

## **ABSTRACT**

My study analyzes customer retention in motor insurance industry. In today's competitive market, retaining a customer is as important as gaining a new customer.

The study involves the policyholders in the automobile insurance sector. We are able to understand which sector of customers are likely to renew their policies the following year with respect to various factors like age, sum insured, age of vehicle, premium amount, duration since entry etc. A probit model is used for the analysis. Through this study we can find the factors that affects customer retention and the extent to which each of the factors affect the probability of customer retention. This study guides the insurance companies as to target which population of customers to take a new policy so that they are retained.