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Corporate Social Responsibility Strategy, PEMCO Insurance


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**CORPORATE SOCIAL
RESPONSIBILITY
STRATEGY**

EMMA RABUN | JACLYN ZALESKY | CONRAD NILSEN | JOSH SCHACHT

OVERVIEW

ANALYSIS

RECOMMENDATIONS

IMPACT

RECAP

APPENDIX



**“WE’RE DIFFERENT – WE
KNOW YOU BECAUSE WE
ARE YOU.”**

TO DEVELOP A **DISTINCTIVE
CORPORATE SOCIAL
RESPONSIBILITY PLAN
THAT **INTEGRATES** THE
PEMCO BRAND.**

APPROACH



INTERNAL



EXTERNAL



VALUES

WHAT DOES IT MEAN TO INTEGRATE THE PEMCO BRAND?

A panoramic view of the Seattle skyline at sunset. The Space Needle is prominent on the left. The city is filled with various skyscrapers and buildings. In the background, the snow-capped Mount Rainier is visible under a clear, orange-hued sky.

OVERVIEW | ANALYSIS | RECOMMENDATIONS | IMPACT | RECAP

PEMCO IS:



1

COURAGE

2

INTEGRITY

3

RESPONSIBILITY

**“PEMCO IS THE LOCAL COMPANY
DEDICATED TO NORTHWEST
RESIDENTS. OUR CUSTOMERS
COME FIRST, BECAUSE
INSURANCE IS ABOUT WHAT YOU
NEED, NOT WHAT WE WANT TO
SELL.”**

PEMCO



THE CURRENT CSR ENVIRONMENT.





PEOPLE

PLANET

PROFITS



OVERVIEW | ANALYSIS | RECOMMENDATIONS | IMPACT | RECAP

Customers will pay more for products from a company with good values:

6 out of 10 people



WILL PAY MORE FOR REPUTABLE BRANDS

Employees want to work at companies with good values:



71%
of millennials

would likely choose a job with a company with a commitment to the community if all other factors were the same

4 TRAITS OF EFFECTIVE CSR

EDELMAN

CREDIBLE

Setting clear and measurable goals that are bold enough to encourage big ideas and drive innovation

RELEVANT

Identify and illustrate issues that are highly material

ENGAGING

Not just focusing on *what* is presented but *how* it is presented

AUTHENTIC

An honest expression of the company's culture & values

STAKEHOLDERS

LEADERSHIP



EMPLOYEES

CUSTOMERS

PNW



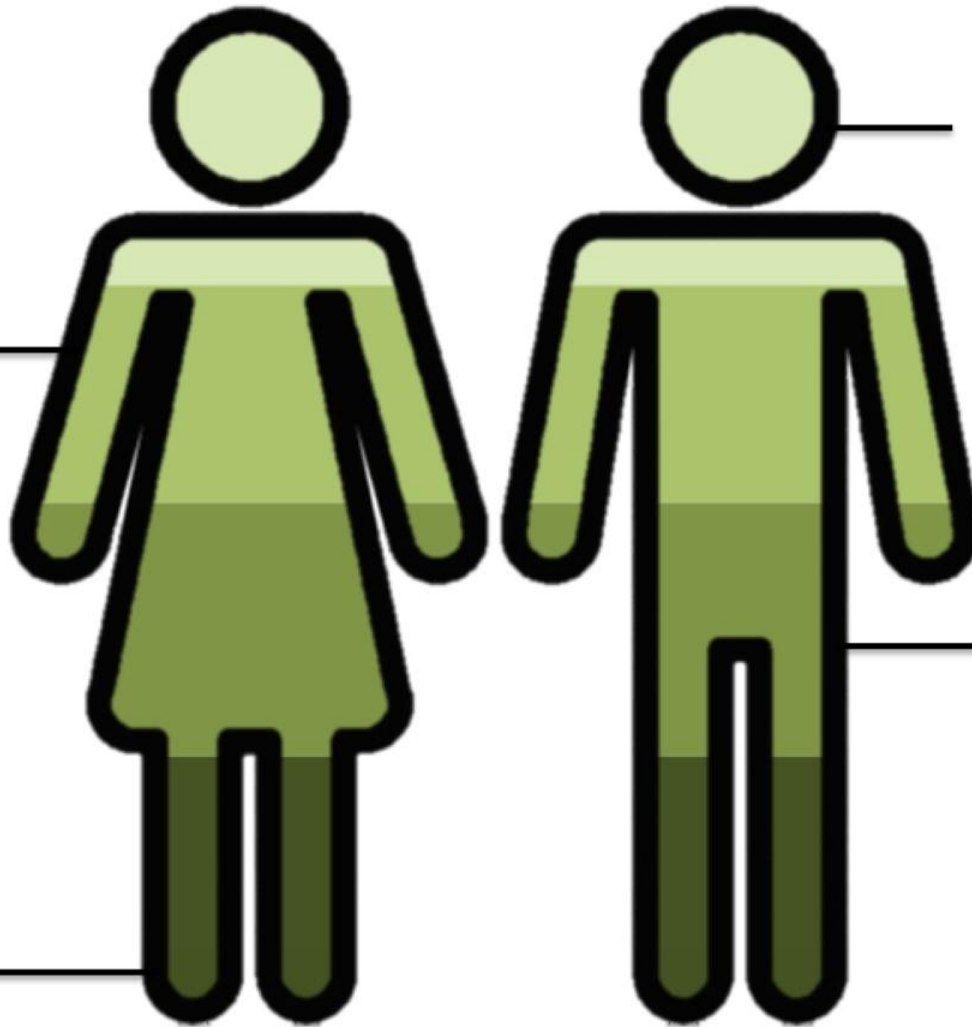
CUSTOMERS

INDEPENDENCE

PROUD

SUSTAINABILITY

LOCAL
BUSINESS





ENGAGEMENT



TANGIBLE IMPACT




COMMUNICATION

HOW CAN WE ACHIEVE THESE GOALS?

PROCESS & INTEGRATION





**DEMCO
PROMISE**

A lush, moss-covered forest scene with large tree trunks and ferns. The text is overlaid in white, bold, sans-serif font.

**PEMCO IS COMMITTED TO
PROTECTING THE PAST,
PRESENT, AND FUTURE OF THE
PNW, ONE POLICY AT A TIME.**

OVERVIEW | ANALYSIS | RECOMMENDATIONS | IMPACT | RECAP

1 : **1**
POLICY **IMPACT**



PEMCO IN OUR COMMUNITY

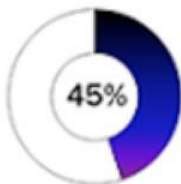


“WE CARE A LOT LIKE YOU, A LITTLE MORE”

PEMCO PROMISE

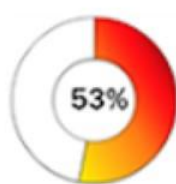
WE PROMISE TO PROTECT THE PAST, PRESENT, AND FUTURE OF THE PACIFIC NORTHWEST

LOCAL BUSINESS



% TO GOAL

SCHOOL SUPPLIES



% TO GOAL

PLANT A TREE



% TO GOAL

PEMCO IN OUR COMMUNITY



When our PEMCO policyholder selects the "Plant A Tree" option as part of the PEMCO PROMISE, we will fund the planting of a tree in honor of that policyholder in an area near their community.

Evergreens, Community, and Sustainability – what could be more authentically Northwest?



PLANTING WITH PEMCO (March 3, 2016)

"One of my favorite events of the year is when my family and I join other PEMCO employees to..."

[SEE MORE...](#)



PEMCO IN PRESCHOOL (December 11, 2015)

"PEMCO's donation to my child's school paid for the books that the teacher would otherwise have bought"

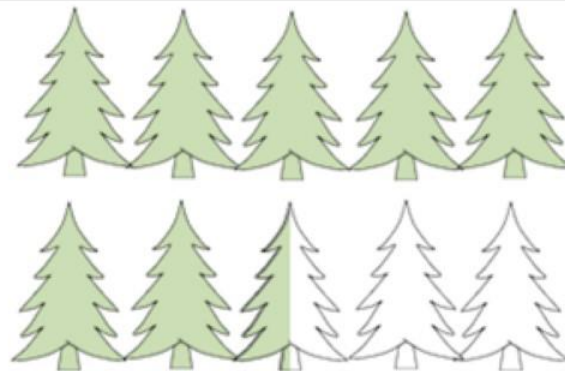
[SEE MORE...](#)



DOWNTOWN SEATTLE & PEMCO (MAY 9, 2015)

"Because of PEMCO's contribution, my downtown building and its history can be preserved..."

[SEE MORE...](#)



GOAL:

PROGRESS:

**10,000
Trees**

**75%
7,500 Trees**

[STEWARDSHIP REPORTS: 2011](#) | [2012](#) | [2013](#) | [2014](#) | [2015](#)

100%

PARTICIPATION IN PAID **EMPLOYEE SERVICE HOURS**

**WE CARE A LOT LIKE YOU.
A LITTLE MORE.**

THE

IMPACT.

GOALS ACHIEVED



ENGAGEMENT

Opportunities for engagement of stakeholders

TANGIBLE IMPACT

Increased goals to inspire

COMMUNICATION

Enhances involvement, credibility & connection

STAKEHOLDERS



LEADERSHIP

Value alignment, establish CSR image

EMPLOYEES

Job satisfaction, empowerment

CUSTOMERS

Engagement, strong customer loyalty

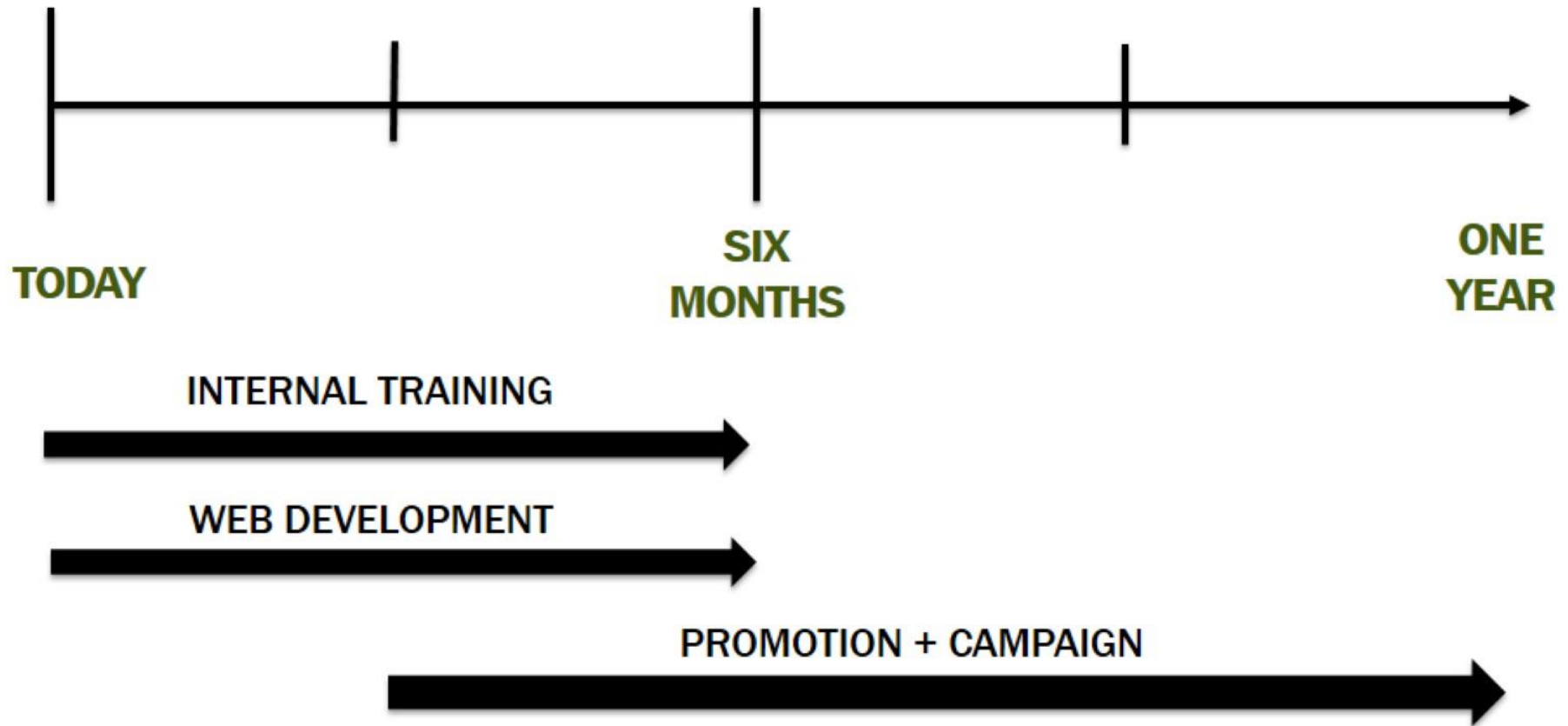
PACIFIC NW

Increased protection & support



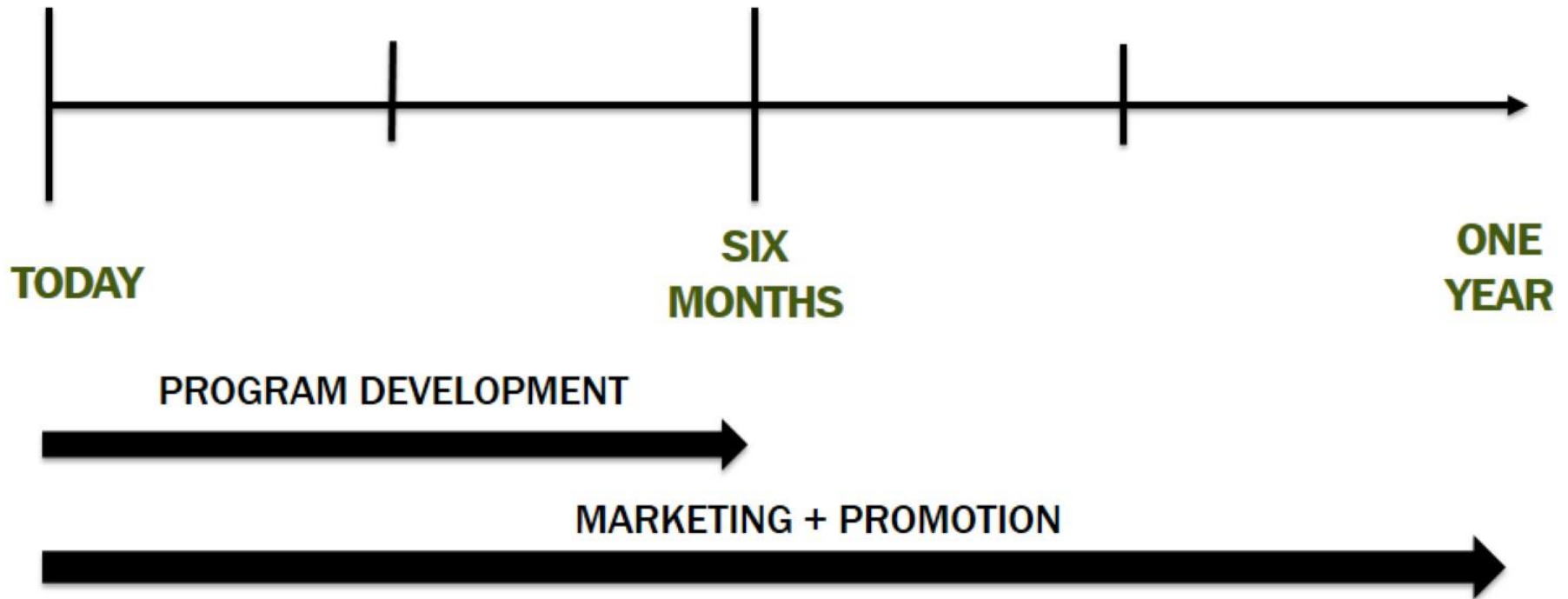
IMPLEMENTATION

SHORT-TERM



IMPLEMENTATION

LONG-TERM

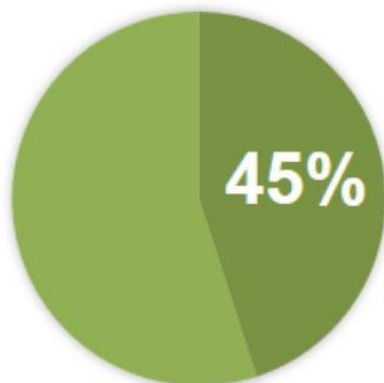


GOALS

LOOKING AHEAD



EMPLOYEE
VOLUNTEERING

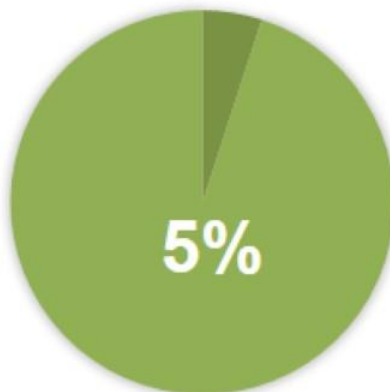


TODAY

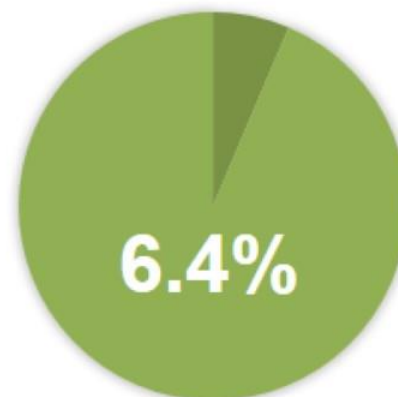


20 YEARS

DONATION
OF SURPLUS



TODAY



10 YEARS

DONATIONS

BY 2026



FINANCES



\$127,500	Salaries		
\$300,000	Advertising		
\$10,000	Website	\$333M	Premiums (2013)
\$37,500	G&A	0.5%	Exp. Increase

\$475,000

\$1,665,000

NET INCREASE:

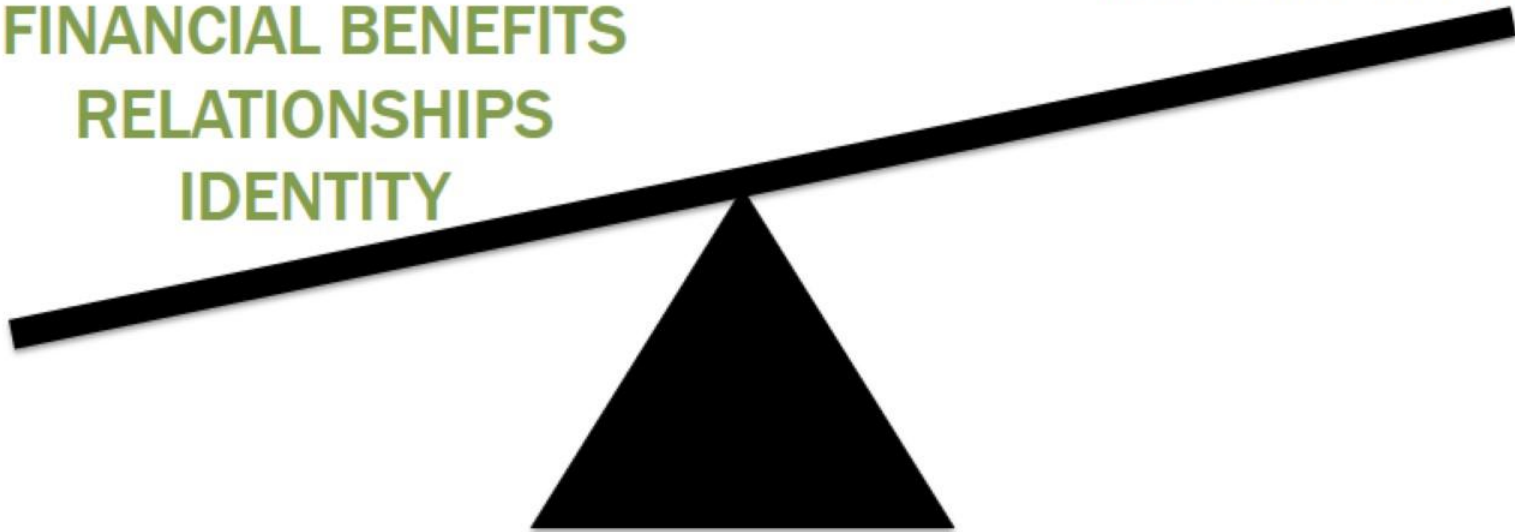
\$1,190,000

WEIGHING THE IMPACT



SOCIAL RESPONSIBILITY
FINANCIAL BENEFITS
RELATIONSHIPS
IDENTITY

COSTS OF
IMPLEMENTATION



RISKS & MITIGATION



DOWN TURNS IN BUSINESS

“No wrong way to do the right thing.”

NO DESIRE TO DONATE

Opt-out option

LOW RECEPTION

CSR trends, high promotion

LOW PERCIEVED IMPACT

Projected growth

LET'S RECAP.

RECAP



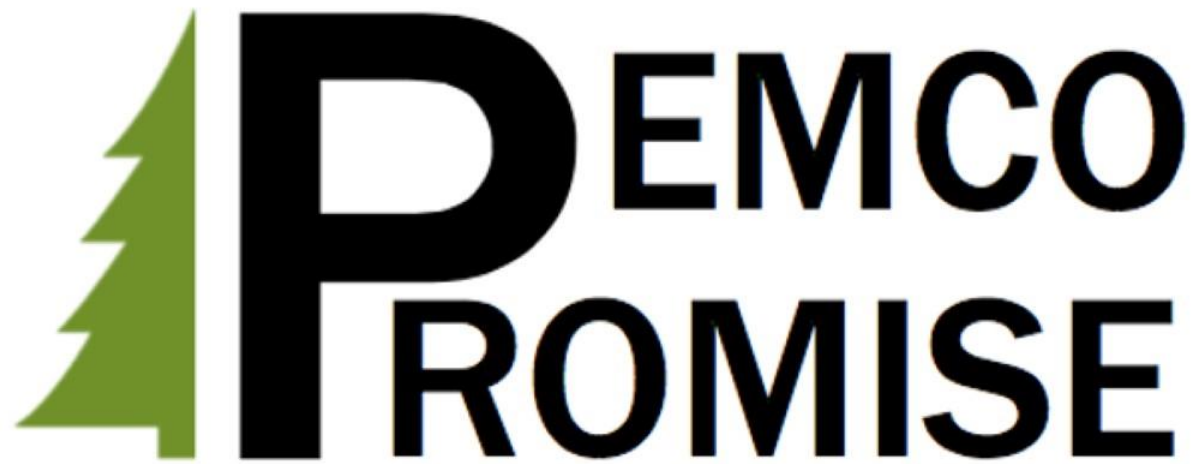
INTERNAL



EXTERNAL



VALUES

The logo consists of a green silhouette of a tree on the left, followed by the word "DEMCO" in a large, bold, black sans-serif font. Below "DEMCO" is the word "PROMISE" in a smaller, bold, black sans-serif font.

DEMCO
PROMISE

1 : **1**
POLICY **IMPACT**



WE [REDACTED] ARE

A LOT LIKE YOU.

A LITTLE MORE.

APPENDIX

SWOT ANALYSIS

EDLEMAN'S 4 TRAITS

FINANCIAL ESTIMATES

MARKET SHARE

CSR TRENDS

PORTER'S 5 FORCES

DECIDING FACTORS

COSTING

SWOT ANALYSIS

STRENGTHS:

PNW connection
Strong values
Customer-orientation

WEAKNESSES:

Small scale
Tangible impact
No economies of scale

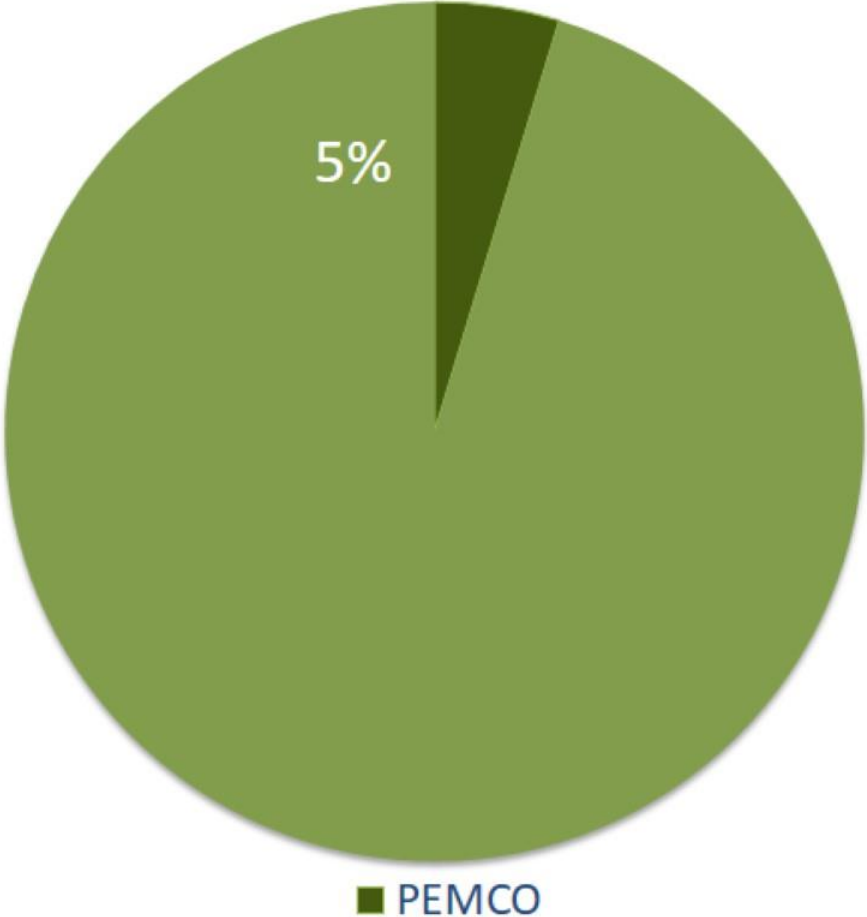
OPPORTUNITIES:

CSR trending
Social media

THREATS:

Increase in other CSR
campaigns

MARKET SHARE



DECIDING FACTORS

Does this align with our **values**?

Does this preserve our **reputation**?

Does this empower **employees**?

Does this inspire **customers**?

Does this incorporate our **brand image**?

EDELMAN'S 4 TRAITS

CREDIBLE: Companies can boost their reporting credibility through transparency and rigor. We challenge clients to set clear, measurable goals that are bold enough to encourage big ideas and drive innovation.

RELEVANT: The task of prioritizing social and environmental issues for strategic planning and reporting purposes can be daunting for any company. The key is to identify and illustrate issues that are highly material – those that have the greatest potential to impact the company's long-term success *and* that matter to its most relevant stakeholders.

AUTHENTICITY: Reports that lack authenticity miss a valuable opportunity to build a connection with stakeholders. One way to test the authenticity of your reporting is to ask a range of employees at various levels and from various departments within your company to review draft content. Do they recognize it as an honest expression of the company's culture and values? Is it meaningful to them?

ENGAGING: We're thrilled to see companies aren't just focusing on *what* is presented but *how* it's presented, with improved design and functionality. Colorful still images, videos, infographics and other visuals help guide the audience and make the experience much more thought-provoking.

AROUND THE WORLD



- 67%** prefer to work for socially responsible companies
- 55%** will pay extra for products and services from companies committed to positive social and environmental impact
- 52%** made at least one purchase in the past six months from one or more socially responsible companies
- 52%** check product packaging to ensure sustainable impact
- 49%** volunteer and/or donate to organizations engaged in social and environmental programs

COSTING

PLANT A TREE

Cost of Tree	\$1.00
Estimated # of Policies	130000
Add. Costs for Event	\$2,500.00
TOTAL	\$132,500.00

SCHOOLS

Cost of School Supplies	\$1.00
Estimated # of Policies	130,000
TOTAL	\$130,000.00

COMMUNITY INVOLVEMENT

Cost of Donation	\$1.00
Number of Policies	130000
TOTAL	\$130,000.00

TOTALS

Schools	\$130,000.00
Trees	\$132,500.00
Community	\$130,000.00
Total Cost	\$392,500.00

*Based on goals

PEMCO PROMISE: FINANCES

Optimistic		Realistic		Pessimistic	
Premiums Income (2013)	\$ 333,363,214	Premiums Income (2013)	\$ 333,363,214	Premiums Income (2013)	\$ 333,363,214
Less: Losses Incurred (\$)	\$ (201,964,101)	Less: Losses Incurred (\$)	\$ (201,964,101)	Less: Losses Incurred (\$)	\$ (201,964,101)
Net Premiums Income (2013)	\$ 131,399,113	Net Premiums Income (2013)	\$ 131,399,113	Net Premiums Income (2013)	\$ 131,399,113
Expected Cost (Optimistic)	\$ (500,000)	Expected Cost (Realistic)	\$ (750,000)	Expected Cost (Pessimistic)	\$ (1,000,000)
0.10% Donations from Policies	\$ (333,363)	0.10% Donations from Policies	\$ (333,363)	0.10% Donations from Policies	\$ (333,363)
Budget for Care Campaign	\$ (833,363)	Budget for Care Campaign	\$ (1,083,363)	Budget for Care Campaign	\$ (1,333,363)
Anticipated Premiums Income Growth	0.75%	Anticipated Growth from Campaign	0.50%	Anticipated Growth from Campaign	0.25%
New Premiums Income	\$ 335,863,438	New Premiums Income	\$ 335,030,030	New Premiums Income	\$ 334,196,622
New Anticipated Losses	\$ (203,478,832)	New Anticipated Losses	\$ (202,973,922)	New Anticipated Losses	\$ (202,469,011)
Budget for Campaign	\$ (375,000)	Budget for Campaign	\$ (475,000)	Budget for Campaign	\$ (575,000)
Net Premiums Income after Campaign	\$ 132,009,606	Net Premiums Income after Campaign	\$ 131,581,109	Net Premiums Income after Campaign	\$ 131,152,611

PORTER'S FIVE FORCES

COMPETITION: HIGH The insurance industry is almost completely saturated and it relies on converting customers and competitors. The market is highly competitive and has many prominent players that outweigh PEMCO financially.

THREAT OF SUBSTITUTES: HIGH The insurance industry has very little differentiation amongst product, so substitute products are abundant.

THREAT OF NEW ENTRANTS: LOW Creating an insurance company requires a large amount of expertise, so the threat of new entrants is relatively low.

BARGAINING POWER OF BUYERS: LOW Individuals and families are legally required to have insurance, so their bargaining power is very low compared to other industries.

BARGAINING POWER OF SUPPLIERS: LOW

Insurance companies do not have suppliers because they are the service providers themselves.