



Chubb & Son

Expanding relationships with customers via SAS® business intelligence

Does your home have custom features? Are your valuables properly protected? Is your financial stability at risk? Global insurance provider Chubb & Son asks these questions of its personal insurance customers every day. And with the help of SAS, it's finding all the right answers.

"As an insurance company, we have a great deal of data about our customers that is locked away in many different databases all over the organization," explains Jeff Hoffman, Chubb's vice president of business intelligence. "We capture details about policies, claims and many different interactions with customers, but they typically are stored in many different databases. SAS helps us unlock the power of that data and provides us with better information, both from a tactical and strategic standpoint, that will drive some of our business goals over the coming years, including revenue growth, operational efficiency and profit."

Known for its unique insurance products, Chubb provides customized insurance packages for businesses and individuals. Recently, the company embarked on a business intelligence effort that includes SAS for data mining and data analysis.

In May 2001, Chubb launched Pinpoint, a pilot program based on its SAS-powered business intelligence and marketing application. Using the Pinpoint application, Chubb marketing analysts can measure the value of

each customer and determine which ones are most likely to purchase specific products in the Masterpiece suite. Hoffman led the Pinpoint effort, directing a team of experts within Chubb's Business Intelligence Office.

Chubb's customer relationship management (CRM) and business intelligence efforts have grown out of the company's commitment to cross-sell products to existing customers. "The majority of our customers buy either homeowners' or automobile insurance," says Hoffman, "and our focus all along has been to cross-sell more of the valuable articles and excess liability coverages."

Informed salesmen bring in more sales

As one of the largest insurance companies in the United States, Chubb serves its customers through more than 5,000 independent agents and brokers around the world. The reseller system, common in the insurance industry, means that Chubb is one step removed from the sale of its products.

It also means that Chubb must compete with other insurance companies for the time and energy of its sales force. Independent agents work with a variety of insurance providers, selling policies for perhaps 10 or 12 different companies. "Our challenge," says Hoffman, "is to use business intelligence and CRM to help those agents drive in revenue for themselves and Chubb."

Jeff Hoffman,
vice president of business intelligence



"We're using a number of different criteria to come up with a relative factor that measures customer value to Chubb," he adds. "We're also using the segmentation and cluster analysis capabilities in SAS to differentiate customers so that we can place customers into different areas and potentially serve them differently based on their characteristics. Lastly, we're using SAS to develop a relative score from one household to the next that states each customer's propensity to buy."

Using these techniques, Chubb marketing analysts pass qualified sales leads to participating agents, who contact customers regarding new products. From its earliest months, Pinpoint has been a huge success, yielding higher growth rates from agents involved in the pilot program.

Hoffman says insurance agents in the Pinpoint program find Chubb's sales leads to be a great resource. "They feel that what we're doing is more than just throwing a wide net and going after all our customers at renewal time — that we're getting more precise in presenting them with more qualified leads," Hoffman says. "Our leads are a better use of their time."

In addition, Hoffman notes, this early success has fueled future sales. As agents witness the success of their sales efforts, they also become more educated about Chubb product offerings, so they're more likely to mention the company's products to new

customers as well. "We seem to be drawing more new business to Chubb now because of that increased awareness and increased education," explains Hoffman.

Data mining for business success

The Pinpoint pilot program is just the first step in Chubb's efforts to attract, retain and expand customer relationships, and to increase growth. According to Hoffman, the power of SAS represents an integral part of those efforts.

As Chubb begins to roll out its CRM efforts in personal insurance nationwide, Hoffman and his team are also developing a sister application to Pinpoint that will be used for business-to-business CRM efforts in selling commercial insurance. The pilot program for this initiative begins in February 2002.

And even further into the future, Hoffman sees more and more uses for SAS at Chubb. "We're starting to look at identifying customer underwriting qualities and using that as a prequalification of risk from a risk assessment standpoint," says Hoffman. "We're also just starting to look at using some of the SAS capabilities to help us in our CRM strategy development efforts, so that we can identify new opportunities with customers and producers, and within the marketplace as a whole."

According to Hoffman, SAS is an integral part of the business intelligence strategy at Chubb. Says he: "SAS has helped us develop and sustain a core competency that supports the delivery and strategic use of consistent, accurate and meaningful information throughout the Chubb enterprise."

SAS and IBM: A combined solution

Chubb's business intelligence (BI) environment includes an effective combination of IBM hardware and SAS software. The Pinpoint application runs on IBM's RS/6000 server, a powerful choice for high-level business computations and data-intensive applications. Data from throughout the company is extracted, transformed and loaded into a DB2 database from IBM. Universally known as a business intelligence powerhouse, DB2 databases are optimized for SAS data analysis and data mining. Enterprise Miner software from SAS analyzes the UDB data to determine customer value and to segment Chubb customers into groups.



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