelerate analytical capabilities with a prebuilt, insurance-specific data model that addresses retention, segmentation and cross-sell/up-sell for all lines of business.
- **Advanced analytics.** Reduce attrition rates by as much as 30 percent by analyzing data for trends and calculating retention scores.
- **Proven campaign management.** Plan, test and execute marketing campaigns to improve marketing efficiency and effectiveness, and achieve better response rates. By using SAS, one insurer was able to increase revenue by 12 percent through more effective campaigns and improved response rates.

Recognized as the industry leader in analytics – with more than 30 years of experience in insurance – SAS offers everything you need to identify, acquire and retain valuable, loyal customers.

CASE STUDY: Allianz Portugal

Situation

In order to remain competitive in the insurance market, Allianz Portugal was looking for an effective way to predict policy lapses before they occur and make compelling, timely offers that would keep customers from switching to competitors.

Solution

SAS delivered a customer intelligence solution featuring advanced analytics to help the company:

- Predict lapses in coverage.
- Calculate cross-sell, up-sell and next-best offers for clients.
- Segment customer populations.

Results

- Higher premium revenue by predicting and preventing coverage lapses.
- Increased profitability with better segmentation of customer populations.
- Maximized customer value by making the right cross-sell and up-sell offers.

What if you could ...

Gain a single view of the customer

What if you could gather all your data into a single customer view and increase the likelihood of selling multiple policies to a single customer, as well as improve your retention rates?

Identify customers most likely to leave – before it's too late

What if you could create a proactive retention strategy that prevents customers from canceling their policies?

Connect the right products to the right customers

What if you could predict and offer the products that customers want next – taking into account customers' response rates, buying behaviors, online experience and lifetime value – thereby enhancing lead generation for agents and increasing ROI for campaign management?

You can. SAS gives you THE POWER TO KNOW®.

SAS FACTS

- More than 1,000 insurance companies worldwide are SAS customers.
- SAS has more than three decades of experience working with insurance companies across the globe.
- SAS customers make up 90 of the top 100 companies on the 2011 Fortune Global 500®.

Learn more about SAS software and services for insurance at:
www.sas.com/industry/insurance



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