Good2Go Auto Insurance

Headquarters:
Blue Bell, PA

Operations:
United States

Business Lines:
Auto Insurance

Employees:
201-500

Website:
https://www.good2go.com/

Product(s):
Guidewire Predictive Analytics for Profitability

Benefits

- **Improved pricing**
- **Data driven, real-time rate adjustments**
- **Better risk selection**

Good2Go Auto Insurance Improves Pricing Accuracy

> **Insurer leverages Guidewire Predictive Analytics for Automated Pricing Adjustments**

Good2Go Auto Insurance® was founded over a quarter of a century ago on the simple premise that getting car insurance shouldn't be difficult. Good2Go specializes in offering minimum limits car insurance, while offering collision and comprehensive coverage, to underserved drivers.

Good2Go's mission is to make it easy for all drivers to be an insured driver by giving them access to fast, easy, and cheap car insurance that will get them behind the wheel for less up front — with low down payments and convenient payment plans that fit any budget. Good2Go operates in multiple states within the US.

Analytics to Improve Pricing Accuracy

Good2Go realized early on that using advanced machine learning and statistical modeling can improve rate plans and pricing accuracy which can be a differentiator in the highly competitive auto insurance business. Good2Go initially tried to leverage consultants as well as internal experts to build predictive models. This turned out to be a very costly and time-consuming endeavor. Moreover, Good2Go realized that to capture the uniqueness of insurance modeling it required a P&C specific platform.

After considering a few vendors, Good2Go started their journey with **Guidewire Predictive Analytics** in 2017. Good2Go wanted a platform that would complement their internal expertise and make the process of modeling easier and faster. The key deciding factor for Guidewire Predictive Analytics was the "Deploy" functionality that helped put in the necessary guardrails and made the end-to-end process of going from data to a working model and into production fast and streamlined.

Good2Go uses a Generalized Linear Modeling (GLM) based rating algorithm and knew there were several cases where pricing was not accurate. There were instances of overcharging and undercharging at both ends of the distribution. Hence, the first model built was an automated pricing model that augments the GLM rate plan with a relativity factor. The result is more accurate pricing for all customer and market segments.

The first step was collecting the data, curating it, and identifying model variables with maximum impact. This process took some time and initially 50+ variables were identified. But it would have been very difficult to program and deploy with so many variables, so around 20 highly impactful variables were chosen for the initial model. Internal country-wide data from the past 3.5 years was used to test and train the model.

Model deployment began in February 2019 for the state of Illinois and by early 2020 had expanded to eight states including Pennsylvania where Good2Go underwrites their maximum business. Certain state and regulatory specific changes were also built into the models.

Predictive Analytics in Action

Model results are integrated in real-time for new, renewal, and endorsement processes in the core system. The automated pricing model scores submissions into five different segments — 10% on each end followed by 15% on the next two segments and then 50% in the middle. Model outputs primarily impact the 10% segments on each end of the distribution to correct the over/under pricing with a discount/surcharge.

The rollout process for underwriters and agents was very smooth as much work happens behind the scenes with the automated rate change. The actuarial team did train the underwriters and sales reps to field questions from agents on things such as why all of sudden there is a surcharge of 15% with my renewal?

The most time-consuming part of the project was collecting and curating the data, a process that also resulted in deeper learnings for the actuarial team. Once the data was right, the process of building, deploying, and tweaking models for the different states was very smooth and only took a few weeks' time.

While it is still early to gauge loss ratio impact as only a fraction of the underwritten premium has gone through the model. Only after an entire renewal and endorsement cycle is completed for all the premium, can the true loss ratio benefits be measured. However, preliminary results point to the model working as expected aligning with the book distribution and modest pricing movements for a small subset of the customers. "When we look at scores by policy ID, about 60% of the business has been scored in states where the model was deployed", say Dale Debner, Vice President of Product Management and Sales at Good2Go Auto Insurance. "**The results so far seem to line up very well with our expectations from a loss ratio standpoint**." The model is implemented with specific guard rails and current results do show room for further pricing improvements. Overall, executives, underwriters, and agents are very pleased with the deployment.

In the near future, Good2Go plans to rebuild their entire rate structure and consider using Predictive Analytics for Claims such as developing expected cash reserves. Good2Go will also continue to improve the pricing models and rollout country wide.

Guidewire helped build the initial datasets and model, but Good2Go is now self-sufficient in the process of building and deploying new models using Predictive Analytics. "**It has been a fantastic experience working with the Guidewire Predictive Analytics team**", says Scott Gibson, Vice President and Chief Actuary at Good2Go Auto Insurance. "**It is very helpful to get feedback, advice, and bounce of practical ideas with the team which is an important part of the complete solution that Guidewire provides.**"

"Guidewire Predictive Analytics has improved our pricing accuracy resulting in better risk selection and underwriting outcomes."

–Scott Gibson, Vice President and Chief Actuary, Good2Go Auto Insurance

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and AI to deliver our platform as a cloud service. More than 400 insurers, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, contact us at info@guidewire.com.