Consumer Data Insight
The New Gold Running the Digital Economy

Frank Costigan
Chief Customer Officer, Personal Lines
QBE was founded in Australia in 1886 as the ‘North Queensland Insurance Company’.

‘QBE Insurance Group’ was later formed in 1973.

QBE provides insurance solutions to both intermediated and direct customers across our four geographic divisions.

QBE employs more than 14,000 people with operations in 37 countries, providing insurance to policyholders in more than 140 countries.

QBE is a top 20 global general insurer and reinsurer based on net earned premium.

QBE is in the top 20 largest companies on the Australian Securities Exchange (ASX).
Challenges for insurers, new or old; big or small.....

- Increasing regulatory oversight driving higher compliance & reporting needs
- Competitive pricing & risk selection
- Digital Insurance & Disruptive new InsurTech entrants
- Informed customers expecting higher level customer service
- Legacy technology vs innovation with 30-40% of insurance IT time spent on data fixes
- Distributors moving up the value chain
What are our customers telling us.....

If you’re good, I’ll fight for you
If not I’ll fight with you

Be in my world, but mostly on my device of choice

Know me, but don’t track me

Serve me, what I want, when I want and make it simple

Let me manage things myself, but always be there when I need you

I’m unique, so make sure you can cater to me

Be socially responsible, & give me an opportunity to contribute

Be competitive, but give me value

I want it NOW!
A practical example of using customer insights to improve NPS

Approximately half of customers are promoters but more than a third are passives.

Treating our customers as individuals, showing care and compassion. Letting them know they are not forgotten will increase their loyalty.

Sample for H1 2018 n=743 / H2 2018 n=798
QBE’s direct customer experience

Motor Claims 2018: Direct n=2,162; ANZ n=894; Other FIs n=483 and MB n=807

Home Claims 2018: Direct n=979; ANZ n=2,487 and Other FIs n=342

- Key focus is to maintain the ease of the process and the staff knowledge
- Start moving passives to promoters improving empathy skills from staff and keeping our customers informed.

- Key focus is to maintain the service we are providing to our customers.
- Start moving passives to promoters monitoring coordination of different activities and repairers duration
Leveraging existing internal data to gain deeper insights into customer behaviours

<table>
<thead>
<tr>
<th>Transactional</th>
<th>Behavioural</th>
<th>Demographical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>Driving history</td>
<td>Location</td>
</tr>
<tr>
<td>Purchases</td>
<td>Campaign responses</td>
<td>Age</td>
</tr>
<tr>
<td>Product type</td>
<td>Media consumption</td>
<td>Home ownership</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>Lifestyle</td>
<td>Relationship status</td>
</tr>
<tr>
<td>Property</td>
<td>Claims history</td>
<td>Income</td>
</tr>
<tr>
<td></td>
<td>Decision making</td>
<td>Business type</td>
</tr>
</tbody>
</table>
What are we focusing on at QBE?

Automate to drive customer value:
✓ Customer connectivity
✓ Increase Recoveries
✓ Reduce claims lifecycle
✓ Early identification of fraud events
✓ Identify unmet customer needs
✓ Product development

Augment our core skills:
✓ Better risk identification
✓ Improve pricing
✓ Improve underwriting outcomes
✓ Drive profitable growth
✓ Be innovative
Look beyond data-creating products that solves consumers’ real needs and wants

- Tracking
- Telematics
- Autonomous vehicles
- Home Automation
- Sensors & Cameras
- Water Detection
QBE Ventures backs start-up companies that provide intelligence and resolution to the global insurance ecosystem through technically challenging and industry-changing ideas.

What we’re looking for

We are looking to invest in technology solutions that have the potential to transform QBE and the international markets in which we operate.

QBE Ventures wants to invest in early-stage companies, with strong founding teams, that have demonstrated domain experience and the ability to deliver.
Webchat and chatbots for brokers

Using AI to handle basic tasks (eg – ANZSIC code look-ups).

Testing how to connect brokers to their relationship mangers, claims officers and underwriters via webchat.
Some final thoughts to leave you with.....

✓ Avoid motherhood statements at all costs
✓ Focus, focus, focus
✓ Deliver some quick wins
✓ Change must be driven from the top by the CEO
✓ Make sure your IT capability and data (warehouse, governance, usability, access, reporting) is fit for purpose
✓ Ultimately, people and culture will be the difference, not IT and data
Some final thoughts to leave you with.....

An example of why I am trying to focus on keeping things simple:

- An often stated aspiration is to reduce the quote question set/flow
- Use external data to pre-populate questions,
- Leverage single customer view,
- Give customers a quick quote with 3 questions but then ask a bunch more to get a final price

<table>
<thead>
<tr>
<th>Total Questions</th>
<th>QBE</th>
<th>ANZ</th>
<th>AAMI</th>
<th>NRMA</th>
<th>Allianz</th>
<th>GIO</th>
<th>Budget Direct</th>
<th>Progressive</th>
<th>Real Insurance</th>
<th># Who Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortest run to quote. Question count estimate</td>
<td>29</td>
<td>31</td>
<td>16</td>
<td>18</td>
<td>25</td>
<td>20</td>
<td>23</td>
<td>36</td>
<td>25</td>
<td>24.8</td>
</tr>
</tbody>
</table>

Undoubtedly this will change and it represents a great opportunity, but why has it not happened to date?
Some final thoughts to leave you with.....

The phases below were taken from a McKinsey article titled: Harnessing the Potential of Data in Insurance and I have added my comments below each phase as to what it means practically.

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define aspiration and set vision</td>
<td>Evaluate assets, capabilities, and value-creation opportunities</td>
<td>Define specific use cases and business model</td>
<td>Conduct pilots</td>
<td>Establish new business unit and scale operations</td>
</tr>
</tbody>
</table>

- CEO led
- Set a clear & measurable strategy
- Avoid motherhood statements
- Critically review & assess your current capabilities
- Add external skills as required
- Appoint a leader
- Focus, focus, focus
  - First: focus on making the fundamentals of insurance better
  - Then: move to differentiating
- Deliver some quick wins
  - Be clear about the end goal of what you are trying
- Embed and automate what you are doing
  - Spread the word around the organisation: lift engagement
Questions
Frank Costigan
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