

The story of Hello.ie so far....

What the back cover synopsis would say:

In a dark, dank corner of Dublin a shady gathering of men takes place. The sickening stench of trouble fills the air as a helicopter flies overhead and sirens scorch the night. In hushed tones the men discuss the opportunity for change – a chance to create a different future.

Years later, in a south-facing living room overlooking the Liffey, Liam Flanigan, sips his daily Guinness while adoring wife Mary gently sips her whisky-infused hot chocolate. Neither are aware, that for one of them the next drink will be through a straw.

A chance encounter, a tragic end, and suddenly the Flanigan family become embroiled in a plan hatched in a dark dank corner of Dublin.....



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C2: The story of Hello.ie so far

Tim McCarthy, Hello.ie
Jamie Leitch, SCOR

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C2: The Story of Hello.ie

Tim McCarthy: Hello.ie
Jamie Leitch: SCOR

Advise
Sponsorship
Thought leadership
Press
Community
Professional Meetings
Education
Working parties
Volunteering
Research
Shaping the future
Networking
Professional support
Enterprise and risk
Learned society
Opportunity
International profile
Journals
Support

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Agenda

	The Story of Hello.ie so far....
1.	Background to the Irish and direct protection markets
2.	Hello.ie: an introduction
3.	Hello.ie: marketing
4.	Hello.ie: working together with partners
5.	Hello.ie: the next chapter



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Protection direct (UK and wider)

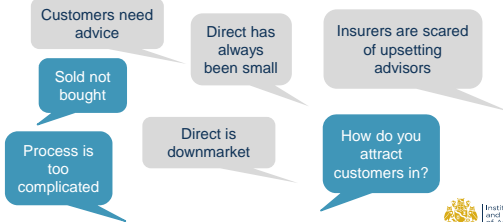
The collage features several marketing elements: a Lime website snippet with a woman's face and a circular diagram; a Beagle Street Life Insurance advertisement with a dog illustration; a Smart Insurance advertisement with a man's face; and a Japanese newspaper clipping titled 'ネット生保 選択が広がる' (Online life insurance, choices expand) with a bar chart.

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The Challenge

- Can you sell protection directly to the end customer?



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Direct Market: UK New Business Stats

	Life	Life + CI	Stand Alone CI
Premium: Non-Advised Introduced	£5.0m	£1.8m	£0.1m
% of all Premium: Non-Advised Introduced	7%	3%	6%
Premium: Non-Advised Pure Direct	£3.2m	£1.4m	£0.0m
% of all Premium: Non-Advised Pure Direct	5%	2%	1%

	Life	Life + CI	Stand Alone CI
# contracts: Non-Advised	37,350	9,519	437
% of all contracts: Non-Advised	15%	5%	9%

Source: ABI 2013 Q4 new business statistics

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The Challenge

- Can you sell protection directly to the end customer?



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Direct Market: UK Over 50s New Business Stats

	Life
Premium: Non-Advised Introduced	£4.6m
% of all Premium: Non-Advised Introduced	38%
Premium: Non-Advised Pure Direct	£5.9m
% of all Premium: Non-Advised Pure Direct	48%
	Life
# contracts: Non-Advised	57,530
% of all contracts: Non-Advised	56%

Source: ABI 2013 Q4 new business statistics



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The Opportunity:

- The Irish Protection Market - similar to the UK market:
 - Distribution dominated by advisors (60%) with reasonable bank presence (31%) and small single tie / DSF (9%)
 - Main products are life (70%) and critical illness (25%) with small income protection presence
 - Consistent products
- With a few differences:
 - Different players: Largest players - Irish Life, Aviva, Zurich and New Ireland
 - Life cover on the back of a mortgage is compulsory
 - Thus greater protection penetration and emphasis on mortality sales
 - Similar underwriting, but much higher standard rates acceptance [no centralised GP records]
 - More diverse commission structures (historically 120% up-front, earned over first year)
 - Price matching prevalent
 - Advisors more likely to be small firms or one-man bands than large brokers/networks
 - Only 2.4% of brokers have >10k policyholders, only 4% have commission > €1m pa
 - More legalistic on claims side



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Introduction to Hello.ie

- Formed on the back of successful insurance broker in Ireland
- 123.ie was formed in 2002 - sold on to RSA group in 2010
- Original backers keen to set up new venture and saw opportunity on the life side



- Operating as a broker +
- Taking on some of the responsibility from the insurance provider and directly accessing the end customer
- Now the largest direct protection broker in the Irish market
- And growing.....



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Hello.ie: View of Traditional Market

- Market hasn't kept up with technology changes
- Lagging behind other markets (non-insurance plus GI)
- Process is too slow eg PMA's
- Process not compatible with on-line or telesales models
- Market has been built for face to face advice
- But a field salesforce isn't cost effective
- Providers design products/processes for providers not applicants/brokers
- Therefore:
 - An opportunity to build on 123.ie success and build significant scale in life market



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Hello.ie: the model

Traditional Advisor

- Key role is lead generation
- Tele-sales
- Access to Whole of Market
- Standard Commission
- Standard Products



New Breed Advisor

- Key role is lead generation
- Tele-sales
- Insurance Partners:
 - SCOR
 - Acom and Scottish Friendly
- Alternative Commission
 - Lower initial with higher renewal to build long term value into business

- Product development
 - No premiums in final years
 - Step premiums
- Develop process
 - Short form, point of sale process
 - Instant cover
- Pricing involvement



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Hello.ie: How to achieve success?

- Significant marketing spend & brand awareness
- Call to action / education for need
 - Switching of compulsory 'poor value' cover
 - Family protection
- Simple process
 - Strike while the iron is hot
- Test and learn
 - Nothing ventured nothing gained (but need to analyse results)
- Develop relationships
 - with customers
 - with partners (reassurer, provider, service providers etc)



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Marketing research findings

- Compulsory mortgage protection
 - Purchase given little attention: tick box at end of process
 - Lack of understanding:
 - 'locked in' to product for term
 - change in medical circumstances after outset may change cover terms
 - payment on illness/accident
 - However, strong emotional attachment to protecting home
 - Viewed as being low cost given security (less interest in switching cover given time, hassle and cost)
- Non compulsory 'family' protection
 - Consumers much more aware and informed around purchase choice
 - Will often seek advice (either friends or professional)
- General
 - Reluctance to have medicals: may discover something!
 - Desire to deal with Irish companies and Irish staff



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Hello.ie: Marketing

Initial marketing:

- build a brand
- sell the proposition
(large up-front costs)

- TV advertising
- Mail drops
- Press Inserts
- Press adverts
- Pay per click



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Hello.ie: The first TV advert



Market Research: Hello.ie advertising campaign

- Would you use Hello.ie based on the advert:
 - A) Not a chance
 - B) Possibly
 - C) Not Hello.ie: but it did make me think of need to review my cover
 - D) Definitely: If only they operated in the UK!
- Is the tone of the advert:
 - A) Humorous: good to distract from serious message of 'death'
 - B) Humorous: bad as distracts from serious message
 - C) Annoying: good as it gets in your head and is memorable
 - D) Annoying: bad as turns you off using Hello.ie



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Market Research: Hello.ie advertising campaign

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 - D) Annoying: bad as turns you off using Hello.ie
- Limited brand recognition but significant recognition/exposure to advert
- Humour lost: child is 'patronising', 'annoying'
- Customers uncomfortable with treating serious subject in light-hearted way



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Hello.ie: The second TV advert

Hello.ie
TRUST US FOR LIFE



Market Research: Hello.ie advertising campaign

- Would you use Hello.ie based on the advert:
 - A) Not a chance
 - B) Possibly
 - C) Not Hello.ie: but it did make me think of need to review my cover
 - D) Definitely: if only they operated in the UK!
- Is the tone of the advert:
 - A) Too serious: it is good to distract from serious message of 'death'
 - B) Appropriate
 - C) Not serious enough
 - D) Annoying: still!!!



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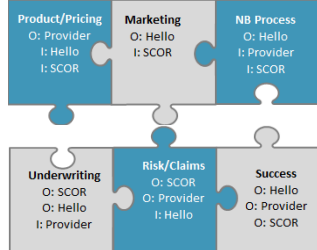
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Hello.ie: Collaborative Working



O = primary owner
I = input

*Key relationship is between Hello and SCOR

*Major stakeholders in finances

- Marketing spend
- Risk cost

*But relationship between all parties is key

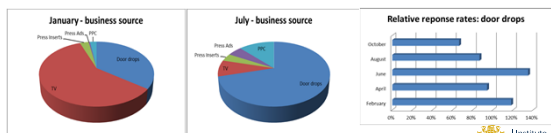


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Marketing

- Most effective mediums (volumes):
 - Pay per click
 - Door Drops
 - TV advertising
- Most effective mediums (cost per sale):
 - Pay per click
 - Press inserts
 - Door drops
- Source of business heavily dependent on the balance of the marketing effort



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Issues and Learnings (front-end)

- Importance of getting inside the head of the customer
 - They aren't all the same as you!
 - But they do value cover
- Need to maximise the marketing efficiency
 - Biggest issue is getting the customers interested in the first place
- Need to be flexible / able to change
 - Monitoring of application process: where do changes need to be made?
 - Flexing the marketing: message and approach
- Importance of a simple process
- Pricing: Importance but lack of control
 - In a market with price matching and 'price matching plus' your proposition is somewhat reliant on what others do



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Issues and Learnings (back-end)

- Importance of relationships: getting the right partners
 - Distributor / Provider / Reassurer
 - Flexibility of partnership but built on openness
- Understand the roles in a non-traditional model
 - Who is doing what?
 - What do the parties want for success?

eg underwriting: customer experience versus risk versus expense feeding into premium levels
- Legals
 - Non-standard
 - Understanding the roles makes them easier
(or not understanding certainly makes them more painful)



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Hello.ie: next chapter of the story...

- Strong belief that the proposition works
- Build on the success to date (all areas):
 - Marketing (continue to test and analyse)
 - Application process
 - Pricing
 - Product design
 - Expand the proposition
 - Management information (the distributors control cycle!)
 - Further develop technology
 - Use of social media



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Tables

Column title	Column title	Column title
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data

When making tables:

- The eye follows the pale blue cells so the direction of the pale blue cells should match the direction in which the data will be read

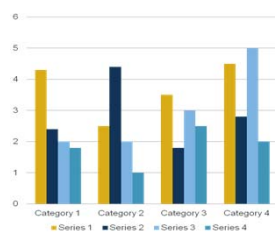
Column title	Column title	Column title
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data
Cell data	Cell data	Cell data



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Sample bar chart



When making charts:

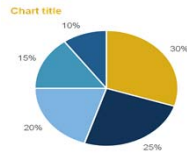
- Remove vertical lines
- Remove tick marks
- Move the legend down below the chart
- Do not use 3D charts.



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Pie charts



- 1st Data title
- 2nd Data title
- 3rd Data title
- 4th Data title
- 5th Data title

When making pie charts:

- Segments should have a 2pt white border
- Data tags should always be outside the chart
- Data legends should go below the chart
- Do not use 3D pie charts.



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Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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