

# Best Practices for General Insurance Business Planning

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General insurance companies operate in a fast-changing environment shaped by market competition, regulatory shifts, and evolving customer needs. Effective planning helps insurers stay profitable, manage risks, and allocate capital more efficiently.

This tipsheet summarizes best practices to support stronger financial planning, improved underwriting performance, and better decision-making across the organization.



# 1. Adopt a Driver-Based Planning Framework

A successful plan starts with the right business drivers. Instead of building static projections, anchor your planning around measurable inputs such as:

- ✓ Gross Written Premium (GWP)
- ✓ Reinsurance arrangements
- ✓ Net Written Premium (NWP)
- ✓ Net Earned Premium (NEP)
- ✓ Claim ratios and loss trends
- ✓ Commission and acquisition costs

A driver-based model ensures consistency across departments and makes forecasting more accurate and scalable

## 2. Build Profitability Analysis by Line of Business

Each line of business behaves differently and should be planned separately. Focus on:

- ✓ Premium growth
- ✓ Customer segments
- ✓ Loss ratios
- ✓ Reinsurance strategies
- ✓ Underwriting margins
- ✓ Expense allocation

Tracking KPIs such as Effective Tariff, Combined Ratio, and Business Mix helps identify profitable versus underperforming lines.

### 3. Integrate Reinsurance Into Planning Early

Reinsurance significantly impacts profitability and capital requirements. Ensure your plan assesses

- ✓ Types of treaties (quota share, surplus, XOL, stop-loss)
- ✓ Cost versus protection benefits
- ✓ Impact on net premium and reserves
- ✓ Capital relief and solvency effects

Run multiple scenarios to identify the most effective reinsurance strategy under varying risk environments.

### 4. Strengthen Asset–Liability Management (ALM)

General insurance companies must manage investment returns while meeting future claim obligations. Effective ALM includes:

- ✓ Matching asset maturities with claim payment timelines
- ✓ Monitoring Assets Under Management (AUM)
- ✓ Modeling investment yield scenarios
- ✓ Managing liquidity for claims and operations
- ✓ Evaluating market risk exposure

Good ALM practices improve stability and enhance long-term profitability.

## 5. Consolidate Cross-Departmental Planning

General insurance planning requires input from multiple functions:

- ✓ **Underwriting:** premium targets, pricing strategy
- ✓ **Claims:** trends, provisions, recovery estimates
- ✓ **Finance:** capital, cash flow, regulatory compliance
- ✓ **Operations:** staffing, workflows, technology needs
- ✓ **Sales & Marketing:** channel performance and acquisition costs

A unified model prevents siloed planning and ensures alignment with corporate strategy.

## 6. Leverage Multi-Entity and Multi-Currency Capabilities

If operating across regions or subsidiaries, ensure your planning process supports:

- ✓ Multi-currency reporting
- ✓ Intercompany eliminations
- ✓ Regional regulatory reporting
- ✓ Consolidated and entity-level KPIs

This enables consistent analysis and more accurate enterprise-wide decision-making.

## 7. Use Scenario Planning for Strategic Flexibility

Scenario modeling is essential to anticipate change. Build scenarios for:

- ✓ Claims inflation
- ✓ Catastrophic events
- ✓ Shifts in investment market returns
- ✓ Regulatory changes
- ✓ Premium rate adjustments
- ✓ Reinsurance renegotiations

This helps leadership stay prepared and make resilient decisions.

## 8. Improve Management Reporting and Transparency

Adopt real-time dashboards and automated reporting to support better decisions. Focus on:

- ✓ Underwriting performance
- ✓ Claims development
- ✓ Financial results versus plan
- ✓ Combined Ratio and Loss Cost Trends
- ✓ Investment returns
- ✓ Departmental expenses

Consistent, timely reporting builds accountability across the organization.

## 9. Use Pre-Built Planning Blueprints to Reduce Implementation Time

Tools like REPLAN offer preconfigured templates specifically for general insurance planning. These provide

- ✓ Faster deployment
- ✓ Best-practice business rules
- ✓ Reduced customization needs
- ✓ Higher planning accuracy
- ✓ Better user adoption

Start with these blueprints and tailor them to your organization's requirements.

## 10. Strengthen Data Governance & Accuracy

Reliable planning depends on clean, integrated data. Ensure:

- ✓ Integration with policy, claims, and finance systems
- ✓ Clear data ownership and validation
- ✓ Audit trails and version control
- ✓ Standardized data definitions
- ✓ Regular data quality checks

Good governance prevents inconsistencies and improves planning credibility.

# Conclusion

General insurance planning is complex, but with a structured, driver-based approach—supported by integrated technology like **REPLAN**—organizations can improve profitability, operational efficiency, and strategic agility.

