



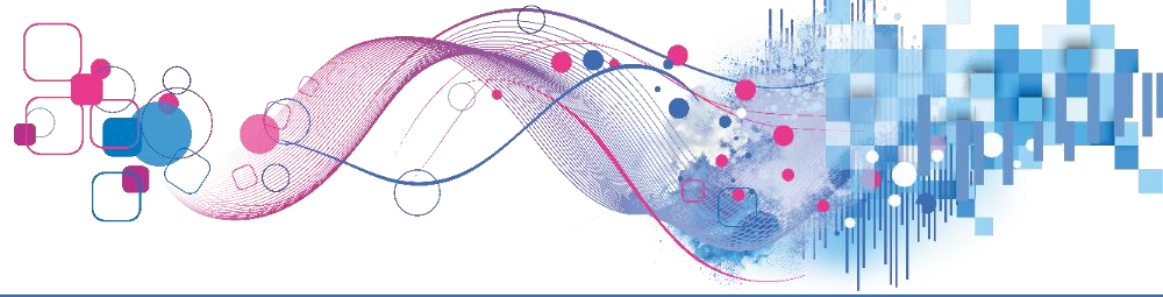
Institute
and Faculty
of Actuaries

Workshop A2: How is big data changing distribution models

Where have all the customers gone ?
How data is disrupting distribution strategies

Richard Howells
Director of Insurance Wealth Life & Pensions
UK & Ireland

Key considerations

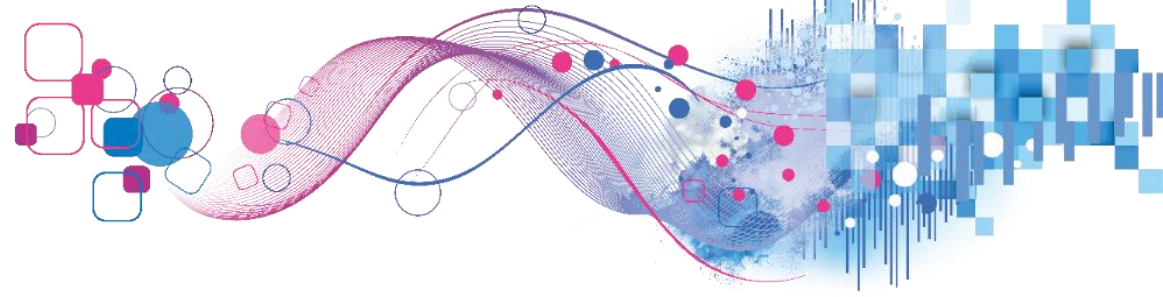


Customers are looking for ***different things*** at ***different times*** delivered in ***different ways***:
the common threads are that they are looking for both 'value' and 'value for money'

Customers want broader **'money world'** relationships – do you know your customers well enough to deliver this ?

“ I want a company that helps me spot my roof needs fixing, not just a company who will help me pay to mop up the water from the floor “

GDPR : Friend or Foe ?



Data Savvy
Consumers

1

Challenger
organisations

2

Changing Consumer
Perspectives

3

1. Data Savvy Consumers

Data Savvy
Consumers

1

Legislative change is driving the opening and democratisation of data to the **rightful owners** and is propelling customers into the centre of markets

Pre-populated 'data passports' will **empower the customer** to leverage the value of their aggregated personal data

Consent is key: **immediate** value exchange triggers consent



2. Challenger organisations

Challenger
organisations

2

Remember what Richard Burton said '*they watched our world with envious eyes... slowly and surely they drew their plans against us*'

Data is being used as a **strategic asset** and will enable market entry

Understand that those that have the **most** consumer trust **will win**



3. Changing consumer perspectives

Changing
Consumer
Perspectives

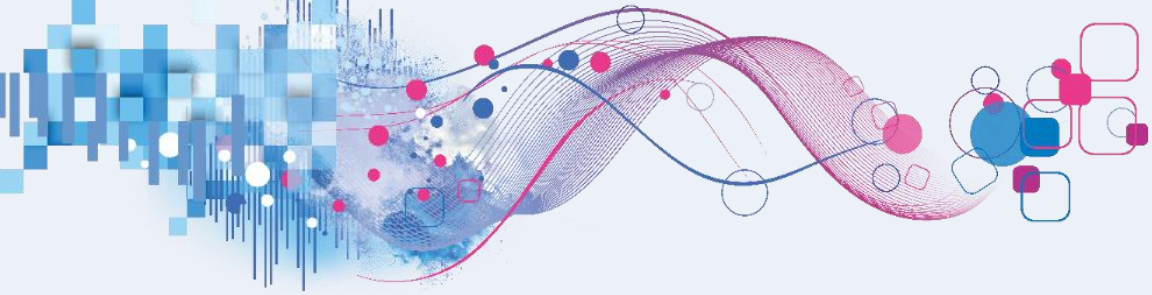
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What **new risks** are consumers worried about or should be worried about ?

All risks policies are becoming less popular

Please let me live in **North Korea** !!





Next Generation Distribution

Key deliverables

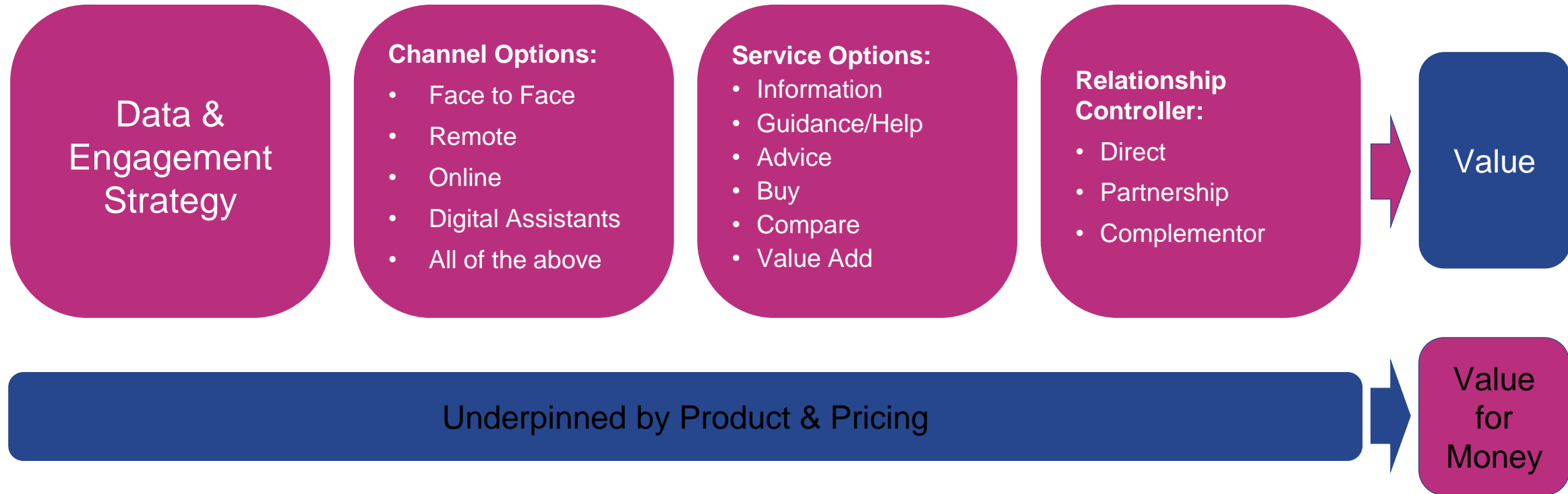
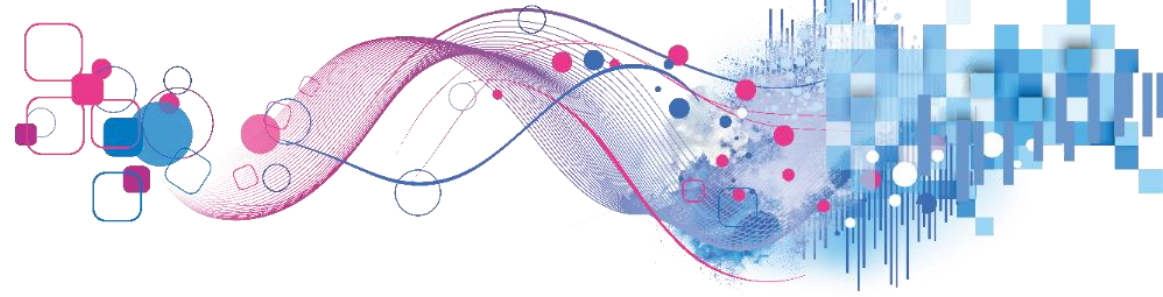


Is **this** the model of the future?

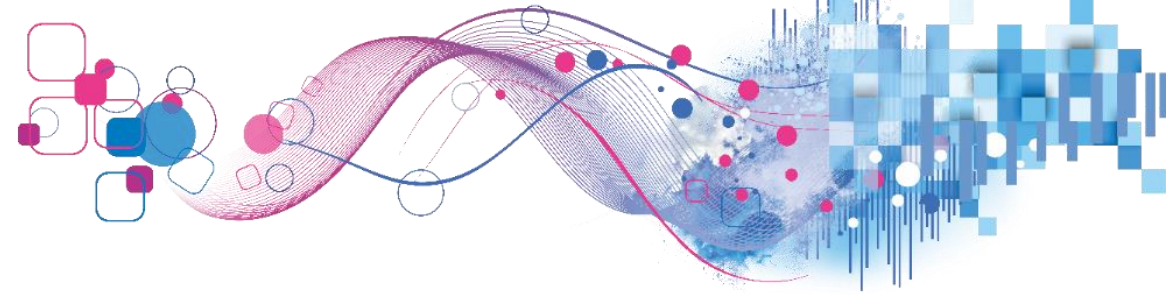
- **The answer... it is not far off!**
 - Convenience
 - Completely personalised delivery of a broad portfolio of products and services
 - A relationship of trust
 - Feeling part of a neighbourhood
- **Technology will solve the one remaining problem – scalability!**



Is **this** the model of the future?



Is **this** the model of the future?



Your data strategy

- Where is your data ?
- How clean is your data ?
- Do you have a single customer view to ensure you can attach historical customer data to future customer data ?
- Do you have the ability to aggregate your data with other sources of consented customer data to get a clear picture of your customer's financial and lifestyle profile ?
- Do you have the digital engagement capability to begin and maintain the conversation with customers ?
- New powerful data sets are disrupting markets such as Life & Pensions



Life & Health Providers



Pension & Investment Providers





Engagement strategy fundamentals

- The engagement model must seek to be able to replicate face to face interaction through the initiation of highly relevant client interactions on a scalable basis: its no longer 'people like you ' its just 'you'
- Using data analytics your engagement strategy should be able to predict customer behaviours:
 - What does the customer like to buy?
 - When would they like to buy?
 - At what price will they buy?
 - What channel would they prefer to buy?
 - Why do they buy?
- Enable frictionless on-boarding to certify your brand quality and establish a meaningful digital relationship between your firm and customer



Ongoing engagement

- Should be robust enough to allow your business the confidence to extend the actuarial assumptions on customer retention to the extent where additional long term embedded value can be calculated
- Delivery of a slick digital customer experience increases engagement and delivers:
 - Upsell and cross-sell opportunities
 - Reduced manual and swivel chair weak points in customer journeys
 - Streamlined paper document exchange
 - Facilitates digital self-serve on the most common customer update requests EG/ Change of address
 - Reduces direct costs such as postage, through implementation of customer accepted digital alternatives
 - Reduced number of ‘goneaway’ customers



Ongoing engagement

- Protect your customers from cyber crime, scams and fraud targeting by utilising:
 - Digital Identification
 - Device recognition
 - Biometric data
- Using data analytics to establish:
 - Pre-cancellation behaviour
 - Price or contribution elasticity
 - Pre qualified affordability

5 key takeaways

Without customers how **important** is pricing ?

Channel strategies **will** need to broaden

Customers **hold the power**

The logical first step is to **review** your data & customer engagement strategy

The next phase of **disruption** is here

