

MANAGING EXCHANGE RATE RISK case study solution



Brand: Mehta Solutions

Product Code: case60

Weight: 0.00kg

Price: Rs500

Short Description

MANAGING EXCHANGE RATE RISK case study solution

Description

MANAGING EXCHANGE RATE RISK

The Bronson Insurance Group was originally founded in 1900 in Auxvasse, Missouri, by James Bronson.

The Bronson Group owns a variety of companies that underwrite personal and commercial insurance

policies. Annual sales of the Bronson Group are \$100 million. In recent years, the company has suffered

operating losses. In 1990, the company was heavily invested in computer hardware and software. One of

the problems the Bronson Group faced (as well as many insurance companies) was a conflict between

established manual procedures and the relatively recent (within the past 20 years) introduction of

computer equipment. This conflict was illustrated by the fact that much information was captured on

computer but paper files were still kept for practical and legal reasons.

FILE CLERKS

The file department employed 20 file clerks who pulled files from stacks, refilled

used files, and delivered files to various departments including commercial lines, personal lines, and claims. Once a file clerk received the file. Clerks delivered files to underwriters on an hourly basis throughout the day. The average file clerk was paid \$8,300 per year. One special file clerk was used full time to search for requested files that another file clerk had not been able to find in the expected place. It was estimated that 40 percent of the requested files were these “no hit” files requiring a search. Often these “no hit” files were eventually found stacked in the requester’s office. The primary “customers” of the file clerks were underwriters and claims attorneys.

UNDERWRITING

Company management and operations analysts were consistently told that the greatest problem in the company was the inability of file clerks to supply files in a speedy fashion. The entire company from top to bottom viewed the productivity and effectiveness of the department as unacceptable. An underwriter used 20-50 files per day. Because of their distrust of the files department, underwriters tended to hoard often used files. A count by operations analysts found that each underwriter kept from 100-200 files in his or her office at any one time. An underwriter would request a file by computer and work on other business until the file was received. Benson employed 25 underwriters.

MANAGEMENT INFORMATION SYSTEM

Upper management was deeply concerned about this problem. The MIS department had suggested using video disks as a possible solution. A video disk system was found that would be sufficient for the

Semester II Examination Papers

IIBM Institute of Business Management

companies needs at a cost of about \$12 million. It was estimated that the system would take two years to install and make compatible with existing information systems. Another, less attractive was using microfilm. A microfilm system would require underwriters to go to a single keyboard to request paper copies of files. The cost of a microfilm system was \$5 million.

- 1. What do you recommend? Should the company implement one of the new technologies? Why or why not?**
- 2. An operations analyst suggested that company employees shared a “dump on the clerks” mentality. Explain.**

Details

- 1. Case study solved answers**
- 2. pdf/word in 24-48 hrs**
- 3. Fully Solved with answers**