Celina Insurance Group

About

Founded in 1914, Celina Insurance Group is composed of four mutual property and casualty insurance companies. In six Midwestern states, Celina underwrites auto, commercial auto, nonstandard auto, farm, home, and property insurance, as well as umbrella and casualty coverage.

Website

www.celinainsurance.com

Early Results

- A homeowners and auto segmentation project generated new rates that were approved in all four personal lines states.

- An MVR expense-reduction project delivered fast ROI and savings of more than double the targeted results.

Additional Applications

- Risk scoring on two-thirds of Celina's book of business provides underwriting quality scores and pricing scores.

- An agency appointment score guide helps strategically identify areas to appoint new agents.

Guidewire Predictive Analytics

> Celina Insurance Group Reduces Expenses and Improves Processes Across the Business

Regional insurer needed to improve its ability to compete with national insurers in all lines.

Challenge

With his company facing profitability issues, the chief actuary of regional property and casualty insurer Celina Insurance Group couldn't help noticing that many peers were using predictive analytics—especially at the national insurance companies with which Celina competes.

Celina determined that predictive analytics could provide solutions for its short-term expense reduction needs as well as for its longer- term profitability challenges. In the process, it could achieve a cultural change to become more analytics-driven across the organization.

Solutions

Celina embarked on a strategic vendor-selection process, which is documented in theCelent report *Celina Insurance's Predictive Analytics Initiative: The Machine Learning Factor.*

Celina initially engaged Guidewire to segment its homeowners portfolio to identify profitable risk groups, as well as to address any inadequate pricing revealed by the segmentation.

Gaining confidence using the system, Celina then completed a Motor Vehicle Report (MVR) expense-reduction project intended to help the company master predictive modeling techniques and deliver quick ROI on the software investment.

> "The Marketing team's request to develop a guide to help find areas for profitable growth, then marry that data with agency appointment strategies, was a clear example of how the entire organization fully appreciates the power of advanced analytics to inform better decision making."
>
> –Vince Franz, Chief Actuary, Celina Insurance Group

Early Results

Segmentation of Personal Auto and Homeowners Business

Celina's first applications of **Guidewire Predictive Analytics** were to its homeowners and personal auto programs, which make up 63% of premium volume. Using company data, Celina identified segments of the business that were either over- or under-priced by the existing rating structure. Rating factors to address pricing deficiencies were put into effect in the homeowners and personal auto programs of each state in which the company does business.

MVR Expense Reduction

Using Guidewire Predictive Analytics, Celina modeled the auto policies in which Motor Vehicle Reports made a significant difference in underwriting outcome, identifying segments where the reports didn't add value. Celina targeted savings of approximately $10,000 per month by limiting MVR orders. Actual savings exceeded $22,000 per month.

Additional Predictive Analytics Applications at Celina

Celina has continued to increase its adoption of predictive modeling and has integrated real-time risk scoring into the underwriting process for two- thirds of its total book of business.

With the scoring implementation, new-business and renewal underwriters see a frequency score and a pricing score for each risk. These provide invaluable information to measure the quality of business and improve underwriting accuracy.

Navigate what's next.

After seeing the positive impact that predictive analytics has had in pricing and underwriting, Celina's marketing team also decided to integrate Guidewire Predictive Analytics into its agency appointment strategy. A new model based on key performance indicators for five programs (including auto, homeowners, and commercial business) ranks the 4,200 ZIP codes in which Celina writes business. By targeting agency appointments in the ZIP codes with the highest performance indicators, Celina can pursue profitable growth opportunities in previously under-represented areas.
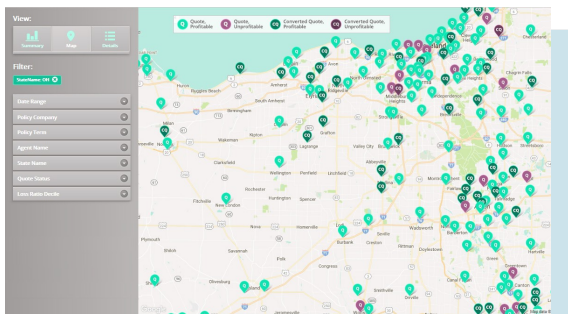
Sample Data

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 380 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.