



THE NEW CHANGE AGENTS



Demographic Shifts

as our population evolves, it becomes more diverse with different needs and expectations



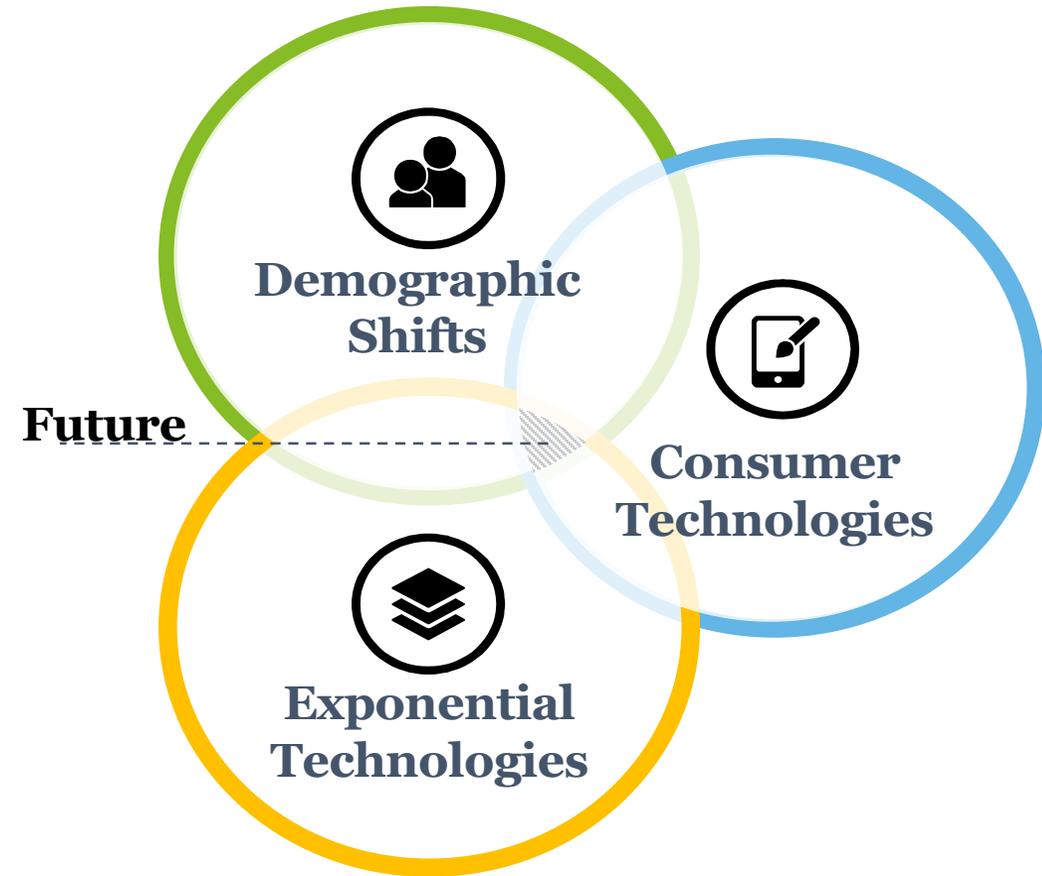
Consumer Technologies

are shaping preferences and buyer behaviors



Exponential Technologies

such as Blockchain, IoT, AI / Data, Robotics, are no longer buzzwords -- they are maturing, and will become commonplace



THESE AGENTS OF CHANGE ARE HAVING A GREATER IMPACT ON THE INSURANCE INDUSTRY THAN AT ANY TIME IN OUR LIVES



OUR EVERYDAY INTERACTIONS ARE FRAMING WHAT WE BELIEVE THE EXPERIENCE SHOULD BE ACROSS THE INSURANCE CUSTOMER JOURNEY

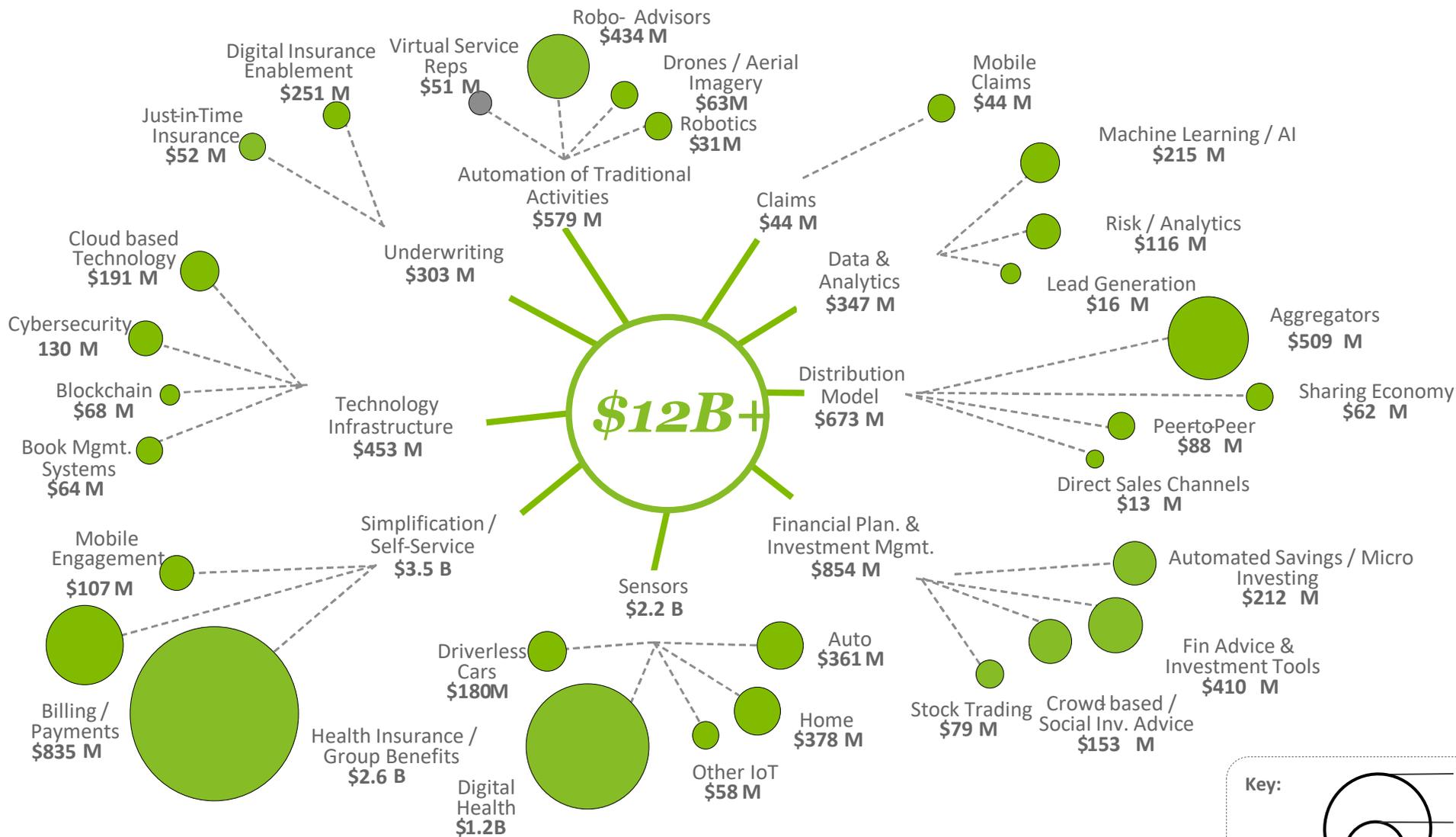
I expect my insurance to be easy to find like **Google**, easy to buy like **amazon**, and easy to understand like **Apple**.

I expect it to be tailored like **Spotify**, timely like **UBER**, transparent like **Twitter**, and trustworthy like **yelp**.





OVER \$12+ BILLION HAS BEEN INVESTED OVER THE PAST FEW YEARS IN AN ATTEMPT TO DISRUPT MAJOR COMPONENTS OF THE INSURANCE INDUSTRY*



* "InsurTech Entering Its Second Wave" : <https://www2.deloitte.com/us/en/pages/financial-services/articles/fintech-insurtech-investment-trends.html>



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INSURTECHS HAVE CHALLENGED HOW CARRIERS THINK AND ARE SPURRING UNPRECEDENT CHANGES IN THE INDUSTRY

Many InsurTechs came into existence with the goal of overtaking incumbents as the new dominant players in Insurance – but have failed so far to achieve scale and customer adoption

WHERE INSURTECHS HAVE SUCCEEDED



InsurTechs have seized the initiative – defining the direction, shape and pace of innovation



InsurTechs have reshaped customer expectations, setting new and higher bars for user experience

WHERE INSURTECHS HAVE FALLEN SHORT



Customer willingness to **switch away from incumbents has been overestimated**



InsurTechs have struggled to create **new infrastructure and establish new insurance ecosystems**

CONCLUSION – CIRCA 2019

InsurTechs have absolutely challenged the basis of how we think in Insurance, but have not yet materially changed the competitive landscape... yet



THE IMPACT OF HOW WE LIVE, MOVE AND WORK ON INSURANCE

Shifting risk in the marketplace will drive insurers to develop new products, distribution models, and partnerships

How We Live

Urbanization increases rental property demand

Higher urban populations with limited liquidity will increase demand for commercial insurance for rental properties

Connected devices pose new risks

Smart and connected homes will pose data security and software failure risks. Customers will demand coverage products designed with these risks in mind

How We Move

Sharing economy merges personal and commercial

Customers will use assets for both commercial and personal use and require products that cover both and that are accessible as needed

Risk will shift from drivers to software providers and sensor companies

Autonomous vehicles will shift risk from vehicle manufacturers and drivers to software providers, and insurers will need to develop products to cover everyone

How We Work

Gig economy will require insurance products

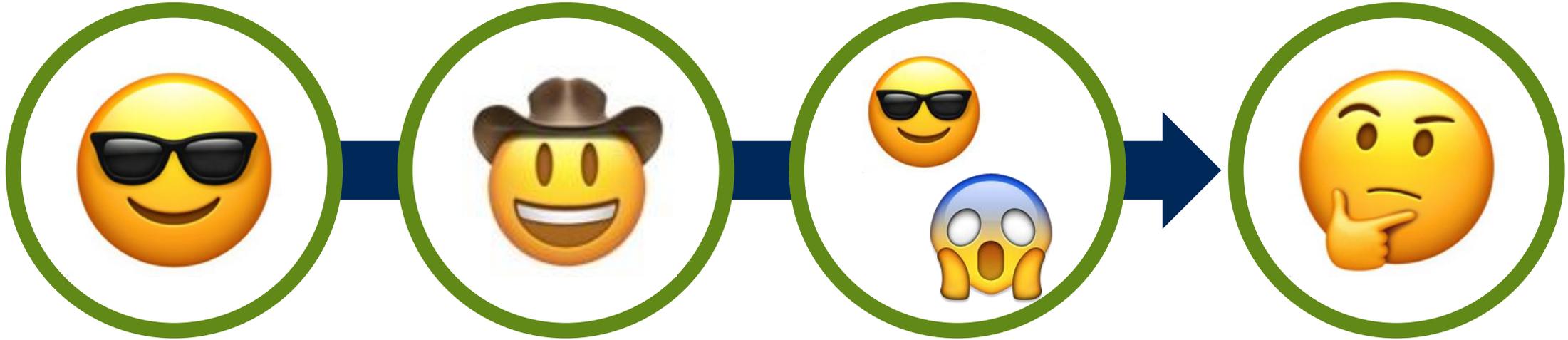
High competition for quality gig workers will give rise to new models of workers' compensation insurance (e.g., short term disability insurance, medical care)

Companies will focus on preventing losses

Prevalence of IoT in the workplace will enable companies to better manage risk and prevent injuries and workers' comp claims; products will be developed with loss prevention in mind



FROM AN INSURANCE INDUSTRY PERSPECTIVE, LET'S RECOGNIZE THAT WE'VE ALREADY SEEN THIS TYPE OF DISRUPTION OCCUR THREE TIMES IN THE PAST 20 YEARS



WAVE I
CIRCA 1995
“Reengineered”

WAVE II
CIRCA 2000
“Getting Internet”

WAVE III
CIRCA 2007
“Becoming Guidewired”

WAVE IV
CIRCA 2015
“Going Digital”

WAVE IV

THE INSURANCE INDUSTRY NO LONGER OWNS THE NARRATIVE, AND WE ARE BEING INFLUENCED BY A FIREHOSE OF OUTSIDE FORCES



DIGITAL IS ENABLING THE INSURANCE CARRIER OF THE FUTURE – WITH THE AGENT SQUARELY IN THE MIDDLE OF THE ECOSYSTEM

The successful insurance company of the future will be differentiated by its **flexibility, speed to market, and superior customer experience**

Customer Centric

- Able to reach new customers
- Offers tailored products and services
- Provides transparency and simplicity

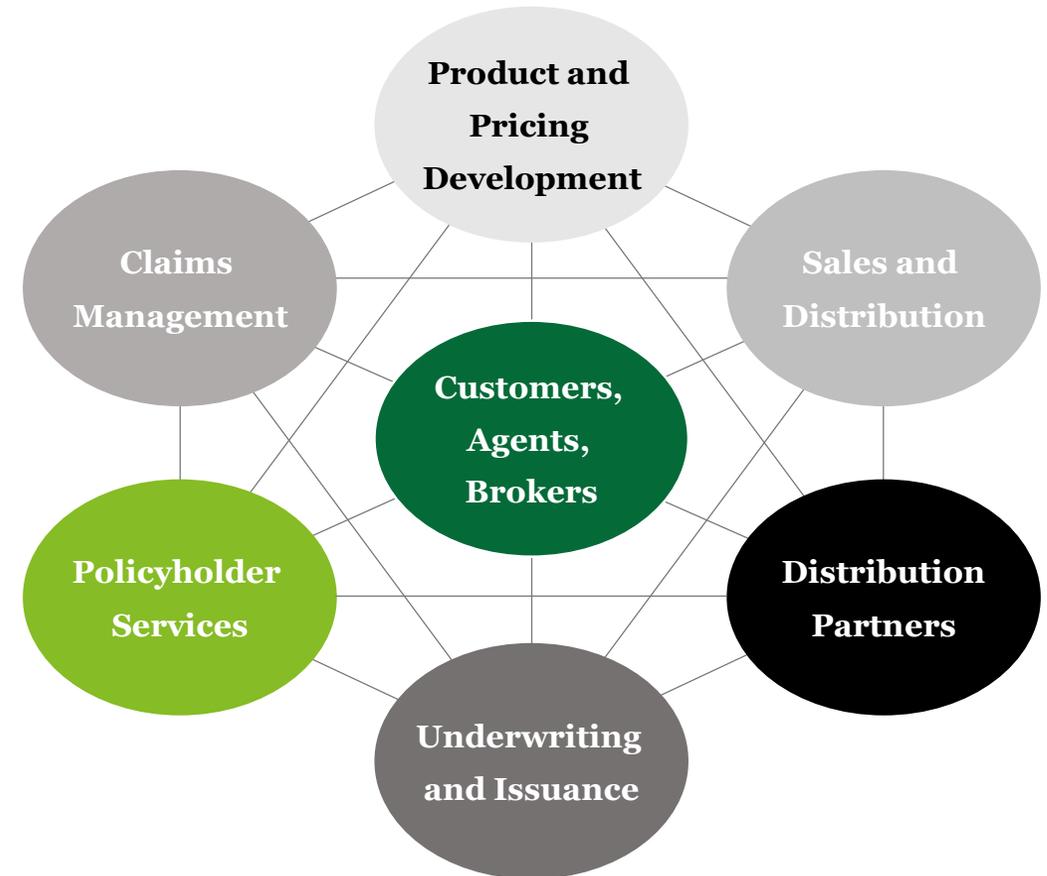
Data Driven

- Uses new sources of data (e.g., IoT, public sources)
- Leverages analytical capabilities (e.g., machine learning)
- Visualizes data in innovative ways (e.g., VR/AR)

Establishes Platforms and Ecosystems

- Enables interaction between key stakeholders
- Serves stakeholders more efficiently (e.g., customers, brokers)
- Enables interconnectivity between different systems / creates an ecosystem

Digital can help stitch together capabilities across the insurance value chain that can **better service the needs of customers, agents, and brokers**





IN THE PERSONAL LINES SPACE, THE MARKET IS BEING SHAPED BY A NEW CONSUMER LANDSCAPE THAT HAS LED TO HEIGHTENED EXPECTATIONS

What your customers, both individuals and employers, are expecting from their insurance experiences:

Earn My Trust

In an era of transparency, trust is no longer just about not doing the wrong thing; it's about pro-actively doing the right thing and acting in the interests of your client to build strong relationships and taking a consultative approach

Know Me

The expectation is for organizations to know the individual, their behaviors and patterns, and to personalize their experience accordingly (e.g., individualized financial advice and planning, custom communications)

Let Me Be in Control

Consumers want to choose HOW to interact across different channels and value real-time communication and status updates, especially for 'back office' functions

Make it Effortless

Consumers have high expectations and are drawn to experiences that serve them in simple and frictionless ways in function and appearance (e.g., push transactions like digital nudges)

If designed correctly, experiences can become a platform for brand differentiation and competitive advantage:

Enhance Loyalty

Improve the Value

Empower Self-service

Amplify the Brand



WHAT WE'VE LEARNED IS THE CUSTOMER WANTS OPTIONS TO INTERACT ACROSS THE JOURNEY BASED ON NEED AND COMPLEXITY

DISCOVERY



QUOTING



PURCHASING

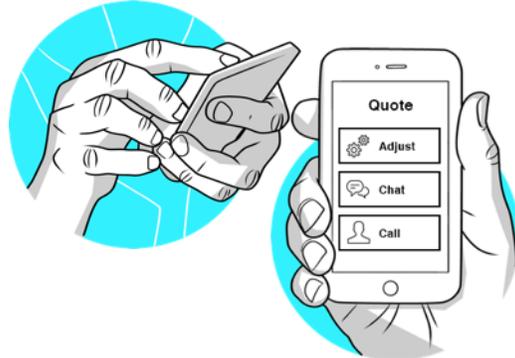


SERVICING



Sofia, a millennial, is preparing to purchase her first home.

She receives a text message from her mortgage broker about the insurance requirements with a link to a recommended insurance carrier.



After clicking the link, she provides minimal demographic, contact, and property information.

Sofia receives a quote with 3 options:
1) adjust policy variables to meet her needs and budget
2) click to chat with an agent;
or 3) call an agent.



Sofia prefers to speak directly to a person, so she calls an agent for advice on her coverage needs for her engagement ring.

Sofia accepts an updated quote and is prompted to create her account where she gets guidance on how to protect her ring.



Sofia receives follow-up texts prior to her policy renewal. She logs into the mobile app and calls an agent to add her wedding band to the policy.

RELATIONSHIP MANAGEMENT



Based on the information captured during Sofia's homeowner inspection, carrier sends Sofia periodic updates on the aging of her sensor-enabled appliances. She is also prompted to have the furnace cleaned, and offered a short list of local vendors to select from. These alerts and tips catch Sofia's attention on the carrier's app, generating referral revenue.

Sofia elected to sign up for a quarterly newsletter on the best way to protect her house from wind and hail storms that often hit her area.



ADDITIONALLY, WE FOUND A SET OF UNIVERSAL NEEDS ACROSS SMALL & MEDIUM SIZED ENTERPRISES (SME)

1



Give me more hours in the day

Staying competitive and growing sales are my main goals...

...but

services aren't straightforward, so I waste time doing things that don't add value to my business.

2



Be the expert so I don't have to

I know that I'm not an expert, nor do I want to become one...

...but

access to advice and experts is unreliable and inconsistent

3



Keep me shockproof

I built a business so I could be my own boss...

...but

now my livelihood is even more sensitive to unexpected events

4



Share my mindset and values

I generally think big companies are reliable and reputable...

...but

I don't feel like they are on my side, or really understand what it's like to be a small business

5



Understand my business

My industry has such specific regulations and even unspoken rules...

...but

most services use a one-size-fits-all approach



WHAT DOES THIS MEAN FOR THE INSURANCE AGENT OF THE FUTURE?

**Self-directed
research and
evaluation paired
with agent advice**

**is increasing
acquisition and
retention rates**

Expectations for digital customer experience and quality of service are at an all time high

By the end of 2019 it is expected that **31% of contact center interactions will be handled via social media, chat, and text** due to customer preferences

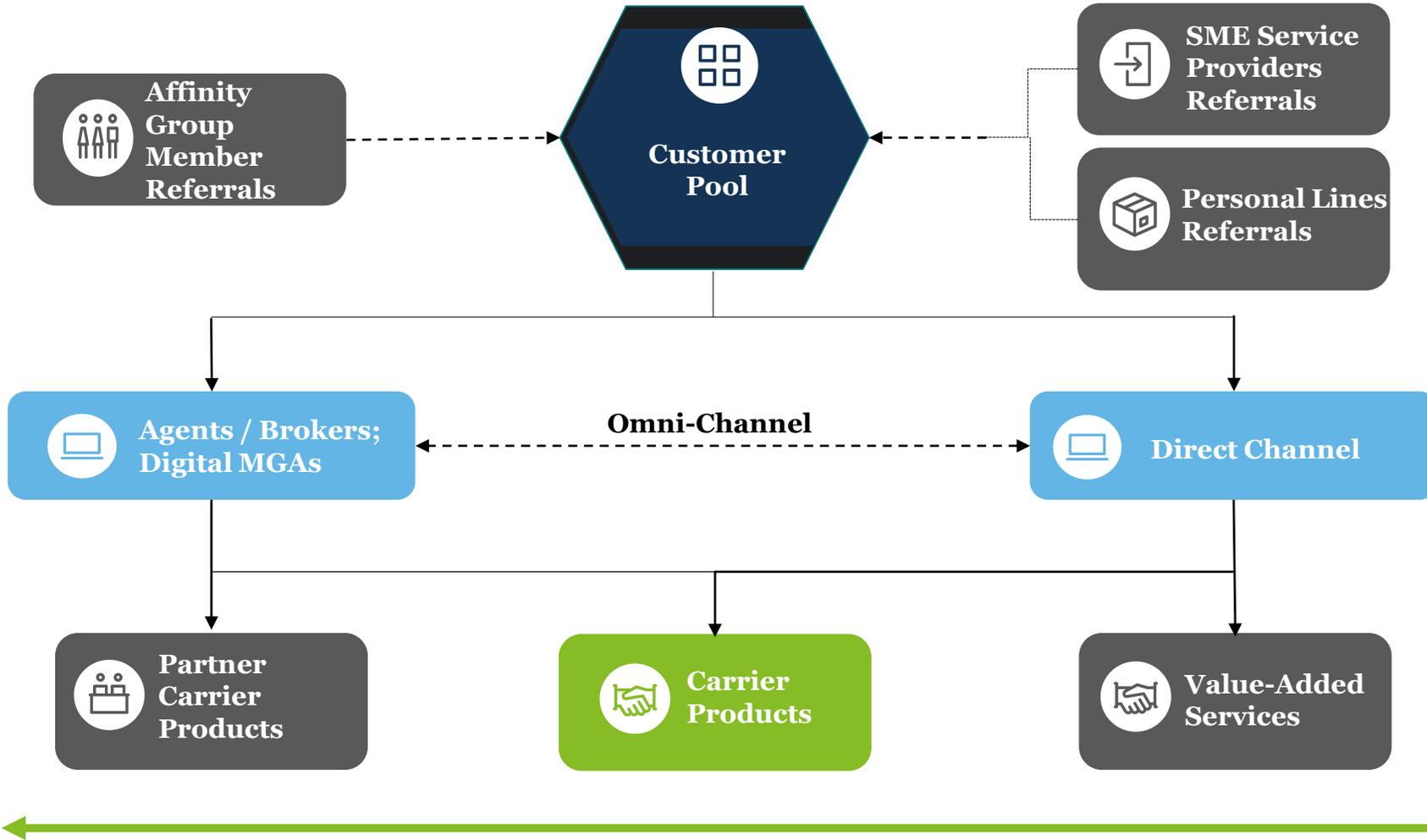
The role of the agent is compressed due to self-service channels, however **high-impact agent advice remains critical to drive purchase, especially for complex sales**

Agents and brokers are **integrating technology to become more efficient** and scale their business

46% of contact center executives believe that customer experience will be more important than cost and revenue in 2019



THE ROLE OF THE AGENT IS BEING REDEFINED AS WHAT MATTERS MOST TO THE CUSTOMER IS CHANGING



Guided

Self-Directed



NEXT GENERATION AGENTS FILLING THE GAP WILL NEED TO BETTER UNDERSTAND THEIR CUSTOMERS IN ORDER TO BE SUCCESSFUL



TRANSPARENCY

- SME owners would **prefer to focus on acquiring customers** and growing their businesses, than administrative tasks
- However, they **lack confidence and expertise** to make these decisions themselves
- The “one-size-fits-all” nature of existing services compounds their confusion and frustration, **leaving them feeling unsupported**



ADVICE

- SME owners **seek out expert advice** to complete business-critical activities—like insurance, accounting, or legal services
- Every SME owner feels like **their business is one in a million**
- They rely on trusted advisors to **understand their business** and then make recommendations based on their specific needs



TRUST

- SME owners need to **feel confident** that their decisions will support business growth
- For this, they need to **better understand** how their decisions relate to their business goals
- Armed with greater knowledge, they need **tailored products and services** which respond to their specific needs



THE INSURANCE AGENT OF THE FUTURE IS:

Multi-channel Business Owner

Uses a portfolio of tools to tailor engagement to customers in alignment with their preferences and ensure these tools are cost-effective and simple to use

Customer Experience Focused Advisor

Uses a portfolio of tools to educate, advise, sell, and build loyalty while continuously identifying opportunities to enhance the client experience

Data Driven Strategist

Uses proprietary and third party data and advanced analytics tools to mine opportunities, target leads, and manage the book of business to generate higher sales

