

DIGITAL INNOVATION IN THE INSURANCE STACK

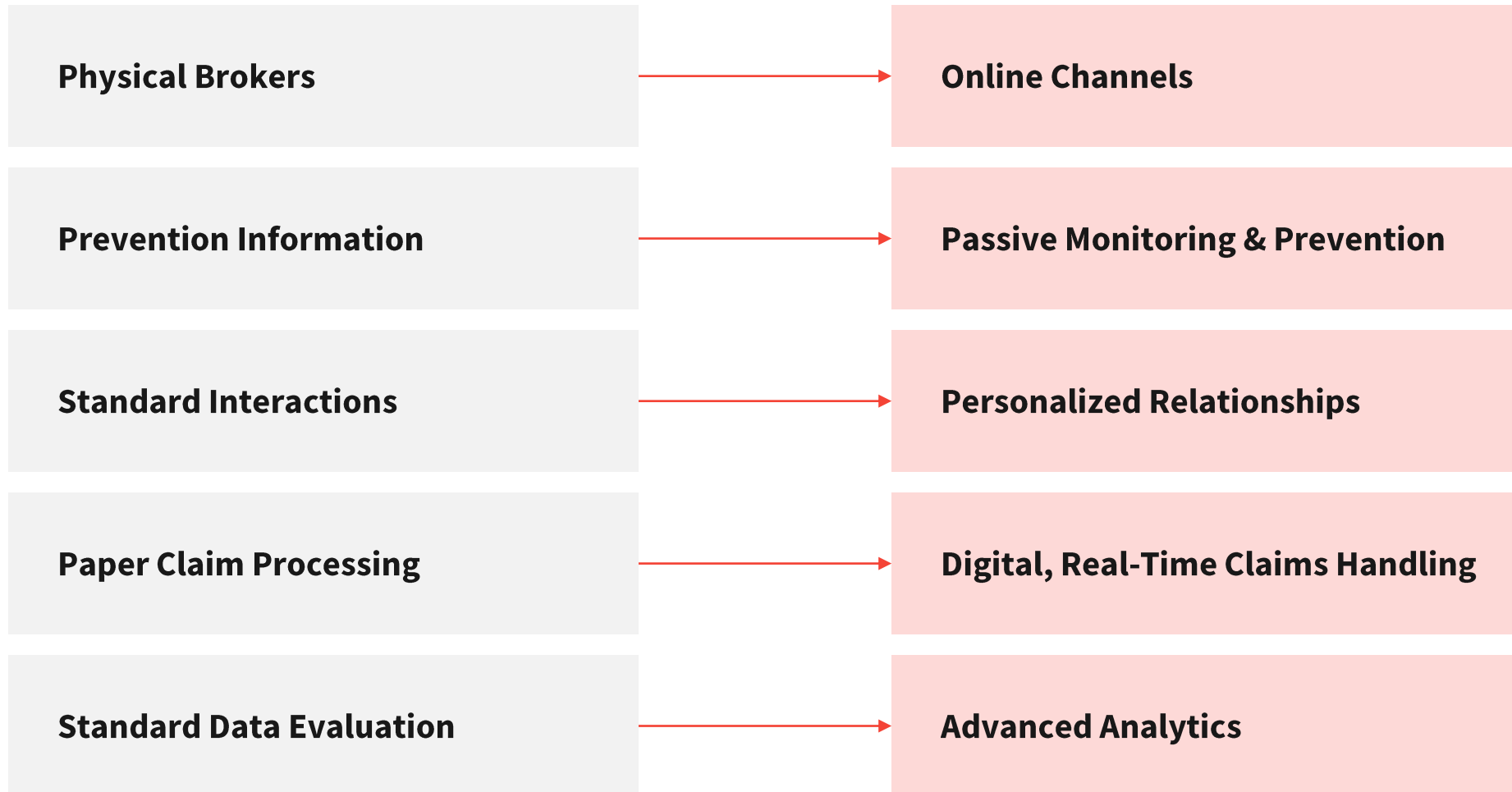


18 November 2020

Jason Lau, Core Strateji

ANALOG TO DIGITAL

Digitalization is shifting all facets of the insurance business and their interactions with customers.



IMPACT OF DIGITALIZATION



01

Efficiency-based Cost Savings

“Efficiency” improvements through digitalization reduce production or distribution costs, *i.e.* RPAs.

02

New Revenue Streams

Digital businesses that reinvent conventional insurance offerings to reach digital natives, *i.e.* *usage-based insurance*.

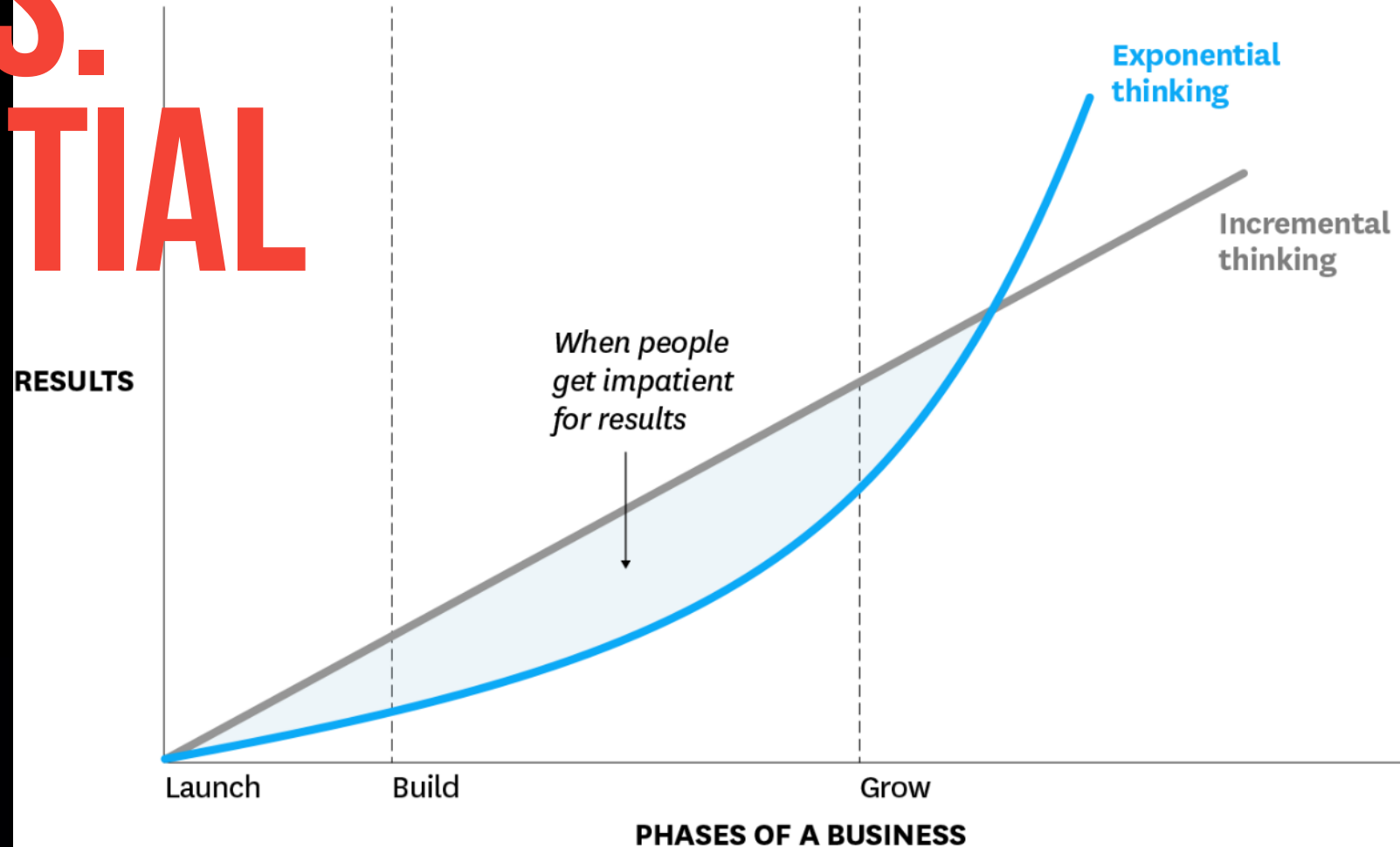
03

Innovation to Exponential Growth

Rethinking the business model and customer experience of insurance from the ground up.
What is insurance really about?

LINEAR VS. EXPONENTIAL

While we are all enamored with technology... we still tend to think about incremental changes, and only expect incremental improvements.



OPPORTUNITIES TO THINK EXPONENTIALLY

Reinvent the
Customer Journey

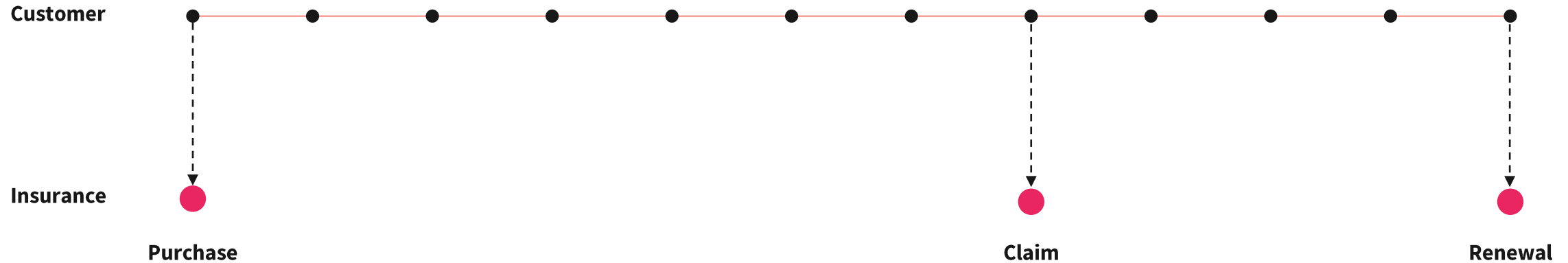


Reinvent the Value of
Insurance

Reinvent the
Insurance Stack

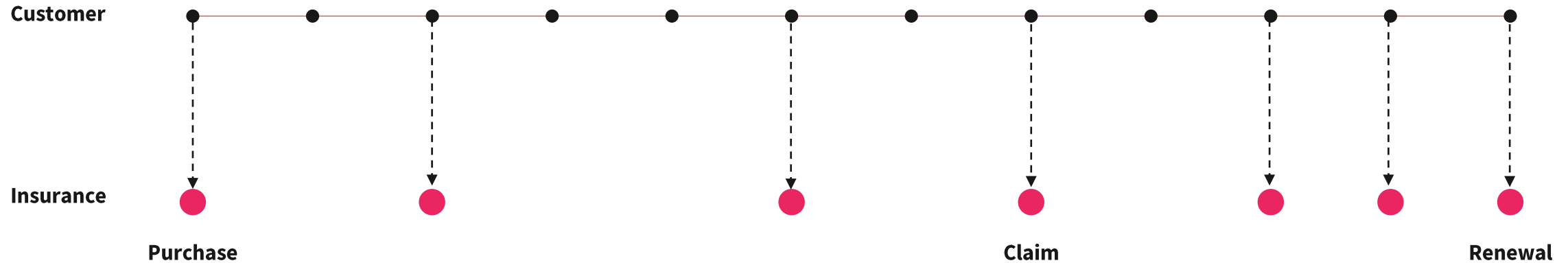
PURE INSURANCE TO SERVICES

Insurance is diversifying from pure insurance products (“rainy days” only), to occasional services (“cloudy days” too!) in order to increase their interactions with customers.



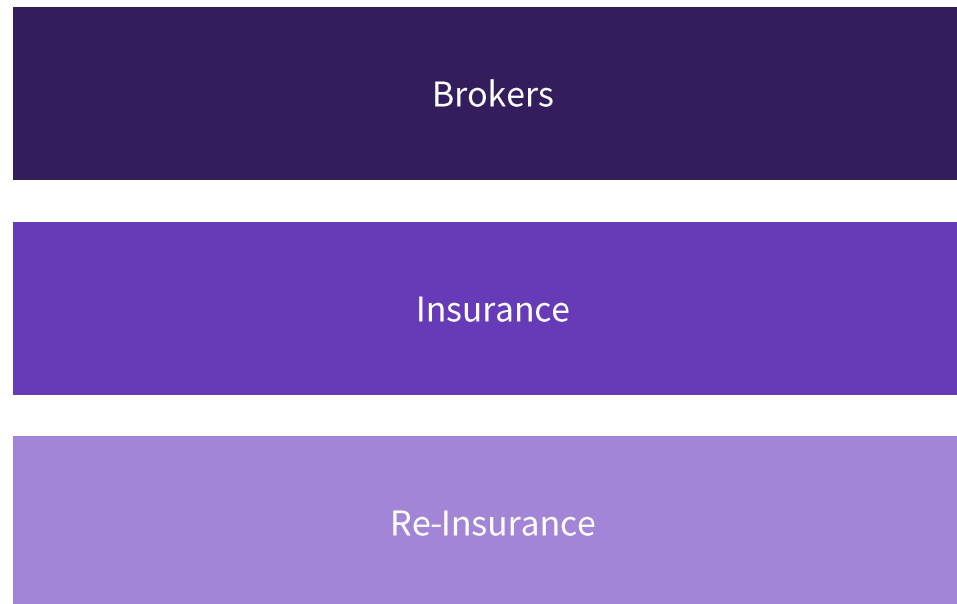
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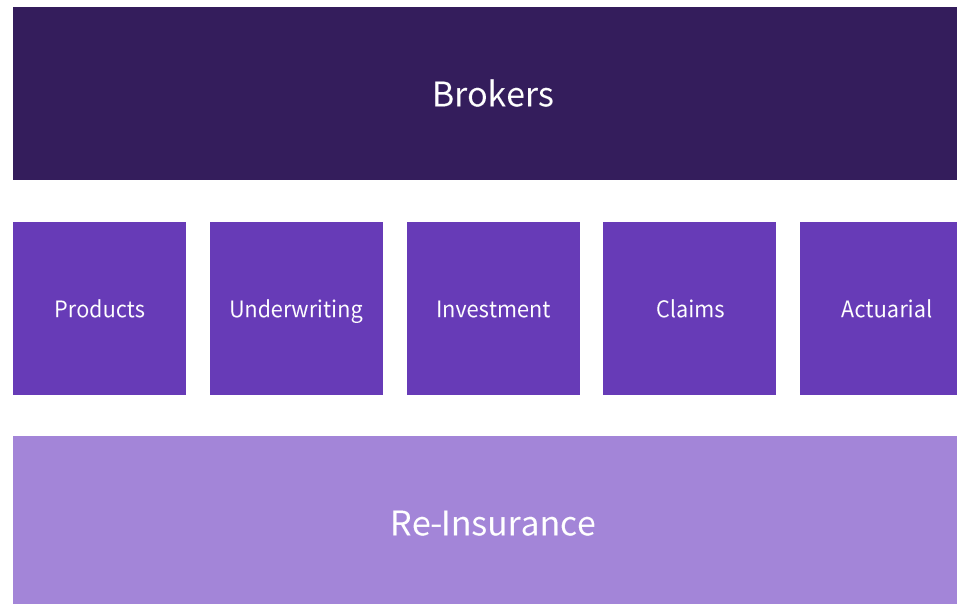
VERTICAL INTEGRATION TO PLATFORM

This has led insurance to reimagine the insurance stack, from a vertical approach to a platform-based one, incorporating multiple service lines.



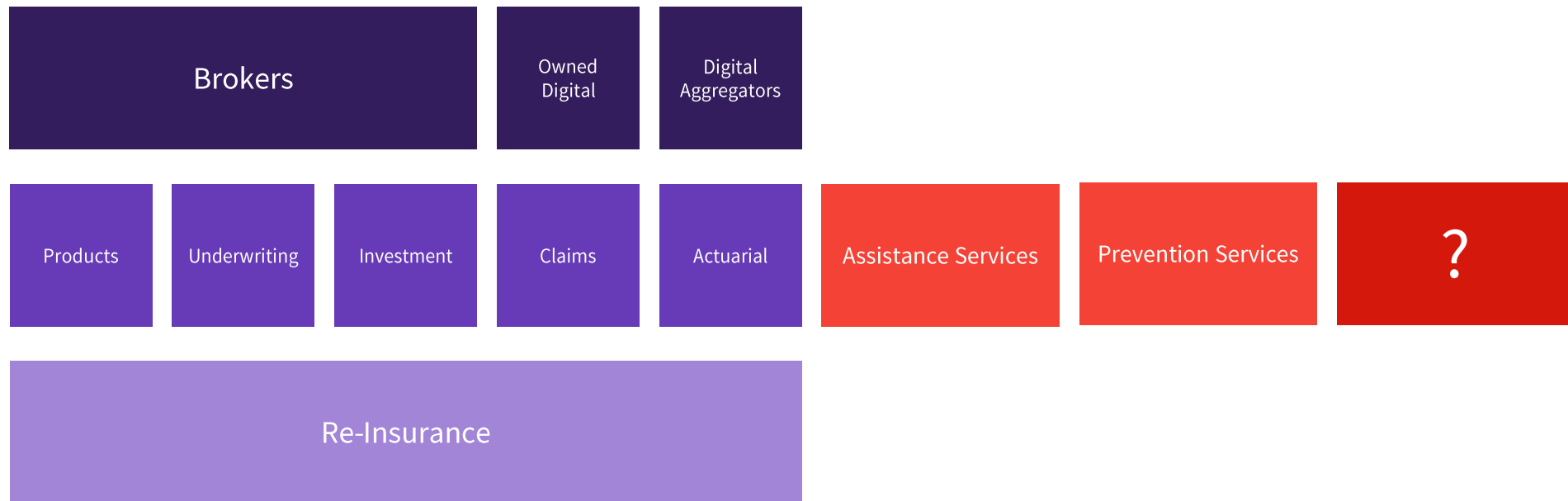
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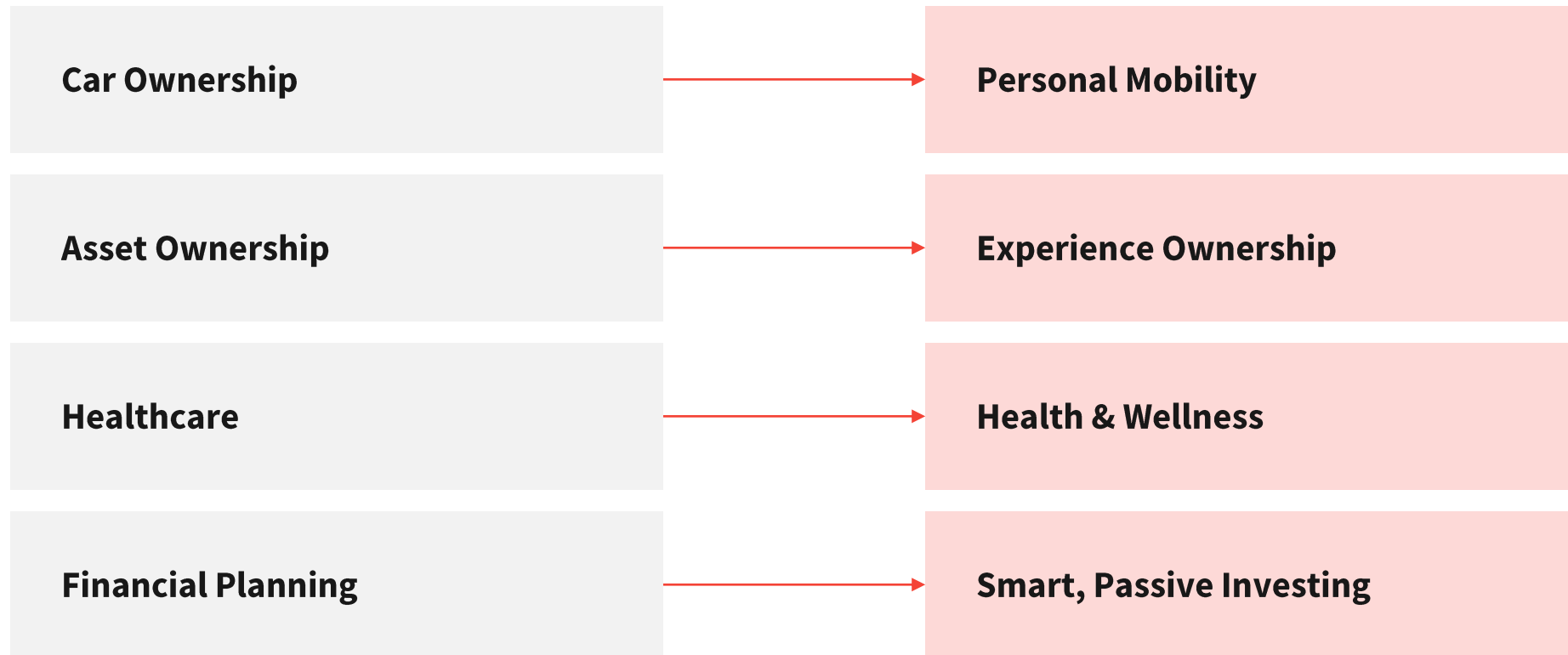
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SOCIETAL TRENDS **DISRUPTING INSURANCE**

Megatrends are shifting all facets of the insurance business and their interactions with customers.



CUSTOMER EXPECTATIONS

HAVE TRANSITIONED FROM PRODUCTS TO PERSONAL GOALS



Customer 1.0

Get the product in the customer's hands with a focus on production and distribution



Customer 2.0

Help customers embrace the brand with a focus on generating demand and capturing market share



Customer 3.0

Help customers to have a great experience with a focus on satisfaction and retention



Customer 4.0

Help customers achieve their goals with a focus on advocacy and lifetime value

WHAT DOES THIS MEAN?

The perspective of customer journeys and experiences is changing as insurance seeks to become more embedded in the entire life experience of customers.

PURCHASE JOURNEY



- Channels
- Incentives

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SALES JOURNEY

Awareness

Evaluation

Decision

- Channels
- Incentives

CLAIMS JOURNEY

Notification

Claims
Management

Assessment

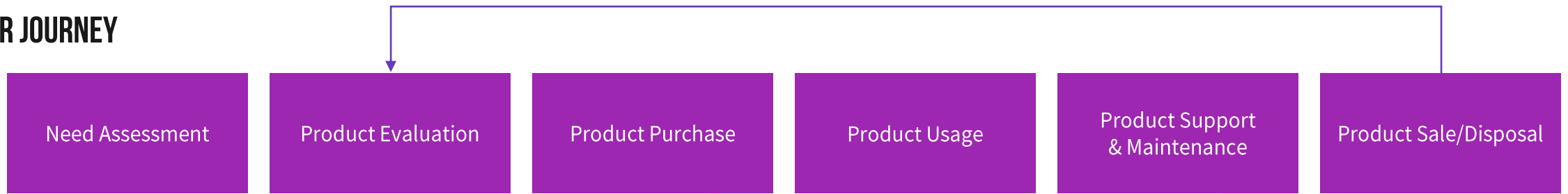
Payment or Repair

- Interactions
- Feelings, Thoughts, Motivations

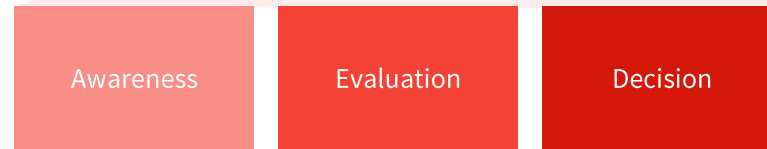
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PURCHASE JOURNEY



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CLAIMS JOURNEY



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WE NEED MORE TECHNOLOGY!

- IoT
- Blockchain
- AI
- AR and VR
- Machine Learning
- Automation
- ...

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      }
      & .last-child {
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Technology is the answer, but what was the question?

Cedric Price

“ quote fancy

THE RIGHT QUESTIONS

Health Insurance

How can we keep our customers healthy, and get them the right healthcare when they need it?

Liability Insurance

How can we help customers avoid liabilities and reach the best possible resolution when it arises?

Car Insurance

How can we help our customers move around, getting from A to B, quickly and securely?

Life Insurance

How can we help people plan better for the future and provide peace of mind about adverse circumstances?

Home Insurance

How can we support customers as they make the largest purchase decision of their lives, and help them maintain that purchase throughout the entire lifecycle?

OP FINANCIAL GROUP

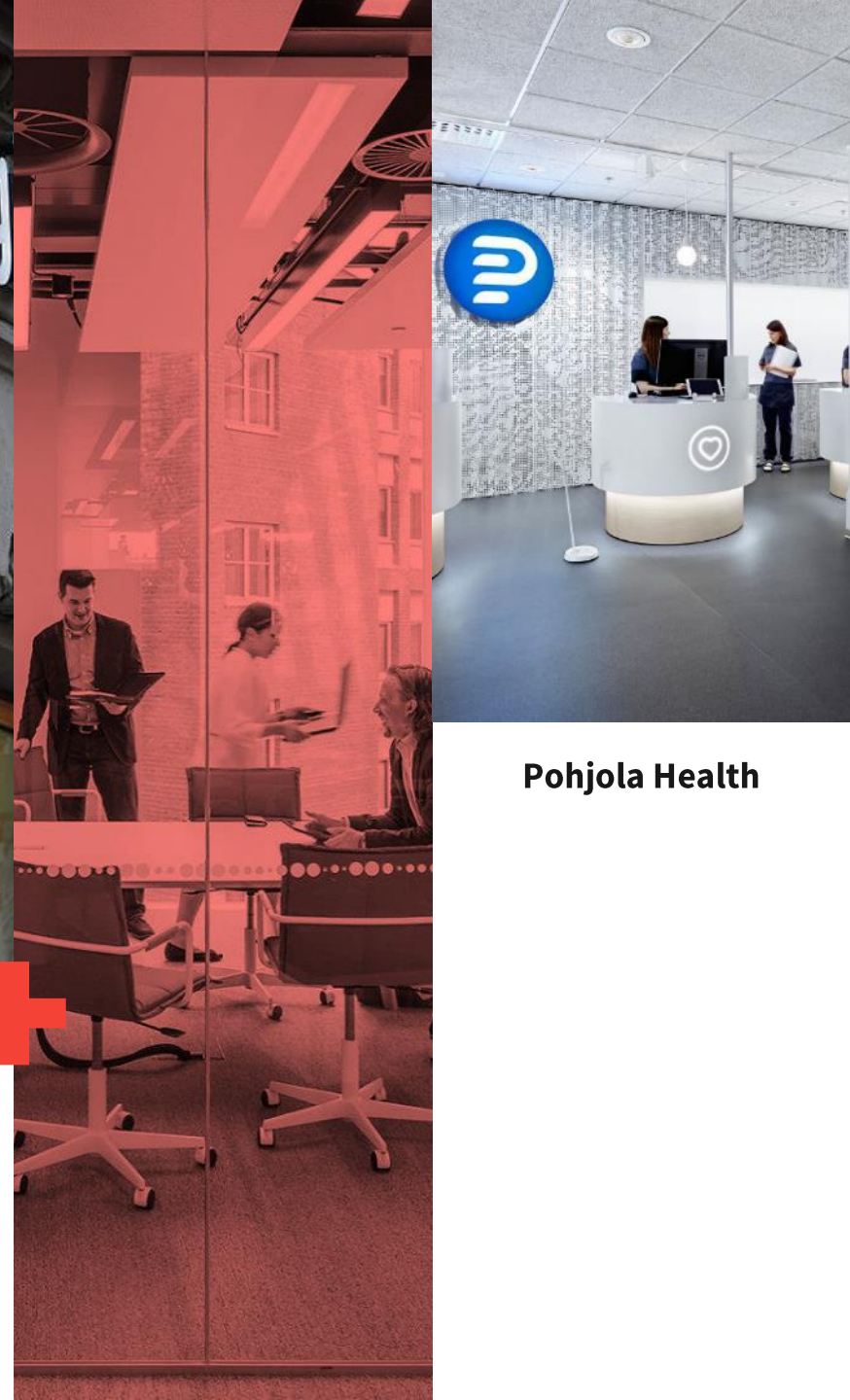
Asking the Right Questions

We've chosen the other path – **we want to stay with the customer.** They don't need a bank, they need services. They don't need mortgages, they need accommodation. They don't want to borrow money to buy a car, they want mobility. We sold health insurance; people don't need health insurance, they need health. And in the future people will still need health. So **our goal is to create digital services to get people to stay healthy and away from us."**

- Samuli Saarni, Head of Pohjola Terveys



OP Bank
OP Insurance



Pohjola Health

TECHNOLOGY ALLOWS US TO DELIVER ON CUSTOMER GOALS

Start with the questions: *What do customers actually want? What are their goals?* Then explore how insurance and technology can be embedded into those goals.

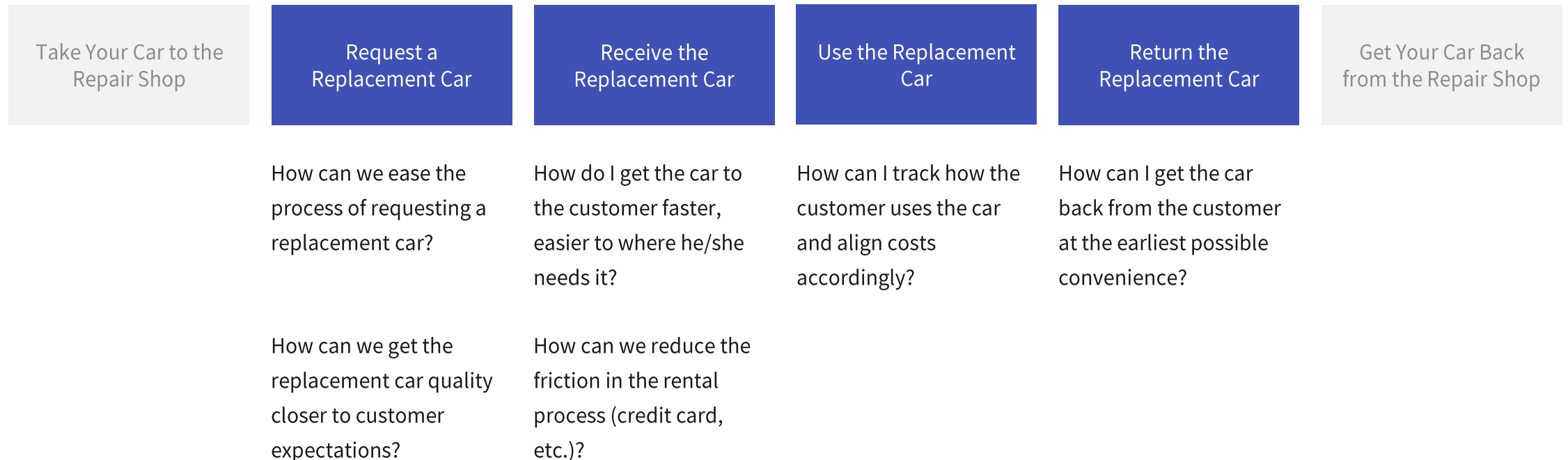
CUSTOMER JOURNEY



REPLACEMENT CAR JOURNEY

The perspective of customer journeys and mobility is having insurance and assistance companies reconsidering the customer's needs and offering solutions accordingly.

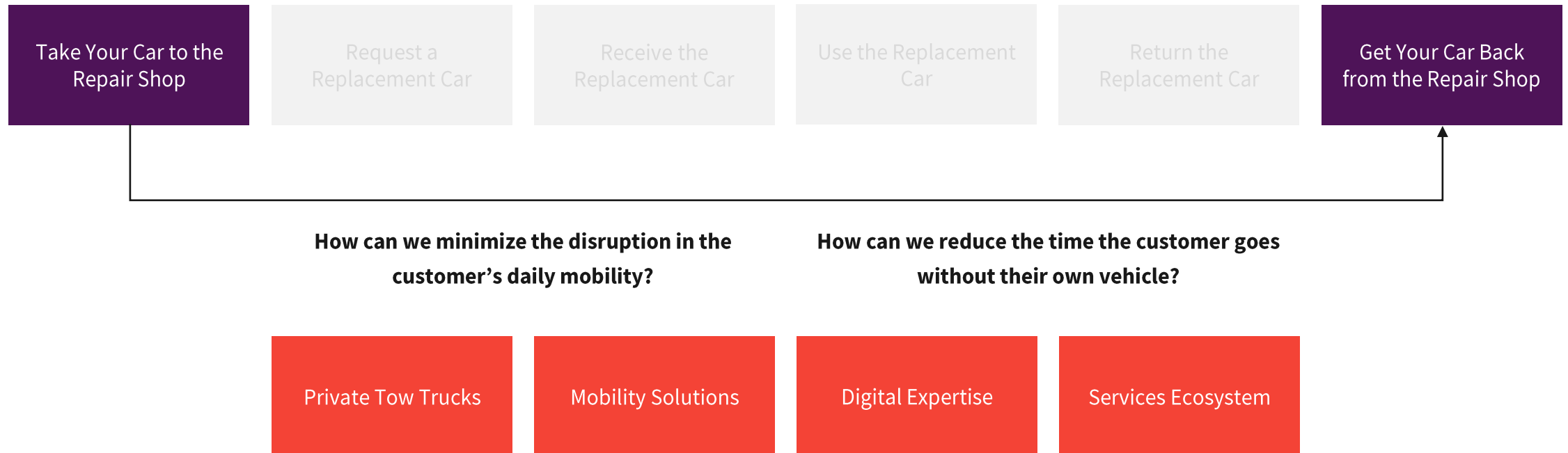
TODAY



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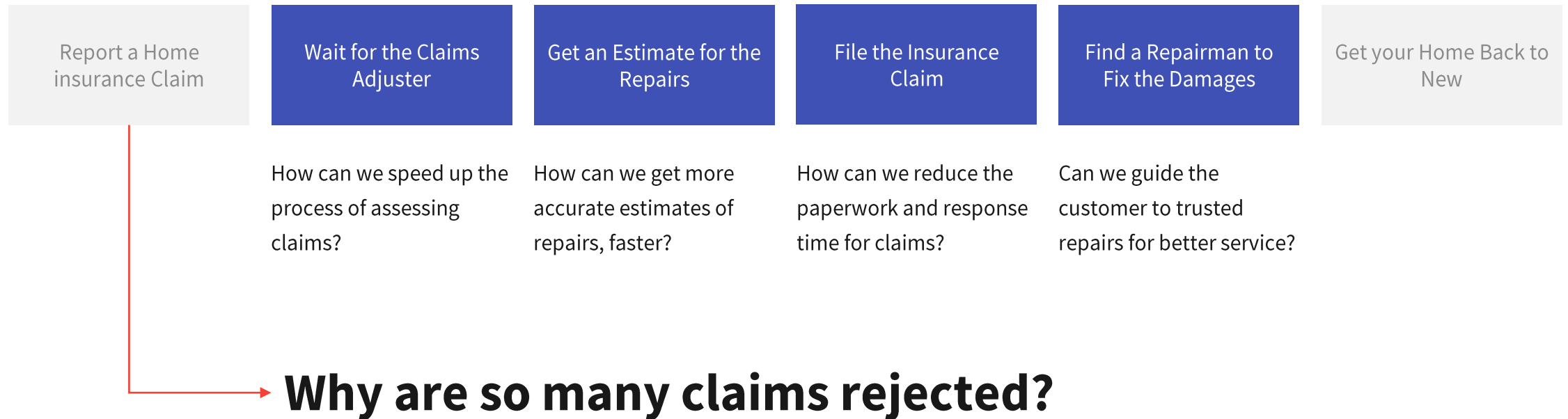
TOMORROW



HOME OWNERSHIP JOURNEY

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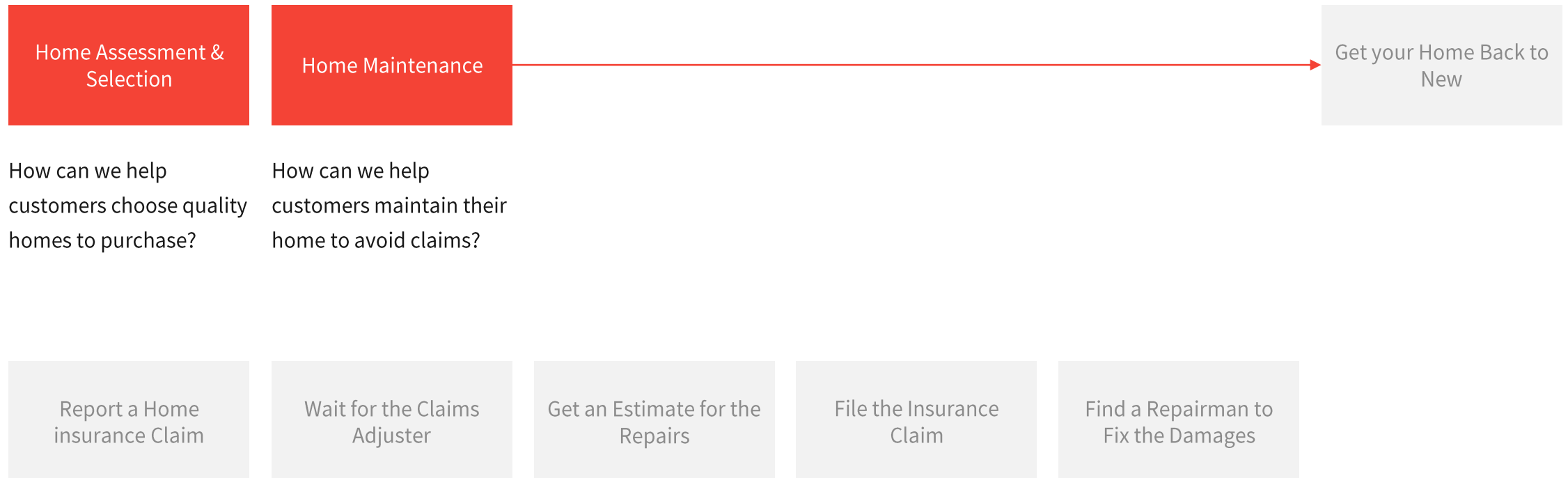
TODAY



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TOMORROW



IN THE SHADOW OF COVID-19

More focus on health and wellbeing, openness to sharing health data

Decreased reliance on traditional, face-to-face distribution channels

Even more anxiousness / loneliness and depression

Global economic and political uncertainty to reduce spending

Working from home, remote work becomes more mainstream

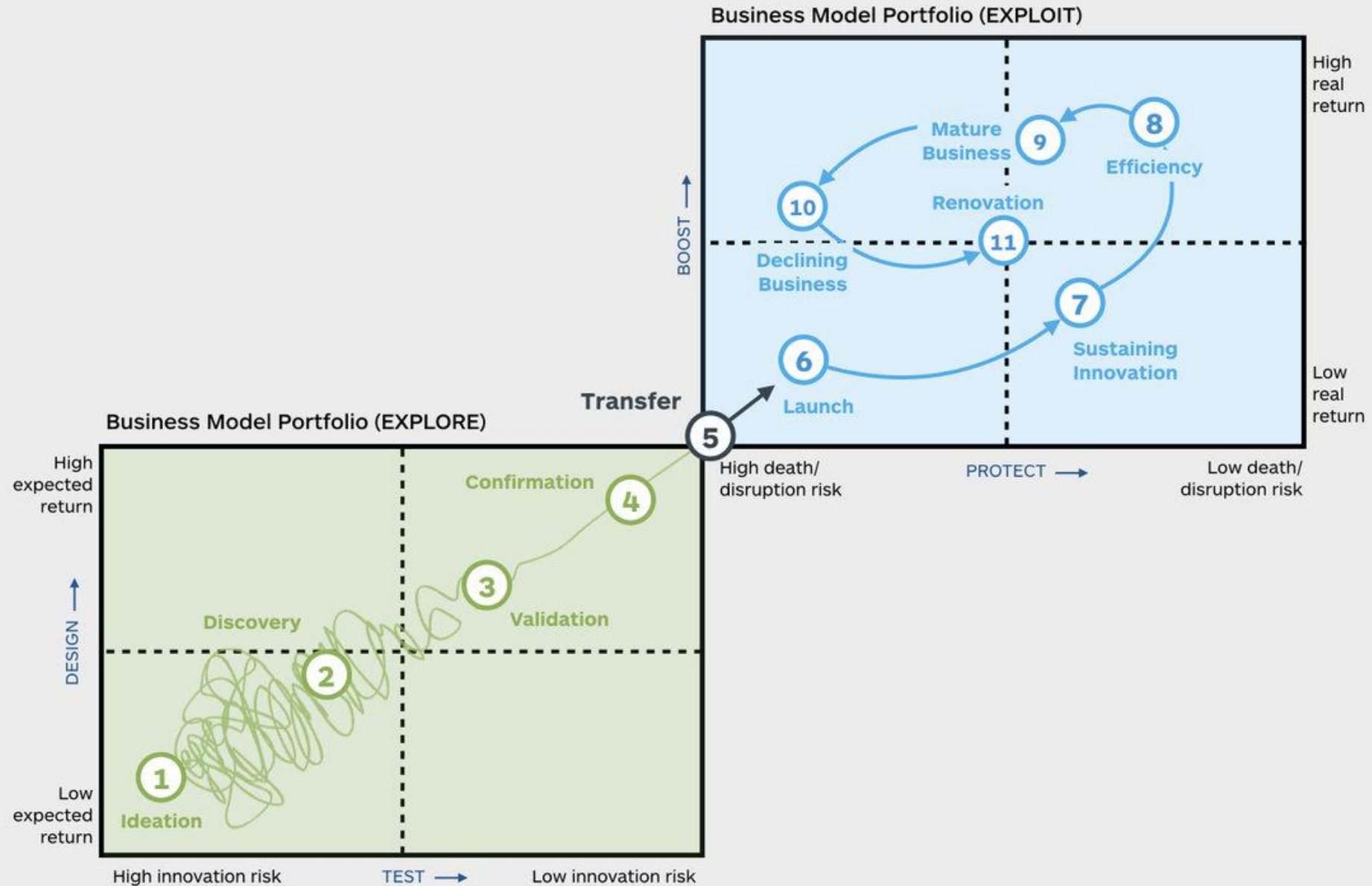
Renewed importance of family and self-reliance



INNOVATION MENTALITY

PORTFOLIO

Business Model Portfolio



EXPLORE

The Explore portfolio is all about the search for new ideas, value propositions, and business models to ensure the future of your company. Search involves maximizing expected returns and minimizing innovation risk.



EXPLOIT

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RIGHT TIME, RIGHT INVESTMENT



Motor Home Rental



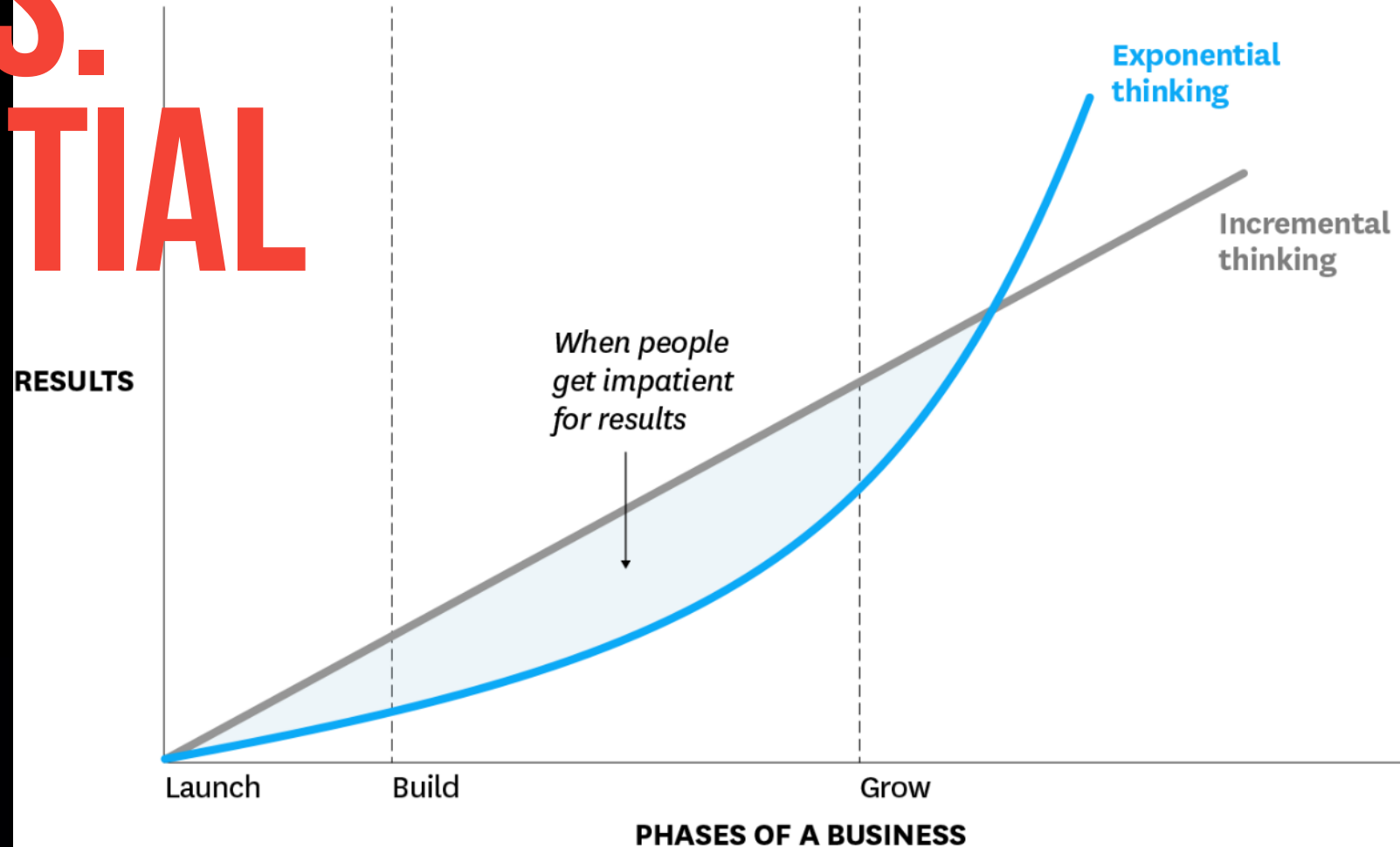
Roadside Assistance App



P2P Car Rental Insurance

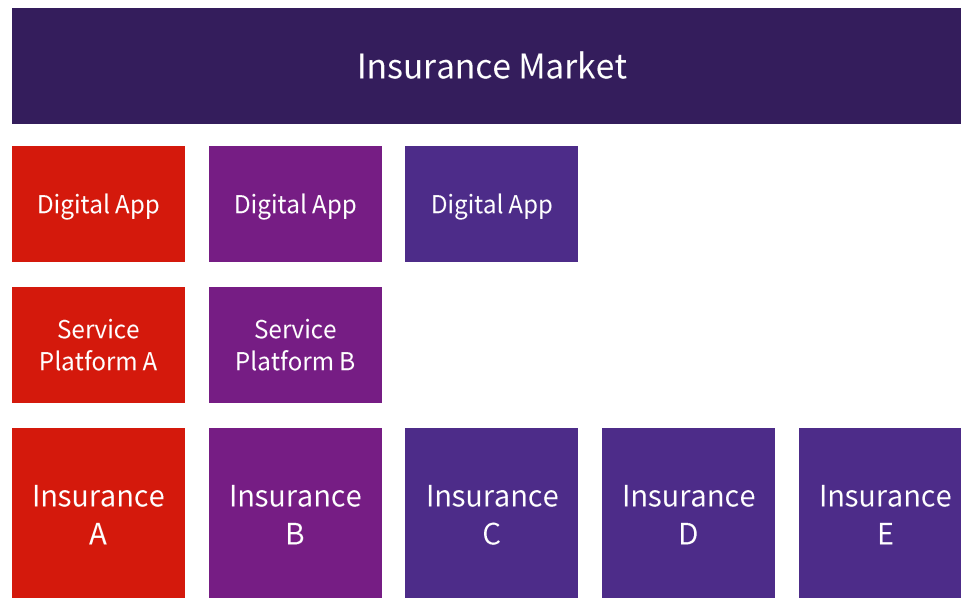
LINEAR VS. EXPONENTIAL

What could exponential thinking look like in the insurance sector?



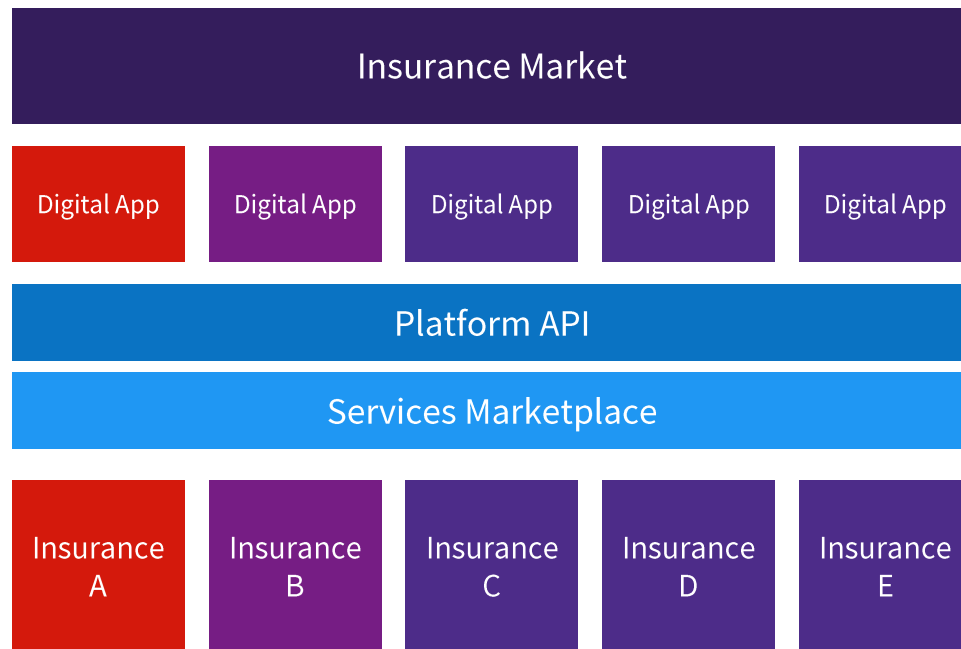
EVERYONE WANTS IN, ONLY **ONE PLATFORM** NEEDED

Every insurance company is exploring customer journeys and trying to develop new services that expand their piece of the customer's need. However, the vast majority are unwilling to take the risks associated with exponential innovation. Rather than each company innovating independently, a platform could serve as a new economy enabler.



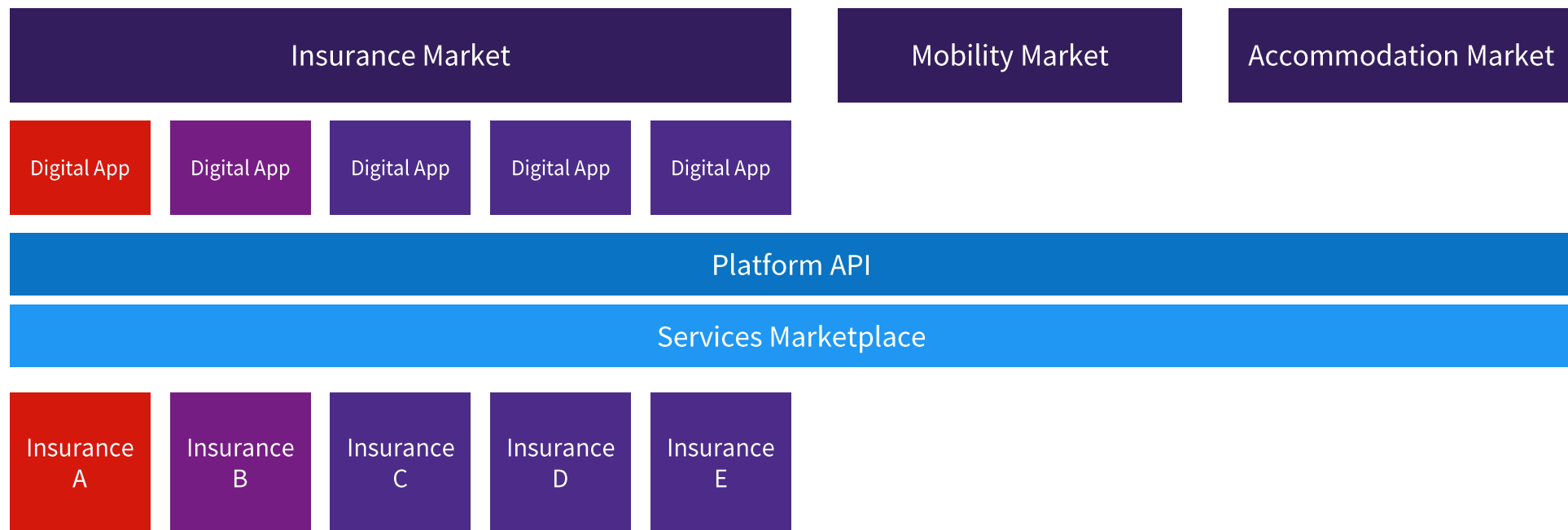
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Furthermore, this platform could be extended to other industries beyond insurance. The scale achieved through the marketplace and the ease of digital integration through the API generates economies of scale and market monopoly.





Failure and invention are inseparable twins.

To invent you have to experiment, and if you know in advance that it's going to work, it's not an experiment.

Most large organizations embrace the idea of invention but are not willing to suffer the string of failed experiments necessary to get there.

JASON LAU



Partner, Core Strateji

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