CASE STUDY · INSURANCE · SHORT-TERM · MULTI-BRAND

# £682m Gross Written Premium. 1.4 million customers. Five brands.

# What are the value-creation levers?

A multi-brand, short-term insurer with 1.4 million customers and approximately £682m of Gross Written Premium (GWP) across five brands was performing well, but the equity investors wanted to understand what the value creation opportunities were. Each brand was designed for different customer needs, price points and life stages.

**93%**

Of customers who left one brand left the Group altogether, rather than migrating to another proposition.

**44.9%**

Three-year retention on a relationship carrying a 6.3% margin loss. Retention alone did not identify value.

**83 points**

The margin spread on a single customer relationship across three brands. Portfolio averages concealed it.

| SECTOR | PORTFOLIO | REPORTED GWP | IDENTITY |
|---|---|---|---|
| Short-Term Insurance | 1.4m customers | £682m | Withheld |

# The Problem

The Group's internal portfolio reporting showed customer counts, premium income and margin, but did not distinguish relationship durability, replacement dependency, the next relevant insurance need, or how the same customer relationship performed under different brand propositions.

REPORTED

- Customer counts
- Premium income
- Margin

NOT DISTINGUISHED

- Relationship durability
- Replacement dependency
- The next relevant insurance need
- How the same customer relationship performed under different brand propositions

# The Keystone IQ Solution

Keystone IQ assessed the asset at two levels:

### Portfolio level

Where was margin concentrated, at risk or dependent on continual replacement acquisition. And where did customers leave the Group rather than migrate between propositions?

### Brand × cohort level

Which combinations of customer relationship and brand proposition created durable margin, which destroyed it, and what operational actions could change the outcome?

> *In insurance, the customer base is always the asset.*

PORTFOLIO & COHORT ANALYSIS

# The Customer Portfolio

Keystone IQ created a new view of the customer base based on cover mix, tenure, economics, acquisition rate and likely next insurance need.

FIGURE 1 · THE EIGHT CUSTOMER RELATIONSHIPS

| COHORT | % CUSTOMERS | % PREMIUMS | % MARGIN | ACQUISITION RATE | TYPICAL TENURE |
|---|---|---|---|---|---|
| Established Homeowners | 6% | 6% | 7% | 10% | 5 yrs+ |
| Fully Covered Families | 19% | 22% | 18% | 17% | 5 yrs+ |
| Penny Precious | 23% | 17% | 22% | 25% | 1 to 2 yrs |
| High Value Established | 8% | 9% | 12% | 9% | 5 yrs+ |
| Mainstream Men | 5% | 5% | 7% | 16% | 3 to 4 yrs |
| Younger Prospects | 10% | 11% | 8% | 25% | 2 to 3 yrs |
| Discerning Drivers | 16% | 17% | 14% | 24% | 1 to 2 yrs |
| Petrol Heads | 12% | 12% | 12% | 30% | 1 to 2 yrs |

SOURCE: KEYSTONE IQ

This view showed that durable value was concentrated in a small group of relationships. *Fully Covered Families* and *High Value Established* represented 27% of customers but 30% of Group margin, with typical tenure of more than five years.

A significant share of the book was replacement-dependent. *Penny Precious*, *Discerning Drivers* and *Petrol Heads* represented 51% of customers, had acquisition rates of 24% to 30%, and typically remained for only one to two years.

Therefore, having a single, uniform portfolio strategy was not effective. High-value established relationships required protection and product development; short-tenure relationships required stronger acquisition fit, early-life retention and tighter replacement economics.

> These differences made three questions material to the investment case: whether customers could be retained within the Group, whether retention created margin, and when each relationship required intervention.

REVENUE QUALITY ARCHITECTURE™ INSIGHTS · 01

# Our Findings

## 93% of customers who left one brand left the Group

Only 7% of customers leaving one brand went on to take another brand; 93% left the Group altogether.


TOOK ANOTHER GROUP BRAND · LEFT THE GROUP

The five-brand structure did not appear to create a meaningful customer-lifetime-value advantage: brands were largely acting as separate acquisition and retention portfolios.

The opportunity was not indiscriminate cross-sell, but to identify customers whose changing needs made another Group product or proposition genuinely relevant.

FIGURE 2 · WHERE A QUALIFYING NEXT INSURANCE NEED MAY EXIST

| CUSTOMER RELATIONSHIP | CURRENT PRODUCT POSITION | RELEVANT ELIGIBILITY QUESTION |
|---|---|---|
| **Discerning Drivers and Younger Prospects** | Motor cover with the Group | Has a home-cover need emerged? Which Group proposition is appropriate? |
| **High Value Established** | Home cover with the Group | Is motor cover held externally? Is consolidation commercially viable? |
| **Petrol Heads** | Motor cover, frequently with Value Added Product (VAP) | Is VAP the relevant next product rather than home cover? |

SOURCE: KEYSTONE IQ

**259,840** *Discerning Drivers* and *Younger Prospects* held motor cover with the Group and no home policy.

**42,560** *High Value Established* customers held home cover with the Group and motor cover externally.

*Petrol Heads* were **100% motor, 0% home** and had 53% VAP penetration.

These were not unqualified cross-sell opportunities. The commercial objective was to identify customers with a qualifying next need, assess the appropriate Group proposition and retain premium within the Group.

→ The identified pools represented qualification opportunities, not a forecast of conversion. Product need, underwriting eligibility, price competitiveness and brand fit would determine the addressable opportunity.

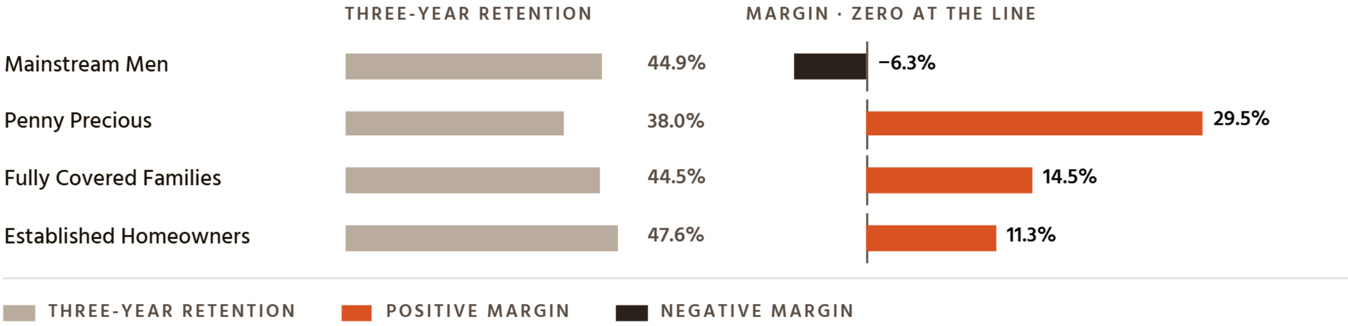
REVENUE QUALITY ARCHITECTURE™ INSIGHTS · 02

# Our Findings continued

## Retention did not equal commercial value

Portfolio retention rates did not identify value by themselves. Keystone IQ therefore tested whether the same retained relationship was commercially attractive once its claims, price and servicing economics were considered.

FIGURE 3 · RETENTION RATE AGAINST MARGIN, BRAND A




| BRAND A COHORT | 3 YEAR RETENTION | MARGIN | COMMERCIAL CONTEXT |
|---|---|---|---|
| **Mainstream Men** | 44.9% | **−6.3%** | Second-highest retention rate; negative margin |
| **Penny Precious** | 38.0% | 29.5% | Lower retention; highest margin in Brand A |
| **Fully Covered Families** | 44.5% | 14.5% | High retention; largest portfolio claims exposure |
| **Established Homeowners** | 47.6% | 11.3% | Highest retention; modest margin |

SOURCE: KEYSTONE IQ

Retention targets can misalign management effort. *Mainstream Men* had the second-highest three-year retention in Brand A but a negative margin.

*Penny Precious* had lower retention but generated the highest Brand A margin, at 29.5%.

→ The operating KPI should therefore be retained contribution margin by brand × cohort, not retention alone.

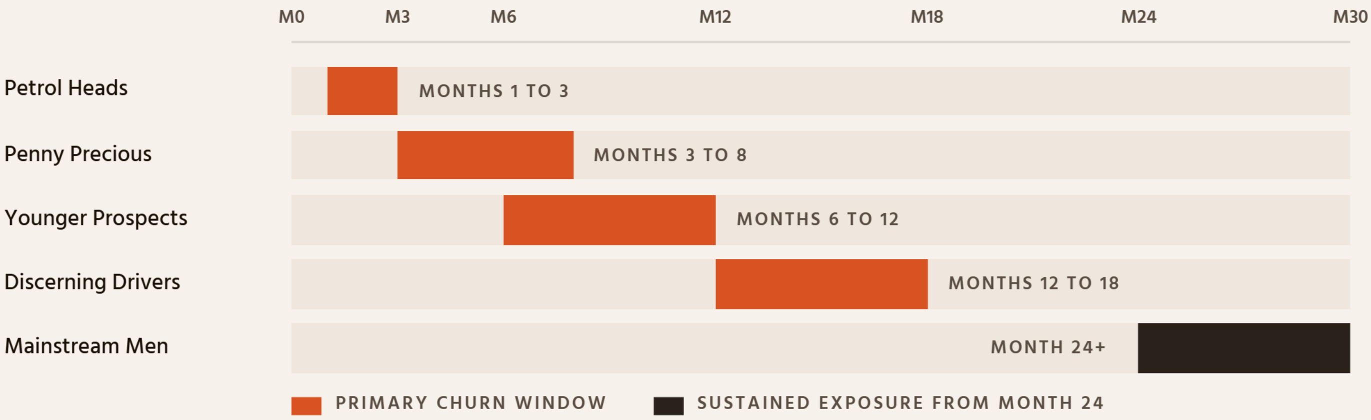
REVENUE QUALITY ARCHITECTURE™ INSIGHTS · 03

# Our Findings continued

## Churn timing varied by relationship

The next question was not simply who churned, but when and why. We found that churn windows differed materially by relationship, meaning a standard annual-renewal programme would intervene too late for several of the highest-priority customer types.

FIGURE 4 · CHURN WINDOWS AND THE COMMERCIAL RESPONSE BY RELATIONSHIP




| CUSTOMER RELATIONSHIP | PRIMARY CHURN WINDOW | COMMERCIAL RESPONSE |
|---|---|---|
| **Petrol Heads** | Months 1 to 3 | Demonstrate product fit immediately after acquisition. Value Added Product (VAP) was the observed second-product route for this cohort |
| **Penny Precious** | Months 3 to 8 | Reinforce price competitiveness before the annual comparison window. Customers with no claim or policy amendment churned at twice the portfolio average |
| **Younger Prospects** | Months 6 to 12 | Intervene before the first annual review. Assess whether a home-cover need had emerged |
| **Discerning Drivers** | Months 12 to 18 | Protect the relationship after the first renewal. Assess eligibility for home cover or VAP attachment |
| **Mainstream Men** | Month 24+ | Manage claims experience as the principal retention interaction after month 24 |

SOURCE: KEYSTONE IQ

**The value of retention intervention depends on timing:** *Petrol Heads* need action in the first 90 days, while *Discerning Drivers* require action following their first renewal.

**The principal driver also differs:** product fit for *Petrol Heads*, price competitiveness for *Penny Precious*, changing insurance needs for *Younger Prospects*, and claims experience for *Mainstream Men*.

→ Retention should be managed as a set of measurable lifecycle plays, each with a cohort-specific trigger, treatment and incrementality test.

# Brand × Cohort Economics

The Group's five brands were intended to serve different customer needs and price points. The critical investment question was whether this architecture produced superior economics for the right customer in the right proposition, or were certain brands carrying a structurally poor fit between customer and proposition?

The three brands analysed were built around different propositions: Brand A was female-focused; Brand B was traditional and conservative; Brand C was an affordable direct proposition.

FIGURE 5 · THE SAME RELATIONSHIP, THREE DIFFERENT ECONOMICS

| COHORT | BRAND A MARGIN | BRAND B MARGIN | BRAND C MARGIN |
|---|---|---|---|
| Established Homeowners | 11.3% | 40.3% | 81.8% |
| Fully Covered Families | 14.5% | 47.7% | 78.7% |
| Penny Precious | 29.5% | 67.4% | 85.9% |
| High Value Established | 7.7% | 53.3% | 85.2% |
| Mainstream Men | −6.3% | 4.8% | 76.9% |
| Younger Prospects | 3.3% | 48.8% | 71.7% |
| Discerning Drivers | 17.2% | 41.6% | 77.1% |
| Petrol Heads | 22.8% | 87.1% | 96.7% |

SOURCE: KEYSTONE IQ · DEEPER ACCENT INDICATES HIGHER MARGIN. DARK FILL INDICATES MARGIN DESTRUCTION.

Economics varied materially for the same relationship across brands. For example, *Mainstream Men* ranged from a 6.3% loss in Brand A to a 76.9% margin in Brand C.

This indicates that portfolio averages conceal brand-specific differences in pricing, underwriting, claims experience, channel mix and proposition fit.

→ The multi-brand strategy should be managed as an allocation and routing problem: identify where each relationship creates the most durable contribution margin, then test whether the Group can acquire, retain or migrate customers into that proposition without unacceptable cannibalisation.

FROM PORTFOLIO VIEW TO BRAND C DEEP DIVE

# What was the retained base worth?

*Distinguishing reported scale from the margin supported by the existing customer base after observed churn.*

The portfolio analysis identified material variation in acquisition, retention and value across brands and cohorts. The following section moves from the consolidated portfolio view to a detailed assessment of Brand C, selected to test the drivers of margin expansion.

The same customer-level framework can be applied across the Group's brands to distinguish reported scale from the margin supported by the existing customer base after observed churn. For Brand C, this establishes a £47m annual retained-margin baseline against which specific retention, claims and customer-development actions can be assessed.

**£97m**
Retained GWP supported by the existing Brand C base after observed churn.

**£47m**
Retained annual margin. The protectable earnings floor for Brand C.

**46%**
Retained GWP as a proportion of estimated Brand C GWP.

FIGURE 6 · BRAND C, THE RETAINED-BASE FLOOR

| BRAND C RETAINED-BASE SCENARIO | VALUE |
|---|---|
| **Opening customer base** | 183,860 customers |
| **Retained customer base** | 66,006 customers |
| **Retained GWP** | £97m |
| **Retained annual margin** | £47m |
| **Retained GWP as % of estimated Brand C GWP** | 46% |

SOURCE: KEYSTONE IQ

- Brand C's current retained base supported £97m of GWP and £47m of annual margin.
- That £47m is the protectable earnings floor, not a full forecast of future profitability: it is based on observed cohort retention and excludes future acquisition.
- The value-creation case should therefore be judged first on its ability to protect and improve this existing-base margin, rather than on gross customer-growth targets.

BRAND C DEEP DIVE

# Brand C Deep Dive continued

## Where Brand C's retained margin sits, and where it is vulnerable

Retained value was not evenly distributed. The cohort view identifies the large retained-margin pools to protect, the relationships with weak early-life survival, and the cohorts where acquisition economics require further proof.

FIGURE 7 · BRAND C, WHERE RETAINED MARGIN SITS AND WHERE IT IS VULNERABLE

| BRAND C COHORT | OPENING CUSTOMERS | YEAR 1 RETENTION | YEAR 2 RETENTION | YEAR 3+ RETENTION | RETAINED GWP | RETAINED ANNUAL MARGIN |
|---|---|---|---|---|---|---|
| Fully Covered Families | 41,350 | 28% | 36% | 43% | £26.4m | £14.4m |
| High Value Established | 13,590 | 25% | 38% | 49% | £12.8m | £9.3m |
| Discerning Drivers | 32,296 | 32% | 42% | 46% | £17.1m | £6.8m |
| Established Homeowners | 10,830 | 25% | 39% | 47% | £8.1m | £5.5m |
| Penny Precious | 40,188 | 28% | 39% | 44% | £13.0m | £4.2m |
| Mainstream Men | 13,169 | 23% | 33% | 38% | £7.8m | £2.3m |
| Younger Prospects | 19,477 | 28% | 37% | 44% | £8.5m | £1.8m |
| Petrol Heads | 12,960 | 19% | 39% | 45% | £3.3m | £2.7m |
| **Brand C** | **183,860** | | | | **£97m** | **£47m** |

SOURCE: KEYSTONE IQ · RETENTION RATES ARE CONDITIONAL, YEAR-SPECIFIC RETAINED PROPORTIONS, NOT CUMULATIVE COHORT SURVIVAL

## Proposed management actions

### Protect claims economics

*Fully Covered Families* represented the largest retained-margin pool, at £14.4m, making claims-cost control the largest immediate operating priority.

### Prove acquisition fit

*High Value Established* generated £9.3m of retained annual margin but only 25% survived Year 1. Management should establish whether the retained customers represent a repeatable acquisition fit before increasing spend.

### Fix early-life churn

*Petrol Heads* retained only 19% in Year 1, pointing to a first-90-day product-fit and VAP opportunity rather than a standard renewal intervention.

### Avoid an acquisition-only response

The table shows why customer volumes should not be treated as the outcome; retained margin and time to payback are the relevant measures.

# Value Creation Agenda

## £5.8m annualised margin opportunity

Equivalent to approximately 12% of Brand C's £47m retained annual-margin baseline. No incremental acquisition assumed.

FIGURE 8 · **BRAND C, £5.8M ANNUALISED MARGIN OPPORTUNITY BY VALUE LEVER**

FOUR VALUE LEVERS, SIZED BY ANNUALISED MARGIN UPLIFT


### Protect early-life retention

£1.1M · 2.3% OF BASELINE

Petrol Heads: reduce churn in months 1 to 3 by proving product fit and testing VAP attachment

### Improve the annual review

£1.9M · 4.0% OF BASELINE

Price-sensitive cohorts, especially Penny Precious: intervene before the comparison window rather than relying on a review-only interaction

### Consolidate qualifying cover

£1.5M · 3.2% OF BASELINE

Discerning Drivers, Younger Prospects and High Value Established: route customers with a relevant next need to the appropriate Group product or brand

### Reduce claims costs

£1.3M · 2.8% OF BASELINE

Fully Covered Families: reduce claims costs by 5% of Brand C premium income

**Total Brand C annualised margin opportunity, existing base: £5.8m, 12.3% of the £47m retained annual-margin baseline.**

SOURCE: KEYSTONE IQ

> These initiatives address identifiable margin leakage in Brand C's existing base. They are gross annualised-margin opportunities, not a fully underwritten operating-plan forecast: each requires validation of incrementality, delivery cost, customer outcomes, execution capacity and overlap with other levers.

# Value Creation Agenda continued

## First 100 Days Plan

Four initiatives, each with a defined diagnostic action and a defined proof point before it enters the operating plan.

01 First 100-day action → 02 What must be proven → 03 Inclusion in the operating plan

FIGURE 9 · FIRST 100 DAYS, ACTIONS AND REQUIRED PROOF POINTS

| INITIATIVE | FIRST 100-DAY ACTION | WHAT MUST BE PROVEN BEFORE INCLUSION IN THE OPERATING PLAN |
|---|---|---|
| **Claims-cost reduction** | Diagnose frequency, severity, repair network, fraud and leakage in Fully Covered Families | Baseline accuracy, feasible claims-cost reduction, investment required and customer-outcome impact |
| **Pre-renewal retention** | Run targeted pre-comparison tests for price-sensitive cohorts | Incremental retention net of pricing, incentives, contact and servicing cost |
| **Early-life lifecycle play** | Map Petrol Heads' first 90 days and test product-fit and VAP treatments | Incremental retention, attachment economics and adverse-selection risk |
| **Customer routing** | Define eligibility, consent, product-fit and hand-off rules | Addressable population, conversion, cannibalisation, compliance and systems feasibility |

SOURCE: KEYSTONE IQ

> *Each initiative carries a proof point, not an assumption.*

# Operating Implications

## Management system required to deliver the plan

The work changed the management agenda from growth in customer count to growth in durable contribution margin. The operating model shifted to measure, by brand × cohort:

- **Retained GWP**
- **Retained contribution margin**
- **First-year survival**
- **Claims cost**
- **Customer-routing conversion**
- **Acquisition payback**
- **Customer-outcome measures**

Five statements that were treated as settled, and what the customer-level evidence replaced them with.

FIGURE 10 · HOW THE MANAGEMENT AGENDA CHANGED

| BEFORE | | AFTER |
|---|---|---|
| *"We have a retention problem."* | → | Churn timing and triggers vary materially by cohort. Each requires a distinct intervention window. |
| *"Grow acquisition."* | → | Assess acquisition volume against first-year survival and retained-customer economics, not customer count alone. |
| *"Cross-sell the base."* | → | Define product and brand-routing pathways through customer eligibility criteria, not indiscriminate cross-sell. |
| *"Our cohorts are performing."* | → | Manage performance at the brand × cohort level. The same cohort can produce materially different economics across brands. |
| *"Brands are separate portfolios."* | → | Establish customer-eligibility and internal-routing rules across the Group. |

SOURCE: KEYSTONE IQ

# Investment Implication

*Scale was real. Durability was the question.*

## 01 Reported revenue overstated the durability of the customer asset

The £682m GWP portfolio provided scale, but Keystone IQ's customer-level analysis showed that **reported revenue overstated the durability and development of the underlying customer asset**. Material value was exposed to early churn, replacement acquisition and loss of customers from the Group rather than migration between its propositions.

## 02 A credible route to value creation without incremental acquisition

Brand C's existing base supported a £47m annual retained-margin floor. The identified £5.8m gross annualised-margin opportunity, approximately 12% of that baseline, shows a **credible route to value creation without assuming incremental acquisition.**

BRAND C, RETAINED ANNUAL MARGIN FLOOR AND IDENTIFIED OPPORTUNITY


The work changed the operating question from "How do we grow the book?" to **"Which customer relationships create durable margin, and what product, price, claims and routing actions are required to retain them within the Group?"**

> *In insurance, the customer base is always the asset.*

WHY IT MATTERED

# The numbers that shape all three conversations

*This kind of analysis is relevant at every stage of the deal lifecycle.*

### At entry

Shows what is actually being acquired: the concentration, the floor, the acquisition dependency, and the structural exposure in the highest-value cohort, before capital is committed.

### During hold

Becomes the operating intelligence behind the value-creation agenda: specific, measurable objectives tracked each period against the same data. Not a broad initiative list.

### At exit

Builds the equity story on evidence: how the customer base moved, which cohorts strengthened, whether acquisition quality held, whether the floor improved over the hold period.

> *For any business where the customer base is the true engine of value, these are the numbers that shape the real conversation. They rarely appear in standard reporting. They should.*

**Keystone IQ Revenue Quality Architecture™**

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*Identity withheld. Data anonymised. All £ figures are approximate conversions from local currency. Brand C retained-base scenario applies observed cohort churn to the starting base and shows the resulting customer, GWP and margin floor before future acquisition. Retention rates are conditional, year-specific retained proportions, not cumulative cohort survival. Portfolio-allocation scenarios are gross-margin estimates only. Cohorts cannot be aggregated across interventions where the same customer population is addressed. Keystone IQ Revenue Quality Architecture™.*