



# Business Outcomes and Key Measures in Insurance Companies

*Clarity Thru Simplicity*



# Overview

Every insurance company has its own set of 'Business Outcomes'. These business outcomes are utilized for various purposes such as setting goals and objectives, aligning strategies and plans, communicating what needs to be accomplished to the workforce, understanding the health of the business, and communicating to the company's stakeholders how the business is doing.

Each business outcome has accompanying 'Key Measures' which serve to quantify and quality the degree to which a business outcome has been achieved, or missed.

Industry analysts, regulators, investors, and other interested parties utilize some of these insurance business outcomes and key measures to compare how an insurance company is performing compared to other insurance businesses selling similar lines of insurance products in the same market, and/or geography. Business Outcomes and Key Measures are analogous to 'Scorecards' or 'Report Cards' because they provide a means of understanding how an insurance business is performing.

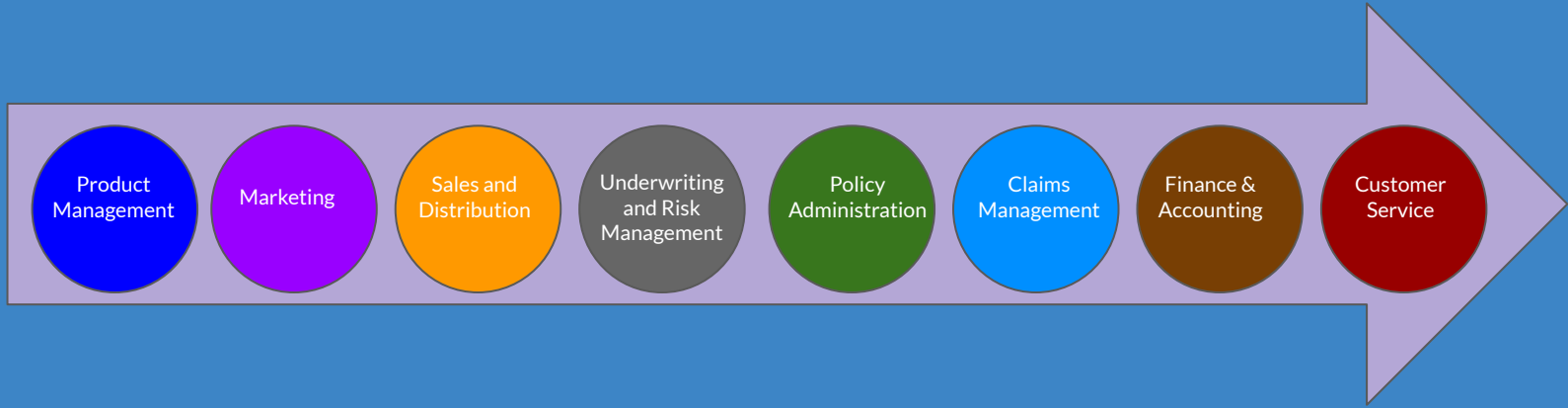
This document includes the business outcomes and key measures for the Governance, Company Risks, and Regulatory Compliance Function or unit.



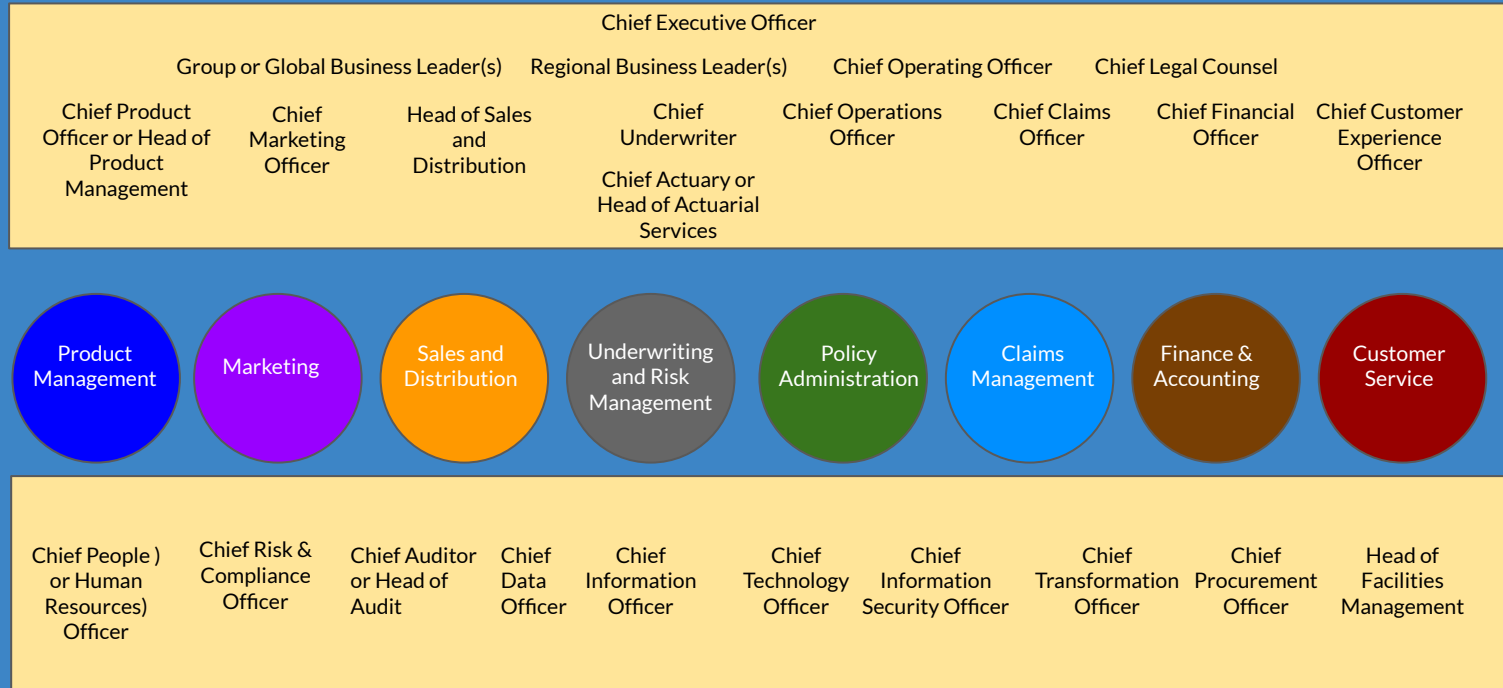
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# Value Chain in a Typical Insurance Business



# Leadership Structure in a Typical Insurance Business



# Sample Insurance CEO Scorecard

Overall	Customer & Agent Satisfaction	Service Delivery	Financial Management	Major Initiatives and Programs
<ul style="list-style-type: none"><li>• Revenue per Policyholder</li><li>• Average Cost per Claim</li><li>• Policy Lapse Ratio</li><li>• Average Policyholders Satisfaction</li><li>• Average Agents, Brokers, Advisors Satisfaction</li><li>• New Business Sales</li></ul>	<ul style="list-style-type: none"><li>• Overall Policyholder Satisfaction (Net Promoter Score)</li><li>• Time to Fulfill Policyholder Request by Type of Product and Service</li><li>• Agent Satisfaction (Net Promoter Score)</li><li>• Time to Fulfill Agent/Broker Request by Type of Product and Service</li></ul>	<ul style="list-style-type: none"><li>• Avg. Time to Settle a Claim</li><li>• Underwriting Speed and Quality</li><li>• Avg. Time to Issue a Policy</li><li>• Avg. Time to Complete a Request</li><li>• Call Center Avg. Handling Time by Type of Request</li></ul>	<ul style="list-style-type: none"><li>• Profitability</li><li>• Capital Adequacy</li><li>• Solvency</li><li>• Accuracy and Timeliness of Financial Reporting</li></ul>	<ul style="list-style-type: none"><li>• Mergers and Acquisitions</li><li>• Partnerships &amp; Alliances</li><li>• Supply Chain</li><li>• Business Transformation Programs</li><li>• Operations Programs</li><li>• Informations Technology Programs</li></ul>
Products	Markets	Distribution	Regulatory Compliance	Employee Satisfaction
<ul style="list-style-type: none"><li>• Time to Market</li><li>• Revenue per Policyholder</li><li>• Product Awards</li><li>• Contribution to Brand Recognition</li></ul>	<ul style="list-style-type: none"><li>• Overall Market Penetration by Product</li><li>• Avg. Policy Size per Product by Market</li><li>• Total # of Policies per Market</li><li>• Total # of Renewals and Retentions by Product and by Market</li></ul>	<ul style="list-style-type: none"><li>• Total # of Policies per Product Sold by Market and Time Period</li><li>• Avg. Amount of Policies</li><li>• Total # of Channels and Avg. Amount by Channel</li><li>• Total Cost per Channel</li></ul>	<ul style="list-style-type: none"><li>• Product Filings</li><li>• Markets &amp; Distribution Licensing</li><li>• Consumer Protection</li><li>• Solvency</li><li>• Data Privacy and Cyber Security by State/Country</li><li>• # of Penalties and Penalty Amounts by Regulation</li></ul>	<ul style="list-style-type: none"><li>• Employee Satisfaction</li><li>• Workforce Enablement</li><li>• Workforce Learning and Development</li><li>• Organizational Enhancements</li></ul>



# Sample Business Outcomes by Functional Area

Governance, Company Risks, and Regulatory Compliance

## Product Management

- Customer Satisfaction by Product
- Profits, Revenue, Expenses by Product
- Time to Market by Product
- Product Awards
- Contribution to Brand Recognition
- Revenue by Policyholder
- Ease in Selling

## Marketing

- Overall Penetration by Product per Market
- Average Policy size per product per Market
- Total # of Policies per Market (per demographic)
- Total # of Renewals/Retention by Product and per Market
- Brand Awareness
- Brand Recall

## Sales and Distribution

- Total # of Policies per Product Sold per Market
- Average # of Policies
- Total # and average amount by Channel
- Total Cost per Channel
- # of Leads Generated
- Closure Rate
- Time to Sell New Policy
- Revenue, Cost, and Profit per Salesperson

## Underwriting and Risk Management

- Underwriting Results and Profitability
- Underwriting Speed
- Technical Pricing
- Underwriting Effectiveness
- Actuarial Accuracy
- Speed in Modeling, Pricing, and Underwriting New Risks
- Reserving Accuracy
- Reinsurance Cover

## Policy Administration

- Avg. Time to Set-up New Products
- Avg. Time to Set-up New Distributors
- Avg. Time to Process New Applications
- Avg. Time to Fulfill Customer Requests
- Avg. Time to Process Claims
- Processing Cost per Policy
- Quality of Service Measures

## Claims Management

- Avg. Claims Processing Time
- Cost per Processing Step
- Avg. Cost per Claim per Product
- Total # of Fraudulent Claims
- Fraud Reduction Rate
- Fraud Detection Effectiveness and Efficiency

## Finance & Accounting

- Pretax profit margin
- ROA
- ROI
- General Expenses Ratio
- # of Write offs and Policy Terminations
- Billing and Collections Cost
- Unclaimed Policy Benefits
- Accounting Accuracy & Timeliness
- Accuracy & Timeliness of Financial Reporting

## Customer Service

- Policyholder Satisfaction (NPS)
- Time to Fulfill Request) by Product, and by Type of Service (New Business, Policyholder Services, Claims, etc.)
- Average Handling Time
- First Call Resolution
- Abandoned, Dropped Calls
- Quality of Service Measures



# Anatomy of a Typical Insurance Business





# Detailed Business Outcomes and Key Measures for the Insurance Governance, Company Risks, & Regulatory Compliance Function



# Regulatory Compliance

## Regulatory Compliance: Insurance Products

- Examples: Regulatory Filings NAIC (Product Filing, Rates and Forms Filing, Financials Filing)
- On-time Compliance Implementation
- # of Penalties Incurred
- Amount of Penalties

## Regulatory Compliance: U.S. State-Specific

- **Insurance Product-Specific**
- **Distribution-Specific: Agents, Brokers, Advisors Licensing**
- On-time Compliance Implementation
- # of Penalties Incurred
- Amount of Penalties

## Regulatory Compliance: Markets and Distribution (Licensing)

- On-time Compliance Implementation
- Total # of Licensing Violations( and by State and Market)
- # of Penalties Incurred
- Amount of Penalties

## Regulatory Compliance: Consumer Protection

- Examples: FINRA (non-Government), SEC
- On-time Compliance Implementation
- # of Penalties Incurred
- Amount of Penalties



# Other Regulatory Compliance Outcomes & Measures

## Regulatory Compliance: Financials, Solvency, Accounting

- Examples: IFRS 17, Solvency I and II, Sarbannes-Oxley, Gramm-Leach-Bailey, Anti-Bribery and Anti-Money Laundering, SEC Filings
- On-time Compliance Implementation
- # of Penalties Incurred
- Amount of Penalties

## Regulatory Compliance: Data Privacy & Protection, Cybersecurity

- Examples: GDPR, NYDFS Cybersecurity Regulation, California Cybersecurity Regulation
- On-time Compliance Implementation
- # of Penalties Incurred
- Amount of Penalties



# Thank You!

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