Getting the price right in B2B insurance

Context & objectives

A **leading insurance company** wanted to improve its profitability by redefining the pricing of its corporate (B2B) insurance products.

The pricing team needed to better understand the factors leading to an increased risk of claim occurrence (and duration) and align their price with this probability of expected risk (and associated costs).

Approach

We started by gathering and cleaning the data obtained.

We then built several models to identify the most relevant predictors for the risk of claim occurrence and duration, for example:

- Is the risk of claim occurrence higher for companies of a particular sector?
- Does the distribution of manual/sedentary jobs in the company influence the duration of claims?
- How does the claim history of a company impact the probability of future claims occurrences?

Finally, we built several incidence and severity tables associated with each combination of factors to create a simple tool we provided to the internal teams.

Results

In a matter of weeks, we delivered the following results:

- **Significant cost reductions**: with pricing now aligned with the reality of the business and the expected risk, the amount provisioned to cover this risk could be reduced, and the cost of provisioning as well
- **New, more relevant risk indicators**: creating new risk indicators better suited to predict the risk of a claim and aligned with the corporate world gave our client clearer insights on the most pressing issues.
- **Considerable time savings**: our tool drastically diminished the processing time needed to define individual pricing for corporate clients

About Agilytic

Since 2015, Agilytic helps innovative leaders solve their biggest challenges through the smarter use of data. With over 150 successful projects to date, we have perfected a pragmatic approach to putting data at the service of business goals, be they commercial, operational, financial, or human. Reach out today for a quick introduction, we'd love to hear from you.