Case Study

Health Insurance

Customer Segmentation, Risk Modeling, and Portfolio Management for a Global Health Insurer

How OSG helped a global health insurer segment its customers, understand their lifetime value, and predict their engagement in the future, thereby establishing a product strategy for every customer segment.

> "OSG has played an instrumental role in fine-tuning our marketing strategy. Their strong analytics capabilities helped us segment our customers and build CLTV-based models that delivered solutions to business problems effectively."
>
> VP, Analytics

Executive Summary

Our client wanted to understand which customers add long-term value to the business, versus those that destroy value. We employed our AI-driven big data & analytics platform Dynamo, which was used for segmentation, customer lifetime valuation, and risk management. We started by building a unified data set and analyzed that to create segments and arrive at customer lifetime value. Finally, we created a predictive scoring model for the different segments to drive marketing strategy for every segment. This increased customer engagement and increased profitability.

Objectives:

Our client is a joint venture between a major European Health insurer and a partner in emerging markets and covers greater than two million lives. They tasked OSG with the following three objectives:

1

Develop a robust customer segmentation model, resulting in a limited view of customers that add long-term value vs. destroy value

2

Establish benchmarks for clinical progression of health risk for claiming and non-claiming members

3

Create predictive tool and real-time dashboards to score customers and prospects differentiated by segment, lifetime value, clinical and retention/lapse risk

OSG

Strategy

OSG used a three-phase process for the project: building a unified customer dataset, analyzing the customer data for segmentation, and building models in order to design effective marketing interventions.

Data Audit and Customer Dataset Build

- Audited and built ideal customer data set across multiple sources for segmentation and modelling
- This helped us gather and combine customer data into a single view, mitigate gaps, and define the ideal dataset for modeling

Analysis of Data and Customer Segmentation

- Analyzed unified dataset, created customer segments/risk cohorts, and further stratified within Dynamo
- This provided insight to manage their portfolio and develop differentiated interventions for different customer segments

Model Creation and Intervention Design

- Developer predictive scoring model for portfolio management using Dynamo, differentiated by customer segment, lifetime value, and retention/lapse risk
- Drove intervention design and customer strategy differentiated by segment

Results

Live Data Dashboards for Constant Innovation and Planning

The risk scores calculated clearly differentiated between the customers with long-term value vs. customers that destroy value. This led to the below mentioned overall impact:

With OSG's approach, the client could enhance customer engagement and profitability through:

- **Lapse Reduction:** The lapse and claims propensity model helped to predict the likelihood of retention
- **Cross-Sell/Up-Sell Initiatives:** Timely positioning through an advanced needs assessment of customer segments
- **Health & Clinical Risk Management:** Health risk assessment and clinical risk progression surveys, and claims burden assessment in partnership with Johns Hopkins University
- **New Product & Pricing Strategies:** Maintain or increase profitability through matching price for claims pattern. Renewal pricing based on new models to capture potential claimants
- **Wellness Program Adherence Management:** Value through additional benefits and wellness management

Product Highlight

OSG o360 is OSG's consumer targeting technology, built for understanding the customer journey and finding opportunities to engage and convert customers. By mapping and tracking customers in their omnichannel journey with a brand, we can more accurately predict and strategize digital media buy to attract customers based on their specific needs. Personalizing messaging to the audience can both save money and make money in the long run.

The Power of OSG Analytics

OSG is a global technology and analytics provider that delivers outcomes on customer engagement to Fortune 500 clients with the help of leading analytical technologies and world-class global resources. OSG uniquely combines historical data with the future needs of patients, physicians, consumers, or customers of our clients by going beyond the "who" and the "what" and understanding the "how" and "why" behind their decision-making. OSG focuses on the 3E's, Behavioral Expectations, Superior Experiences, Guaranteed Engagement, to help drive growth through customer-centricity.

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