Improved data-driven pricing strategy in automobile leasing

Business objective
Pricing
Sector
Automobile
Finance

Context & objectives

A **large car leasing company** was experiencing increasing difficulties keeping its commanding position in this competitive market due to its legacy contract pricing. They turned to Agilytic to develop a new data-driven pricing strategy.

The challenge in such predictive models lies within the time-effect of claims. At the beginning of an insurance contract, assessing potential claims is highly volatile due to the many unknown parameters

Approach

After an initial phase of data collection and audit, Agilytic developed multiple risk models for the various types of accidents (windscreen, total loss, Bodyshop, etc.). These predictive models aimed at forecasting the occurrence and severity of a claim, which the leaser could then use to reflect the projected future damages.

Working in close collaboration with the pricing team, we developed a pricing formula incorporating the predictive modeling results. Over three months, Agilytic finetuned this formula to combine technical and business concerns while maintaining predictive accuracy.

Results

Agilytic delivered an **improved price-setting model that enabled the car leasing company to offer competitive rates to its customers** while adapting pricing to each contract's risks. Moreover, it provides valuable insights into the expected future damages linked to car properties.

With Agilytic's models, the leasing company maintained its leading position on the market, as the pricing of contracts aligns better with their inherent risk.

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.