You have to know your customers to keep your customers.

“Every contact with a customer is an opportunity to retain that customer… you need to know as much about your customers as possible, then act on those insights.”

*Linda Goldstein, Executive Vice President, Customer Experience & Marketing, CSAA Insurance Group*

**Overview**

Customers now have more opportunity than ever to easily shop for insurance. And shop they do. It’s estimated that 75 percent of any insurance company’s customers have shopped for insurance at least once over the past five years, and 40 percent have shopped in the past year. In addition, previous LexisNexis® Risk Solutions analysis has shown that up to 35 percent of policies among higher-tenured customers – those six years older or more – end up going to a new carrier after a shopping event.

Those statistics concerned CSAA Insurance Group, which offers AAA-branded automobile, homeowners, and other personal lines of insurance through AAA Clubs in 23 states and the District of Columbia, which collectively serve approximately 17 million AAA members.

CSAA was very interested in learning more about its customers’ shopping behavior and what that could mean to their business. After all, customer acquisition is very expensive — and every business wants to retain its most profitable customers.
Situation and Challenge

According to Linda Goldstein, Executive Vice President, Customer Experience & Marketing, retention is a universal issue in insurance, where—because of automation and the simplicity of getting a quote—the industry has actually created a “shopping problem.” CSAA wanted to understand the drivers behind this problem and how it could use this knowledge to retain their customers. CSAA also knew that its customers, like customers who shop online in general, understand their information is being captured and used by companies—and they’re fine with that, but they expect something in return. “Our customers move, they buy a car, they change their name, they have a baby—these are all life events that would trigger a different need,” Goldstein explains. “They expect that you, as an insurer, are going to act upon that information.”

Working with LexisNexis Risk Solutions, CSAA learned that approximately 30 percent of its policyholders were shopping insurance annually. Of these shoppers, 62 percent have both a home and auto policy and 56 percent are shopping both at the same time. That’s a lot of potentially lost revenue if CSAA can’t keep these customers when they shop. However, CSAA was concerned that it might not have the whole story. The company assumed that the vast majority of shoppers were value-driven policyholders, who routinely shopped around for a better deal. Did the company really understand its customers’ shopping habits? CSAA wanted to know very specifically who was shopping for what and why—and then act on that information in the most relevant and effective way.

Solution

CSAA conducted a three-month pilot to test assumptions about shopping behavior and yield results that could inform marketing initiatives. Daily shopping alerts delivered to CSAA through the LexisNexis® Active Insights platform offered a deeper understanding of how to strengthen customer retention efforts.

The Active Insights platform not only provides intelligence about important events that may trigger the need for policy changes, it also allows carriers to prioritize and select appropriate outreach channels, messaging and resource allocation. Engaging an active risk management strategy with LexisNexis® Active Insights helps insurers gain a comprehensive understanding of their book of business so they can focus their strategies on their most valuable customers and engage in relevant, perfectly-timed communications.
Results

One of the most startling insights gleaned from the pilot was the level to which CSAA’s most profitable customers were shopping.

The pilot also dispelled a common carrier misconception that most people who are shopping are higher-risk customers looking for a lower rate or are monoline customers looking for bigger discounts. The company was surprised to learn that the bulk of customer shopping revolves around multi-policy holder renewal. The “aha” moment for the company was that their “stickiest” customers were the ones most likely to shop.

CSAA used the pilot study results to launch a multi-touch marketing strategy intended to keep its most profitable customers. The result was an overall retention rate increase of 3.3 percent in the test population, with a 2.8 percent increase among multi-policy holders. The study also brought to the forefront otherwise missed, cross-and up-sell opportunities. The company witnessed a 47 percent lift versus the control group - and of those who purchased an additional policy, nearly 70 percent already had both home and auto, but were shopping for a second home insurance policy.

Lastly, as an added bonus, net promoter scores (NPS) for CSAA indicated the pilot and follow-on campaign increased customer satisfaction, a key metric of success for the carrier.

CSAA felt confident enough about the pilot results to generalize them across its book. The company now acts on what it knows about its customers by:

- Crafting messaging that is more relevant to the customer
- Timing follow-on quote communications to when customers are most receptive
- Extending its reach into new segments

Overall, CSAA’s ongoing efforts are directed toward reaching out to customers with exactly the right information they need, when they need it.

“Every contact with a customer is an opportunity to retain that customer” says Goldstein. “You need to know as much about your customers as possible, then act on those insights.”
LexisNexis® Active Insights can help insurers monitor and anticipate key events so they can proactively engage customers at the right time and in the appropriate context to better accommodate their new or changing coverage needs. This proactive approach can offer incremental customer touchpoints, deepening loyalty and retention.

Active risk management

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For more information, call 800.458.9197, visit www.risk.lexisnexis.com/insurance or email insurance.sales@lexisnexisrisk.com

About LexisNexis Risk Solutions

LexisNexis Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX Group (LSE: REL/NYSE: RELX), a global provider of information and analytics for professional and business customers across industries. RELX is a FTSE 100 company and is based in London. For more information, please visit www.risk.lexisnexis.com and www.relx.com.