



Case Study: Analytics-driven Collections Solutions

June 2008



latentview
Actionable Insights • Accurate Decisions

Case Study: Analytics Driven Collection Solutions

Background

- One of the leading private insurance companies in India with over 2.5 million policies sold through a variety of channels
- Client was witnessing a 40% late payment on premiums
- No formal analytics-based Collection strategy in place, client prioritized policies by value, without regard for the risk of non-payment

Business Goals

- Create a consistent measure of risk of non payment
- Institutionalize a data-driven treatment strategy for maximizing collections with limited collections effort

LatentView Solution

- Created an integrated, payment level data mart
- Profiled data to understand payment and collection drivers
- Developed a set of predictive models to risk rank each policy and predict the probability of non-payment
- Helped business managers devise & execute a collections strategy based on outstanding premium value and risk

Leading Private
Life Insurance Carrier

Results

- Dramatic improvements in collection rate with the same level of resources
- A dynamic metric to risk-grade each policy reflecting the probability of non-payment
- Data driven collection treatment strategy (who to call, when to call, what action to take), based on value & risk
- Deep understanding of drivers of non-payment
- High prediction accuracy for the models (over 82% in the first year)

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The Collections strategy can be decided based on a combined assessment of the policy value and the propensity to make on-time payment

Before Implementation

Policy Value	High	High Priority	High Priority	High Priority
	Medium	Medium Priority	Medium Priority	Medium Priority
	Low	Low Priority	Low Priority	Low Priority
		Low	Medium	High
		Chance of Timely Payment		



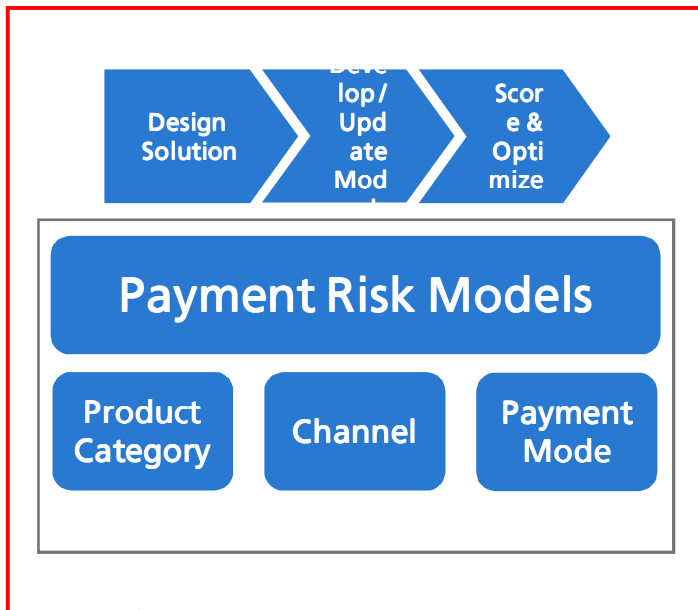
Post Implementation

Policy Value	High	High Priority	Medium Priority	Medium Priority
	Medium	High Priority	Medium Priority	Low Priority
	Low	Low Priority	Low Priority	Low Priority
		Low	Medium	High
		Chance of Timely Payment		

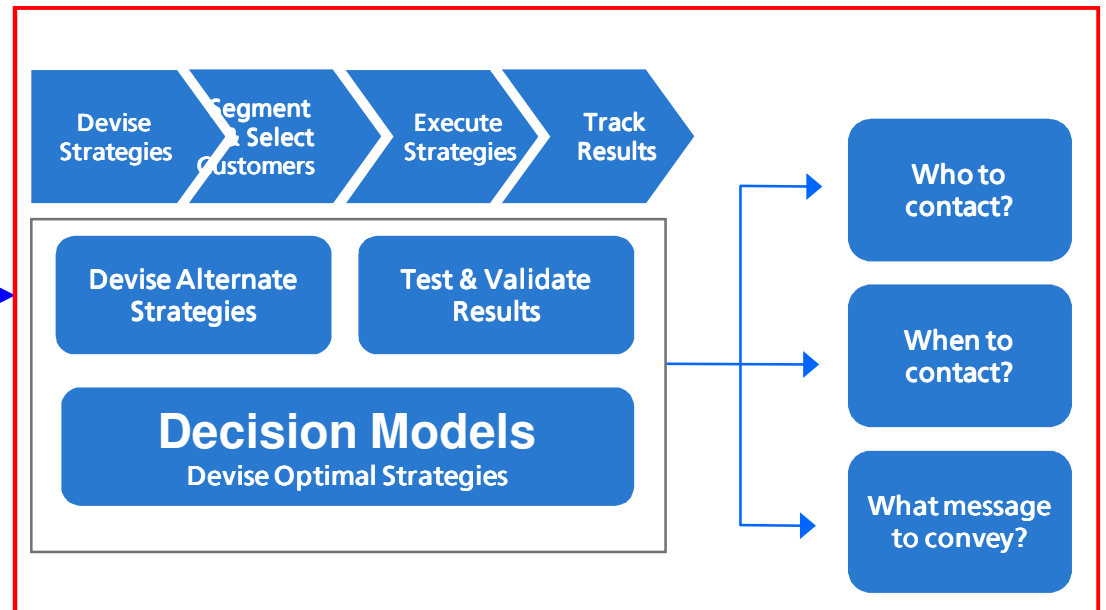
Additionally, policies in the 'Lapse' bucket need to be accorded higher priority, as failure to pay implies loss of revenue / customer

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Analytic Modeling



Collection Strategy Design, Execution, Tracking & Refinement



Data Source Management

