



IUMI 2018

Changing Business Environment - Building Digital Distribution

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Changing business environment

Warm up

Couple of questions

- What is a zettabyte?
- What's the relationship between the Apollo 11 guidance system and the iPhone 8?
- Who has heard of PewDiePie?

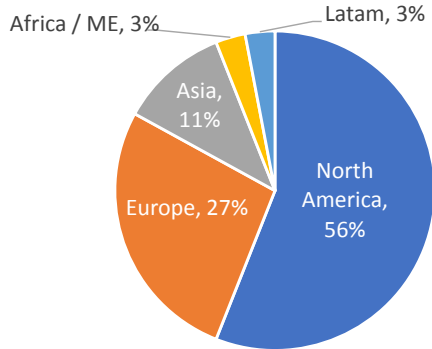
Relevance

- Huge amounts of data
- ...at ever faster processing
- ...and new ways for mass distribution

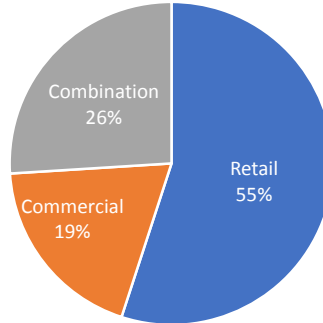
Changing business environment

Insurtech focus on insurance

Geography

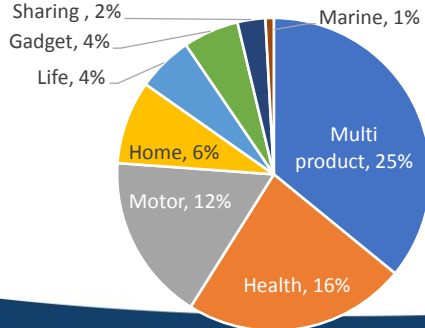


Class of business

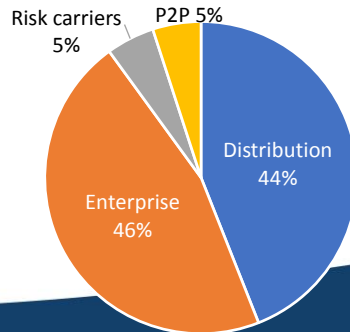


- Wave started in 2013,
- Now based on ~1,500 known startups
- Focus from start: distribution of US retail products
- Movement in last 2 years:
 - US/Euro to Asia
 - Retail to Commercial
 - Distribution to enterprise
 - Marine immaterial

Main Product lines



Value chain position



Source: Oxbow Partners, 2018

Changing business environment

Why the Insurtech focus on insurance

World environment

- Changing customer expectations & behaviour
- Acceleration of technology adoption
- Dramatic reduction in cost to launch
- Excess of cash to support new ventures
- Entrepreneurs are the new Kings of Universe

Insurance environment

- Insurers are trusted less than bankers
- Customer experience is often poor
- Perception of inefficiency / margin to be found
- Perception of complexity / high barriers to entry

Experience in building digital distribution



Building digital distribution

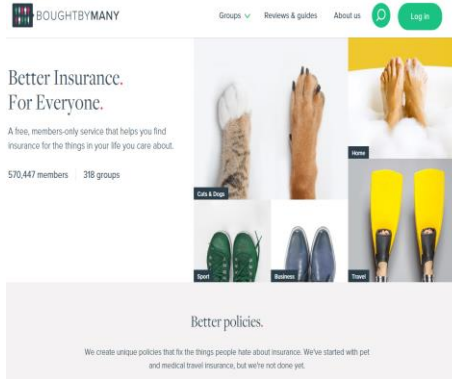
Three use cases

directasia.com



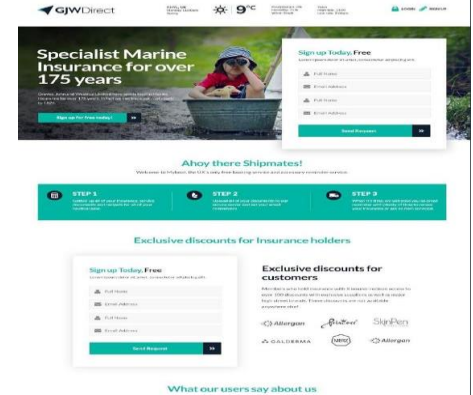
Startup – online Asian insurer using organic & paid search to drive traffic. Cart blanche enabled customer centric design from start to finish

boughtbymany.com



Startup – online UK broker using paid search, social media & viral to build groups of common interest and then using scale to negotiate better terms

gjwdirect.com



Transformation of direct / indirect yacht broker into eco-system of all matters of interest to boat users..... and the sale of insurance as an adjunct

directasia.com

Start up B2C insurer focused on retail insurance in Singapore, HK & Thailand

Why?

- Existing intermediaries were expensive, inflexible & provided poor service
- Products were unchanged
- Insurers had no visibility of the customer
- Online penetration & purchasing growing
- Regulatory support
- White space

How?

- Full online B2C insurer focused on retail insurance
- Customer focus
- Product differentiation
- Pricing optimisation
- Data driven
- Fully integrated system
- Flexible system

Successes

- Fast take up & consistent growth
- Strong support from regulators & reinsurer
- Clear KPIs, fast changes & response times
- Successful sale & happy private equity

Challenges

- Logistics: tariffs, wet signatures, file & usage
- People: recruitment, timing, claims, customer centre, outsourcers
- Eventual competitor response
- Timing alignment

boughtbymany.com

Start up B2C intermediary focused on niche only retail classes in the UK

Why?

- Personal experience
- Niche classes underserved
- Lack of customer advocacy
- Social media under used
- White space

How?

- Started as introducer
- Then bought pet broker
- Then built full stack
- Focus on customer advocacy and membership growth
- Ideation driven by member feedback
- White label version applied abroad
- Now moving into SME

Successes

- Numbers don't lie: groups, members, conversion rates, CPA, GWP
- Series B investor strength
- Acquired broker now growing at 2x
- Awards galore

Challenges

- Insurer partners work slowly
- Insurer partner customer journey was poor
- Insurer partner integration was inflexible

Why?

- Channel conflict
- Duplication of effort / cost
- Obsolete infrastructure
- Mature & profitable book but with marginal growth
- Limited differentiation to rest of market
- Market too small to attract aggregators
- Ripe for change

How?

- Disintermediation
- Rebuilt back end system
- Rebuilt front end as eco-system
- Focus on:
 - New customers
 - Customer retention
 - Eco system partners
- Replaced advertising strategy with digital marketing strategy

Successes

- Growth rate has increased 3x
- Retention rates remain unchanged
- Transfer from off to online as planned

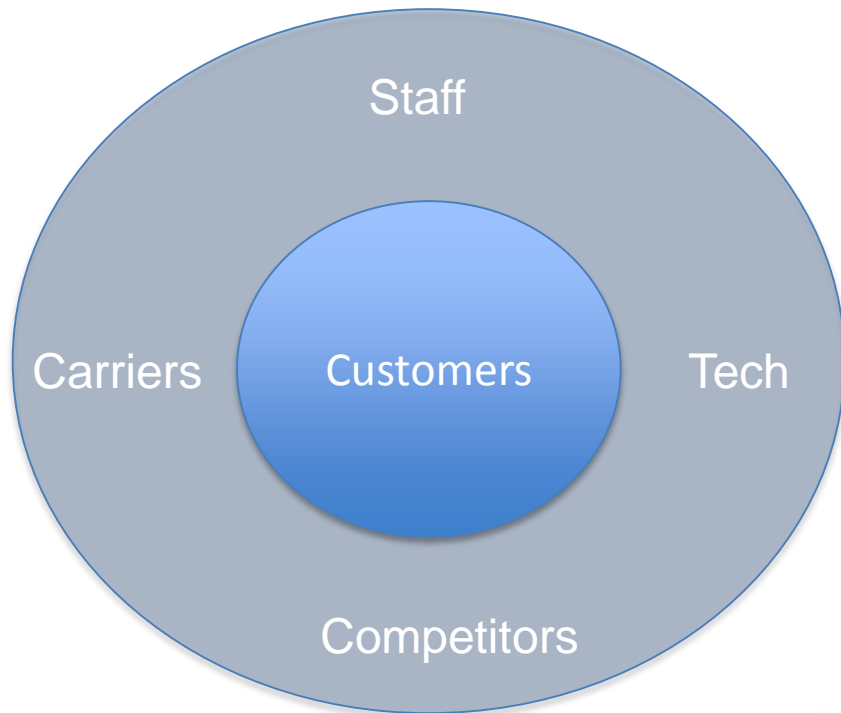
Challenges

- Changing in culture, hearts & minds of staff
- Thinking inside the box
- External to internal IT development
- Changing office

Learnings



Learnings



Learnings

Customers

- Early adopters vs target personas
- Ever more demanding
- Complainants have huge value
- Young are freer with data
- Average age of users might surprise

Competitors & carriers

- Competitors lobby too much & respond too slowly
- Carrier partners work at a different speed to startups

Tech

- Not a one off effort to digitalise
- System flexibility and ease of integration key
- Coders need to be embedded with U/W and marketers for direction
- Coders need breadth to perform effectively
- Digitalisation is as much about productivity as it is about customer journey
- Not just about B2C – implication on all industries at all stages of the value chain

Learnings

Staff

- Tech is not the hard part, changing hearts & minds is hard
- In-house team is better than outsourced
- Culture of testing, learning, retesting.....taking some risk required
- Digitalisation must come from the top
- Common characteristics of successful digital people:
 - Visionary
 - Interested & ever learning
 - Encourage challenge
 - Adaptable
 - Data driven

Takeaways

- Digital winners are customer obsessed.....and every role has a customer
- Digital change has to come from the top
- Common DNA amongst successful digitalisation winners
- Tech part is easier than the human part
- In marine digitalisation is happening & it will grow - not if but how.

THANK YOU

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