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PEMCO Insurance: Corporate Social Responsibility Plan

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PEMCO
Insurance

Corporate Social Responsibility Plan

Megan Towzey | Alex Maller | Taylor Ziegler | Mark Elliott



WALLY CONSULTING TEAM

WE'RE A LOT
LIKE YOU.
A LITTLE
DIFFERENT.

WEREALOTLIKEYOU.COM

PEMCO
INSURANCE

DISTINGUISHING FEATURES:



Corporate social responsibility and good looks run in their blood.

SPOTTED:

Corporate Conference Rooms, Dance Floor.

VEHICLE:

None. Limiting our carbon food print.

DIET:

Anything if you're buying.

SONG:

"I'll Be There For You" by The Rembrandts.

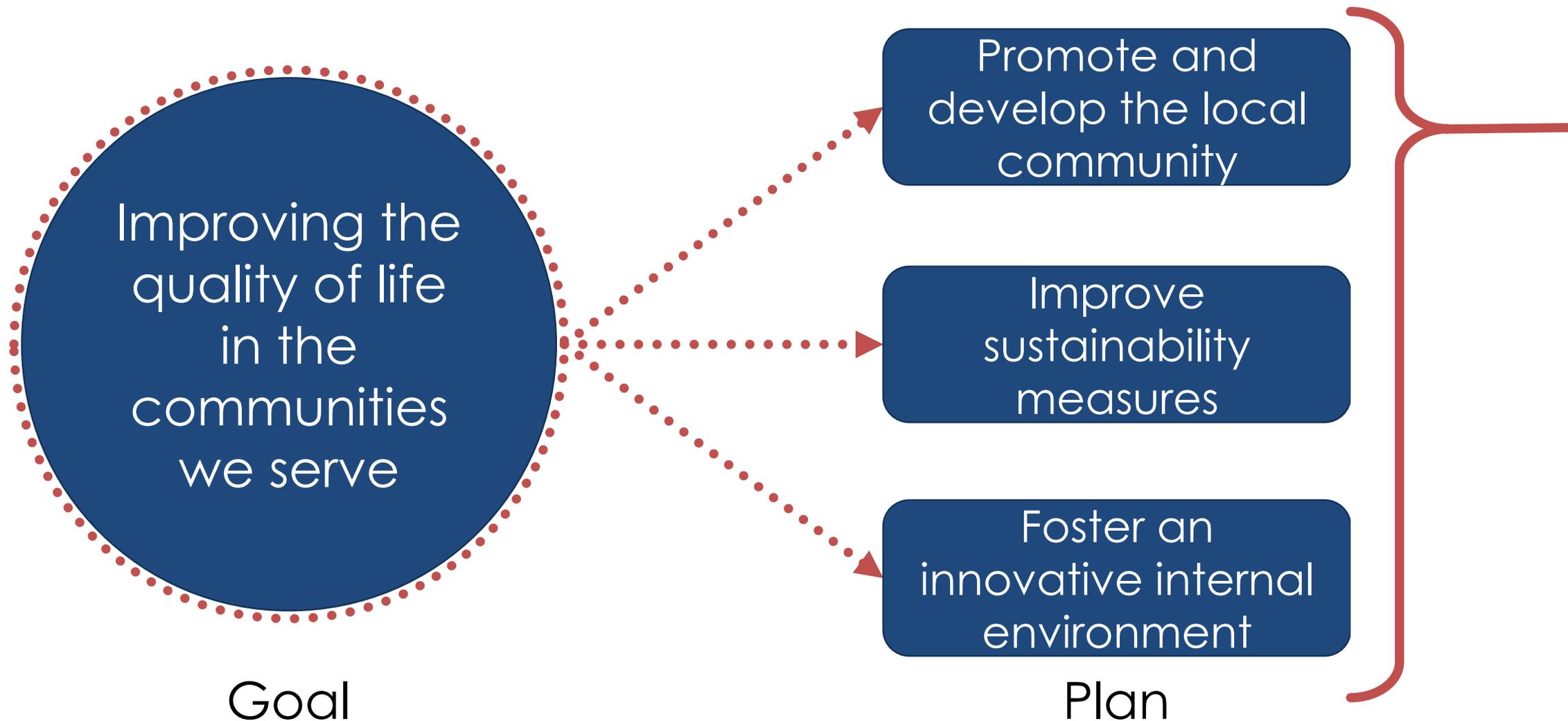


People do not want
companies that
DO good



People want
companies that
ARE good

Corporate Social Responsibility



Corporate Social Responsibility

Impact



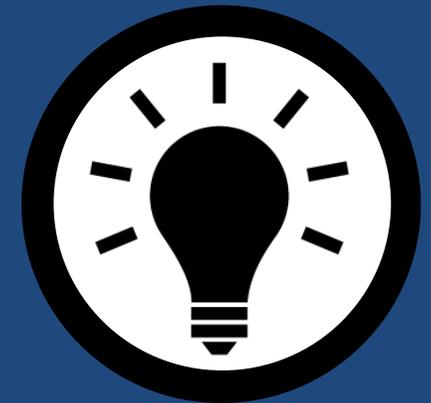
\$250,000
generated
for local
businesses
annually



270 local
students
educated on
safe driving
annually



50% increase in
internal
sustainability
efficiency



10% more
employee
engagement

Corporate Social Responsibility

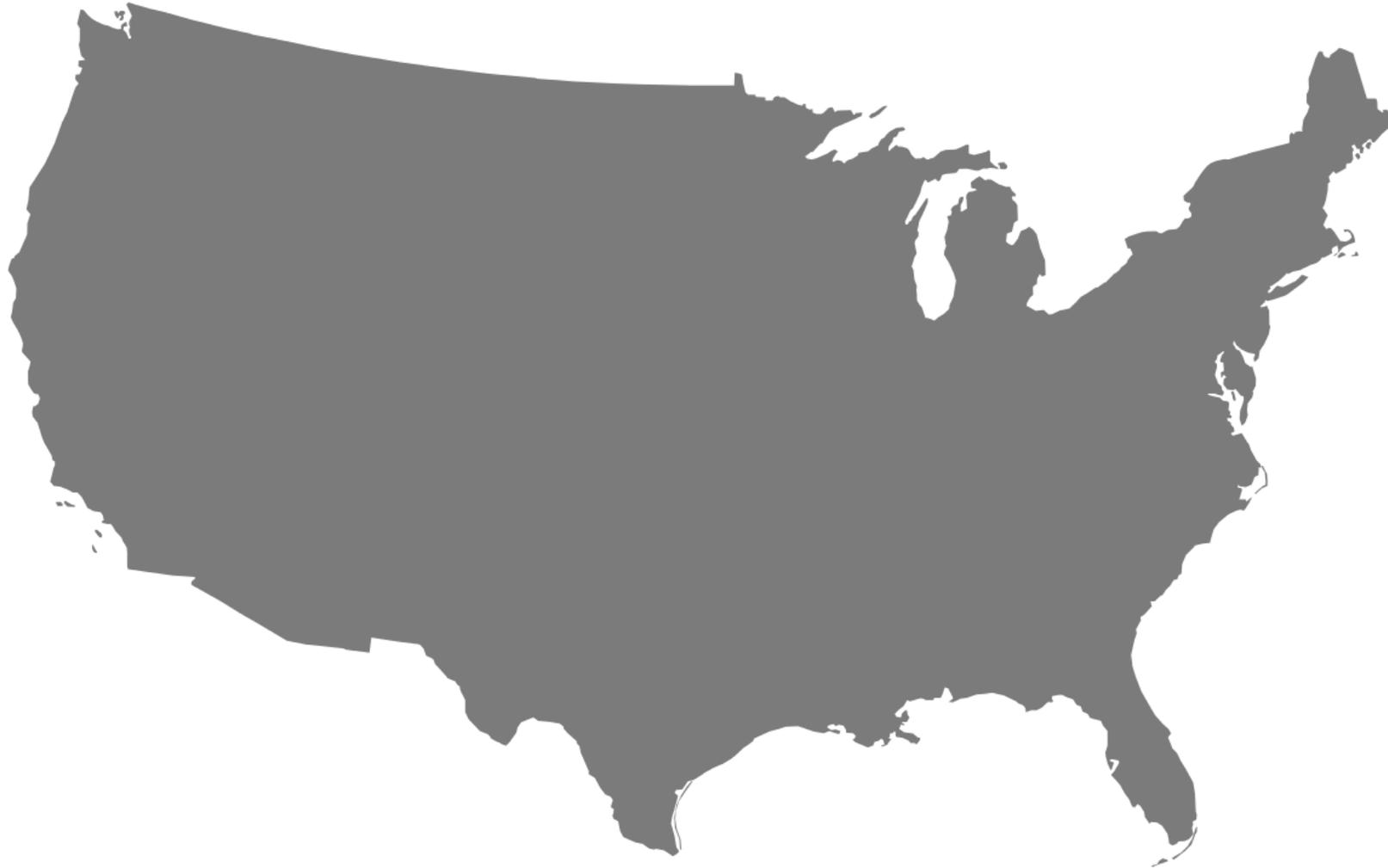


Improved quality of policyholders' community and insurance services

Analysis

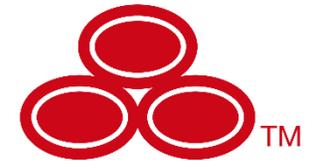


The Industry



GEICO®

State Farm



PROGRESSIVE®

Overview

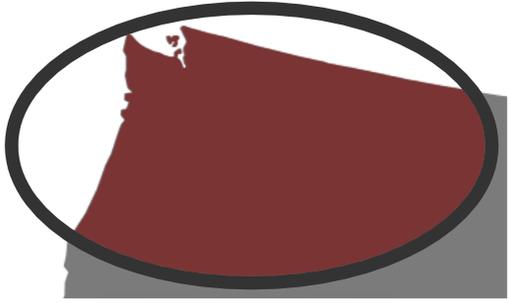
Analysis

Strategy

Evaluation

Conclusion

Your Industry



fiercely **INDEPENDENT**

PROUD of the region

incredibly **GREEN**

supportive of **LOCAL** businesses

Internal Evaluation

Current CSR

Nonprofit board service
Paid time for employees to volunteer
Monthly charitable donations
Corporate giving of 5%
Roof solar energy panels
Wellness program
Education assistance

Focus Alternatives

Benefitting External Stakeholders

- Scholarship Program
- Improve Driving Safety
- Reduce Poverty in our Community (14%)
- Invest in Local Startups
- Support Local Businesses
- United Annual Company Volunteer Day
- Develop Environmental Team

Benefitting Internal Stakeholders

- Remodel Wellness Plan
- Create Idea Competition
- Provide Mentorship Program
- Fitbit Wellness Program
- Increase Job Flexibility
- Evaluate Maternity and Paternity Leave
- Develop App to Connect Employees

Focus Alternatives

Benefitting External Stakeholders

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- Evaluate Maternity and Paternity Leave
- Develop App to Connect Employees

Internal Values

Integrity
Responsibility
Courage

Strategy

A man with a large, curly, brown beard and a grey flat cap is looking upwards and to the right with a thoughtful expression. He is wearing a red shirt and a grey jacket. He is standing in a library with bookshelves filled with books in the background. A blue banner with the word "Strategy" is overlaid on the left side of the image.

Strategic Recommendation



Overview

Analysis

Strategy

Evaluation

Conclusion



Every dollar spent with local independent businesses generates over **3x the local impact** compared to spending with national chains

Source: America Independent Business Alliance



Local Economic Support



A festival to **support** local independent business owners and **unite** the community



10,000 people
125 local vendors
5 local performers

One Community

Local Economic Support



Impact

\$250,000 generated for businesses
in our community



Strategic Recommendation



Overview

Analysis

Strategy

Evaluation

Conclusion



Six teenagers ages 16-19 **die every day** due to car accidents

Source: CDC

Safe Driving Initiative



Free program teaching **real-life emergency avoidance** and overall **driver safety** to local youth



***“unique and innovative
behind the wheel
experience”***

Community Center

10 days in Washington

5% Certification Discount

Safe Driving Initiative

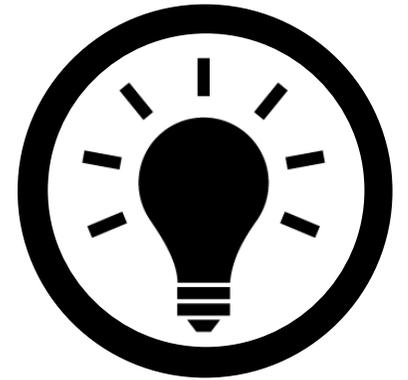


Impact

270 safer teenage drivers
in our community



Strategic Recommendation



Overview

Analysis

Strategy

Evaluation

Conclusion



When employees get involved
in a cause at work, **their work**
becomes their cause

-Tim Mohen



Sustainability Initiatives

Employee engagement team focused on creating a more **sustainable** workplace and community

Green



Team

Potential Green Team Initiatives



Sustainability Initiatives

1

Yearly Sustainability Audit

2

Selected board manages the Green Team

3

Teams meets once a month with all employees welcome

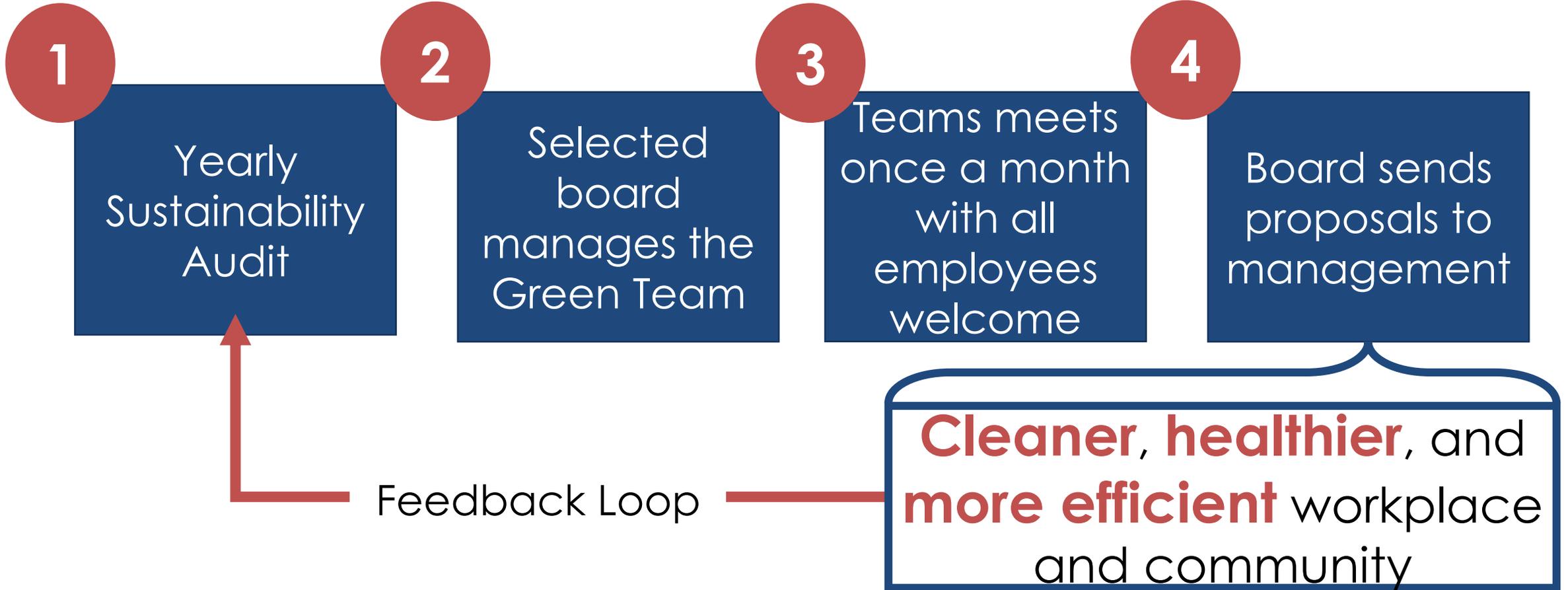
4

Board sends proposals to management

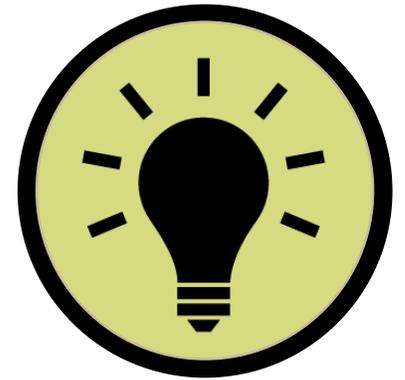
Cleaner, healthier, and **more efficient** workplace and community



Sustainability Initiatives



Strategic Recommendation



Overview

Analysis

Strategy

Evaluation

Conclusion



When companies cultivate an environment of employee engagement, workers are **more productive**, customers are **happier**, and the business is **more profitable**

Employee Engagement

IDEA
COMPETITION



Semi-annual competition between all employees to generate quality business ideas within the company

Criteria

Concept Strength
Necessity
Feasibility
Innovativeness
Implementation Plan

Idea Contest Implementation

1



2



3



4



Overview

Analysis

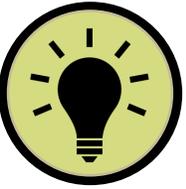
Strategy

Evaluation

Conclusion

Employee Engagement

IDEA
COMPETITION



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Idea Contest Implementation

1



2



3



4



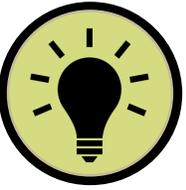
Overview

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Strategy

Evaluation

Conclusion



Impact

Employees are more *excited* to learn about and *connect* with PEMCO's *core values*



Evaluation



Implementation Timeline

	0	1 year	2 years	3 years	4 years	5 years
Community Showcase						
Driver's Edge						
Green Team						
Idea Competition						
Assess						

Success Metrics

Amount raised for local community

Driver's Edge attendance

Sustainability Audit

Quantity of implementable ideas

Overview

Analysis

Strategy

Evaluation

Conclusion

Monday Morning

Begin
Community
Showcase
planning

Contact
Driver's Edge

Schedule
Green Team
meetings

Create online
idea
submission
process

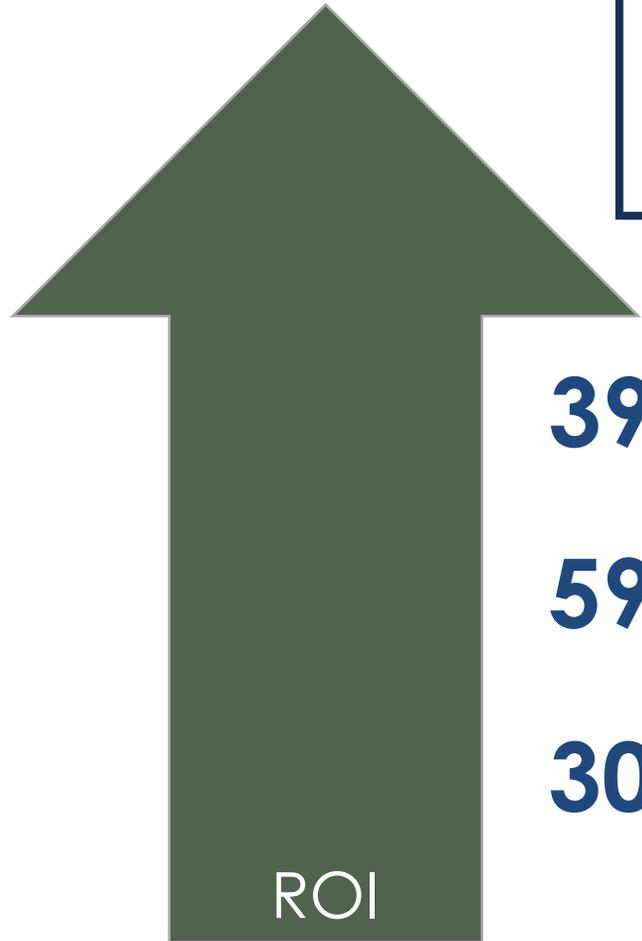
Distribute employee handout

Sensitivity Analysis

Worst	Expected	Best
\$0	\$909,000	\$1.5M

Return on Investment

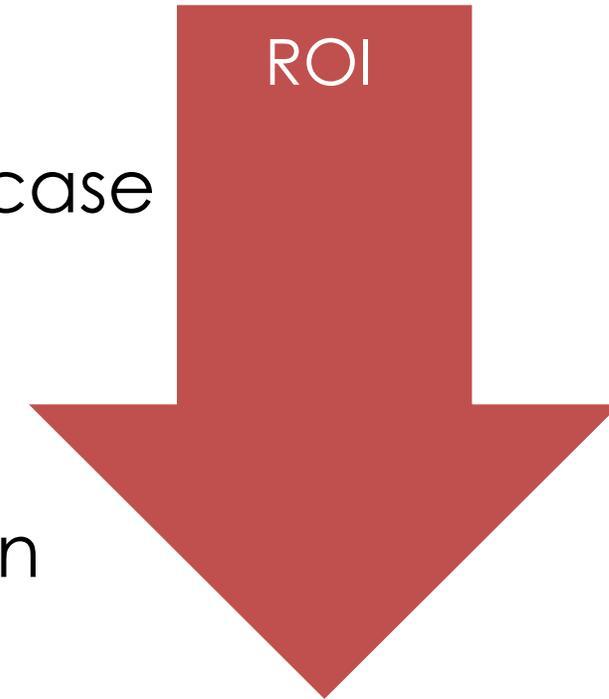
$$\text{ROI} = \frac{\text{Profits} - \text{Costs}}{\text{Investment Costs}}$$



39% Community Showcase

59% Green Team

304% Idea Competition



-41%
Driver's
Edge

Cost-Benefit Analysis

	Costs	Returns
Community Showcase	\$217,000	\$303,000
Driver's Edge	\$33,500	\$19,500
Green Team	\$263,000	\$419,000
Idea Competition	\$41,500	\$167,500
Overall	\$555,000	\$909,000

Cost-Benefit Analysis

	Costs	Returns
Community Showcase	\$217,000	Local economic benefits
Driver's Edge	\$33,500	Safer drivers
Green Team	\$263,000	Sustainable development
Idea Competition	\$41,500	Employee engagement
Overall	\$555,000	Improved quality of life

Cost-Benefit Analysis

Returns

Local economic benefits

Safer drivers

Sustainable development

Employee engagement

**Improved quality
of life**

\$250,000
for the local
economy

Cost-Benefit Analysis

Returns

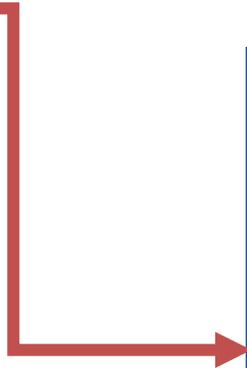
Local economic benefits

Safer drivers

Sustainable development

Employee engagement

**Improved quality
of life**



270

safer teens on
the road

Cost-Benefit Analysis

Returns

Local economic benefits

Safer drivers

Sustainable development

Employee engagement

**Improved quality
of life**

50%
more sustainable
offices

Cost-Benefit Analysis

Returns

Local economic benefits

Safer drivers

Sustainable development

Employee engagement

**Improved quality
of life**



10%

more employee
engagement

Risk and Mitigation

RISK

Community Showcase small turnout

Driver's Edge rejects proposal

Low interest in Green Team

Lack of implementable ideas from Idea Competition

MITIGATION

Marketing and knowledge of local community

Contact other similar nonprofits

Reassessment of marketing within program

Reevaluate internal incentives

Conclusion



Our Policyholder: Drew

Economically benefits and **connects**
to community

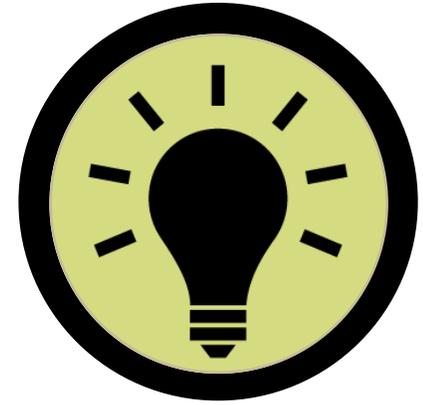
Daughter is **safer** on the road

Happier supporting a **Green**
company that recognizes what is
important to him

Experiences **improved customer**
relations with his insurance agent



Let's Recap



Improving the quality of life in the communities PEMCO serves

Q & A

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Sensitivity Analysis

Return on Investment

Cost-Benefit Analysis

Risk and Mitigation

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Our Policy Holder

Recap

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Handout



PEMCO
Insurance

Improving the quality
of life in the
communities we serve

CSR PLAN

COMMUNITY



Annual festival in Seattle to unite the community and promote local businesses



\$250,000 local
business revenue
generated



Partner with educational driving company to encourage safe driving in teenagers



270 safer teen drivers

ENVIRONMENT



Crossfunctional team aimed at creating a more sustainable workplace



50% increase in
internal sustainability

EMPLOYEES



Idea competition designed to encourage employee innovation



10% more employee
engagement

If you would like to be involved in these projects, feel free to email our Community Relations Manager, Michelle Sievers at msievers@PEMCO.com

Stakeholders

Customers &
Policyholders

Funders

Employees

Community

Environment

Government

Ethics

Accepted principals of right or wrong that govern the conduct of a person, the members of a profession, and the actions of an organization

CSR

Environmental, social, and governance policies, actions, and behaviors of an organization relative to their stakeholders

External Focus Alternatives

Criteria

Focus Alternatives

	Cost	Feasibility	Alignment with Values	Alignment with Image
Scholarship Program	Weak	Moderate	Strong	Moderate
Reduce Community Poverty	Weak	Weak	Moderate	Moderate
Invest in Local Startups	Weak	Moderate	Strong	Strong
Company Volunteer Day	Strong	Moderate	Strong	Moderate
Our CSR Plan	Strong	Moderate	Strong	Strong

Strong

Moderate

Weak

Internal Focus Alternatives

Criteria

Focus Alternatives

	Cost	Feasibility	Alignment with Values	Alignment with Image
Fitbit Wellness Program	Weak	Moderate	Moderate	Strong
Mentorship Program	Strong	Moderate	Strong	Moderate
Develop App	Weak	Moderate	Weak	Strong
Job Flexibility	Moderate	Moderate	Strong	Strong
Our CSR Plan	Strong	Moderate	Strong	Strong

Strong

Moderate

Weak

Additional Risks and Mitigation

Ethical RISK Regarding Fairness

Local franchises pressured out of community

Older drivers (especially elderly) not addressed

Employees discouraged when ideas not chosen

Potential Legal RISK

Permit issues

Regulatory issues

Copyright issues

MITIGATION

Franchises have corporate support from headquarters

Teenage drivers have highest accident rate

Opportunity for middle management meeting

Seek legal counsel as necessary

Community Showcase Logistics

Who

Vendors

Local businesses:

“A Priceless Way”

“Carvey’s
Marketplace”

“1st Impressions
Embroidery”

Attendants

Open to public

What

Event to promote
local businesses

Unite the community

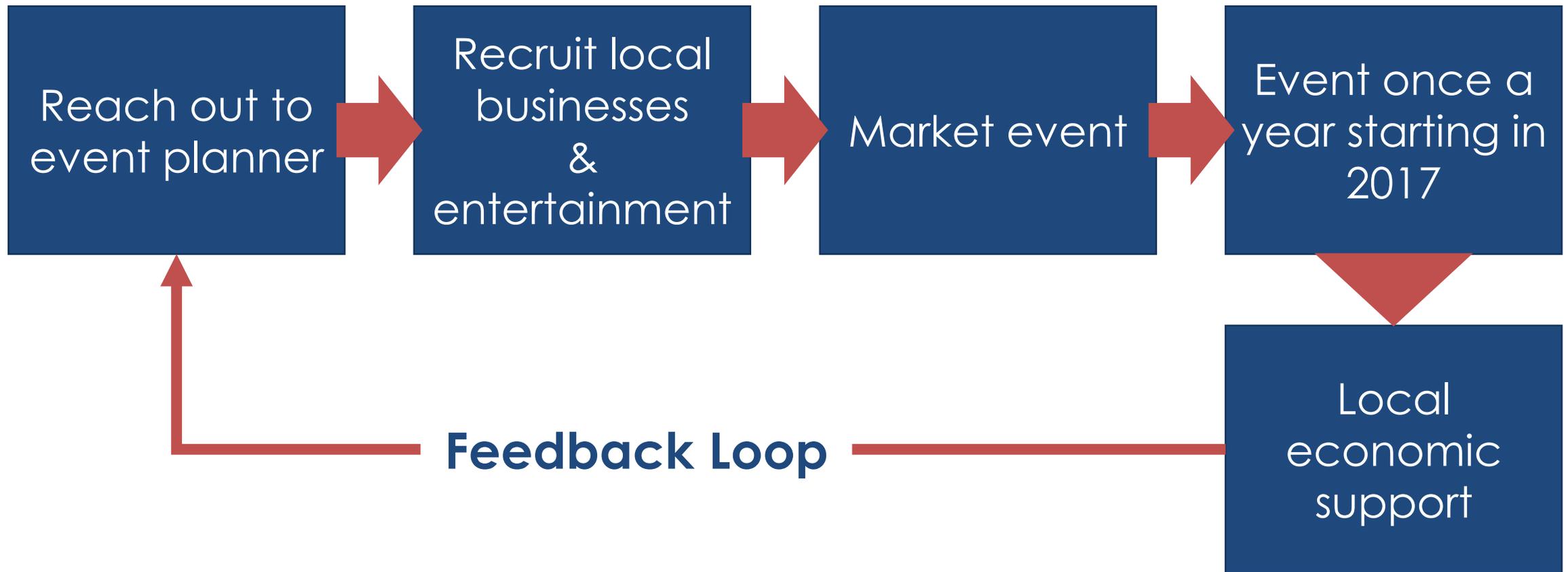
Fun festival with local
entertainment

When

Summer

Start next year

Community Showcase Logistics: How



Community Showcase Logistics: Where

Maple Leaf
Reservoir Park

Seattle

16 acres

Open Field



Community Showcase Marketing

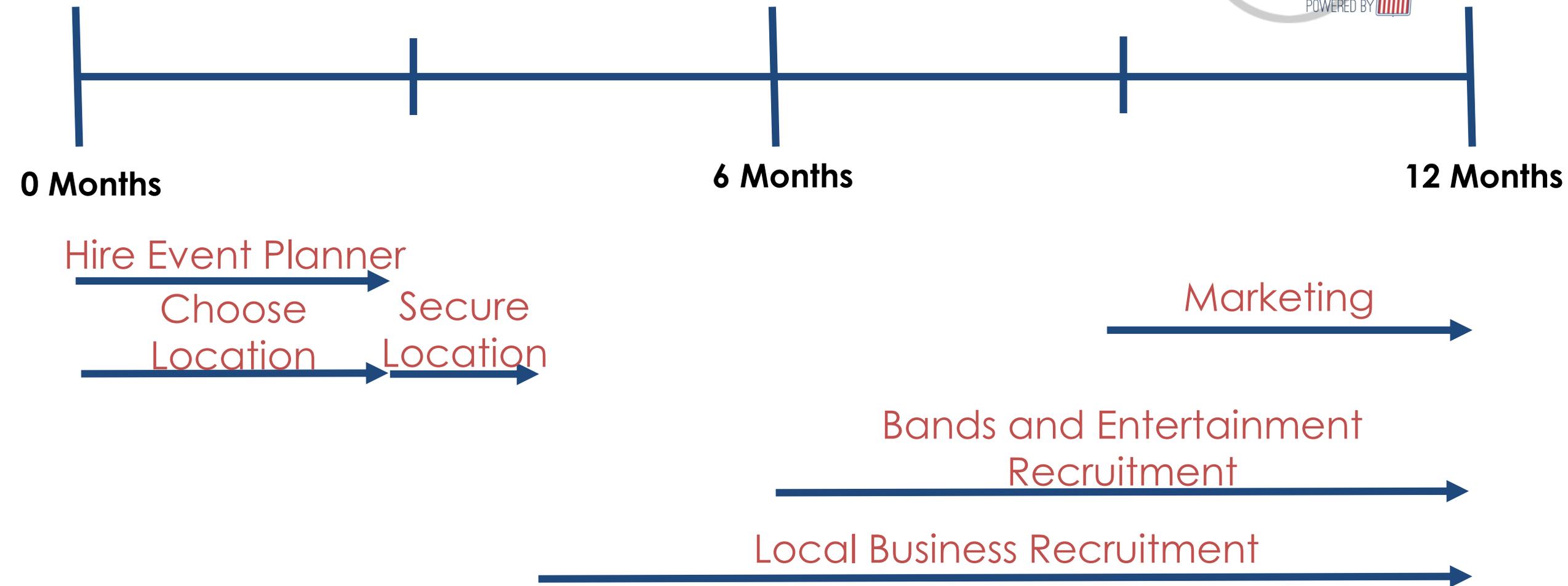
Radio Stations

Banners

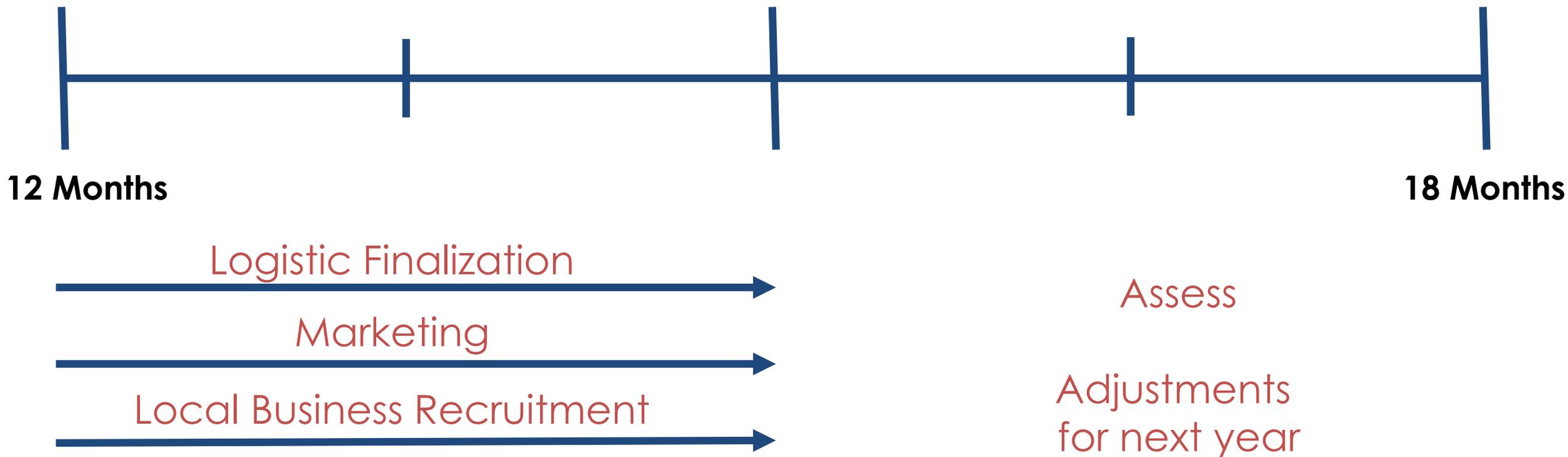
Word of Mouth



Community Showcase Timeline



Community Showcase Timeline



Driver's Edge Logistics

Who

Teenagers
With permit or license

Instructors
Supplied through
partnership

What

Professional drivers
teaching safe tactics

Lower insurance
premiums

Save lives and create
safer roads

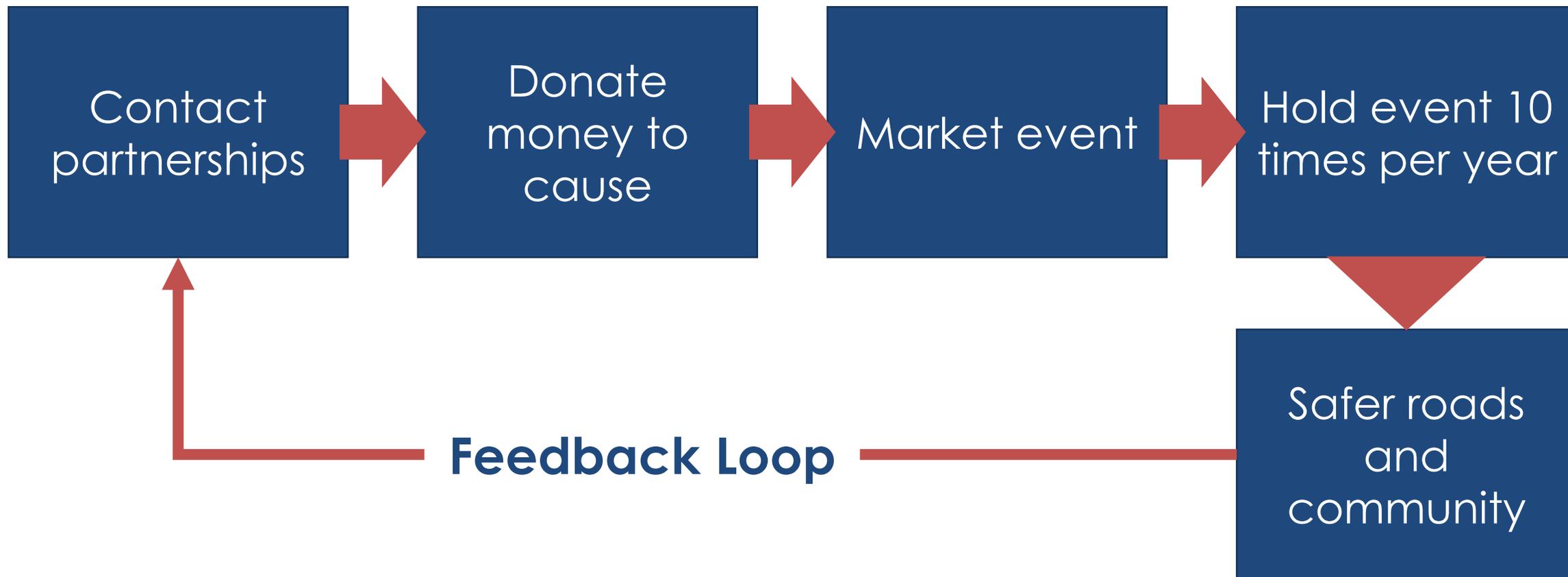
When

10 times per year

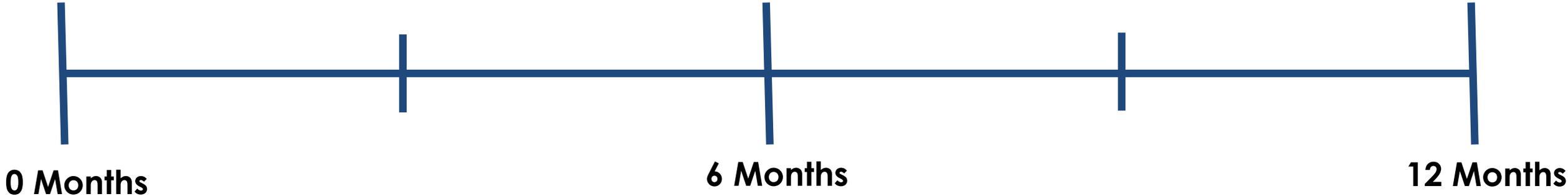
Where

Local Seattle
community center

Driver's Edge Logistics: How



Driver's Edge Timeline



Secure Program

Choose Location

Secure Location

Process Payments

Logistic Finalization

Event Promotion

Assess
Adjustments for next year



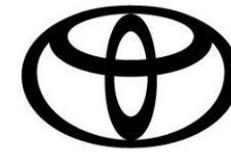
Driver's Edge Availability

CALENDAR

Dates	Event City	Status
March 19-20, 2016	Las Vegas, Nevada	Register Now!
May 14-15, 2016	Las Vegas, Nevada	Opening Soon
TBA June 2016	Las Vegas, Nevada	Opening Soon
July 21-22, 2016	Reno, Nevada	Opening Soon
July 23-24, 2016	Reno, Nevada	Opening Soon
TBA September 2016	Las Vegas, Nevada	Opening Soon
September 10-11, 2016	Reno, Nevada	Opening Soon

Driver's Edge Alternatives

TeenDrive 365™

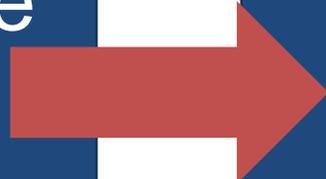


TOYOTA
Let's Go Places



Rising Drivers Ed Costs

Students can expect to pay \$500 or more for a driver's education course



State Funding for Driver's Ed was defunded in 2002

Teen Driving Statistics

2,163 teens in the United States ages 16–19 were killed

243,243 teens were treated in emergency departments for injuries suffered in motor vehicle crashes

Driver's Ed Statistics

Young drivers who have **not completed** driver's education:

75% more likely to get a traffic ticket

24% more likely to be involved in a fatal or injury accident

16% more likely to have an accident

Insurance Claims Losses

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....303,382,347).....	288,806,213	271,521,829	366,042,596
1.2 Assumed..... (written \$.....0).....	0	0	0
1.3 Ceded..... (written \$.....6,346,401).....	6,082,249	5,821,069	7,883,670
1.4 Net..... (written \$.....297,035,946).....	282,723,964	265,700,760	358,158,926
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....156,829,061):			
2.1 Direct.....	179,672,978	168,046,598	237,646,787
2.2 Assumed.....	0	0	0
2.3 Ceded.....	680,064	2,030,174	2,686,819
2.4 Net.....	178,992,914	166,016,424	234,959,968

\$234,959,968 lost from insurance claims

Green Team Logistics

Who

Employees

Engaged in a better workplace

Community

External cleanups and projects

Board

Employees willing to invest extra time and passion to organize team

What

Go Green

Energy Alternatives
Carbon Footprint
Waste
Water Usage

When

Meets twice a month

Where

A team at every office

Lynnwood

Seattle

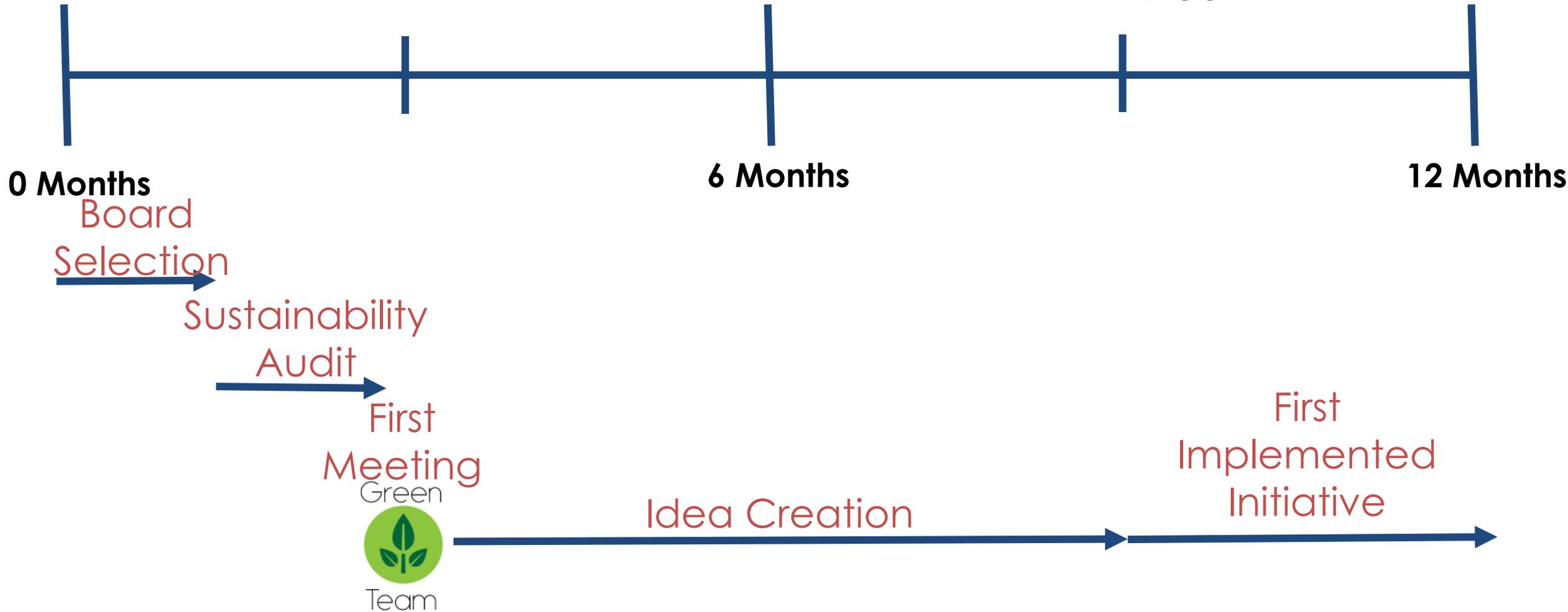
Spokane

Green Team Logistics: How



Green Team Timeline

- ★ Meets every 2 weeks
- ★ Annual Sustainability Audit



Sustainability Audit Company

currentstate^{2.0}

Consulting service
conducting a
comprehensive
sustainability audit
comparing the
organization's
practices to 1200
Best Sustainability
Practices

Findings Report

Quick Win Opportunities - Tasks that take low financial investment and generally can be completed in a few months.

Longer-Term Recommendations - Projects or programs of work that take longer than a few months to complete.

Analysis - Analysis of your performance from a sustainability expert.

Quick Wins Impact - A spider graph that illustrates the scoring improvement possible by implementing the suggested quick wins.

Category and Overall Summaries - Summaries of the scores for each main category, sub-category and the the averages.

Purchase Sustainability Audit Steps

1. Purchase Sustainability Audit
2. Immediate access to download Sustainability Survey
3. Assigned a Sustainability Consultant
4. Findings report prepared by audit company
5. Findings report within 4 business days
6. Findings meeting to discuss and plan from results with Sustainability Consultant

Self-Sustainability Audit Steps

1. Employee email survey
2. Office/Building survey: Space, IT, employees
3. Analyze Carbon Footprint: Utilities, travel, commuting, footprint
4. Onsite Visits: Employee workshops, facility walk through, recommendation session with executives
5. Final Green Audit Report: Benchmark and evaluate
6. Repeat after 1 year

Green Team Impact Evaluation Metrics



CO₂ reduced



Dollars saved



Tons recycled



Water conserved



Kilowatts saved



Cars removed from the road

Idea Competition Logistics

Who

Target Audience
Employees in 3 offices

Preliminary Review
Managerial staff
based on criteria

Final Review
Upper-level
management

What

Initial Submission
Word document

Final Format
PowerPoint

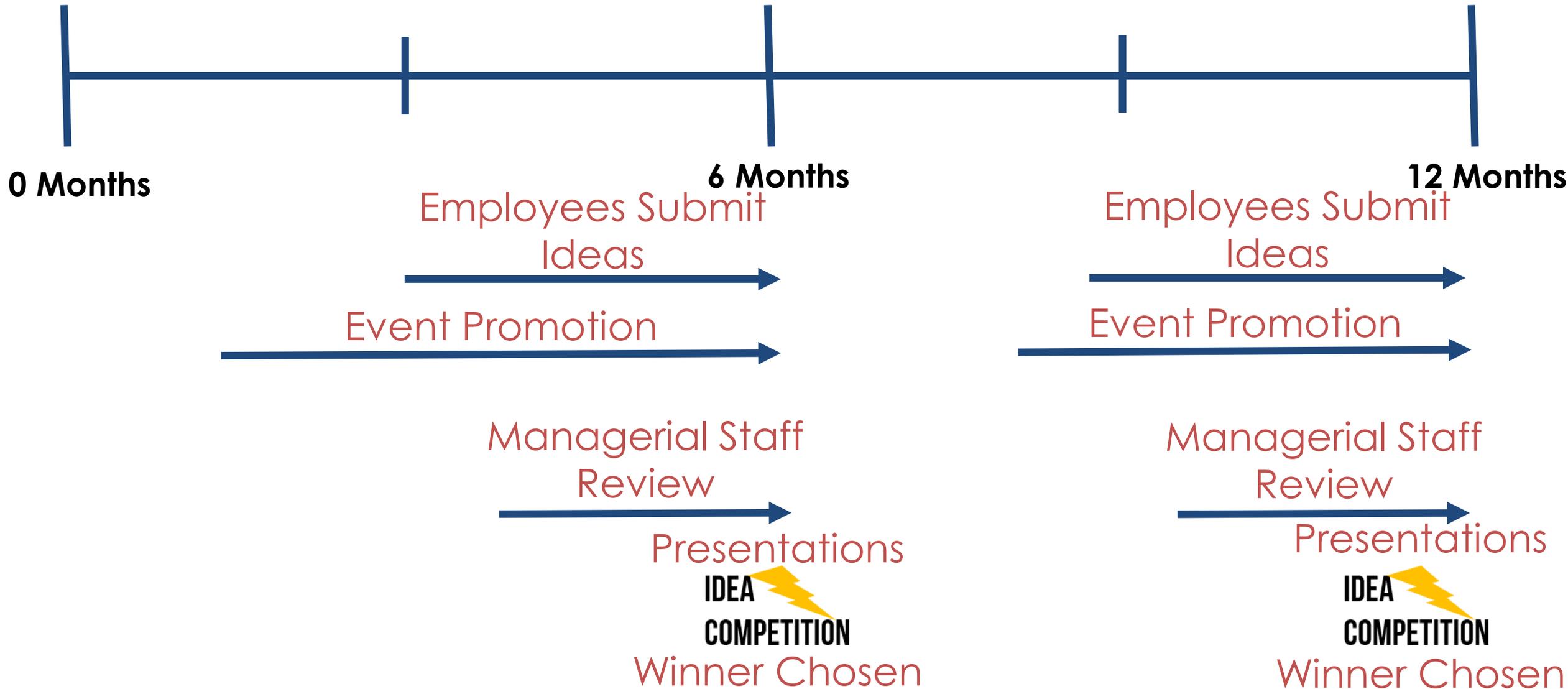
Where

Presentations in
corporate
conference room

When

Continuous
submissions with final
due dates twice a
year

Idea Competition Timeline



Employee Engagement



Employee engagement
stagnant at 32% in America

Results of
Employee
Engagement

- Productivity
- Profitability
- Customer Engagement
- Innovation
- Growth

PEMCO Office Locations



Lynnwood

Seattle

Spokane

Financial Cost Revenue Breakdown

Year	0	1	2	3	4	5	
Discount Rate of 15%							
Green Team	418,954.40	26,500	42,400	67,840	108,544	173,670	60% Increase/yr
	262,887.22	65,000	72,500	80,500	89,000	96,000	
ROI	59.37%						
Event	302,960.34	27,500	46,750	79,475	135,108	229,683	70% Increase/yr
	217,568.44	55,000	60,000	66,000	72,500	79,500	
ROI	39.25%						
Idea Comp	167,643.00	5,000	10,250	21,013	43,076	88,305	105% Increase/yr
	41,458.79	10,000	11,000	12,500	14,250	16,250	
ROI	304.36%						
Drivers Edge	19,565.32	4,500	5,175	5,951	6,844	7,871	15% Increase/yr
	33,521.55	10,000	10,000	10,000	10,000	10,000	
ROI	-41.63%						
Total Gain	909,123.06						
Cost	555,436.00						
ROI	63.68%						

Pricing Breakdown

Idea Competition	Twice per Year
\$ 5,412.00	902 x 3 x 2 --> Avg Salary/day + Loss in Bus. Daily Revenues per Claim = \$700 to \$1000
\$ 2,500.00	Miscellaneous Costs
\$ 2,056.00	Logistical Cost of Holding Competition Small food + judge payment + Misc.
\$ 9,968.00	Bottom Line Estimated Cost/yr

Green Team	
\$ 44,000.00	Annual Budget for Green Team as of Day 1 LEDs, auto-shut off, water slow averages
\$ 10,000.00	Sustainability Audit by third party company
\$ 8,000.00	Recycling plan (compost, trash, recycle, misc.)
\$ 5,000.00	Miscellaneous costs
\$ 3,000.00	Clean-up costs - Incentives (food) + Supplies
\$ 65,000.00	Bottom Line Estimated Cost/yr

Community Showcase	
\$ 38,300.00	Marketing \$28,000 in effective radio advertising \$6,400 for t-shirts \$3,900 Miscellaneous (Security/Toys) Word of Mouth = FREE
\$ 7,500.00	Event Planner
\$ 5,000.00	Miscellaneous/Insurance/Damages/Permit
\$ 3,500.00	5 Local Bands @ \$600 each + Stage/Spkrs
\$ 500.00	Photographer
\$ 54,800.00	Bottom Line Estimated Cost/yr

Drivers Edge	
\$ 9,000.00	Donation to Driver's Edge
\$ 1,000.00	Miscellaneous Costs
\$ 10,000.00	Bottom Line Estimated Cost/yr