

The Actuarial Profession
making financial sense of the future

General insurance pricing seminar

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**Winning with
accurate pricing**

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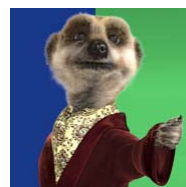


Discussion Points

- Aggregator Market
- Consumer Behaviour
- Product Development to Meet Changing Needs
- Brand Differentiation
- Use of Technology In Distribution
- Pricing

The Environment

- 4 Key Aggregators dominate the market



Confused.com



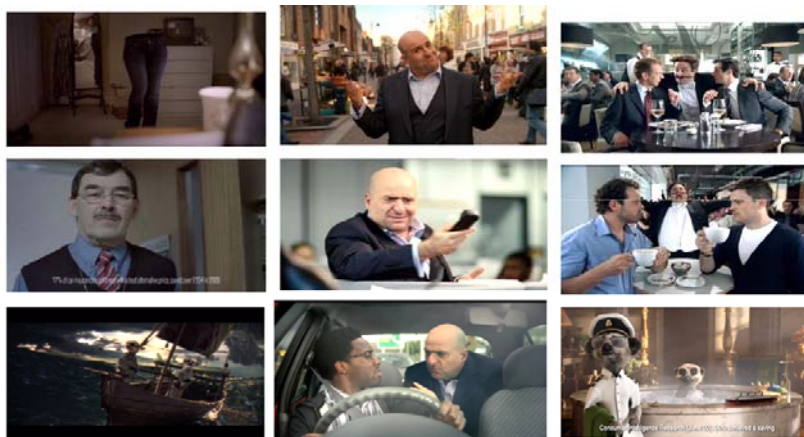
moneysupermarket.com[®]



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2

Aggregator TV Advertising

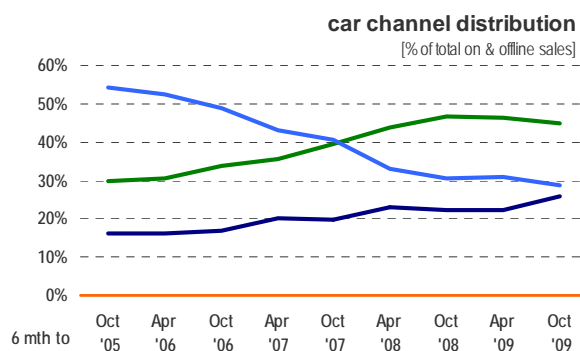


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3

Distribution

- Online vs Telephone

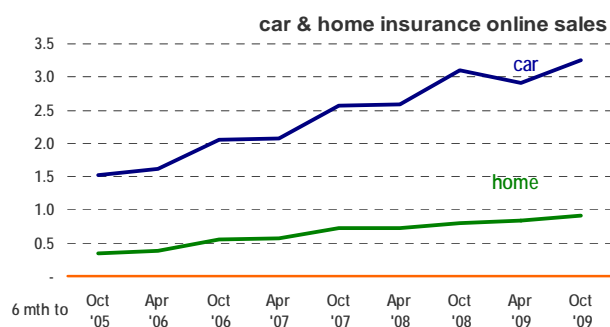


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The Online Channel

- Online new business sales continue to increase



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The Online Challenge

- Shopping behaviour is changing
- Consumer expectations are increasing
- Brand management
- Technology is advancing fast



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Consumer Behaviour

- Online behaviour is changing with customers taking the driving seat



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Key Changes

- Higher customer volumes
- More research being carried out
 - Multiple aggregator searches
 - Full product research
- More cashback sites
- Deciding to buy is now more than price
 - Brand and value adding
 - Ancillary pricing
 - APR
 - Process and experience



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Competition is Tough

- In a mature market rivalry is high, differentiation and brand strength is key to success



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Product differentiation



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Product Differentiation



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Brand Differentiation



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12

Differentiation

Julie, we've found 25 quotes from £260.61

This quote is based on a FORD KUGA 1997cc. Comprehensive cover. £8 Voluntary excess. For Julie Owens (Main Driver) valid until 11 May 2010

Great Deals

Features

Big Brand Price Check

The Big Brand Insurers closer to your cheapest price of £260.61

Brands

Putting the customer in control

Adjust your quote

Insurance type: Comprehensive

Voluntary excess: £0

Protect your no claims

☐ Yes ☒ No

Filter your results

Call to purchase

money supermarket

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13

Thinking Smarter

- To stand out we need to engage online technology and engage customers more effectively e.g.
 - SMS
 - Live Chat
 - Strong CRM
 - Behavioural targeting



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14

Development

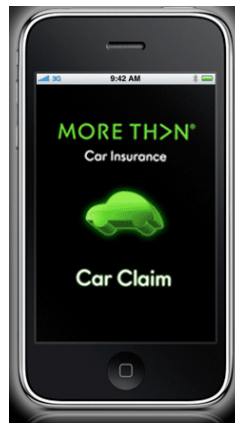
- Technology is continually advancing
 - Mobile
 - I phone apps
 - I pad



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15

Development



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Pricing

- It's about the customer's choices
 - Understanding the choices that the customer has
 - Delivering products that appeal to the customer
 - Understanding the decisions customers make



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17

Pricing

- It's about total customer take
 - It's not just about motor margin
 - Other sources of income are just as important
 - Forecasting additional product take-up essential
 - Pricing of additional products critical



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18

Pricing

- It's about the long term
 - Understanding the long term value of a customer is key
 - Forecasting policy cancellation
 - Forecasting policy renewal



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19

Differentiation

- Identifying niche markets and developing brands/products accordingly
- Developing the value proposition to attract customers upstream
- Understanding preferences can be key to differentiating and gaining market share
- Website stickiness and driving technology to keep customers engaged
- ...Getting Price Right Is Key