
Engagement Example

Expanding Into New Markets

This client engagement incorporated access to the Commercial Insight and Agency Insight databases, data integration services, analytical services, consulting services, online report development, interface design, and hosting.

Client Business Challenge / Need:

A top property, casualty, and surety insurer with a competitive customer focus and drive to innovative thinking set a goal to expand northeast positioning into relatively new markets for this carrier where it was fast growing but underperforming by its loss ratio. Due to this rapid new business acquisition in mature markets the following occurred:

- Undercutting the competition was effective in gaining market share in the short term, but ultimately led to deterioration in underwriting results.
- Acquisition of other insurers means acquisition of those insurers' current books in the region composed of the other insurers' accounts that may not align with the client insurer's book distribution.

The insurer would have to displace current insurer-agency relationships, and develop its own strong relationships. This is essential to obtain high quality business and lessens the probability of experiencing adverse selection – being guided to riskier and less profitable business.

How We Helped:

MarketStance analyzed three major components of the carrier's business listed below.

- Historical growth and current market position
- Underwriting position
- Agency distribution force

A comprehensive database that incorporated the analyses was delivered with easy online access. The report suite was designed to identify opportunity, spot production gaps, track agency production, identify new agencies and inform the distribution network.

The Results:

- Underwriting focus improves by leveraging the tailwind concept – Target business classes, counties and class-county combinations experiencing above average growth.
- Expansion into coastal counties occurs where there is high potential, while simultaneously managing the risk of a catastrophic loss.
- Relationships with current agencies improve while new agencies are appointed as recommended to increasing market shares and improving loss profiles.
- Using the MarketStance Commercial Insight database with the client's integrated book of business reveals current market shares by business class and county to rigorously slice and dice market segments. This delivers a far better understanding of the market and a resulting increase in market share and profitable business.