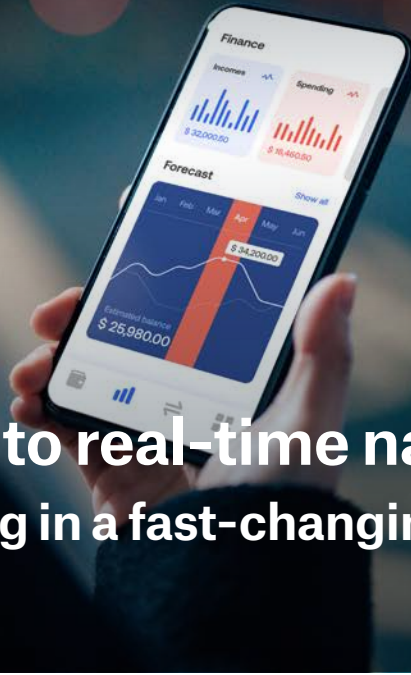NOT IF, BUT HOW

Munich RE

Case study: Retail motor pricing

From common sense to real-time navigation
Best-in-class risk modelling in a fast-changing environment

Initial situation

– The client is an established player in P&C business, losing market share in the motor business
– The local market experience an increased competition driven by the recent introduction of price comparison website
– The clients want to improve the risk selection to regain market share

Project approach

– Best-in-class risk modelling & technical price at peril level
– Machine Learning for behavioral pricing, including retention rate and conversion rate modelling
– Tailor-made impact analysis framework to improve the decision-making process

Result

– Improvement of the underwriting cycle, identifying profit making/loss making segments
– Loss ratio reduction by ~5%, lowest in the market by now
– On-site delivery

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