

# Manzana insurance case report essay sample



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1.

How is the Fruitvale Branch making? How the subdivision is making harmonizing to cardinal external public presentation measures-financial public presentation. turnaround times. late reclamations. and renewal rates. Fruitvale encounters a important loss of concern due to late reclamations. and long lead times on new policies and quotation marks.

From the following positions. we can hold a better position of what Fruitvale Branch's jobs are: Fiscal public presentation: Profitableness is worsening. It suffered a loss of \$ 174 and \$ 121 in 1st and 2nd one-fourth of twelvemonth 1991. ( Exhibit 5 ) While premiums went up approximately 10 % . ordinary insured losings went up approximately 50 % from 1st one-fourth of 1989 to 2nd of 1991.

Besides. Operation disbursals went up approximately 15 % . ( Exhibit 5 ) Turnaround times: Increasing quarterly. Since 2nd one-fourth of 1990 to 2nd one-fourth of 1991.

the leaden norm TAT has increased from 5. 1 yearss to 6. 2 yearss. ( Exhibit 6 ) On the other manus.

Golden Gate's mean turnaround clip is estimated 2 yearss. ( Tom's memo ) Actually. Aureate Gate announced a guaranteed turnaround clip of one working twenty-four hours. Fruitvale Branch is behind in term of turnaround times.

Late reclamations: Besides increasing quarterly. from 201 in 4th one-fourth of 1989 to 471 in 2nd one-fourth of 1991. ( Exhibit 6 ) From the memo. we

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notice that the reclamations late rate has go up significantly from 20 % to 44 % in one twelvemonth. Especially. operations for RERUNs are awful.

RERUNs occupy most of entire figure of late. ( Exhibit 6 ) Reclamation rates:

Traveling down. In 1989. rate was  $5166 / ( 5166 + 849 ) = 85.$

9 % ; while in 1990. dropping to  $4987 / ( 4987 + 1717 ) = 74.4$  % ; and the first half twelvemonth of 1991 was non so good either.  $2081 / ( 2081 + 926 ) = 69.2$  % .

( Exhibit 7 ) Besides. Tom's memo shows that their renewal loss rate went up from 33 % in this one-fourth last twelvemonth to 47 % in this one-fourth this twelvemonth. For Golden Gate. their estimated renewal loss rate is 15 % which is much smaller than Fruitavale Branch. 2. What are the causes of these jobs? Be more specific on operational and incentive jobs.

1 ) The classs of insurance company varied a broad scope. which need different volume of clip to manage. doing the work load of employee to be so uneven. 2 ) The RERUNs were non released to the DCs until the last twenty-four hours before the due day of the month. This causes the job of late reclamations which leads to a bead on reclamation rates.

3 ) The manner Manzana usage to cipher the TAT was incorrect. The SCT information was excessively high and utilizing 95 % to each measure is non just and excessively optimistic. since some stairss may hold higher rate of passing more clip while the others don't. And the information was from 1986. half decennary from 1991.

4 ) Since the competition in the insurance concern had increased. insurance rates and committee agendas had become about indistinguishable among rivals. which doing the employees' deficiency of willingness to work more at RERUNs and RAINs. 5 ) The FIFO system has dual criterion. Employees prefer treating RUNs and RAP foremost alternatively of following the origin purpose of FIFO.

3. Can you place the jobs in the manner Manzana is ciphering turnaround clip in Exhibit 3? First of all. the turnaround clip should be calculated in each flow. RUNs. RAPs.

RAINs and RERUN because each flow is different service. However. they calculated entire proceedings in each measure. distribution.

underwriting. evaluation. policy authorship. Second. they don't see rhythm.

Turnaround clip should be mean exhausted clip per a petition. If they merely have summing up of each step's clip. the entire clip is first-come-first-serve order flow clip. If they use first-come-first-serve flow clip for computation the overall productiveness and efficiency. it means that when a petition is in a measure. the workers in other stairss are tick overing.

Additionally. the premise that 95 % of the petitions can be completed within the standard completion clip is excessively high. Therefore there should be a realistic rating of the premise. which should be less than the above. Besides. classs in the insurance policies are excessively diversified which will take different clip to cover with ; hence.

utilizing SCT here to cipher the TATs doesn't make sense. To some grade. MEAN seems more sensible to use here. Actually, the MEAN clip of each measure is much shorter compared with SCTs.

( Exhibit 4 ) Third, when see the turnaround clip, we should see petitions per unit, and this unit of petitions should non be changed. In current computation.

they use " To be processed" figure as the figure of petitions in each measure. This figure is gained at each measure in a flow, which distorts the turnaround clip. 4.

If you were Bill Pippen, what would you urge as the program of action for Fruitvale? 1 ) Find constriction in each flow and reenforce the constriction utilizing idling forces or external resource ; 2 ) Align staffing with demands of the new system ; 3 ) Document and standardize processs ; 4 ) Provide direction with profitableness analysis of new and renewal policies. 5 ) Redesign the FIFO system. There's merely 15 % of all quotation marks resulted in new policies ( RAP to RUN ) ; it seems that a batch of clip is being wasted. The gross figure for RAPs hasn't been given explicitly.

but still, a proper cost-benefit analysis demands to be done to set up a new precedence. You may see seting RERUNS and RAINS to operation precedence since RERUNS have a much higher success rate. 6 ) Cleavage.

Since the diversified classs of insurance policies, we need different expertness group to cover with them. Citation: 1. Manzana Insurance: Fruitvale Branch ( Abridged ) . HBS instance 9-692-015 Rev. January 30.

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