

Canadian Association of Financial Institutions in Insurance
Webinar Presentation on

Digital & Social Media: Insurance Trends, Practices and Implications

Presented to
CCIR and CISRO Members

May 30, 2013



Debbie Dimoff



Debbie Dimoff is a Vice President of Client Services at PwC with a focus on helping clients to navigate the impact and value of digital transformation.

Debbie specializes in developing integrated customer and employee experiences online, on mobile and on social media. She has launched many a digital transformation in her time – from one of Canada’s first direct bank, mbanx to online dating at Lavalife. Debbie has also led initiatives in green procurement for a public private partnership coalition, Toronto Region Research Alliance and Greening Greater Toronto.

Keegan Iles



Keegan Iles is a Director in PwC's Consulting practice in Toronto with over 8 years of financial services and management consulting experience. Keegan has focused this time in assisting clients through large scale business led transformational engagements, re-engineering business process and information and technology management related initiatives.

As part of the Canadian Insurance group, Keegan has consulted extensively with property and casualty and life insurance companies across Canada. Keegan has experience in developing and executing on business strategies, organizational transformation, process improvement and information technology engagements.



Canadian Association of Financial Institutions in Insurance

Webinar For Canadian Council of Insurance Regulators

Digital & Social Media: Insurance Trends, Practices & Implications

May 30, 2013

Webinar Agenda

- 1. Trends and business drivers in digital channels**
- 2. How leading financial services firms are using digital**
- 3. Innovative business models and strategies**
- 4. Implications of digital and social media usage**
- 5. Where are we going in the future**

1. Trends and business drivers in digital channels

A close-up photograph of a person's eye, showing a green iris and brown eyelashes. The eye is looking slightly to the right. The background is a soft, out-of-focus blue.

Digital growth is at the centre of revolutionary change

Top Trends

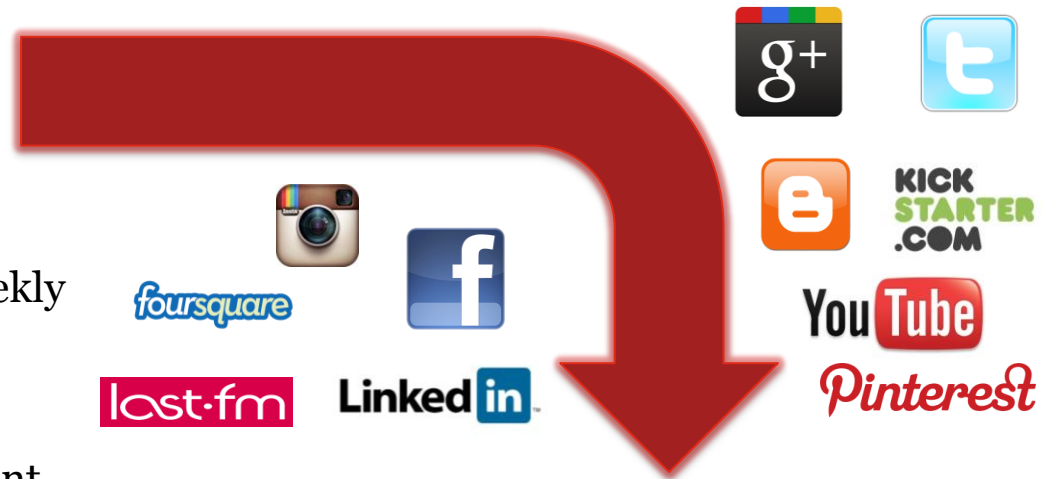
- Consumers rule
- Ubiquitous technology
- The experience revolution
- Content explosion
- Community amplifies

...and Social media keeps on growing!

Social is playing a central role in creating an empowered customer

Global Internet audience stands at
2.4 billion

- **1.6 billion+** users on Facebook
- **7 billion** pieces of content shared weekly on Facebook
- **40 million** users on Pinterest
- **212.2 million** users of mobile payment technology (2012)
- **\$171 billion+** in worldwide mobile transactions (2012)



... and **Canada** is a fast adopter...

- **64%** of Canadians are using social networks
- **42%** of online Canadians visit a Social Networking site everyday
- E-commerce totalled **22.3 billion dollars** in Canada in 2012
- **22 million** mobile subscribers in Canada
- **5 generations** of Canadians are on-line

Sources: <http://www.gartner.com/newsroom>
<http://www.socialmediatoday.com>
<http://www.newswire.ca>
<https://www.comscore.com>
<http://ipsos.ca>
<http://newsroom.fb.com/Key-Facts>
<http://www.Bloomberg.com>
<http://internetstatstoday.com>
<http://www.searchenginejournal.com>
TheGlobeandMail.com . PwC Canada press release

Different generations engage in social and digital channels in very different ways



Baby Boomers (1945-1964)

Trait

- Control over 80% of personal financial assets
- 50% of discretionary spending power

Use

- Growing engagement
- Consume content, light on content creation



Generation X (1965-1979)

Trait

- “Latchkey” kids
- Independence, resilience, skepticism and adaptability

Use

- Prefer tried-and-true tools (email, chat)
- Not users of collaboration and creative aspects



Generation Y “Millennials” (1980-1991)

Trait

- Team-oriented, collaborative and good at multitasking

Use

- Highly-savvy with online and mobile technologies



Generation Z “Digital Natives” (1992 - onward)

Trait

- Prefer mobile and Internet in place of verbal communication

Use

- Super-users of collaborative and creation aspects of social

And all of these trends are changing the way we engage and communicate



Customer expectations

- “Persistent digital engagement” lifestyle
- Changed expectations of responsiveness and engagement



Employee expectations

- Openness, transparency, collaboration
- Role in decision making
- Communicators to the outside world



Business processes

- Social business strategy
- New ways to work with each other
- Improved services, development, sales and support

Open

Co-create

Social

Insurance consumer preferences and expectations

A recent PwC survey of insurance consumers indicates strong preferences and expectations around convenience, anytime/anywhere quick access to information.

46%

Prefer a quicker policy selection process, using online tool vs. a producer

50%

Value receiving a quote in less than 1 day

1 in 5

Want their benefits/claims paid in less than 2 days

1 in 2

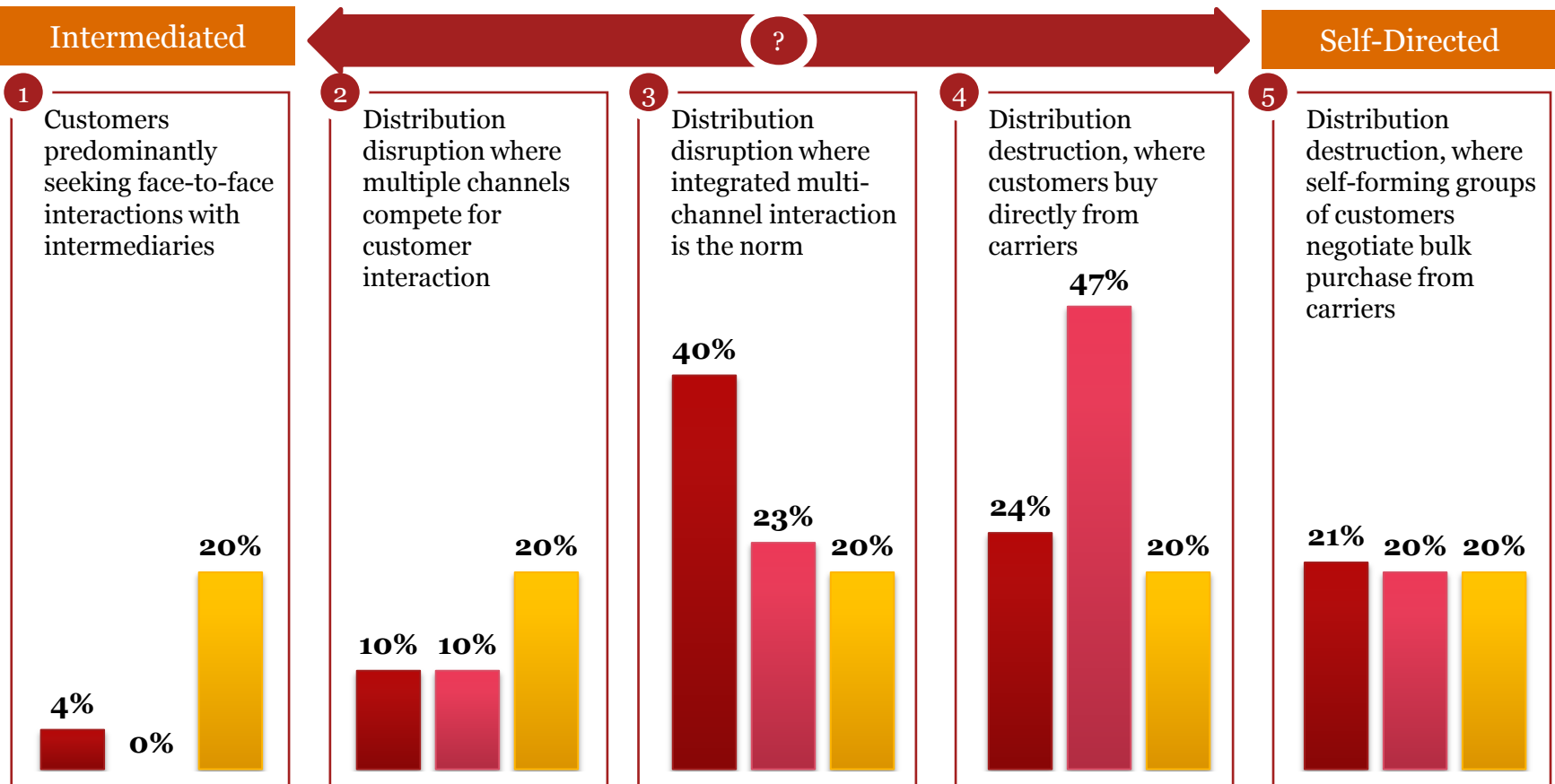
Seek to access and service their account fully online

8 in 10

Would recommend insurer within their social network after positive online experience

Distribution Disruption and Customer Revolution

Poll Question: How far will the balance of power shift towards insurance customers/consumers?



Source: PwC Analysis; IIS Conference, Toronto, 2011 & EyeOpener Poll, Toronto, Sept. 2011

■ PwC Global Survey ■ PwC EyeOpener Poll - Sept 2011 ■ PwC Poll Sept - 2012

Industry recognizes the need to move quickly to meet customer expectations.

Insurers are aware of the need to improve customer experience and multi-channel capabilities...*



But customer satisfaction of “Choice of Channel” is low.

47%

Percentage who indicated Customer Experience as top strategic priority:

39%

Percentage who indicated Distribution Enhancement as top strategic priority:

*Percentage of insurance customers who “satisfied” with each channel**:*

Website, email, & online chat

51%

Mobile

33%

Social Networking & Media

21%

* PwC 2012 Project Blue Poll Results (150 Life & Pension Executives)

** Source: North American Technographics Financial Services, Media and Marketing Online Survey, Forrester Research, Inc.

2. How leading financial services firms are using digital

Financial services providers have had success with targeted business strategies in digital channels



Customer Service



Communication & Marketing



Collaboration



Product Innovation



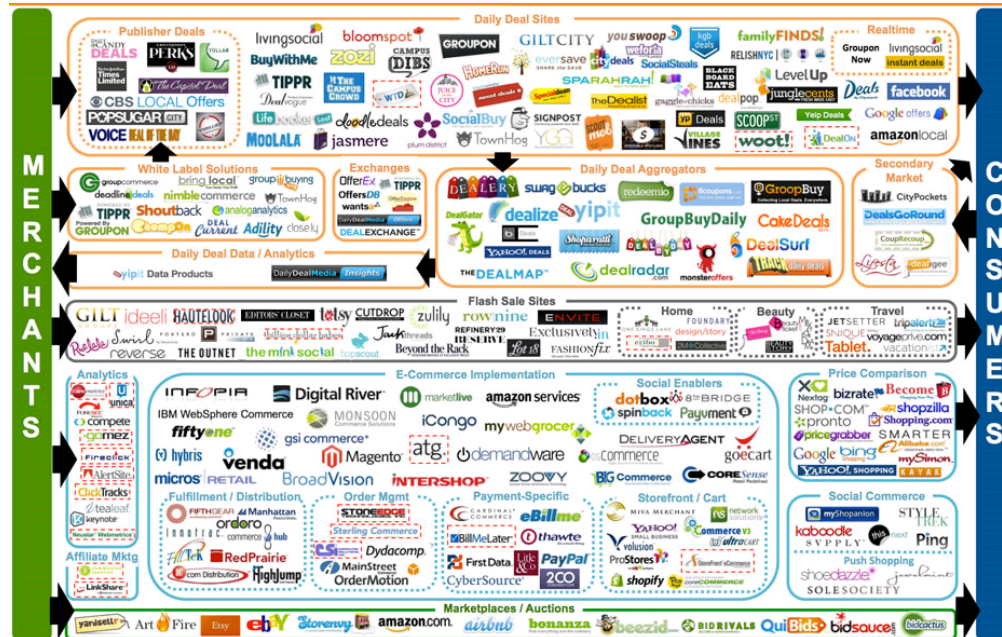
Brand



Recruitment

E-commerce – Overview

E-commerce landscape



Leading Practices

Use of digital commerce for:

- On-Line & Mobile Customer Profile & Needs Analysis
- On-Line & Mobile quotations
- On-Line & Mobile purchasing (e.g. Term Life, Auto, Home)

Business Benefits

- Instant, anywhere access for customers
- Word of mouth marketing / awareness
- Real-time metrics
- Cross sells and up sells through targeted recommendations
- Self service capabilities

Mobile Phones and Tablets – Overview

The mobile ecosystem



Leading Practices

- QR Code links to marketing, product and research
- Mobile ready websites
- Alerts (e.g. policy updates, renewal, claims)
- Transactional Mobile apps (e.g. sales, claims)
- Tablets in the workplace

Business Benefits

- Real time, anywhere access
- Increased sales through mobile commerce
- Efficient platform for simple transactions
- Demographic and location based information
- Cost-effective marketing, sales and service channels
- Improved productivity and work flexibility

Social Media– Overview

The social ecosystem



Leading Practices

- Social communities for post-claims recovery
- Facebook insurance storefront
- Peer to peer product ratings and reviews
- Twitter for customer care
- Product content distribution on YouTube

Business Benefits

- Increased customer engagement
- Improved customer satisfaction
- Targeted recruiting
- Cost-effective marketing channel
- Product innovation through collaboration

Insurers are offering multi-channel experiences to assist customers in research and purchase activities



PROGRESSIVE

Insurance Choices Claims Center Customer Service SearchKeyword

1-800-PROGRESSIVE

Get a Quote Bundle & Save

Quote and Buy Online

Zip Code Auto

> Quote with a Local Agent > Retrieve a Quote

Manage Your Policy

Username Password

☐ Save ID ☐ Forgot Password?

You could save over \$475 on car insurance*

Get a quote in about 6 minutes

Car Insurance and More

Auto Insurance
Enjoy our concierge level of claims service and 24-hour support.

Compare Auto Insurance Quotes**

Company	Rate
Auto Shopper D.S. in CT	
Chevrolet Malibu	6/14, 2:10 PM ET
Progressive Direct	\$530
State Farm (A)	\$742 - \$841
State Farm (B)	\$1137 - \$1283
Auto Range of Rates	\$753

Like me to stay updated on Rocket Cat!

ROCKET CAT ADVENTURES

PLAY

BUNDLING ROCKS!

MEET ROCKET CAT

Sources: Progressive Insurance

The Hartford Experience

Expertise ↓

Flexible Solutions

Superior Service

Seamless Enrollment

Consultative Approach
Customized Communications
Online Experience

Personal Claims Approach

HOME THE HARTFORD EXPERIENCE INSIGHTS & EXPERTISE

Send To A Friend Contact Us

Talk To Our Experts

Insights & Expertise

Ability In Action

White Papers

Articles

Facts & Figures

Talk To Our Experts

Robert W. Reiff
SVP & Director, Strategy, Distribution, Field Service, Association and Product, Group Benefits Division

John Gullari
VP, Service Operations, Group Benefits Division

John Corder
AVP, Product Development, Group Benefits Division

Marge Strage
Director, Total Absence Management, Group Benefits Division

John Sagar
AVP & Director, Field Service Operations, Group Benefits Division

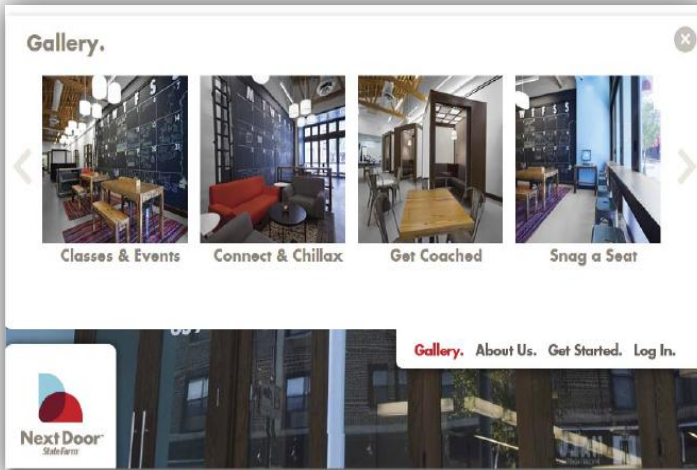
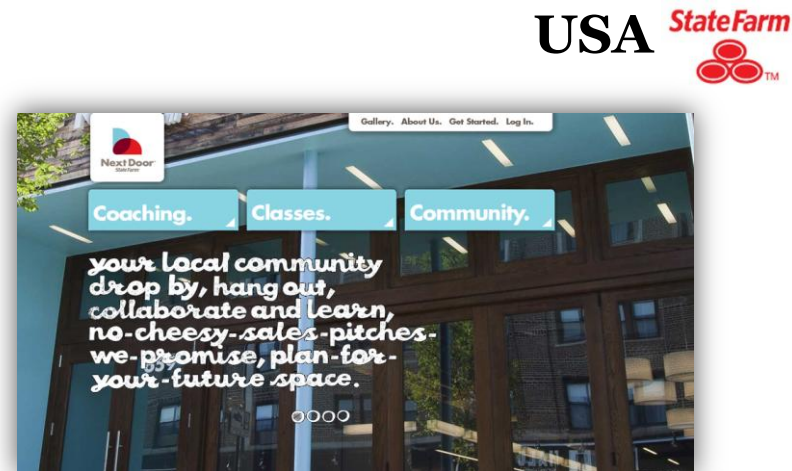
Read a Brief Bio

HOME THE HARTFORD EXPERIENCE INSIGHTS & EXPERTISE

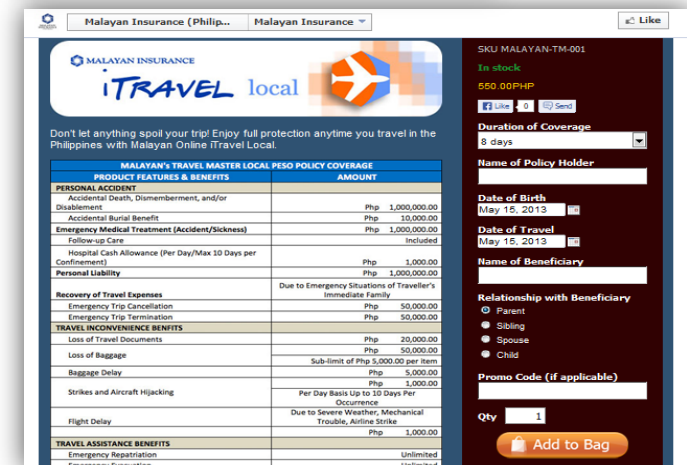
Send To A Friend Contact Us

Sources: 2012 Forrester Research, Inc.

Engaging millennials and “digital connectors” through virtual and physical communities



Sources: 2012, Forrester Research, Inc. & Chicago Statefarm



Sources: www.visiblebanking.com

Using Social Media and Mobile to engage customers in self-service activities can improve the customer experience and lower operating costs



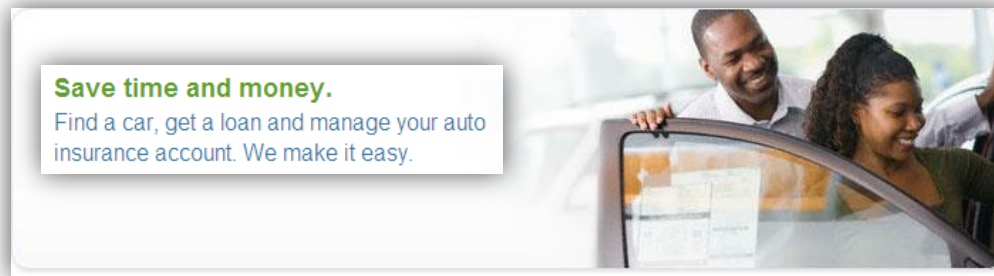
Sources: 2009, Forrester Research, Inc. & Nationwide Insurance



Sources: www.mobilemarketingwatch.com

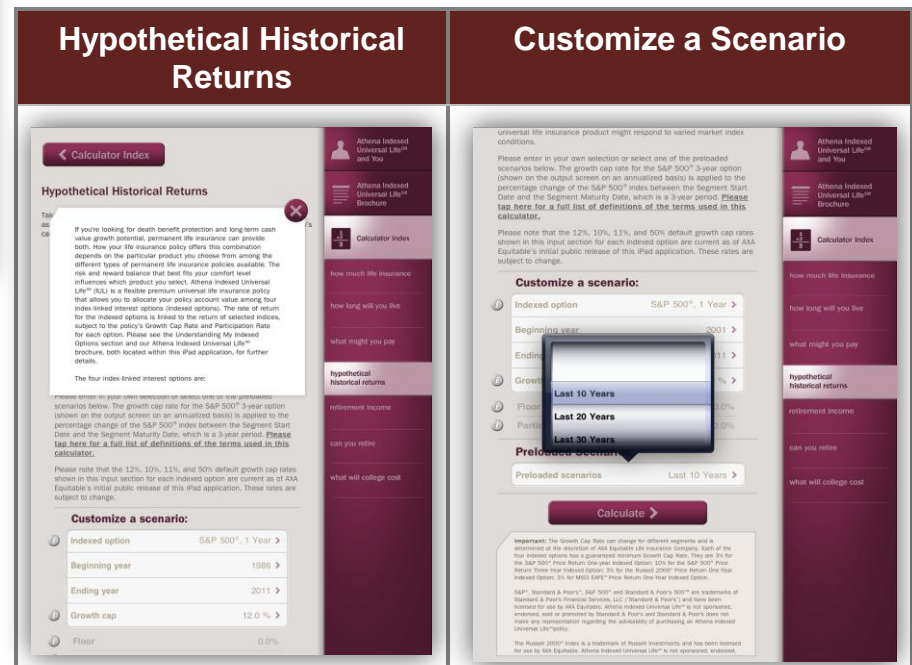
USAA has designed an app that follows a customers' life event from start to finish – purchasing, financing and insuring a car

USAA's allows users to research, buy and insure a car all in one stop.



Sources: 2009, Forrester Research, Inc. & USAA Website

AXA has developed an application to help customers and advisors select the best-fit life insurance

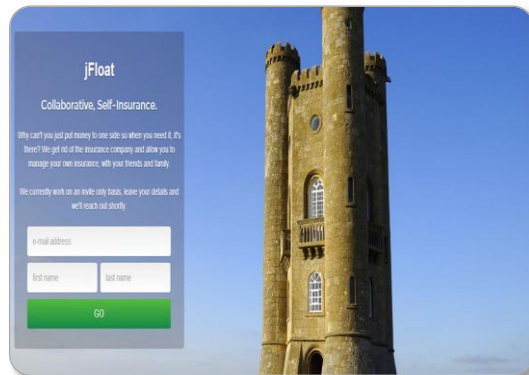


3. Innovative business models and strategies

Game changers - New business models are possible...

jFloat

Back-to-the-future insurance



The Climate Corporation

Sharing risk



Smartypig

A new way to save

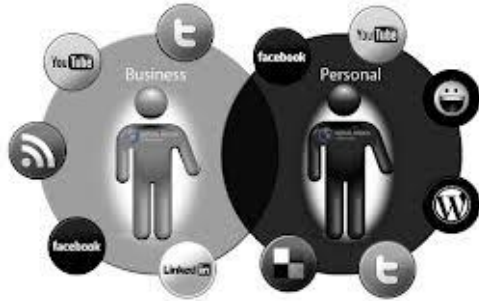


Source:
www.kickstarter.com

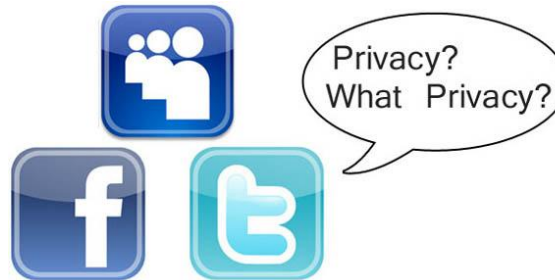
...thanks to digital technologies

4. Implications of digital and social media usage

Unique implications to be considered when dealing with digital and social media:



Personal and business usage by key stakeholders (e.g., employees, business partners, agents, customers) in the public domain



Post-review archiving, compliance and supervision. Likelihood of regulatory (e.g., Privacy), legal challenge and data retention needs



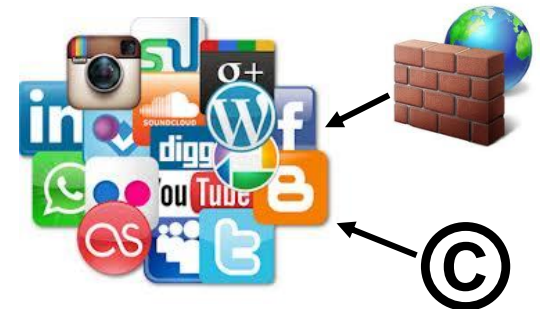
Increased customer service expectations



Surprise risks with “recommending”, “following” or “like” functions



Introduction of viruses and malware through social media sites



Unclear content rights on social media sites and user-generated content outside the firewall

5. Where are we going in the future

*Where are we going in
the future ?*



Thank you



Debbie Dimoff

t: 416-947-8448

e: debbie.a.dimoff@ca.pwc.com

Keegan Iles

t: 416-815-5052

e: keegan.a.iles@ca.pwc.com

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, [insert legal name of the PwC firm], its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2013 PricewaterhouseCoopers LLP. All rights reserved. In this document, “PwC” refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.