

Selection of the firm

Business



Firm Selection. al Affiliation) Introduction. The paper analyzes and evaluates GEICO (Government Employees Insurance Company) Auto Insurance Company. It discusses the nature of GEICO Insurance Company based on the company's service and products, brief history, and their position in the market's competition. Also, the paper identified the crucial management personnel; of GEICO. Consequently, the paper discusses the business strategies that GEICO uses. Additionally, the paper defines GEICO's Enterprise Risk Management. Discussion. Nature of the Organization. GEICO is one of the largest auto insurance companies in United States of America. The company is famous for the infinite merge of the United States army, and the old hand people's group. The company is built on perseverance, honest work, resilience, innovation and ingenuity. GEICO started in the middle of Great Depression up to date. Currently is one of the successful companies in the US (Klingaman, 2004). It was established in 1936 by Lillian and Leo Goodwin. In 1948 Lorimar Davidson joined the company as an investment maker. In 1958, Lorimar Davidson retired and handed over to Leo Goodwin. Today the asset of the company has reached twenty eight billion and GEICO is looking forward to expanding even more. The company provide a large facility such as assistance programs, donations to the already retired from the army and those who are still in military (Sahoo & Das, 2009). Additionally, it offers services such as scholarship. The company has special and unique facilities such as low cost of insurance, cheap insurance of cars, and affordable insurance for cars (Klingaman, 2004). The greatest feature for the company is that it offers insurance of cars at low cost; can save the insurance premiums to half. They also assist drivers of cars every second and wherever motorists have problems. Some of the GEICO competitors

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includes progressive Auto Insurance, Nationwide Car Insurance, Allstate Auto Insurance, and Infinity Auto Insurance. Among the five Auto Insurance Company, GEICO is the leading Company. GEICO offers products such as Auto Insurance, Motorcycle Insurance, ATV Insurance, Umbrella Insurance, Homeowners Insurance, Renters Insurance, Condo Insurance, Life insurance, Boat insurance, and Overseas insurance (Sahoo & Das, 2009). Management Personnel. The current management of GEICO includes; Tony Nicely as the president and the CEO, Kolinsky and Scott Markel as the vice president, Dan Beacon, Shawn Burklin and Mary Zarccone are the vice president.

Additionally, GEICO's other assistant vice president includes Rick Hoagland and Suzanne Worthen. Business Strategy. GEICO business strategies are based on the company's status to its original company, Berkshire Hathaway (Klingaman, 2004). The company is supported by a concrete competitive position, strong operating performance and a stronger capital adequacy. The company's large, undiversified portfolio of equity and concentration of geographic premium offset the company's strength. The company is cost efficient and its marketing methods are direct-response. GEICO emphasizes on the satisfaction of customers that is why it has established its name among its competitors. GEICO is the number one provider of personal insurance through channels described as direct. This has enabled the company to increase its equity in the United States personal share market. The company has a higher equity allocation. It has a common stock holdings of 32% in 2008 from 42% in 2007. This was attributed to decline of the stock market, despite all this, it maintains 77% of the statutory surplus. The company also has a concentrated business profile, with auto writing that generates almost 100% of its premiums. Additionally, GEICO generates <https://assignbuster.com/selection-of-the-firm/>

almost half of its direct premium from the 5 states of NY, Florida, Texas, New Jersey and California. Therefore, according to Standards and poor, GEICO is the core company in the insurance market. It's crucial insurance affiliates to deficits in 2009, because of the effect of turmoil in the financial markets that affected the group's capitalization (Sahoo & Das, 2009). Enterprise Risk Management. The company has a stronger enterprise risk management, this is conformed with RBK. The model of direct business is a crucial strength to Enterprise Rick Management. This differentiated the company from its competitors in a positive manner because of better quality of data, real-time reviewed data, and their ability to monitor their points in pricing very quickly. The company also writes the personal auto predominately and do not retain underwriting risks of home owners (Klingaman, 2004). The main company's risk is the regulation from the state on their pricing constraints. Because of the company's track records and experiment in writing the personal auto, their risks are well managed, contained and measured. The company's Enterprise Risk Management begins with strong control of risks that focus on the quality of data, maintenance of margin safety, and underwriting. The company faces the risk of volatility in their large portfolios of equity. However, the company can mitigate the risk is a stronger base capital. At the senior most management level, risk and culture tolerance are well managed and aligned (Sahoo & Das, 2009). Reference Klingaman, W. K. (2004). GEICO: the first 40 years. Washington, D. C.: GEICO Corp.. Sahoo, S. C., & Das, S. C. (2009). Insurance management. Mumbai: Himalaya Pub. House. .