

**InsurancePick.com**  
*“The easiest way of picking insurance”*

**Produced for:**  
CS902 – Commerce Using the Internet  
Prof. Thomas P. Cahill

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## 1. Overview

Picking insurance has caused problems to many people. This because they ask themselves the follow questions: “Where do I get it?” and “Who is the cheapest?”. Many people are used to using the yellow book and looking under the section “Insurance” to find a company to deal with, while others ask a friend for advice or a television advertisement. However these methods only answer one of the questions, “Where do I get it?”. That is why we have come up with the vision that has led us to developing InsurancePick. InsurancePick uses technology that current exists and makes an easy-to-use environment where a person can answer both “Where do I get it?” and “Who is the cheapest?”, thereby transforming shopping for insurance into a one-stop process. Insurance Pick is developed as Electronic Commerce Web Site that initially aids in helping with car insurance. A person would only have to fill out one on-line form, send it in, and soon receive back the *cheapest quote* available in *their area*. All for the reasonable price of...free! At this point the person would contact the agency of their choice and sign up.

Insurance Pick is a referral service to local insurance agencies. It will earn money via advertisements on the Web Site and charge insurance agencies a small referral fee for each new client we provide them.

## 2. Marketing Summary

Every car on the road should be insured and in many states, it *has* to be insured. A series of polls have indicated a definite interest for a company like InsurancePick. Out of 100 people, 80% were interested with 40% of that saying they would definitely use the service. This poll was conducted over a one-month period through the New York Internet chat room of American Online Instant Message as well as some cooperation of friends, coworkers, and family. Through out this poll we discovered that current Internet users who were accustomed to using the Internet for various tasks were more inclined to use the service over the average Internet browser.

Other polls were conducted to see if there was an interest from insurance companies and agencies (required for this service to be available). After these surveys, we found that there was a high interest from insurance companies and agencies that did not already have a presence on the Internet. This made up 48% of the 50 companies and agencies we polled.

Informal discussions with entrepreneurs revealed that this idea also appeals to those who invest in up and coming companies. Therefore we realized it was time for a competitive analysis before any further discussion about the concept.

### 3. Competitive Analysis

There are other companies that provide similar services to that of InsurancePick, such as Progressive. We feel that it is much easier to provide the required information on-line one time, instead of over the phone and potentially many times. Someone can fill part of the form out on a coffee break, then continue it later during lunch, and finish it off at day's end. Progressive also limits the customer to *three* quotes, whereas we would be providing our customers with not only up to five quotes, but the five best quotes in their area.

There are also other on-line companies that provide similar services to that of InsurancePick. These companies have done a poor job of gaining exposure. None of the people we spoke with had heard of any of the companies. We would beat these companies in the market with an aggressive marketing campaign that would focus on the Internet and print media. Our site would also provide user-friendly atmosphere for the user to interact in, which many of the lack.

## 4. Technological Applications and Requirements

Efficient use of technology is one of the key components of a successful Electronic Commerce Business. We at InsurancePick plan to provide our clients with a reliable system that will perform our business transactions efficiently and quickly. We will follow some key guidelines:

1. The user interface will be simple and user friendly.

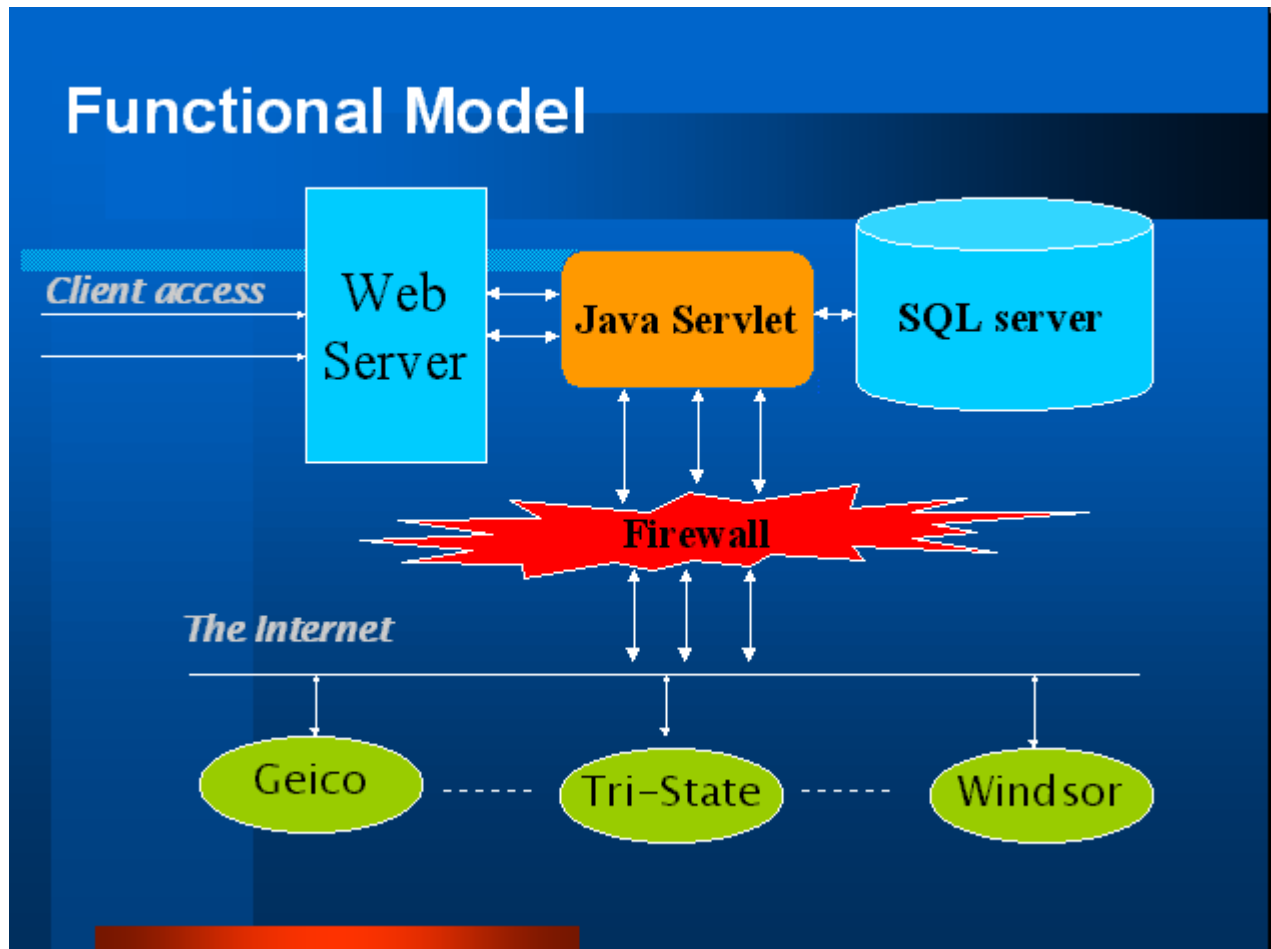
We only ask questions that are necessary to provide accurate insurance rates. Please consider each question with equal importance.

### Policy information...

E-mail address:	<input type="text"/>
<a href="#">Last name:</a>	<input type="text"/>
<a href="#">Continuous liability insurance</a> for past 6 months with no more than a 30 day lapse?	<input type="radio"/> Yes <input type="radio"/> No
Do all drivers in household have a valid U.S. driver's license?	<input type="radio"/> Yes <input type="radio"/> No
Are all of your vehicles model year 1986 and newer?	<input type="radio"/> Yes <input type="radio"/> No
Number of household members of driving age: (if married, the number of drivers must be > 1)	<input type="text" value="1"/>
Number of vehicles:	<input type="text" value="1"/>
ZIP code of the <a href="#">garaging location</a> for your vehicles:	<input type="text"/>
Primary residence:	<input type="text" value="Own House/Condo"/>
Have you changed your address within the last 60 days?	<input type="radio"/> Yes <input type="radio"/> No

2. We will have a secure web server to protect our customers' privacy. They would be required to register in our database and log in to access their personal information.

3. Considering system independence and ease of maintenance, we would use Java as our main development platform. It would serve as the middle-ware to coordinate the transactions between the customers, the insurance companies, and us.



## 5. Expected Earnings

The following calculations summarizes InsurancePick's expected earnings for the first year:

$$\begin{array}{r} 500 \text{ hits per week (on average)} \\ \times \quad \underline{10\% \text{ apply for an insurance quote}} \\ 50 \text{ apply for quote per week} \\ \times \quad \underline{80\% \text{ of those purchase a policy}} \\ 40 \text{ purchase a policy per week} \\ \times \quad \underline{52 \text{ weeks in first year}} \\ 2,080 \text{ referrals first year} \\ \times \quad \underline{\$100 \text{ per referral}} \\ \mathbf{\$208,000 \text{ in referral fees first year}} \end{array}$$

The following calculations summarizes InsurancePick's expected earnings for the second year:

$$\begin{array}{r} 600 \text{ hits per week} \\ \times \quad \underline{20\% \text{ apply for an insurance quote}} \\ 120 \text{ apply for quote per week} \\ \times \quad \underline{80\% \text{ of those purchase a policy}} \\ 96 \text{ purchase a policy per week} \\ \times \quad \underline{52 \text{ weeks in second year}} \\ 4,992 \text{ referrals second year} \\ \times \quad \underline{\$100 \text{ per referral}} \\ \mathbf{\$499,200 \text{ in referral fees second year}} \end{array}$$

These calculations show that we are expecting that after the first year, word of mouth and our other marketing strategies will project an increase in new business.

## 6. Anticipated Expenses

### Advertising

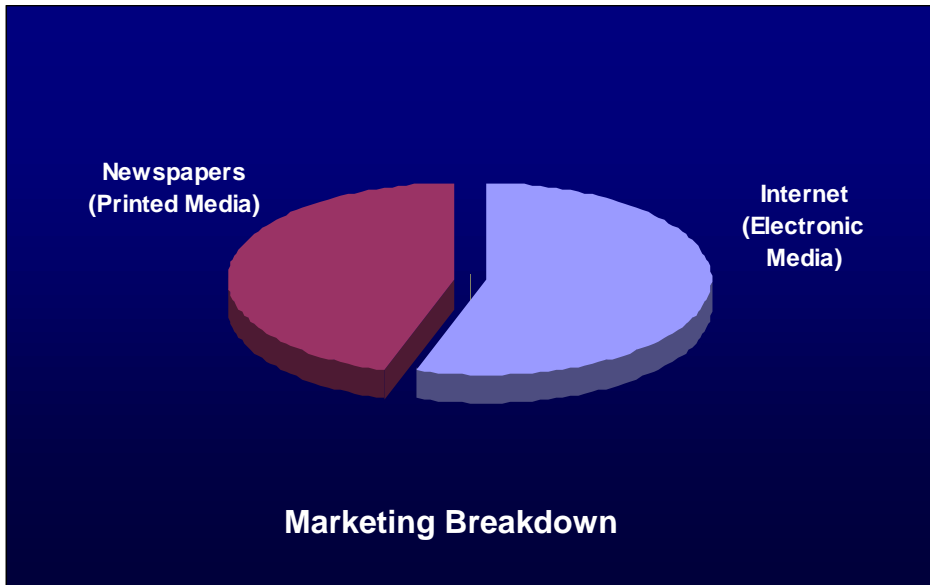
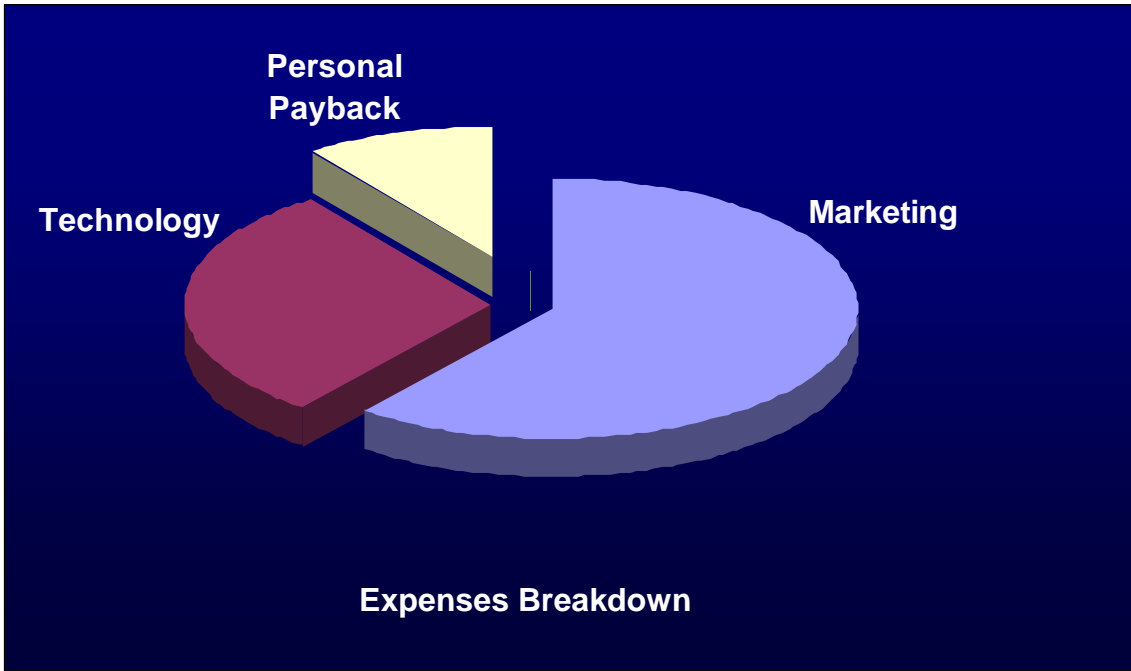
- Search Engines free
- Newsgroups free
- E-mails free
- Web sites
  - ◆ Saturn.com \$2000 / month
  - ◆ GeneralMotors.com \$2000 / month
  - ◆ Nissan.com \$2000 / month
  - ◆ Ford.com \$2000 / month
- Area Newspapers
  - ◆ Advertisement each week for 1 year \$52, 000

### Technology

- Includes necessary hardware, software, domain \$5000

Personal Payback \$1500 / month per partner

**TOTAL ANTICIPATED EXPENSES \$261, 000**



## 7. Projected Fiscal Return

### *First Year*

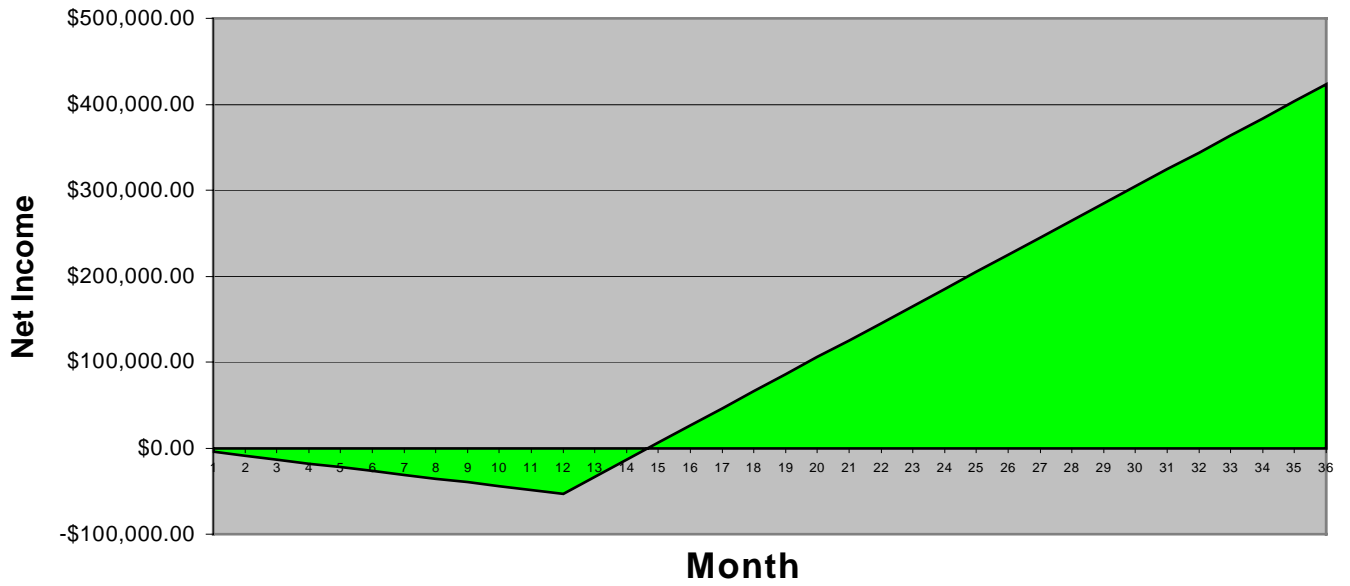
Expected Earnings	\$208, 000
<u>Anticipated Expenses</u>	<u>\$261, 000</u>
Net first year	-\$53, 000

### *Second Year*

Expected Earnings	\$499, 200
<u>Anticipated Expenses</u>	<u>\$261, 000</u>
Net Second year	\$238, 200

Like in many businesses, you normally do not turn a profit for a few years. From our projected figures, we at InsurancePick anticipate making a profit after the second year of business.

## 8. Projected Fiscal Growth



As stated previously, in section 7, Projected Fiscal Return, after the first year building a clientele base, we predict a signification increase in referrals.

## 9. Initial Financial Request

We would not expect to collect the \$1500 per month personal payback in the first year; it was included for completeness sake. Therefore, we can deduct \$108,000 from our anticipated expenses for the first year. Thus, our initial financial request to our venture sponsor is for the amount of **\$153, 000**.