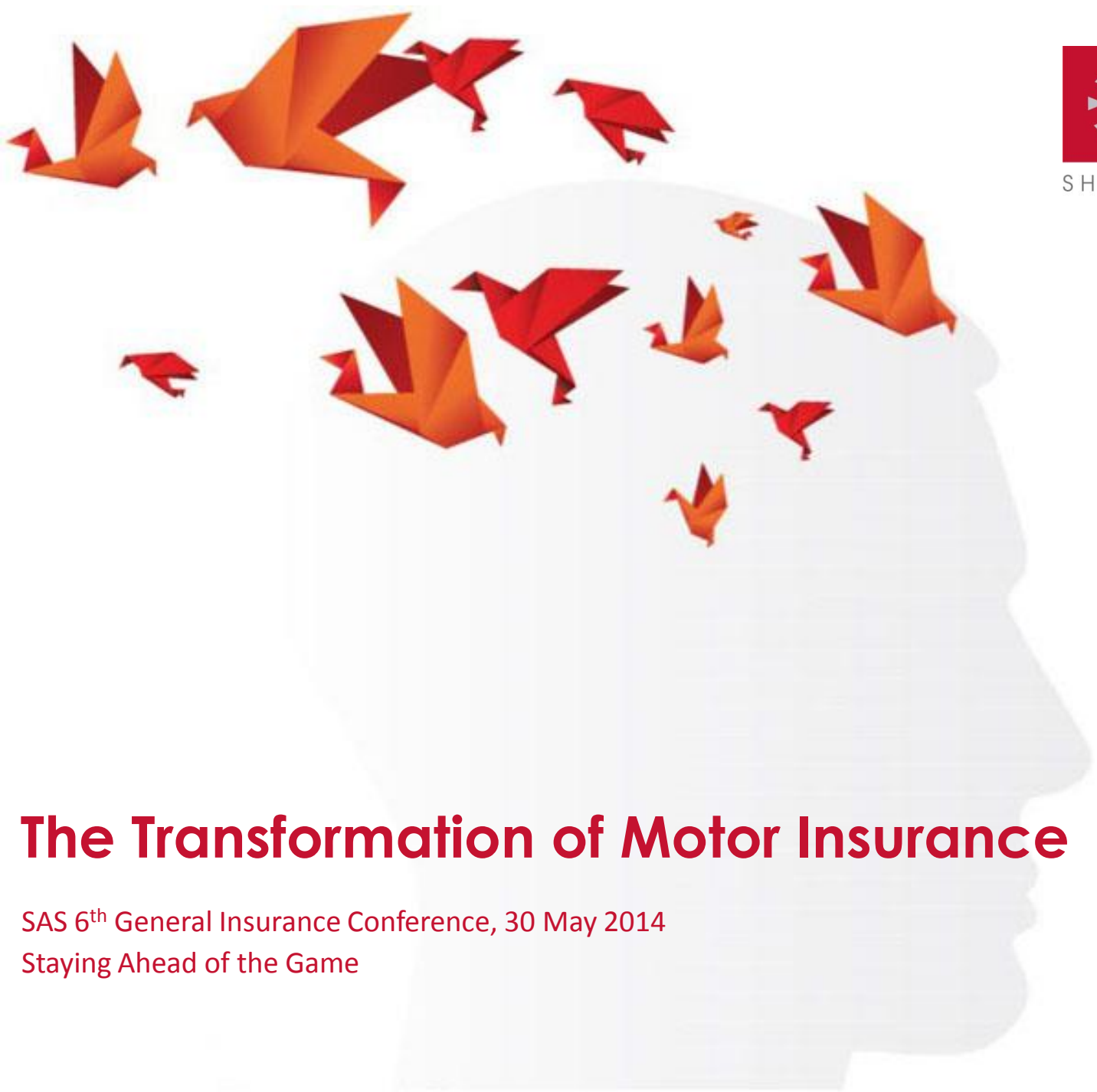


nmg CONSULTING

SHAPE YOUR THINKING

The Transformation of Motor Insurance

SAS 6th General Insurance Conference, 30 May 2014

Staying Ahead of the Game

What If…

Insurance Premium
31.0
23.6
Km
00
No. of times above speed limit

Autonomous Taxi

Contents

- Product Innovation
- Distribution Channel
- Disruptive Technologies

In a free market

Be Creative

Be Different

Product Innovation

CEYLINCO OFFERRED
ON THE SPOT CLAIM SETTLEMENT AND DEDICATED VEHICLE GARAGE SERVICES

SUCCESSFULLY INCREASED MOTOR MARKET SHARE FROM 39.5% IN FY04 TO 50% IN FY06

Product Innovation

LAUNCHED IN 2003

&

MOTOR INSURANCE PREMIUM DOUBLED WITHIN THE FIRST 75 DAYS

MORE INNOVATIONS FROM COMPETITORS

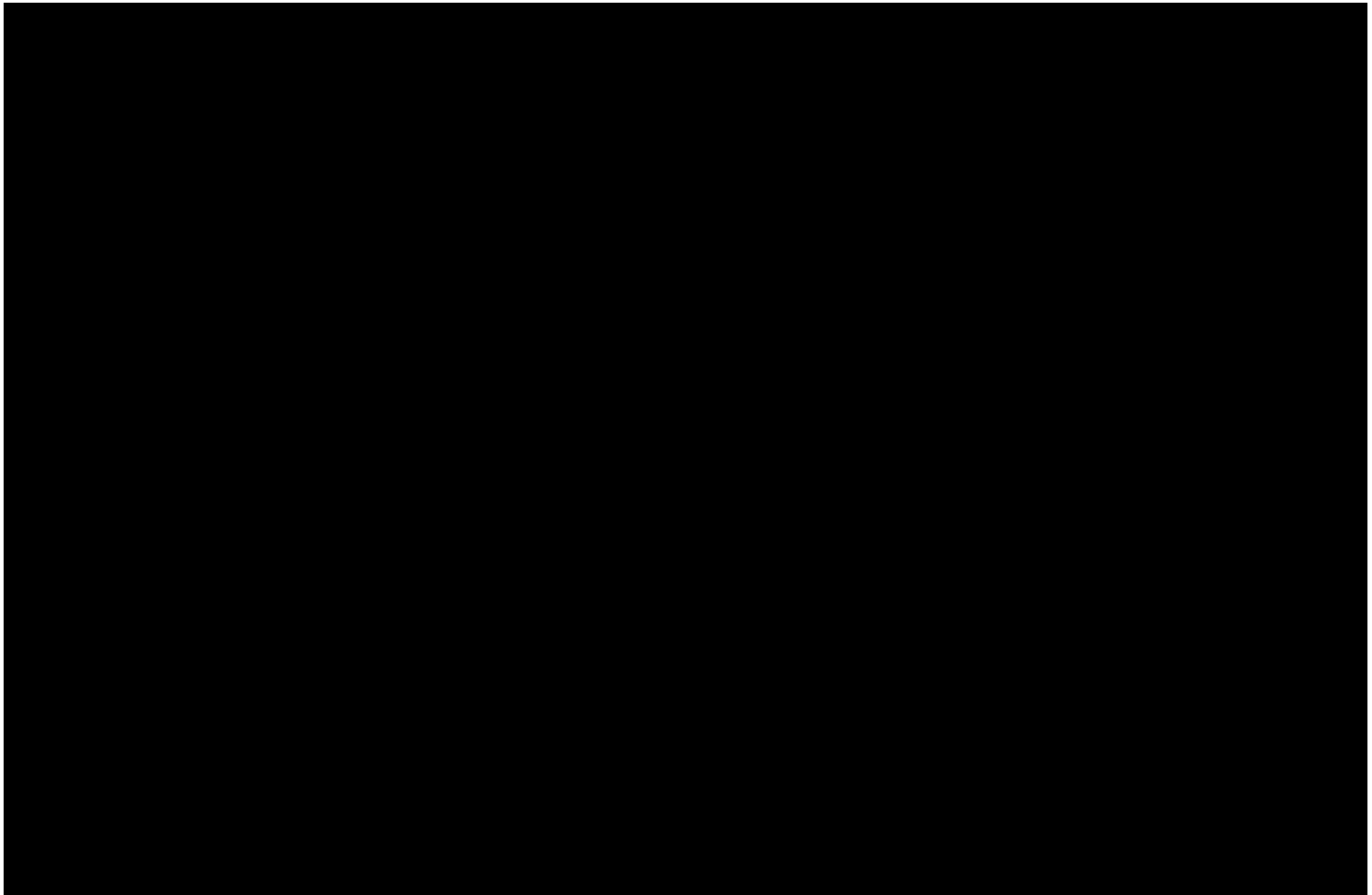
ON-SITE CLAIM ASSESSORS

Product Innovation

Product Innovation – Sheilas' Wheels

Product Innovation – Sheilas' Wheels

- Female targeted car insurance brand with female friendly benefits
- Insures half a million female drivers in the UK
- ECJ Gender Ruling



Handbag cover

Female friendly repair shop

Buddy on Demand

Free beauty treatment

Sheila Driving Heels

Product innovation – Other International Example

Ceylinco VIP - Private Car

Ceylinco VIP is the most comprehensive vehicle insurance policy available in Sri Lanka.

TO WHOM

The Ceylinco VIP On The Spot cover can be obtained by private vehicle owners.

BENEFITS

- On The Spot settlement of claims. A similar replacement vehicle for repairs that exceed four days.
- Emergency road assistance service for lady drivers, together with a plastic surgery cover.
- A cover for Rs.200,000/- per person, in case of death due to an accident.
- 365-day, 24-hour island-wide service, at no extra premium.

CONTACT DETAILS

Distribution Channel

Distribution Channel

- Traditional market assumptions are challenged:

Old sayings	With social media & aggregators
Small price differentials are not noticed by consumer	Differences in prices are totally **transparent**
Acquisition cost through **longer ter**	Average ter
Econo herefore present	Even te effecti
Profitability ing on core insura p cts	Just like th rers have had to bui ind en dvant es through **cross- a up-s ing activities**
Online and offline customers have the **same buyer values**	**New propositions** for online customers

SAME BUYER VALUE

NEW PROPOSITIONS

Going into Social Networks..

Going into Social Networks..

Going into Social Networks..

There's more…

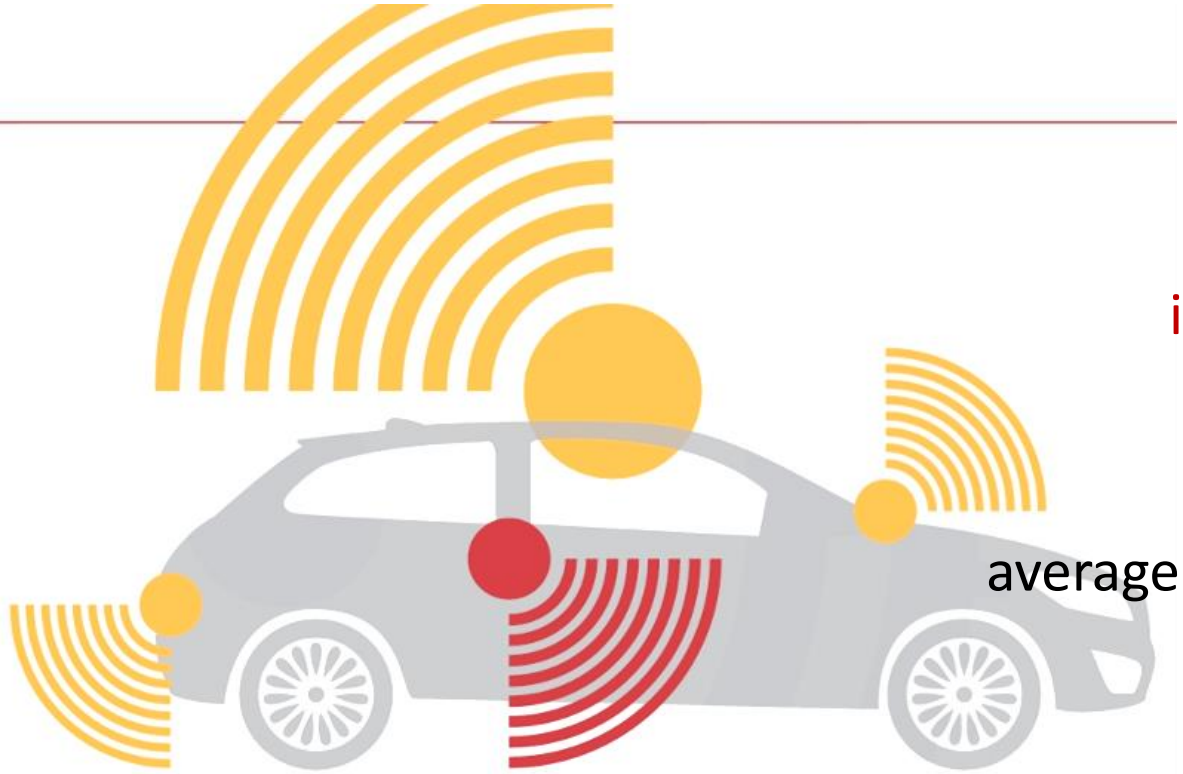
Claim Investigation

Fraud Management

Disruptive Technologies

- **Disruptive force** to existing market
- **Rapidly advancing** technologies
- **Reshaping the future** of Motor industry
- Creating **competitive advantage**

Telematics – Trends in the UK



> 50%
of drivers would switch

74%
if premiums are slashed

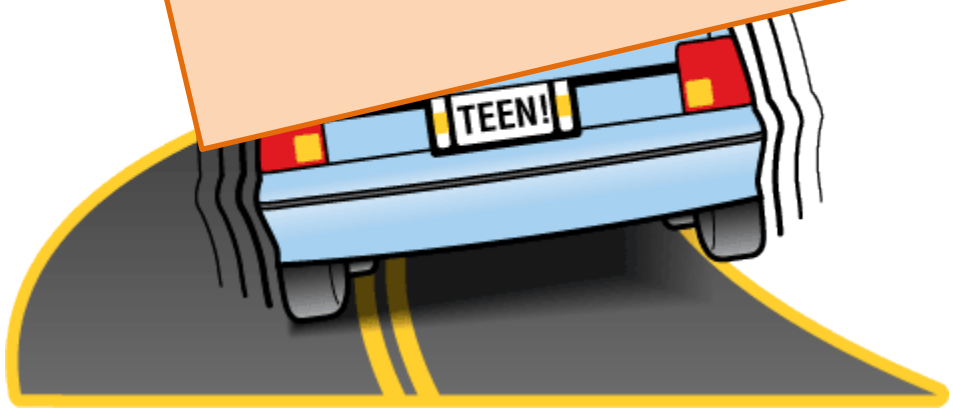
23%
average reduction in premiums

20%
less likely to be involved in an accident

Telematics – Is it the next big thing?

HIGH INSURANCE COST

IS IT THE NEXT BIG THING?



LOADINGS FOR YOUNG DRIVERS

Mobile App – The game changer

- App-based car insurance
- Two-way communication between policyholders and insurers
- Download, install, drive and be rewarded

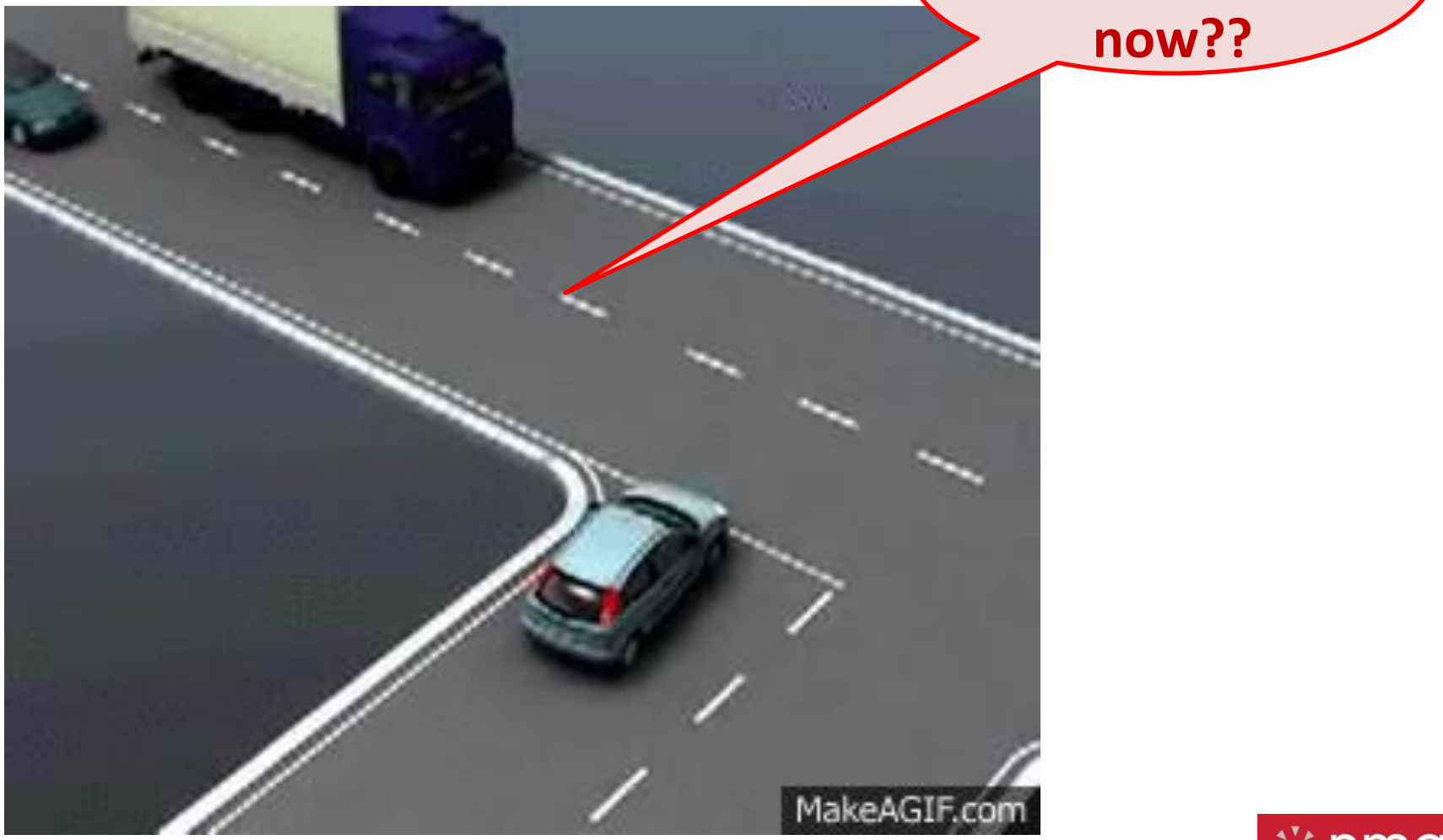
"Your current driving style suggests you have a 1 in 3 chance of a fatal or very serious accident in the next year. Click here for driving tips."

Mobile App – The game changer

More than just Premiums…

More than just Premiums…

Tapping into Mobile Apps



Tapping into Mobile Apps

The Road to Driverless Cars

SEMI-AUTONOMOUS CARS

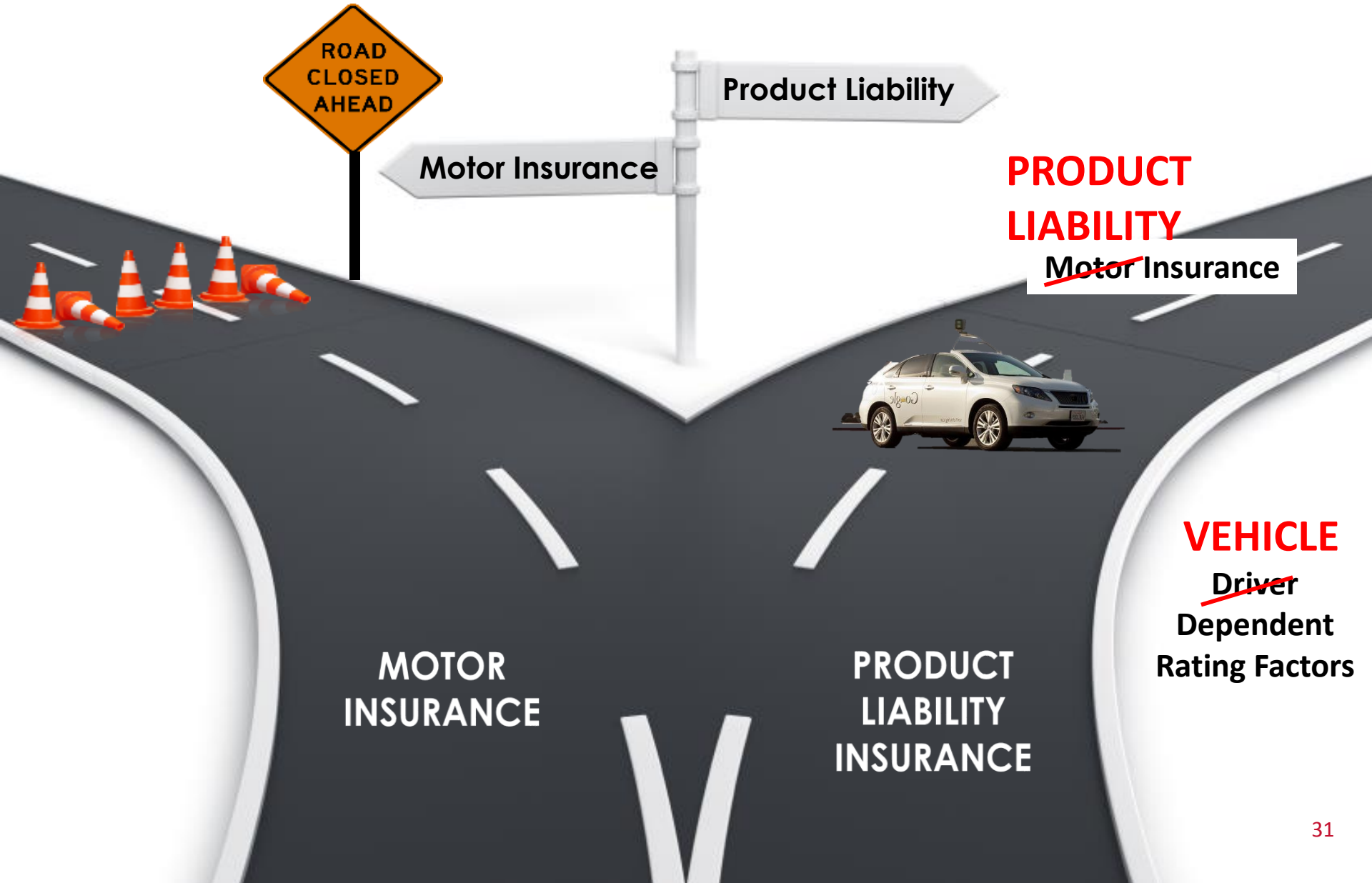
- ✓ Automatic parking
- ✓ Cruise control
- ✓ Pre-crash system

DRIVERLESS CARS

TRADITIONAL CARS

Google Driverless Cars

Driverless Cars – A dead-end for Motor Insurance?



Driverless Cars – Possible Complications

COMMERCIAL VEHICLES

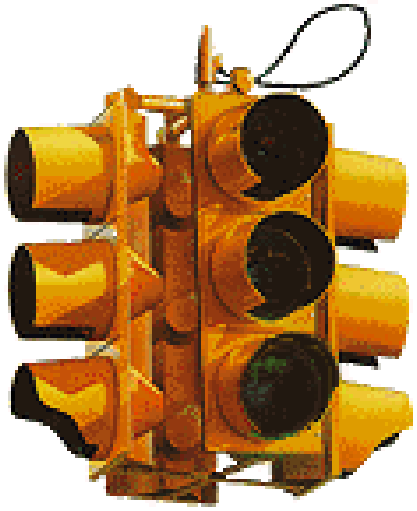
Coverage for Driverless Taxi?

Car Maintenance Schedule

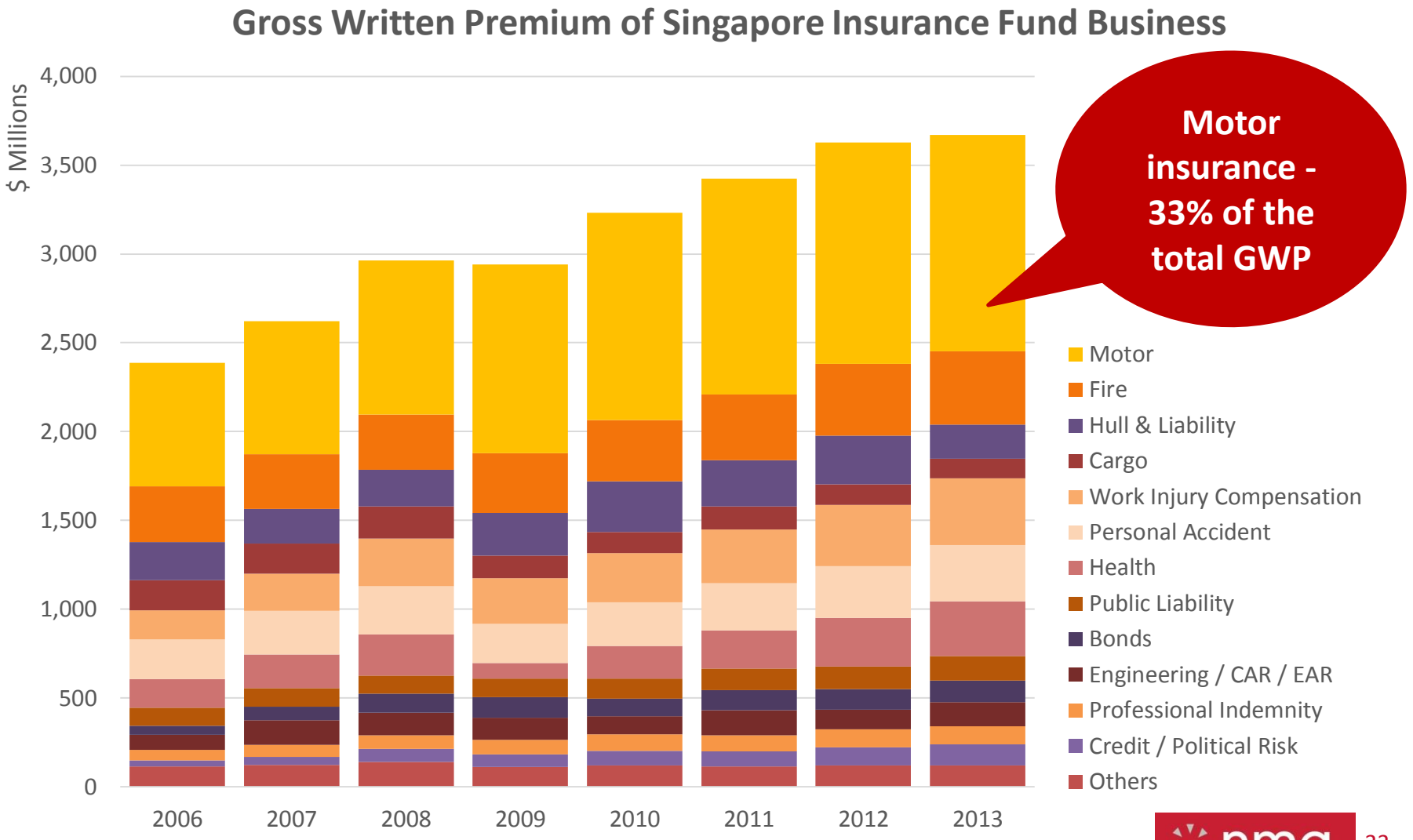
WHO'S LIABLE?

PUBLIC LIABILITY?

Faulty traffic lights, poor road conditions and infrastructure

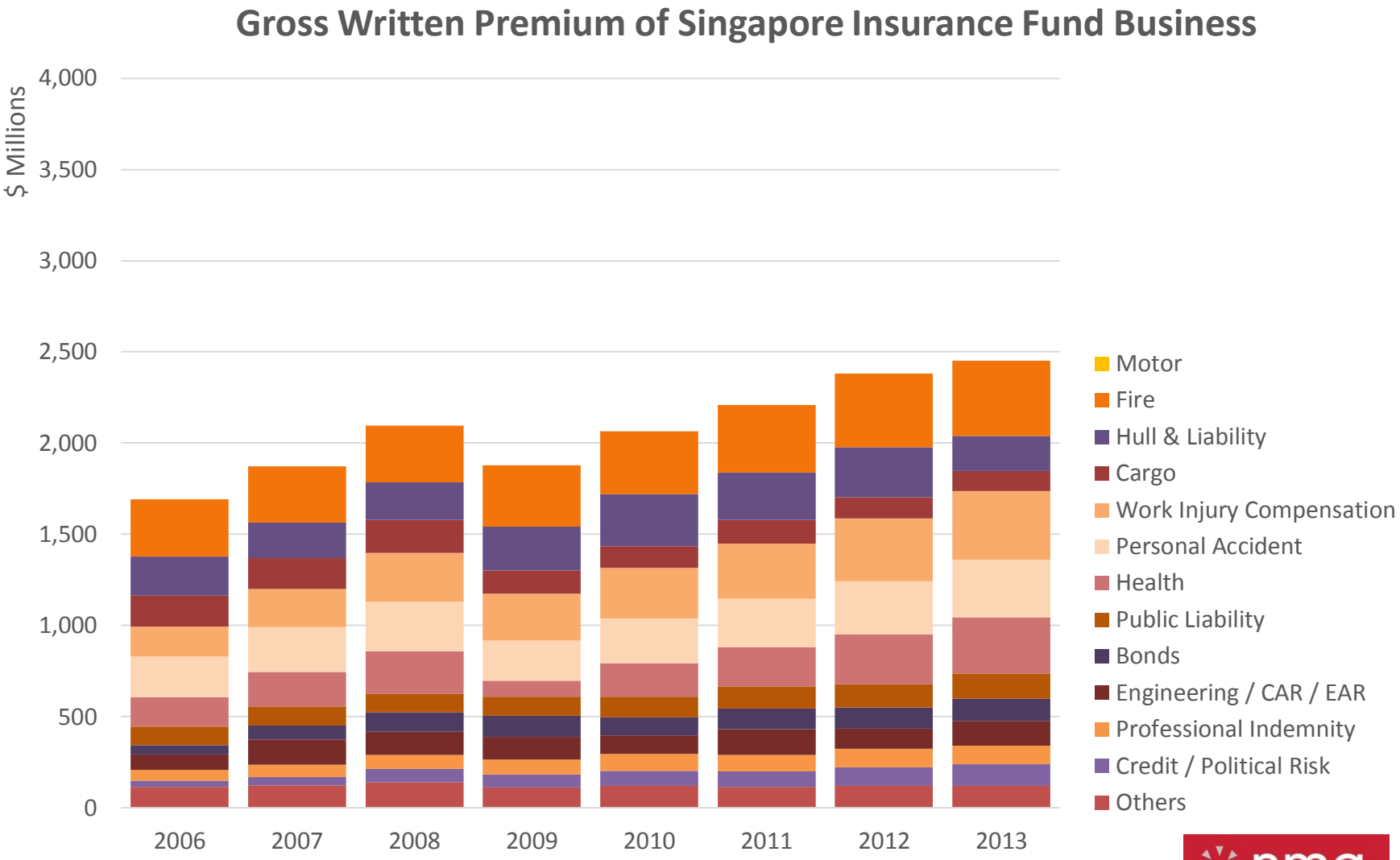


Driverless Cars – without Motor Insurance?



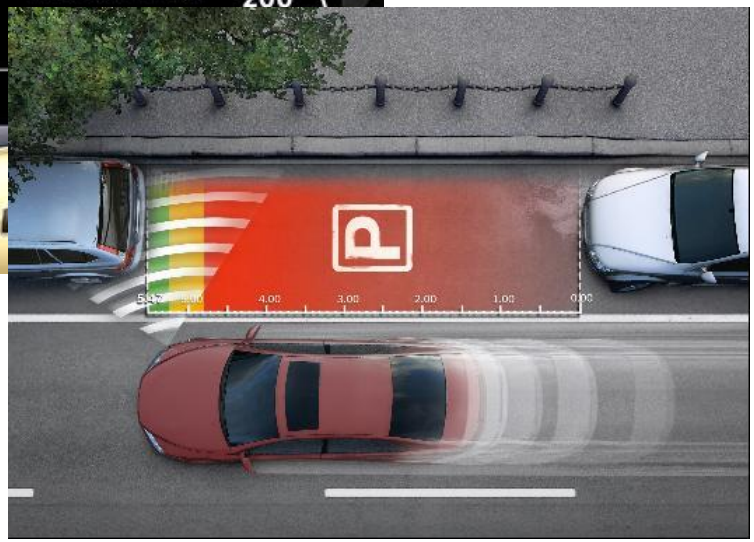
Source: MAS Insurance Statistics

Driverless Cars – without Motor Insurance?



Source: MAS Insurance Statistics

Coming back to the nearer reality…



Coming back to the nearer reality…

Less Accidents
Low Frequency

High Repair Costs
High Severity

What can an actuary do? Think out of the box

TECHNOLOGICALLY SAVVY

IDENTIFIYING EMERGING RISKS

DATA ANALYTICS SPECIALISTS

THE END IS NEAR?

Contact information

"Shape your thinking on the decisions that matter. Our specialist focus, global insights programmes and unique network give us the inside track in insurance and investment markets. We translate insights into opportunities."

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