



Boost customer retention and growth in life insurance using predictive analytics

Executive Summary

Problem Statement

Insurers face a dual challenge of higher interest rates and increasing competition. Retaining existing customers is critical to overall growth & profitability. Challenge facing insurers:

- How to identify high value customers at risk of churn and retain them?
- How to increase the share of wallet by offering relevant products / services to customers?
- How to leverage Data & AI capabilities at scale to drive personalized & differentiated customer experience?

Technology Used

- Azure Databricks
- PySpark / Python / SQL / Scala
- DataBricks Auto ML
- MLflow
- Azure Kubernetes Service (AKS)
- Databricks Model Serving
- Azure DevOps / GitHub Actions

Solution Developed

Sapiens DataSuite provides:

- **Customer 360-degree view** : to provide a comprehensive enriched view of Customer – demographics, behavioral, claims, products, applications, life events etc
- AI / ML predictive models : **Churn & CLTV** predictive models to proactively identify customers most at risk of churn & having high lifetime value
- Sapiens **Next Best Action / Product** offers personalized products & services to customers to drive higher conversion, and increase customers share of wallet.

X-Factor (Business Benefits)

- Contextual understating of customers' needs, preferences & behaviors to proactively engage with customers.
- Leverage **Data & AI @ scale** to drive personalization & provide a differentiated customer experience leading to higher retention & increased share of wallet.
- Sapiens DataSuite can productionize Data & AI / ML capabilities to improve customer experience & boost retention & growth by reducing **time to market by 70%**

Problem Statement | Business Context

Insurers are facing dual challenges of rising interest rates & growing competition. Retaining existing customers is critical for driving growth & maintaining profitability. It is becoming increasingly difficult for insurers to identify & retain such customers while also providing a differentiated customer experience.

Key challenges include:

- **Siloed customer data** which severely limits insurers from building a single customer view across organization
- Identifying customer at **risk of churn** while proactively engage such customers
- How do insurers **personalize customer experience** to drive higher retention & profitability? *“Companies that excel at personalization generate 40% more revenue from customers.” - McKinsey*
- How to **embed Data & AI capabilities** across customer facing channels **at scale & derisk** such initiatives ?

Given these challenges, how can Insurers leverage Sapiens Data & AI capabilities to identify customers at risk of churn and take proactive actions to retain existing customers, and increase share of wallet ?

Sapiens DataSuite Solution

- End to End platform – integrated with Core Policy Admin & Digital channels
- Accelerators like Customer 360-degree view, KPIs and predictive models built specifically for the insurance industry
- Reduces time to market by 70% with AI capabilities
- Leverages experience / data of working with 650+ insurers across the globe
- Technology Used:
 - Azure Databricks
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 - Azure DevOps / GitHub Actions

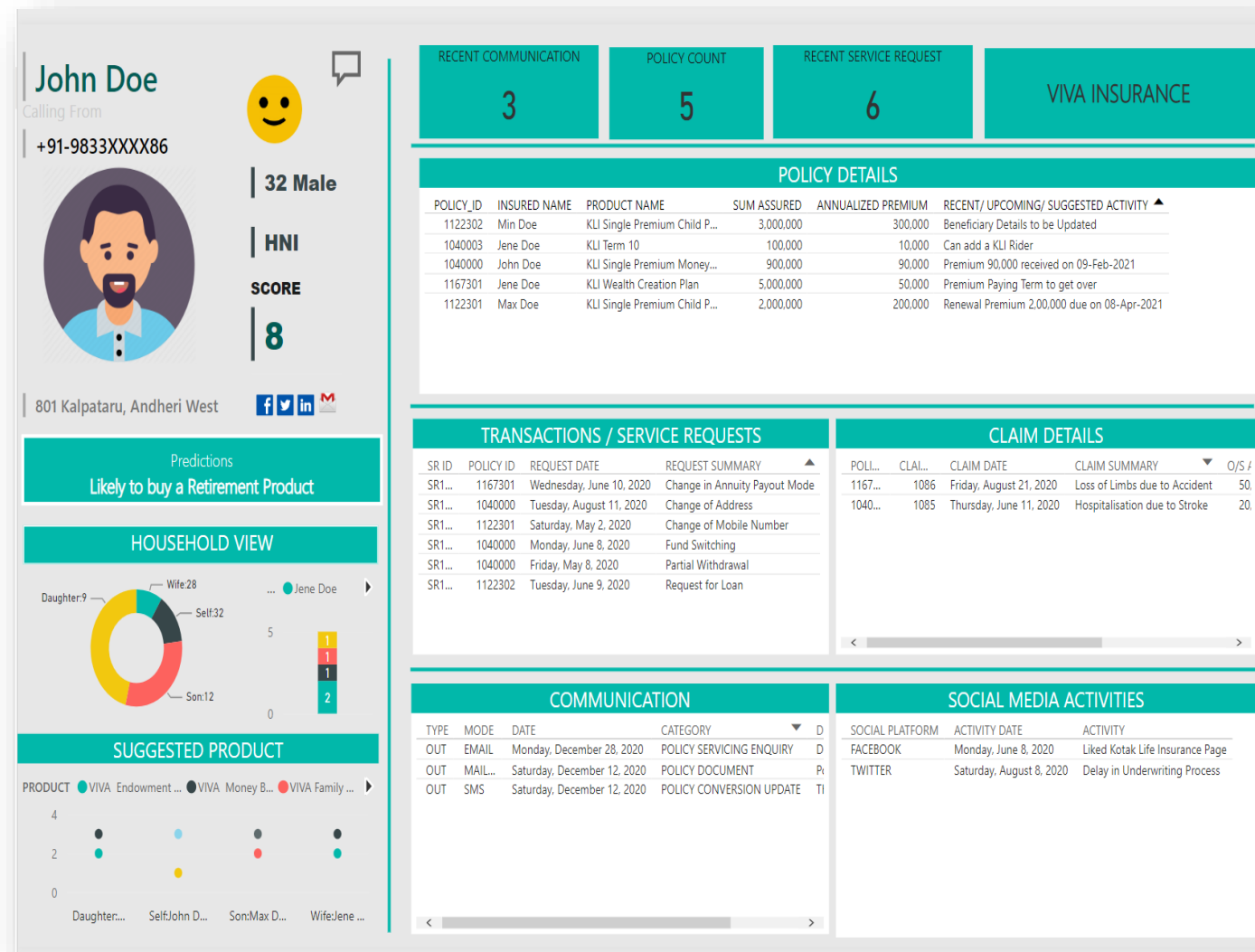
Key capabilities (1/3)

Customer 360 - degree View

Consolidate customer data across multiple systems to create a single customer profile.

Some key characteristics of enriched profile include :

- Identity matching / customer unification using deterministic & probabilistic algorithms.
- Contextual understanding of customer needs, preferences & behaviors to proactively engage with customers.
- Key enabler to provide personalized experience for customers / agents.



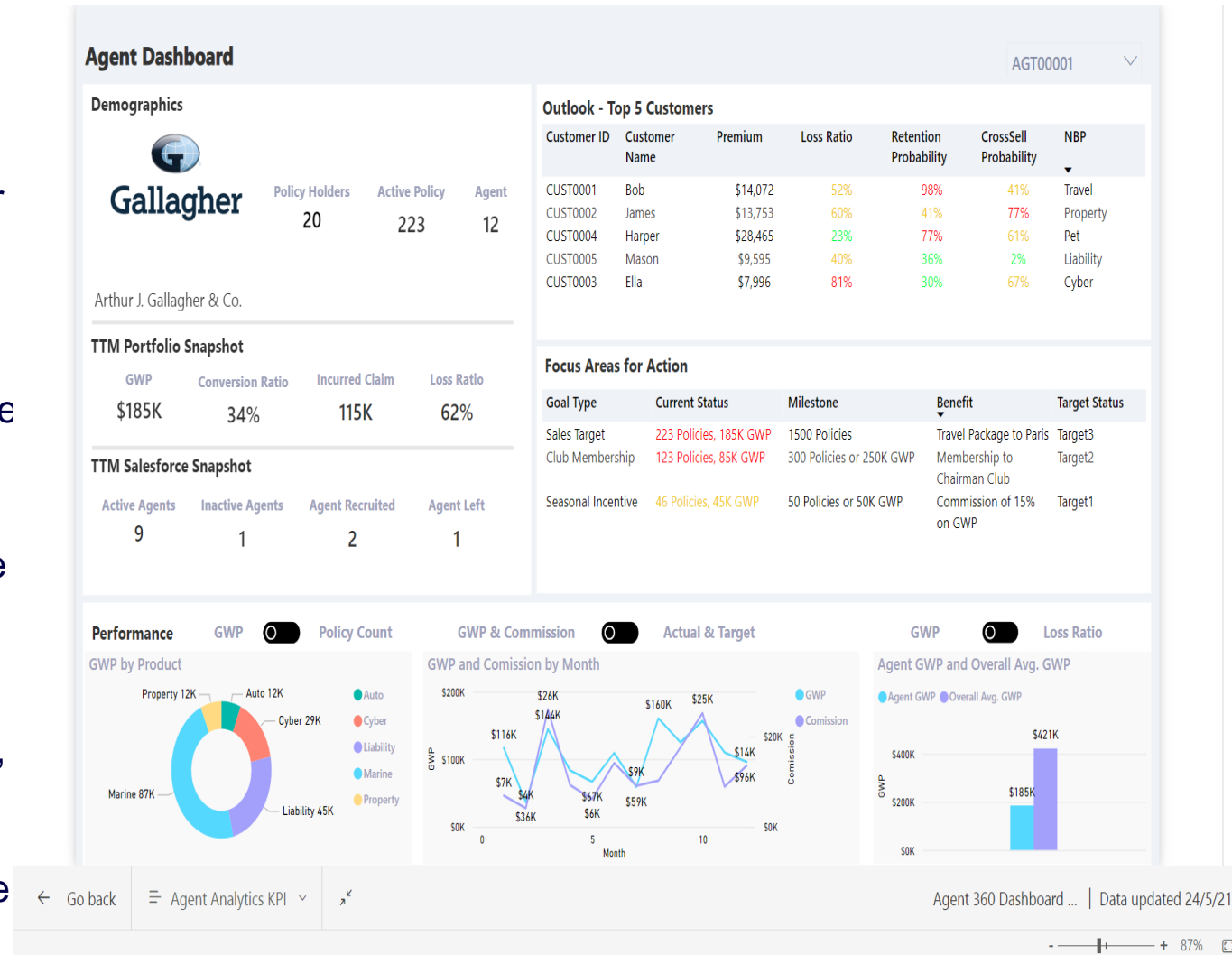
Key capabilities (2/3)

AI / ML Propensity Scores

DataSuite uses Customer 360-degree view and predictive models to understand and predict customer behavior – for instance, if the customer is going to churn or premium sensitivity.

Some of the key AI / ML predictions scores that we provide as part of DataSuite include

- Retention Probability : probability of the customer to be retained
- Customer Lifetime Value : this can either be provided as a specific dollar value or classify customers as high, medium & low.
- X-sell / Up – Sell Probability : predicted conversion rate if an offer is made to the customer



Key capabilities (3/3)

Product Recommendations / People Like You

DataSuite AI (Next Best Action) provides capability to recommend products / actions based on various customer signals.

Some of the key capabilities of the recommendations include

- Recommend products based on customer's key life events
- Recommend products based on what customers with similar profiles have purchased.
- Recommend actions (like Offers, discounts, agent calls) based on AI / ML driven scores including premium sensitivity.

Data Analytics and GenAI insights and recommendations

Pushing insights and recommendation to Agent Portal

The screenshot displays a customer profile for 'Client2 Sanity' with details such as Gender (Male), Date of Birth (Jan 01, 1960), and Address (Arokmim 26, Holon, United States, 12345). The 'Next Best Action' section recommends a 'Whole Life' product with a 'Medium' probability. The 'Insights' section shows a 'Suggested Premium' of €1,439.37 and an 'AI Summary' recommending 'Whole Life Insurance with a face amount of USD 177,000 and annual premium of USD 1,430'.

X Factor – Business Value

80% of value creation achieved by successful insurers comes from existing customers and generating new revenue streams from existing customers. Also factor in that the loss of one customer requires the acquisition of three new customers. Hence, focusing on customer experience is key to retaining and increasing the wallet share from existing customers.

Sapiens DataSuite & AI capabilities helps insurers:

- Better understand their customers and their needs & preferences
- Identify customers at risk of churn and recommends proactive intervention strategies.
- Personalize the experience for customers across the entire life cycle leveraging the understanding of customers, signals & life events.
- Lead prioritization leveraging CLTV & propensity models to ensure high conversion rates.



Thank you

Appendix

The background features a series of concentric, overlapping circles in various shades of blue and light green, creating a sense of motion and depth. The circles are centered around the text.

**Sapiens is the global partner of
choice
for insurance carriers that seek to
digitally transform their business
for the next generation**

Sapiens At a Glance



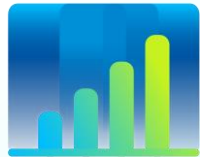
Global Tiers Presence in all



Serving
L&A and **P&C**



600+
Insurance
Customers



\$515M
2023
Revenues ⁽¹⁾



15%
10-Year Revenue
CAGR



\$94M
2023
Operating Profit ⁽¹⁾

(1) FY2023 Non-GAAP as published on February 20, 2024

Sapiens Intelligent Insurance Platform

For Life & Annuities

SAPIENS
Insurance Platform
Life, Pensions & Annuities

CustomerConnect

AgentConnect

Low-Code/No-Code
Journeys

Digital Engagement

IllustrationPro | ApplicationPro
UnderwritingPro

CoreSuite for Life & Annuities

Core Policy Administration and Business Applications

Customer/
Agent 360 View

Data
Lake/
DWH

Reports
&
Dashboards

AI/ML
Models

Insights

Data, AI & Analytics

SaaS/
Cloud

AI/ML/
GenAI

APIs

Business
Logic
Engine

UI/UX

Security/
Operability

DevOps

Common Foundations

Ecosystem

Atidot **SPLICE**
SOFTWARE

Cincom **binah.ai**
Health Checks Anywhere

ForMotiv

Milliman IntelliScript®
See more. Fear less.

Paymentus

Industry Content

- | Pre-configured products and LOBs
- | Pre-integrated end-to-end business processes
- | Pre-configured persona-based portals
- | Regulation & Compliance
- | Country-specific content

SAPIENS

Award Winning Business Solutions in NA

CELENT

XCelent Awards

Luminary

- Sapiens CoreSuite for Life
- Sapiens IllustrationPro

Leader in Technology

- Sapiens IllustrationPro/CoreSuite

Breadth of Functionality

- Sapiens IllustrationPro/CoreSuite
- Sapiens UnderwritingPro

Customer Base and Service

- Sapiens UnderwritingPro
- ¹⁴ Sapiens IllustrationPro



Market Navigator

Established Player

- Sapiens UnderwritingPro

Dominant Provider

- Sapiens IllustrationPro

Contending Solution

- Sapiens CoreSuite for Life

Gartner

Gartner Global

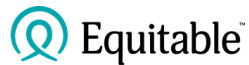
Leader for Critical Capabilities and Life Policy Administration Systems

- Sapiens CoreSuite for Life



Proven Life Delivery North American Capabilities

Over 80 North America L&A customers with many using multiple Sapiens products

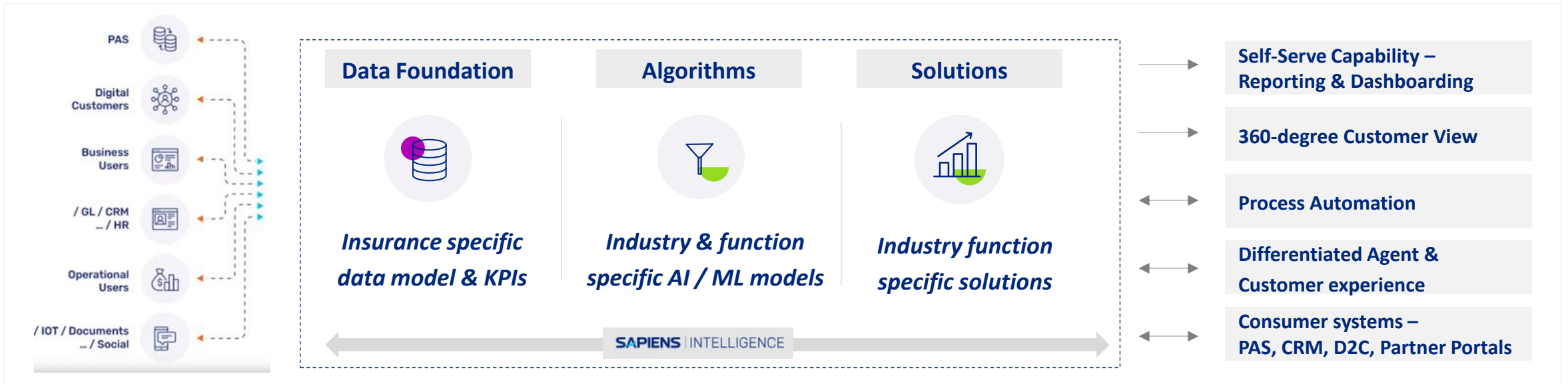


Sapiens DataSuite Platform & Predictive Models

Prebuilt connectors for data ingestion

Ready to use insurance specific data models, KPIs & algorithms

Prebuilt insight widgets, reports, dashboards and AI/ ML algorithms



Provides differentiation to core products by positioning as a Data & AI driven platform

Differentiated & personalized customer / agent experience by leveraging Data & AI capabilities

Adopt innovation happening in broader tech space by working with the partner ecosystem

Data & AI Accelerators: Turbo charge Data & AI Use Cases

Prebuilt integrations

- End to End integration with PAS & Digital platform
- Prebuilt integration with PAS, CRM and various other systems

Insurance Data Model

- Insurance specific data model
- Semantic Layer
- Prebuilt KPIs
- Predictive Models

Customer 360-degree View / Data Hub

- Uniquely identify customer
- Consolidate data across various systems to build a single customer profile

Business Insights & Reporting

- Reporting & Dashboards – 70 OOTB reports / 10 dashboards available
- Self – Servicing capability

AI & ML Capabilities

- Insurance specific AI / ML models for customer analytics, Fraud & Claims
- Integration capabilities to embed in back office & front office processes

Decisioning (WIP)

- Recommendation engine for NBA
- Signals & Trigger Library

The value of the platform



- **Comprehensive** offering
 - **Modular** – grow based on your needs
 - **Open** for ecosystem partners
 - Pre-integrated, pre-configured, ready-to-deploy **packaged business solutions**
-

- Seamless, intuitive, **personalized experiences**
 - **Smart, data-driven decisions** using unified data, analytics & AI
 - **Shorten speed to market** using low-code/no-code configuration tools
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- **Increase automation** using AI and automated business decisions
 - **Business agility** through cloud-native SaaS solutions
 - **Reduce TCO** by reusing common foundations and tools operability
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