

SOFIA[®]

SIMULATION OF FINANCIAL AND INSURANCE ADMINISTRATION

The Simulation of Financial and Insurance Administration (SOFIA[®]) provides participants an interactive way to gain new insights into the complexities of managing an insurance company and how value is created in insurance companies and in the insurance industry as a whole.

TARGET GROUP

SOFIA[®] is aimed at people working in the insurance sector, who want to know more about managing an insurance company.

More specifically, SOFIA[®] is an ideal simulation for:

- Participants seeking an introduction to – and a broader understanding of – the insurance business,
- Functional managers who want to enhance their understanding of how value is created in insurance companies,
- Consultants, account managers, etc. in the insurance sector who want to deepen their understanding of their customers' needs.

THE BENEFITS

Simulating real-life situations provides a number of important benefits. SOFIA's unique and stimulating approach enables participants to:

- Experience how the core functions in managing an insurance company – namely, product development, underwriting, capital management, processing and administration, claims management, asset management and sales and distribution – contribute and interrelate.
- Gain a holistic view of an insurance company. As they manage each constituent part of an insurance company from the perspective of optimising the entire company, the players learn how each department affects the share price.
- Identify and compare the key financial performance indicators that are used to manage financial goals: combined ratios, Net Present Value (NPV), etc. SOFIA[®] shows how difficult it is to stick to your strategy, given the opportunities and threats in the environment and the company's own strengths and weaknesses.
- Experience the merits of strategic and analytical thinking as a continuous process. As effective strategy formulation and implementation are essential ingredients of success, participants are obliged to think about their insurance company's competitive position: What does it mean to be a service-oriented or an operationally excellent insurance company?
- Experience competitive group dynamics in a low-risk setting, as the team makes decisions under time pressure and uncertainty in the environment.



**BUSINESS
SCHOOL**



MORE INFO

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HOW IT WORKS

An interactive simulation, SOFIA® provides participants with insights into the different aspects of managing an insurance company. SOFIA® has been designed so that the participants' main challenges are quite similar to those of actual insurance managers.

Two to eight teams (two to five participants on each team) compete in the insurance market. Each team manages an insurance company and tries to create value for all of its stakeholders.

In a dynamic competitive environment, SOFIA® managers make a number of interdependent decisions regarding marketing and sales, finance and investment, claims management and other organisational issues. They gain greater insight into the decision-making process, and they experience the risk/return relationships of their decisions. The results of each round in the simulation are determined by the decisions made.

The complexity of the simulation builds up gradually, so that participants are not overwhelmed with all of the parameters at once. The number of decisions that have to be taken increases each round.

Two tools are available to support the participants in the simulation:

- A manual that provides background information on the key decisions to be made and how these decisions relate to the real world.
- A course that covers the leading insurance topics in more detail, including perspectives from both theory and practice.



“SOFIA is a nicely designed interactive simulation of how to run an insurance company. We played it in teams of up to six members, and we had to make a whole series of hard-fact insurance decisions such as premium levels and investment and reinsurance strategies. Whilst that was very helpful in understanding the interactions within an insurer, it was the ‘soft’ decisions – such as vision and strategic goals – that made it a truly enjoyable, very real and highly recommendable experience. The fact that our team was composed of experts from all areas ensured that enormous knowledge was transferred during the team discussions.”

**Guido Funke – Chief Executive Aerospace & Special Services
at Munich Re, Germany**