PROBLEM ADDRESSED BY THIS INNOVATION

Data XL allows companies to set up the best price.

This premium price reduces customer churn, optimizes customer price preferences (~market share), OR maximizes the margin and much more.

- NO NEED FOR A FULL CRAWL OF EVERY RISK FACTOR COMBINATION IN THE MARKET. THIS FEATURE IS QUITE RELEVANT FOR THE AGENT/BROKER CHANNEL.
- NO NEED FOR A NEW TECHNOLOGICAL LAYER. WE WORK WITH AN ONLINE TOOL.
- WE CAN WORK FOR A SUCCESS FEE.
- YOU CAN GET THE FIRST RESULTS IN 10 WEEKS (IN A PoC).

KEY BENEFITS

- No need for a full crawl of every risk factor combination in the market. We use experimental design techniques to capture the market's price engines. This feature is quite relevant for the agent and broker channel.
- No setup cost.
- Fast results.
- No IT layer.
- We do not sell software and a manual.
- The strategy will always remain with the insurer.

MAGIC METRIC

1. MARKET PRICING: Reverse-engineer competitor pricing with $R2 > 95\%$ accuracy.

2. VALUE-BASED PRICING: Increase renewal pricing by ~4%, on average, without any market-share loss.

WHY IS DATA XL DIFFERENT?

1. **Data XL has developed an algorithm with an experimental design that can capture competitor pricing, enabling Data XL clients to offer MARKET-BASED PRICING.** Note that:
   - Data XL does not need thousands of quotations to capture the price models.
   - Data XL obtains data/local information and combines it with API access for a full solution.
   - The market data provided is not easily obtainable and therefore is not available to brokers/Data XL competitors.

2. **Data XL uses a GLM model to predict the willingness to pay (VALUE-BASED PRICING) with a 'secret sauce'.** Customer willingness to pay is measured using the same risk factors that all insurers use and the market price (a plus). Data XL's 'secret sauce' is the sample data: Big data or observational data cannot accurately measure true willingness to pay. The experimental design yields causality (true willingness to pay). This experimental data is first collected via surveys and thereafter via backtesting and live experiments.

3. **Data XL uses all the data mentioned to optimise the price (margin, share or retention).** Data XL's unique approach bears in mind competitor pricing and the customer's individual characteristics (the same basis as the risk approach). Therefore, it is more comprehensive and precise than its competitors.

4. **Data XL's risk analysis can also support reinsurers by delivering a competitor price index.** When underwriting results are bad, reinsurers can distinguish whether results are market driven or just bad underwriting/commercial policy.

5. **Data XL can also support win-back programs, evaluate the effectiveness of sales distribution channels and provide a competition index of the market and a simulation tool to cure ailing portfolios.**

Data XL's platform has the following modules:

- **Cost-based Pricing/Actuarial Pricing:** Measures the prospective cost of a claim and helps insurance companies to redefine their cost structures. Data XL still prefers that the client provides this data as an input, using their own knowledge and expertise.
- Market Pricing: An algorithm with an experimental design that can accurately capture competitor pricing.
- **Value-based Pricing:** A GLM model with proprietary elements that predicts customers' willingness to pay.
- **Optimal Pricing:** Uses mathematical techniques to design the best price, one that reduces churn, enables a better margin and maximises the share of preferences.

Competitive Advantage: Our product combines a software platform, a pricing methodology and specific competitor and customer data. This data must be collected using our experimental design tools and is not available to insurance companies, software companies or international brokers/risk advisers. The Data XL mathematical algorithm is more comprehensive than those of our main competitors, so it offers more precision.

There is no need for another technological layer. Data XL uses an API.

To run a pilot, Data XL needs the following data:
- Risk factors.
- Cost price for each combination of risk factors.
- Indication of the competitive set.
- Means to buy data from brokers and relevant players in the market.
- Access to a renewal portfolio to backtest our elasticity model.
- Willingness to conduct a new price marketing.

For maximum pilot success, at least 2 KPIs should be controlled from this set:
- Renewal rate or selling rate.
- Combined ratio.
- Average price.

PREVIOUS AND EXISTING CUSTOMERS

- Portugal's biggest insurance company.
- A small direct-sales company in Portugal.
- A small project with a medium-sized Portuguese company involving cost and market price.

Data XL is looking for a company outside Portugal to do a PoC with.

Clients can be disclosed on request.

BACKGROUND INFORMATION

Data XL is already incorporated (2017) and profitable, but we are still a startup.

Credentials include:
- Results with a big Portuguese insurer that can be presented after an NDA is signed.
- Data XL's CEO has published a double-blind article in a journal with an impact factor of 1.4 that proves some of the algorithms.
- What customers say: 'Data XL has shown that is has a profound and transversal knowledge of the insurance business, and its statistical model seems sound and robust, providing an adequate overview of market pricing and adequate analysis of the best price to offer clients, thus optimising the insurer's share of wallet', N Seguros: Nuno Serrano Diretor Executivo at N Seguros, SA.