



A Life Insurance Company during a Life Risking Pandemic

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Abstract

Title: The Case of a Life Insurance Company during a Lethal Pandemic

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This case study focuses on understanding what the impact of the pandemic was in the life insurance business and how was a life insurance company able to adapt to the constant changes in the environment. It starts by giving an overview of the life insurance market. After that, it explains how the pandemic affected the market and finally what the company did to overcome all the problems. All the information used to build this dissertation was taken from websites, news, reports and direct interviews with some employees.

The main goal of this case study was to provide a good example of how a real-life company had to make decisions to adjust to the constant changes due to the pandemic that could be used in class to teach students theoretical concepts using a practical approach. Strategy, management, operations and marketing are some of the areas that are explored during this dissertation. At the end of the case study there are a couple of suggested questions that professors can use to apply some concepts of the areas mentioned.

Resumo

Título: O Caso de uma Seguradora de Vida durante uma Pandemia Letal

Autor: Miguel Horta

Palavras-chave: estratégia; crise; vantagem competitiva; capacidades dinâmicas; adaptação; canais de distribuição; recursos; capacidades; inovação

Este estudo de caso centra-se na compreensão do impacto da pandemia associada à COVID-19 no negócio dos seguros de vida e na forma como uma empresa no ramo dos seguros de vida foi capaz de se adaptar às constantes mudanças neste contexto. Começa por dar uma visão geral do mercado dos seguros de vida. Posteriormente, reflete sobre como a pandemia afetou o mercado e, finalmente, como é que a empresa conseguiu ultrapassar todos os desafios inerentes à pandemia. Toda a informação utilizada para construir esta dissertação foi retirada de websites, notícias, relatórios e entrevistas diretas com alguns funcionários da empresa em questão.

O principal objetivo deste estudo de caso foi o de fornecer um bom exemplo de como uma empresa da vida real toma decisões para se ajustar às constantes mudanças devidas à pandemia, com potencial para ser utilizado em contexto letivo, como forma de apresentar aos alunos conceitos teóricos a partir de uma abordagem prática. Estratégia, gestão, operações e marketing são algumas das áreas que são exploradas durante esta dissertação. No final do estudo de caso, são sugeridas questões que os docentes podem utilizar para introduzir conceitos das áreas mencionadas.

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List of Abbreviations

APS – Portuguese Insurance Association

B2B – Business to Business

COVID-19 – Coronavirus

PPR – Retirement Savings Plan

RBV – Resource-Based View

SWOT – Strengths, Weaknesses, Opportunities, Threats

VRIO – Valuable, Rare, Inimitable, Organized

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1 Introduction

The COVID-19 pandemic created one of the most interesting crises over the last years. Particularly during the last 20 years, Europe has suffered from economic crisis in the context of which governments had to make decisions. However, those were cyclical crises. They happened every couple of years and governments were prepared to deal with them. This one was different and unexpected. Governments and companies were caught by surprise and had no idea how to react to such an occurrence. It was interesting to observe how a simple virus is able to create so many changes in the entire world. As a result, it was the perfect opportunity to study how companies reacted to such a context.

Every business was affected by this pandemic. The life insurance business was one of the most affected. The major problem of a pandemic is the health of the population and this virus was affecting it worldwide. COVID-19 is a harmful virus with a devastating impact on the human breathing system, thus creating lifelong problems or even death. Naturally, there is a direct connection between this pandemic and the life insurance business. The main business of life insurance companies is to sell protection to people in a situation of death or serious illness, therefore a huge exogenous factor entered the market. Both companies and customers reacted to this pandemic creating structural changes never seen before.

Not only life insurance companies had to adapt to all measures implement by governments, but they also had to deal with the fact that this virus was causing death worldwide, which was extremely problematic for life insurance companies. People dying means paying claims which is what these companies wish to avoid. On the other hand, people were psychologically affected by the fear caused by the disease. When the possibility of death is so close, it is natural to have an instinct of protection over the next generation. That is exactly the goal of life insurance products, therefore the demand was expected to increase.

The COVID-19 is having and will keep on having a significant an impact in this industry. It is thus relevant to analyze it using all the tools available, from the simplest one to the more complex ones. Structural changes are happening both in the supplier's side and in the consumer's side. In this context, in the present dissertation, not only will the SWOT Analysis and Porter's 5 Forces will be used, but also the concept of Dynamic Capabilities and their link to the Resource-Based View and the VRIO Framework. As it will be shown, all these tools will be very helpful to better understand

how the COVID-19 pandemic influenced the life insurance business and what does the future looks like for this industry.

This dissertation is structured as follows: the next section outlines a brief review of the main tools and concepts in the relevant management strategy literature. The following section presents the case study used in this project assuming an audience interested in the life insurance industry and its strategic challenges. The subsequent section outlines some relevant discussion questions addressed in a teaching environment as well as possible answers to the addressed questions.

As requested by the company in study, the real name of the organization will be replaced by Company LifeInsur.

2 Literature Review

2.1 SWOT Analysis

The SWOT Analysis is a very useful tool for companies to compare themselves to their competitors. This analysis takes into consideration both internal and external factors. SWOT stands for strengths, weaknesses, opportunities, and threats. The first two are related to internal factors and the last two related to external factors. The strengths represent the organization's advantages over their competitors while the weaknesses represent its disadvantages. The opportunities are characteristics of the environment that can be used by the organization to achieve an advantage over competition and threats are characteristics that can become a disadvantage. Even though the SWOT analysis can be very helpful, it also has its flaws, for instance, the fact that it can be too superficial leading to misinterpretations. In addition, a SWOT analysis is made in a certain point in time and since the environment is constantly changing it can lose its meaning very quickly. It lacks considering uncertain and two-sided factors, prioritization of the factors and strategies and has too many extractable strategies (S. Ghazinoory, A. Esmail Zadeh and A. Memariani 2007).

2.2 5 Forces of Porter

The Porter's 5 Forces is a model created by Michael E. Porter used to analyze a company competitive environment. The model is composed of 5 forces which are: the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products and the competition among current contestants. These forces influence the state of competition in each industry. In addition, they determine the potential profit for the industry. (Porter 1976)

2.3 The Resource-Based View and the VRIO Framework

The Resource-Based View (RBV) is considered a way of analyzing a firm from a resource side. It supports the fact that a firm should use its resources in order to improve its performance. A resource is anything that could be thought as a strength or a weakness of a firm (Wernerfelt 1984). The growth of the firm involves a balance between exploitation of existing resources and development of new ones (Wernerfelt 1984). In other words, in order to achieve a sustainable competitive advantage, companies should be able to properly exploit their resources.

A sustainable competitive advantage can be defined as a value creating strategy implemented by a company that is not being implemented simultaneously by any current or potential competitor and

cannot be duplicated (Barney, 1991). The main goal of strategic management is to achieve a sustainable competitive advantage as it means a constant lead over competitors. The Resource-Based View argues that a resource that is valuable, rare, inimitable and organized can be considered a sustainable competitive advantage (Barney, 1991). That definition creates the VRIO Framework. The VRIO Framework is the framework used by the RBV to define whether a resource is a sustainable competitive advantage or not. In order to be one, the resource has to create value for the company by allowing an increase in efficiency and effectiveness. It has to be rare and inimitable so that competitors are not able to easily duplicate it and organized as the company processes should be built around that resource to maximize its potential. Even though the RBV is a good way of defining a competitive advantage it is considered inadequate to explain competitive advantage in changing environments. As a consequence, the concept of Dynamic Capabilities was created to fill this gap (Barreto 2010).

2.4 Dynamic Capabilities

Dynamic Capabilities are an extension to the RBV and are the key answer for the analysis of competitive advantages in a changing environment. Dynamic capabilities can be defined as the “firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments” (Teece, Pisano and Shuen 1997). This definition was the first to bring attention to this concept and it was built around several elements such as nature, role, context, creation and development, outcome, and heterogeneity (Barreto 2010). Throughout the years several other definitions were proposed that would vary in those elements.

Taking into consideration all these new conceptualizations, a new definition was suggested by Professor Ilídio Barreto and will be the one used in this dissertation: “A dynamic capability is the firm’s potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base.” (Barreto 2010). This definition is based on four different dimensions, therefore to fully put it in practice, all four dimensions should be analyzed together, but also individually. The propensity to sense opportunities and threats refers to the ability to continuously scanning for environmental changes; the propensity to make timely and market-oriented decisions outlines the capacity of making the best decision at the correct time; the propensity to change the resource base indicates the firm ability to create, extend, and reconfigure the resource base (Barreto 2010).

Finally Dynamic Capabilities can also be considered sustainable competitive advantages. However, as opposed to resources, Dynamic Capabilities are the result of organizational processes that enable the firm to make a better use of their resources, therefore it is possible to assume that they always comply with the last criterium to be a sustainable competitive advantage which is to be organized (Cardeal & António, 2012). Therefore, for a capability to be sustainable competitive advantage it only requires to be VRI.

2.5 Work from home in the banking industry

The COVID-19 pandemic had significant implications when it comes to the way organizations responded to its impact. Most companies were used to have a physical space where they would put all their employees. However, as the number of deaths was rising and rising, the governments had no option but to turn working from home mandatory, whenever possible. Many companies were not prepared for this challenge and, more than that, they were afraid of its consequences. Since working from home was not a normal practice, there was the risk that productivity would decrease with this new reality. This was already proven not to be exactly true. Even though an actual relationship between working from home and productivity decrease was not found, working from home tends to increase job satisfaction, which may consequently lead to a higher productivity. (Hill, Ferris and Martinson 2003). Regarding the banking industry, which is considered to be a more traditional business, the same conclusion was reached: in this context an actual relationship between working from home and productivity decrease was not found. On the contrary, it was proven that working from home increases job motivation, which tends to increase productivity by itself. (Prasetyaningtyas, Heryanto, Nurfauzi, Tanjung 2021).

3 Case Study

3.1 Introduction

The COVID-19 pandemic had and is still having a substantial impact worldwide in different ways. Public health, economy and education were some of the most affected areas. More than 5 million people have already died, many companies went bankrupt and citizens had to adapt to many changes in their lives. There was a complete lockdown in most countries all over the world, which had tremendous implications on the way companies operate. Stores closed and employees had to start working from home.

The goal of the case study selected for this dissertation is to go through what Company LifeInsur did to overcome the challenges of the COVID-19 pandemic. The main goal is to understand how the pandemic influenced the decision making and how it affected the company's business. In addition, the case study below provides an overview of the life insurance business in Portugal and how the pandemic affects it overall.

3.2 Company Overview

3.2.1 History

Company LifeInsur is a life insurance company that is based in Portugal. It is a small company with less than 100 employees that was officially founded in 2019. However, the company has a history underlying it. Before becoming Company LifeInsur it used to be owned by Grupo Espírito Santo (BES) and, after the bank went bankrupt, it was transferred to Grupo Novo Banco (GNB). Finally, in 2019, the company officially changed its name to Company LifeInsur after it was bought by a global private equity advisory company based in London. Even though Company LifeInsur has a small employee structure it is responsible for over 269 million euros in life insurance production and it is considered one of the top 5 biggest life insurance companies in Portugal.

3.2.2 Mission Statement, Slogan and Positioning

The Company LifeInsur's mission statement is to:

- Serve the final customer in its protection and savings.
- Serve the distribution channels with:
 - Complementary and attractive products;
 - Excellent service levels;
 - Attractive remuneration, in order to be a desired partner.

- Consolidate the business and its organizational structure:
 - With a futuristic vision;
 - Ensuring an adequate dividend policy;
 - Ensuring the enrichment of its employees.

Company LifeInsur's slogan is "Ready for the Future". The company aims to show that it is digital and modern. The goal is that, once someone looks at the Company LifeInsur's logo, he/she has the same feeling as one would have by looking at the Facebook's or Google's logo. Obviously, not because of the product they offer, but by the fact that they want to be seen as updated, when it comes to the digital component of the business, and that they are constantly innovating. In addition, the company wants to be seen as an institution that people can trust, that is effective and people feel safe when investing in it.

3.2.3 Company LifeInsur's Product Line

Company LifeInsur offers a wide variety of products. Their product line was built in order to fulfill several factors, namely, risk aversion, age and household. Company LifeInsur's products can be divided into two major sections: financial and risk products.

3.2.3.1 *Financial Products*

Financial products or savings products have the goal of providing a monetization over the amount invested by the client. The client chooses a product and the amount of money they want to invest. The amount of the investment will be transformed in participation units on the product chosen. Then, the company uses that money to invest in shares or bonds to value the investment, taking into consideration the risk of the product subscribed by the client. The financial products that Company LifeInsur offers can be divided into two categories. There are products meant for savings towards retirement and products meant to reach a certain value. In this type of products, the company receives a percentage that is called the management fee.

The products that are targeted at providing a benefit when retirement arrives are called PPR. They are considered a long run investment. The main advantage of this kind of product is the fact that they provide high tax benefits compared to other savings solutions at the moment of the withdrawn. However, as mentioned before, they are only supposed to be withdrawn at retirement.

On the other hand, there is the option to choose a capitalization product. These products are considered a short/medium run investment as they are used to reach a certain goal. People tend to

choose these products if they want to save money to use it for a specific purpose, for instance, a trip or a car.

In both types of products, there are options taking into account the risk aversion of the client. Traditionally, two types of choices are available, which are the guaranteed and the unit-link product. In the guaranteed ones, the company commits to paying a certain amount to the client at the beginning of the subscription, therefore it carries all the risk. On the downside, these products offer very low returns as they have no risk at all for the customer. The money is usually invested in bonds. Currently, they are not being commercialized. In the case of unit-links the risk is divided between the client and the company. The investment is made in shares, therefore these carry more risk, but the reward can be higher. In both products, at the due date, the payment can be made all at once or through a determined rent. (Table 1)

3.2.3.2 Risk Products

Risk products are created for clients to protect themselves and/or their families in a situation of death, severe illness or disability. The client pays a monthly fee in exchange for monetary protection in the mentioned situations. Regarding risk products, they can be separated in two groups, which are risk products linked to credit and risk products with no link to credit or stand-alone.

The risk products linked to credit are self-explanatory. They are linked to a specific credit that can be a mortgage or a personal loan. The client presents to the company the total amount of the credit they are paying for and the company sets a monthly fee that the client needs to pay. These products are helpful when someone that is responsible for the payment of the loan wants to protect themselves or their families if they die, get seriously ill or disabled. The loan will be fully covered if a situation like that occurs. There can be two types of risk products linked to credit, which are mortgages and personal loans.

The stand-alone products can be used for family or personal protection. These products require a monthly payment that is defined based on the personal information of the client, for instance, health habits, age and medical condition and, in a situation of a life insurance claim, the person or their family receives a payoff. The products that provide family protection are usually the ones that cover for death, while the personal ones normally cover for illness or disabilities. In both situations, the

payoff can be done in a one-time deal or through a rent that may be discussed at the moment of the claim. (Table 2)

In the first semester of 2021, Company LifeInsur's total production was 269 million euros which represent almost the double compared to the year before. From that amount, almost 90% comes from financial products. Inside those 90%, 96% represent unit-link products meaning that from the total production amount 86% arises from unit-link products (Table 3). It is clear that they are responsible for the good results Company LifeInsur is showing during 2021.

3.3 Distribution Channel

Company LifeInsur has only one distribution channel, Novo Banco. Novo Banco, which is a very well-known Portuguese bank that has over 350 branches all over the country. With more than 4500 employees, Novo Banco has a market share of 10,6% being one of the top 5 biggest banks in Portugal. The bank has 1,4 million clients and it is the result of a resolution made by the Banco de Portugal after Banco Espírito Santo went bankrupt in 2004.

After the sale of Company LifeInsur, the company made an agreement with Novo Banco where the bank could only sell life insurance products from Company LifeInsur during the next 20 years and Company LifeInsur could only sell their products through Novo Banco during the first three years. Naturally, this contract has immense implications when it comes to sales, marketing, operations, human resources and several other areas. Basically, Company LifeInsur entered a business-to-business strategy, where in order to reach the final consumer, the company would use the Novo Banco network.

B2B strategies are a very good way of saving some resources and focus on some activities that the company is already experienced at. In the same way, they use the abilities that the other company has in a certain area so that it is not necessary to spend time and money to improve in that exact area. The relationship between Company LifeInsur and Novo Banco goes back to the time where the companies were still together inside Grupo Espírito Santo. Since the companies were joint together, everything from processes to human resources and to marketing was shared. Naturally, after years working in this format, synergies started to be created and the relationship between employees was gradually improving. Once the life insurance company was bought, it was clear that this relationship had to keep being used as it was already very strong and consolidated. This is

exactly what Company LifeInsur did. After the process of acquisition was over made, an agreement with Novo Banco for the bank to be their only distribution channel was established.

The best part of this deal is the possibility of Company LifeInsur using Novo Banco's power in the Portuguese market. Novo Banco is one of the most recognized banks among the Portuguese population and for the past years has been constantly present in people's lives through memorable marketing campaigns with famous Portuguese personalities and participations in the most iconic events made in Portugal. This means that any product or company recommended by Novo Banco will be more likely to be accepted by the Portuguese population. In addition, as mentioned before, Novo Banco has a huge network of branches all over the country reaching people from the north to the south of Portugal. Any product offered by the bank is almost guaranteed to reach thousands of people. Once the product is ready to be commercialized, it is just a matter of sales and that responsibility is from the bank. Furthermore, Novo Banco has years and years of experience in the life insurance market. They already know what the best way is to reach the final customer and what those customers are looking for.

On the other hand, any B2B relationship has its downsides. In this situation, one of the disadvantages is the fact that Company LifeInsur cannot distance itself from Novo Banco when it comes to marketing. Everything that Company LifeInsur does when it comes do advertising its products is trough Novo Banco campaigns. Furthermore, Company LifeInsur can suffer from any reputation hit that Novo Banco takes. A clear example of this has been happening in the last few years. Novo Banco has been through some tough years when it comes to reputation. For the past couple of years, the name of the bank has been all over news due to legal lawsuits and alleged corruption made by the previous owners of the bank. Naturally, all this controversy makes Company LifeInsur an easy target for the public opinion and, in a business where trust is the key for success, this may turn into a substantial obstacle. In addition, keeping the strategy only on bancassurance makes it that the company does not develop other ways of reaching potential customers. Company LifeInsur's employees have some experience in this way of doing business and are already very familiar with all the processes. However, it is not possible to keep growing only using this strategy. If Company LifeInsur aims at using a different distribution channel, it would probably not have the resources needed to do it, as the company has only been focusing on one distribution channel.

3.4 Strategic Goals Before COVID-19

Company LifeInsur does not have a long history before the COVID-19 pandemic. Unfortunately, it was only a few months after the sale was complete that the world started to hear about this new virus. However, no company buys another one without having some objectives in mind. The acquisition was a step forward on the investments the owner of Company LifeInsur had been making for the past years in the life insurance and wealth management markets. Company LifeInsur was meant to be a company that would transform the traditional way of doing life insurance business by applying a forward-thinking approach focused on technological innovation, transparency and high-quality service. The Portuguese market was considered to be a fast growing one by the investors, therefore it was an excellent opportunity to take a chance, especially since Novo Banco was looking to sell their insurance company.

The partnership with Novo Banco was one of the first decisions made and it would be with their help that Company LifeInsur would gain strength in the market. Using Novo Banco strong franchise and market power would be the key to a good start. Company LifeInsur would be able to reach the 1,4 million bank customers and therefore become one of the top five biggest life insurance companies in the country.

Finally, Company LifeInsur is a pan-European life and wealth platform, meaning that after having enough power in the Portuguese market it will expand abroad. The goal of the company is to focus on the countries of the south of Europe.

3.5 Life Insurance Business in Portugal

The Life Insurance Business in Portugal was worth, in 2020, according to an ASF report, about 4,5 billion euros. It was a very difficult year for this business due to the COVID-19 pandemic. However, the total production was showing a decreasing trend over the past couple of years- Luckily, 2021 has been a great year for the market as numbers are turning around (Table 4).

3.5.1 Market Concentration

In 2020, there were 26 companies with life insurance production in Portugal. From the 26 companies, the market leader, had a market share of over 25% meaning that from the entire universe of companies providing life insurance products in Portugal, one of them has more than one quarter of the entire market. Additionally, adding up the market share of the top 5 companies it leads up to almost 70%. This leaves only 30% to the other 21. Even though, it is not possible to

state that the life insurance market is concentrated, it is clear that there is a small number of companies that are the preferred of the Portuguese (Table 5).

Due to the technological developments all around the world, the life insurance business is a good opportunity for start-ups to target. A company can be completely digital and provide a quality service to its customers. Therefore, in the near future, there will be more companies trying to compete in this market by innovating and offering solutions that the current ones are not able to provide.

3.5.2 Distribution Channels

In the life insurance market, distribution channels are the key for success. Most of times, it is more important to have a good distributor that citizens trust in than the best products in the market. There are several ways that life insurance companies use in order to distribute their products on the market. Companies can rely on others to do it, entering a business-to-business contract, or it can do it by itself creating its own chain of distribution. In the following sections, we refer to different distribution channels.

3.5.2.1 *Bancassurance*

The most common one is bancassurance. This distribution channel requires an agreement between the life insurance company and a bank. The bank is responsible to sell the life insurance company products through its channels that may be agencies, website, apps. Moreover, the bank is responsible for the contact with the client in case of doubts, explanations or any other matters. For these responsibilities the bank is paid a commission. The insurance company is able to reach a larger number of possible customers and the bank increases its revenue.

3.5.2.2 *Brokers*

In addition to bancassurance, life insurance companies can make a deal with brokers. Brokers are companies that are responsible for the relationship between buyers and the sellers. In this case, the deal works almost in the same way as the bancassurance. The broker is responsible for advising their clients on which life insurance company to choose. If the company is able to convince the broker that they are the best choice in the market, the broker will guide all its business to that company. The broker is responsible for selling and providing an after-sale service. In exchange these companies receive a commission. Brokers are normally very demanding when choosing which insurance company they want to make a deal with. They focus on three major points which

are product/price, service and commissions. If an insurance company is not able to provide those three aspects it will probably not be accepted by any broker.

3.5.2.3 Own distribution channel

Finally, there is the possibility to develop the company's own channel. Naturally, it requires a substantial investment and most companies do not choose to do it. However, there are ways that can be more affordable. The most traditional way is to identify physical agencies. This requires a physical space and human resources. The company needs to provide the entire process of subscription from the moment the client walks in the agency, to the after-sale service until the final claim. As mentioned before, this way requires a large amount of resources. Other possibilities include creating a digital channel. Even though this solution can be less expensive, it requires substantial technological tools and knowledge and the company still needs to have a good service after-sale. The final possibility is to gather clients through phone calls. It is probably the cheapest solution. However, besides not being the most effective solution, it requires a team of employees to be constantly contacting possible clients.

3.5.3 Average Customer

The Portuguese population rely significantly on life insurance companies for protection over their mortgage. This is the most subscribed product in Portugal, in the insurance business. As mentioned before, this product allows for the mortgage of the client to be paid completely if he/she dies or suffers from a serious illness. Unfortunately, when it comes to risk products, people tend to protect their mortgage, but not anything else. Most Portuguese do not feel the need to protect themselves over an unfortunate situation.

Moreover, the average Portuguese client still lacks financial knowledge to invest in these types of products. Even though the Portuguese population is getting more familiar with the financial markets, there is still a lot of people without the proper knowledge to invest and they only do it based on someone's advice, normally their bank. This is the reason why it is important to benefit from the support of an important institution when it comes to financial products.

These characteristics of the Portuguese customers show that the life insurance market still needs to grow and companies have a lot of work to do convincing people to invest on them.

3.5.4 Impact of COVID-19 pandemic

The COVID-19 pandemic had huge implications in the entire country. It was an event that no one was expecting, therefore no one was prepared for it. Consequently, several companies had to adapt to the new circumstances and followed the mandatory restrictions set by the Portuguese government. Especially when it comes to the life insurance business, the pandemic had a huge direct impact as, naturally, these companies do not want to pay for claims and the possibility of people dying from this disease was to be analyzed.

The first relevant impact of the pandemic was the fact that the financial markets suffered from a substantial hit. The entire world lived times of uncertainty and, when this happens, the first big consequence is that everyone with money invested withdraws it because they are afraid of losing it. Naturally, if many costumers do this, the financial market crashes. In these situations, people tend to choose options that are safer, like deposits. As a consequence, the financial products that life insurance companies were offering took an immense loss during 2020. Fortunately, after some problematic months, and with the massive support of all governments worldwide, the financial markets started to turn around.

Moreover, due to the fast development of the pandemic the government had to implement a total lockdown in the country during the beginning of 2020. No one could leave their places and all stores and restaurants had to close. Fortunately, there were some exceptions, for instance, supermarkets, pharmacies and banks. The number of people allowed to be inside a closed space was very reduced and no one was leaving their homes unless it was extremely necessary. This was obviously a major problem for all life insurance companies as their physical distribution channels, like own agencies, banks' branches or brokers agencies were a very effective way to reach potential customers. The few physical spaces that remained opened had to reduce the opening hours and could only have a few clients inside depending on the space available. In addition, there were many procedures that needed to take place before helping a client regarding disinfecting the area. Especially for risk products, which are normally sold in person, this was extremely problematic. Moreover, the Portuguese government forced all companies to apply the home-office. This decision impacted most of the companies in the market in several ways. First, every employee should be given the possibility to work from home, which was an option that many companies were not prepared for. Moreover, the way of managing their distribution channels had to change. If, before

the pandemic, it was possible for every commercial team to go around the country and have physical meetings to train the sales team, in the new pandemic context, this was no longer possible. Finally, the pandemic started to really affect the life insurance market when people started to die. One of the biggest fears of life insurance companies is that people die before their contract is over. Because it means that the companies have to pay their clients a compensation, therefore, the fact that a high number of clients died from the disease would become extremely problematic. Luckily for these companies, the statistics showed that the death of people was actually positive. The majority of people dying were above 60 years old, therefore, most of them were already outside the age range allowed in the majority of the products. Something that seemed to be dangerous for the life insurance companies ended up being an advantage. (Table 6 and Figure 1).

3.6 Strategic Decisions During COVID-19

Considering all the changes that happened due to the pandemic, Company LifeInsur had to make some decisions to adapt to what was happening. Since it was almost impossible to predict what was going to happen during 2020 and 2021, the plans that the company was going to follow had to be changed. Some options that were planned to be implemented could not go forward, others that were not planned had to be implemented and others went forward according to planned or with some minor changes. The main decisions were made in two major areas: marketing and commercial and human resources.

3.6.1 Marketing and Commercial Decisions

The first commercial decision made was to stop selling guaranteed products. As mentioned above, guaranteed products are the ones whose return offered to the client is decided at the moment of the subscription, meaning that the company takes all the risk. These products were already losing a lot of interest by life insurance companies due to their conditions. The pandemic only emphasized this feeling as interest rates were getting lower and lower. In the pandemic context, it was impossible for a company to make any profit with these products. As a result, almost all life insurance companies made this decision.

Furthermore, as mentioned before, measurements had to be taken in order to overcome the fact that Novo Banco's branches were receiving less people and, as consequence, less people were choosing Company LifeInsur's products. Especially when it comes to risk products, which may be considered retail products, meaning that people often subscribe to them when they are at an agency,

something needed to be done in order to prevent production decrease. The digital channel was the obvious answer. Company LifeInsur launched new risk products, which could be subscribed online. Through Novo Banco platforms, like their app and website, any customer could quickly buy these products. This decision turned out to be a huge success as not only it prevented a higher decrease in production but, also, the results showed that, through the digital channel, people were more willing to go for the more expensive products. It is also important to note that, regarding these new products, Company LifeInsur did not only include death by COVID-19 in the coverage, but also used the fear of that type of death to increase the number of subscriptions. Selling risk products is about having the correct statistical information and the results were showing that the majority of deaths was affecting people above 60 years old. Since Company LifeInsur's products can only be subscribed until the client is 65 years old, this was the perfect marketing strategy.

Managing the Novo Banco branches also had to adapt to these new circumstances. As mentioned above, Company LifeInsur's commercial team used to travel around the country in order to train the people that are responsible for selling the company's products. Since this was not possible anymore, some decisions had to be made. Instead of having meetings in person, they had to change to online meetings. There were some advantages in doing this, but also some disadvantages. The most direct advantages were the fact that, with a conference call, it is possible to join more people in just one meeting and it is also possible to go from the north of the country to the south in a matter of seconds. On the other hand, having an online meeting is different from having a personal one. When it comes to sales, it is very important that the people learning truly understand what the person that is explaining is saying. In a conference call, the message might not get across in the same way that it would in person.

Lastly, taking into consideration the circumstances, Company LifeInsur decided that the unit link products should be considered the main focus of Novo Banco sales team. Novo Banco has an objective system for their sales team. If they are able to reach those objectives, they get a bonus at the end of the year. It is common knowledge that people work better when they are motivated and that bonus is a huge motivation. Once Company LifeInsur's products are part of those objectives it is almost guaranteed that the results will show up. It is also important to take in consideration that Company LifeInsur is fighting against Mundus, the insurance company that was part of Grupo Novo Banco as well, for space in the Novo Banco objectives. There are two important aspects that had to be considered by Company LifeInsur for their products to be part of the objectives. First of

all, the bank must gain something with it and, second, just like any partnership, it is important for the relationship between both parties to be productive. The circumstances of the pandemic were perfect for this investment. Novo Banco was with excess of liquidity as people were putting all their money in deposits and, besides deposits, there were not many other choices, as guaranteed products were no longer available. Therefore, influencing people to choose a unit link product was very beneficial for Novo Banco. In addition, trust exists between Novo Banco and Company LifeInsur, as many employees used to work together when the life insurance company was still part of Grupo Novo Banco. With these aspects in favor, Company LifeInsur was able to include their products in the Novo Banco objectives system.

3.6.2 Human Resources Decisions

Company LifeInsur not only had to make commercial decisions but also decisions related to human resources. This pandemic had a massive impact on the physical and mental state of everyone and a company that cares about its employees had to adapt so that they kept motivated and satisfied.

The first relevant decision was to send everyone home as working from home became mandatory, whenever possible, according to the Portuguese government set in March 2020. This process was very hard for the company, as it was something that had never happened and no one was prepared for it. The operationalization of sending every employee home was not an easy task and the company had barely any time to prepare for it. At the beginning, employees did not even had computers to take home and carry on with their working tasks. As a consequence, the company had to adapt very quickly. Fortunately, the company was able to find the adequate strategies and, in a matter of weeks, everyone was working from home in a productive mode.

After a couple of months of working from home, working in the office was possible again and Company LifeInsur decided to implement a hybrid system where only 50% of the employees could be at the office. Specific situations were taken into consideration, for instance, employees with children at home (schools were closed) could work from home.

Unfortunately, the pandemic situation got worse again and working from home became mandatory. This time, Company LifeInsur was more prepared and supported their employees by letting them take home their chairs and monitors, so that working from home was more comfortable.

Times were and still are very uncertain, but Company LifeInsur always tried to manage its employees physical and mental health. The company created a team of employees to implement

small initiatives so that no one lost contact with each other. This included online meetings just for chatting and relax from the stress caused by the pandemic. In addition, human resources always kept in contact with employees to understand if everyone was adapting to this new reality. Actually, they made surveys to the employees to make sure no decision was made without the consent of all employees.

3.7 Post COVID-19

The goals that Company LifeInsur has for the future are to keep growing in sales as well as in terms of their market share in Portugal. The most important goal is to become one of the top 3 life insurance companies in Portugal. In order to achieve this, Company LifeInsur has to increase the number of people that it can reach, meaning that it has to increase the number of channels where its products are offered.

As mentioned before, nowadays, Company LifeInsur only sells its products through Novo Banco. However, new channels are already being taken into account for the next years. There are two main ways that the company is currently thinking about. One of them is to create a platform to sell directly to the final customer, which would change completely the way of doing business. The other is to find new partners and keep working in a B2B strategy. Inside this second option, there are still some decisions to make, namely, which type of partner should the company choose. Since Company LifeInsur, as already a good experience with Novo Banco, keep working with banks is a good possibility. However, there are other types of companies on the table like brokers.

In addition, it is crucial to keep evolving when it comes to the digital channel. Customers are, now more than ever, looking for companies and products that are digital and easy to get access to. Therefore, making it easier for customers to buy Company LifeInsur's products is a goal that is constantly in the mind of the managers of the company. It is important not only to facilitate buying the products but also to sell them. The sellers of Company LifeInsur's products need to have an incentive to sell them and most of the times the payoff is not enough. The operational work that the seller must go through in order to sell a product must be as simple and intuitive as possible. These improvements require that Company LifeInsur keep investing in new technologies.

Even though there are still some decisions to make, the main goal of Company LifeInsur is clear: to keep growing and to keep showing to their customers and employees that the company deserves their trust.

4 Teaching Notes

The COVID-19 pandemic showed that companies need to be constantly adapting to new circumstances and being able to use their best abilities to get through a crisis. This case is a perfect example of that. It gives the possibility to analyze how a specific company had to adapt and what decisions it had to make in order to be able to overcome this crisis. Therefore, it is a case study that may be used by professors in class to explain some theoretical concepts using a practical example.

This chapter provides the necessary materials for the case to be used in class. Four suggestions for assignment questions and a possible answer for each of them are proposed. Students should be given the written case plus the suggested questions to solve the case. The proposed solutions might not be the only correct answer, therefore it is totally possible for other opinions and points of view to be accepted. All answers are possible, as long as they are reasonable and well supported.

Finally, the case was finished in December 2021, thus, at the moment of the resolution, information may have already change. The answers for the questions are purely based on the written case.

4.1 Synopsis

Company LifeInsur is one of the top 5 life insurance companies in Portugal and, just like any other company, it had to make certain decisions once COVID-19 became a reality. The case of this company is particularly interesting due to two aspects. Firstly, the Company LifeInsur was officially founded only a few months before the pandemic had its first big impact. Secondly, the pandemic had substantial implications in the insurance business, especially due to the number of deaths involved. Life insurance has the goal of protecting people in situations of death, therefore this business was directly affected by the pandemic. The case leads us through what strategic decisions Company LifeInsur had to take during this period and how the overall life insurance market was influenced by this disease.

4.1 Teaching Objectives

Sometimes, explaining theoretical concepts to students is not easy without providing a practical example, in order to clarify them. The goal of this case is exactly to help fixing that issue. By analyzing and solving this case, it is possible to understand several concepts in the areas of marketing, economics, finance and strategy. In the real world, all these areas are connected and this case shows that. It is not only about a specific area of study but shows how the pandemic had an impact in all of them and what decisions had to been taken regarding each of them.

In order to understand and study this case, students should be familiar with several concepts of business strategy, price strategy, competition analysis, financial markets, B2B strategy, competitive advantage and others. A good manager needs to understand about all these concepts and this case study has the goal of putting students in the perspective of a manager of a company during a crisis.

4.2 Assignment Questions

1. Explain the competitive environment of the life insurance business in Portugal and analyze Company LifeInsur's internal strengths and weaknesses and external opportunities and threats taking into consideration the effect of the pandemic.
2. How did the dynamic capabilities of the company helped it to react to the COVID crisis?
3. Analyze Company LifeInsur's resources and capabilities and define which of them can be considered sustainable competitive advantages.
4. Taking into consideration Company LifeInsur's goals for the future, provide some recommendations on how they should proceed to achieve them.

4.3 Analysis and Discussion

1. Explain the competitive environment of the life insurance business in Portugal and analyze Company LifeInsur's internal strengths and weaknesses and external opportunities and threats taking into consideration the effect of the pandemic.

There are a few steps that should be taken in order to answer this question. The first one is to analyze the competitive environment of the life insurance business using the framework of Porters Five Forces. After that, students should apply a SWOT analysis on the Company LifeInsur situation taking into consideration the impact of COVID-19. The information used on these analyses should be based on the case. However, there might be suggestions based on common sense.

As mentioned in the case, the life insurance business in Portugal is a fairly competitive one. One of the best ways to have a clear idea of how competitive it is to use the Porters Five Forces framework. The framework is composed by five forciers that influence how competitive a market can be.

Bargaining power of Suppliers – Medium

Regarding suppliers, life insurance companies do not have much to worry about. The majority of the suppliers that life insurance companies need are companies that develop programs to make the operations in life insurance products possible. The major problem is the fact that, once a company chooses a supplier, it is quite hard to change it as all the operations from that company are based on the programs offered by the supplier. Changing everything will probably take too much time and money.

Bargaining power of Buyers – Medium

The life insurance companies' costumers are people that either want to protect themselves in a situation of death or want to capitalize their investment and they have a considerable amount of power when it comes to choosing the company they want. Unfortunately for these companies, the cost of switching from one to the another is not that high. Even though these changes might bring small financial losses and some bureaucracy issues to the client, it is simple to switch from one company to the other. In addition, clients tend to look for the best deal they can find and a quick search online may provide that. Their goal is to find the products with the highest guaranties at the lowest price. On the other hand, Portuguese customers make their choices often based on trust, therefore they might be willing to choose a company due to the knowledge they have about who is selling the product rather than the price or quality of the product itself.

Threat of new entry – Medium

The threat of new entries is increasing as time goes by. Nowadays, with the technological developments, it is much easier to start a new life insurance company. Even though there are still some downsides, for instance, the fact that there are some legal requirements in order to be registered in the APS and the already strong position that most life insurance companies already have in the market, there is still space available for a disruption. People are demanding faster and more effective processes, therefore a company that is 100% online and has an effective marketing strategy can steal some market share from the existing companies.

Threat of Substitutes – Medium

There are not many substitutes for life insurance risk products. Actually, there is nothing on the market that can replace a life insurance product when it comes to its guarantees. However, people might decide to put their money into other options, namely, deposits, other investments or savings. Just the act of keeping money under the mattress may be considered a substitute.

Competition among current contestant – Medium

The case mentions 26 companies that are registered in the APS. That number already shows that there are plenty of players in this market. In addition, the top 5 companies have almost 70% of the entire market. Even though the number one company has a clear advantage over the others, a good marketing or pricing strategy may change this ~~very~~ easily. Life insurance companies are constantly trying to offer the best prices to their customers and the products with the most guarantees.

Company LifeInsur is a small company with a large amount of business and is considered the fifth company with a highest market share in Portugal. It did not reach these results by pure luck. It is a consequence of several aspects that may be denominated by the **strengths** of the company. One of them is its distribution channel. As mentioned in the case, Novo Banco is the major responsible for the excellent results that Company LifeInsur is showing during 2021. The bank has the ability of reaching over 1 million people. This is a result that not many companies can match. The relationship with Novo Banco may also be considered a strength due to the reputation of the bank. Even though the last years have not been easy for the reputation of the bank, it is still highly respected by the majority of the Portuguese population and one of the banks with the highest market share. In addition, Company LifeInsur has a very good product line. The company is able to offer a range of products that can satisfy any type of customer taking into consideration their age, health habits, risk profile and economic condition.

On the other hand, Company LifeInsur also has its **weaknesses**. Firstly, it has a lack of human-resources compared to other big companies. This can be very problematic as the company might not have the resources to develop new projects or manage the huge amount of business that the company has. Moreover, the company only uses one distribution channel. By doing that it is not able to reach any customer that are not targeted by that distribution channel. Even though Novo Banco is a very well-known bank it is not able to reach the entire population. Besides that, the fact that the company has only used one type of distribution channel can be very problematic as it narrows substantially the experience of the firm. Company LifeInsur has no experience regarding other ways of distribution, therefore, a higher investment is required in case the company decides to diversify the distribution channels.

Regarding external conditions, there are some **opportunities** in the life insurance market that Company LifeInsur can take advantage from. One of those opportunities is the constant

technological development that is happening all over the world. There are more and more companies that are dedicated to finding ways of making the communication between companies and their customers faster and more digital. Company LifeInsur can benefit from this as one of its goals is exactly to invest on the digital channel. Besides the digital channel, there are other distributors that Company LifeInsur can take into account for the future. Other distributions channels are growing inside the Portuguese market, for instance, brokers that can be a good way for the company to increase its business. The pandemic also ended up providing an opportunity that life insurance companies can explore. As mentioned in the case, people started to subscribe more risk products due to the increase on the number of deaths. However, the deaths caused by COVID-19 were from people that were mainly above 60 years old, therefore, most of them were not Company LifeInsur's clients. Basically, people are scared of dying so they subscribe to products but the probability of them actually dying is very low. This idea leads to another opportunity which is to bet on risk products. 2021 was clearly the year of financial products. They were the main focus of Company LifeInsur and Novo Banco and the reason for the good results of the year. For 2022, risk products, with the help of the pandemic, can be a good bet for the company to invest on. Lastly, the pandemic drastically changed the perspective on how operations should be done. It created the perfect opportunity to take a look at the processes, operations and old habits of the company and change them especially when it comes, for instance, to transform physical processes into digital ones. Furthermore, working from home was also a trend that arrived due to the pandemic. This trend showed to be a very positive one with articles supporting the increase in productivity of employees due to an increase in motivation. Working from home can not only be a way to keep the current employees motivated, but also a benefit offered to possible new workers.

On the contrary, the market also presents some **threats** to Company LifeInsur. Nowadays, Company LifeInsur is very dependent on Novo Banco to sell its products. As so, there is the constant threat that Novo Banco loses its power and its influence in the Portuguese market. If that happens Company LifeInsur has no way to get around the situation. Furthermore, the digital development can turn out to be a problem. Currently, Company LifeInsur does not have the technological expertise to compete against more developed companies. Therefore, if new companies arise with full digital processes, Company LifeInsur might lose some market share. Finally, even though the pandemic can be seen as an opportunity, it also carries a threat. The real power of this virus is still unclear. It is constantly changing and human beings are still to find an

accurate way to stop its negative impact. With this in mind, it is not possible to predict exactly what is going to happen and if instead of affecting and killing mainly older people, COVID-19 can shift to younger ones and, in that situation, it may turn out to be a bigger problem for Company LifeInsur.

To conclude, Company LifeInsur has clearly a solid position inside the Portuguese life insurance market. However, it is not the strongest one. By using their main strengths and capitalizing on the opportunities that are present in the market and that the pandemic brought, it can keep growing its market share. Obviously, the company needs to try and fix the problems they have and pay special precaution to the what the future brings especially when it comes to not being surpassed by other companies in the technological field.

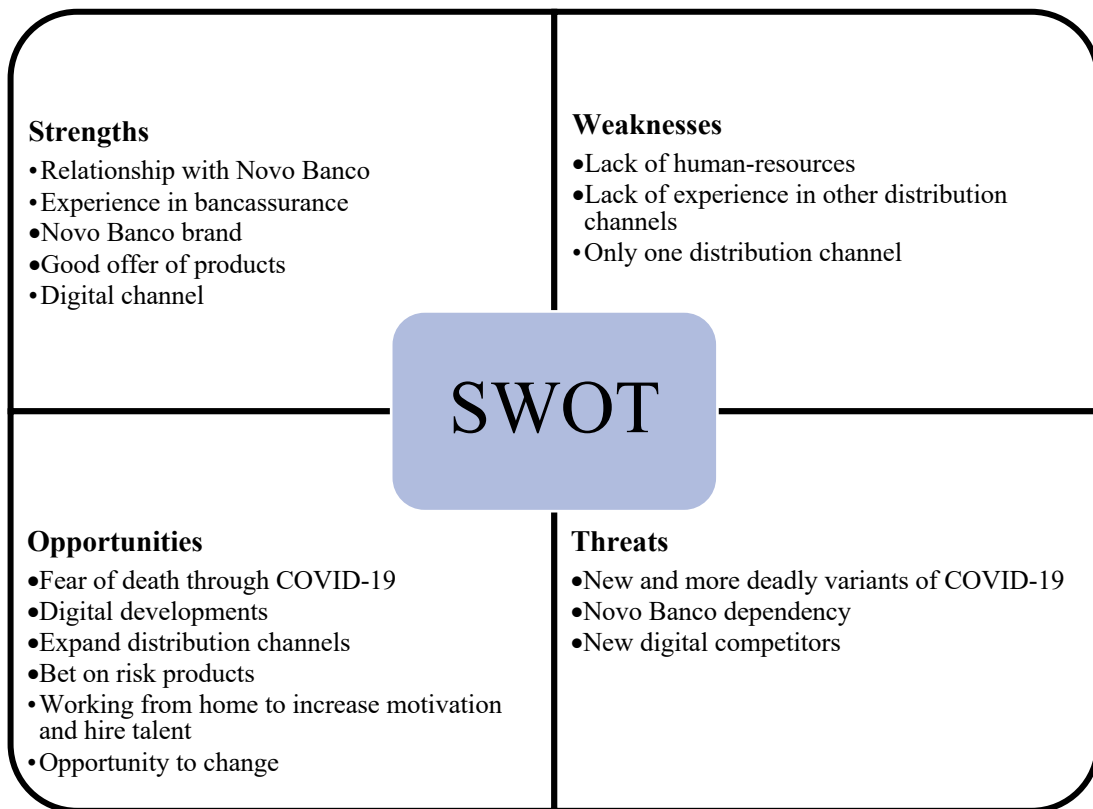


Figure 1 SWOT Analysis

2. How did the dynamic capabilities of the company helped it to react to the COVID crisis?

One of the most important aspects to answer this question is to have prior knowledge about what dynamic capabilities are and how to analyze them. Dynamic Capabilities are a complement of the RBV as it is considered inadequate for changing environments. The pandemic was exactly an

example of that. It was an exogenous factor that completely changed the environment, therefore, the concept of dynamic capabilities is especially important in this situation.

The goal of this question is for students to analyze what dynamic capabilities Company LifeInsur used to adapt to the pandemic using Barreto's definition. Barreto's definition of dynamic capabilities focus on four propensities which are to sense opportunities and threats, to make timely decisions, to make market-oriented decisions, and to change the firm's resource base.

Starting by the propensity to sense opportunities and threats, Company LifeInsur was able to explore COVID-19 to increase their sales. As mentioned in the case, people started to fear COVID-19 due to the number of deaths that it was causing. However, based on the statistics the majority of the people dying were above 60 years. A person can only subscribe a Company LifeInsur product until they are 65. Therefore, Company LifeInsur was able to use the fear of death to incentivize people to subscribe their products knowing that the probability of those people actually dying was very low. The company launched new products that covered for death by COVID-19 and use the virus has a marketing strategy. The idea was to tell people the risks of dying from the disease, but the company knew that the chance of that happening was very low. In addition, Company LifeInsur was able to understand that if Novo Banco agencies were going to close or at least have a limited number of people inside, the company needed a different way to reach its customers. For that reason, the company created a digital channel through Novo Banco, where customers could subscribe to Company LifeInsur products through the Novo Banco's website.

Regarding the propensity to make timely and market-oriented decisions, Company LifeInsur was able to react quickly and send every employee to work from home. It was something that the company was not expecting at all and did not have the conditions prepared to do it. However, it was able to take decisions needed to do it. Furthermore, the company had to adapt the way how they manage their distribution channel. If, before the pandemic, the commercial team was able to visit all agencies and train them, now this was not possible. Company LifeInsur had to find new ways of keeping contact with the Novo Banco agencies through calls or online meetings.

Finally, the propensity to change the firm's resource base was shown through the decisions of increasing the product line. Company LifeInsur launched new products that had better conditions for their clients as the company believed it was something that needed to be done to gain more customers. In addition, as mentioned before, Company LifeInsur created a digital channel to sell

their products. Before the pandemic, the only way that customers had to subscribe to Company LifeInsur's products was by going to a Novo Banco's agency. Nowadays, the client just needs to go to Novo Banco's website or app and subscribe directly.

To sum up, the constant changes in the environment due to the COVID-19 pandemic led Company LifeInsur to quickly adapt in order to respond to exogenous factors. The company had to gain new dynamic capabilities by applying the four propensities mentioned in the dynamic capabilities concept.

3. Analyze Company LifeInsur's resources and capabilities and define which of them can be considered sustainable competitive advantages.

The main goal of this question is to understand whether Company LifeInsur has or not any sustainable competitive advantage. In order to do it, it is required to understand the concepts of sustainable competitive advantage, resource-based view and the VRIO framework. Students should take a look at the most important resources and capabilities of the firm in question and analyze the ones that are sustainable competitive advantages.

The resource-based view analyzes a firm through its resources. It states that the performance of the company is the result of their correct exploitation. A resource that is correctly exploited may become a sustainable competitive advantage. However, in order to be considered one, it must comply with the VRIO framework. This framework characterizes a resource as a sustainable advantage if it is valuable, rare, inimitable and organized.

Regarding the resources, two of them that can be considered sustainable competitive advantages:

Distribution Channel

Company LifeInsur has an agreement with Novo Banco for the distribution of its products. Novo Banco has a huge network of branches all over the country that is able to reach over 1,4 million clients. Any product that is offered by the bank will automatically reach a very large number of possible customers. Company LifeInsur is the only life insurance company, at the moment, that can offer its products through Novo Banco. This resource can be considered a sustainable competitive advantage due to the fact that it complies with the VRIO Framework. It is valuable as it brings a lot of business to the company. It is rare as a such a distribution channel like this is not

easy to find. It is inimitable since it would be nearly impossible for any company to copy this distribution channel and it is organized as the entire company was built around this resource.

Novo Banco Reputation

Novo Banco is one of the most recognized banks in Portugal. Even though it was only created in 2004, it is the result of the end of BES, which was created in 1920; everyone still associates both brands to the same bank and it has a huge influence in the Portuguese market. Besides the last few years being harsh on the bank reputation it still respected in the Portuguese market. This reputation is very valuable for Company LifeInsur as the bank is the face of its products. In addition, it is rare, as it is very hard to achieve such an outstanding reputation as Novo Banco. It is also inimitable as Novo Banco's reputation was built through many years and cannot be copied. Finally, it is organized as the company builds its strategy around the bank and is betting on its ability to sell their products.

Capabilities can also be considered sustainable competitive advantages. However, a capability is always considered to be organized, therefore if it is valuable, rare and inimitable, it can be considered a sustainable competitive advantage. During the case, there is one capability described that can be considered a sustainable competitive advantage which is:

Ability to use their distribution channel to beat competition

It was mentioned several times during the case, the importance of Novo Banco's distribution channel in order for Company LifeInsur to sell their products. Something that needs to be taken into account is how Company LifeInsur was able to use it in order to show one of the biggest increases in sales of unit-link products. It is very hard to believe that a different company with the same distribution channel as a resource would be able to show the same results. For sure, this capability is very valuable as it was the major reason for the company's success in 2021. It is also rare as companies with similar distribution channels were not able to get the same results. Finally, it is inimitable as it would be very hard for a different life insurance company to be able to achieve the same results using the same distribution channel.

4. Taking into consideration Company LifeInsur's goals for the future, provide some recommendations on how they should proceed to achieve them.

The main goal that Company LifeInsur has is to become one of the top 3 firms in Portugal. In order to achieve it, the company needs to keep growing and reach more clients by expanding to different

distribution channels. The case discusses several possibilities that Company LifeInsur can choose from. The goal of this questions is for students to analyze those options and decide which of them makes more sense taking into consideration the current way that Company LifeInsur has of making business, their capabilities and the investments needed to go for each of the options. This is a question that is more open in the sense that there are no wrong answers as long as they are properly supported. However, some possibilities are more adequate than others.

Company LifeInsur has been through a restructure and right after that a huge pandemic, therefore it is hard to say that the company is already in a stable position. Taking this into consideration the best recommendation, at least in the short run would be to keep doing what they do best, use their current capabilities in the best way possible and try to foster their position in the Portuguese market. Nowadays, the best resource that Company LifeInsur has is their agreement with Novo Banco. It is the only distribution channel that the company uses, therefore the main responsible for their current results. This channel needs to keep being used during the next years. Even if Company LifeInsur decides to use other distributors, the relationship with Novo Banco will remain an excellent asset. Actually, there is still room for improvement. Processes can still be more effective and the digital channel can be more developed.

A good recommendation would be to stay in the bancassurance market. Most banks in Portugal are institutions that are very respected by the population, therefore they are a very easy way to get people's trust. If Company LifeInsur could put its products in other banks, it would be a great step to increase market share. However, it would be very hard to do it as most big banks in Portugal already have their own life insurance company.

Another good recommendation would be to keep investing in the digital channel. Nowadays, more and more people are using their phones and computers to buy products and life insurance could be one of those. A direct channel like a website could be a great way to reach more customers. One way to do it could be investing in producing an actual platform for clients to use or acquire a company that already has good technological advancements.

Some recommendations that might not be so advisable are to create a new distribution channel. If Company LifeInsur decides to invest in their own agencies to sell their products it would require a huge investment with probably not a good turnover. Creating a distribution channel requires having

agencies, people to work there and a good after sale support. Company LifeInsur would have to start everything from the ground, which is probably not feasible.

To sum up, there are many ways that Company LifeInsur may choose in order to grow their market share. Some of them look more attractive than others, but all of them have some advantages.

5 Conclusions and Limitations

The main goal of this dissertation was to provide a case-study where some theoretical concepts could be used in a practical situation. The COVID-19 crisis was unexpected, therefore the world had to adapt to a completely different reality. Therefore, it was the perfect opportunity to choose a specific company and analyze its behavior throughout the first years of the pandemic.

The choice of Company LifeInsur is very interesting for one particular reason. Not only the company had to make strategic decisions and adapt to the pandemic, but also it had just changed its shareholders. It is normal that when a company is bought it goes through some changes, therefore doing it right before a crisis makes the process a lot harder. The company belonged to Grupo Novo Banco, thus there were several areas that shared processes. After the sale, a huge project of carve-out had to be made. All this process was going to be difficult and very time-consuming and the pandemic did not help at all.

This case goes through some of the decisions made by the Company LifeInsur during the pandemic. It starts by introducing the company and the life insurance business in Portugal and, afterwards, it analyses the impact of the pandemic and how Company LifeInsur managed the situation. The case goes through the decisions that were made in two major areas: human-resources and marketing and commercial. At the end, it discusses what the goals for the future of Company LifeInsur are. To sum up, the case shows how companies must be continuously adapting as the environment around them is very volatile.

Nevertheless, just like any other work, this dissertation has its limitations. First of all, most of the information used during the case-study was based on interviews and discussions with employees. Naturally, spoken words are always subject to interpretation, therefore it is possible that, if this work was to be developed by a different person, the results would be different. In addition, it is impossible not to be somewhat biased on the success of the measures taken by the company to overcome the pandemic as throughout the work a connection is made between the company and the writer. Finally, as mentioned above, in the current context, everything is constantly changing, therefore, when analyzing this case, it is crucial to take into consideration the interval of time that the dissertation was made on.

Hopefully, this case will be helpful for professors and students all around the world.

6 Appendix

Savings Products			
PPR		Capitalization Product	
Guaranteed*	Unit-Linked	Guaranteed*	Unit-Linked

*Products not commercialized at the moment

Table 1 Savings Product Line, Source: Own Table

Risk Products			
Linked to Credit		Stand-Alone	
Mortgage	Personal Loan	Family Protection	Personal Protection

Table 2 Risk Product Line, Source: Own Table

(Thousand euros)	30 June 2021	30 June 2020	Var
Total	269 074	143 139	88,0%
Portugal	269 041	143 108	88,0%
Risk	28 703	28 576	0,4%
Life Annuities	31	20	59,2%
Other Risk Products	28 672	28 556	0,4%
Financial	240 339	114 532	109,8%
Capitalization Products	158 088	29 023	444,7%
Not Linked to Investment Funds	1 148	7 948	-85,6%
Linked to Investment Funds	156 940	21 075	644,7%
PPR	82 250	85 509	-3,8%
Not Linked to Investment Funds	7 681	81 363	-90,6%
Linked to Investment Funds	74 569	4 146	1698,7%
Spain	32	31	3,5%

Table 3 Company LifeInsur's production, Source: Company LifeInsur's First Semester Report 2021

(Million euros)	2013	2014	2015	2016	2017	2018	2019	2020	Sep/2021
Life	9 248	10 439	8 671	6 676	7 090	8 115	6 994	4 559	5 363
Not Life	3 855	3 849	3 993	4 200	4 490	4 827	5 209	5 363	4 273
Total	13 104	14 288	12 664	10 876	11 580	12 942	12 203	9 922	9 637

Table 4 Insurance Production in Portugal 2013-2020, Source: APS report

	2020*	2019*	Growth Rate	Market Share	
Total	4 558,88	6 993,58	-34,8%	2020	2019
Company 1	1 169,26	1 653,04	-29,3%	25,6%	23,6%
Company 2	705,18	1 271,05	-44,5%	15,5%	18,2%
Company 3	538,42	830,84	-35,2%	11,8%	11,9%
Company 4	426,32	672,55	-36,6%	9,4%	9,6%
Company 5	290,24	591,29	-50,9%	6,4%	8,5%
Company 6	214,30	244,16	-12,2%	4,7%	3,5%
Company 7	181,85	266,09	-31,7%	4,0%	3,8%
Company 8	176,46	183,21	-3,7%	3,9%	2,6%
Company 9	128,31	469,75	-72,7%	2,8%	6,7%
Company 10	95,78	129,98	-26,3%	2,1%	1,9%
Company 11	94,34	123,20	-23,4%	2,1%	1,8%
Company 12	89,28	75,78	-17,8%	2,0%	1,1%
Company 13	87,85	103,95	-15,5%	1,9%	1,5%
Company 14	73,28	58,35	25,6%	1,6%	0,8%
Company 15	71,30	65,91	8,2%	1,6%	0,9%
Company 16	59,25	90,07	-34,2%	1,3%	1,3%
Company 17	39,58	40,25	-1,7%	0,9%	0,6%
Company 18	35,33	39,32	-10,1%	0,8%	0,6%
Company 19	21,37	25,50	-16,2%	0,5%	0,4%
Company 20	17,87	19,64	-9,0%	0,4%	0,3%
Company 21	17,50	15,66	11,7%	0,4%	0,2%
Company 22	10,75	11,57	-7,0%	0,2%	0,2%
Company 23	4,98	4,47	11,5%	0,1%	0,1%
Company 24	4,55	3,94	15,6%	0,1%	0,1%

Company 25	4,43	2,58	71,2%	0,1%	0,0%
Company 26	1,10	1,42	-22,3%	0,0%	0,0%

*Million euros

Table 5 Life Insurance Companies working in Portugal 2020, Source: APS report

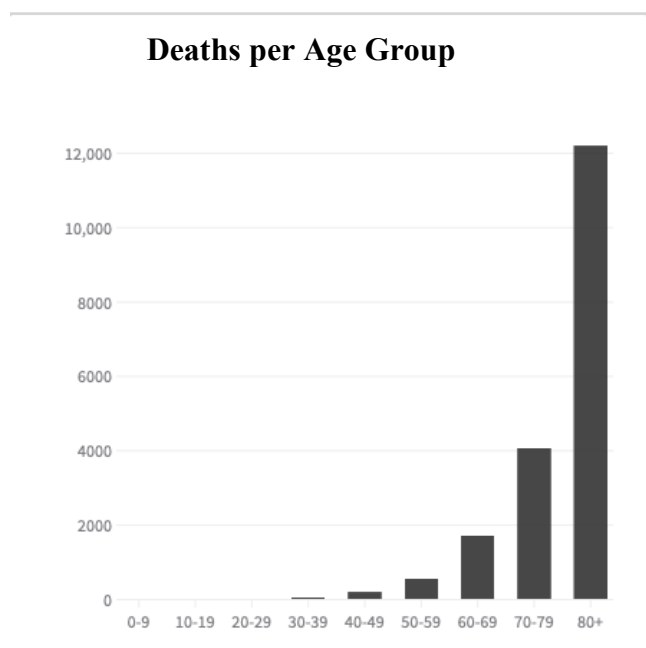


Figure 2 Number of deaths per Age Group in Portugal on the 18-12-2021, Source: Rádio Renascença website

Portugal	
Confirmed Cases	1.220.836
Hospitalized People	905
Recovered People	1.131.643
Deaths	18.753

Table 6 Number of confirmed cases, hospitalized people, recovered people and deaths in Portugal on the 18-12-2021, Source: Rádio Renascença website

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