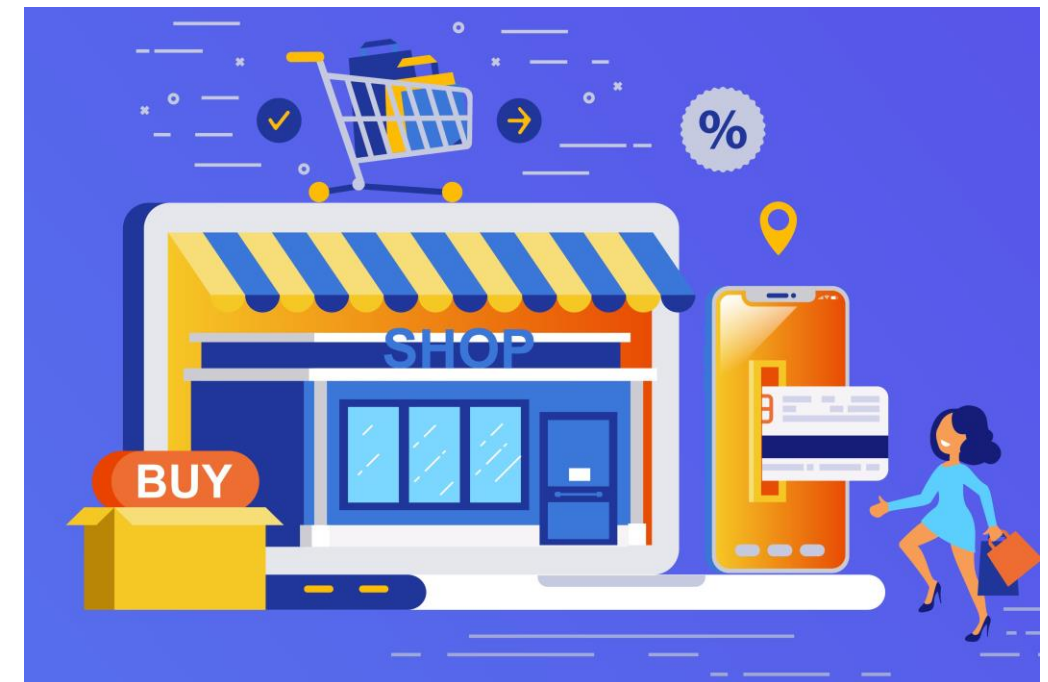




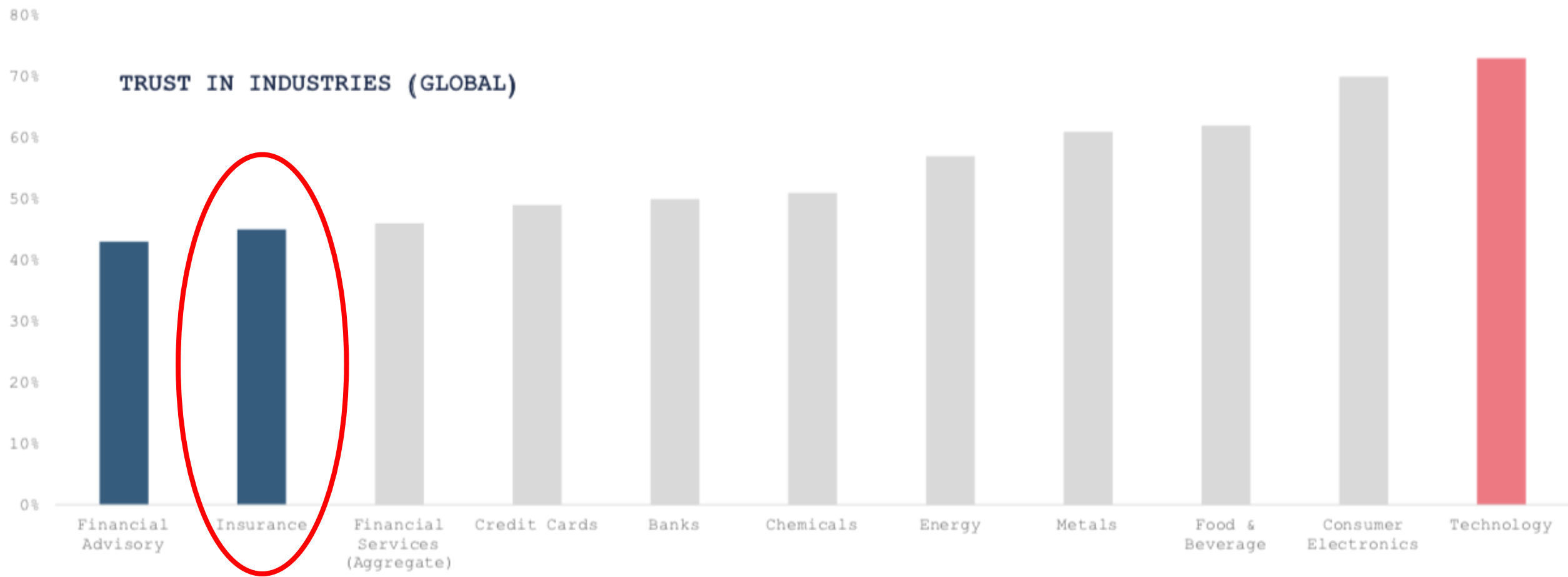
TDI ACADEMY
LEARNING FOR THE DIGITAL AGE

Lesson 4 – Changing Consumer Behaviours

3. Implications for insurance



THE "TRUST PROBLEM" FOR THE INDUSTRY



INSURANCE FALLS BEHIND OTHER CONSUMER MARKETS IN PROVIDING DIGITAL SERVICES. IN FACT IT IS BOTTOM OF THE PILE.

THINK ABOUT THE QUALITY OF THE ONLINE AND DIGITAL SERVICES GENERALLY PROVIDED BY THE FOLLOWING TYPES OF COMPANIES. HOW INNOVATIVE WOULD YOU SAY THEY ARE?

■ Very Poor ■ Poor ■ Average ■ Good ■ Excellent



“Insurers struggling to keep up”

- Rapid technological advancements have led to changes in consumer behaviour.
- The insurance industry is struggling to keep up creating a huge chasm between customer expectations and the services insurers can deliver.
- Abhishek Bhatia, CEO of FWD Insurance Singapore :

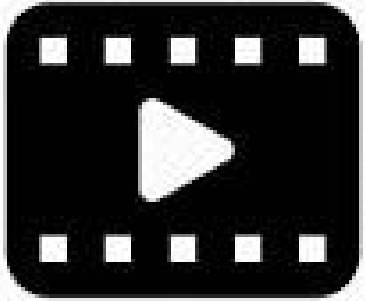
“Consumers are buying everything from hotel bookings to groceries online. And the user experience in those categories drives their expectations for insurance too. But the industry’s business model, which is a bit self-serving and loves clunky technology platforms, makes it uniquely ill-equipped to deal with the customer of today.

Today, we see that customers are increasingly looking for self-control, convenience, and 24/7 access that digital insurers like us can provide. As they evolve to be more critical and discerning I would urge them to continue this active role when purchasing insurance.

Understanding the consumer’s needs is key when it comes to gaining confidence and trust. It’s really about making insurance a lot simpler and more direct, and thus more accessible to everyone.”



Customer vs competitor obsession



Customer vs Competitor Obsession Jeff Bezos - Amazon

TDI viewing Tip;

Quick clip, easy to digest

Duration: 57 Secs

[Video link](#)

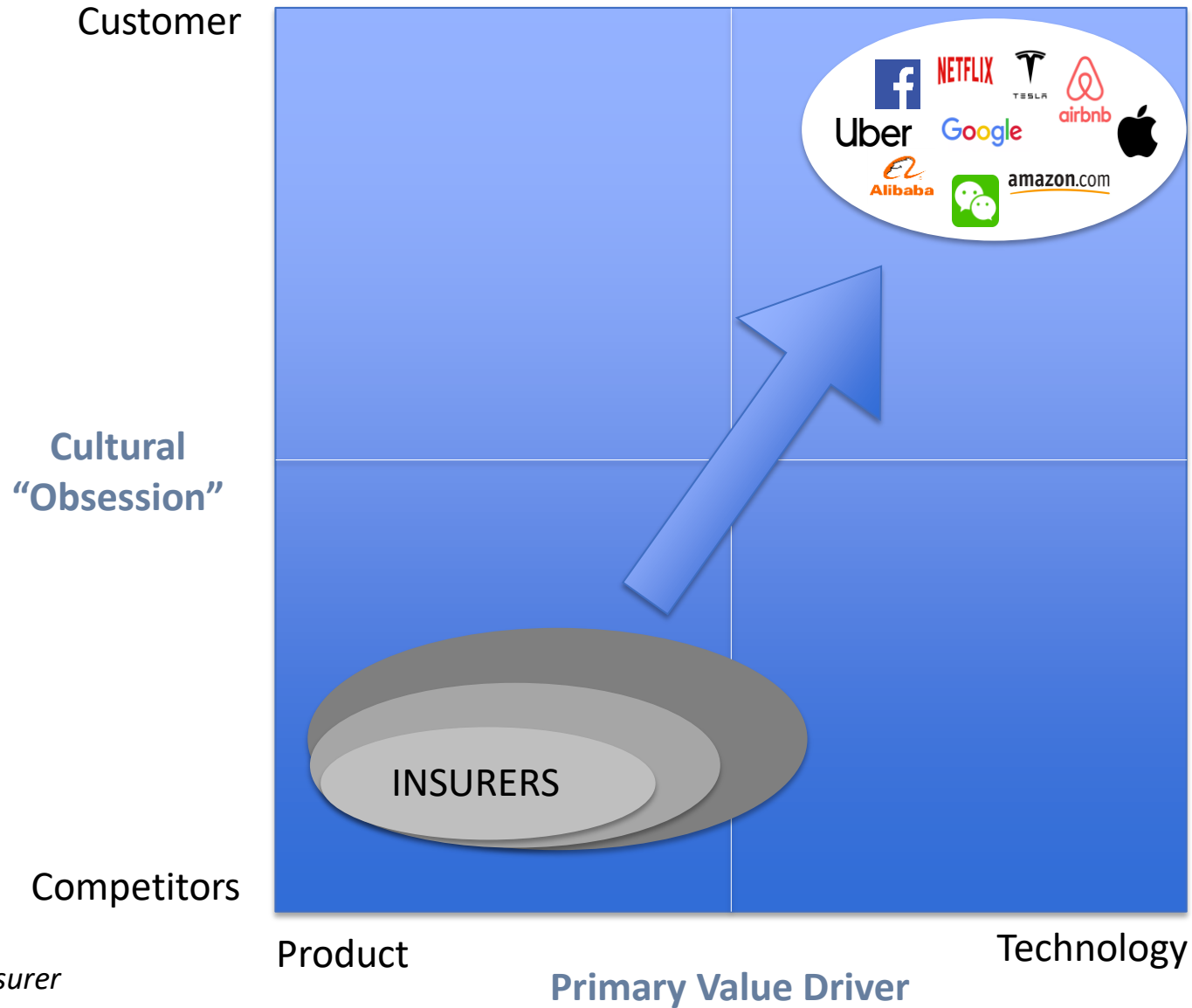


Possible discussion points for Weekly Clinic / Things to think about

- If Jeff Bezos' primary hypothesis here – that most companies are obsessed with what their competitors are doing and that they should be obsessed with what their customers want – really true?
- If it's that obvious – why aren't more companies imply following Amazon's lead what's holding them back?
- Is this a truism for much of the insurance industry?



Insurance & the real competition for consumers



Changing consumer behaviours – what we want!

Convenience
My time, My place, My way

Personalisation

Speed

Reduced Risk

Choice

Rewarded Loyalty

Fair Value & Treatment

On Demand

Social Good



Changing consumer behaviours: some implications for insurance

Convenience

My time, My place, My way



Changing consumer behaviours: some implications for insurance

Convenience
My time, My place, My way

TREND 3: AUTOMATED SERVICING

Percentage of respondents that would use entirely computer-generated support for banking/purchasing insurance/investment advice.

	BANKING	INSURANCE	INVESTMENT ADVICE
Global	71%	74%	78%
Australia	60%	64%	66%
Benelux	65%	67%	65%
Brazil	83%	87%	89%
Canada	58%	63%	62%
Chile	82%	86%	85%
China (Hong Kong)	77%	78%	81%
France	67%	69%	76%
Germany	60%	61%	61%
Indonesia	90%	91%	95%
Ireland	66%	69%	60%
Italy	79%	81%	84%
Japan	60%	66%	76%
Nordics	65%	69%	74%
Singapore	79%	80%	84%
Spain	78%	80%	79%
Thailand	87%	88%	94%
UK	68%	71%	74%
USA	72%	74%	79%



Changing consumer behaviours: some implications for insurance

Convenience My time, My place, My way

Gen Y and affluent customers are more demanding in the way they connect with their insurers

Gen Y customers

Use social media for insurance needs at least once a month



Interact with insurer **2.5X** more on social media and **2.0X** more on internet-mobile channel



Affluent customers

Use social media for insurance needs at least once a month



Interact with insurer **1.5X** more on social media and internet-mobile channel



Changing consumer behaviours: some implications for insurance

Speed

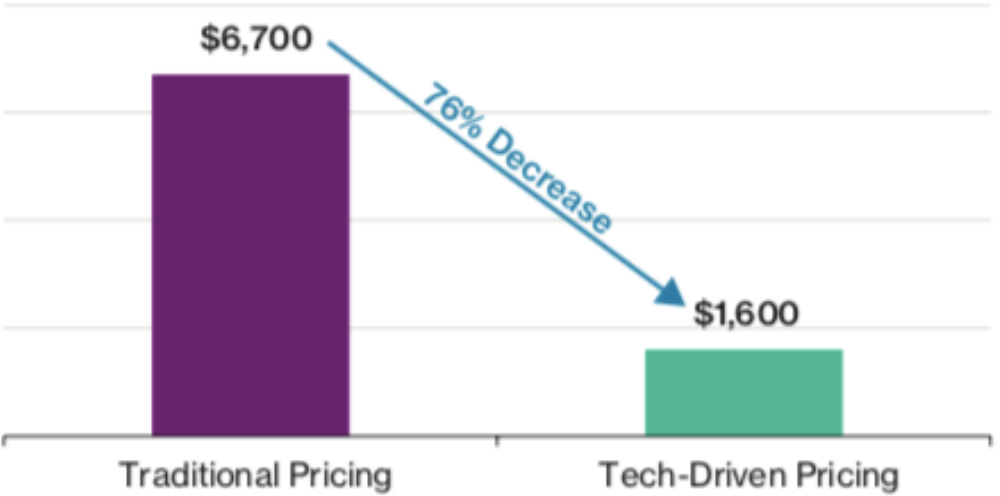


Changing consumer behaviours: some implications for insurance

Choice



Term Life Premium Comparison:
\$1 million/20 Year Policy for Age 30 Male



Source: CIRC statistics.



Changing consumer behaviours: some implications for insurance

Fair Value & Treatment



laka

See what it cost to protect £2200 of gear with us

Not more than £18 per month



GET A QUOTE



Changing consumer behaviours: some implications for insurance



Fair Value & Treatment



Discovery

John Hancock



Changing consumer behaviours: some implications for insurance

Reduced Risk



Changing consumer behaviours: some implications for insurance



Personalisation

trōv



Changing consumer behaviours: some implications for insurance

Rewarded loyalty

TAL

Q

QANTAS ASSURE



Changing consumer behaviours: some implications for insurance



On Demand

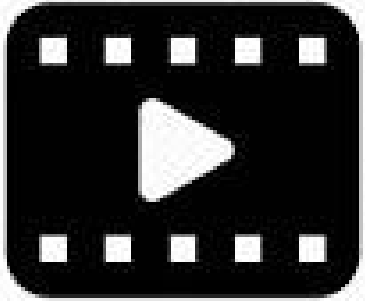


Changing Consumer Behaviours: Some Implications for Insurance

Social Good



The Office – customer service



Duration: 41 Secs

The Office – Customer Service

The Office – BBC Films

TDI viewing Tip;

A satirical look at customer service in a UK paper company. Some light-hearted relief towards the end of this lesson



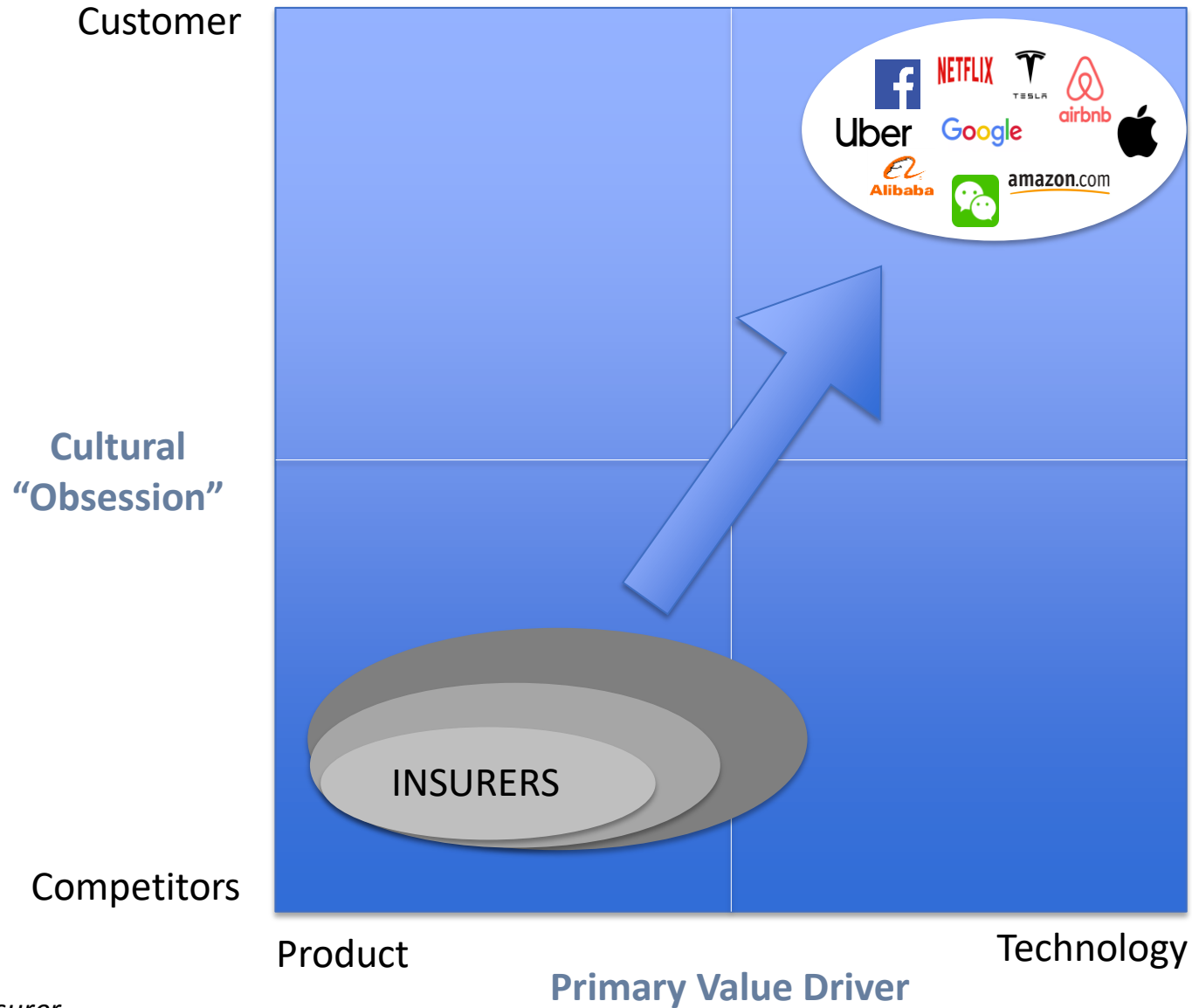
[Video link](#)

Possible discussion points for Weekly Clinic / Things to think about

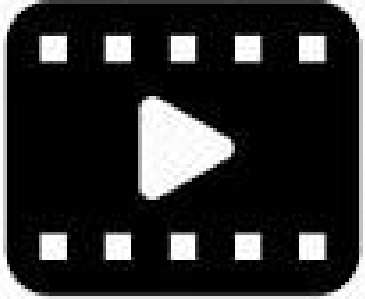
- As funny as this clip is, we have all had experiences where customer services representatives are following a script, demonstrating a lack of empathy and, we are left feeling like we are talking into a black hole
- To what extent are machines going to make this a thing of the past – AI-powered chat bots are historically designed to follow pre-defined rules and instructions – to what extent will machine learning improve the experience to a point where the machine’s response is better than a humans?



Insurance & the real competition for consumers



Amazon CEO : Put the Focus on the Customer



Duration: 4 Mins

Amazon CEO: Put the focus on the customer Jeff Bezos - Amazon

TDI viewing Tip;

Finishing with our longest video clip in this lesson – and for good reason. A unique insight into what’s driving Amazon and, at the same time, re-setting the expectations and behaviors of insurance consumers

[Video link](#)



Possible discussion points for Weekly Clinic / Things to think about

- To what extent can Amazon’s strategy of making money on services, not hardware, be applied successfully in insurance?
- Can premium products at non-premium prices’ be achieved in insurance – if so, which technologies will help most?
- Which insurance players are hosting the party for their guests...and which are hosting it for themselves?!

