Customer Case Study

Premierline Direct

Making a claim for better business with Predictive Analytics Software from SPSS Inc.

The situation

Premierline Direct, part of the Allianz Group, has led the direct market of commercial insurance from its launch in January 2002. Today it is the most advanced direct commercial insurance operation in the UK.

It provides commercial insurance to UK businesses, offering a direct relationship and the service standards usually only associated with consumer-based companies. Quotes and policies can be completed over the phone in less than 15 minutes or online without the need for admin-intensive form filling.

By taking the costs out of the delivery chain, conducting its operations from one single location, and automating the pricing process, Premierline Direct is able to ensure that its customers benefit from lower premiums while maintaining high levels of service.

The challenge

As consumers and businesses chase the best price, insurance companies have had to get much smarter about how they run their businesses in order to remain competitive in a crowded market.

On the sales side, this means being able to offer the best price to prospects while maintaining a healthy profit margin. And, from a marketing perspective, making sure they are targeting the right customer, with the right message, at the right time to maximise conversion rates, cut churn and increase sales.

"SPSS' solutions add intelligence to our business, ensuring efficiencies in pricing, marketing and reporting – something no company can afford to ignore in today's business environment"

– *Hong Juan Liu*
Research and Development Analyst
Premierline Direct

At a glance

Country: United Kingdom
Industry: Financial Services
Date founded: 2002
Company Type: Public
Employees: 150

Application

Supporting pricing decisions
Customer targeting
Management reporting

Solutions used

PASW® Statistics Base*

* *PASW Statistics Base, formerly called SPSS Base, is part of SPSS Inc.'s Predictive Analytics Software portfolio.*

Premierline Direct is known for its commitment to customers and its sophisticated pricing and underwriting processes, which enable it to offer competitive premiums coupled with a high quality of service. However, this reputation doesn't come without hard work, and the company is using some of the most advanced technology on the market to maintain this position.

The solution

PASW Statistics Base from SPSS Inc. (formerly known as SPSS Statistics Base) was chosen as the Predictive Analytics solution for Premierline Direct when the business was established. From past experience with this technology, the founders believed PASW Statistics Base could help the company on a number of levels. And, compared to competing products, they found it very easy to use and highly cost effective.

Today, SPSS Inc.'s solutions are at the heart of Premierline Direct's business, supporting pricing decisions, customer targeting activities, and management reporting, which are mainly managed by the Research and Development Department.

Research and Development analysts in Premierline Direct use PASW Statistics Base to perform 'what if' analysis to compare alternative pricing options. Once the decision of a price change is made, they then use PASW Statistics Base to calculate the proposed prices for each customer segment and compare them against a 'live' environment as part of the testing process. After implementation, PASW Statistics Base is utilised to conduct a post-change assessment, which tells them how effective the pricing actions have been.

PASW Statistics Base is also helping Premierline Direct's marketing function to finely tune the targeting of direct marketing campaigns. The technology can analyse 'the propensity to churn' and 'the propensity to buy' among customers, enabling the team to tailor messages and materials to various customer segments depending on their likely behaviour.

In addition, PASW Statistics Base has been utilised for automating the process of pulling data from various databases and generating a number of management information reports. For example, at an operational level, SPSS Inc.'s solutions are helping to review the performance of individual sales officers and the profitability of the renewal process. It is also providing detailed analysis of call patterns to ensure appropriate staffing levels within the call centre and assess the best time to call customers and prospects.

The results

The SPSS Inc. technology is having a direct impact on the insurer's revenues by increasing policy renewals and reducing customer churn.

PASW Statistics Base enables Premierline Direct to analyse customer data to assess which customers are most likely to churn and target them individually with a phone call. As a result of this approach, the company has seen an increase of 16 per cent in policy renewal in a six-month period.

And, by more accurately targeting marketing materials and promotions to the wider customer base, Premierline Direct has been able to ensure a minimum 100 per cent return on investment for its direct marketing campaigns.

"A highly competitive market combined with an economic downturn means that we have had to get cleverer about the way we target our customers and price our products," said Hong Juan Liu, a Research and Development analyst in Premierline. "SPSS' solutions add intelligence to our business, ensuring efficiencies in pricing, marketing and reporting – something no company can afford to ignore in today's business environment."

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