

## CUSTOMER STORY

# SambaSafety Helps Subprime Lender Uncover Hidden Underwriting Risks Among Drivers

*Pennsylvania-based subprime lender discovers how to boost its underwriting performance, improve risk management, retain better customers and expand its services.*

## Introduction

In 2001, an auto dealer founded a company that specializes in providing auto lease options to individuals with moderate to severe credit issues through franchised and independent auto dealers.

The Company offers three lease tiers that an individual can qualify for based on their financial situation. Each lease tier offers benefits such as an opportunity to drive late model vehicles with low mileage, affordable weekly payments, multiple end-of-lease options as well as GAP and limited warranty. The Company reports to all three credit bureaus.

By continually improving its programs, the Company has become the industry leader in leasing used autos to credit-challenged individuals and currently operates in 12 states.

Despite its successful programs, the Company has struggled with an increasingly high rate of total loss crashes among customers, creating high customer churn and lost revenue. To mitigate this risk, it partnered with SambaSafety in an effort to accurately understand its customers' driving history much sooner in the underwriting process.



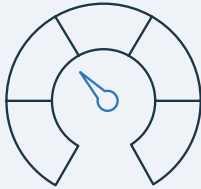
## Elevate Your Risk Management Strategy

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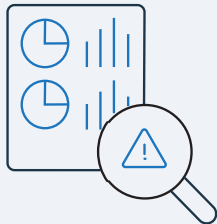
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### **SIGNIFICANT INCREASE IN TOTAL LOSSES AMONG CUSTOMERS**



### **CHALLENGES IN EVALUATING RISK DURING THE UNDERWRITING PROCESS**



### **DIFFICULTIES IN ESTABLISHING AN ACCURATE CUSTOMER PROFILE**

## **The Challenge**

The Company has observed a significant increase in the number of total losses among its customers. This trend has resulted in substantial financial losses for the company over time. To counter this risk, the Company needed a way to more appropriately price this risk upfront and obtain a comprehensive understanding of its customer profile.

In the past, the Company's underwriting process had limitations, including the ability to evaluate driver risk during the application process. This created long-term difficulties in assessing and managing customer liability.

Moreover, the Company's strategy for holding customers accountable for deficiency balances, deductibles, prior vehicle damage or excess mileage had not been effective for its riskiest customers. Consequently, it struggled to recover losses and maintain profitability.

Addressing and solving these challenges was crucial for the Company to boost its performance and remain competitive in providing this important service of vehicle financing. Therefore, it sought out a solution that would enhance its understanding of customers, improve its underwriting process and develop an effective risk management strategy.

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## The Solution

The Company decided to conduct a retro study on existing customers to determine the correlation between customer violations and crashes. By leveraging SambaSafety's expansive driver data network and license search tools, it was able to identify any driving infractions and other activities by obtaining the customer's history report through their driver's license number.

## The Results

SambaSafety's activity reports produced violations for 37% of the drivers identified in the study. A typical activity rate ranges between 10% to 30% depending on the account type.

According to the Company's Chief Financial Officer, **"After analyzing this data internally, we found that those customers that had activity showcasing prior violations were 40% more likely to be a total loss with us."** This indicated a clear link between violations and crashes.

These findings also suggest that such customers' vehicles are more likely to be repossessed, which is a loss event for the Company.

"After analyzing this data internally, we found that those customers that had activity showcasing prior violations were **40%** more likely to be a total loss with us."

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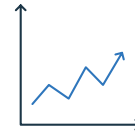
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### ACCURATELY PRICE RISK



### SUPPORT CUSTOMERS



### IMPROVE PROFITABILITY



## The Benefits

With access to SambaSafety's substantial driver database, license identification and activity tools, the Company is now better equipped to:

- **Accurately price risk** with the ability to charge drivers based on their expected risk level.
- **Support customers** by better understanding the drivers at the front end.
- **Improve profitability** by reducing the number of total loss crashes among its customer base.

"By having this total transparency into customers' driving records and more information about the risks associated with each, we can price more appropriately for that risk. Before SambaSafety, we priced everybody like they were an average driver. Now we're able to say, 'You're a good driver. You represent less risk. Or, you have several violations on your record, so we need to charge you a bit more.'"

The results of the Company's use of SambaSafety's data solutions are expected to provide long-term benefits as it continues to use the insights gained from the retro study to refine its underwriting and risk management strategies. Ultimately, by leveraging SambaSafety's data, the Company can reduce its risk exposure, improve customer outcomes and achieve its business objectives.



## Why SambaSafety?

SambaSafety provides an accurate picture of a driver's complete risk profile, using extensive data on violations, crashes and other critical factors. This allows companies to price risk more effectively, ensuring that they are charging appropriate rates for customers who pose a higher risk of crashes or other incidents.

Additionally, SambaSafety's solutions are easy to use and can be customized to meet the unique needs of different companies –making it a flexible and scalable solution for businesses of all sizes. Overall, by partnering with SambaSafety, companies can benefit from improved risk management, more accurate pricing and better performance and profitability over time.

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