MOBILE INNOVATION – THE NEXT FRONTIER FOR GROWTH AND PRODUCTIVITY FOR INSURERS

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Emerging in Europe, Asia Pac

Downward pricing pressure estimated $1.8b in premiums at risk to general insurers. Comparison sites now used by 41% of consumers.

Key Industry Challenges

- Usage Based Models
- Changing Customer Expectations
- Catastrophic Events
- New Entrants & Aggregators
- Under-Insured Non-Insured
- Distribution Models Economics

Price, Offer, Trusted Brand, Convenience, Access

Annual average claims increase from $600m to $2b. Reinsurance price increase ~ 20%

One of most under-insured developed nations for life insurance - 16th ranking, yet scope for major category growth.

“NEW TIMES, REQUIRES REIMAGINING OUR CRAFT”

Rupert Murdoch, Feb. 2011 - Media release, News Corporation launch of The Daily
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**Research Questions**

1. What are possible value-added services that could improve consumer and employee experiences via mobile channels?

2. How appealing are they to consumers, including impact on satisfaction, loyalty, advocacy, switching and consideration?
Satisfaction declined to 2007 levels and is lowest for life insurance.

Niche players challenging dominance of majors
Majors launched low cost brands

Price is the main reason for switching across all categories
Shopped Around, Product/Policy Offer next main reasons

Penetration relatively unchanged past 4 years
Category growth opportunity for Life (20%); General (77%)

Contact centre whilst prominent, is in decline
Fastest growing channel is online for both renewals and new entrants

For general insurance, more than half got a quote at last renewal
For life 41% increase in likelihood of getting a quote at next renewal

THE CURRENT FRONTIER

CONSUMER BEHAVIOUR

Market Competition

Insurance Ownership

Switching/Shopping Around

Customer Satisfaction

Renewal Behaviour

Purchasing Channels

Ownership

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North American insurers have commenced innovating with mobile technology, most Australian insurers are yet to commence.

- iPhone Apps most common
- Life Apps not as functional as P&C
- 11 life and 10 P&C insurers studied in US
- 2 general insurers studied in Australia
- Little consistency between insurers
- Apps connected to insurer systems

Refer: ‘Mobile Innovation – the next frontier for growth and productivity for insurers’, July 2011 R. Scopelliti
THE NEXT FRONTIER

Concepts Tested

1. Insurance customised to lifestyle & behaviour
2. Tools to keep coverage up-to-date
3. Mobile Apps to suit circumstances/location
4. Mobile Apps to make it easier to apply
5. Mobile Apps to make it easier to claim/enquire/pay

Business Impact

Advocacy  Satisfaction  Consideration  Loyalty  Switching
### Overall Concept Appeal

<table>
<thead>
<tr>
<th>Concept Description</th>
<th>Extremely appealing (%)</th>
<th>Very appealing (%)</th>
<th>A little appealing (%)</th>
<th>Neither (%)</th>
<th>A little unappealing (%)</th>
<th>Very unappealing (%)</th>
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</thead>
<tbody>
<tr>
<td>C1: Insurance customised to behaviour &amp; lifestyle</td>
<td>8</td>
<td>23</td>
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<tr>
<td>C3: Mobile apps to suit circumstances/location</td>
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<td>27</td>
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<tr>
<td>C5: Mobile apps to make it easier to claim/enquire/pay</td>
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<td>C4: Mobile apps to make it easier to apply</td>
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<tr>
<td>C2: Tools to keep coverage up to date</td>
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- Findings suggest innovation through mobile enabled technologies has potential to deliver growth through greater loyalty and category growth.
- Benefits valued by consumers include:
  - Greater convenience
  - Personalisation
  - Fairer Premiums
- Mobile enabled technologies further provides the opportunity to create a more interactive ongoing relationship, thereby changing the commodisation, purely transactional nature of the market.

Refer: ‘Mobile Innovation – the next frontier for growth and productivity for insurers’, July 2011 R. Scopelliti
ROADMAP TO NEXT FRONTIER
Demonstrates how ICT combined with effectively designed enterprise systems can leverage capabilities of mobile devices and channels to improve productivity.
Demonstrates how mobile applications can drive growth by becoming regular, value adding and welcome participants in many day-to-day customer activities.

Refer: ‘Mobile Innovation – the next frontier for growth and productivity for insurers’, July 2011 R. Scopelliti
In addition to prior themes, demonstrates how evolving M2M technology gathers additional data to create new classes of usage based value adding services.

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SUMMARY

Industry Challenges
- Customer expectations/motivations
- Catastrophic events
- Under/non-insured
- New entrants/aggregators
- Distribution – models/economics
- Usage based models

Current Frontier
- Category not growing
- Customer satisfaction declining
- Contact centre prominent channel
- Rise of online channel
- Customers shopping around
- Customers price and offer sensitive

Next Frontier
- US market innovating
- All 5 concepts appealed
- Growth - loyalty & consideration
- Convenience, personalisation, fairer premiums
- Interactive value adding relationship

Roadmap to Frontier
- Devices & mobile Internet
- Integrated multi-channel (UC&C & IP Contact Centre)
- ‘The Mobile Consumer’
- ‘The Mobile Insurer’
- ‘The Connected Insurer’

Mobilised

Connected

Informed
THANK YOU

QUESTIONS

For More Detail – Download Report
www.Telstra.com/MobileInnovation