

Welcome to the Consumer Revolution

How Insurers Can Heed the Voice of Customers, Rethink Relationships & Embrace Innovation to Drive Profitability & Market Leadership



Welcome to the consumer revolution



Global consumers in 2020

Source: Ernst & Young Global Consumer Insurance Survey, 2012

80% Have access to mobile telephony



60+% have smart phones or low-cost tablet computers

50 billion connected devices globally

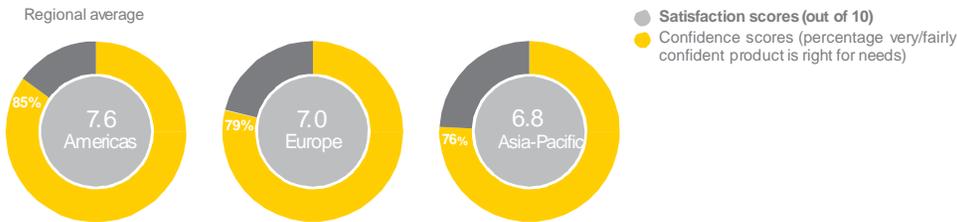


Listening to the **voice of the customer**

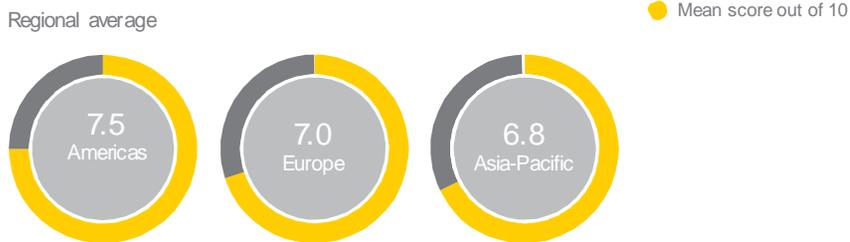
The 2012 Ernst & Young Global Consumer Insurance Survey asked 24,000 consumers in 23 countries around the world how they feel about their insurance needs and relationships with current carriers. The findings highlight the challenges and opportunities faced by insurers around the world – this is very much a “good news, bad news” story.

Consumers are generally confident in and satisfied with their carriers, but ...

Life and pensions. Customer confidence and satisfaction scores

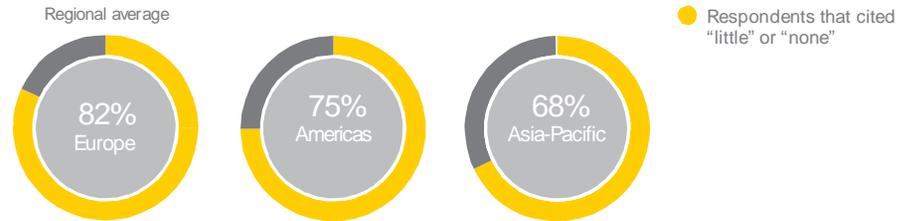


Customer satisfaction ratings

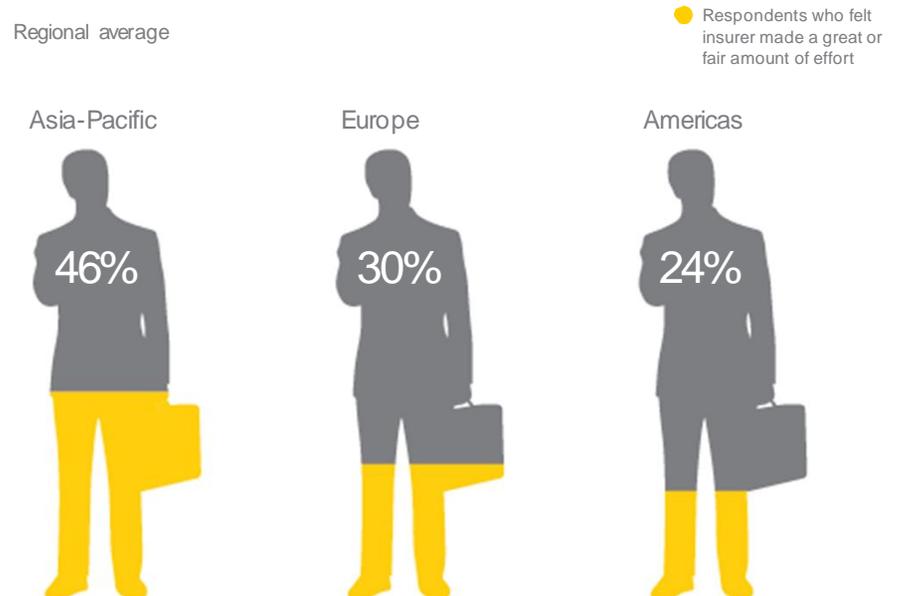


... want them to work a little harder to keep the business.

Non-life insurance. Lack of effort made by insurer at renewal



Life and pensions. Effort made by existing provider to retain customer



Insurance industry impacts: **good news and bad news**

First, the bad news: many insurers are not keeping up with today's more informed, highly empowered, dynamic consumers – who may know as much about your company and your competitors as you know about them.



Specifically, insurers need to improve along four dimensions:



Service quality



Rewarding loyalty



Communication



Product transparency

Insurance industry impacts: **good news and bad news**

Now for the **good news**

There is much to learn and many best practices to emulate from other industries.



Customer loyalty and rewards programs from airlines, retail, banking and other sectors



Robust analytics from banking and e-commerce



Personal touch from hospitality



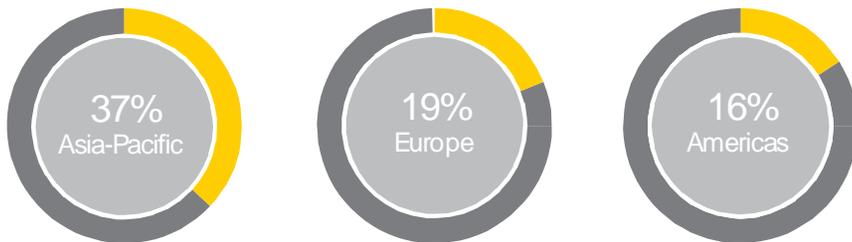
Constant market research and innovation focus from consumer packaged goods

More **good news**: growth opportunities with current base

Consumers want to build long-term relationships with and are willing to purchase multiple products from their carriers. They aren't doing so today, however. A simple, transparent buying experience; clear and effective communications; and rewards for loyalty – these are the steps insurers must take to seize the growth opportunity.

Life and pensions. Customers who have bought another product from the same provider in the last five years

Regional average



Source: Ernst & Young Global Consumer Insurance Survey, 2012

Consumers who prefer to buy multiple products from the same provider



There is opportunity for insurers that can master all the consumer interaction points.

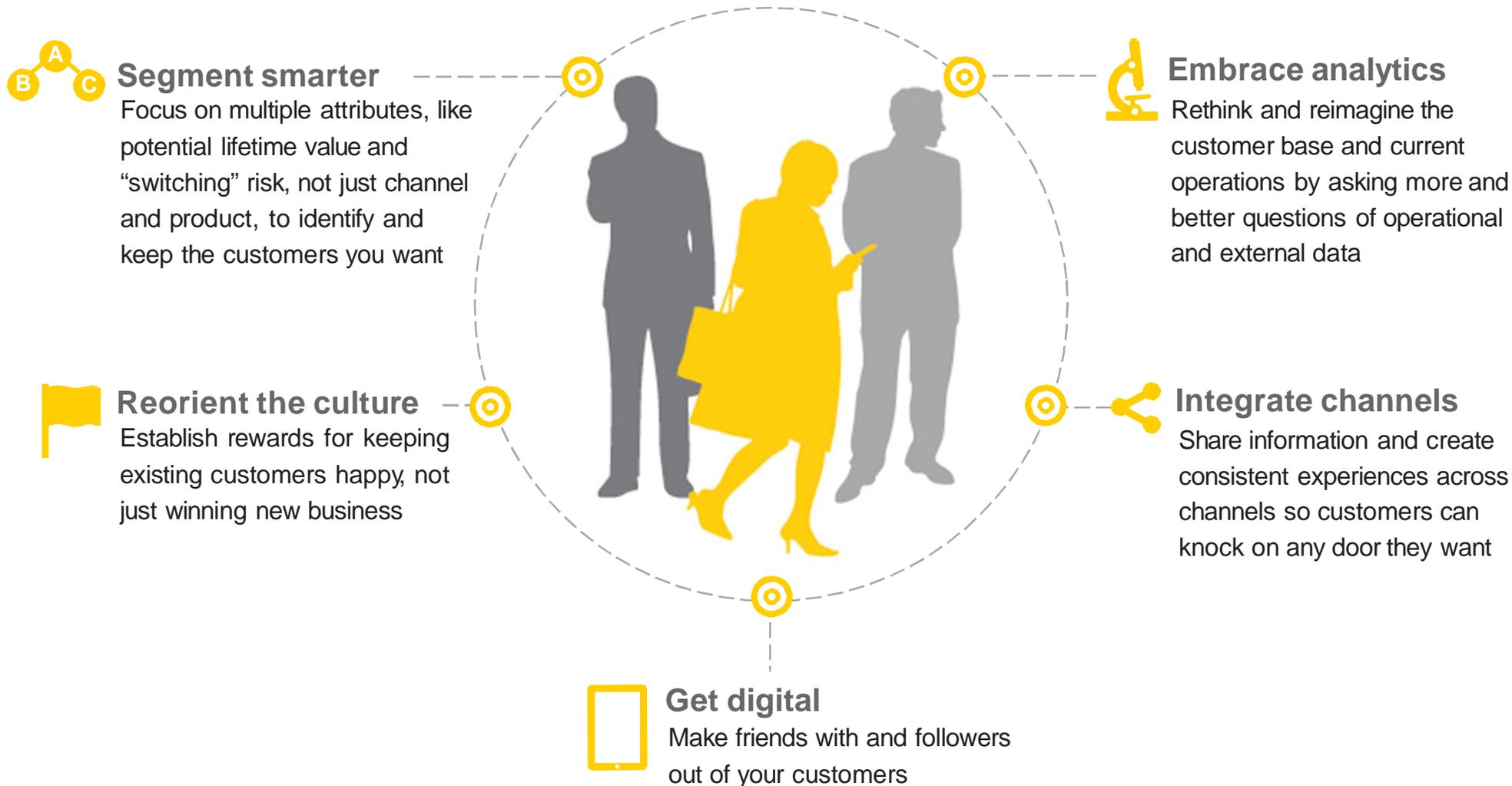
The journey to customer centricity

The journey to customer centricity is not easy. But insurers that can move forward along the right strategic course will find many opportunities to drive growth, transform operations and seize competitive advantage.



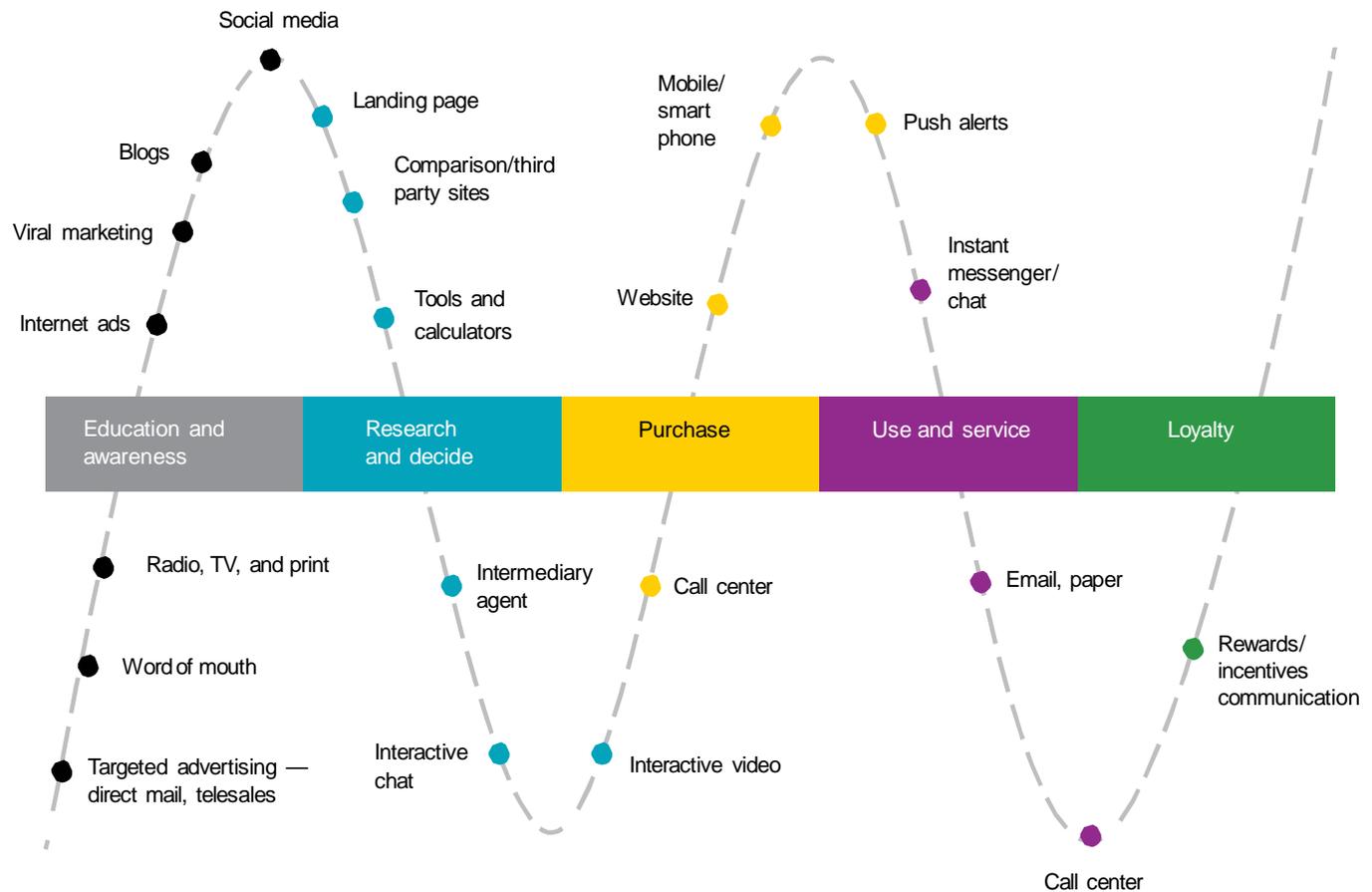
Operationalizing **customer centricity**

Customer centricity is both a strategic mindset and a set of specific operational capabilities.



Operationalizing customer centricity

The overall customer experience is influenced by customers' direct and indirect interactions with an organization — both physical and digital touch points. Both must be managed effectively in order to maximize the experience.



Source: Ernst & Young

Driving **customer centric** innovation

True customer centricity goes beyond operational matters. It's about reorienting the culture, rethinking the meaning of risk and altering behavioral patterns. In other words, strong executive leadership and effective organizational change management are critical enablers. What must insurers do?



Overcome the risk-averse culture common to many insurers

- ▶ Drive culture change from top-down
- ▶ Engage all associates to identify improvement opportunities
- ▶ Reward collaboration across functions
- ▶ Experiment, test and learn – open discovery centers and research labs

Shift to longer-term thinking and decision-making cycles

- ▶ Don't overlook the lifetime value of the in-force base in the chase for the short-term rewards of new business
- ▶ Unleash internal customer advocates to explore long-term relationship building

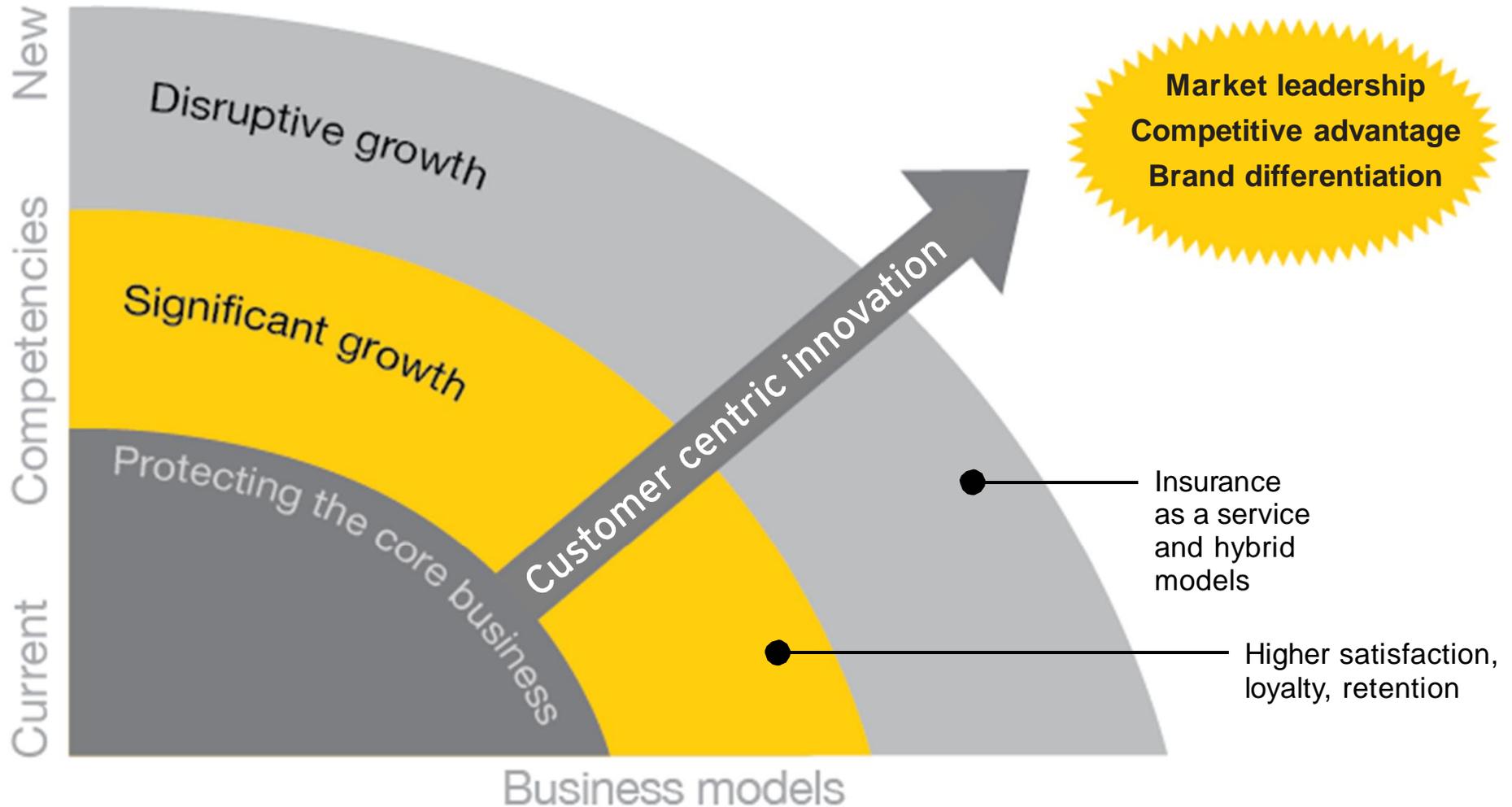


Explore disruptive growth strategies

- ▶ Design “insurance as a service” models
- ▶ Rethink core customer value propositions
- ▶ Seek new partnerships across other industries

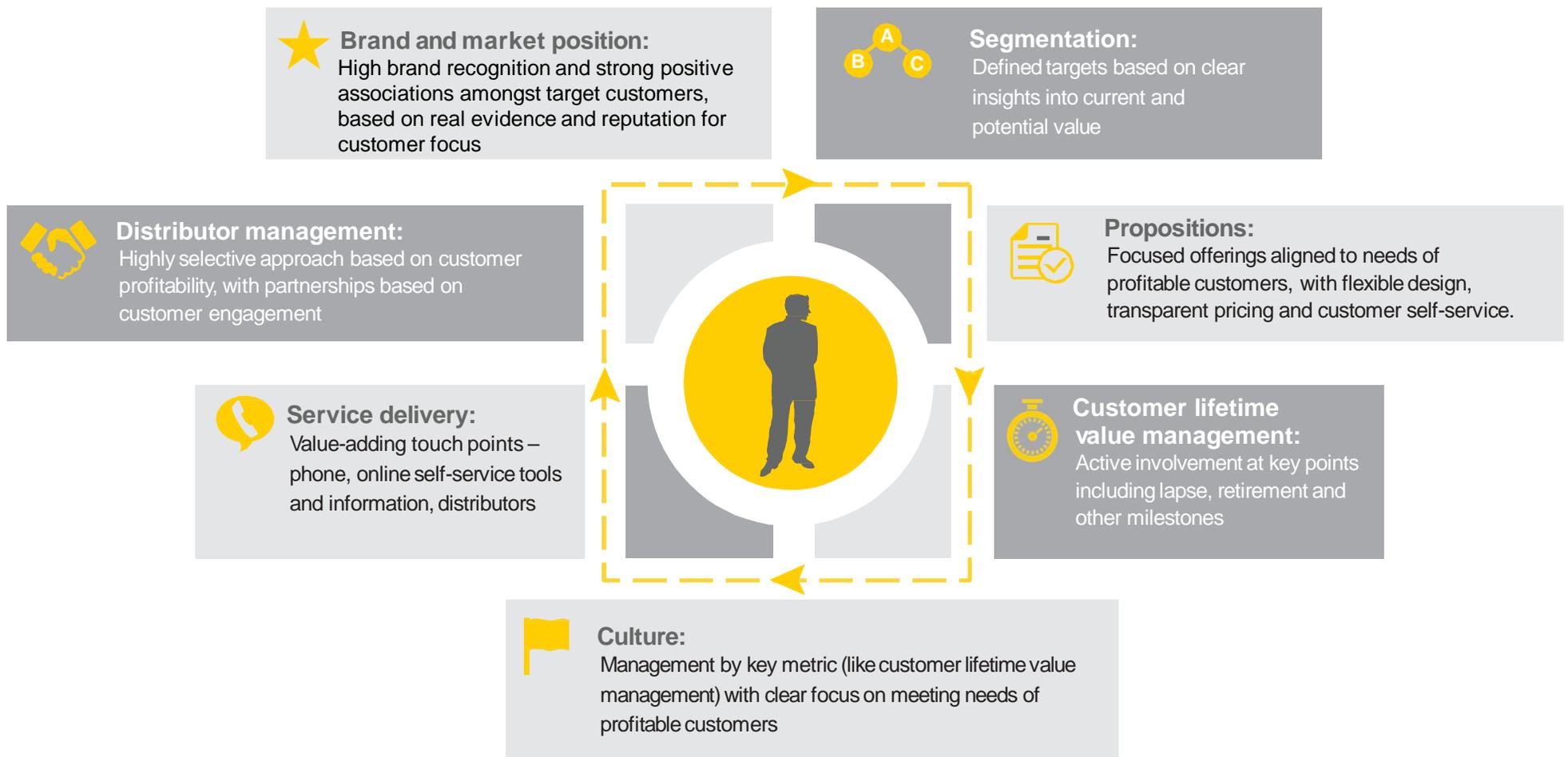
Driving growth through **customer centric innovation**

Tomorrow's insurance leaders will leverage customer-centric innovation to differentiate themselves and gain sustainable market leadership positions.



The journey to maturity: achieving and sustaining customer centricity

Customer-centric organizations measure the maturity of their strategies and capabilities across a range of dimensions. Choosing the right metrics provides a framework for measuring current performance and evaluating operations and for prioritizing investments and initiatives; they also help guide the ongoing journey to continuous improvement, truly advanced capabilities and sustainable competitive advantage.



**Start the
customer centric
conversation**

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