



# 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.

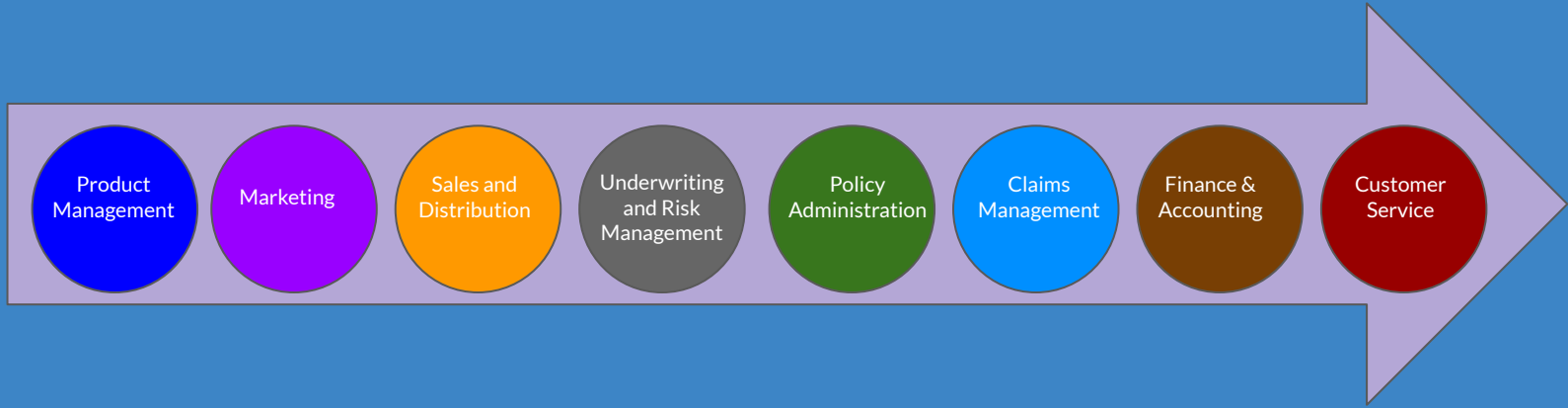
This document describes the business outcomes and key measures across the insurance value chain, and includes the detailed outcomes and key measures for the Insurance Product Management Function or area.



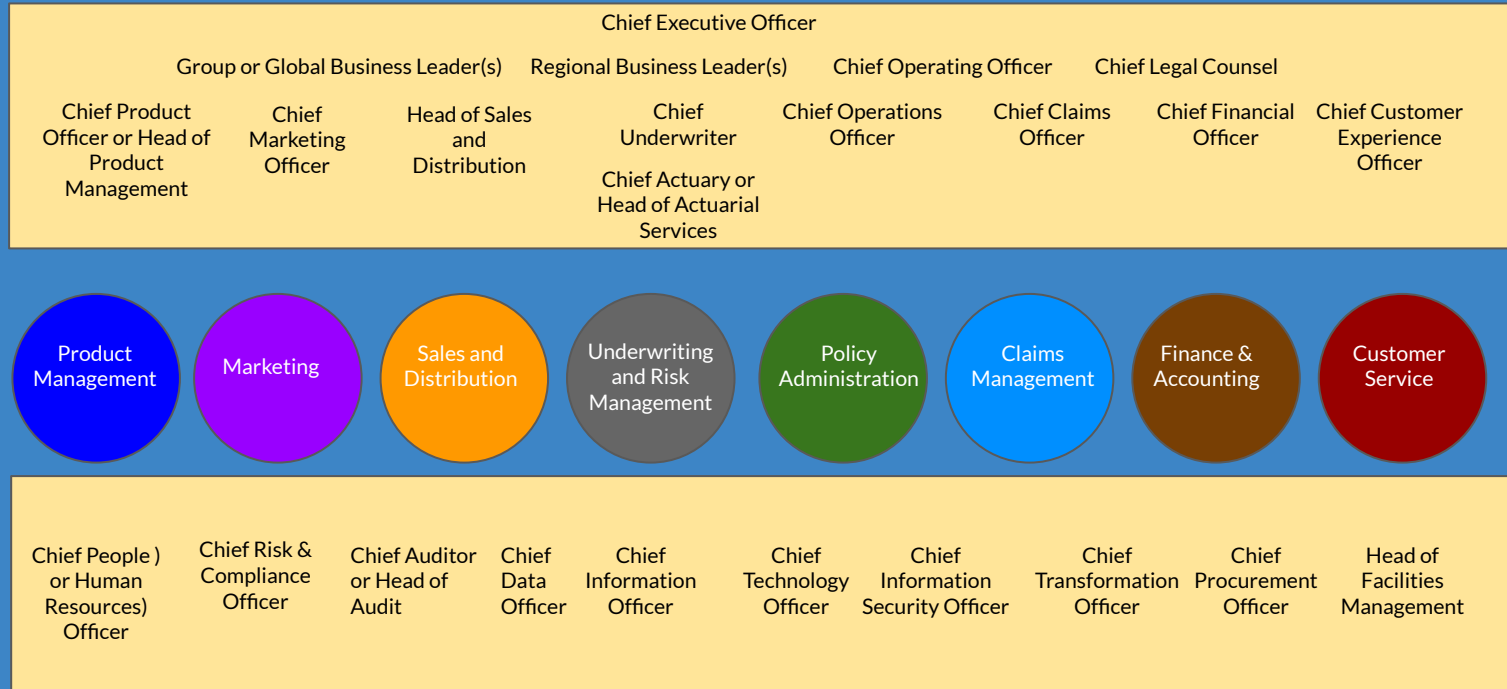
## Table of Contents

- Insurance Business Value Chain
- Insurance Business Leadership Structure
- Sample Insurance CEO Scorecard
- Business Outcomes by Functional Area
- Detailed Business Outcomes and Key Measures  
For the Insurance Product Management Function

# 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



# Anatomy of a Typical Insurance Business





# Detailed Business Outcomes and Key Measures for the Insurance Product Management Function



SoundStep Consulting Services

# Product Management

- Customer Lifetime Value
- Customer Acquisition Cost
- Net Promoter Score
- Customer Satisfaction with the Product
- Retention Rate
- Revenue per Policyholder
- Average Cost per Claim
- Average Time to Settle Claim
- Return on Surplus
- Loss Ratio
- Frequency of Claims per Product
- Severity per Product
- Expense Ratio per Product
- Revenue, Expense, and Profit by Product Type
- Renewal/Retention per Product
- New Business Sales
- Strike Rate (Percentage Bound, Percentage Pending, % Declined, % Lost, % Closed)
- Quota vs. Production
- Average Policy Size
- Underwriting Speed
- Underwriting Cost
- Number of Referrals
- Policy Sales Growth
- Time to Market (including regulatory filings)
- Product Awards
- Contribution to Brand Recognition



# Product Management's Impact on Distribution Partners

- Competitive positioning and profitability
- Ability to attract new producers
- Ability to expand into new states or territories
- Capturing new or underserved market segments
- Improving the quality and accessibility of products
- Ease in underwriting, pricing and actuarial services
- Ease in selling
- Marketing, training and sales support
- Assistance with Licensing and Compliance
- Ease in Commissions Payments



# Thank You!

**Disclaimer:** This communication was created by SoundStep Consulting Services and contains general information only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. SoundStep Consulting Services is not, by means of this communication, rendering professional advice or services. SoundStep Consulting Services cannot accept any responsibility for loss occasioned to any person or entity acting or refraining from action as a result of the material in this communication. Before making any decision or taking any action that may affect your business or finances, you should consult a qualified professional advisor.

© **Copyright 2023, SoundStep Consulting Services.** All rights reserved. No part of this document may be reproduced, stored in a retrieval system, transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the express written permission of SoundStep Consulting Services. The information contained herein is subject to change without notice. All other trademarks mentioned herein are the property of their respective owners.

