



Improving Cross-sell Results

Identifying Customers most Likely to Buy a Second Product

The Challenge

A top 5 US life insurer was interested in growing second product penetration within its policyholder base. Total US life insurance premiums grew at 1.44% CAGR between 2017 – 2020¹ so the ability to successfully cross-sell products such as annuities is critical to achieving growth targets.

The insurer has a large agent network that it depends on for product cross-sell was seeking better ways to **prioritize** its millions of policyholders for **cross-sell efforts**.

To improve success rates, the carrier was interested in using truth-based 3rd-party data to identify policyholders likely to buy a second product..

¹ Insurance Information Institute, 2021

The Solution

- Powerlytics proprietary database provides a comprehensive financial profile of all 150M US households and 30M US businesses.
- Powerlytics' data science team analyzed the insurance carrier's historic anonymized customer data to identify which of Powerlytics 3,000 consumer financial variables and insurance carrier data were most predictive of likelihood to purchase a second product.
- The Powerlytics team initially ran a baseline analysis using only the carrier's data variables; this analysis was able to target the top three deciles with a 41% likelihood to purchase a second product.
- The team then ran the analysis with both carrier and Powerlytics' variables; this combination was able to **target the top three deciles with a 70.5% likelihood to purchase a second product – a 72% improvement** in targeting of the top 3 deciles
- The team also ran the analysis with only Powerlytics variables and not customer specific data. Powerlytics' variables alone were able to identify the top three deciles with a 69% likelihood to purchase a second product. As a result, **Powerlytics can be used to target new customers** that are more likely to buy a second product.

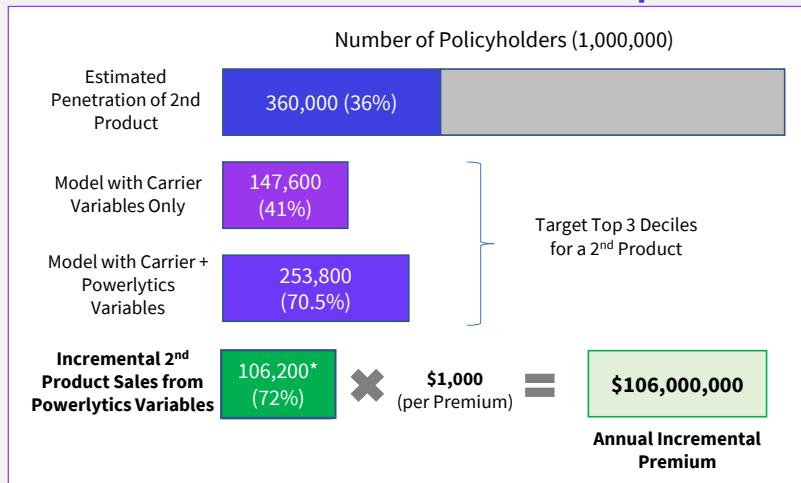
The Impact

By implementing the model featuring Powerlytics data, the insurance carrier could generate **106K incremental annual product sales** per 1M policyholders resulting in an additional **\$106M of Y1 annualized premium** on each 1M policyholders (see chart below)



Incremental Impact from Powerlytics Data

Insurance Carrier Value = \$106M annual premium



* $(70.5 - 41) / 41 = 72\% \Rightarrow 0.72 * 147,600 = 106,200$



By leveraging the model featuring Powerlytics proprietary data, the carrier can **improve its cross-sell results** while also **targeting prospects more likely to buy a second product**.