

AUTO1.COM

CLAIMS DEPARTMENT

# REFUND EXPENSE ANALYSIS



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# EXECUTIVE SUMMARY

The claims refund expenses have surged over the past year, driven primarily by high-volume car configurations rather than specific high-risk features.

## Key Findings:

- Claim rate across all cars: 24.5%
- Total refund paid: €17.5M
- Highest costs from common, high-volume configurations — not necessarily high-risk features
- E.g., cars with no tuning, no xenon, no alarm, airbags → €5.6M, driven by frequency, not failure-proneness.

## Top Recommendations:

- Feature Filtering: Flag high-cost configurations during intake.
- Promote safety upgrades (e.g., alarm systems).
- Review pricing for common high-cost segments.

# CONTEXT

The Claims Department refund expenses have surged over the past year.

## Objective:

- Understand key drivers of high claim costs.
- Focus on paid vouchers (where claim\_status = CLOSED\_FULLY PROCESSED).

## Scope:

- 70,512 cars analyzed
- 17,247 claims → €17.5M paid out

# BUSINESS KPIS OVERVIEW

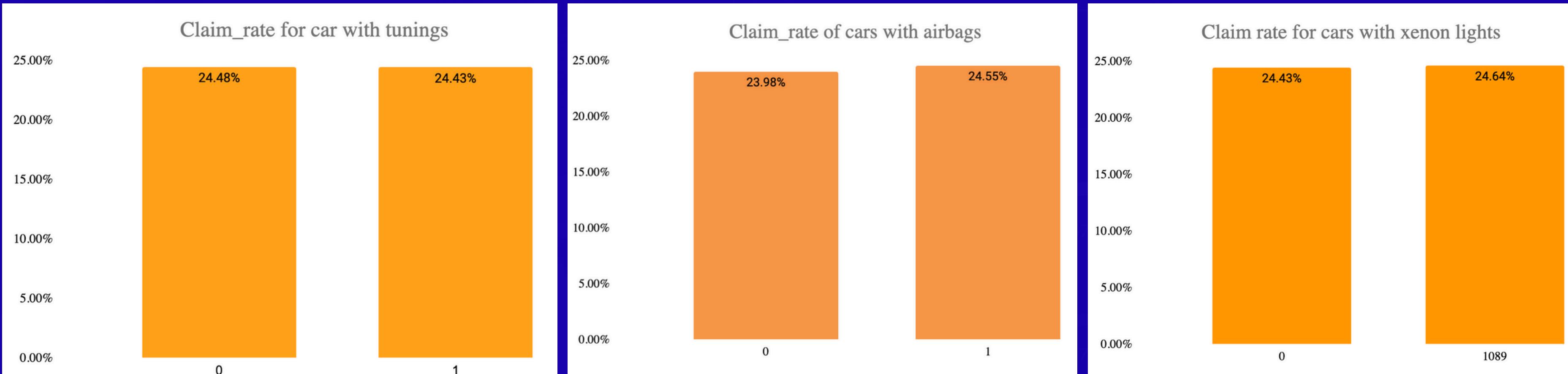
## Headline Metrics:

- Total Cars Sold: 70K
- Total Claims: 17.2K
- Overall Claim Rate: 24.5%
- Total Paid Refunds: €17.5M

## Takeaway:

€17.5M claim expenses suggest we need to analyze which car attributes are associated with more frequent or costlier claims.

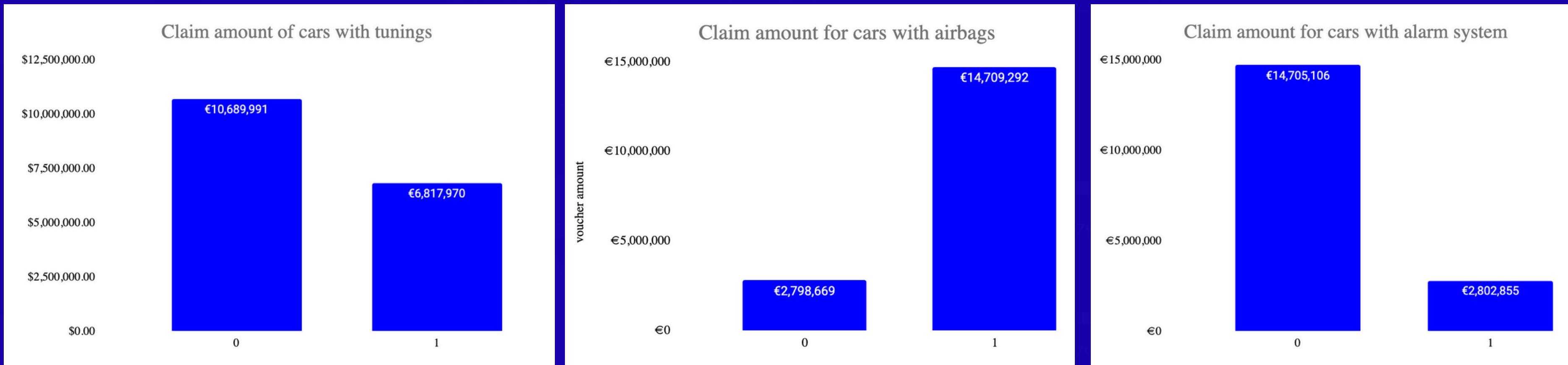
# CLAIM RATES ARE BETWEEN 23%-25%



Overall claim rate: ~24% across all configurations.

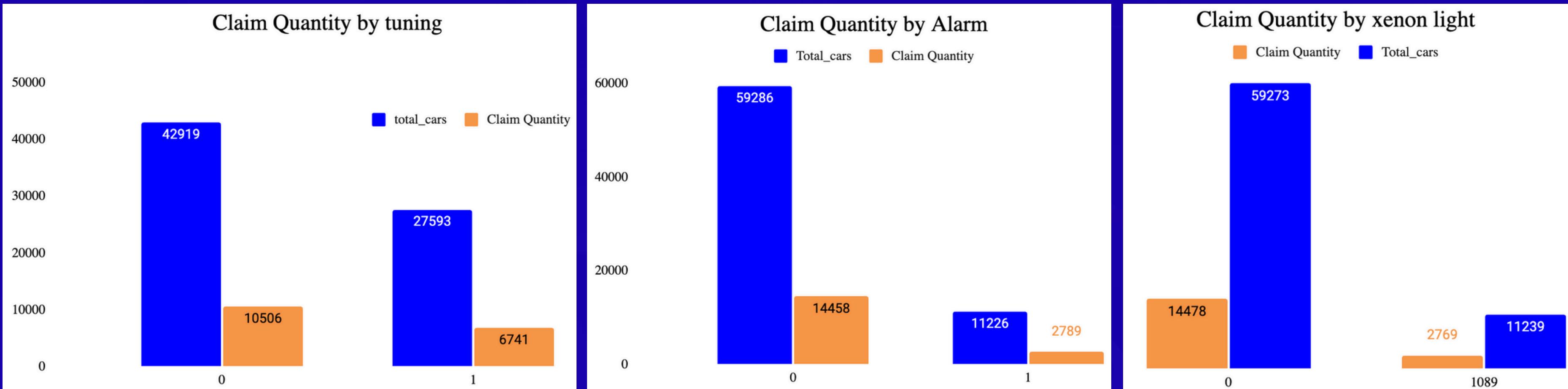
**Outlier:** radio system 1099 → 27.86% claim rate, but only €124,668 paid. It is not meaningful for cost reduction efforts.

# 17,247 CLAIMS → €17.5M PAID OUT



- **Total paid vouchers: €17,507,961 ~ €17.5M**
- Cars having feature combination: **no tuning, with airbag, without alarm system, no xenon lights** have costed the highest claim → €5,614,501~ €5.6M.

# CLAIM VOLUMES DRIVES CLAIM EXPENSES NOT HIGH RISK FEATURES



**High Refund Cost ≠ High Risk**

The most expensive configurations aren't "defective," but highly frequent.

Cars without tuning, with airbags, and no alarm systems, no lights made up 70% of sales and accounted for €5.6M in claims.

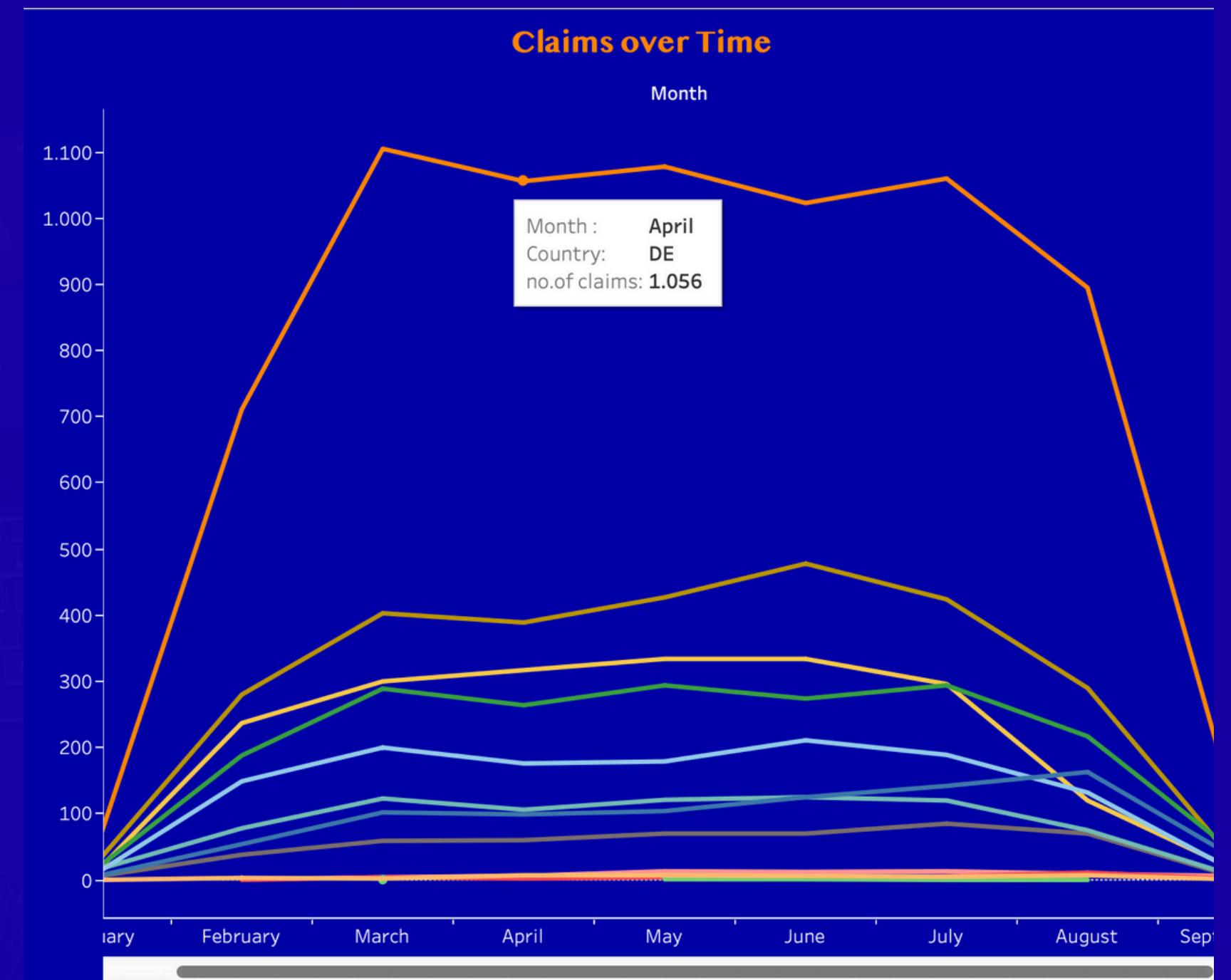
# CLAIM AMOUNT DISTRIBUTION BY COUNTRY

- Top refunds: Germany (€7.4M), France (€2.8M), Spain (€2.1M)
- Low refunds in Denmark, Poland, Italy, Portugal and Nordic countries.
- However average refund is highest in Austria and Netherlands despite less no.of claims.



# CLAIM TRENDS OVER TIME

- Spike seen from **March to July**
- **Hypothesis:** Seasonality or usage-related failures (e.g., heating/cooling systems, travel months).
- **Recommendation:** Pair this with maintenance logs or driving patterns data.



# RECOMMENDATIONS

## 1. Feature-Based Acquisition Filter

- Flag high-cost configurations during intake (e.g., no tuning + no alarm + no xenon).
- Reject, rechannel, or require extra QC for these cars before listing.
- Tighten documentation checks, fraud detection, and claims validation on these segments to control costs.

## 2. Incentivize adoption of security features

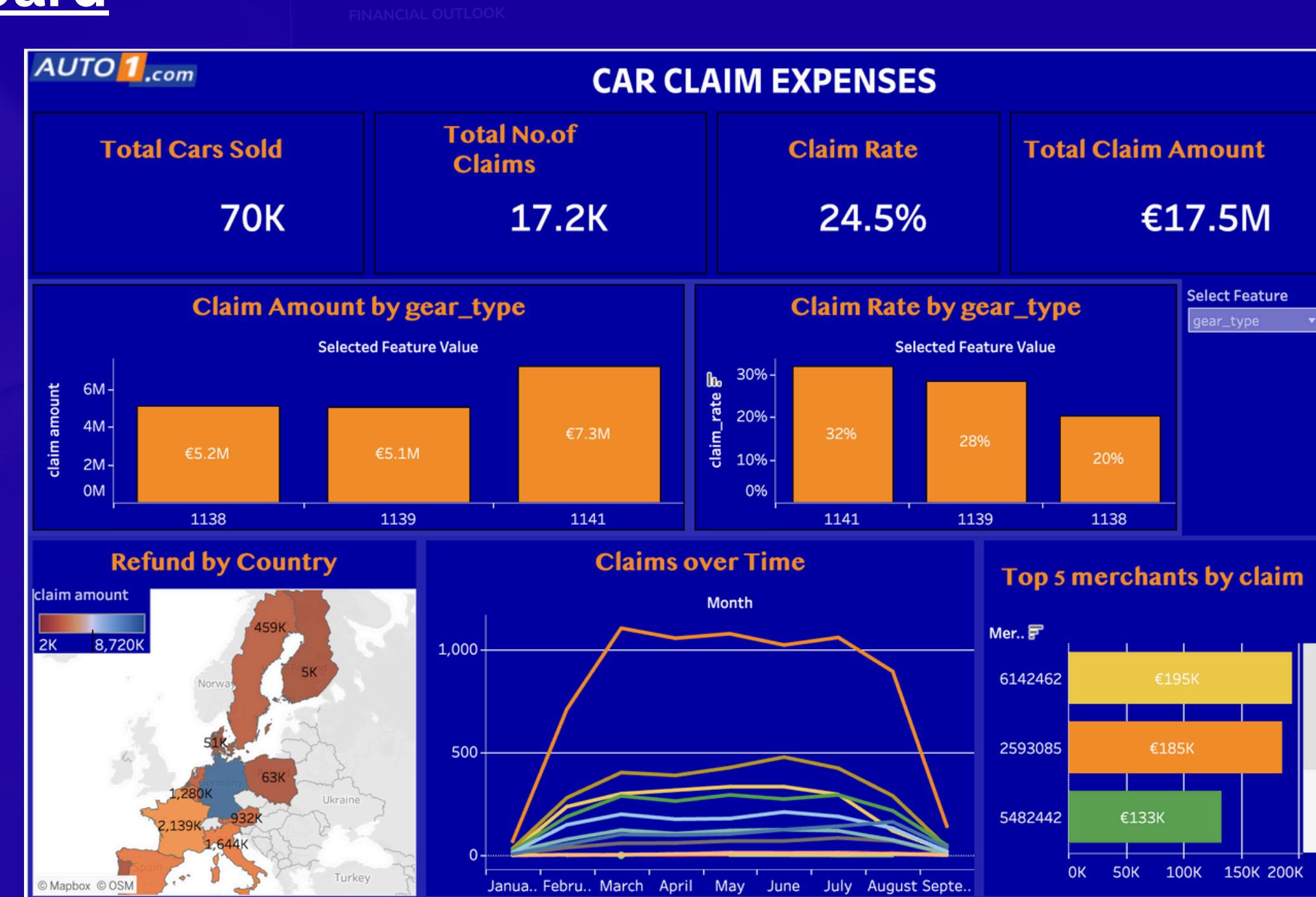
- Cars with alarm systems have lower absolute paid voucher costs.
- Offer optional low-cost safety upgrades during reconditioning.

## 3. Risk-Adjusted Pricing

- Add a refund-risk margin to high-cost configurations.
- Show merchants a transparent "refund protection fee" if needed.

# TABLEAU LIVE DEMO

## Tableau Dashboard



# THANK YOU!

## QUESTIONS??



INDUSTRY BACKGROUND  
WHAT IS THE INDUSTRY'S HISTORY  
AND WHAT ARE ITS USUAL TRENDS?  
DO YOU SEE NEW PATTERNS  
DEVELOPING? GIVE A PREVIEW