

Insuring the Promise of a Lifetime

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Block 6 Team 3

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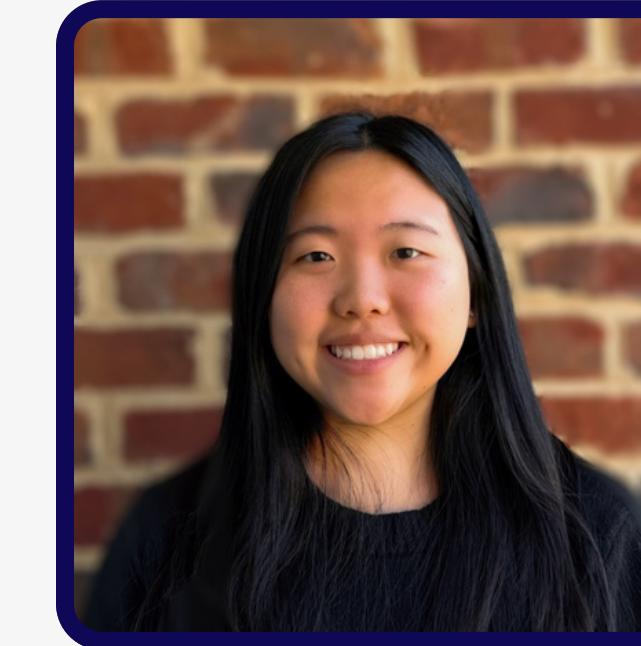
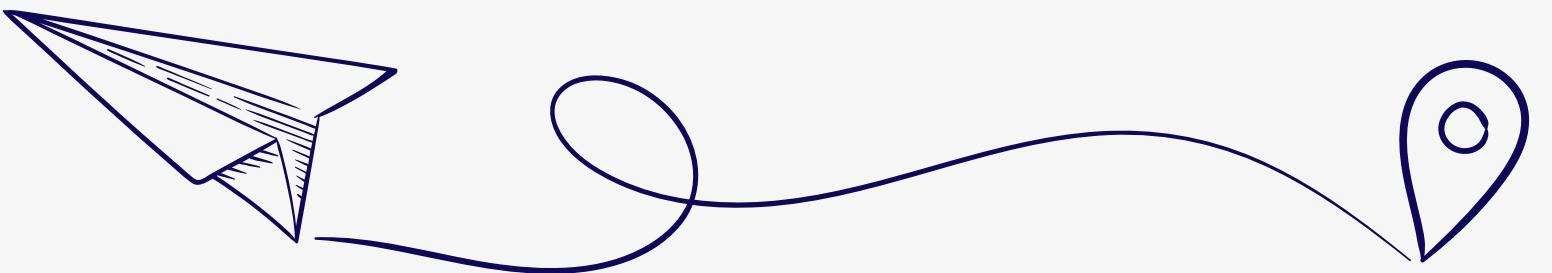


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Meet the Team



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Executive Summary: Create new insurance products that capture new customer segment

The wedding insurance industry presents a high level of opportunity. By creating wedding event protection policies and group policies for traveling guests, Allianz will strengthen its current strategy of peace of mind.



Allianz can build out the B2C channels by integrating new products into existing web and app products. Additionally, partnering with third-party wedding planners provides a B2B2C channel through which potential customers can be captured.



In order to capture the younger and more specific customer demographic for this initiative, Allianz should increase the power of their social media presence and focus marketing efforts on storytelling and customer education.





Proposal:
New products can reach an
untapped customer segment

Allianz should create new policies aimed at couples getting married

Wedding insurance policies

Cancellation and deposit

- vendor issues
- weather problems

Event liability

- property damage to venue
- alcohol hosting laws

Special coverage

- damages to personal property

Group travel insurance

For guests who are traveling to attend the wedding

- group policy features
- managed by hosts

Min. number of people required

- encourages volume

Especially beneficial for destination weddings



Weddings remain the first major milestone of couples' lives

2.4 million weddings in 2022

10% purchased wedding insurance

\$30k average spent on a wedding



The wedding insurance industry is highly fragmented, leaving untapped opportunities

Major competitors include Wedsure, Event Helper, WedSafe, Travelers, and Markel who provide plans based on the wedding size and cost, location, budget. Wedsure even includes a change of heart service.



\$150-200 average base rates for competitors and covers both liability and cancellation



Introduction

Proposal

Implementation

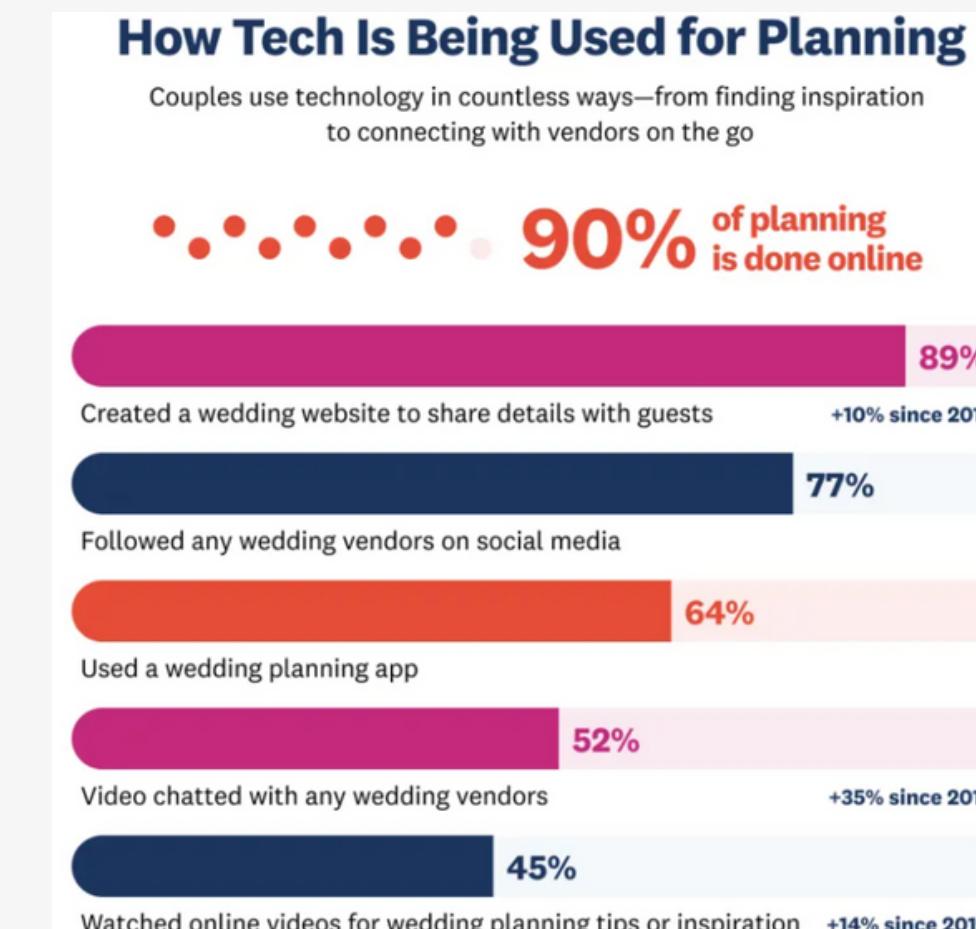
Marketing

Financials

Next Steps

Current trends are beneficial to increasing customer needs

An increasing amount of venues requires liability insurance coverage from the couples which could boost future sales for Allianz.



Online wedding planning provides window for successful marketing campaign, better B2C model and communications with potential customers.

Allianz can utilize its current strategy by providing couples with peace of mind

Allianz emphasizes convenience, variety of service selection which can be extended and accomplished through this new plan and reach untapped segments.

10% increase in wedding spending over the past 5 years.

Additionally, Allianz's main value proposition is to provide customers with a peace of mind, something couples planning weddings who are risk adverse would highly value.





Implementation:
Utilize existing and new
channels to reach customers

Create 3 tiers to segment by price and coverage needs

Based on the top paid wedding insurance claims of 2022, Allianz should create 3 tiers of wedding insurance:

Wedding Basic:

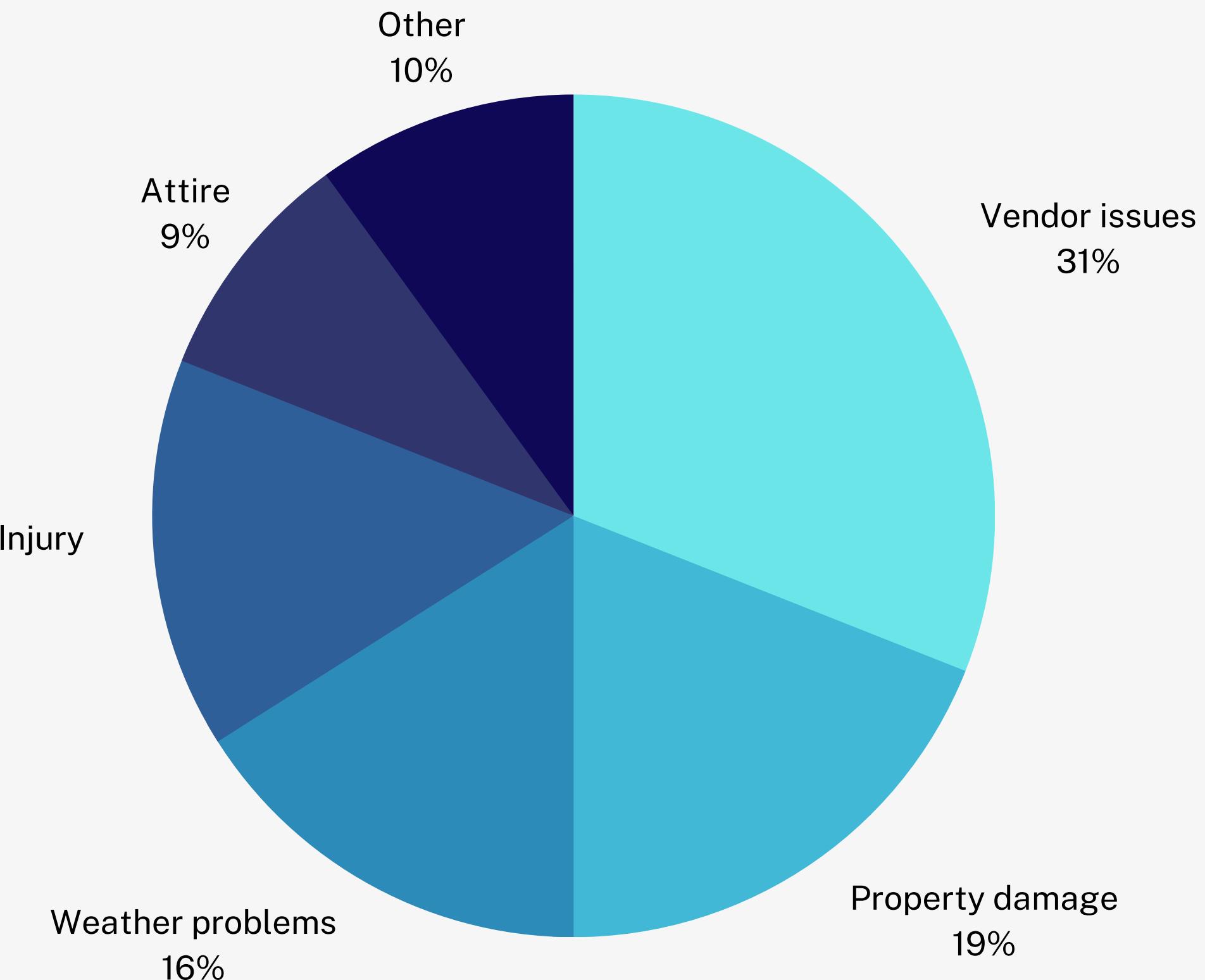
- cancellation and deposit insurance (vendor issues)

Wedding Prime:

- Wedding Basic, plus event liability (property damage)

Wedding Premium:

- Wedding Prime, plus special coverage (ruined personal property/attire)



Conduct market research to determine policy features

In addition to the features listed below, Allianz should invest in additional market research to see which specific policy features are most desired by consumers

Wedding Basic (cancellation and deposit insurance)

- Cancellation or postponement - \$15000
- Extra expense - \$3000
- Photograph and video - \$1500
- Professional counseling (wedding planner) - \$600
- Loss of deposit - \$1500

Wedding Prime (property damage)

- General liability
- Host Liquor Liability
- Medical payments - \$5000



Wedding Premium (specialty insurance)

- Special attire - \$1500
- Special jewelry - \$1500
- Gifts - \$1500



Build group rate functionality to insure guests' travel plans



The wedding hosts can send invitees a code or link that guests can then use to purchase travel insurance for their travel to the wedding. Guests will have access to a group rate and all of the preferred travel policy features designated by the hosts.

There will be a minimum purchase requirement in order to create the group plan (ex. 10 or more policies purchased).

This option will help hosts to keep track of guests' travel plans and ensure that their loved ones and guests can arrive safely. Especially for destination weddings, hosts having the ability to encourage travel insurance for their guests will improve peace of mind.



Integrate new policies into online direct-to-consumer booking path

Allianz should invest in web development to create a seamless buying and quote experience. It should be easy for buyers to compare and select the right plan for their needs.

Find the Right Travel Insurance Plan for You

Whether you're traveling for leisure or business, you'll appreciate the benefits and coverage Allianz Travel Insurance plans can provide. With 24/7 support from our travel professionals around the world, we helped over 70 million people last year to protect themselves from the unpredictable.

[ALL PLANS](#) [SINGLE TRIP](#) [ANNUAL / MULTI-TRIP](#) [WEDDING](#)



WeddingBasic Event Protector

In most states, WeddingBasic Event Protector can provide primary coverage for covered cancellations and postponements.

[LEARN MORE](#)



WeddingPrime Event Protector

In addition to the benefits offered by WeddingBasic, WeddingPrime Event Protector also provides general liability coverage and medical payments.

[LEARN MORE](#)



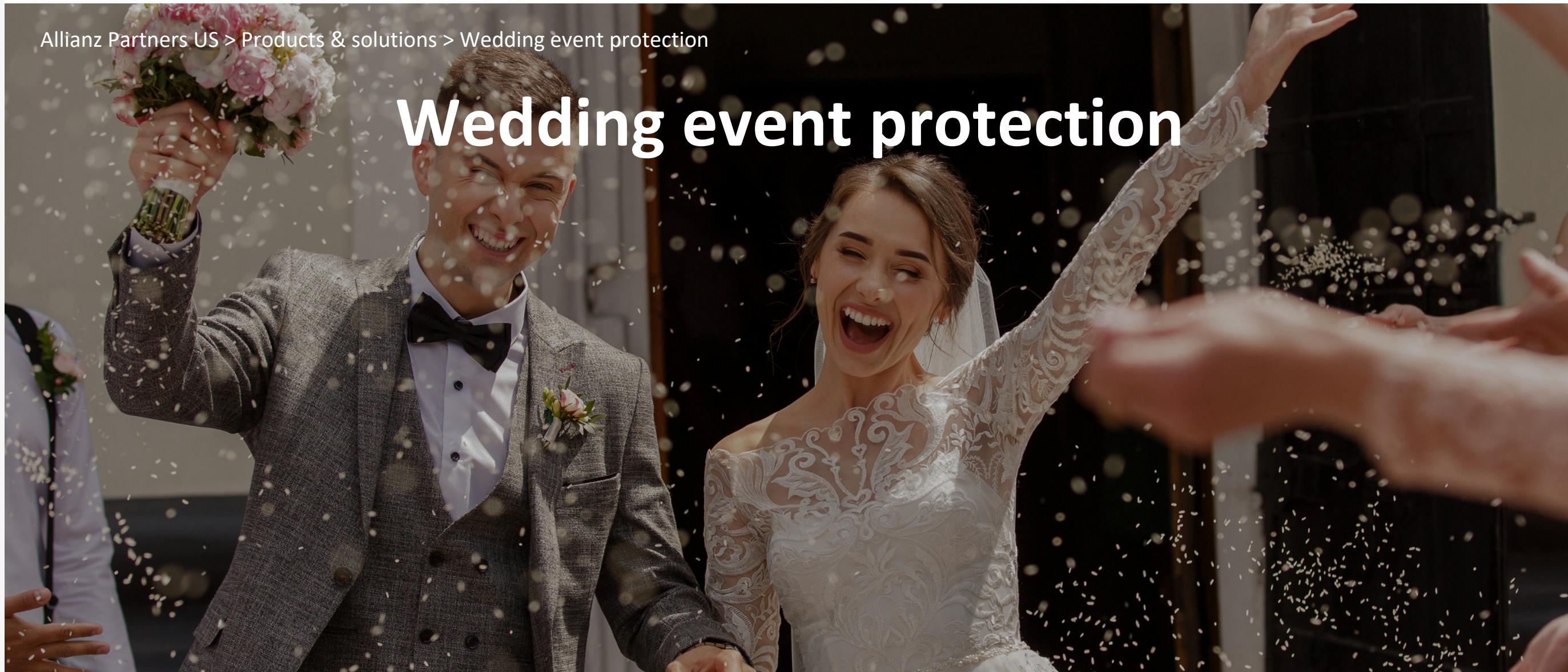
WeddingPremium Event Protector

WeddingPremium adds another layer of protection beyond the features of WeddingPrime, with specialty insurance covering jewelry, attire, and gifts.

[LEARN MORE](#)

An updated product webpage will be a source of information and customer conversion

Adding this page to the Allianz Partners site will be a means of communicating the benefits and details of Allianz's wedding insurance offerings.



Whether it's managing reservations and deposits, ensuring the safety of all of your guests, or keeping track of jewelry and gifts, the stress of wedding planning adds up. Learn how we help our customers protect the most special day of their lives from the unexpected with

our **Wedding Event Protector** products.



New app features will complement the new policy options

requires brand new feature development

Group policy tracker

Using this feature, hosts can track which guests have been invited to the group policy, and which have purchased insurance with the group policy. Guests can also add travel information and dates of arrival to the wedding location.

increase customer peace of mind

requires integration with existing feature

Wedding policy information page

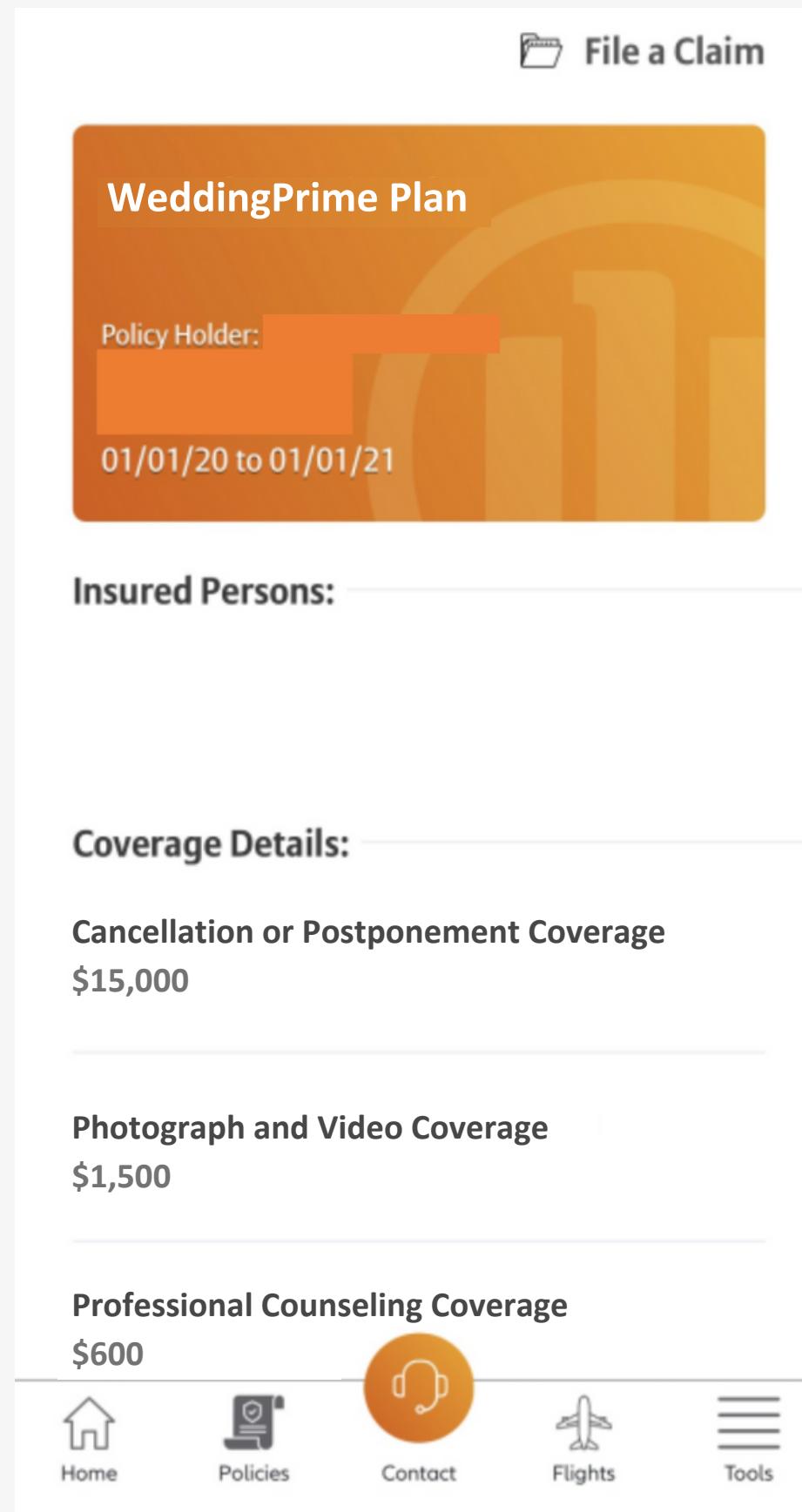
This will allow hosts to easily reference which parts of their wedding are covered with their purchased policy.

increase customer education

Claim filing functionality

Allows hosts to file claims easily from their device.

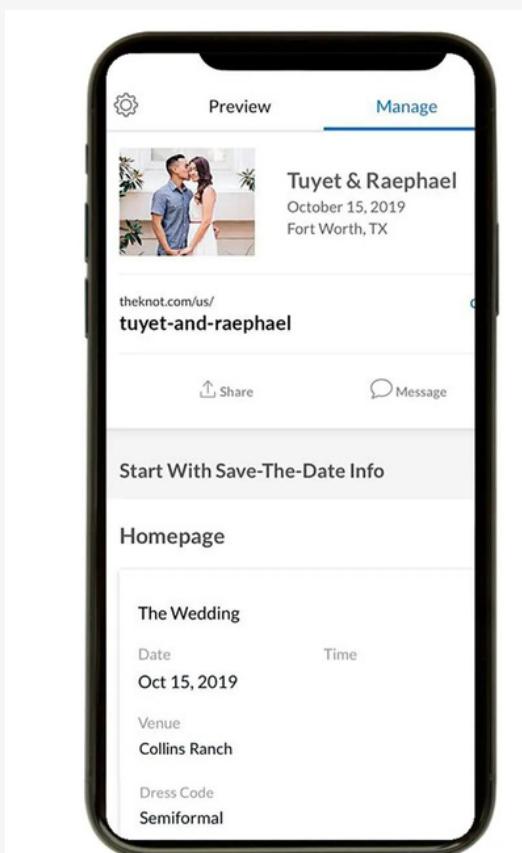
increase customer convenience



Other than B2C, Allianz should partner with third-party wedding planners to expand channel distribution

A rising number of Gen Z couples who are tech savvy and prefer to DIY their weddings

could be reached through various social media ads and marketing campaigns, which could potentially lower the CAC.



Collaborate with wedding planning apps to target couples who are dedicated and willing to pay a little extra on top of their expensive weddings to make sure they get their money's worth of security.

Wedding Associations

Though it is difficult to reach individual planners as there are many individuals, there are associations to help Allianz build connections and database.



AMERICAN ASSOCIATION OF CERTIFIED WEDDING PLANNERSSM



NATIONAL ASSOCIATION *of*
WEDDING PROFESSIONALSTM



Marketing:
Create a campaign that conveys
value and educates customers

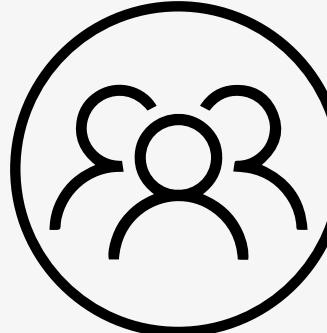


New marketing campaign: **Protect Your Special Day with Allianz Partners Wedding Insurance**

Planning a wedding is one of the most important events in your life, but it can also be stressful. You've probably invested a lot of time, money, and effort to make your day perfect. But what if something goes wrong? That's where Allianz Partners wedding insurance comes in. Our comprehensive coverage can remove the risk and add peace of mind to your special day.



These new policies will target a specific customer demographic



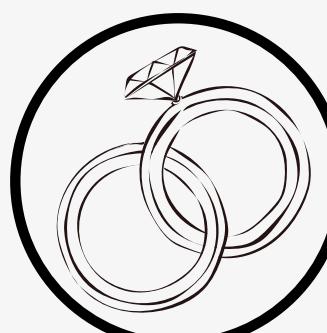
In 2021, there were 1,985,072 marriages in the United States. In 2022, for every 1,000 unmarried adults in the country, 34 got married.



Statistically, most weddings are planned by women. This means that Allianz may benefit from targeting its campaign towards women.



In 2021, the national median age of first marriage was about 29.2 years old, which is younger than Allianz's current demographic.



Within the United States, Alaska and Utah are the states with the highest marriage rates.



Allianz currently has a low social media presence, which makes it difficult to reach a younger demographic



Instagram

13.8K followers
716 posts

@allianztravelus primarily posts picture and video advertisements, with minimal interaction. Several commentors have posted unanswered questions and unmoderated reviews.



Twitter (X)

11.2k followers

@AllianzPartners posts upcoming events taking place, news stories, and guest speaker clips. Few of the posts are about specific products or policy benefits, and the majority of posts are about the company as a whole.



Pinterest

2.1k followers

Allianz Travel's Pinterest account has several attention grabbing pins that provide an answer or more detail through a link to their website.

Use social media platforms to Target for Allianz

Partners Wedding Insurance

1

Pinterest

2

TikTok

3

Instagram

4

Reddit

Demographic: Pinterest is popular among users who are looking for inspiration and ideas for various aspects of their lives, including weddings.

Importance: Users on Pinterest can search for wedding-related content, creating boards with ideas for dresses, venues, decorations, and more. It's a platform where individuals plan and visualize their dream weddings, making it an ideal space for promoting wedding insurance.

Demographic: TikTok has a predominantly young user base, with a significant portion being millennials and Gen Z.

Importance: TikTok's short video format allows for creative and engaging content. Wedding-related challenges, tips, and humorous scenarios related to wedding mishaps can be showcased, capturing the attention of the younger demographic and creating awareness about the importance of wedding insurance.

Demographic: Instagram is widely used across many ages but is particularly popular among millennials and Gen Z.

Importance: Instagram is a visual platform, making it suitable for showing the beautiful moments of weddings and the potential risks involved. Utilizing Instagram Stories, Reels, and posts can help reach the target audience and promote the need for wedding insurance through aesthetically pleasing and informative content.

Demographic: Reddit has a diverse user base with various niche communities, including those focused on weddings.

Importance: Reddit is a platform for in-depth discussions and questions. Participating in relevant wedding or insurance allows Allianz Partners to directly engage with users seeking advice, sharing information about the benefits of wedding insurance, and addressing concerns within the community.

Allianz can utilize influencer sponsorships and wedding planning apps & websites



For customers who DIY their weddings, most use planning apps & websites. By placing ads and potentially collaborate with these companies, Allianz can ensure an efficient cost of acquisition, since users of the apps are the targeted segment of wedding insurance clients.

Travel influencers often have followers who are interested in destination weddings and travel experiences.

Partnering with them allows Allianz Partners to reach a targeted audience that is more likely to consider wedding insurance.

Influencers build trust with their audience. An influencer's recommendation of Allianz Partners Travel Wedding Insurance can carry more credibility among their followers.



CARATS & CAKE

BRIDES



Convey product value through storytelling and visualization of needs

Allianz Wedding Insurance

X | Search

Experience the magic of your wedding day worry free with Allianz Partners wedding insurance.

Allianz

Regulatory information | Privacy Notice

Allianz Partners | Allianz Wedding Event Protection

Subscribe

Like 2 | Dislike

Share | Clip | Save

Introduction > Proposal > Implementation > Marketing > Financials > Next Steps

Emotional Storytelling:

Real-life Scenarios: Depict relatable wedding scenarios, both joyful and challenging.
Happy Endings: Highlight how wedding insurance can turn unexpected challenges into positive outcomes, ensuring that the couple's special day is still memorable.

Visualizing the Journey:

Showcase various stages of wedding planning with a focus on potential risks, emphasizing the need for protection.

Customer Testimonials:

Feature testimonials from couples who have experienced unexpected challenges and were grateful for the support provided by Allianz Wedding Event Protection.

Memorable Tagline:

Brand Message: Use the tagline, “Insuring the promise of a lifetime”



Marketing

Focus the campaign on improving customer education

Say 'I do' to peace of mind with Allianz Partners Wedding Insurance.



Benefits and Coverage:

Provide clear information about the coverage offered. Share examples of how specific coverage features have been beneficial in real wedding scenarios.

Engaging Graphics:

Include visual representations that show potential risks and how wedding insurance provides peace of mind.

Call to Action:

Prompt viewers to visit the website, request a quote, or contact Allianz Partners for more information.





Financials:
Financial forecasts indicate
strong returns but lack scale

Wedding and Guest Travel Insurance Generates an Anticipated SOM of \$11 million

TAM is estimated based on 10% of the 2.4 million yearly marriages being insured at an average cost of \$14,598

The average wedding has 167 guests. We estimate 20% travel from out of town for an average cost of \$460

TAM		
Wedding Protection	Guest Travel Protection	
\$189,312,223.05	\$7,688,133.97	
SOM		
Wedding Capture Rate Range	Guest Capture Rate	Total SOM
4%	15%	\$8,495,065.00
5%	20%	\$11,003,237.95
6%	25%	\$13,665,173.57

Pro Forma Income Statement is based on an Accelerated 5-Year Sales Growth Schedule

	Sales Growth Projections				
Year	1	2	3	4	5
Sales Growth	0.00%	3.00%	4.00%	5.00%	7.00%
Total	100.00%	103.00%	104.00%	105.00%	107.00%

	Base Case Assumptions
Loss Rate	40%
% of Sales through Partner	50.00%
Commission Rate (% of sale price)	12.50%
Other Variable Costs (% of sales)	20.00%
Fixed Expenses (% of sales)	10%
Efficiency in OWNC	96.00%
ONWC as percent of sales	3.66%
Tax Rate	21.00%

Highlighted Variables Are Tested In Sensitivity Analysis, as well as alternate sales growth schedules.



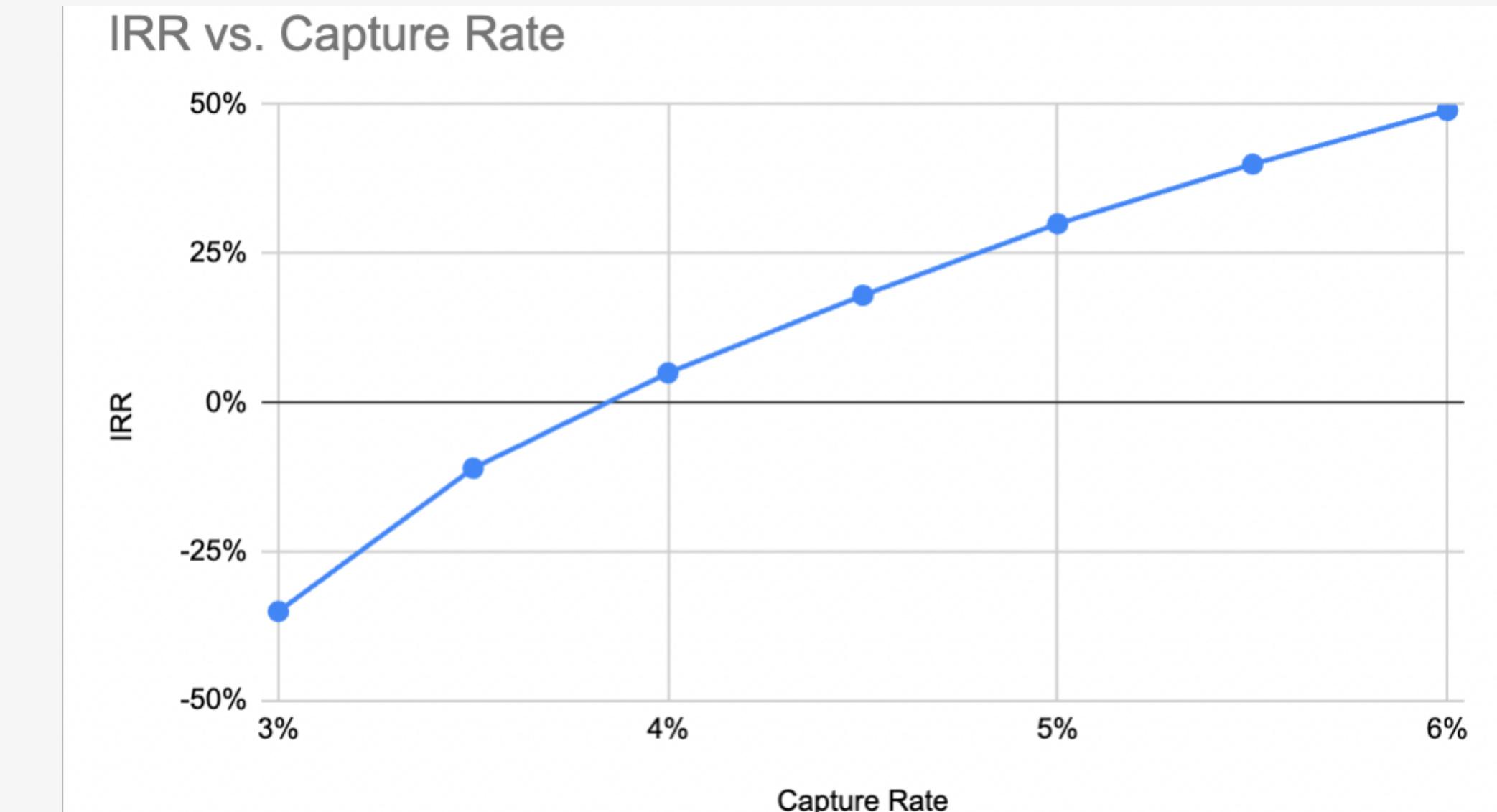
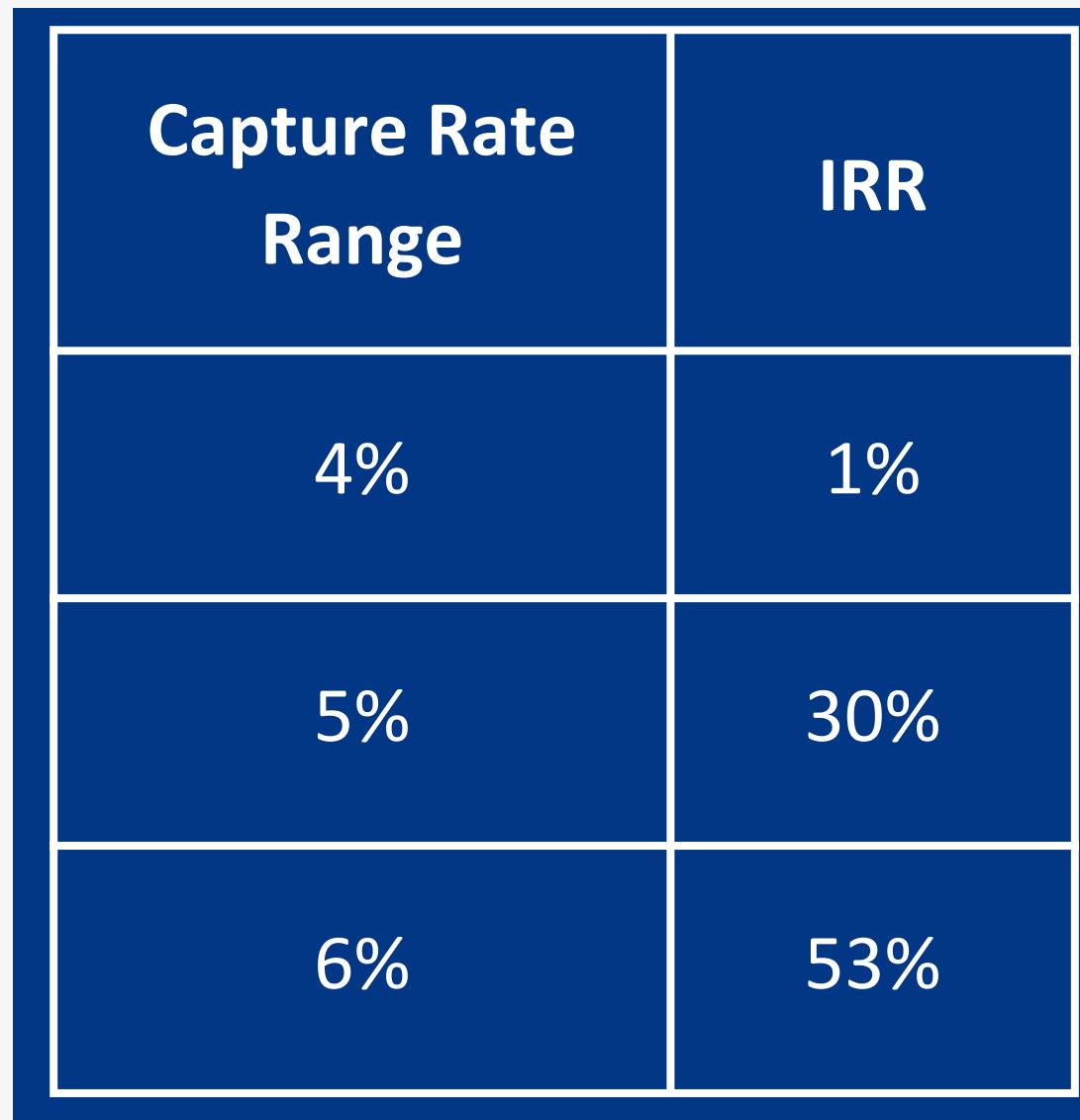
Base Case with a 5% Capture Rate Generates 30% IRR

Valuation							
Year	2023 Development		2024	2025	2026	2027	2028
Revenue	\$	-	\$ 11,003,238	\$ 11,333,335	\$ 11,786,668	\$ 12,376,002	\$ 13,242,322
% growth rate			3.00%	4.00%	5.00%	7.00%	9.00%
(-) Costs of Goods Sold	\$	-	\$ 7,977,348	\$ 8,216,668	\$ 8,545,335	\$ 8,972,602	\$ 9,600,684
% of revenue			72.50%	72.50%	72.50%	72.50%	72.50%
Loss Expense	\$	-	\$ 4,401,295	\$ 4,533,334	\$ 4,714,667	\$ 4,950,401	\$ 5,296,929
% of revenue			40.00%	40.00%	40.00%	40.00%	40.00%
Partner Commission Expense	\$	-	\$ 1,375,405	\$ 1,416,667	\$ 1,473,334	\$ 1,547,000	\$ 1,655,290
% of revenue			12.50%	12.50%	12.50%	12.50%	12.50%
Variable Expense	\$	-	\$ 2,200,648	\$ 2,266,667	\$ 2,357,334	\$ 2,475,200	\$ 2,648,464
% of revenue			20.00%	20.00%	20.00%	20.00%	20.00%
Gross Profit	\$	-	\$ 3,025,890	\$ 3,116,667	\$ 3,241,333	\$ 3,403,400	\$ 3,641,638
Gross Margin			27.50%	27.50%	27.50%	27.50%	27.50%
(-) Fixed Expenses	\$	-	\$ 1,100,324	\$ 1,133,334	\$ 1,178,667	\$ 1,237,600	\$ 1,324,232
% of revenue			10.00%	10.00%	10.00%	10.00%	10.00%
(-) R&D	\$	1,513,991	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
% of revenue			10.91%	10.59%	10.18%	9.70%	9.06%
EBIT	\$	-	\$ 725,566	\$ 783,333	\$ 862,666	\$ 965,800	\$ 1,117,406
EBIT Margin			6.59%	6.91%	7.01%	7.80%	8.44%
(-) Taxes	\$	317,938	\$ 152,369	\$ 164,500	\$ 181,160	\$ 202,818	\$ 234,655
% of revenue			1.38%	1.45%	1.47%	1.64%	1.77%
Net Income	\$	1,196,053	\$ 573,197	\$ 618,833	\$ 681,507	\$ 762,982	\$ 882,751
Net Profit Margin			5.21%	5.46%	5.78%	6.17%	6.67%
OCF	\$	-	\$ 573,197	\$ 618,833	\$ 681,507	\$ 762,982	\$ 882,751
Operating Net Working Capital	\$	\$ 402,808	\$ 398,296	\$ 414,228	\$ 434,940	\$ 465,385	\$ 507,270
(-) Change in Operating Net Working Capital	\$	\$ 402,808	-\$ 4,511	\$ 15,932	\$ 20,711	\$ 30,446	\$ 41,885
FCF	\$	-1,598,861	\$ 577,709	\$ 602,901	\$ 660,795	\$ 732,536	\$ 840,866
IRR:	30%						

- Low Capital Requirement and small initial investment help generate a strong IRR.
- Profit margin falls within industry average range, but cash flows lack scale at 5% capture.

Initial Capture Rate Between 4% - 6%

Generates Most Reasonable IRR Range

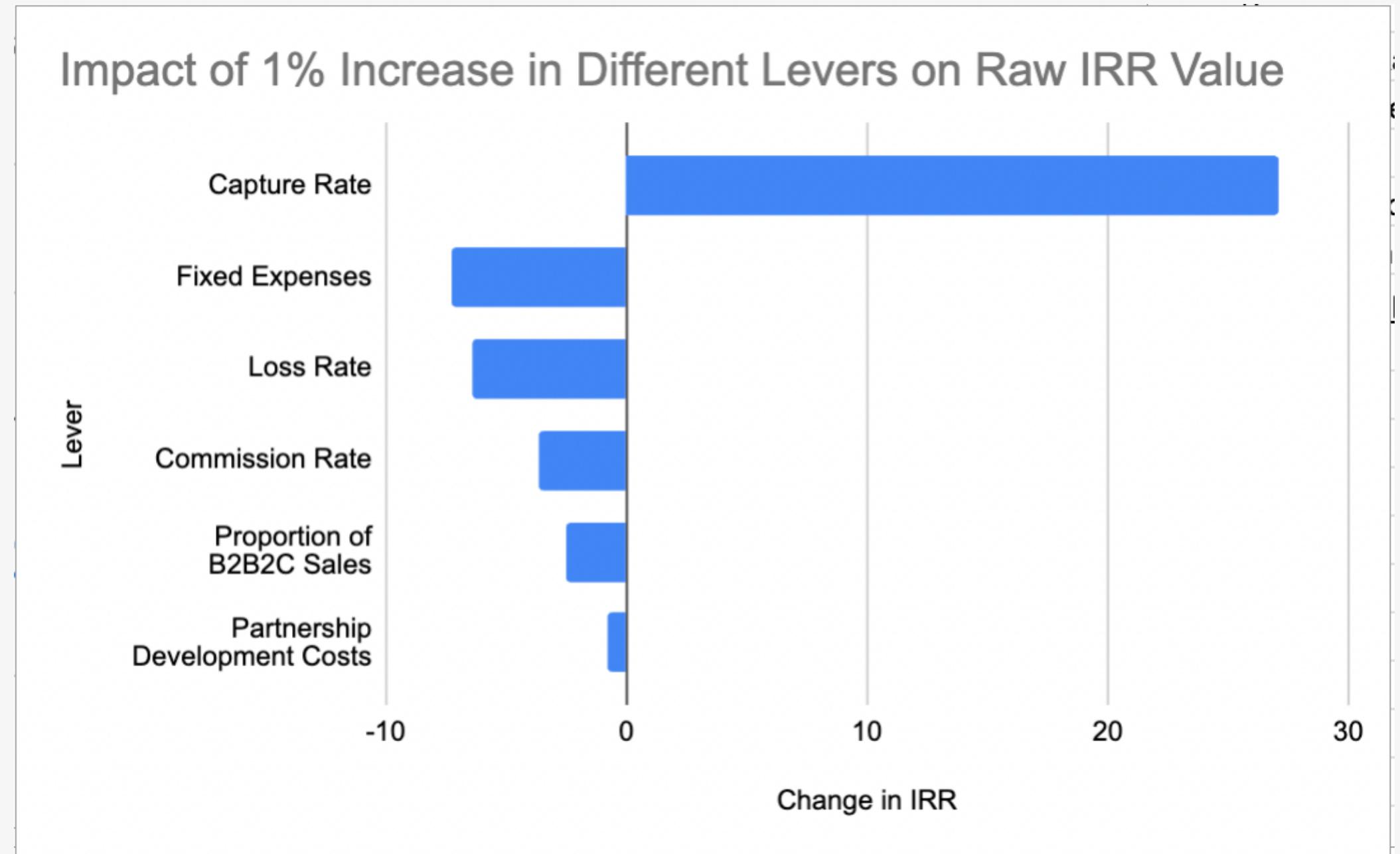


Alternative Sales Schedules Still Generate Acceptable IRRs

	Alternative Sales Growth Schedules					
Year	1	2	3	4	5	IRR
Base Case	3.00%	4.00%	5.00%	7.00%	9.00%	30%
Slightly Accelerated Growth	1.00%	4.00%	10.00%	8.00%	9.00%	29%
Flatter Growth	1.00%	1.00%	2.00%	6.00%	7.00%	26%
Accelerated Growth with Drop-off	10.00%	20.00%	2.00%	1.00%	1.00%	40%
Hyper-Accelerated Growth	30.00%	15.00%	7.50%	3.00%	3.00%	51%
Sales Decline	-5.00%	-4.00%	-2.00%	-1.00%	-1.00%	16%



Capture Rate is the most impactful lever for IRR, followed by Fixed Costs and Loss Rate



- Market penetration and sales generation are integral for project success.
- In-depth market research should be conducted to better understand potential market and project scope.



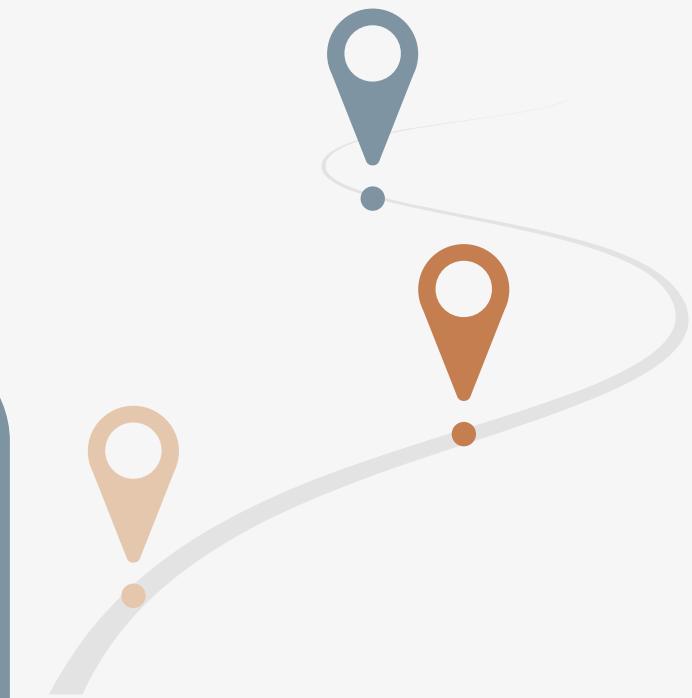
Next Steps

Allianz can maintain customer loyalty through expanding a selection of life-long plans

Honeymoon

More than 75% of newly weds go on honeymoons. Brides plan 85% of the time, the average budget is 15% of wedding expenditure.

By selling wedding insurance, Allianz can connect with couples who are at the beginning of their new life chapter, and develop insurance plans for their other milestones, from honeymoon insurance, to anniversary plans, leading to pull through sales and reinforcing customer loyalty.



Conventions

Other than wedding insurance, Allianz can utilize the new app features, plan development algorithms, and group rate functionality into other group events, including science conventions, medical conference, and corporate events etc.

These new expansion plans will help Allianz reach new channels and reduce its reliance on airlines, help gain more brand awareness and recognition through new marketing campaigns and different customer segmentation opportunities.

Begin with Market Research before Product Development

0-3 months

- Create a Wedding Insurance Product Development team
- Invest in Market Research to determine better estimates of TAM, SOM, etc.
- Conduct surveys to help inform policy characteristics

3-6 months

- Define new policy details and conduct focus groups to gauge consumer sentiments
- Begin development of new product features within the TravelSmart app
- Develop marketing materials
- Reach out to wedding planning websites and wedding planner associations to begin developing a partner network

6-12 months

- Sign contracts with partners
- Rollout marketing materials in new advertising campaign
- Continue product testing and refinement
- prepare for product launch

Allianz should leverage its resources and research to address potential risks

Risks

Finance

Lack of interest or need for product leading to low sales.

Cost overruns in product development leading to larger than anticipated initial investment.

Marketing

Failure to reach consumers with proposed marketing campaigns

Difficulty negotiating & working with wedding planners and other partnerships

Mitigation

Extensive market research and product testing to ensure demand exists and that the insurance plans are tailored. Place emphasis on building a partner network to drive sales and improve visibility.

Utilize experience in the insurance industry and leverage existing products and capabilities to make product development efficient.

Perform surveys, A/B testing , conjoint analysis to develop more targeted ads and test them out at various time and place.

Start with B2C sales and evaluate the need for other channels throughout the year. If needed, test out regional collaboration with third-party channels

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Appendix



Appendix A: Base Case Market Sizing

<u>Base Case</u>		
Wedding Insurance	Guest Travel Insurance	
Weddings per year	2,401,148.00 Weddings Insured by Allianz	12005.74
Average Wedding Cost/2 (Liability Cap)	\$14,598 Average # of guests	167
% of weddings insured	0.1 Wedding Attendance Cost	\$460
Wedding Cancellation cost per \$100 of liability	4.168 Wedding Cancellation cost per \$100 of liability	4.168
Wedding Cancellation Rate	\$608 % who need to travel	0.2
Wedding Liability Rate	\$180 Trip Protection Rate	\$19.17
Total Wedding Insurance Rate	\$788	
TAM	\$189,312,223.05 TAM	\$7,688,133.97
Capture Rate	0.05 Capture Rate	0.2
SOM	\$9,465,611.15 SOM	\$1,537,626.79
Total Projected First Year Sales:		\$11,003,237.95

Appendix B: Base Case Pro Forma Assumptions

	Base Case
Assumptions:	Notes:
Sale Growth Rate	3% for first year increasing 2% annually See sales growth projection schedule
Loss Rate	40% Typical Wedding Insurance Loss Rate
% of Sales through Partner	50.00% Likely a lower share of sales given fragmented nature of wedding planning market
Commission Rate (% of sale price)	12.50% Weighted Partners = 25% * 1/2 = 12.5%
Other Variable Costs (% of sales)	20.00% Weighted Variable cost based on sales channel (1/2 B2C at 25% and 1/2 Partner Channel at 15%)
Fixed Expenses (% of sales)	10% Matches the allocation of other Allianz Partners' Insurance Offerings
R&D	1513991.306
App Development	240000 5 people x 3 month x 4 weeks x 40 hr x \$100
Market Resesearch	70000
Organizational Structuring & Hring	\$3,991.31 Average Resturcturing costs as a percent of sales for Allianz Group from 2017 to 2022
Partnership Development	1,200,000 12 person marketing/partnership devlopoment team, 100k per year
Efficiency in OWNC	96.00% Operations should become more efficient over time
ONWC as percent of sales	3.66% Average Change in ONWC as a percent of sales for Allianz Group from 2017 to 2022
Tax Rate	21.00%

Appendix C: 5% Capture Sales Projections

Valuation							
Year	2023 Development		2024		2025		2026
Revenue	\$	-	\$	11,003,238	\$	11,333,335	\$
	% growth rate			3.00%		4.00%	5.00%
(-) Costs of Goods Sold	\$	-	\$	7,977,348	\$	8,216,668	\$
	% of revenue			72.50%		72.50%	72.50%
Loss Expense	\$	-	\$	4,401,295	\$	4,533,334	\$
	% of revenue			40.00%		40.00%	40.00%
Partner Commission Expense	\$	-	\$	1,375,405	\$	1,416,667	\$
	% of revenue			12.50%		12.50%	12.50%
Variable Expense	\$	-	\$	2,200,648	\$	2,266,667	\$
	% of revenue			20.00%		20.00%	20.00%
Gross Profit	\$	-	\$	3,025,890	\$	3,116,667	\$
	Gross Margin			27.50%		27.50%	27.50%
(-) Fixed Expenses	\$	-	\$	1,100,324	\$	1,133,334	\$
	% of revenue			10.00%		10.00%	10.00%
(-) R&D	\$	1,513,991	\$	1,200,000	\$	1,200,000	\$
	% of revenue			10.91%		10.59%	10.18%
EBITDA	\$	-	\$	725,566	\$	783,333	\$
	EBITDA Margin			6.59%		6.91%	7.32%
(-) Depreciation Expense	\$	-	\$	-	\$	-	\$
	% of revenue			-	\$	-	\$
EBIT	\$	-	\$	725,566	\$	783,333	\$
	EBIT Margin			6.59%		6.91%	7.32%
(-) Taxes	\$	317,938	\$	152,369	\$	164,500	\$
	% of revenue			1.38%		1.45%	1.54%
Net Income	\$	1,196,053	\$	573,197	\$	618,833	\$
	Net Profit Margin			5.21%		5.46%	5.78%
Net Income	\$	1,196,053	\$	573,197	\$	618,833	\$
(+) Depreciation Tax Shield	\$	-	\$	0	\$	0	\$
OCF	\$	-	\$	573,197	\$	618,833	\$
Operating Net Working Capital	\$	\$402,808	\$	\$398,296	\$	\$414,228	\$
(-) Change in Operating Net Working Capital	\$	\$402,808	\$	-\$4,511	\$	\$15,932	\$
(-) Capital Expenditures	\$		\$	0	\$	0	\$
FCF	\$	-1,598,861	\$	577,709	\$	602,901	\$
IRR:	30%						

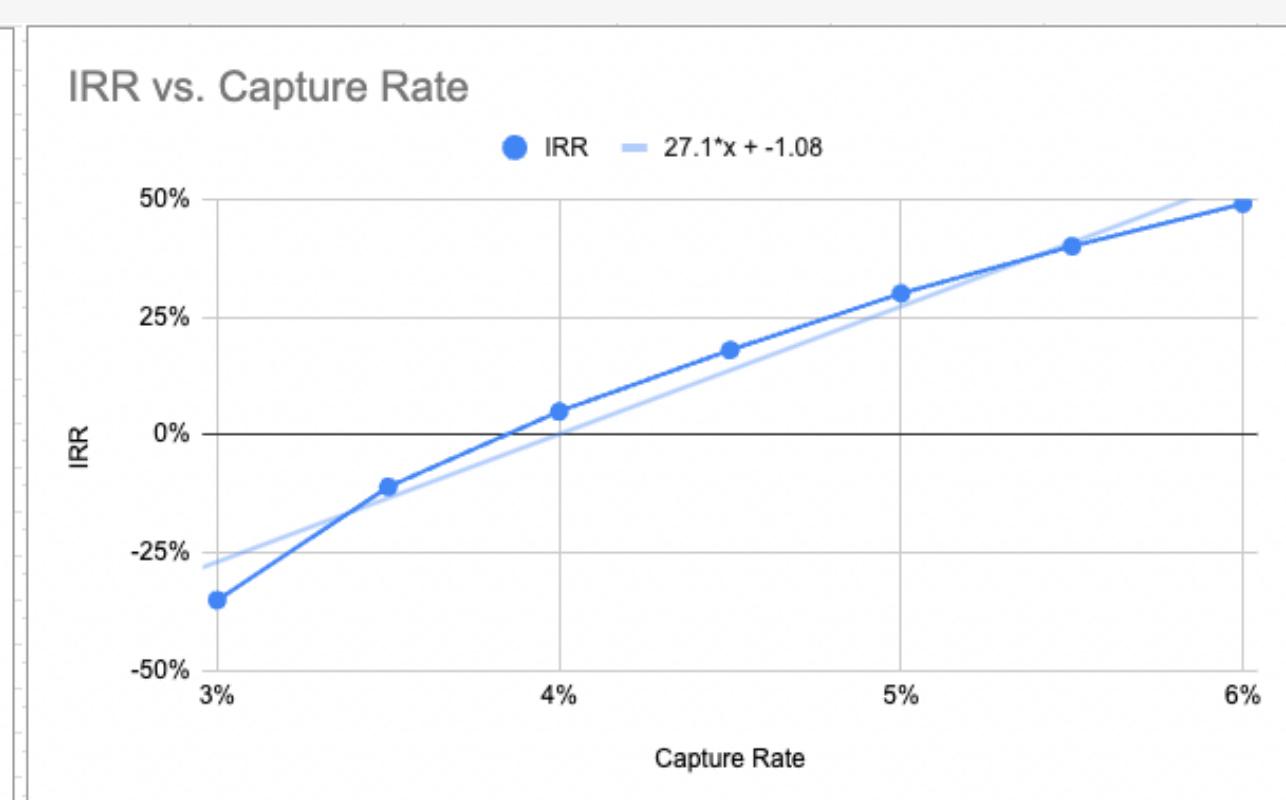
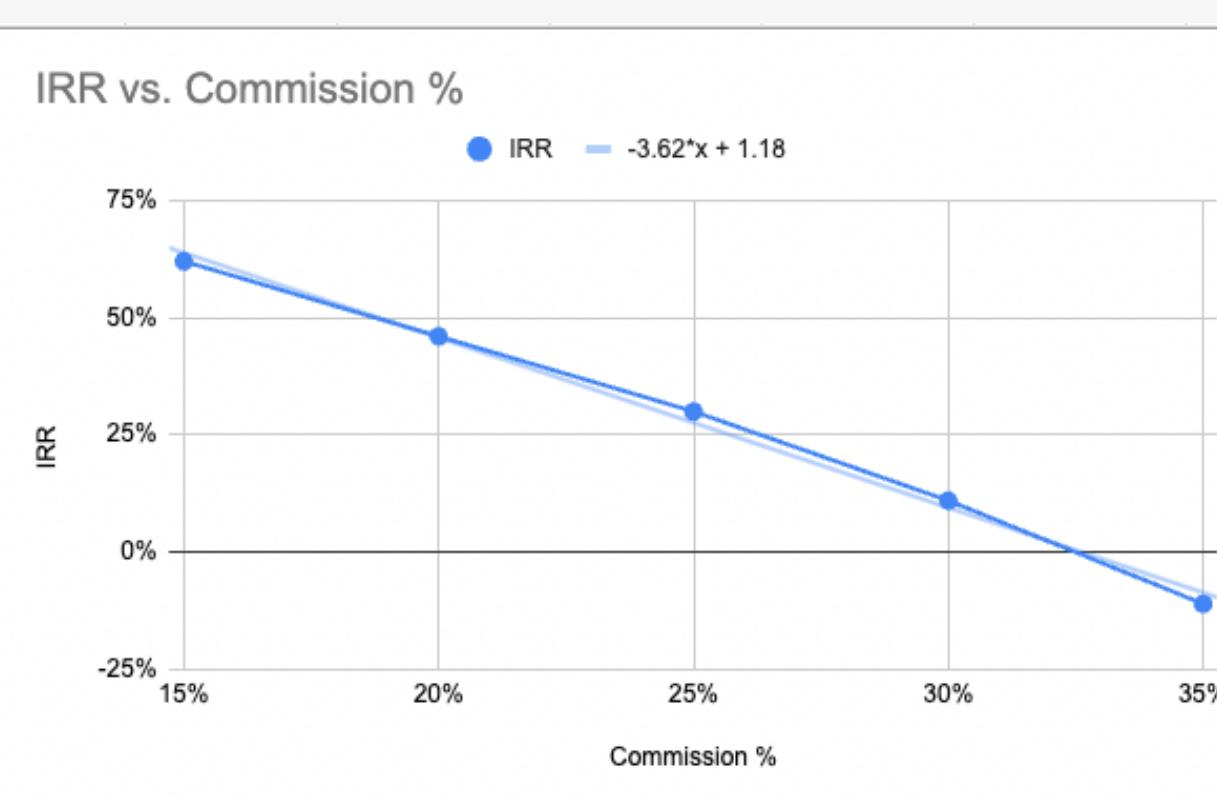
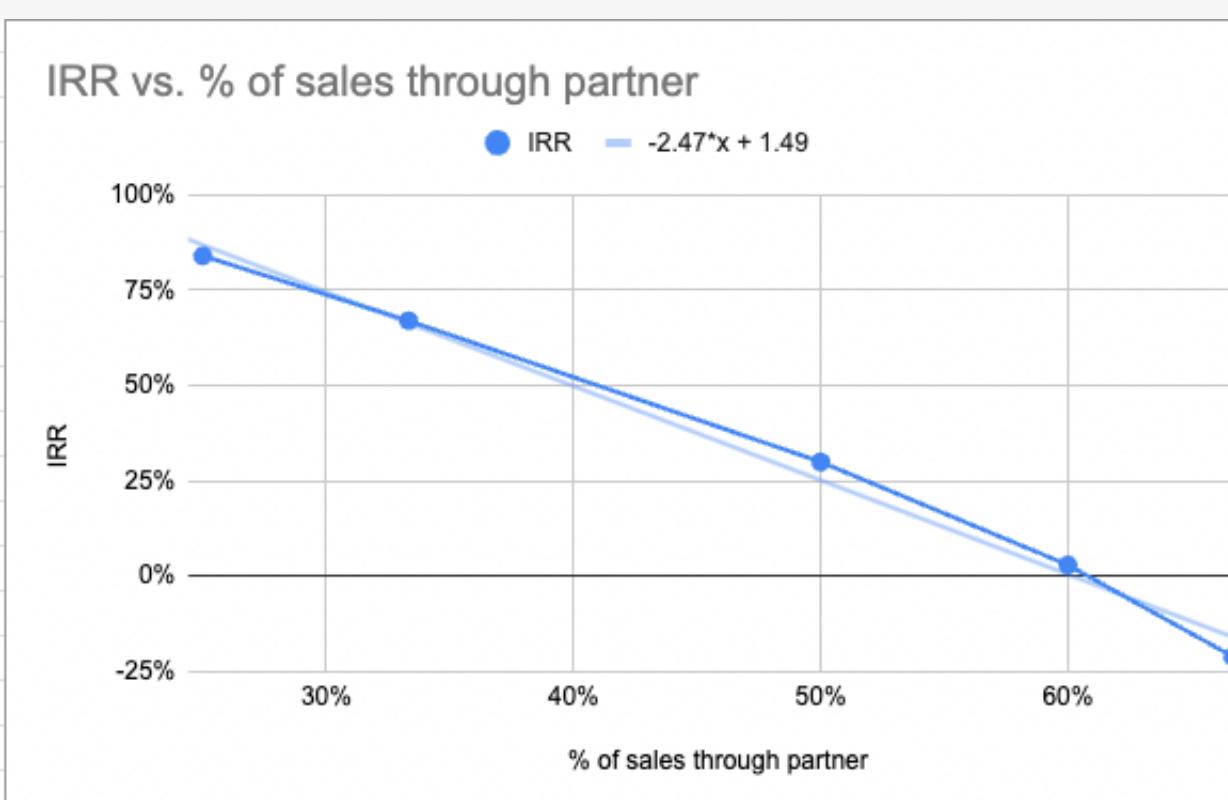
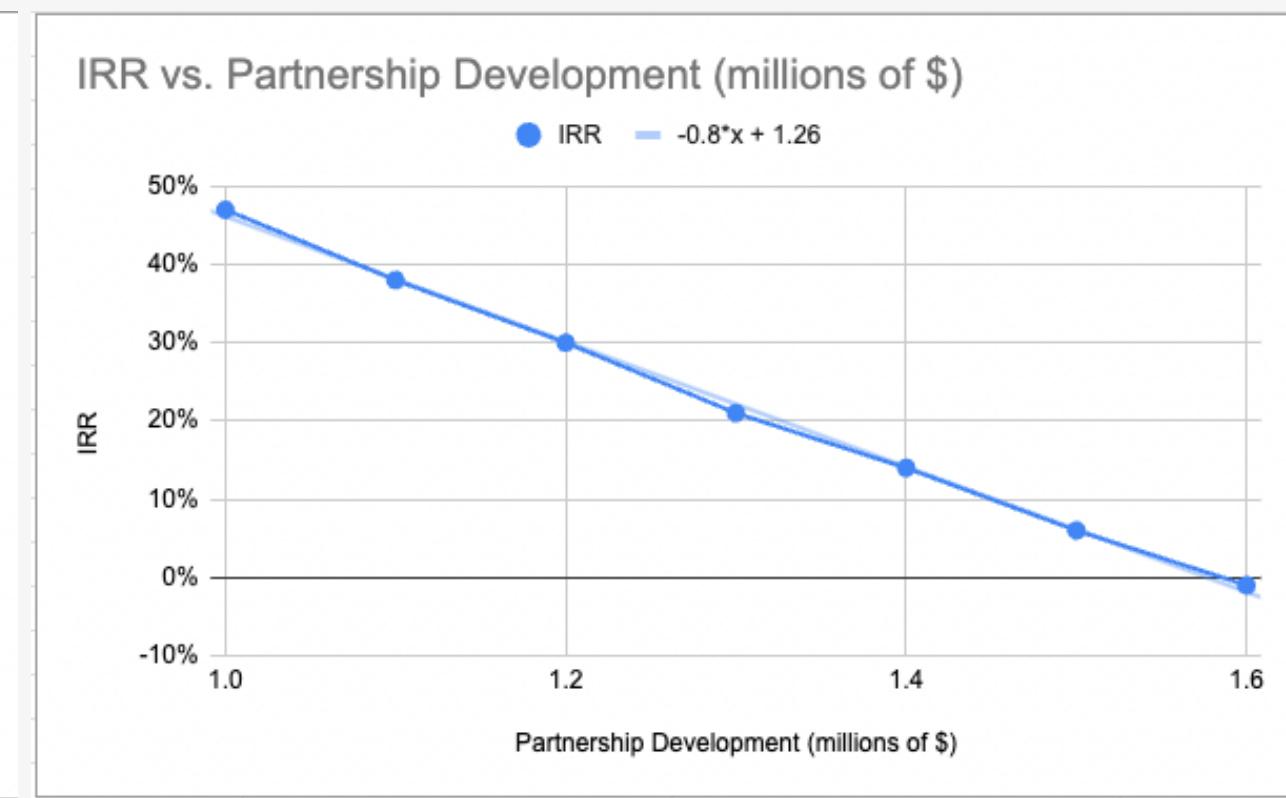
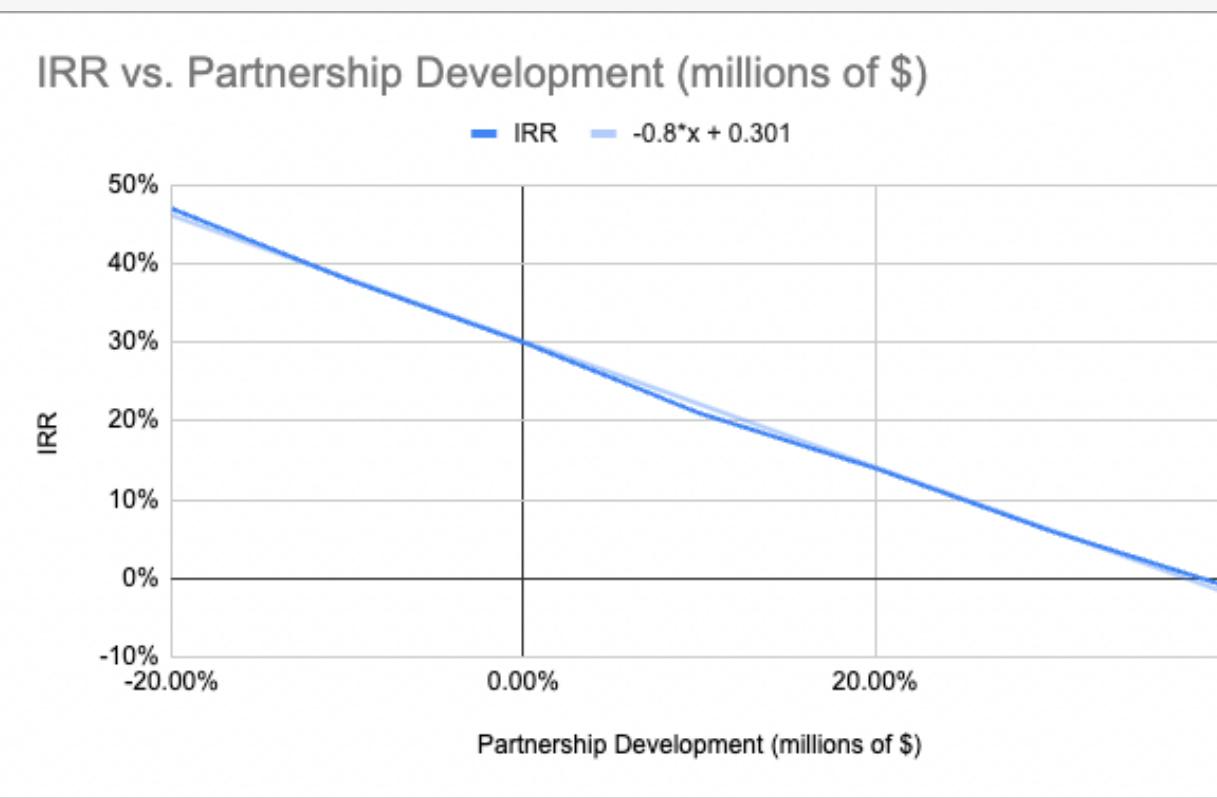
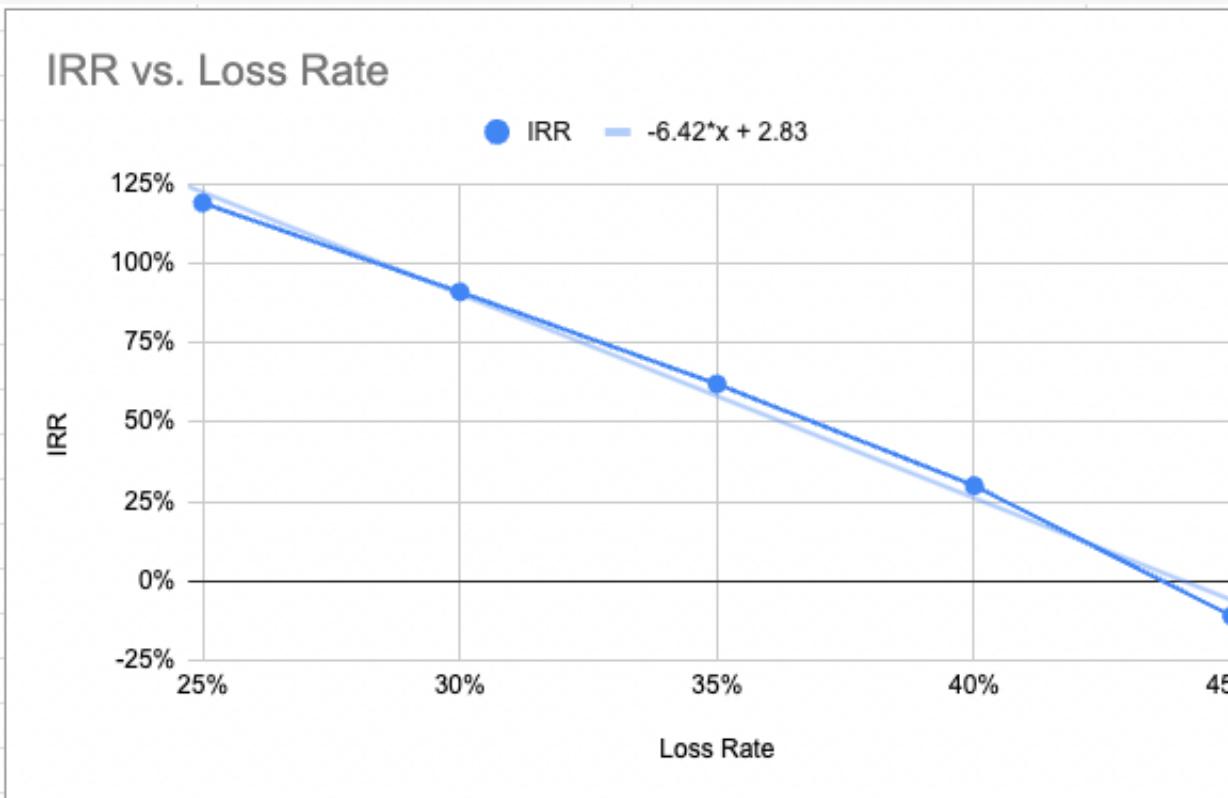
Appendix D: 4% Capture Sales Projections

Valuation							
Year	2023 Development		2024	2025	2026	2027	2028
Revenue	\$	-	\$ 8,495,065	\$ 8,749,917	\$ 9,099,914	\$ 9,554,909	\$ 10,223,753
% growth rate			3.00%	4.00%	5.00%	7.00%	9.00%
(-) Costs of Goods Sold	\$	-	\$ 6,158,923	\$ 6,343,690	\$ 6,597,438	\$ 6,927,310	\$ 7,412,221
% of revenue			72.50%	72.50%	72.50%	72.50%	72.50%
Loss Expense	\$	-	\$ 3,398,026	\$ 3,499,967	\$ 3,639,965	\$ 3,821,964	\$ 4,089,501
% of revenue			40.00%	40.00%	40.00%	40.00%	40.00%
Partner Commission Expense	\$	-	\$ 1,061,883	\$ 1,093,740	\$ 1,137,489	\$ 1,194,364	\$ 1,277,969
% of revenue			12.50%	12.50%	12.50%	12.50%	12.50%
Variable Expense	\$	-	\$ 1,699,013	\$ 1,749,983	\$ 1,819,983	\$ 1,910,982	\$ 2,044,751
% of revenue			20.00%	20.00%	20.00%	20.00%	20.00%
Gross Profit	\$	-	\$ 2,336,142	\$ 2,406,227	\$ 2,502,476	\$ 2,627,600	\$ 2,811,532
Gross Margin			27.50%	27.50%	27.50%	27.50%	27.50%
(-) Fixed Expenses	\$	-	\$ 849,506	\$ 874,992	\$ 909,991	\$ 955,491	\$ 1,022,375
% of revenue			10.00%	10.00%	10.00%	10.00%	10.00%
(-) R&D	\$	1,513,991	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
% of revenue			14.13%	13.71%	13.19%	12.56%	11.74%
EBITDA	\$	-	\$ 286,636	\$ 331,235	\$ 392,484	\$ 472,109	\$ 589,156
EBITDA Margin			3.37%	3.79%	4.31%	4.94%	5.76%
(-) Depreciation Expense	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
% of revenue							
EBIT	\$	-	\$ 286,636	\$ 331,235	\$ 392,484	\$ 472,109	\$ 589,156
EBIT Margin			3.37%	3.79%	4.31%	4.94%	5.76%
(-) Taxes	\$	317,938	\$ 60,194	\$ 69,559	\$ 82,422	\$ 99,143	\$ 123,723
% of revenue			0.71%	0.79%	0.91%	1.04%	1.21%
Net Income	\$	1,196,053	\$ 226,442	\$ 261,676	\$ 310,063	\$ 372,966	\$ 465,433
Net Profit Margin			2.67%	2.99%	3.41%	3.90%	4.55%
Net Income	\$	1,196,053	\$ 226,442	\$ 261,676	\$ 310,063	\$ 372,966	\$ 465,433
(+) Depreciation Tax Shield	\$	-	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
OCF	\$	-	\$ 226,442	\$ 261,676	\$ 310,063	\$ 372,966	\$ 465,433
Operating Net Working Capital	\$	\$ 310,988	\$ 307,505	\$ 319,805	\$ 335,796	\$ 359,301	\$ 391,638
(-) Change in Operating Net Working Capital	\$	\$ 310,988	\$ -3,483	\$ 12,300	\$ 15,990	\$ 23,506	\$ 32,337
(-) Capital Expenditures	\$		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FCF	\$	-1,507,041	\$ 229,925	\$ 249,375	\$ 294,072	\$ 349,460	\$ 433,096
IRR:		1%					

Appendix E: 6% Capture Sales Projections

Valuation							
Year	2023 Development		2024	2025	2026	2027	2028
Revenue	\$	-	\$ 13,665,174	\$ 14,075,129	\$ 14,638,134	\$ 15,370,041	\$ 16,445,943
	% growth rate			3.00%	4.00%	5.00%	7.00%
(-) Costs of Goods Sold	\$	-	\$ 9,907,251	\$ 10,204,469	\$ 10,612,648	\$ 11,143,280	\$ 11,923,310
	% of revenue			72.50%	72.50%	72.50%	72.50%
Loss Expense	\$	-	\$ 5,466,069	\$ 5,630,052	\$ 5,855,254	\$ 6,148,016	\$ 6,578,377
	% of revenue			40.00%	40.00%	40.00%	40.00%
Partner Commission Expense	\$	-	\$ 1,708,147	\$ 1,759,391	\$ 1,829,767	\$ 1,921,255	\$ 2,055,743
	% of revenue			12.50%	12.50%	12.50%	12.50%
Variable Expense	\$	-	\$ 2,733,035	\$ 2,815,026	\$ 2,927,627	\$ 3,074,008	\$ 3,289,189
	% of revenue			20.00%	20.00%	20.00%	20.00%
Gross Profit	\$	-	\$ 3,757,922	\$ 3,870,660	\$ 4,025,486	\$ 4,226,761	\$ 4,522,634
	Gross Margin			27.50%	27.50%	27.50%	27.50%
(-) Fixed Expenses	\$	-	\$ 1,366,517	\$ 1,407,513	\$ 1,463,813	\$ 1,537,004	\$ 1,644,594
	% of revenue			10.00%	10.00%	10.00%	10.00%
(-) R&D	\$	1,513,991	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
	% of revenue			8.78%	8.53%	8.20%	7.81%
EBITDA	\$	-	\$ 1,191,405	\$ 1,263,147	\$ 1,361,673	\$ 1,489,757	\$ 1,678,040
	EBITDA Margin			8.72%	8.97%	9.30%	9.69%
(-) Depreciation Expense	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	% of revenue						
EBIT	\$	-	\$ 1,191,405	\$ 1,263,147	\$ 1,361,673	\$ 1,489,757	\$ 1,678,040
	EBIT Margin			8.72%	8.97%	9.30%	9.69%
(-) Taxes	\$	317,938	\$ 250,195	\$ 265,261	\$ 285,951	\$ 312,849	\$ 352,388
	% of revenue			1.83%	1.88%	1.95%	2.04%
Net Income	\$	1,196,053	\$ 941,210	\$ 997,886	\$ 1,075,722	\$ 1,176,908	\$ 1,325,651
	Net Profit Margin			6.89%	7.09%	7.35%	7.66%
Net Income	\$	1,196,053	\$ 941,210	\$ 997,886	\$ 1,075,722	\$ 1,176,908	\$ 1,325,651
(+) Depreciation Tax Shield	\$	-	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
OCF	\$	-	\$ 941,210	\$ 997,886	\$ 1,075,722	\$ 1,176,908	\$ 1,325,651
Operating Net Working Capital	\$	\$ 500,256	\$ 494,653	\$ 514,439	\$ 540,161	\$ 577,973	\$ 629,990
(-) Change in Operating Net Working Capital	\$	\$ 500,256	\$ -5,603	\$ 19,786	\$ 25,722	\$ 37,811	\$ 52,018
(-) Capital Expenditures	\$		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FCF	\$	-1,696,309	\$ 946,813	\$ 978,100	\$ 1,050,000	\$ 1,139,096	\$ 1,273,634
IRR:	53%						

Appendix F: Sensitivity Graphs



Honor Pledge

“On our honor as a group, we have neither given nor received unauthorized aid on this assignment.”

Block 6 Team 3