Abstract

Insurance companies have to take risk and cost into account when pricing car insurance policies in order to design new products to cover the risk of private use of cars. In this paper we use data from 80,000 car insurance policies in order to assess, once risk and cost have been taken into account, the policies that generate the highest returns for the company. After different profiles of clients are identified, including among the characteristics the regional location of the clients, we use Data Envelopment Analysis and multivariate statistics. The results obtained not only permit us to identify the best groups of clients for the company but also to determine similarities and differences among profiles of clients.

Keywords

Efficiency, car insurance, data envelopment analysis, multivariate statistics.