#### Storyline

#### We can Focus on 3 Broad Aspects to assist Client X to increase its Performance

#### Customer Specific

1. ***Experience Mix:***

* Majority of Client X’s customers have a Driving Experience of 3-5 Years.
* Client X can **diversify its offerings** to customers with greater driving experience so as to **reduce** **the chances of claims**.

1. ***Recurring Claims:***

* One customer is claiming a policy multiple times.
* Client X has customers **where Number of Claims is 5X number of policies**. Hence, we have evaluated the customers on the basis of a new attribute – **RISK FACTOR** (5 – High Risk 1- Low Risk) so as to segregate our customer base with good and bad customers.

1. ***Customer Awareness campaign:***

* Majority of the events are occurring at Midnight (Hour 0).
* Client X can launch a campaign **to increase the awareness** amongst its customers.
* Approximately**, 3K claims are being settled after a duration of 364 Days**. Analysing this further, leads us to the fact that the window when the **insured notifies the insurer is typically large**. To reduce the same agents can spread awareness regarding the importance of **notifying as soon as possible**.

#### POLICY Specific

1. ***YoY Policies Written:***

* Client X’s operations started in the year 2012***.***
* Since than the number of **policies written increased progressively**. Although after 2016, **performance** of the company **plateaued** and eventually number of **policies written nosedived.**

1. ***High Surrender Ratio:***

* **1 in every 5 Policy is being cancelled before serving the complete tenure**.
* YoY, **Surender Ratio is showing an upward trend**.
* Client X can therefore introduce Policies with **Temporary Insurance Coverage** (Short term duration - 1 Month, 6 Month, 9 Month) so as to **offer greater flexibility** to its customers.

1. ***PAY AS YOU DRIVE(PAYD):***

* Some **States** (State 1, 4, 9) have had comparatively **greater number of incidents.**
* Client X can introduce an **embedded feature** in its policies wherein a **customer pays a higher premium** when they drive in **incident prone states** and visa-versa for lower prone states

1. ***Profitability and Product Mix:***

* Client X has **7 different Product Offerings.**
* Whereas, **1 in every 3 policy** is written for the **Product -Private Motor 3 & 4-wheeler**. Despite, the **GWP’s** being on a **higher side** for the products Private Motor 3 & 4-wheeler, Commercial Motor Miscellaneous Vehicle and Commercial Motors Good Carrying, the **PROFITABILITY metric is on a negative front**.
* Client X should **shift its focus** on more profitable products i.e. Long Term 2 Wheeler Packages, Private Motor 2 Wheeler and Motor Trade Insurance.

1. **Company Specific – *INTERNAL Factors***
2. ***Branch***:

* **Branch 123, 122 and 120** are the branches having the **highest Surrender Ratio.**
* At the same time, the **total number of policies written by these branches are minimal**.
* We can therefore conclude that these branches are **either new branches** that are taking some time to scale and adapt to the situation or they **might be operationally inefficient**.

1. ***Processing Locations and Average Claim Settlement Time***:

* Client X has **varied processing locations**.
* Some cities have been outstripping the total processing burden.
* **Average days taken to settle a claim is 70 DAYS**.
* As a result, Client X can look **to streamline the end-to-end claim settlement procedure** on the backs of **increased digital adoption.**

1. ***ICR (Incurred Claim Ratio):***

* **ICR for Client X is 0.17**.
* It indicates that Client X pays 17 towards claim payment for every 100 of premium collected.
* This implies that **Client X is charging exorbitantly high premiums for some products.**
* A supportive argument could be when we take into account the **most profitable products** in our portfolio are counter intuitively **least selling products** (HIGHER Premium charged). On the contrary, Client X’s **best-selling products** are **the cash burning products**. (Lower Premium Charged).
* Implies that focus has been **on gaining market share in certain products**.
* Now that we have enough share, we can **increase premiums for loss making products** and **decrease premiums for exorbitantly profitable products.**

1. **Company Specific – *EXTERNAL Factors:***

* Average GWP remains Constant throughout.
* Policies written initially increased, later decreased.
* ICR shows an increasing trend.
* Surrender Ratio is moving upwards.

All these 4 factors in confluence suggest that the INSURANCE INDUSTRY altogether has transitioned from being in a ***SOFT MARKET to HARD MARKET***.

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