

FAIRMATIC QUOTE-TO-RATIO REPORT

-May 28th 2024-

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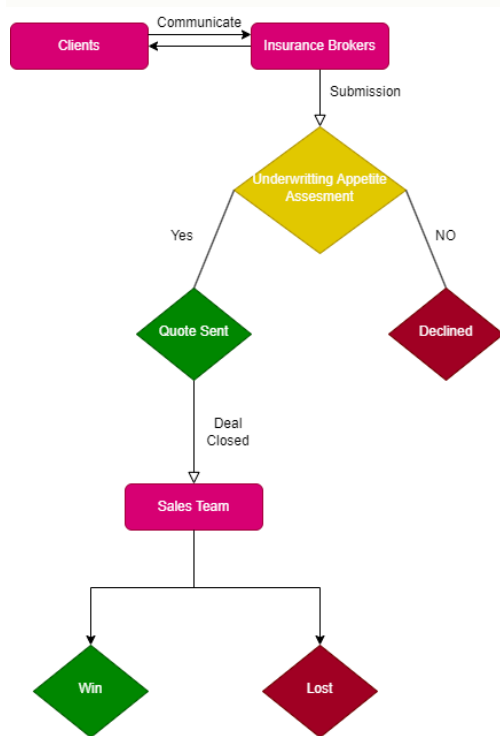
I. DEFINE

1. Background

Fairmatic is an insurance company that provides coverage to commercial fleets. As a member of the revenue operations team, you will be responsible for helping us uncover insights in our sales funnel. It's important to understand that our GTM strategy is entirely channel distribution.

2. Business Process

Insurance brokers will send us a “submission” on behalf of their client. These submissions are considered our top of funnel. - If the submission fits our underwriting appetite (feel free to Google this one!), we provide a quote. If not, we decline it. - If it's a fit, we will provide a quote, and from there it's up to our sales team to ensure we close the business. - From there, we will either close the deal and it gets marked as “Won” or we lose and it gets marked as “Lost”



3. Key terms

- **Opportunity Created:** the opportunity has been created for further review
- **Declined:** we decided not to move forward with the business (i.e. decided not to send a quote) - the reason we decided not to quote
- **Won:** we quoted the opportunity and won it - Lost - we quoted the opportunity and lost
- **Lost:** reason describes the reason we lost the business after quoting

4. Goals

- Understand sub-to-quote ratio overtime
- Analyze Decline and Other-Declined Reasons to understand more about decline reasons
- Data Integrity and Cleanliness Improvements
- Other trends being observed

II. MEASUREMENTS

1. Data Integrity

a) Data Inconsistencies

Opportunity 890, 1888, 2015, 5662, 5897 (5): quote sent date is sooner than submission received date

Opportunity Name	Stage	Submission Received Date	Quote Sent Date	Close Date	Annual Premium	Model Segment	Declined Reason	Lost Reason	Declined Other Reason	Lost Other Reason
Opportunity 890	Won	2023-10-19	2023-09-21	2023-10-19	149125.94	Last Mile	NaN	NaN	NaN	NaN

Solutions: Assuming the average duration from receiving a submission to sending a quote is n days, we will replace all the correct data entries by adding n days to the corresponding "Submission Received Date" value.

Opportunity 988, 1888, 1996, 2615, 2762, 3672, 3673, 5219, 5277, 5364, 5662, 5930, 5964 (13):
Close Date is sooner than Submission Received Date

1887	Opportunity 1888	Quote Sent	2023-12-13	2024-01-01	2023-10-01	90636.70	Last Mile	NaN	NaN	NaN	NaN	9.063670
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Solutions: Similar to the above

Opportunity 393, 475, 910, 1640, 2015, 2056, 2207, 2275, 2400, 3299, 3599 (14): In Decline
Stage but still have quotes sent.

Most declined reasons: Unresponsive workers, Pricing Not Competitive, Operating Sate,
Business Class .

1 notable lost reason: machine not compatible

Opportunity 393	Declined	2024-01-25	2024-02-26	2024-03-08	820300.00	NEMT	Other	NaN	BOR'd to other agent.	NaN	82.030000
Opportunity 475	Declined	2023-01-03	2023-01-17	2023-01-29	42000.00	Mid-Market	Pricing not competitive	NaN	NaN	NaN	4.200000

Solutions: Assuming that the submission was declined/retrieved after sending the quote. In other words, these submissions had been reassessed.

Opportunity 1998, 2805, 4242 (3): In Won Stage but still have lost reason

1997	Opportunity 1998	Won	2022-12-19	2023-04-14	2023-11-01	150000.0	TNC	NaN	Other	NaN	NaN
2804	Opportunity 2805	Won	2024-02-24	2024-03-13	2024-02-29	53046.0	Last Mile	NaN	Unresponsive	NaN	never heard back from broker
4241	Opportunity 4242	Won	2023-06-13	2023-07-26	2023-08-08	58710.0	Mid-Market	NaN	Other	NaN	It was in stale state, before V1.0 Powertrain....

Reasons: Valid → never heard back from brokers, incompatible equipments

Solutions: Changes all to Lost

Row 1973: Invalid values in many columns

	Opportunity Name	Stage	Submission Received Date	Quote Sent Date	Close Date	Annual Premium	Model Segment	Declined Reason	Lost Reason	Declined Other Reason	Lost Other Reason
1973	Declined	Declined	Declined	Declined	Declined	Declined	Declined	Declined	Declined	Declined	Declined

Solutions: drop the row

2. Measuring

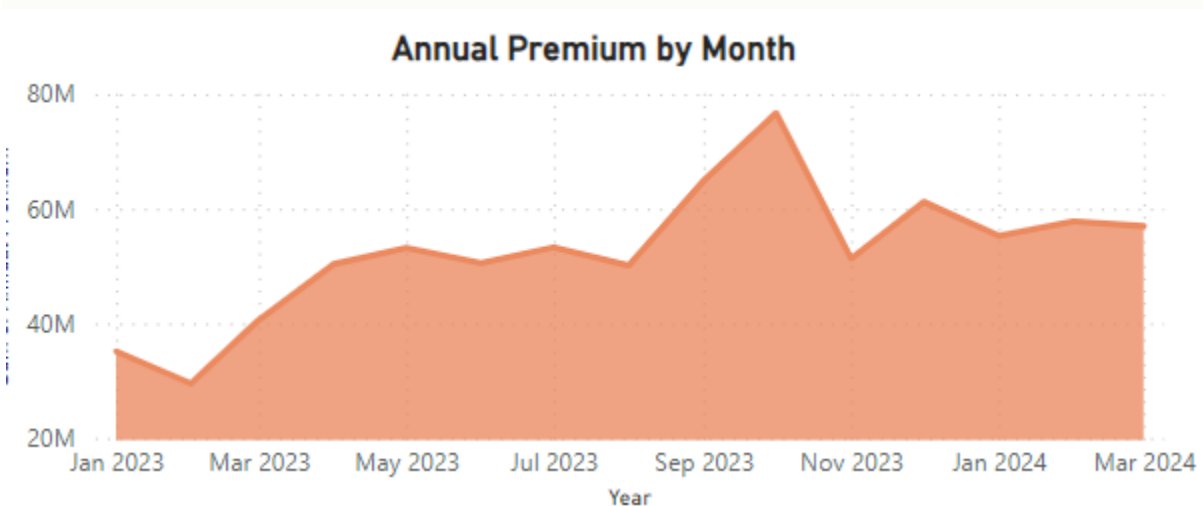
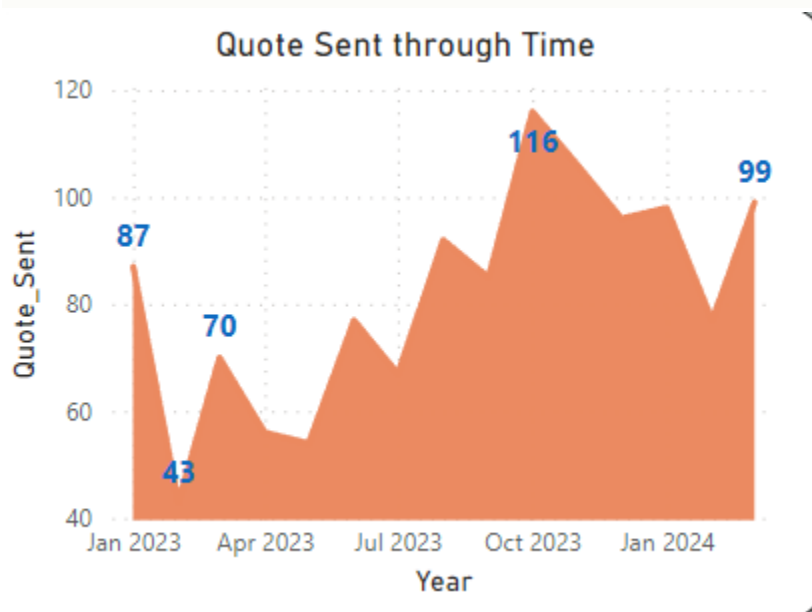
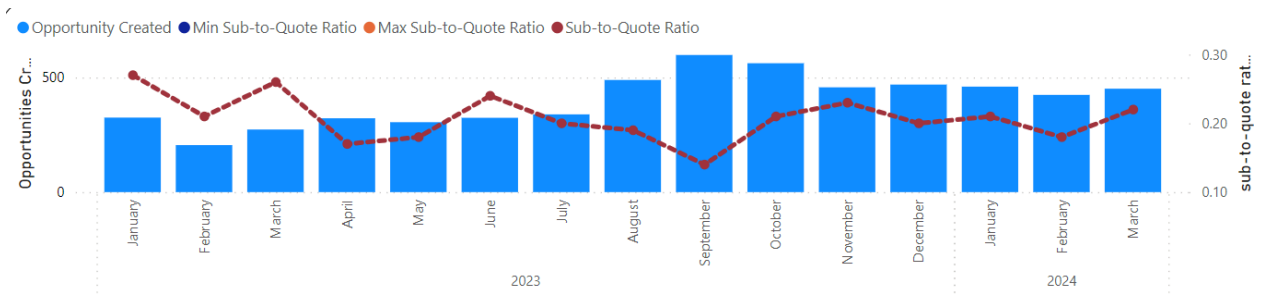
Sub-to-quote ratio: $\text{Quote Sent} / \text{Submission}$

Closed date: Analyzing based on closed dates

III. ANALYSIS

1. Sub-to-Quote

a) Sub-to-quote Real-time Analysis

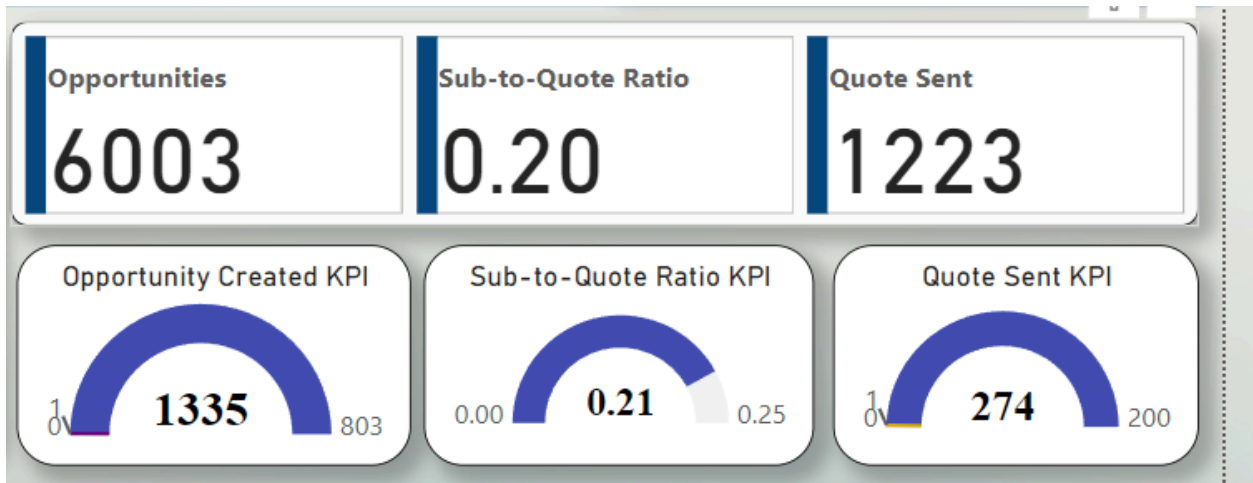


Time series analysis:

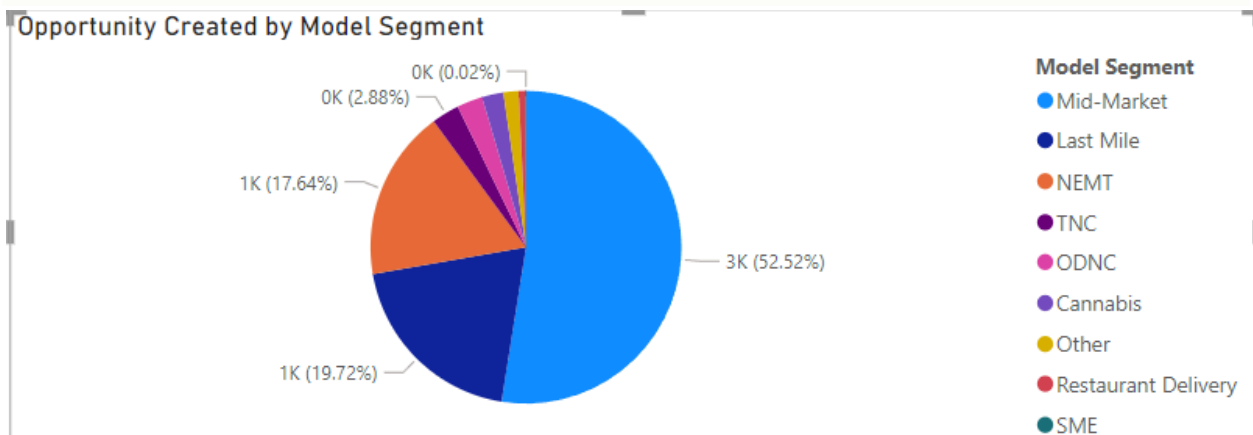
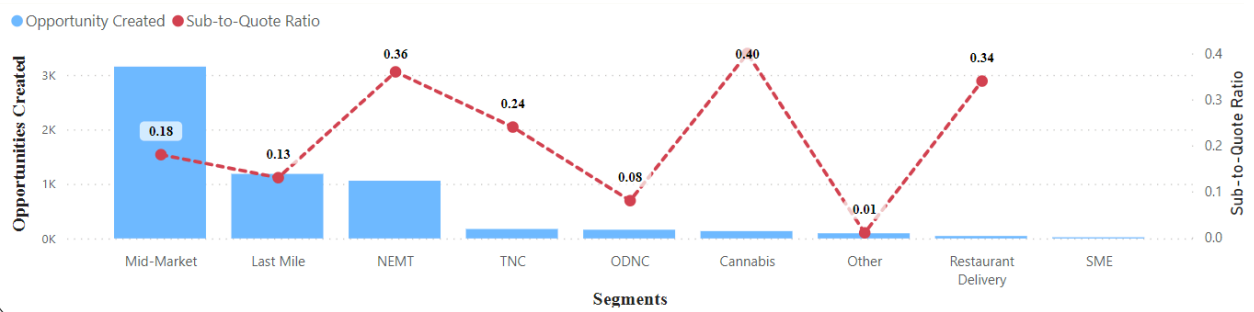
Trend Analysis: The submission-to-quote ratio is performing reasonably well, with no steady decline for over a year. While it is lower than the previous year (0.21 compares to 0.25), it exceeds the average which is 0.21. This is understandable as a higher volume of opportunities tends to lower the ratio due to economies of scale, especially when the company is witnessing (1335) new opportunities created in the last one year compared to its operation in the same period last year (803) with almost 66% increase in number of opportunities created.

Overall, the number of quotes and total annual premium have increased significantly compared to the same quarter last year, indicating that the KPI exceeds in both categories. Therefore, there are strong signs Fairmatic witnesses a promising growth in the year of 2024.

Seasonality Analysis: There is a very high amount of traffic in the fourth quarter (August, September, October), accounting for a total of around 60% of total opportunities created and 58% of deals won in 2023. The submission-to-quote ratio steadily declines during September, which warrants further investigation.



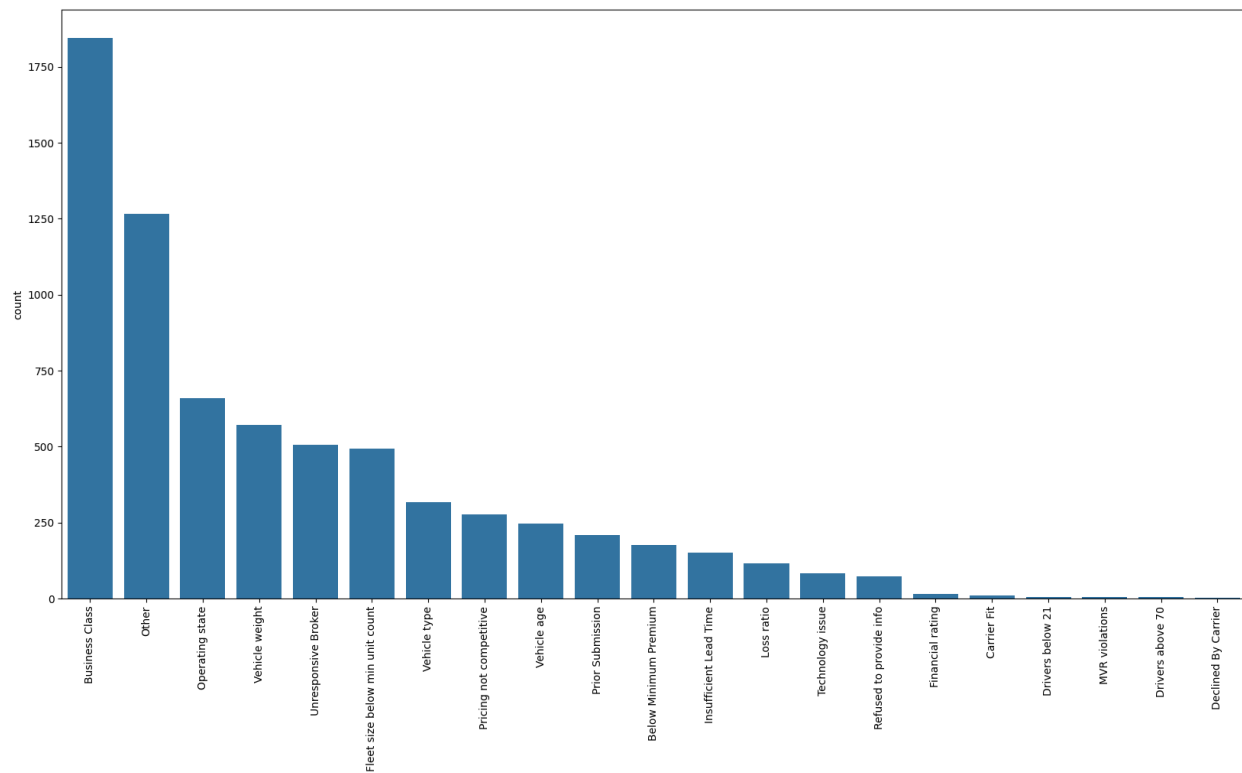
b) Sub-to-Quote by Segments



- + The mid-market and last mile (final destination) segments account for the majority (52% and 19.72%) of submissions received. These two segments represent a significant portion of the overall submission volume, indicating a strong demand for insurance products catering to businesses operating in these sectors. The mid-market segment encompasses companies that fall within a specific size range, often defined by factors such as revenue, number of employees, or industry classification. Last mile, on the other hand, refers to the final stage of the delivery process, where goods or services are transported to their ultimate destination, typically the end customer's location.
- + The submission-to-quote (S2Q) ratio is particularly high in the cannabis, non-emergency medical transportation (NEMT), and restaurant delivery sectors. (0.36, 0.40, and 0.34 respectively). This high ratio suggests that a significant proportion of submissions from these industries meet our underwriting criteria, resulting in a higher conversion rate to quoted opportunities. The cannabis industry, for instance, is complex and rapidly evolving, with businesses ranging from cultivators and manufacturers to dispensaries and delivery services. These businesses face unique risks, such as regulatory compliance, product liability, and property damage, which require specialized insurance coverage. Similarly, the NEMT sector, which provides transportation services for individuals who are not in an emergency medical situation but require assistance, has specific insurance needs. These include automobile liability, general liability, and coverage for allegations of abuse or molestation. The restaurant delivery industry, driven by the increasing demand for food delivery services, also presents unique risks, such as vehicle accidents, food safety issues, and liability claims. By offering tailored insurance solutions to these high-risk sectors, we can effectively manage their exposures and support their operational needs, ensuring they have the necessary coverage to mitigate potential losses and continue their growth trajectories.

Questions: Do the company take Uber into account as one of the potential customers in the field?

2. Declined Reasons



Top Reasons for Declining Submissions

Business Class (1846): This is the most common reason for declining submissions, likely due to certain business classes or industries being outside the underwriting appetite or posing higher risks.

1. **Other (1265):** A significant number of submissions are declined for unspecified "other" reasons, which could encompass various factors not explicitly listed.
2. **Operating State (660):** Submissions from certain states or regions may be declined due to regulatory differences, risk profiles, or the insurer's operational footprint.
3. **Vehicle Weight (571):** For submissions involving commercial vehicles, their weight may exceed the insurer's acceptable limits, leading to declines.
4. **Unresponsive Broker (505):** Lack of responsiveness or cooperation from the broker submitting the risk can result in the submission being declined.

Other Notable Reasons

- **Fleet Size Below Minimum Unit Count (494):** Insurers may have minimum fleet size requirements, leading to declines for smaller fleets.
- **Vehicle Type (316):** Certain types of vehicles, such as specialized or high-risk vehicles, may fall outside the insurer's underwriting guidelines.
- **Pricing Not Competitive (276):** If the insurer's pricing is not competitive compared to the market, submissions may be declined.
- **Vehicle Age (247):** Older vehicles may be declined due to higher associated risks or maintenance concerns.

Potential Areas for Improvement

- **Prior Submission (208):** Reviewing the process for handling prior submissions could help reduce declines in this category.
- **Below Minimum Premium (176):** Evaluating minimum premium thresholds or offering alternative products for smaller risks could address this issue.
- **Insufficient Lead Time (151):** Streamlining the submission process or providing clearer guidelines on lead times could mitigate these declines.



Most of the declined types are actually “trendy”, correlating with the number of submissions received.

Declined Other Reasons Analysis

+ Amazon being mentioned in high frequency

Bigram	Frequency
(Amazon, DSP)	186
(effective, date)	182
(admitted, solution)	133
(Closed, out)	126
(no, admitted)	115
(in, place)	113
(solution, in)	109
(past, effective)	104
(-, not)	104
(an, artisan)	98

Amazon DSP Declines

Among the various reasons for declining submissions, "Amazon DSP" stands out as the top mentioned reason, with a staggering 186 instances. Amazon Delivery Service Partners (DSP) are independent companies that provide last-mile delivery services for Amazon packages. These businesses often operate large fleets of vehicles and face unique risks associated with their operations, such as high mileage, frequent stops, and potential cargo theft or damage. Underwriting these risks effectively requires specialized expertise and tailored insurance solutions, which may not always align with the insurer's capabilities or risk appetite, leading to a high number of declines for Amazon DSP submissions.

No Admitted Solution

Another notable reason for declining submissions is the lack of an "admitted solution." In the insurance industry, an admitted carrier is one that is licensed and authorized to conduct business in a particular state or jurisdiction. When a submission does not have an admitted solution available, it means that the insurer does not have a licensed product or program that can

adequately address the specific risks or requirements of that submission within the given state or region. This could be due to regulatory constraints, limited underwriting expertise, or the insurer's strategic focus on certain markets or product lines.

Past Effective Date

The "Effective Date" reason for declining submissions refers to situations where the requested effective date for the insurance coverage is in the past. Insurance policies typically have a specific effective date, which is the date on which the coverage begins. Submissions with past effective dates may be declined because insurers generally do not provide retroactive coverage, as it introduces potential risks and liabilities that cannot be properly assessed or underwritten. Ensuring that submissions have accurate and reasonable effective dates is crucial for successful quoting and policy issuance.

IV. IMPROVEMENTS

1. Data Integrity and Cleanliness Improvements

Lock/Capture Mechanism for Data Entrance into CRM Model

Implementing a lock/capture mechanism for data entrance into the Customer Relationship Management (CRM) model is crucial for maintaining data integrity and consistency. This mechanism ensures that data is entered accurately and adheres to predefined standards and rules. By locking down the data entry process, you can prevent unauthorized or erroneous modifications, reducing the risk of data corruption or inconsistencies. Additionally, capturing data at the source, whether through user input or system integrations, allows for early validation and error checking, ensuring that only clean and accurate data is propagated throughout the CRM system.

Conduct Regular Data Audits and Validation

Conducting regular data audits and validation is a critical step in maintaining data quality within the CRM model. This process involves systematically reviewing the data to identify potential errors, inconsistencies, or anomalies. By implementing automated validation checks and manual review processes, you can ensure that the data adheres to defined business rules, data formats, and data quality standards. Regular audits also help to identify areas for improvement in data capture, processing, and storage, enabling proactive measures to be taken to enhance data quality over time.

Automate ETL Pipelines and Normalize Dataset

Automating Extract, Transform, and Load (ETL) pipelines and normalizing the dataset can significantly improve data quality and consistency within the CRM model. ETL pipelines automate the process of extracting data from various sources, transforming it into a standardized format, and loading it into the target system (in this case, the CRM model). By automating this process, you can reduce the risk of manual errors and ensure that data is consistently processed and transformed according to predefined rules and standards. Additionally, normalizing the dataset involves restructuring the data to eliminate redundancies, inconsistencies, and anomalies, resulting in a more efficient and organized data structure that can be easily queried and analyzed.

By implementing these measures, organizations can significantly enhance the quality and reliability of their CRM data, enabling more accurate and informed decision-making, improved customer experiences, and increased operational efficiency.

2. Key Insights

Fairmatic is experiencing significant growth in 2024, with a notable increase in the number of opportunities submitted, quotes provided, and total annual premium compared to 2023. This positive trajectory indicates a rising demand for Fairmatic's innovative, data-driven commercial auto insurance solutions that reward safer driving with cost savings. Notably, the company is witnessing a pronounced seasonality effect, with a substantial surge in business activity during the fourth quarter, particularly in the months of September, October, and November. This peak season aligns with the industry's typical renewal cycles and the heightened demand for insurance coverage as businesses prepare for the upcoming year. By capitalizing on this seasonal trend and continuing to expand its product offerings, Fairmatic is well-positioned to capture a larger share of the commercial auto insurance market and drive further growth in the coming quarters.

Submission-to-Quote Ratio Analysis

The submission-to-quote ratio remains around 21% and may stay around that level permanently. This ratio indicates that approximately one out of every five submissions received is converted into a quoted opportunity. While this ratio may seem low, it is likely a reflection of the insurer's underwriting appetite and risk selection criteria. Maintaining a consistent submission-to-quote ratio allows for better forecasting and resource allocation, as the insurer can anticipate the volume of quoted opportunities based on the number of submissions received.

Pain Points from Declined Reasons

The reasons for declining submissions can be broadly categorized into two main areas: business cases and unqualified customers/deals. Business cases refer to situations where the submission falls outside the insurer's underwriting appetite or poses risks that are not aligned with their risk tolerance. Unqualified customers/deals, on the other hand, encompass scenarios where the customer or the deal itself does not meet the insurer's eligibility criteria, such as minimum premium requirements or specific industry restrictions.

However, there are also pain points related to system slowdowns and operational inefficiencies. These include unresponsive brokers, where the broker submitting the risk fails to provide timely or complete information, leading to delays and potential declines. Time exceeding refers to situations where the lead time for processing the submission is insufficient, resulting in the inability to properly evaluate and quote the risk.

By analyzing these pain points and addressing the root causes, insurers can potentially improve their submission-to-quote conversion rates and overall operational efficiency. This may involve refining underwriting guidelines, streamlining submission processes, enhancing broker communication, and optimizing internal workflows to ensure timely and accurate risk evaluation.