

Prime insurance
company limited
strategic plan
commerce essay



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It is with great excitement that we present our corporate Strategic growth Plan for Prime insurance Company Ltd. In accordance with the directives of the National Insurance Commission, Prime Insurance Company Ltd. is an implementing forward-thinking initiatives as a way of growing the insurance industry in our great nation.

These initiatives complement and build upon the strategies and commitments we made in our previous strategic plan, which is helping us grow the income of our shareholders, create and retain a strong company image and expand productivity through innovation. This new insurance growth plan is designed to fulfil these goals - and many more - creating a vibrant, expanding insurance industry in Ghana. Not only does the insurance industry protect millions of Ghanaians from financial loss, but it also represents an important economic engine for our country.

Insurance companies employ about 1, 000 Ghanaians, whose wages total nearly GHS 500, 000. More than 25 insurance companies and Insurance brokers as well as agents operate in and around the country. All told, Ghana is among the countries in the West African sub -region. We want to let our young people know about these career opportunities in the industry. This is an industry-driven strategic growth plan. Key individuals with expertise in all insurance fields provided direction and guidance in developing these initiatives. We are grateful for their input, knowledge and experience during this process.

As we look to our future, we are confident that there are opportunities to grow Ghana's insurance sector even further, expanding insurance jobs

throughout the country. Ghana's insurance industry has a rich history and with the help of our new growth initiatives, we will build upon this foundation to bring a bright economic future for all Ghanaians. We are truly excited about the opportunities and partnerships that lie ahead as we grow one of Ghana's most prominent and promising industries.

The operationalization of the Mission and Vision of Prime Insurance Company Ltd. is embodied in its Strategic Development Plan. The company has embarked a five-year strategic plan for the years 2012-2017 with the first 2 (two) years (2012-2014) being presented as a first medium-term plan. The First Medium Term Plan is the roadmap showing where, what, and how the company is going to be steered in the next two years. The plan consolidates the projects and activities of the different units in the company towards a synergistic, coherent and financially viable program with specified timelines. This Strategic Plan is expected to promote efficiency, allocate resources effectively, enhance transparency, and identify accountabilities.

EXECUTIVE SUMMARY

Studies have shown that the insurance industry is considered as a business affected by public interest (Crawford, 1998). This is due to the fact that in the event of any mishaps, businesses and society at large are brought to their feet. Jobs which would have been closed down because of such unfortunate disasters like fire, burglary, or general accident would be indemnified and brought back to its former pecuniary position. Insurance can be classified as part of the service industry since it sells products which are not tangible, it is therefore necessary that the client is not only satisfied with

the product or service offered but must also be satisfied with the whole service encounter.

For this rich customer experience to be possible, companies must institute a strategic approach to providing the best services through a process of continuous improvement of every aspect of the company's operations with the involvement of staff at all levels.

In recent times when the markets are so saturated and sophisticated, with competition among insurance companies very keen, it is highly imperative that 21st century insurance companies such as Prime Insurance review their operations to suite current standards in order to achieve competitive advantage and one of the ways in which this can be achieved is by deploying the full components, philosophies, tools, techniques and systems associated with total quality management.

INTRODUCTION

Developed countries have seen significant improvement in their economies because the insurance industry contributes immensely to economic growth by converting savings made by individuals into assets. Since the funds raised by the industry are long term in nature.

Clearly, the insurance sector undoubtedly remains crucial in the development of every economy by providing jobs and contributing significantly to a country's GDP (Mensah, 2008; Lovelock and Writs 2007). It is in this regard that the United Nations conference on trade and development (UNCTAD) in 1994, gave an indication that a sound national insurance market is an essential characteristic for economic growth.

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In Ghana, the insurance industry is about 76 year old; however, the production linkage of insurance and national development is relatively low in Ghana (Mensahopcit).

In Ghana most insurance companies were composite; underwriting both life and non-life policies. However in 2008, the enactment of an insurance law empowered the national insurance commission to ensure that all insurance companies split into life companies, and General business companies. (NIC Report 2006)

This policy coupled with the trade liberalization policies in Ghana led to the incessant influx of Nigerian insurance companies into Ghana. Currently, there are about 36 insurance companies in Ghana. (NIC, 2006)

Prime Insurance Company Limited is a product of the determination of professional lay members of Assemblies of God Professionals Network.

Prime was registered as a limited liability company in September 2004 under the Companies Code of 1963 ACT to provide insurance services.

Services/products offered:

liability insurances

bonds insurance

motor insurance

pecuniary loss

construction and engineering

aviation insurance

goods-in transit

marine insurance

Slowly but steadily the company has been able to increase its market share. This milestone achievement has been made possible by the offering of quality insurance products at parity prices.

The company has been able to build a good image and has consequently earned the trust of its clients because of the quality products and services offered through adherence to best practices and continuous improvement, which is made possible by involving all staff at different levels to provide the best value for clients.

It is imperative to note that, for a company to serve its intended purpose and also contribute positively to the growth of an economy largely depends on its ability to provide quality products and services that will meet the client's expectations.

PROCESS DOCUMENTATION

Overview

In preparing this strategic plan the company reviewed its previous strategic plans and evaluated its success in achieving the goals set forth therein. Two department-wide goals that flow down to program level have developed. We believe that the goals, objectives and indicators presented in this strategic

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plan reflect what we expect to achieve and provide good measures of our progress toward those achievements. Our concentrated efforts increase the number of quality insurers doing business in the country, and to stabilize the property insurance market in Ghana. On-going efforts to serve the consumers whose interests we protect and the producers are tied closely to our ability to keep pace with technological advances. On-line producer licensing and premium tax filings are two areas where we have made great strides. Changes in the role of the Insurance Rating Commission have changed certain functions within the industry. Our on-going efforts as consumer advocate have been increased in the aftermath of Hurricanes Rita and Katrina. There have been relatively few changes to performance indicators. Some former Key and Supporting indicators have been moved to General indicator status; some General indicators have been eliminated because we believe that they are no longer relevant to the plan and/or provide little or no useful information to the department and to others who review this plan. Hence, a few new indicators have been created to better reflect the activities of those divisions.

THE VISION, MISSION, AND GOALS OF PRIME INSURANCE

Like all other modern organisations, Prime Insurance is guided by a set of fundamental statements. These are its Vision, Mission and Goals (VMGs). They state how the company seeks to eventually be, as an agency in society; what it aims to achieve, as a player in the insurance industry and how it seeks to measure its success. These are the basic policy statements of the company, in that they clearly define what the company intends to be.

Secondly, they state the fundamental principles on which the company stands on and from which it derives its raison d'être and purpose. Thus, they are the "givens" insofar as how Prime shall seek to do things.

OUR VISION

Prime Insurance Company Ltd. is The State of Perfect Balance® – a place where every individual can achieve a balance between growing economic prosperity and a fulfilling quality of life.

OUR CORPORATE MISSION

Prime Insurance Company Ltd. is dedicated to providing insurance products that provide quality protection with value pricing. We wish to establish a successful partnership with our clients, our staff members, and our insurance companies, that respect the interests and goals of each party. Success will be measured by our clients choosing us because of their belief in our ability to meet or exceed their expectations of price, service, and expertise.

Thus, we hope to enhance the business climate for Ghana's insurance industry and develop innovative ways to retain and create quality insurance products for Ghanaians.

OUR VISION

We will be the model provider of total insurance products through innovative and responsive partnerships with our customers and each other.

OUR PHILOSOPHY

The philosophy of the Prime Insurance Company Ltd. is that its responsibilities as the player of the insurance industry in the country impacts

the quality of life of citizens because the availability and affordability of insurance through financially sound insurers is essential to economic development, maintaining existing business and industry and the protection of the lives and property of citizens.

OUR GOALS

By focusing on its strengths, its present client base, and new value priced products in the next year, Prime Insurance plans to increase gross sales by 10% and profit by 15%.

Our Keys to Success and critical factors for the next five (5) years are, in order of importance:

Identify “ Target Markets.”

Institute our Property inspection program.

Begin our “ Insurance Partners” program.

Develop a profitable property program.

Provide small businesses with an affordable basic business package.

Prime Insurance Company Ltd. has been profitable since its establishment.

However, recently the company has had declining market share and this must be addressed. Our goals therefore are:

To share the Prime story: Market Prime Insurance’s strengths to both domestic and foreign clients.

Strengthen our strengths: Enhance the attractiveness of our business climate.

Cultivate top talent: Attract and retain insurance industry talent while promoting employment opportunities in the industry.

Invest in our assets: Invigorate our presence nationwide

Focus on our customers

A long-term financial viability.

Provide a holistic and responsive service to clients

To re-establish Prime Insurance Company Ltd. as the market leader in quality and value-priced insurance products in Ghana.

Establish good working relationships with our present insurance markets by meeting with their decision makers and plotting a mutual plan for success.

Get commitments for support and products that we can market in our trading area.

Investigate new markets that meet our marketing criteria by committing to small rural brokerage, providing products suitable to our economic and social climate, and plan for the upload and download of insurance policies.

Provide sales incentives to staff to meet sales goals of 10%.

Complete inspection of all Pilot homeowners within one month before renewal date.

Formulate plans to acquire a brokerage

Prime Insurance Company Ltd. is dedicated to providing insurance products that provide quality protection with value pricing. We wish to establish a successful partnership with our clients, our staff members, and our insurance companies, that respect the interests and goals of each party.

Success will be measured by our clients choosing us because of their belief in our ability to meet or exceed their expectations of price, service, and expertise.

In order to implement our strategic goals, we will focus on developing the following tools.

Knowledgeable, friendly staff that can empathize with our consumers' needs and circumstances, especially in handling a loss.

Policies that meet or exceed the expectations of our clients, and that are affordable, available, and understandable.

Policies and endorsements delivered on time with minimal errors.

A commitment to an annual insurance review for all of our clients. A phone call is more than any direct mass marketer offers. We believe personal contact and service is the cornerstone of our success.

Prime Insurance primarily markets and services Personal Lines Insurance. Its customers are mostly rural, lower income families or long-time resident

senior citizens who demand value priced insurance premiums in keeping with their lower and fixed incomes.

We also provide insurance to small business, mostly family-run seasonal operations primarily focused on the tourist trade.

We have stressed to our insured the importance of good communication between the broker and client to insure proper coverage is in place. We have noticed as our clients become better informed about insurance that there has been a tremendous increase in clients wishing in-depth discussions about their policy coverage and how they can get the most value for their insurance premium.

Our company's strength lies in the quality and depth of our products and staff. Because of our larger staff, we are able to service our clients even when a client's broker is busy or out of the office on inspections.

OUR STRATEGIES

Sales Strategy

We want to emphasize the benefit of dealing with professionals who live and work in our catchment area. We know their needs and their problems and we have a local reputation to protect, unlike an out-of-town market. If the out-of-town broker fails to provide proper cover or advice, they lose one client. We could stand to lose many if the public perceives a professional failure on our part. Competitive prices for our identified target markets. We will offer discounts of up to 50% as No Claim Discounts (NCD) for claims-free clients who renew their home insurance with us.

Pricing Strategy

Our customers are especially sensitive to value. We must ensure that our price and service are perceived to be good value to our client.

Our markets must offer several payment options to our clients that are convenient to the client, not just to the company. Example - payment on insured's preferred day of month, not on the company's, and accepting payment in instalments. Many insured are on a fixed income and receive their income on a set day of each month or a paycheck on a particular day.

We encourage staff to concentrate on our " Target Market." Many of our companies are now focusing on what they have perceived to be profitable niche markets, where they can offer a competitive product with little, if any, competition.

We are seeing our commercial markets now moving toward basic coverage and limiting the " bells and whistles," all-risk products available to only those clients who have modern, well-managed, profitable, low-risk operations. This should help stabilize pricing and, even more important, ensure that there is an insurance market available for most risks. Continued insistence by the industry on better protection, i. e. fire and burglar alarms, upgrading of buildings, etc., have started to lower loss ratios.

Marketing Strategy

Emphasize service and support.

Build a partnership business based on account selling.

Focus on senior, claims-free personal lines business and the profitable, well-run, small family business.

Target small, non-franchise business that does not have access to group insurance plans.

Investigate acquiring other brokerages in our area.

OUR VALUES

We approach every aspect of our work with the highest standards of integrity.

We value our customers.

We use our resources effectively.

We approach our work as a professional team.

We treat each other as we wish to be treated ourselves.

Loyalty and absolute honesty.

We encourage initiative and change in a dynamic business environment.

We put employee safety first.

OUR GUIDING PRINCIPLES

Be the change maker, instead of simply reacting to change.

Work in a seamless collaboration with the public, non-profit, and private sector partners; locally and regionally.

Invest in what matters most.

Innovate with new, more effective solutions and create a positive customer experience.

Execute, organize, and align to achieve our goals.

A CONSIDERATION OF PRIME INSURANCE COMPANY'S STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT ANALYSIS)

The company considered perceptions of our strengths, weaknesses, opportunities and threats (SWOT) within our existing and unfolding macro, external, and internal environments. These are seen as pertinent to our Vision, Mission, and Goals. Each operating facet of the company undertook the exercise. Below is a consolidation of what were identified at these operating levels, and summarized for the whole company as an organisation.

Strengths:

The company gets most of its businesses from the Assemblies of God church, which has a very large membership nationwide.

Prime Insurance has strong sales team.

The company has excellent risk analysts.

Premium rates are increasing and so are commissions.

Our variety of products is increasing.

Prospects expect more services from our brokers.

Weaknesses

The company is not able to meet shareholders at regular Annual General Meetings (AGMs) to brief them on the progress or challenges of the company.

Prime Insurance is often slow to respond to changing needs in the industry.

There is an increasing trend of financial weakness in the company.

There are more competitors for agencies to compete with banks and Internet players.

The company has a poor portfolio of insurance policies.

Prime has a small size relative to competitors and other players in the industry.

Opportunities

The company has potential new insurance clients.

The ability to cross sell financial services is barely being tapped.

The company's technology is improving to the point that paperless transactions are available.

The company's client's increasing need for an " insurance consultant" can open new ways to service them and generate income.

Threats

The increasing cost and need for insurance might hit a point where a backlash will occur.

Government regulations on issues like health care, mold and terrorism can quickly change the direction of insurance. Increasing expenses and lower profit margins will hit hard on the smaller agencies and insurance companies.

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