

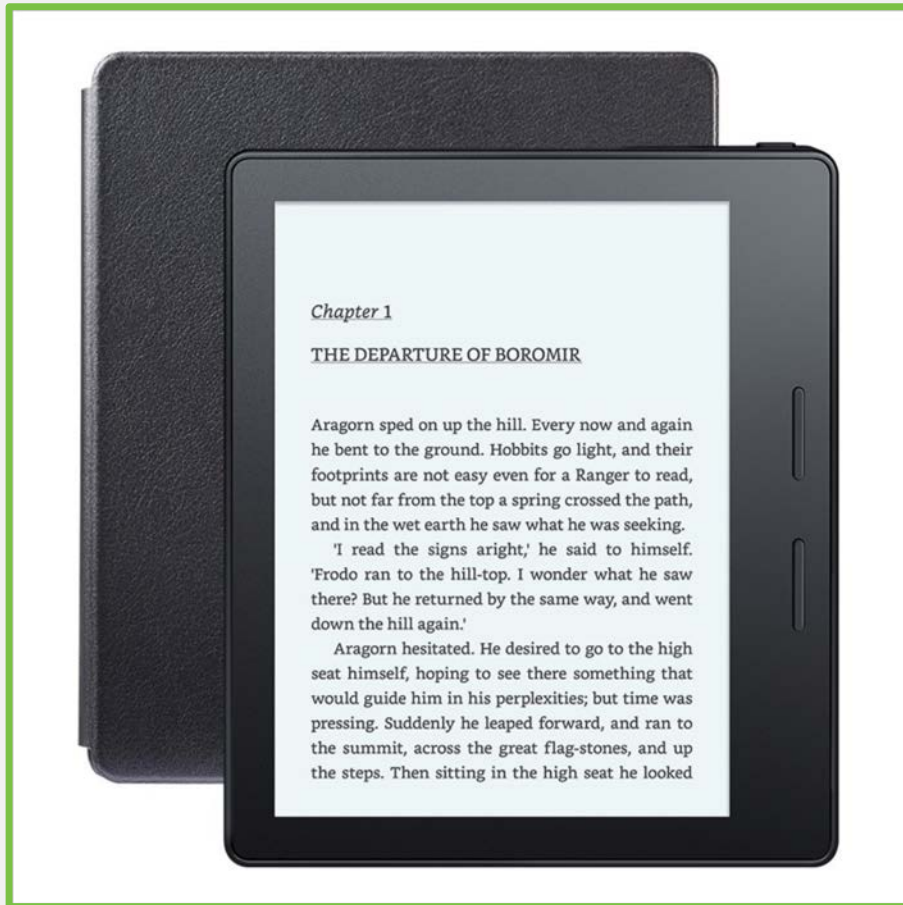


# **Personalizing Policy Coverage Options with Analytics for a Customer Centric Competitive Advantage**

Toby Alfred, Digital Transformation Strategies, LLC

Lucy Kadets, Earnix

# Win a Kindle – Enter Your Name During the Session!



amazonkindle



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# Agenda

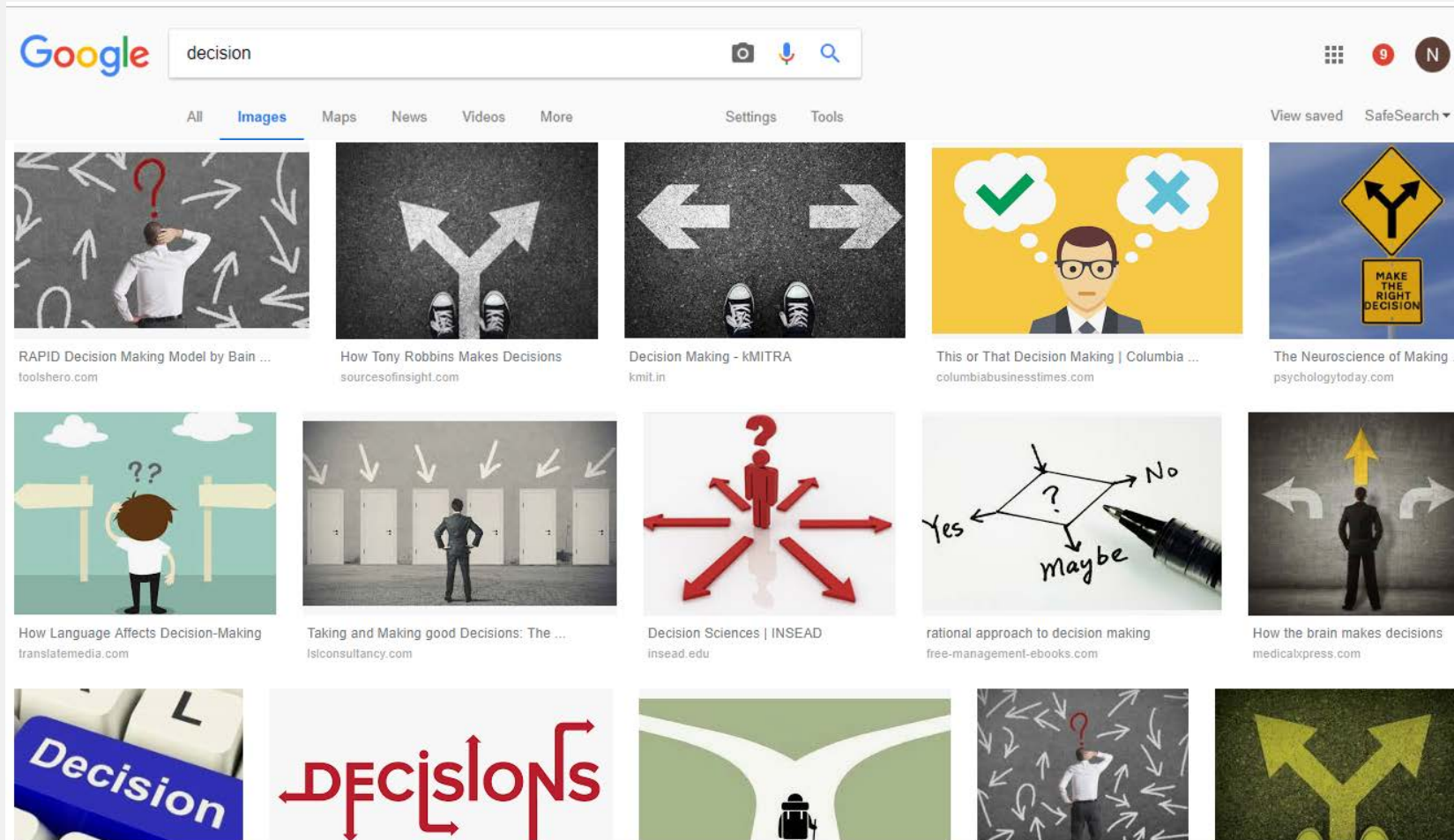
- 1 The Challenge
- 2 The Earnix POV and Use Cases
- 3 Live Demonstration
- 4 Personalization Brought to Life
- 5 Summary and Key Takeaways

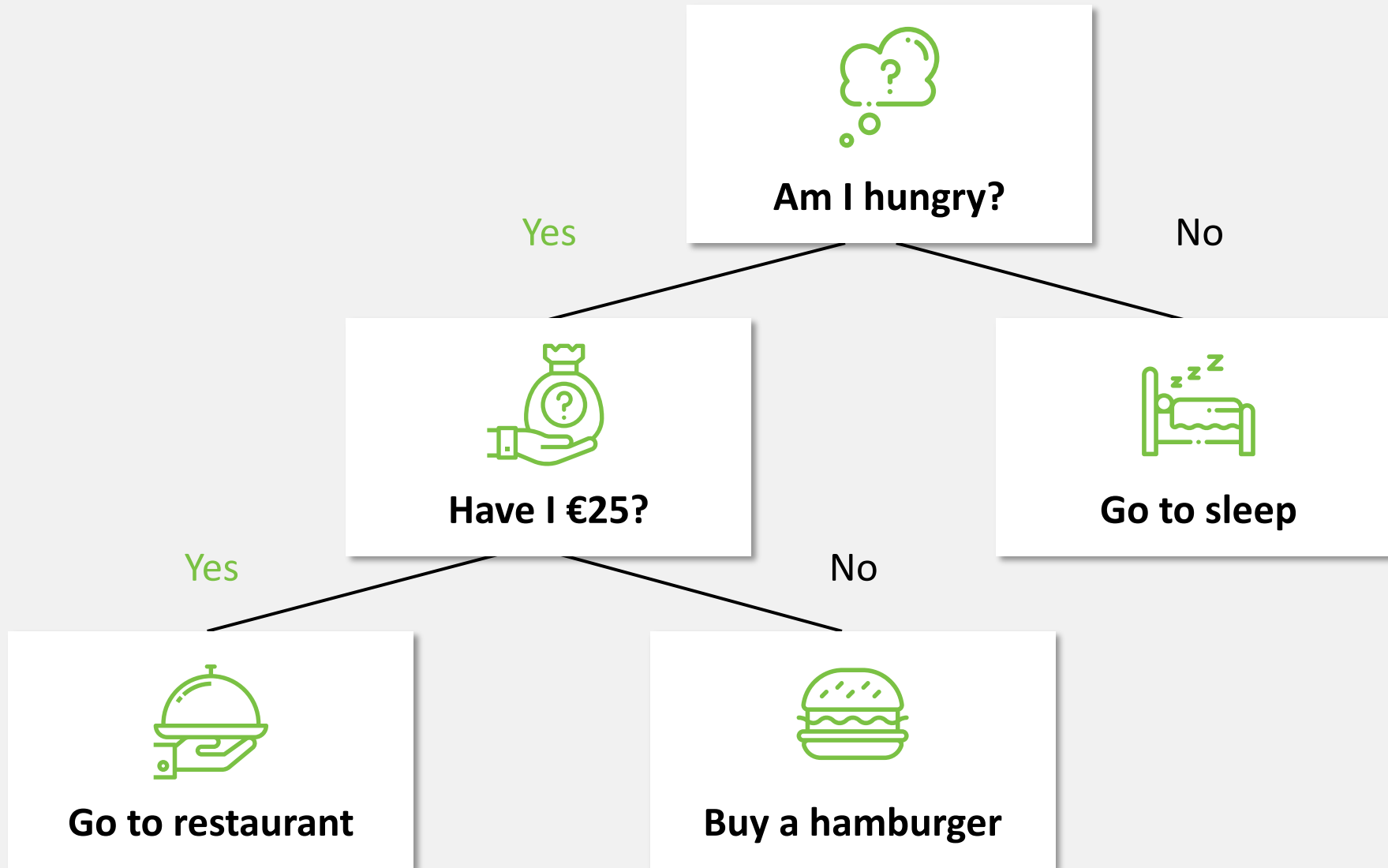


# The Challenge



# We face thousands of decisions every day





# In each and every minute, there are:



**494,400**  
Tweets



**205,740**  
Skype calls



**164,373,000**  
Emails sent  
67% is spam

 = spam



**52,560**  
Instagram  
photos uploaded



**4,216,200**  
Google searches



**54,530**  
Visits to  
Amazon.com



# Sometimes we just need someone to help us decide!

amazon



## Customers who viewed this item also viewed

<

<b>Focused Space The Departure, Blue, One Size</b> ★★★★☆ 13 3 offers from \$261.00	<b>Focused Space The Departure, Tan, One Size</b> ★★★★☆ 13 1 offer from \$303.00	<b>Focused Space The Commander Backpack</b> ★★★★☆ 19 \$50.26 - \$659.33	<b>Focused Space The Departure Backpack (Denim)</b> ★★★★☆ 13 \$19.99 <small>prime</small>

## Customers also considered

<

<b>Herschel Supply Co. Settlement Backpack</b> ★★★★☆ 405 \$54.99 - \$90.95	<b>Herschel Supply Co. Little America Backpack</b> ★★★★☆ 10 \$94.79 - \$105.99	<b>Herschel Supply Co. Heritage Backpack</b> ★★★★☆ 665 \$48.00 - \$80.95	<b>Herschel Supply Co. Heritage Youth Childre Backpack</b> ★★★★☆ 15 \$45.00 - \$69.97

# When dealing with insurance policies, decision making becomes even more complex

- ✓ Lack of domain knowledge
- ✓ Significant to the customer
- ✓ Long term effect

- ✓ Can lead to not making any choice
- ✓ May leave the customer frustrated

I don't know!

I don't care...

Can I just speak to an advisor?

I just get the most basic package

I will just stay with my current company

I don't trust these advisors!

**Making it easier for the customer to decide will drive more new purchases and more customer satisfaction**

# Earnix POV and Use Cases



# What is Earnix Personalize-it?

- ✓ Earnix Personalize-it extends the Earnix analytical platform beyond pricing
- ✓ Instead of offering all customers the same offers, Earnix Personalize-it generates, for each customer, a personalized product or bundle that fits them the most



# 1 Enable More Digital Sales

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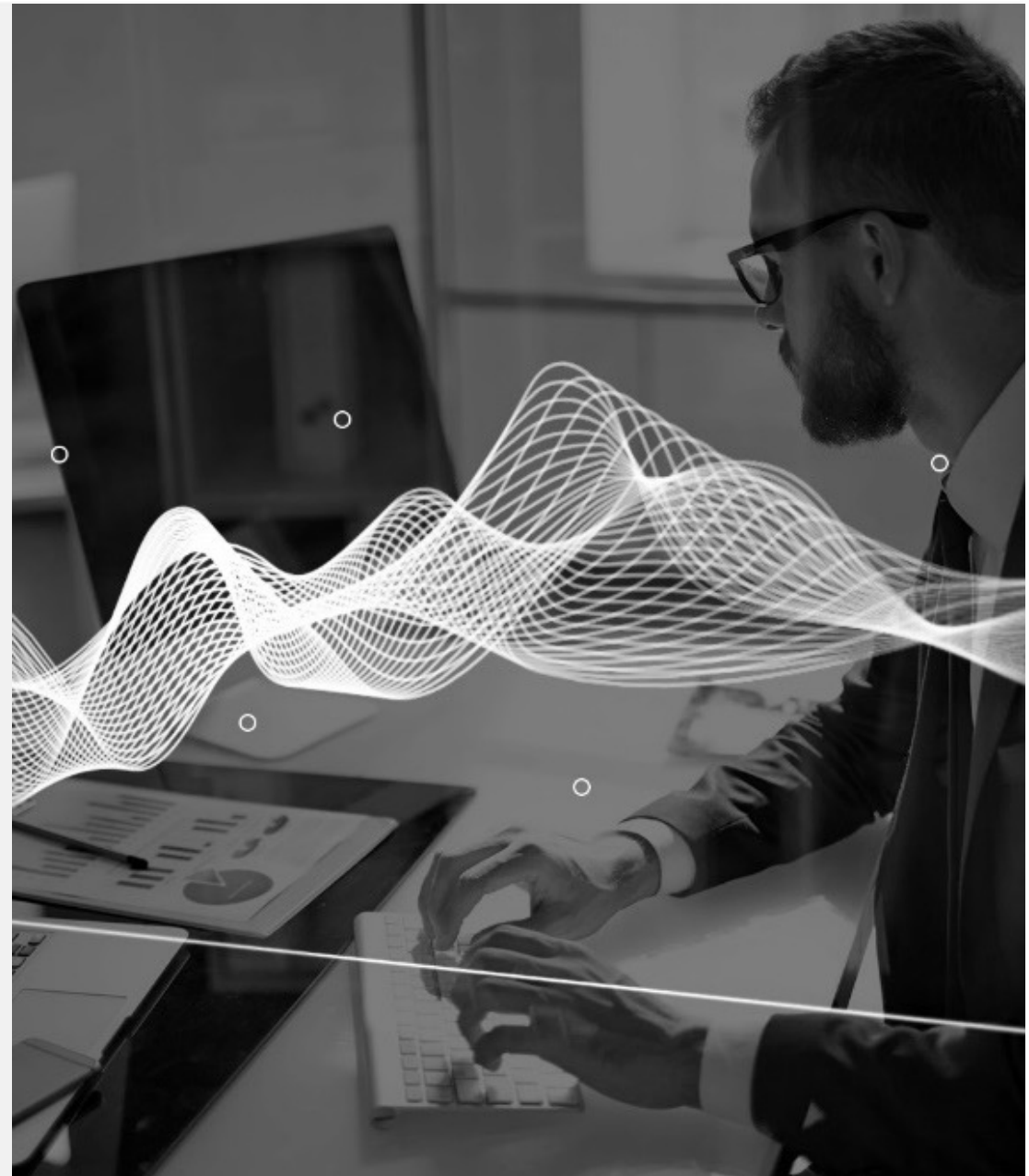
- Sell to digital customers the “ **f** **a** **N** **G** ” way
  - Understand their needs
  - Analyze their data
  - Offer them a personalized package
- Make it easier to buy online
  - Offer a limited amount of (right) options
  - Reduce the need for (expensive) human advice



## 2 Better Monetization of Data

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- Make better use of the vast amount of existing data
- Use data that cannot be used for pricing or credit scoring





3

## Fast roll-out of New Products

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- Efficiently define, deploy and update product features and bundles
- Move quickly from data > insight > action
- Quickly roll out new product strategies



## 4 Better Company Collaboration

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- Product and actuaries working together in one system
- Using marketing data for pricing and pricing data for marketing
- Insights for business users



# Earnix Personalize-it is Used By:

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## ✓ Pricing Actuary

- Well versed in statistical and machine learning models
- Creates **personalization-specific** demand models and optimizations

## ✓ Product/ Marketing Manager Head of Line of Business

- Manages catalogs of products and bundles
- Defines business rules and performs simulations

**Product Manager**

Defines and manages products and product features

Prepares offers catalog for different channels / campaigns

Inspects personalized offers for each sector

Monitors conversions, profits and compliance with business strategy

**Pricing Analyst**

Builds risk models and pricing versions for all products

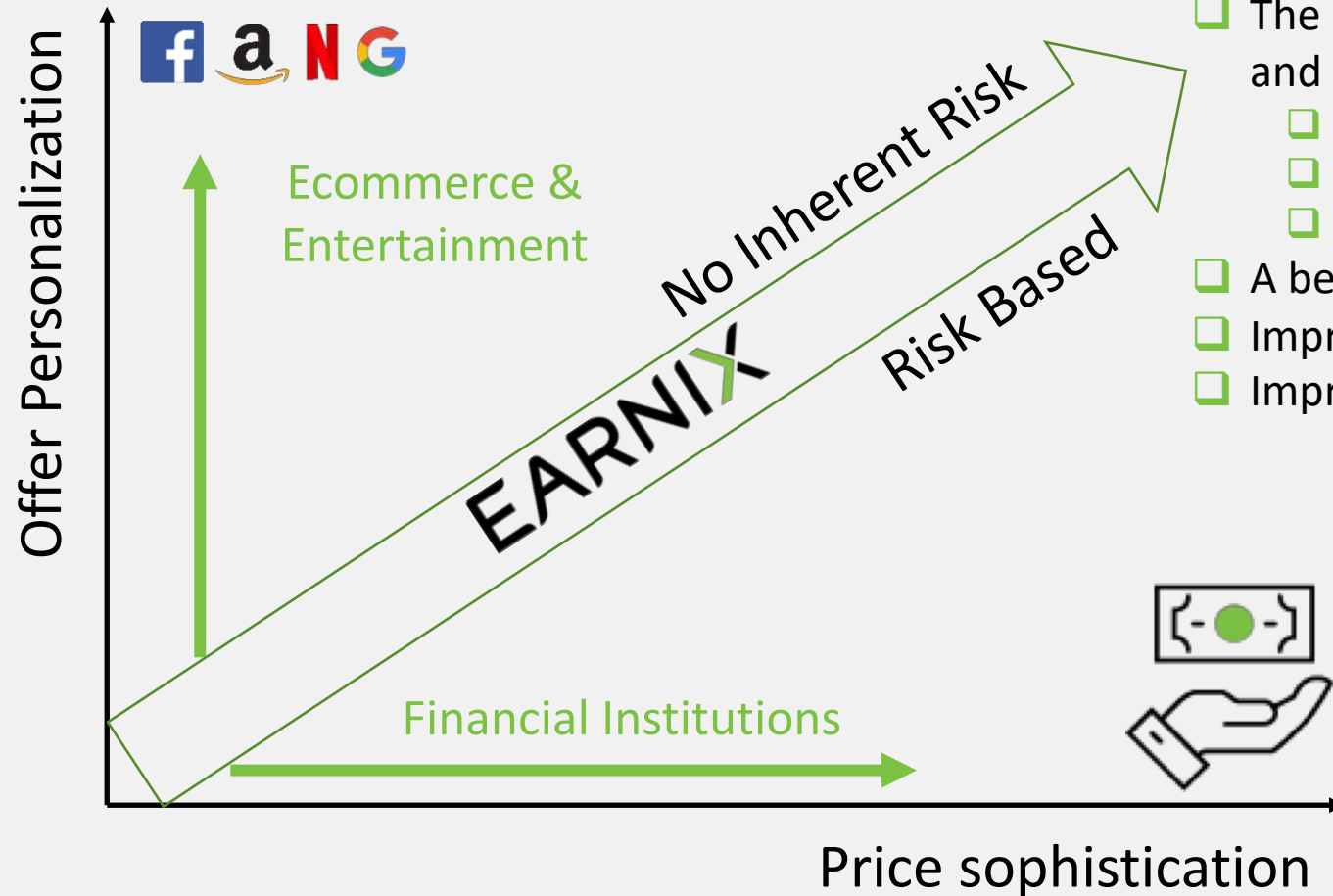
Prepares multinomial demand and personalization versions

Deploys mutually chosen strategy to respective channel

Gets conversion data to reprice and personalize offers for the next month

**Deliver personalized offer**

# The Best of Both Worlds



Being able to Personalize a Risk Based product results in:

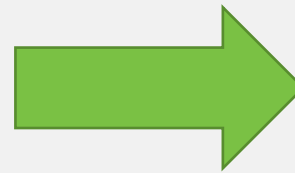
- ❑ Creation of a package that is right for the customer and the organization.
- ❑ The ability to differentiate in a world of core product and service commoditization by:
  - ❑ Adding value and trust – ensuring well being.
  - ❑ Moving from transactional to relational.
  - ❑ Becoming partners & not punishers in risk.
- ❑ A better customer experience
- ❑ Improved customer satisfaction
- ❑ Improved business results

# Use Cases

# Home Insurance



# Obtaining a Home Insurance Policy can be difficult...



# Use Cases

## Auto Insurance





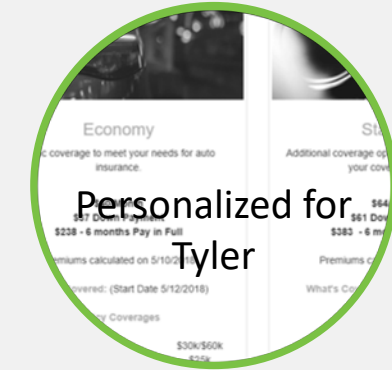
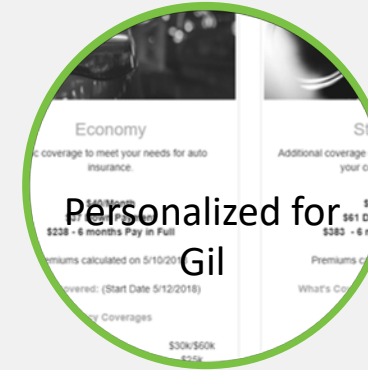
Gil  
27,  
Copywriter



# EARNIX

Predict. Perform.

## Which product bundle will lead to a sale?



### Complete Online Auto Policy Application

Tyler  
40,  
Marketing  
Analytics  
Director

- ✓ Great Customer Experience
- ✓ Improved Business Results

Auto Insurance policies can be complicated.

## Economy

Basic coverage to meet your needs for auto insurance.

\$40/Month  
\$37 Down Payment  
\$238 - 6 months Pay in Full

Premiums calculated on 5/10/2018

**What's Covered:** (Start Date 5/12/2018)

### Policy Coverages

Bodily Injury Liability	\$30k/\$60k
Property Damage Liability	\$25k
Collision	Not Included
Comprehensive	Not Included
Medical Payments	Not Included
Uninsured Driver Bodily Injury	\$30k/\$60k
Underinsured Driver Bodily Injury	Not Included
Uninsured Driver Property Damage	\$25k/\$100k

### Core Vehicle Coverages

New Vehicle Replacement	Not Included
ID Theft	Not Included
Umbrella	Not Included
Accident Forgiveness	Not Included
Disappearing Deductibles	No
<b>Package</b>	Base

## Standard

Additional coverage options beyond basic to meet your coverage needs.

\$64/Month  
\$61 Down Payment  
\$383 - 6 months Pay in Full

Premiums calculated on 5/10/2018

**What's Covered:** (Start Date 5/12/2018)

### Policy Coverages

Bodily Injury Liability	\$50k/\$100k
Property Damage Liability	\$50k
Collision	\$500 Deductible
Comprehensive	\$500 Deductible
Medical Payments	Not Included
Uninsured Driver Bodily Injury	Not Included
Underinsured Driver Bodily Injury	\$50k/\$100k
Uninsured Driver Property Damage	\$50k/\$100k

### Core Vehicle Coverages

New Vehicle Replacement	Not Included
ID Theft	Not Included
Umbrella	Not Included
Accident Forgiveness	Not Included
Disappearing Deductibles	No
<b>Package</b>	Plus

## Enhanced

Extended coverage options for unique situations and environments.

\$76/Month  
\$73 Down Payment  
\$451 - 6 months Pay in Full

Premiums calculated on 5/10/2018

**What's Covered:** (Start Date 5/12/2018)

### Policy Coverages

Bodily Injury Liability	\$100k/\$300k
Property Damage Liability	\$50k
Collision	\$500 Deductible
Comprehensive	\$500 Deductible
Medical Payments	\$2,000
Uninsured Driver Bodily Injury	Not Included
Underinsured Driver Bodily Injury	\$100k/\$300k
Uninsured Driver Property Damage	\$50k/\$100k

### Core Vehicle Coverages

New Vehicle Replacement	Not Included
ID Theft	Yes
Umbrella	\$50k
Accident Forgiveness	Yes
Disappearing Deductibles	Yes
<b>Package</b>	Super Plus



# Live Demo



# Personalization Brought to Life



# Personalization- What it is and Why is it so Important

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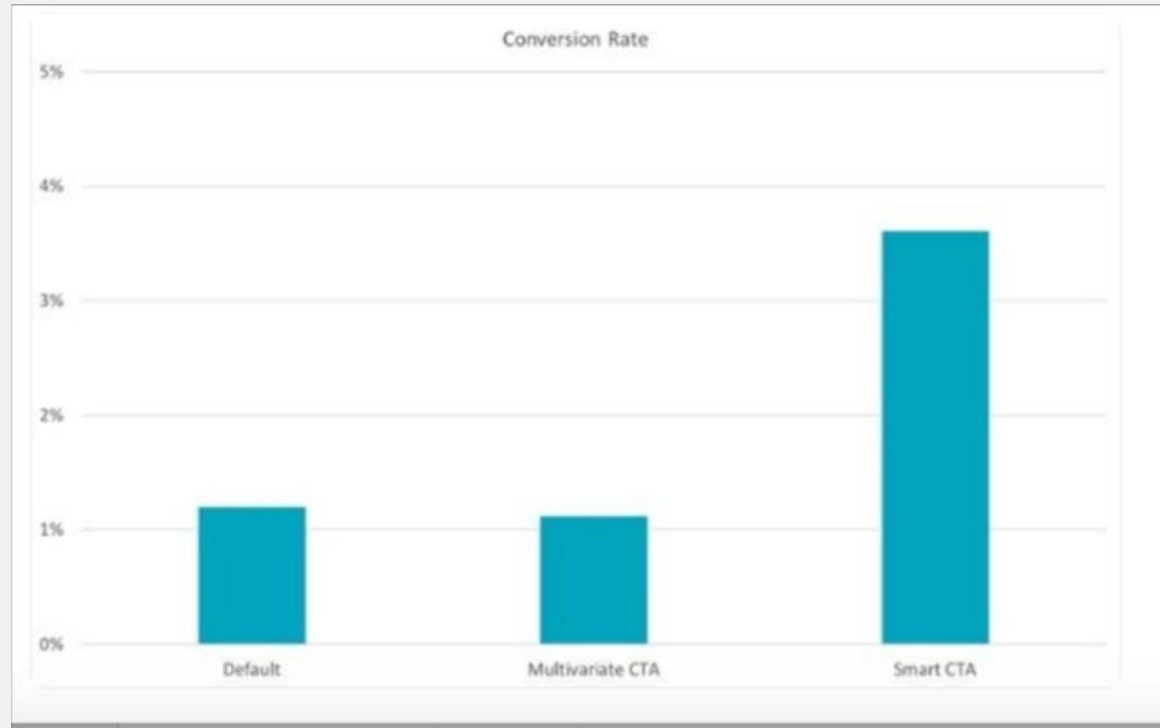
- ✓ Interacting with a customer through content, pricing, or presentation in a way that makes them feel that their interests are being taken into account.
  - Tailor content for individual users depending on their characteristics and preferences, gauged through data collection, analysis and automation technology.
- ✓ Personalization is more than the repeating of your name
  - Though this has shown to increase value as well
- ✓ Personalization enables segmentation and targeting
  - Key element to increase both revenue and customer base
- ✓ Creates the feeling of consumer control and helps the consumer deal with information overload\*
  - Provide the consumer with what they want and lets them focus on what's important to them
- ✓ 53% of consumers will share more personal data in order to receive more personalized experiences\*\*

\*University of Texas Study "Customer Control and Customization..." 12/2008

\*\*SalesForce "State of the Connected Customer" 11/2016

# Personalization- How It Can Affect Your Business Results

- ✓ Active personalization of Calls to Action result in over a 200% increase in conversion rate
  - Compared to no customization or only testing a couple of different versions



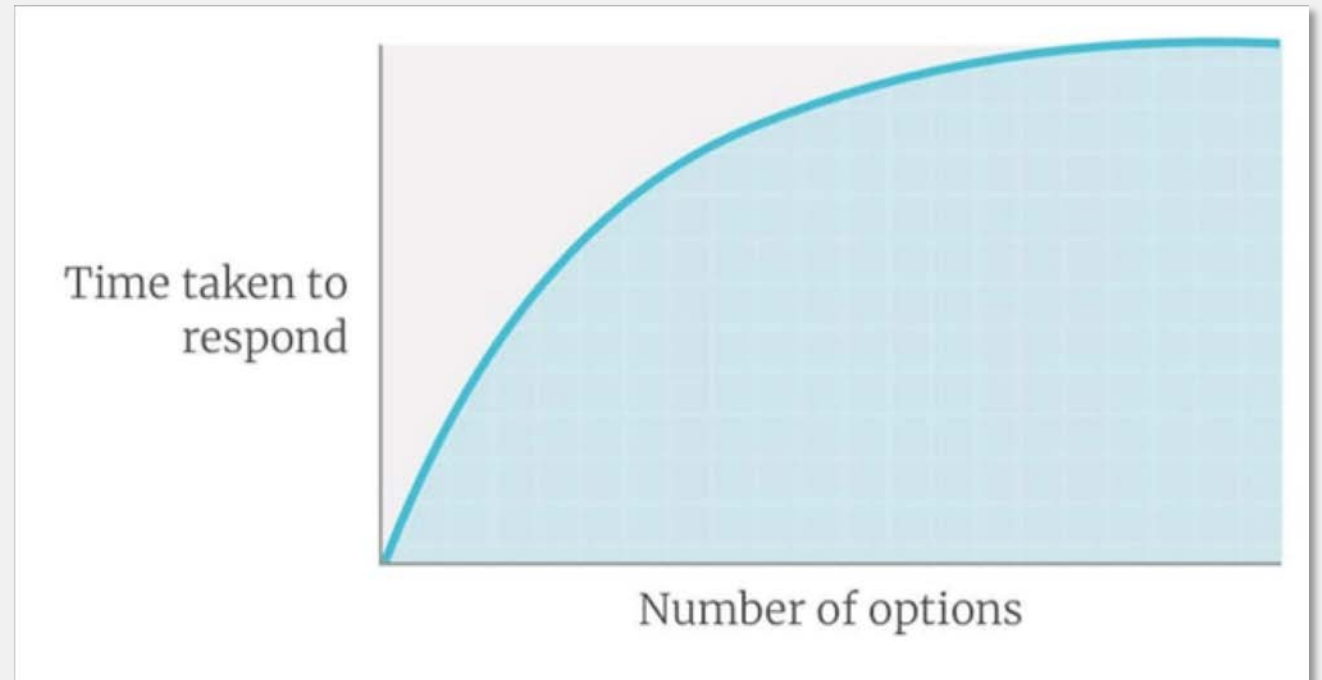
*Hubspot Study*

# Choice Paralysis- Complicated Choices Create Inaction

✓ The Equivalent to Analysis Paralysis- the same root cause for consumers as for analysts



Calvin and Hobbes, by Bill Watterson



Hicks Law

# The Choice Paradox

## A Simple Jam Study



A grocery store conducted 2 tasting sessions. In the first session shoppers were allowed to sample 24 flavors of jams, and in the second session only 6 flavors.



24 Choices

60% of Shoppers Attracted

2 flavors sampled on average

3% of Shoppers Purchased



6 Choices

40% of Shoppers Attracted

2 flavors sampled on average

30% of Shoppers Purchased

Iyengar, S. (Columbia) & Lepper, M. (Stanford), 2000, When choice is demotivating: Can one desire too much of a good thing. Journal of Personality and Social Psychology, 79, 995-1006

# Onboarding and Its Pitfalls

## Creating Smart Choices and Solutions with Data and Personalization

- Biggest points where people abandon the journey other than from the homepage to starting an application or getting a quote



### Insurance

- Selecting Coverages- Our Jelly Jar
- How do I pay you?

### Banking

- Completing an application after receiving the rate



Two very different solutions

### Coverage Packages and a tool called Name your Price

### Outbound phone calls



# Coverage Packaging

## Personalization and Aggregate Data



### Giving quoters pre-packaged choices

- First step in aiding consumers through a decision process
- Use the data of the masses to define what packages are most commonly purchased
- But use the data of the individual to define the package

PROGRESSIVE  
DIRECT

Request a Call 1-877-776-4266

START VEHICLES DRIVERS FINAL DETAILS RATES

HERE'S YOUR QUOTE!  
Choose a 6-month package

Basic \$69 <sup>00</sup>	Choice \$123 <sup>03</sup>	Recommended \$123 <sup>03</sup>
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Start your policy today for  
**\$123<sup>03</sup>**  
+ 5 monthly payments of \$123.03 (Total \$718\*)  
Save \$77 when you pay in full: \$641

Or use our Name Your Price<sup>®</sup> tool  
Tell us what you want to pay  
\$  /month

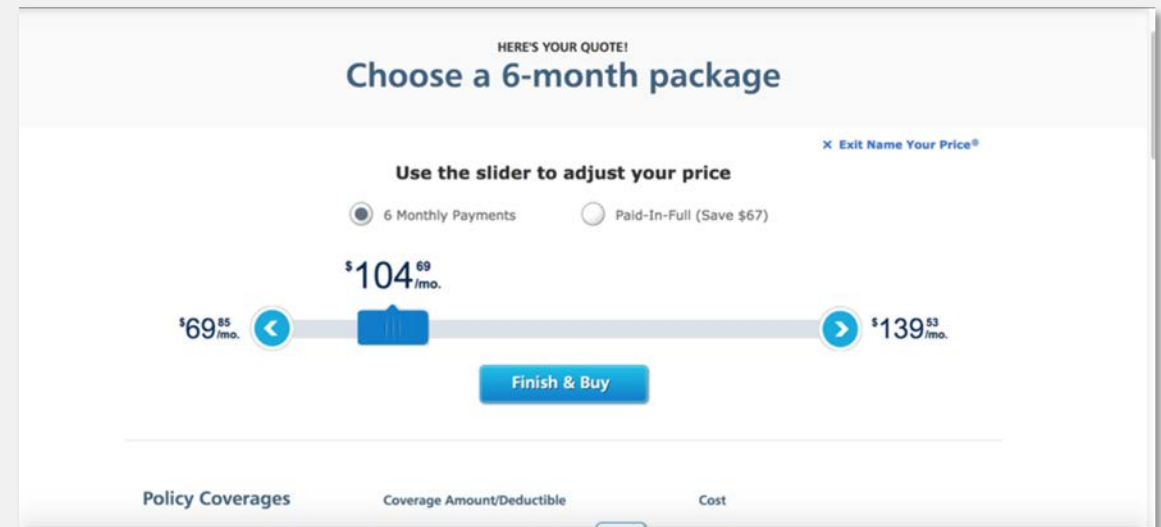


# Demystifying Insurance



- Selecting Coverages
- Name Your Price- the marketer's nirvana

- ✓ Aided people's understanding of their options
- ✓ Created +20% engagement on the coverage page
- ✓ Increased conversion 5%
- ✓ Increased prospects 5%



# Online Banking

- Loan Selection- Breaking the Mold and Innovating
- Innovative Approach to Loan Selection Using Data



- ✓ Aggregate Data Used to Create Slider Anchors
- ✓ Personalized data used to create rate
- ✓ **Term varied from 36 months to 72 months in 3 month increments**
  - Matches the customer payment request to length of time needed for loan payback
- ✓ Available options displayed and ability to change display

I'd like to see loan options up to

\$3,500 **\$10,000** \$30,000

with a monthly payment around

\$0 **\$400/mo** \$2,000

Update loan options

Need help?

### Choose the **\$10,000** loan option that works for you.

Sort between the loan options below. For example, shorter term lengths and/or lower APRs may cost you less interest.

Your closest match

Monthly Payment	APR Fixed	Interest Paid	Term Length	Fees None, Ever
\$304.17/mo	5.99%	\$950.12	36 mo	\$0

All available options

Monthly Payment ↑	APR Fixed ↓	Interest Paid ↓	Term Length ↓	Fees None, Ever
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# Outbound Calling

## Making it Smart and Personal



- Outbound Calling for Application Completion

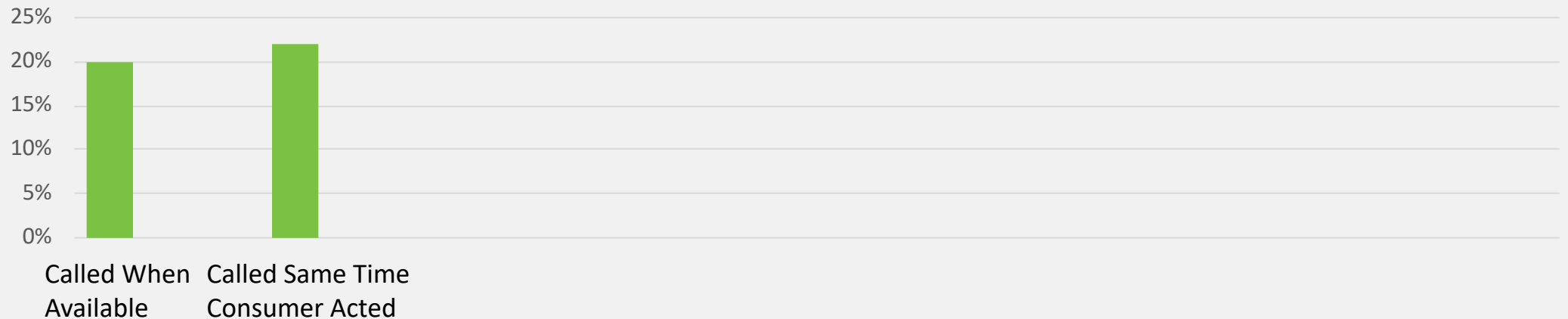
- ✓ High value use only due to cost
  - Need to avoid spamming



- Choices of Time of Day to Make Phone Calls

- ✓ Call when Outbound Team is Available
- or
- ✓ Call when the Consumer Applied on Your Site

### Smart Calling



# Pricing/Packaging- Using Marketing Data for Better Outcomes



## Combining Data Sets

- ✓ Don't limit yourself



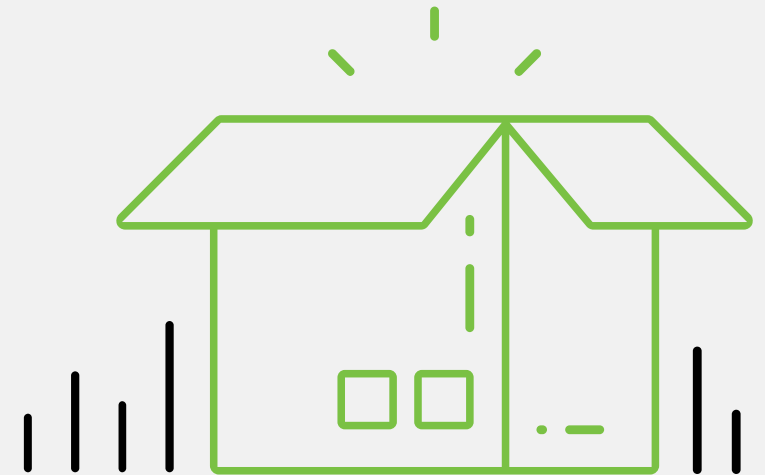
## Marketing media channel

- ✓ Is it a more competitive channel?
- ✓ Should lower price options be presented?



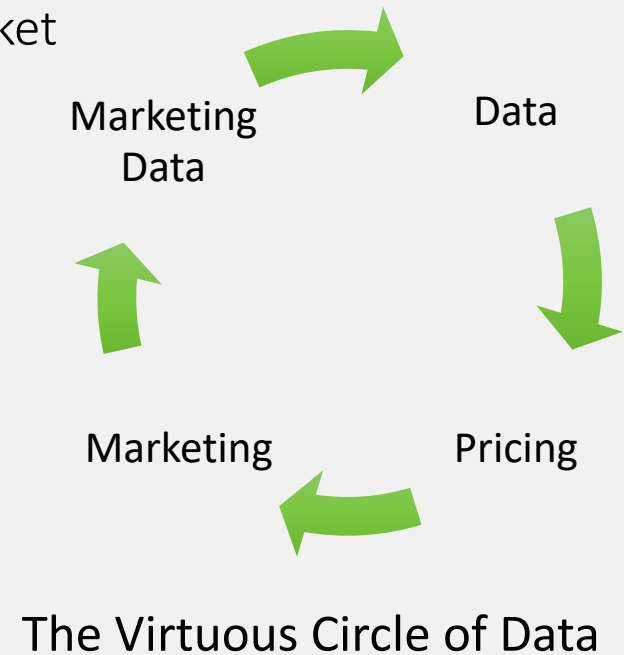
## Positive marketing interactions

- ✓ Not merely pricing benefits favorably like AutoPay
- ✓ Does it deserve different renewal pricing?
- ✓ Where does elasticity come into play?



# Improve The Product Manager's Marketing Choices

- ✓ Personalized data leads to improved conversion
- ✓ Use the personalized recommendations to drive how you market
  - Segment who you market to
  - Determine where you can effectively compete
    - Aggregators are far more elastic than other channels
- ✓ Use the marketing data to improve the model



# Key Takeaways



# Summary

We believe that for Financial Institutions, personalization is key to both better consumer experiences and company profitability.

Recognizing the complexities of financial product creation, Insurers need a Personalization Platform built on top of world class analytics with the best real-time pricing, product bundling, event detection, and rating engine capabilities available for Financial Institutions.

Insurers must have the ability to individually and proactively offer the **RIGHT PRODUCT** at the **RIGHT PRICE** at the **RIGHT TIME**

**while**

**OPTIMIZING** the Financial Institutions' **BUSINESS KPIs**  
(Profits, Volume, Market Share, etc.)



**Thank You**