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Strategic Business Growth and Customer Retention Plan for a Pre-Need and Life Insurance Company

Jason O. Cinco[1], Wilson A. Otoc[1], Edgar T. Sabusap[1], Ronald D. Biscarra[1], Maricris G. Unico[1], Marmelo V. Abante[1]

[1]*Master of Business Administration, World Citi Colleges, Quezon City, Philippines*

Email of Corresponding Author: cincojason84@gmail.com

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Abstract

This study developed a Strategic Business Growth and Customer Retention Plan for a life insurance company in Hilongos, Leyte, Philippines, focusing on customer acquisition, collection efficiency, policy retention, and operational performance. An applied descriptive research design was employed, combining quantitative analysis of company records and survey responses with qualitative interviews and observations. Three plan holders were selected through purposive sampling based on policy aging and completed a seven-item customer satisfaction questionnaire using a five-point Likert scale. Descriptive statistics and SWOT analysis were used to evaluate business performance and identify strategic priorities. Findings revealed that the company acquired 58 new clients against a monthly target of 100, representing 58% target attainment, while the collection rate reached 80%. Customer retention remained high at 95%, with a corresponding 5% lapse rate. All surveyed planholders reported the highest satisfaction ratings, with a weighted mean of 5.00 across communication, service quality, payment information, trust, satisfaction, retention intention, and referral intention. Competition, limited customer acquisition, and collection inefficiencies emerged as major operational challenges. Based on these findings, a twelve-month strategic plan with a proposed ₱600,000 budget was developed, integrating customer acquisition, retention management, sales-force development, collection improvement, and digital performance monitoring. The study aligns with Sustainable Development Goals 8, 9, and 16 by promoting responsible economic growth, operational innovation, and institutional accountability. Its potential sustainability contribution lies in strengthening organizational stability, customer relationships, and responsible financial service delivery. The study recommends structured referral programs, improved collection monitoring, employee development, and pilot evaluation before full implementation. Findings remain limited to the study setting and require further validation.

Keywords: Business Growth; Collection Efficiency; Customer Acquisition; Customer Retention; Life Insurance; Strategic Business Planning; Sustainable Development Goals

1. Introduction

Sustainable business growth in the life insurance industry depends on effective customer acquisition, retention, collection management, and service delivery. Since insurance involves long-term financial commitments, maintaining customer trust and policy continuity is essential to organizational stability. This study examines the operational performance of a ten-year-old life insurance company in Hilongos, Leyte, referred to as XXX, to develop an evidence-informed strategic business growth and customer retention plan. Using company records, planholder surveys, management interviews, and observations, the study identifies operational gaps and proposes strategies to improve acquisition, collection efficiency, customer relationships, and overall business performance.

Business growth in life insurance requires balancing new customer acquisition with the retention of existing policyholders. Reichheld and Sasser (1990) emphasized that customer retention contributes significantly to profitability, while Kotler, Keller, and Chernev (2022) identified long-term customer relationships as essential to customer equity. The company reported a 95 percent retention rate and a 5 percent lapse rate, indicating relatively stable policyholder relationships. However, maintaining these outcomes requires reliable communication, effective account monitoring, and consistent customer service. The study therefore considers retention alongside acquisition and collection performance in developing a sustainable growth strategy. (International Association of Insurance Supervisors, 2023, 2024).

Customer relationship management supports effective communication, account monitoring, and customer satisfaction. Buttle & Maklan (2019) emphasized coordinated customer information and service processes, while Armstrong and Kotler (2022) highlighted the importance of consistent customer engagement. Collection management is equally important, particularly because the company reported an 80 percent collection rate despite its high retention rate. This suggests the need for improved payment reminders, account monitoring, and documented customer follow-up. Sales-force development also influences business growth. OECD (2024) emphasized employee competence in delivering quality services. The company's reported shortfall of 42 new clients against a monthly target of 100 highlights the need to strengthen acquisition strategies, training, and performance monitoring, although the reasons for the shortfall were not directly established. Digital tools may further improve customer communication and operational efficiency through organized records and performance dashboards (Kotler et al., 2022), provided that appropriate consumer protection and privacy requirements are observed (Insurance Commission, n.d.). (World Bank, 2021; OECD, 2024).

The study focuses on a life insurance company operating for ten years in Hilongos, Leyte. Its reported 95 percent retention rate, 5 percent lapse rate, and 80 percent collection rate reveal strengths in customer continuity but opportunities to improve collection and acquisition performance. At the national level, insurance operations must observe consumer protection and responsible service practices under Republic Act No. 11765 (2022). Globally relevant management principles emphasize customer retention, relationship marketing, and service quality as important factors in organizational competitiveness (Reichheld & Sasser, 1990; Kotler, Keller, and Chernev, 2022). These perspectives support the development of a company-specific strategic plan. (World Bank, 2022).

The study draws on customer retention, customer relationship management, customer lifetime value, sales-force development, and digital performance monitoring. Customer relationship management emphasizes organized customer interactions and service delivery (Buttle & Maklan, 2019), while relationship marketing highlights the importance of maintaining customer engagement (Armstrong & Kotler, 2022). Sales-force development strengthens employee competence and service quality (Lovelock & Wirtz, 2016). Together, these concepts guide the proposed integration of acquisition, retention, collection monitoring, employee development, and performance evaluation into a strategic business plan. Customer lifetime value is considered conceptually because sufficient policy-level financial data were unavailable for monetary estimation. (OECD, 2023a).

Although customer retention and relationship management are established business strategies, the company requires an integrated plan addressing its specific operational challenges. Despite its 95 percent retention rate, the reported 80 percent collection rate and acquisition shortfall indicate areas requiring improvement. The study addresses these gaps by examining authorized operational records, customer perceptions, and management insights to develop a SWOT-based strategic plan with measurable indicators, assigned responsibilities, an implementation timeline, budget, and risk controls. Its findings are limited to one company, a seven-item survey completed by three planholders, and available management information. Therefore, the results provide a descriptive basis for company-specific planning rather than generalizable or causal conclusions.

The study aligns with SDG 8 (Decent Work and Economic Growth) by promoting sustainable business performance, employee development, and improved operational efficiency. It also supports SDG 9 (Industry, Innovation and Infrastructure) through the proposed use of digital customer monitoring, service records, and performance dashboards. Furthermore, SDG 16 (Peace, Justice and Strong Institutions) is relevant through responsible customer service, ethical business practices, and consumer protection. These alignments reflect the potential contributions of the proposed strategies rather than measured SDG outcomes. (United Nations Department of Economic and Social Affairs, 2024, 2026).

The study contributes to socioeconomic and institutional sustainability by promoting business growth while maintaining customer trust, policy continuity, and responsible financial service delivery. Improved collection monitoring, customer communication, and sales-force development may strengthen organizational performance and customer relationships. The proposed strategic plan provides a structured approach to acquisition, retention, operational monitoring, and management accountability. Ultimately, it aims to support the company's long-term stability through evidence-informed strategies that balance business expansion with customer satisfaction and responsible service practices. (Demirgüç-Kunt et al., 2022; World Bank, 2025).

2. Material and methods

2.1 Research Design

The study used an applied descriptive research design combining quantitative descriptive analysis with qualitative inputs. Operational records and survey responses were analyzed to evaluate business performance and customer experiences, while interviews and observations provided additional context. The findings were used to develop a proposed strategic business plan. No inferential or correlational analyses were conducted due to the limited sample size and data structure.

2.2 Locale of the Study

The study was conducted at a life insurance company located in Hilongos, Leyte, Philippines, which had been operating for ten years. The company, identified as XXX to maintain confidentiality, provided authorized operational records concerning customer acquisition, collections, policy retention, and lapsation.

2.3 Respondents of the Study

The respondents consisted of three (3) company planholders who completed a customer satisfaction survey. Their responses assessed communication, service quality, payment information, trust, satisfaction, retention intention, and referral intention. Management personnel also provided operational information through interviews and company records but were not included as survey respondents.

2.4 Sample and Sampling Procedure

Purposive sampling was employed to select three planholders based on policy aging, prioritizing customers with established payment histories. All three respondents completed the survey, resulting in a 100% response rate among those invited. Due to the small, nonprobability sample, the findings were limited to the selected respondents and were not generalized to the company's entire planholder population.

2.5 Research Instrument

Three instruments were utilized: a customer satisfaction questionnaire, an interview and observation guide, and an operational-record summary. The questionnaire contained seven statements measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The items assessed communication, service quality, payment information, trust, satisfaction, retention intention, and referral intention. The questionnaire was reviewed with the company but was not subjected to formal statistical validation or pilot testing. The interview guide gathered information on service experiences, payment practices, retention, and competitive conditions, while the operational-record summary documented acquisition, collection, retention, and lapse indicators using company reporting conventions.

2.6 Data Gathering Procedure

Data collection began after obtaining institutional approval and written authorization from company management. Eligible planholders were identified based on policy aging and informed about the study's purpose, voluntary participation, and confidentiality measures. Survey responses and interview information were collected, while authorized company records covering sales, collections, retention, and lapsation were extracted. Personal identifiers were excluded, and the collected information was checked for completeness and consistency. The analyzed findings were subsequently used to formulate the proposed strategic business growth and customer retention plan.

2.7 Data Analysis Techniques

Descriptive statistics, including frequency, percentage, and weighted mean, were used to analyze survey responses. Likert-scale means were interpreted using the following ranges: 4.21–5.00 (Strongly Agree), 3.41–4.20 (Agree), 2.41–3.40 (Neutral), 1.81–2.40 (Disagree), and 1.00–1.80 (Strongly Disagree). Operational performance was evaluated using customer acquisition, collection, retention, and lapse indicators, with sales performance compared against the company's monthly target of 100 new clients. Interview and observation findings were organized into themes, while a SWOT analysis identified strengths, weaknesses, opportunities, and threats supported by the collected evidence. The proposed budget was assessed against the submitted business plan, while potential benefits were presented as scenarios rather than verified financial returns.

2.8 Ethical Considerations

The study observed voluntary participation, informed consent, confidentiality, and responsible data management. Respondents were assured that participation or withdrawal would not affect their insurance policies or services. Company and customer information was anonymized or aggregated, securely stored, and accessible only to authorized individuals. The research followed institutional ethical procedures, company policies, and applicable consumer protection requirements under Republic Act No. 11765 (2022) and Insurance Commission issuances (Insurance Commission, n.d.). Company-reported figures that could not be independently verified were identified accordingly, and no survey responses were fabricated.

3. Results and Discussion

3.1 Business Performance and Customer Retention Findings

3.1.1 Respondent Profile and Data Coverage

Three planholders selected through purposive sampling based on policy aging completed the customer satisfaction survey, resulting in a 100% response rate among invited participants. Management personnel provided interviews and operational records, while sales personnel were not surveyed. Company records covered customer acquisition, collection, retention, and policy lapsation. The limited sample provided information about long-standing customers but did not represent the entire planholder population. Consequently, the findings were interpreted descriptively and supplemented by company records and management observations.

3.1.2 Customer Acquisition, Collection, Retention, and Lapsation Performance

Company records showed that 58 new clients were acquired against a monthly target of 100, representing 58% target attainment and a shortfall of 42 clients. The collection rate was 80%, falling 20 percentage points below the company's 100% target. Meanwhile, customer retention reached 95%, with a corresponding 5% lapse rate. These findings indicate that the company maintained relatively stable customer relationships but faced challenges in acquiring new clients and collecting scheduled payments. The results support prioritizing customer acquisition, referral development, and collection monitoring while maintaining existing retention performance. The rates follow company-reported definitions and require consistent documentation for future comparisons.

3.1.3 Planholder Satisfaction, Trust, and Retention Intention

All three respondents rated the seven survey indicators as Strongly Agree, each obtaining a weighted mean of 5.00 and a 100% highest-scale agreement rate. These indicators covered communication, service quality, payment information, trust, overall satisfaction, retention intention, and referral intention. The results suggest positive service experiences and willingness to maintain policies and recommend the company among the surveyed planholders. This supports customer retention and referral-based acquisition strategies, consistent with the customer loyalty principles discussed by Reichheld and Sasser (1990). However, the small purposive sample limits the findings to the three respondents and does not establish satisfaction across the entire customer population.

3.1.4 Planholder Service Expectations and Management Observations

Planholder interviews identified reliable service, clear explanations of insurance benefits, convenient payment procedures, and regular agent follow-up as important service expectations. Management also recognized the company's strong retention performance while identifying competition, insufficient customer acquisition, and collection monitoring as operational concerns. These findings indicate that maintaining service quality remains important while strengthening marketing, referral practices, and payment follow-up. The agreement between customer feedback and management observations supports an integrated approach to improving business operations. Further assessment of sales personnel is necessary to determine factors affecting acquisition performance. (OECD, 2023b, 2026).

3.2 Operational Challenges and SWOT Analysis

3.2.1 Challenges Affecting Business Growth and Collection Efficiency

The primary operational challenge identified was competition from other insurance providers. Additional concerns included limited market reach, customer acquisition difficulties, overdue payment monitoring, customer communication, and maintaining policy continuity. These challenges suggest that the company's immediate improvement priorities involve market expansion and collection efficiency rather than documented widespread customer dissatisfaction. Strengthening prospecting, customer referrals, and systematic payment follow-up may address these operational gaps while protecting existing customer relationships.

3.2.2 Strengths, Weaknesses, Opportunities, and Threats

The SWOT analysis identified ten years of local operation, a 95% retention rate, a 5% lapse rate, and positive customer feedback as organizational strengths. Weaknesses included the 42-client acquisition shortfall, an 80% collection rate, the absence of a structured referral program, and insufficiently documented performance-monitoring procedures. Opportunities involved customer referrals, community financial education, and digital payment reminders, while threats included competition, customer affordability concerns, and regulatory requirements. The findings indicate that the company can build on existing customer relationships while improving acquisition and collection practices. Referral development and community education may strengthen market reach, while structured monitoring can improve operational accountability. These priorities reflect the customer retention principles of Reichheld and Sasser (1990) and the need for responsible business practices under RA 11765, 2022 and RA 10607, 2013.

3.3 Proposed Strategic Business Growth and Customer Retention Plan

3.3.1 Integrated Strategic Framework

The proposed strategic plan consists of five interconnected areas: customer acquisition, customer retention, sales-force development, collection improvement, and digital and branch management. Its proposed targets include increasing monthly customer acquisition from 58 to 100, improving collection efficiency from 80% to at least 90%, maintaining retention at 95% or higher, and keeping lapsation at 5% or lower. The framework responds directly to the company's documented performance gaps. Acquisition and collection improvements receive priority, while retention strategies focus on preserving existing customer relationships. The targets are proposed management objectives rather than achieved results.

3.3.2 Customer Acquisition and Marketing Expansion Strategies

The proposed acquisition strategy includes structured customer referrals, community financial education, approved digital marketing, corporate visits, and systematic lead monitoring. Marketing activities are intended to address the monthly shortfall of 42 new clients while using the company's positive service feedback and established local presence. These strategies emphasize relationship-based growth rather than price competition. Tracking qualified leads, referrals, conversion rates, and new customers would allow management to evaluate acquisition performance and determine which activities contribute to improved results.

3.3.3 Customer Retention and Account Management Strategies

The proposed retention strategy organizes customers according to account status, including active, near-due, overdue, at-risk, lapsed, and long-standing accounts. Recommended actions include routine service, accurate payment reminders, documented follow-up, appropriate escalation, and clear explanations of contractually available options. This approach aims to maintain the company's 95% retention rate while reducing preventable payment and service difficulties. Customer communication must remain respectful, accurate, and consistent with contractual requirements, privacy safeguards, and consumer protection standards.

3.3.4 Sales-Force Development and Collection Improvement

The proposed sales-force strategy emphasizes standardized recruitment, onboarding, product knowledge, compliance training, coaching, and performance monitoring. Collection improvements include weekly overdue-account reviews, assigned follow-up responsibilities, approved payment reminders, and monthly performance assessment against the existing 80% collection baseline. These strategies address the company's acquisition and collection challenges through stronger employee capability and systematic account management. However, the specific causes of sales-force underperformance remain unverified because sales personnel were not surveyed. The proposed 90% collection target likewise requires future implementation and evaluation.

3.3.5 Digital Transformation and Branch Performance Monitoring

The proposed digital strategy recommends an approved customer-tracking system, secure account records, controlled access, documented follow-up, and performance dashboards. Nine performance indicators were identified, covering customer growth, sales production, collection, retention, lapsation, recruitment and activation, sales productivity, customer satisfaction, and referrals. These measures are intended to improve data accuracy, accountability, and management decisions. Regular performance reviews would help identify operational gaps and assess progress against documented baselines. Digital implementation should begin with an organizational readiness assessment and comply with applicable privacy and security requirements.

3.4 Strategic Implementation, Financial Considerations, and Risk Management

3.4.1 Proposed Implementation Schedule

The proposed implementation period covers twelve months. The first month focuses on validating operational baselines, followed by strategy preparation during Months 2–3, pilot implementation during Months 4–6, evaluation and refinement during Months 7–9, and management decisions on expansion or discontinuation during Months 10–12. This phased approach allows the company to verify performance indicators, assess implementation costs, and evaluate proposed activities before broader adoption. Implementation remains subject to management approval, resource availability, and compliance requirements.

3.4.2 Financial Considerations and Proposed Budget

The financial plan identifies a ₱600,000 proposed program budget, including ₱100,000 in direct implementation costs and a remaining ₱500,000 for training, marketing, digital tools, and monitoring, subject to final allocation. Management also reported an approximate ₱2 billion business portfolio scale, which was presented only as contextual information and not as audited revenue or a financial return from the proposed plan. The budget provides a planning basis for implementation and resource allocation. Financial returns cannot yet be established because attributable premium and policy-level cost data were unavailable. Future evaluation should compare documented program costs with verified financial benefits after pilot implementation.

3.4.3 Operational Risks and Management Controls

The proposed risk assessment identified competition, low customer engagement, limited sales productivity, policy lapsation, overdue collections, ineffective recruitment, poor data quality, privacy incidents, regulatory noncompliance, budget overruns, and overreliance on the small customer survey. The proposed controls include employee coaching, customer communication improvements, structured account monitoring, data security procedures, compliance reviews, budget monitoring, and expanded future surveys. These measures are intended to reduce operational risks and support responsible implementation while protecting customer trust.

4. Conclusion & Recommendations

The study developed a Strategic Business Growth and Customer Retention Plan for a life insurance company in Hilongos, Leyte, based on operational records, planholder surveys, interviews, and management observations. Findings revealed strong customer retention at 95%, a 5% lapse rate, and high satisfaction ratings among the three surveyed planholders. However, the company achieved only 58% of its monthly target of 100 new clients and recorded an 80% collection rate, indicating challenges in customer acquisition and payment collection. The proposed plan integrates customer acquisition, retention, sales-force development, collection improvement, and digital performance monitoring through a twelve-month implementation framework with a ₱600,000 proposed budget. Although customer referrals present a potential growth opportunity, the effectiveness and financial benefits of the proposed strategies remain subject to pilot implementation and evaluation.

The study recommends strengthening customer acquisition through a structured referral program, improving collection efficiency through weekly account monitoring, and enhancing sales-force performance through further assessment and training. Management should establish standardized performance indicators, implement monthly dashboard reviews, and ensure compliance with applicable insurance regulations and data privacy requirements. The proposed ₱600,000 budget should be allocated according to approved activities and monitored throughout implementation. A broader customer satisfaction survey and additional interviews with management and sales personnel are recommended to validate the findings and identify further improvements. The proposed strategies should undergo pilot testing and evaluation against established performance baselines before full implementation, while reported financial figures should be independently verified.

The study was limited to a single life insurance company in Hilongos, Leyte, with survey responses from only three purposively selected planholders. This small sample restricts the generalizability of customer satisfaction and referral findings. Sales personnel were not surveyed, limiting the assessment of factors affecting customer acquisition and employee performance. The descriptive research design did not establish causal relationships, while the absence of attributable policy-level financial data prevented the calculation of financial returns. Consequently, the proposed strategic plan and its expected benefits require further validation through broader data collection, pilot implementation, and subsequent performance evaluation.

5. Compliance with ethical standards

The study was conducted with authorization from the management of the participating life insurance company in Hilongos, Leyte, and the researcher's relationship with the organization was disclosed to the adviser and management. The researchers acknowledge the participating planholders and company personnel for their contributions. Participation was voluntary, informed consent was obtained, and data were collected through non-invasive surveys, interviews, observations, and authorized company records, with confidentiality maintained by excluding identifying information. The available study information does not specify external funding or establish a formal conflict-of-interest declaration.

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