

REDUCING CHURN RATE DRAMATICALLY

THE CLIENT CHALLENGE

A major European insurance company discovered in one of their European branches about 40% hidden churn rate for their high-end automotive insurance customers. The company saw an opportunity to improve overall performance by reducing churn rate dramatically.

THE GEMSEEK APPROACH

GemSeek did an initial data exploration and deduced some rules identifying even worst churn rate segments (62%) than what was initially discovered. Some direct actions were recommended.

Subsequently we developed a Churn prediction mathematical model to evaluate propensity to churn for each individual customer.

Following the model deployment and a campaign execution the churn rate was reduced to 28%. Opportunities for further optimization were suggested.

THE DELIVERABLES

In order to achieve a higher interpretability of the results for our final deliverable after the coarse classing of variables we decided to transform initial variables to dummy ones and use only the significant part of the original variables into the final model.

Modeling Techniques: **Logistic regression**

Modeling Software: **SAS**

