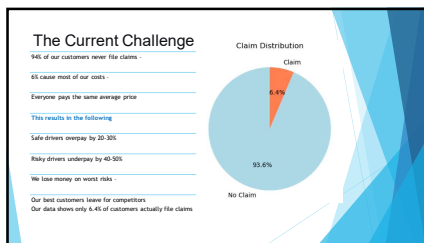


New Pricing Strategy

Fair Pricing for Every Customer

LOW RISK CUSTOMERS	MEDIUM RISK CUSTOMERS	HIGH RISK CUSTOMERS (Future Goal)
<ul style="list-style-type: none"> 15-25% premium discounts Reward safe driving behavior Focus retention and acquisition efforts 	<ul style="list-style-type: none"> Standard premium rates Balanced risk approach Monitor for change 	<ul style="list-style-type: none"> 30-50% appropriate surcharges Ensure they pay their fair share Enhanced risk management

➤ Moving from blanket pricing to personalized premiums



Finally Identifying True Risk Levels

What Our First Model Achieved:

- 45% better than random guessing at ranking risk
- Identifies meaningful risk patterns in our customer base
- Creates three clear risk categories

Customer Risk Distribution:

- Low Risk: 91.3% (10,704 customers)
- Medium Risk: 8.7% (1,015 customers)
- High Risk: 0.0% (0 customers - improvement needed)
- Clear segmentation of customers by risk level

Our Risk Segmentation Breakthrough

Business Impact & ROI

Transforming ABC's Profitability

Financial Benefits:

- 20-35% improvement in loss ratios
- \$15M+ annual savings from better risk pricing
- 18% increase in customer lifetime value

Customer Benefits:

- 30% better retention of safe drivers
- More competitive rates for low-risk customers
- Fair pricing that matches actual risk

Competitive Advantage:

- First in market with truly personalized pricing
- Attract safety-conscious drivers
- Build reputation for fairness and innovation
- Substantial financial and customer benefits

The Accuracy Trap

The 93.6% Accuracy Illusion

What Our Analysis Revealed:

- All models show 93.6% accuracy
- But this is misleading - they achieve this by predicting "NO CLAIM" for everyone
- They miss 100% of actual risky customers

The Business Impact:

- We can't identify who will actually file claims
- We maintain the status quo of cross-subsidization
- We miss opportunities for fair pricing
- All models show same accuracy but very different business value



Implementation Plan & Next Steps

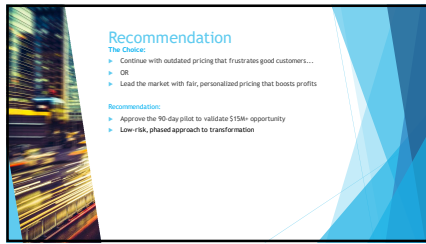
Our Path to Smarter Insurance

90-Day Pilot Plan:

- Month 1: Test with 5,000 new customer applications
- Month 2: Validate risk predictions and fine-tune pricing
- Month 3: Measure business impact and plan full rollout

What We Need:

- Executive sponsorship
- Cross-functional team
- Access to customer data
- 90-day commitment



Recommendation

The Choice:

- Continue with outdated pricing that frustrates good customers...
- OR
- Lead the market with fair, personalized pricing that boosts profits

Recommendation:

- Approve the 90-day pilot to validate \$15M+ opportunity
- Low-risk, phased approach to transformation