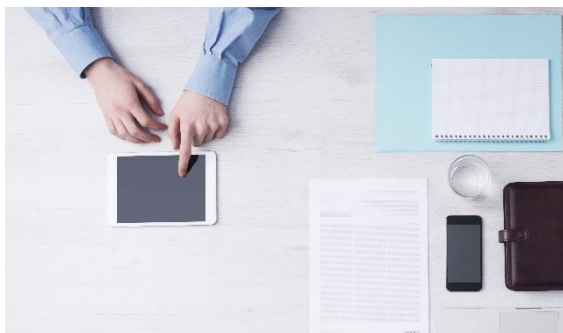


Transferable concepts and hybrid opportunities

Some thoughts from a GI specialist



Developments coming from GI and Big Data



Background

- The regulatory and technical divide has made hybrid products difficult in the EU
- However we a move to a more customer centric approach and new player less respectful of old divides is now the time to rethink
- Increased reliance on IP to drive sustainable advantage mean company's people assets are more valuable than ever
- Data is the new currency and there is an analytics arms race in GI

Migration of GI and Data concepts to Life

- Behavioural models
- Price optimisation
- Detaching the cost of manufacture from the street price
- Real time lapse saving analytics
- Big data and advanced analytics application to pricing, segmentation, targeting
- Life stage prediction and solutions
- The Internet of Things (e.g. wearables, smart homes, telematics)
- Composite solutions to asset and income protection



Opportunity drivers

- Enhanced **customer** insights, optimised pricing and customer management
- Holistic **products** that fit customer life-cycle
- Improved **distributor** effectiveness and efficiency
- Leverage superior data assets and **technology** of bank
- Alignment to **brand**

Case Study: Small Enterprise Insurance



Increasingly Small Businesses rely on Intellectual property not physical assets

Background

- There is a growing segment of the economy that relies on digital assets and IP rather than purely physical assets (12% of UK companies call themselves information businesses)
- Key personnel are becoming more important to the ongoing success of businesses
- Cash flow has always been a key concern of small businesses
- A true customer approach will bring together cashflow management support, GI and Life coverages into a coherent product – bancassurance could be a threat or an opportunity

Features

- Life and health elements - with appropriate business interruption coverage
- Cash flow support in the even to key peril or event based triggers
- Wrapped around with an asset protection policy (written in house or reinsured)
- Sold online or face to face to those who match the correct segment profile

Hybrid Sales

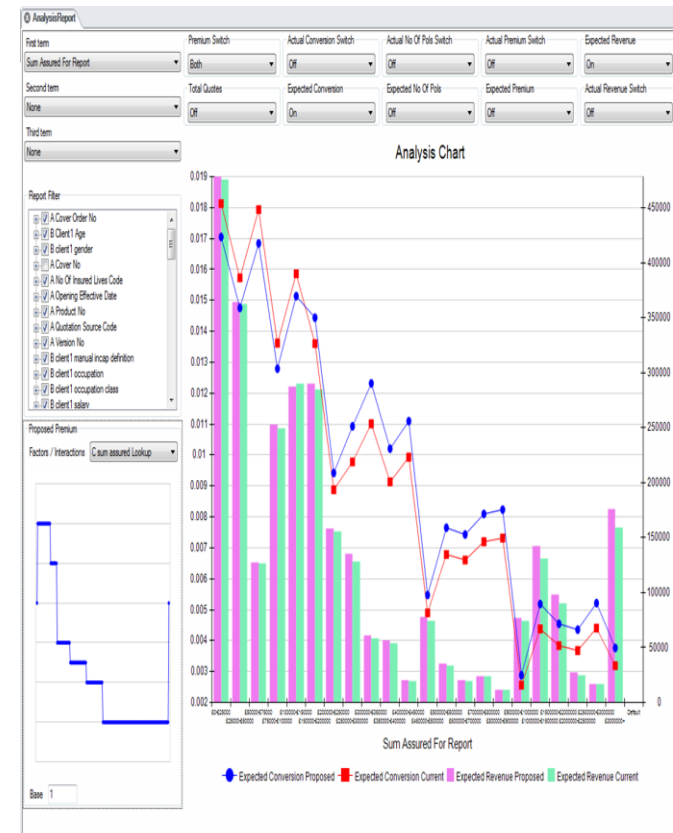
- Relevance of the product – segment tailored and individually targeted customers
- Ease of use – distributed and purchased within a common environment of the branch or internet bank
- Clear understanding of risks both on the physical and financial side
- There is a need to bring life and non-life together seamlessly
- Limited concerns about cannibalising old relationships by recommending a new product

Case Study: Price Optimisation



Practical application of behavioural analytics

- Objective**
- Improve margin through more dynamic, targeted pricing, based on insight into customer and adviser decisions.
 - Create a more agile and efficient pricing process which is flexible enough to lead and respond to market changes
- Benefits**
- Improve margin - through better understanding and targeting of profitability
 - Improve consistency of decisions, with statistical modelling replacing judgement
 - Reduce risk on dependency on competitor prices
 - Increase understanding and control of your business:
 - to forecast volumes more accurately to support capacity planning
 - to spot changes immediately and be able to respond
 - to influence proposition developments and priorities
- Products**
- Potentially wide range incl. Life, Critical Illness, Income Protection, Whole of Life, etc.
 - Possible future extension to customer lifetime value propositions



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