

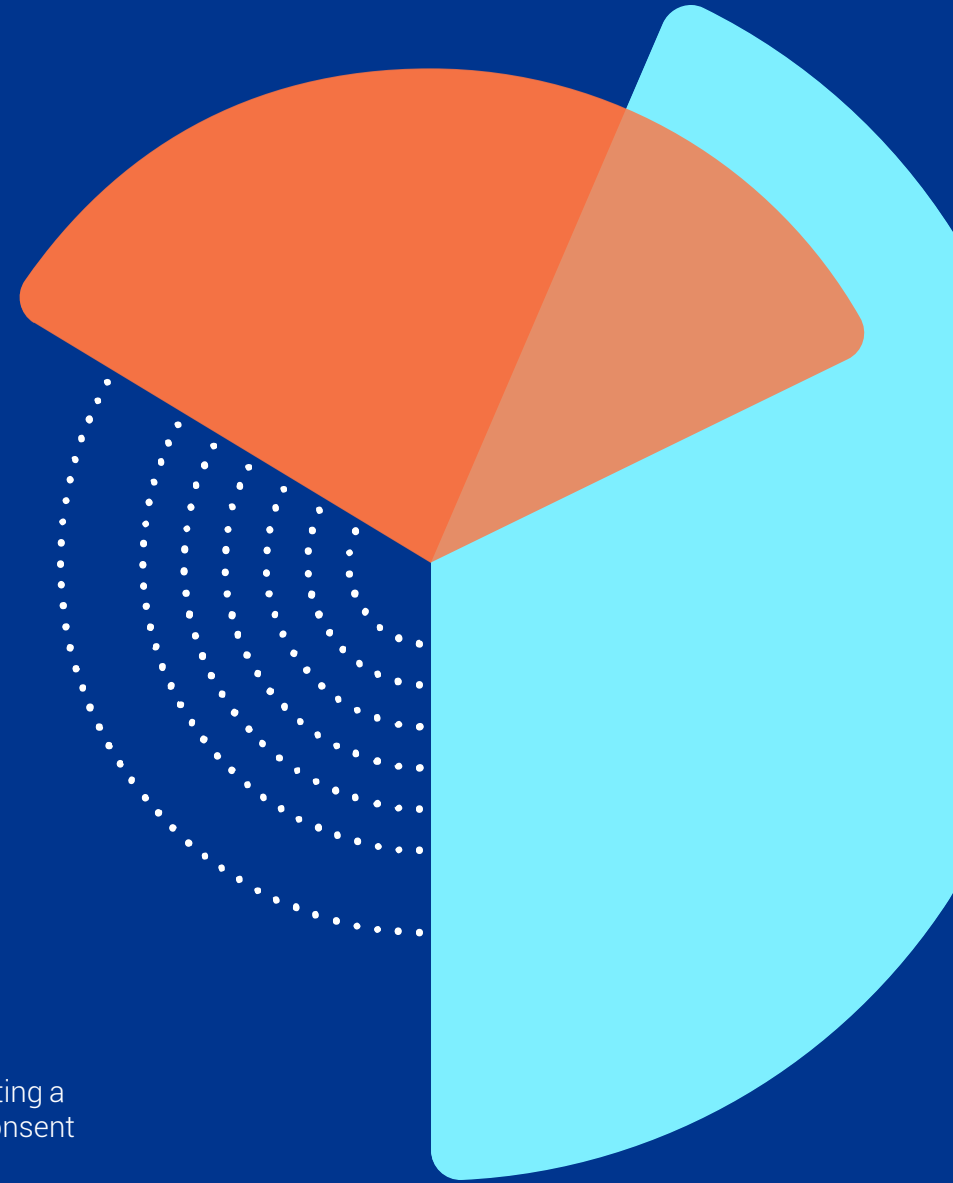


# Predicting Auto Insurance Churn with Behavioral Retention Analytics

**Verisk Webinar Series**

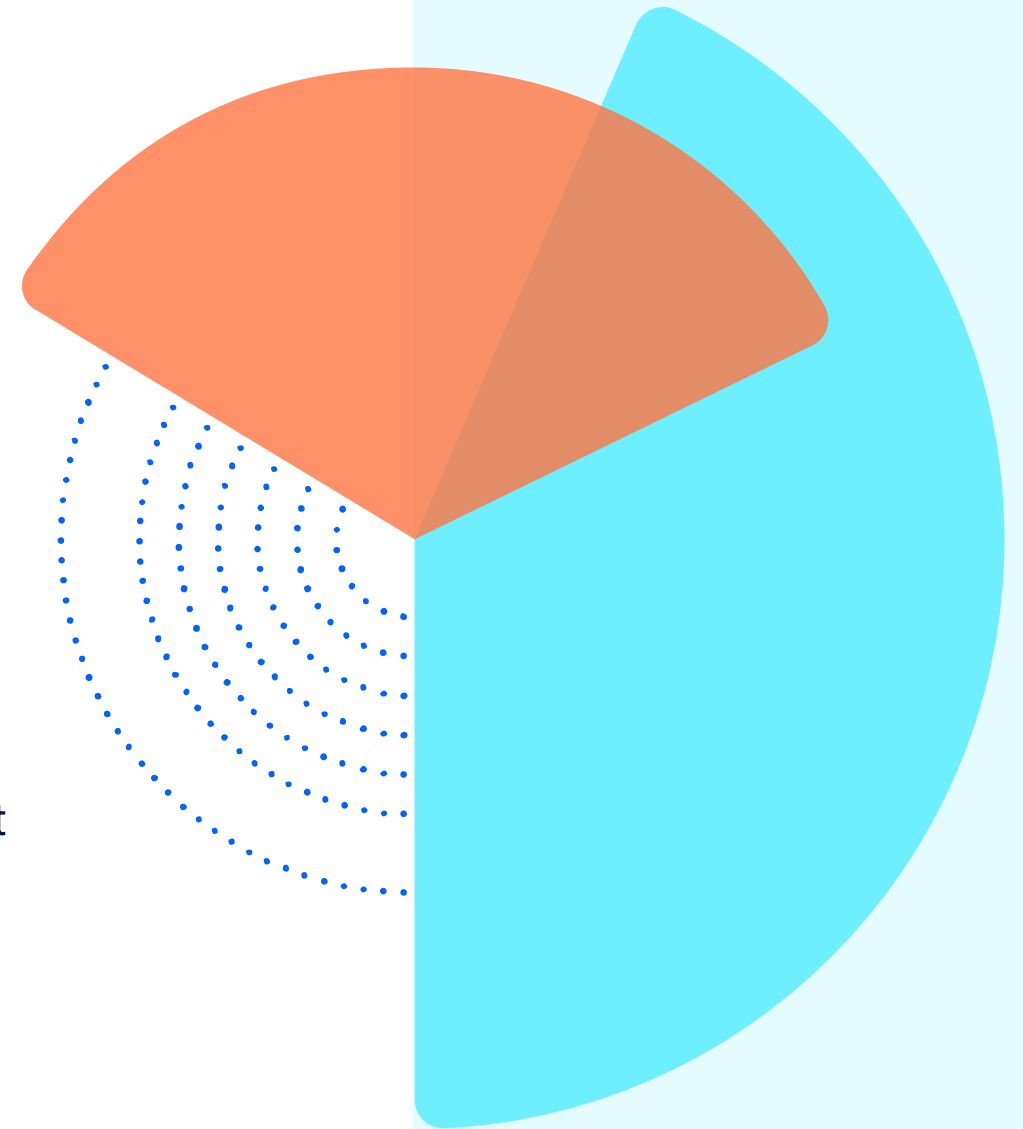
**Tuesday, June 9, 2:00 ET**

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# Today's agenda

- 1 Research Foundation**  
Why policy behavior matters and how Verisk studied retention signals across the auto lifecycle
- 2 Renewal Insights**  
How midterm changes, timing, and coverage behavior can signal churn risk before renewal
- 3 New Business Insights**  
How behavioral data can help identify higher-value applicants at point-of-quote
- 4 Turning Insights into Action**  
How carriers can move from reactive retention to proactive lifecycle engagement



# The Premise

Customers with seemingly identical risk profiles **behave very differently**, and those behaviors are highly **predictive of retention**.



## Traditional Variables

*Who the customer is*



## Policy Behavior

*What the customer is going through*



## Key Signals to Watch

*Midterm changes & timing*

*If you can recognize the warning signs early,  
you can act before the customer shops.*

# How We Studied This

## A behavioral view of policyholders across the industry

1

### Our dataset

- Representative sample of policies sourced from across the industry
- Multi-year transaction history ranging from 2024-2025
- Full policy lifecycle visibility

2

### What we observed

- Endorsement activity (*adds, removes, timing*)
- Coverage changes (*limits, deductibles*)
- Life events (*moves, household changes*)
- Renewal outcomes (*retained vs. churned*)
- Others

# Why This Matters Now



## The hard market changed behavior

- Traditional signals are losing predictive power
- Shopping windows have condensed



## You can finally see behavior across the full customer lifecycle

- Industry-wide time series policy data
- Visibility into endorsements, coverage changes, and life events

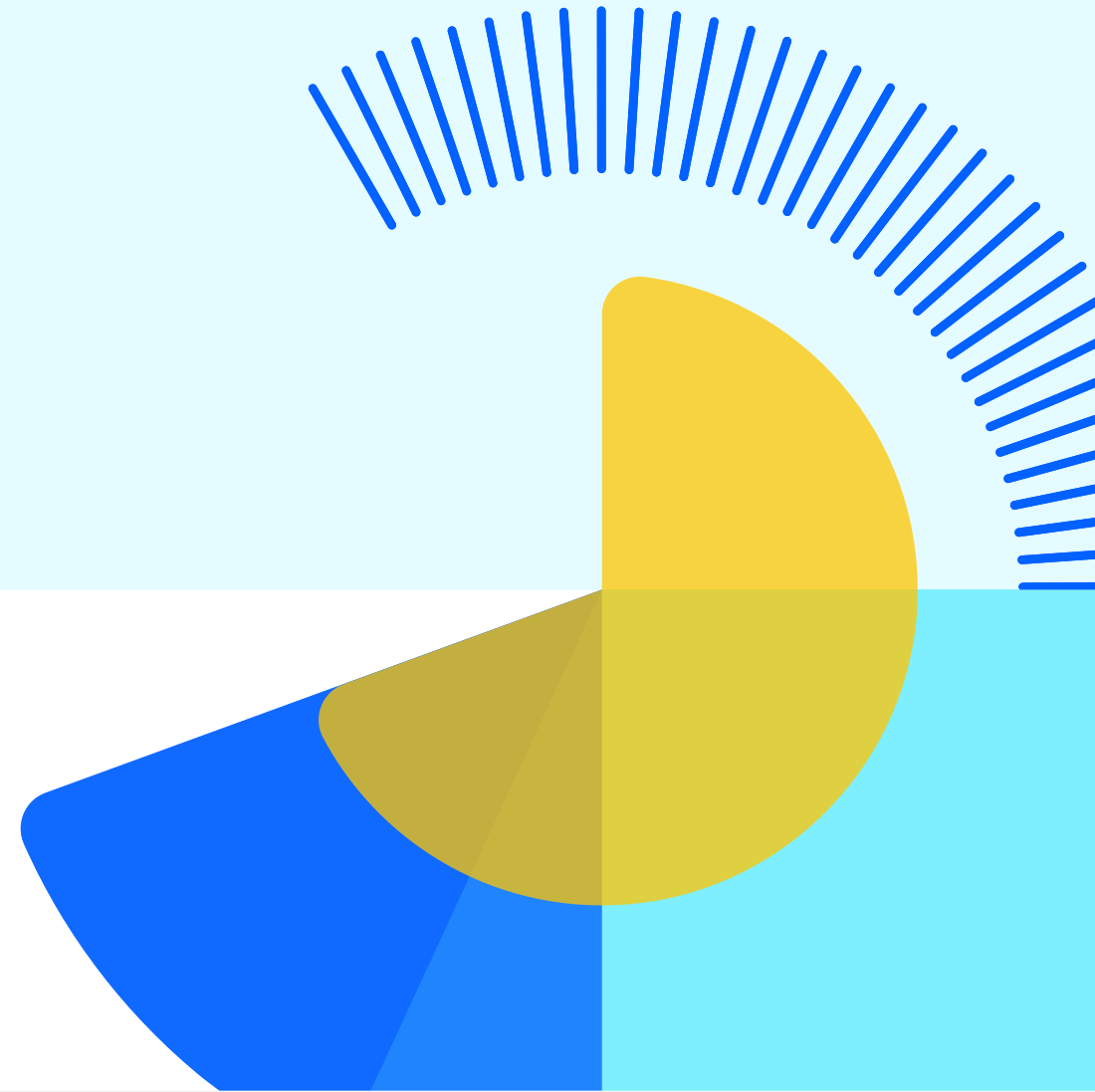


## Agentic AI enables scalable action

- Automates detection of early churn signals as they happen
- Helps trigger timely, personalized interventions across lifecycle

# “Same Risk,” Different Behavior.

How small differences in policy behavior can lead to very different retention outcomes



# “Same Risk.” Different Behavior.

## Vehicle Changes

<b>Identical Risk Profile</b>	Tenure:	5 years
	BI Limits:	100/300
	Policy Type:	Full Coverage
	Claims:	None

One key difference: policy behavior

### Customer A

- Swapped one vehicle for another

**No net change**



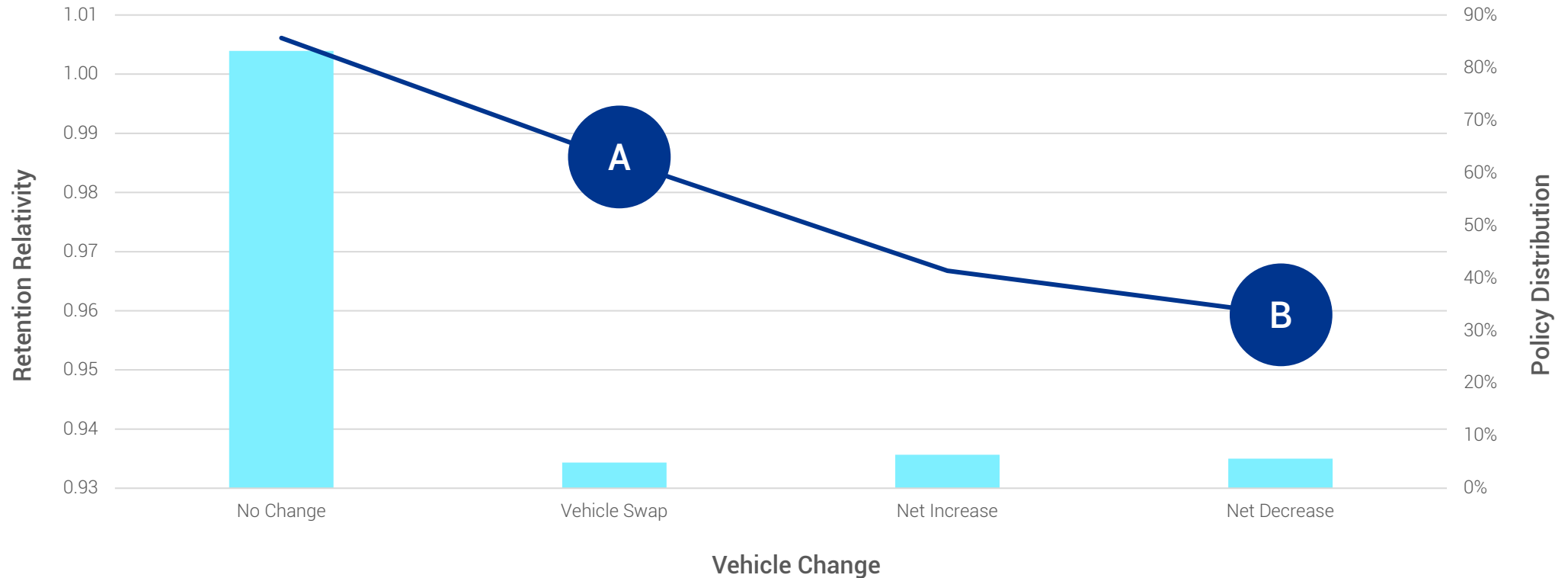
### Customer B

- Removed a vehicle

**Net decrease**



# Net Vehicle Changes Is a Better Predictor of Retention Than Vehicle Swaps



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# "Same Risk." Different Behavior.

## Address Changes

<b>Identical Risk Profile</b>	Tenure:	2 years
	BI Limits:	50/100
	Policy Type:	Full Coverage + Homeowners
	Claims:	None

One key difference: policy behavior

### Customer A

- Remained at the same address

**Kept same address**



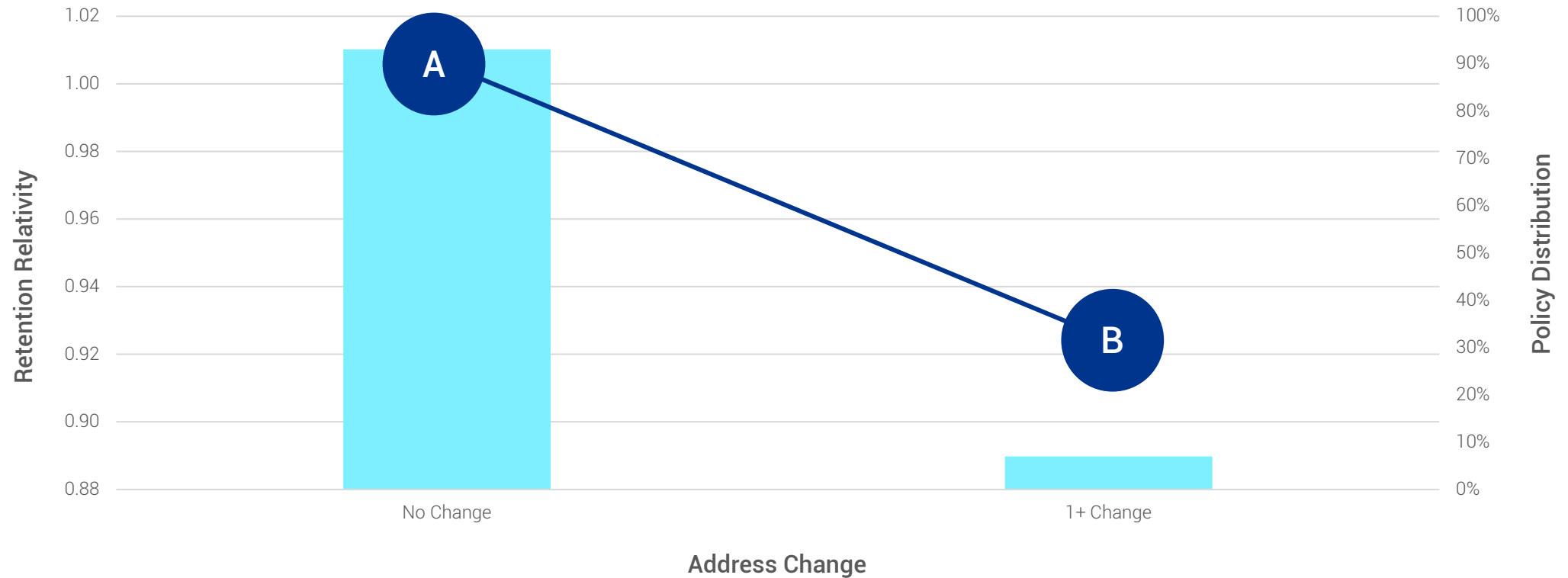
### Customer B

- Updated garaging address

**Moved**



# Moving Leads to Shopping



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# "Same Risk." Different Behavior.

## Coverage Changes

<b>Identical Risk Profile</b>	Tenure:	10 years
	BI Limits:	250/500
	Policy Type:	Full Coverage + Umbrella
	Claims:	None

One key difference: policy behavior

### Customer A

- Increased physical damage deductible

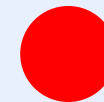
**Deductible increase**



### Customer B

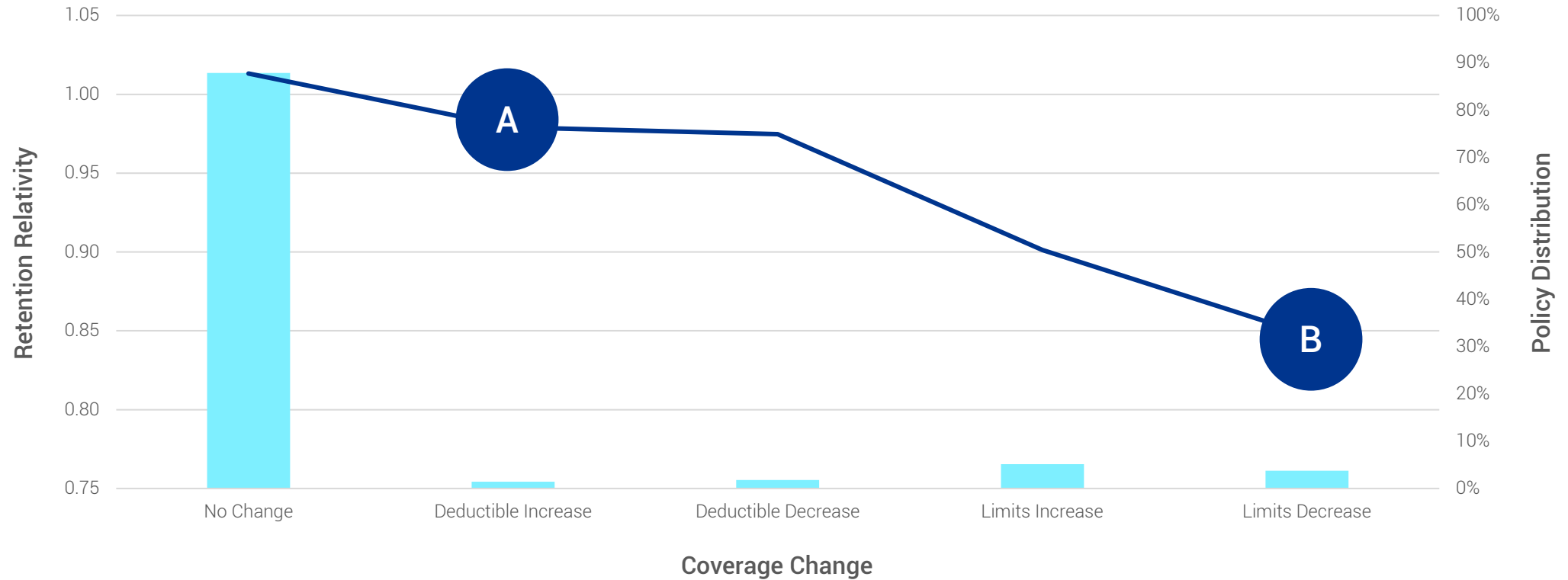
- Decreased liability limits

**Limit decrease**



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# Limit Changes Indicate Churn More Than Deductible Changes



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# "Same Risk." Different Behavior.

## Timing

<b>Identical Risk Profile</b>	Tenure:	1 year
	BI Limits:	25/50
	Policy Type:	Liability Only
	Claims:	None

One key difference: policy behavior

### Customer A

- Processed a change early in the policy term

**Early-Term**



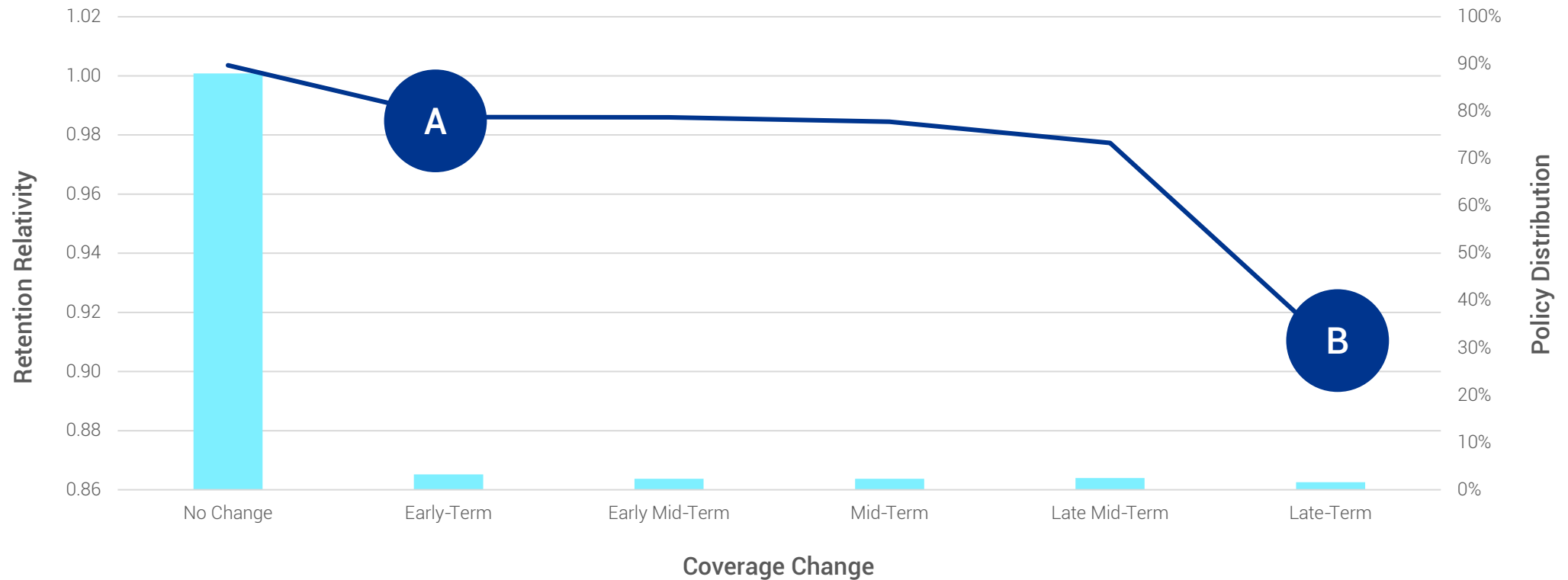
### Customer B

- Processed a change late in the policy term

**Late-Term**



# Late-Term Policy Changes Signal Price Maneuvering



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# "Same Risk." Different Behavior.

## Combining Signals

<b>Identical Risk Profile</b>	Tenure:	3 years
	BI Limits:	50/100
	Policy Type:	Full Coverage
	Claims:	None

One key difference: policy behavior

### Customer A

- Increased physical damage deductible early in the policy term

**Early-term deductible increase**



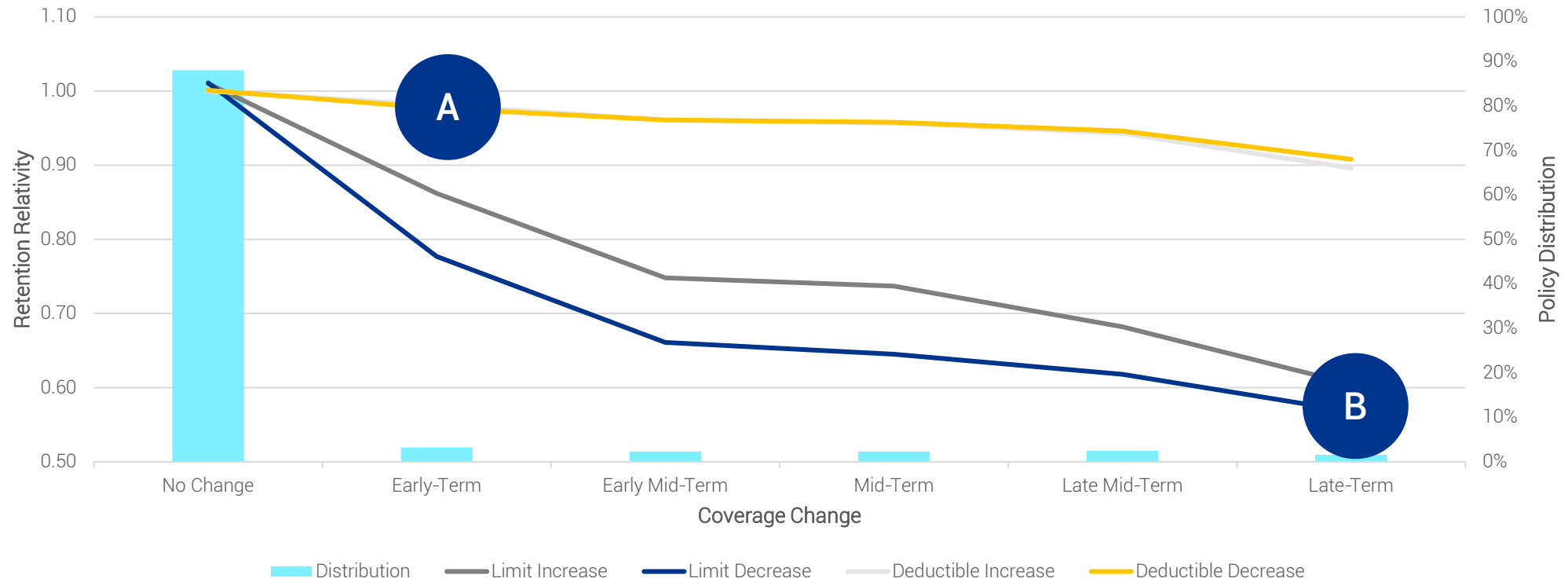
### Customer B

- Decreased liability limits late in the policy term

**Late-term limit decrease**



# The Clearest Sign of Shopping: Limit Changes Just Before Renewal



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# What these behaviors tell us



## Not all changes are equal

- Some changes are neutral (e.g. swaps)
- Others signal disengagement (e.g. removals, limit decreases)



## Timing amplifies risk

- Late-term changes are significantly more predictive
- Signals become stronger closer to renewal



## Signals compound

- One signal can be noise
- Multiple signals shows clear intent

*Customers often “telegraph” churn intent well before a renewal decision is made*

# The Opportunity

1

## What we've been missing

- Static view of the customer
- Limited visibility into behavior
- Reactive retention strategies

2

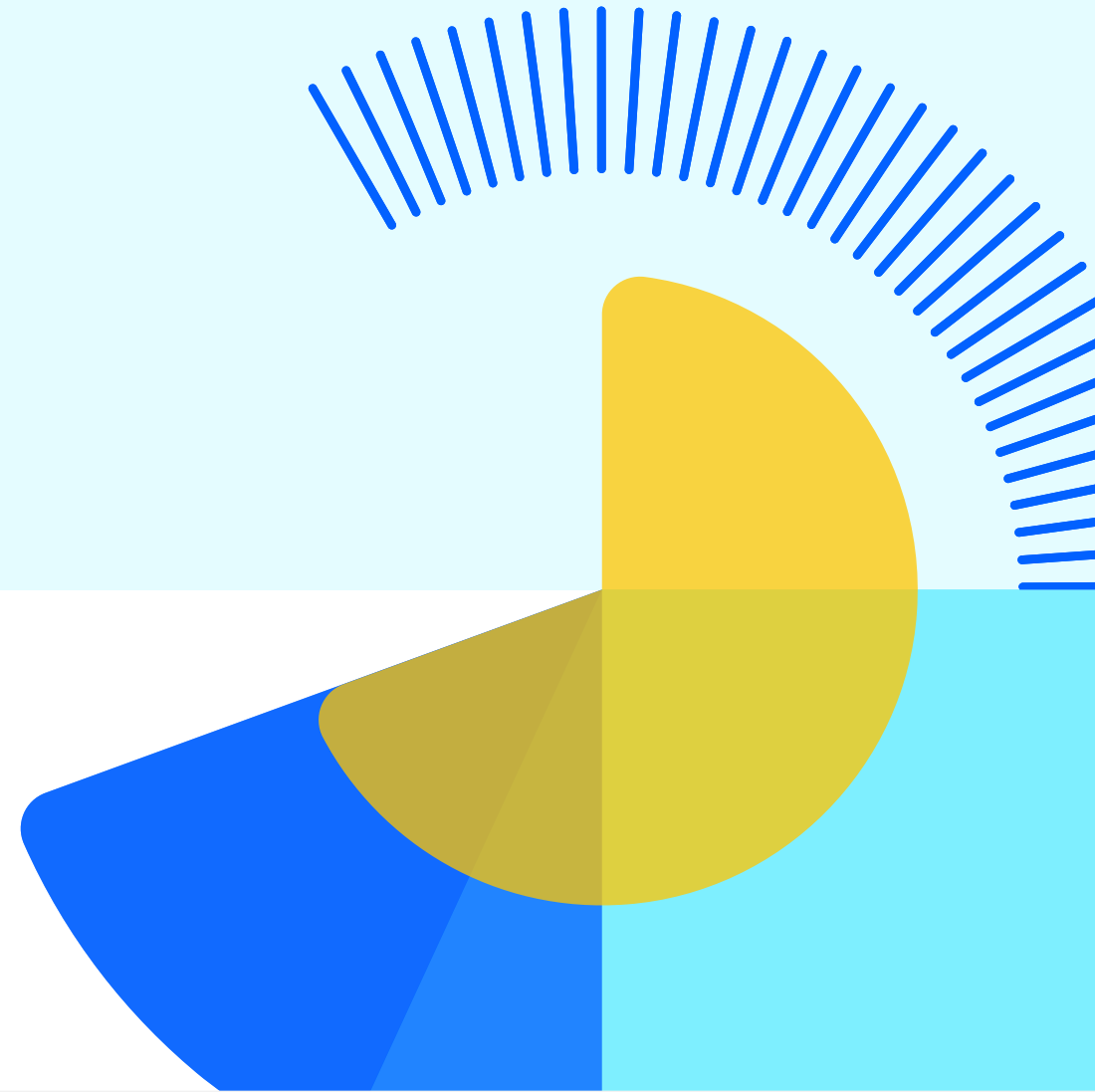
## What's possible now

- Continuous visibility into behavior
- Early detection of churn signals
- Proactive, targeted engagement

*The goal is not just to predict churn,  
it's to act before it happens.*

# Same Quote, Different Outlook.

How behavioral data can be used to better understand applicants at the point-of-quote



# From Retention Signals to Risk Selection

These same signals don't just help you retain customers, they better enable customer selection at point-of-quote.

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So what can you actually see at quote?

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### Timing

Recency & frequency of endorsements



### Direction

Coverage direction & trends



### History

Average prior tenure from all recorded policies

*Behavioral data allows you to attract the right customers at the right time.*

# Same Quote. Different Outlook.

<b>Traditional Profile</b>	Years with Prior Carrier:	5
	Prior BI Limits:	100/300
	Time Since Last Lapse:	N/A
	Prior Carrier Market Segment:	Preferred

One key difference: policy behavior

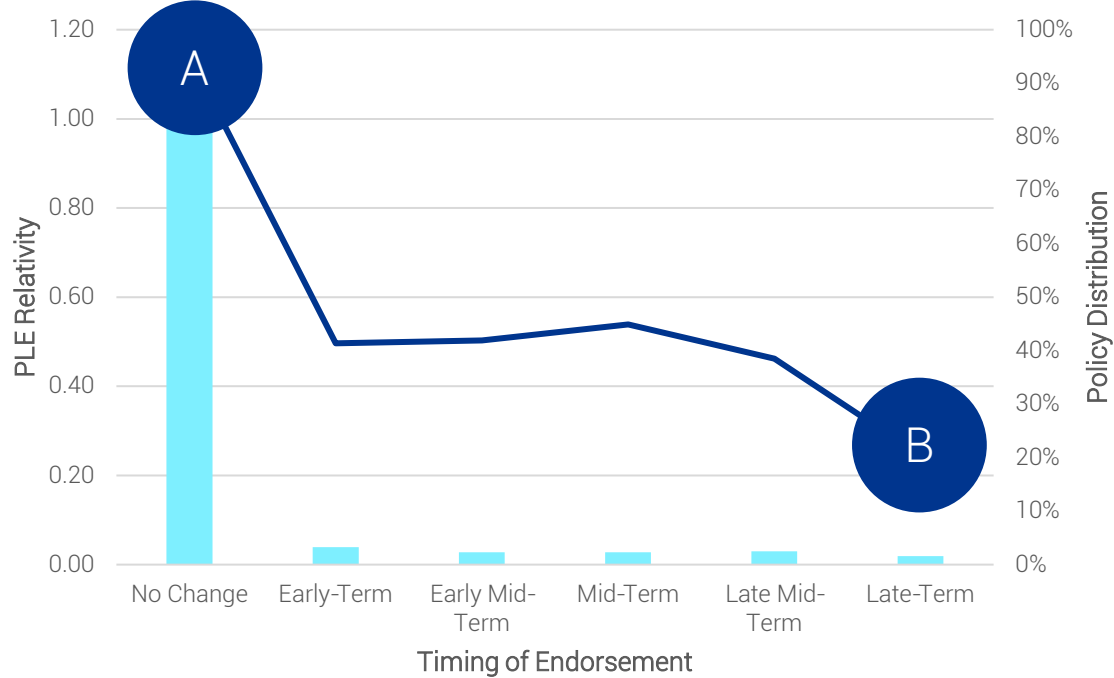
<b>Consumer A</b>	
Time Since Last Endorsement	1 Year
Endorsements in the Past Year	1
BI Limits Chosen Most Frequently Over History	100/300
Average Prior Tenure	5 Years
Cancellations/Reinstatements in the Past 5 Years	0

<b>Consumer B</b>	
Time Since Last Endorsement	7 Days
Endorsements in the Past Year	4
BI Limits Chosen Most Frequently Over History	25/50
Average Prior Tenure	2 Years
Cancellations/Reinstatements in the Past 5 Years	3

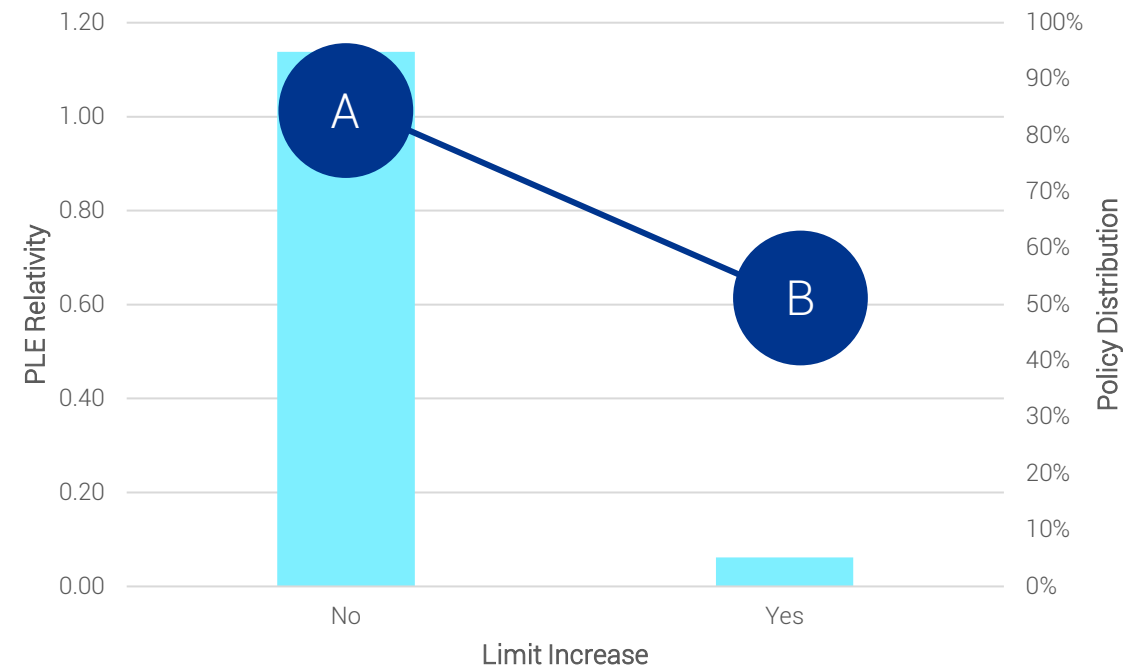
Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

# “Same Profile.” Different Shopping Patterns.

## Object 1: Policy Life Expectancy by Recency of Endorsements



## Object 2: Policy Life Expectancy by Limit Increase



Source: Verisk's Coverage Verifier database (2024–2025) where research permission was granted

## What this can mean for carriers



### Behavior is often the missing layer

- Some changes are neutral (e.g. swaps)
- Behavioral signals show what they're going through



### The same signals apply across the policy lifecycle

- Midterm: identify churn risk
- Point-of-quote: identify lifetime value



### Retention starts at risk selection

- The best way to improve retention is to write better business upfront

*You're not just segmenting risk, you're laying the foundation for **compounding retention improvements***

# Retention Solutions: Full Lifecycle

A cohesive retention program extending through all phases of the customer journey

## New Business



### Identify prospects with high Policy Life Expectancy

- CVAO's behavioral data is highly predictive of PLE
- Objects slide seamlessly into your rating, tiering, or underwriting plan

## Renewal



### Monitor early behavioral signals

- Spot churn risk before a renewal decision is made with active monitoring
- Trigger timely, personalized intervention campaigns

## Post-churn



### Analyze policy changes when customers leave

- Study aggregated before/after datasets detailing key policy differences from customers who recently cancelled
- Fold findings into your operations to better control future outcomes

*The right data allows you to move from a reactive to a **proactive model**.*

# Harnessing CVAO via LightSpeed®: Innovative Use Cases at Rate Call 1

What if you could identify future loyal customers at point of quote?

How can you attract traditionally loyal customers and differentiate valuable infrequent shoppers from higher-cost "hoppers"?

## Goal

An insurer aims to offer competitive rates to loyal customers affected by rising premiums. Current tools for risk identification aren't working.

## Challenge

Many carriers today identify loyalty with "years prior carrier," but in this fast-paced shopping environment, traditional "snapshot" tools no longer effectively differentiate customers.

## Solution

Harnessing CVAO, the insurer overlays specific objects using deeper insights to help identify risks with better retention and lifetime value, price them accordingly, and segment applicants into specific risk profiles at quote.

Loss cost relativity by frequency of switching insurers over 5 years<sup>11</sup>

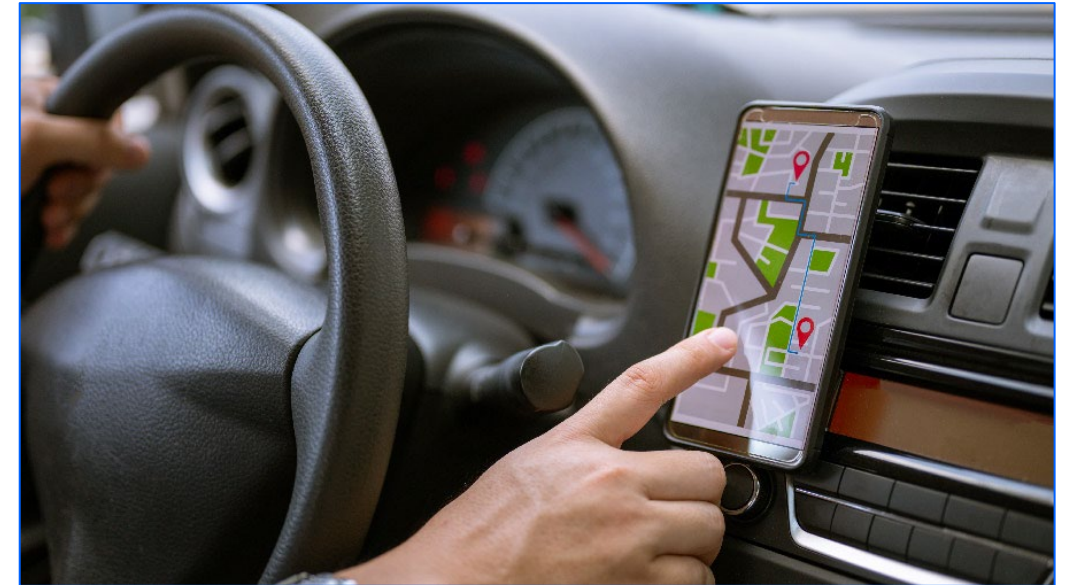


Loss cost relativity by count of vehicle adds during prior term<sup>12</sup>



## Return on investment

- Help calibrate rates
- Boost future retention
- Lower marketing costs
- Sustain profitable growth



Discover more innovative use cases in our white paper!

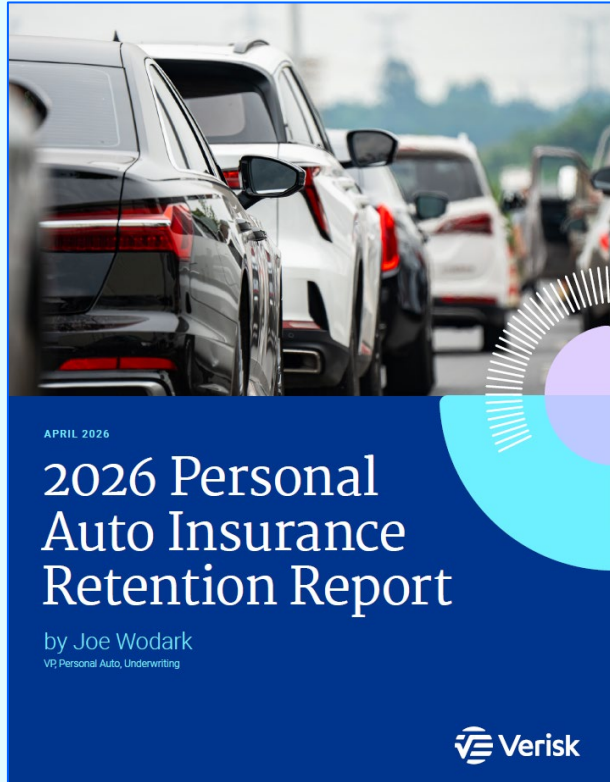


Auto Policy History Analytics:  
The Future of Risk Segmentation

Unlocking predictive behavioral insights at Rate Call 1 to help drive profitable growth as insurance shopping accelerates



# Download Our Research and White Paper!



## Request a Strategy Session

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