

Case study — Auto insurance

Direct marketing analytics



Personal lines insurer

A Personal Lines Insurer was challenged in growing their auto insurance revenue base and was seeking alternative marketing approaches that could cost-effectively deliver preferred risk business. EXL was introduced to the carrier through their relationship with a third party. This firm had observed EXL's success in helping launch other insurers into the direct-to-consumer marketing channel and was more than happy to facilitate an initial capabilities overview meeting. Following this meeting, it was decided that EXL would conduct a feasibility study to assess the go-forward viability of a direct mail marketing effort.

Solution

EXL's process started with a feasibility study based on the client's past marketing efforts. In this instance, prior marketing activity was somewhat limited but it did show the potential for profitable direct mail customer acquisition. Consequently, EXL recommended that the client proceed to a test marketing campaign from which information would be gleaned to determine an optimal multi-dimensional profitability targeting strategy. The test would result in the predication of predictive models that would isolate the most likely response and purchase candidates. In addition, the test would scale how large the potential universe would be within the constraints of the clients' acquisition cost target. To protect against adverse risk exposures, EXL worked closely with client's marketing, actuarial and product to stratify the model sample into well-defined risk groups using credit based and demographic criteria.



9.8M

mailings conducted in the first year
with annual volumes growing

Following the test marketing campaign, gains charts were produced that revealed the client could profitably mail 10 million direct solicitations annually

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to prospects who met preferred risk criteria. It was further estimated that through continued iterative testing and model enhancements this volume of mail could likely go much higher. To address quality of risk concerns, EXL would utilize its dynamic scoring and segmenting system to accurately rank prospects likelihood of retention and persistence, thus providing a sharper analysis of direct marketing effectiveness. EXL would engage analytics and their deep technical expertise to identify the highest value prospects. These prospects would then be rank ordered enabling EXL to market, on the clients' behalf, only to those individuals likely to produce a profitable lifetime value.

Results

The initial prognosis proved to be accurate and 9.8 million mailings were conducted in the first year. Most importantly for the client, the mailings produced a desirable mix of business and satisfied their preferred risk preference. Continued mailings allowed for refinement of existing models and the development of new models.

Many years later EXL continues to conduct the direct mail effort for this client with annual volumes far in excess of those mailed in the first year.

About EXL

EXL (NASDAQ: EXLS) is a leading business process solutions company that looks deeper to drive business impact through integrated services and industry knowledge. EXL provides operations management, analytics and technology platforms to organizations in insurance, healthcare, banking and financial services, utilities, travel, and transportation and logistics, among others. We work as a strategic partner to help our clients streamline business operations, improve corporate finance, manage compliance, create new channels for growth and better adapt to change. Headquartered in New York and in business since 1999, EXL has approximately 23,000 professionals in locations throughout the U.S., Europe and Asia.

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