

# How to win in the business simulation game

If you run an insurance business, your profit is the Premium – Claim – Expense – Advertising.

The Premium depends on the Price X the Sale volume.

Your sales depend on your Price and Advertising. If you spend more on Advertising, you will get more Sale. If you lower your price, you will get more Sale.

Your Sale is limited by your Capacity. If you increase the Capacity, you will incur a higher Expense but you can do more Sale. If your Sale is lower than Capacity, you have wasted Capacity and your part of your Expense is wasted.

The Claim depend is the Claim per policy X Sale volume.

The Forecast tells you if the direction of the Claim (Cost), Expense and Market Size, i.e. increasing or decreasing.

To get the right combination of Price, Advertising and Capacity, you should study the figures of all the Players for the previous round and the trend, as indicated in the Forecast.

## **Business Strategy**

If the market is profitable, you want to increase your Capacity and write a large volume of Sale. You can lower the Price or increase the Advertising.

If the profit margin is slim, you want to reduce your Sale volume and avoid writing a large volume of Sale.

## **Case Study**

The following tables show the results over five rounds for a past game. You can read the figures to understand the relationship between the Price, Advertising, Capacity and Sale.

This will help you to set the winning combination when you play an actual game.

## Round 0

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
0	Player 10	1486	115	111	164,946	111,000	23,000	5,000	25,946	0	NULL
0	Player 2	1483	113	113	167,579	113,000	22,600	11,000	20,979	0	NULL
0	Player 6	1563	98	82	128,166	82,000	19,600	8,000	18,566	0	NULL
0	Player 9	1484	108	108	160,272	108,000	21,600	13,000	17,672	0	NULL
0	Player 4	1549	114	78	120,822	78,000	22,800	5,000	15,022	0	NULL
0	Player 1	1390	112	112	155,680	112,000	22,400	10,000	11,280	0	NULL
0	Player 3	1435	99	99	142,065	99,000	19,800	13,000	10,265	0	NULL
0	Player 5	1379	95	95	131,005	95,000	19,000	13,000	4,005	0	NULL
0	Player 7	1340	110	110	147,400	110,000	22,000	12,000	3,400	0	NULL
0	Player 8	1321	92	92	121,532	92,000	18,400	13,000	-1,868	0	NULL

## Round 1

Forecast: Cost is expected to remain stable. Expense is expected to remain stable. Market is expected to decrease.

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
1	Player 7	1428	126	126	179,928	132,300	25,200	10,000	12,428	12,428	1
1	Player 10	1435	123	123	176,505	129,150	24,600	13,000	9,755	9,755	2
1	Player 6	1443	127	107	154,401	112,350	25,400	9,000	7,651	7,651	3
1	Player 1	1480	110	75	111,000	78,750	22,000	5,000	5,250	5,250	4
1	Player 2	1366	113	113	154,358	118,650	22,600	8,000	5,108	5,108	5
1	Player 5	1342	124	124	166,408	130,200	24,800	7,000	4,408	4,408	6
1	Player 3	1332	109	109	145,188	114,450	21,800	5,000	3,938	3,938	7
1	Player 9	1350	120	120	162,000	126,000	24,000	10,000	2,000	2,000	8
1	Player 8	1302	102	102	132,804	107,100	20,400	8,000	-2,696	-2,696	9
1	Player 4	1327	101	101	134,027	106,050	20,200	13,000	-5,223	-5,223	10

## Round 2

Forecast: Cost is expected to remain stable. Expense is expected to decrease. Market is expected to decrease.

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
2	Player 3	1615	135	135	218,025	148,500	27,000	6,000	36,525	40,463	1
2	Player 7	1604	131	131	210,124	144,100	26,200	12,000	27,824	40,252	2
2	Player 6	1593	140	140	223,020	154,000	28,000	16,000	25,020	32,671	3
2	Player 4	1616	124	118	190,688	129,800	24,800	12,000	24,088	18,865	4
2	Player 8	1623	143	94	152,562	103,400	28,600	6,000	14,562	11,866	7
2	Player 9	1465	134	134	196,310	147,400	26,800	10,000	12,110	14,110	6
2	Player 2	1498	109	109	163,282	119,900	21,800	12,000	9,582	14,690	5
2	Player 5	1454	111	111	161,394	122,100	22,200	10,000	7,094	11,502	8
2	Player 1	1420	120	120	170,400	132,000	24,000	9,000	5,400	10,650	9
2	Player 10	1376	108	108	148,608	118,800	21,600	15,000	-6,792	2,963	10

## Round 3

Forecast: Cost is expected to increase. Expense is expected to increase. Market is expected to increase.

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
3	Player 8	1563	118	118	184,434	135,700	23,600	8,000	17,134	29,000	5
3	Player 1	1570	150	112	175,840	128,800	30,000	6,000	11,040	21,690	6
3	Player 4	1568	102	102	159,936	117,300	20,400	12,000	10,236	29,101	4
3	Player 6	1502	100	100	150,200	115,000	20,000	6,000	9,200	41,871	3
3	Player 3	1449	129	129	186,921	148,350	25,800	6,000	6,771	47,234	1
3	Player 2	1584	112	78	123,552	89,700	22,400	6,000	5,452	20,142	7
3	Player 7	1529	106	106	162,074	121,900	21,200	14,000	4,974	45,226	2
3	Player 10	1459	125	125	182,375	143,750	25,000	9,000	4,625	7,588	9
3	Player 5	1446	99	99	143,154	113,850	19,800	12,000	-2,496	9,006	8
3	Player 9	1325	131	131	173,575	150,650	26,200	14,000	-17,275	-3,165	10

#### Round 4

Forecast: Cost is expected to increase. Expense is expected to increase. Market is expected to decrease.

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
4	Player 10	1547	117	117	180,999	140,400	23,400	6,000	11,199	18,787	8
4	Player 7	1567	114	114	178,638	136,800	22,800	9,000	10,038	55,264	1
4	Player 9	1569	108	108	169,452	129,600	21,600	9,000	9,252	6,087	10
4	Player 5	1637	95	87	142,419	104,400	19,000	11,000	8,019	17,025	9
4	Player 6	1609	101	100	160,900	120,000	20,200	14,000	6,700	48,571	2
4	Player 4	1585	106	106	168,010	127,200	21,200	13,000	6,610	35,711	4
4	Player 8	1608	92	74	118,992	88,800	18,400	8,000	3,792	32,792	5
4	Player 1	1496	92	92	137,632	110,400	18,400	9,000	-168	21,522	6
4	Player 2	1475	108	108	159,300	129,600	21,600	9,000	-900	19,242	7
4	Player 3	1495	94	94	140,530	112,800	18,800	13,000	-4,070	43,164	3

#### Round 5

Forecast: Cost is expected to remain stable. Expense is expected to remain stable. Market is expected to decrease.

Rd	Player	Price	Capacity	Sold	Premium	Claim	Expense	Advert	Profit	C/Profit	Rank
5	Player 2	1659	131	131	217,329	159,820	26,200	17,000	14,309	33,551	5
5	Player 8	1644	122	122	200,568	148,840	24,400	17,000	10,328	43,120	2
5	Player 1	1627	121	121	196,867	147,620	24,200	17,000	8,047	29,569	6
5	Player 6	1520	141	141	214,320	172,020	28,200	13,000	1,100	49,671	1
5	Player 3	1470	117	117	171,990	142,740	23,400	6,000	-150	43,014	3
5	Player 9	1396	144	144	201,024	175,680	28,800	8,000	-11,456	-5,369	10
5	Player 4	1392	128	128	178,176	156,160	25,600	8,000	-11,584	24,127	7
5	Player 5	1422	126	126	179,172	153,720	25,200	14,000	-13,748	3,277	8
5	Player 7	1390	138	138	191,820	168,360	27,600	12,000	-16,140	39,124	4
5	Player 10	1374	131	131	179,994	159,820	26,200	17,000	-23,026	-4,239	9