Case Study:TPC

The nature of property and casualty insurance demands that premium growth be orchestrated in such a way that it results in a greater bottom line profitability to the company.

Too often, we hear about companies who grow at a rapid pace, only to find later that the business they put on the books hurt them, rather than helped them financially.

In order to grow in a financially responsible manner, a company must thoroughly analyze and understand the market segments, product and coverage offerings, and pricing strategies that provide the greatest opportunity for success. Inability to perform these analytics generally results in a reluctance to grow, or even more problematic, results in growth into unprofitable areas.

Such was the position that confronted Chris Webber, President and CEO of The Philadelphia Contributionship (www.contributionship.com), the nation's oldest property & casualty insurance company.

With a desire to grow, the lack of analytical information prevented a plan to be fully defined based on empirical data. As a result, the company grew, but not by desired amounts.

Millbrook worked directly with The Contributionship's management to clearly define their business needs and objectives, and the resulting model was embedded in Millbrook's insurance business intelligence solutions. Using Millbrook's Information Solutions, Chris explored and identified historical patterns in pricing, coverage and geography, versus historical loss patterns and profitability results.

She was able to pinpoint areas of historically strong profitability and more importantly, was able to identify precisely why they were profitable. Previous marginal and losing strategies were also identified along with underlying causes.

Through this strategic analysis, Chris was able to construct a strategy that has resulted in achieving desired growth targets and improving the company's bottom line results. The company grew approximately 83% in inforce premium between 1997 and present, while improving their direct loss ratio.

As companies begin to re-focus their strategic visions, the use of information to precisely identify areas of historic strength and weakness and the underlying causes, creates the ability to realize powerful strategic shifts that result in significant balance sheet improvements.

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