

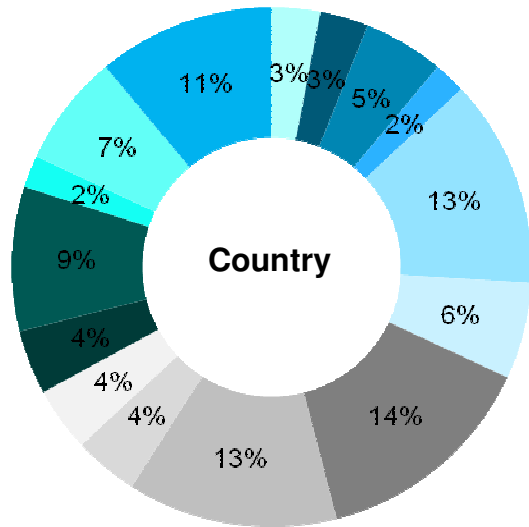
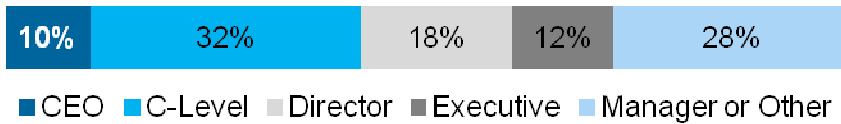
Digital Reinvention

Trust, transparency and technology in the insurance world of tomorrow



IBM surveyed approximately 1100 executives, 5000 consumers and conducted deep-dive interviews with 30 leading futurists

2013 Global Digital Disruption Executive Study

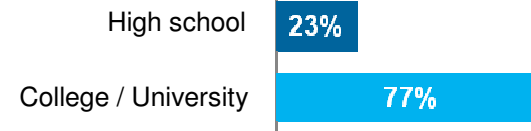


- Argentina
- Australia
- Brazil
- Canada
- China
- France
- Germany
- India
- Japan
- Mexico
- Poland
- Russia
- Singapore
- United Kingdom
- United States

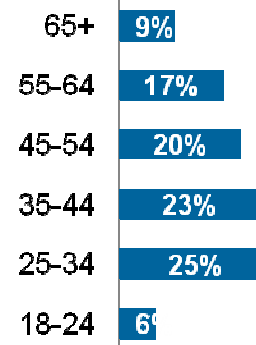
2013 Global Digital Disruption Consumer Study



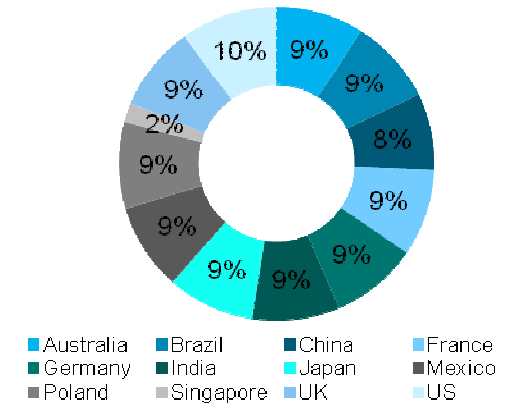
Education



Age



Country



The response samples (Executive Study, n=1090, Consumer Study, n=5111) have been weighted based on 2011 Regional GDP of the IMF World Economic Outlook (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>)

Digital transformation is impacting all levels of business and society, creating a individual-centered economy

Forces

Social media explosion

Mobile revolution

Power of analytics

Cloud Enablement

 **Individuals are more connected and empowered**

Business Challenges

- Increased consumer expectations
- Different ways to engage digitally
- Expanded information transparency

 **Competition is coming from new and different areas**

Business Challenges

- New competitors from different industries
- Changes in value migration; new winners and losers
- New types of collaboration

 **Operations and business models are being transformed**

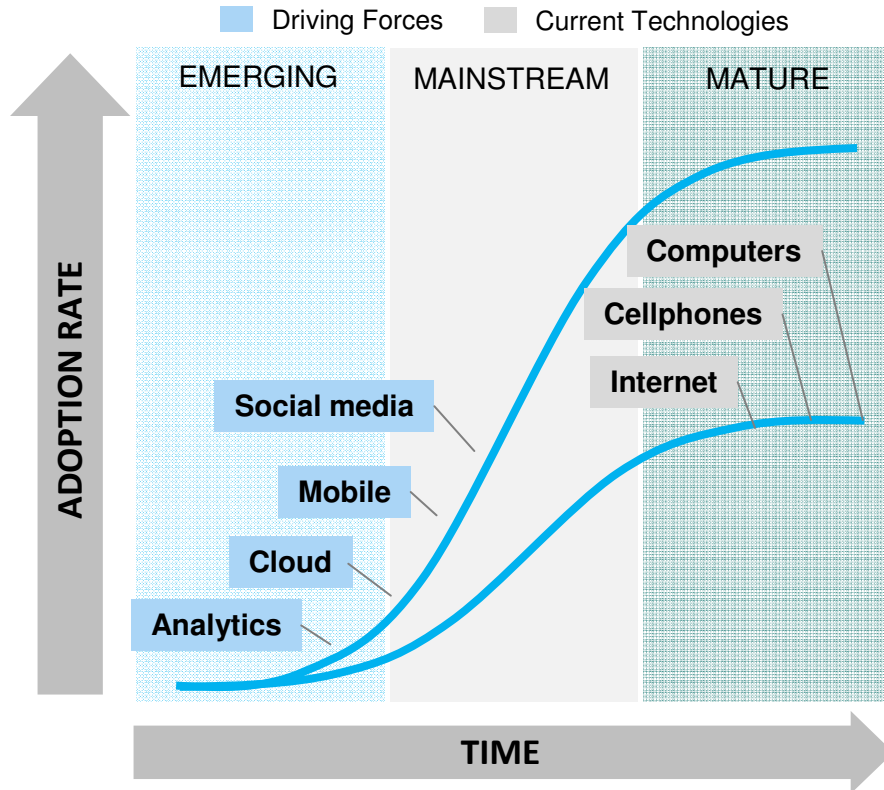
Business Challenges

- Redefined consumer value
- Integration across digital with physical
- Concerns around risk, security, compliance and privacy

Source: 2011 IBM Digital Transformation Study, IBV Analysis

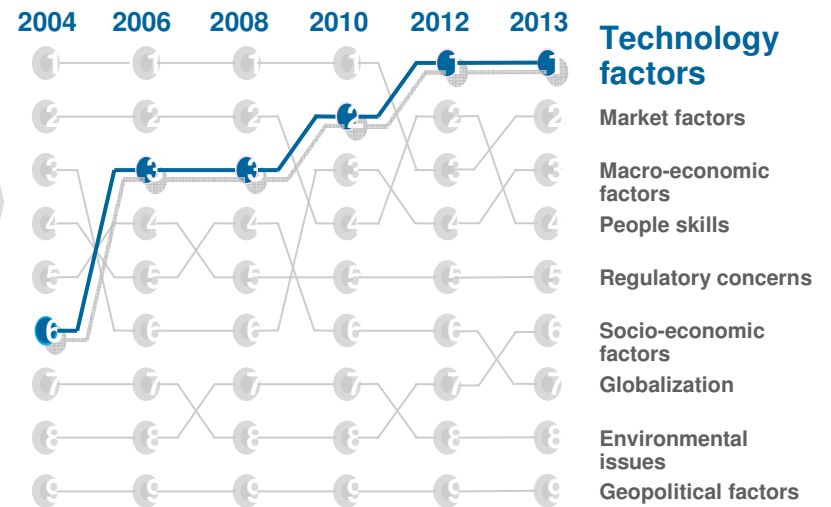
Long term impacts of new technologies such as social, mobile, analytics and cloud will be much more dramatic than evidenced so far

We are at the beginning of a new technological lifecycle...



...and CEOs already recognize its potential impact

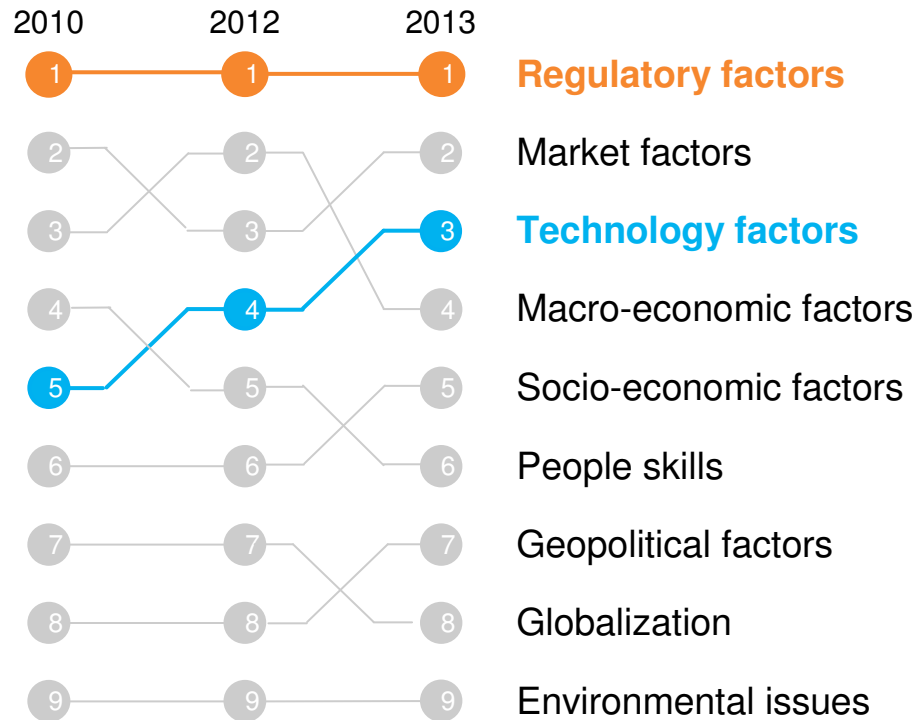
Factors global CEOs believe will have the biggest impact on their organization¹



Source: [1] 2004, 2006, 2008, 2010, 2012, 2013 C-Suite Studies: "What are the most important external forces that will impact the enterprise over the next 3 to 5 years?"; (n=4183); GDP weighted

They believe regulatory inhibitors will insulate the industry from change – a view that inhibits innovation and might well reduce overall industry value

Factors insurance CEOs believe will have the biggest impact on their organization¹



93% of Insurance CEOs say regulation has the greatest impact on the industry¹

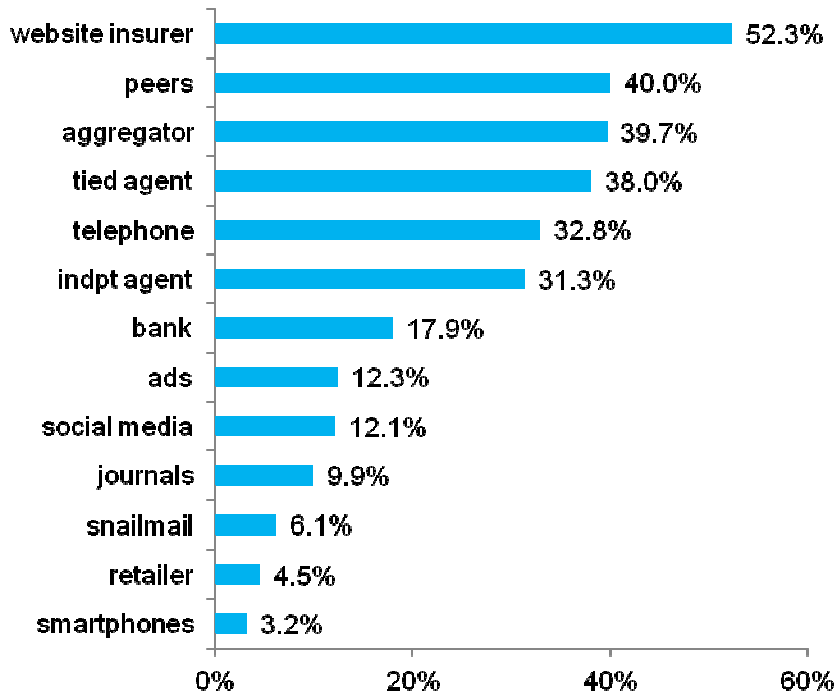
“I am concerned that going forward insurance companies will be reduced to just their core offering – they will take on risk without offering any other functions. They will then just be white labelers for other industries.”

Professor Peter Maas,
 Institute for Insurance Economics,
 St. Gallen, Switzerland

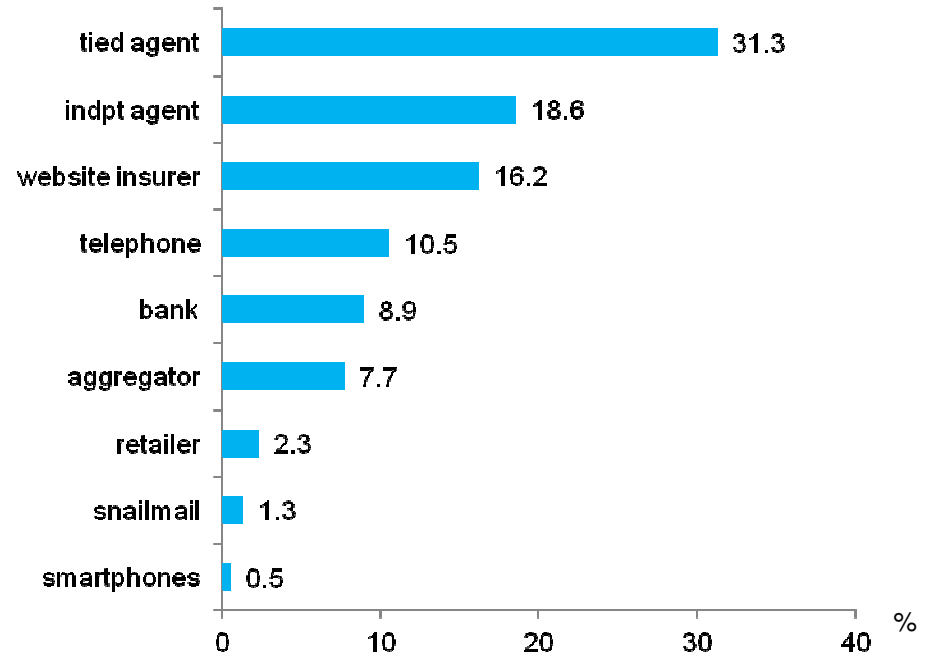
Source: [1] 2010, 2012, 2013 C-Suite Studies: “What are the most important external forces that will impact the enterprise over the next 3 to 5 years?”; (n=78; 147; 242);

Regulation aside, customers are trying to move insurers forward.
Technology factors are showing up on the shopping side...

Consumers use variety of web-based interactions are to get information and quotes...



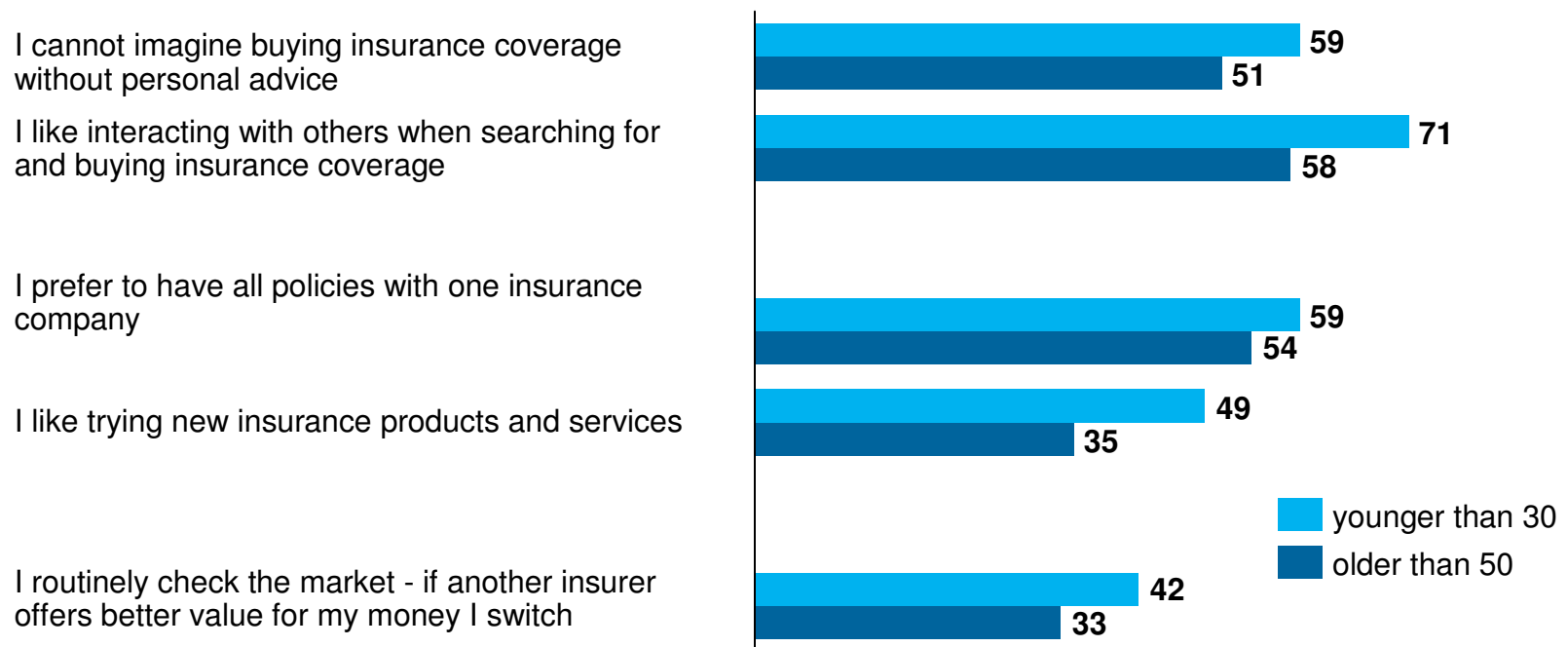
... with personal interaction still being the main focus of purchase



Source: IBM Institute for Business Value survey data 2013. n=17,594; IBV Analysis

... and while still favoring communication and advice, millennials are moving toward greater simplicity, convenience and value

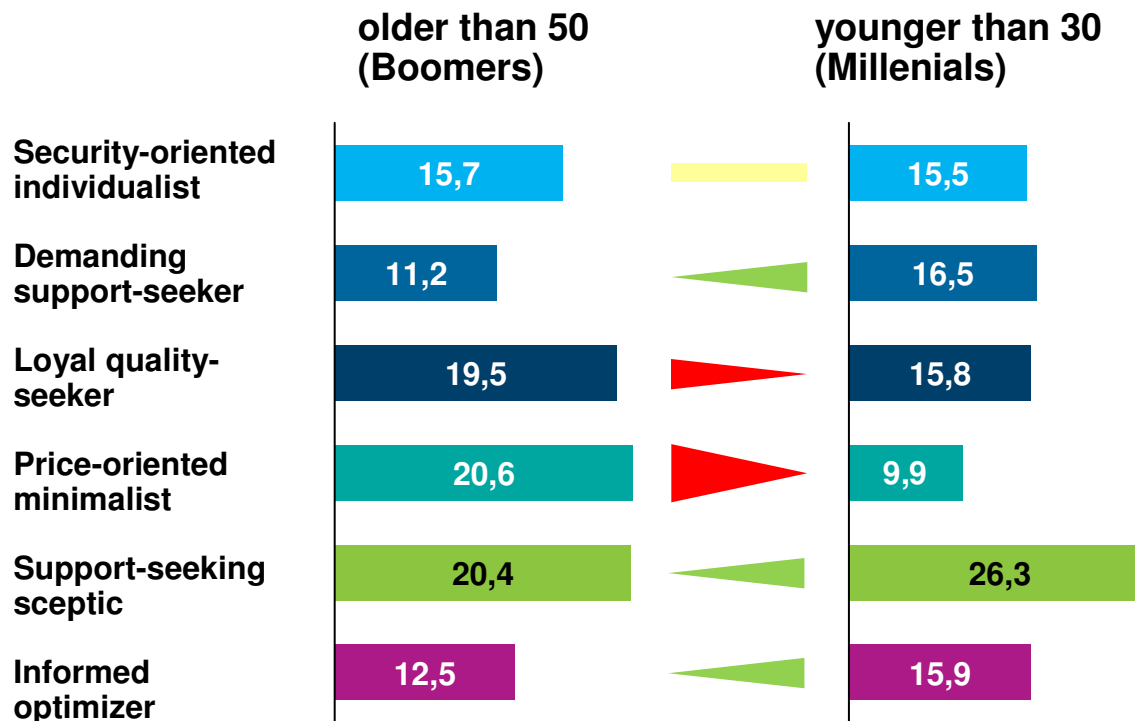
Attitude towards insurance by age group *(Percentage of survey respondents agreeing)*



Source: IBM Institute for Business Value survey data 2013. n=7,921

Customer empowerment is clearly showing in the future age cohort

Psychographic distribution by age



The insurance customer of the future ...

- *... is less concerned about price alone*
- *... wants to interact with others when shopping for insurance*
- *... is omni-channel*
- *... is looking for advice*
- *... is open to new products and ideas*

Source: IBM Institute for Business Value survey data 2013. n=7,921; IBV Analysis