



# ANIA Insurance Distribution Conference

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THE BOSTON CONSULTING GROUP



# Key trends in insurance distribution

The rising need of digital/ multi-access

Traditional vs. Direct: a dangerous fight

Regulatory "tsunami"

## Transformation of Insurance Distribution

**Channel polarization**

**Price vs. advice separation**

**Territorial advantage**

**Get the most out of each territory**

**Sales force effectiveness**

**Managed as a science, not an art**

**Search for new channels**

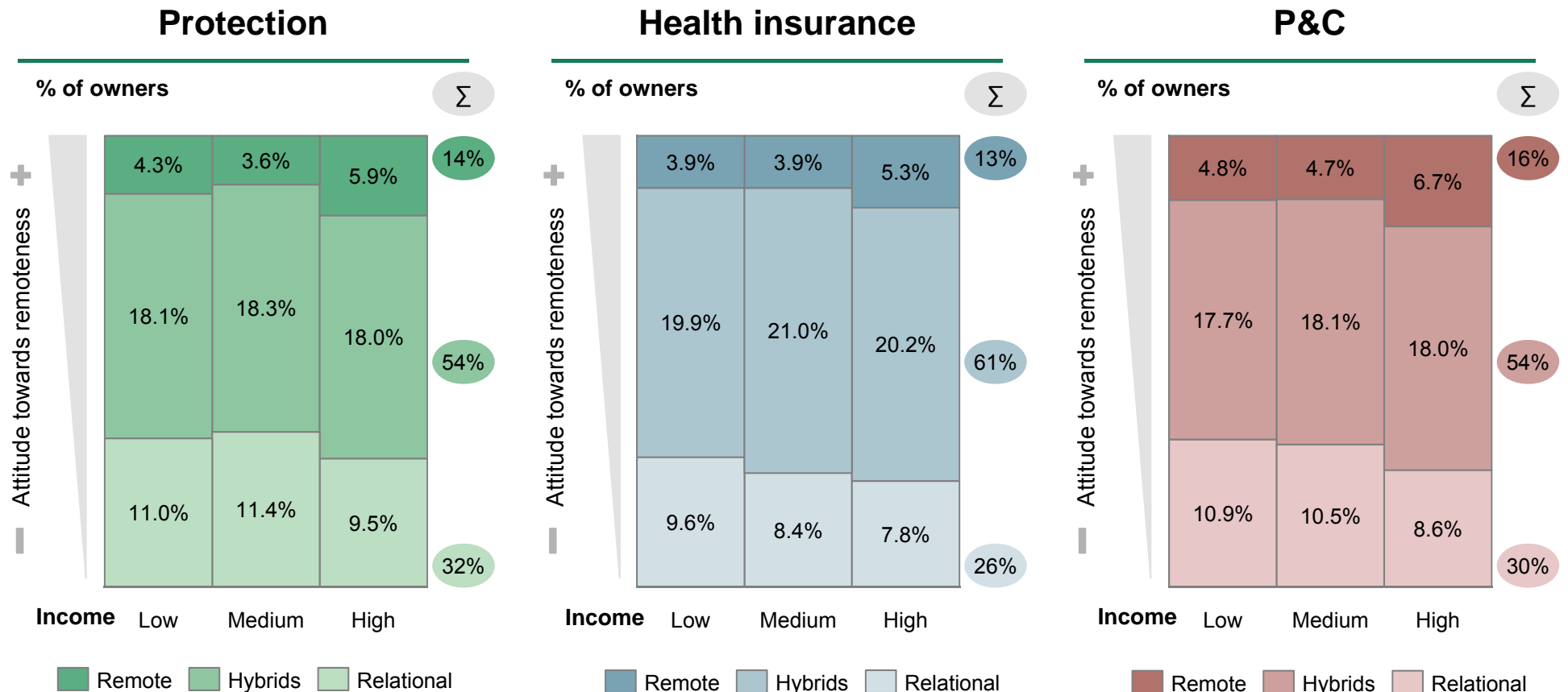
**Develop new routes to market**

**New approach to Middle Mkt**

**Build judgmental expert systems**

# The rising need of multi-access – Over 70% of customers require multi-channel interaction

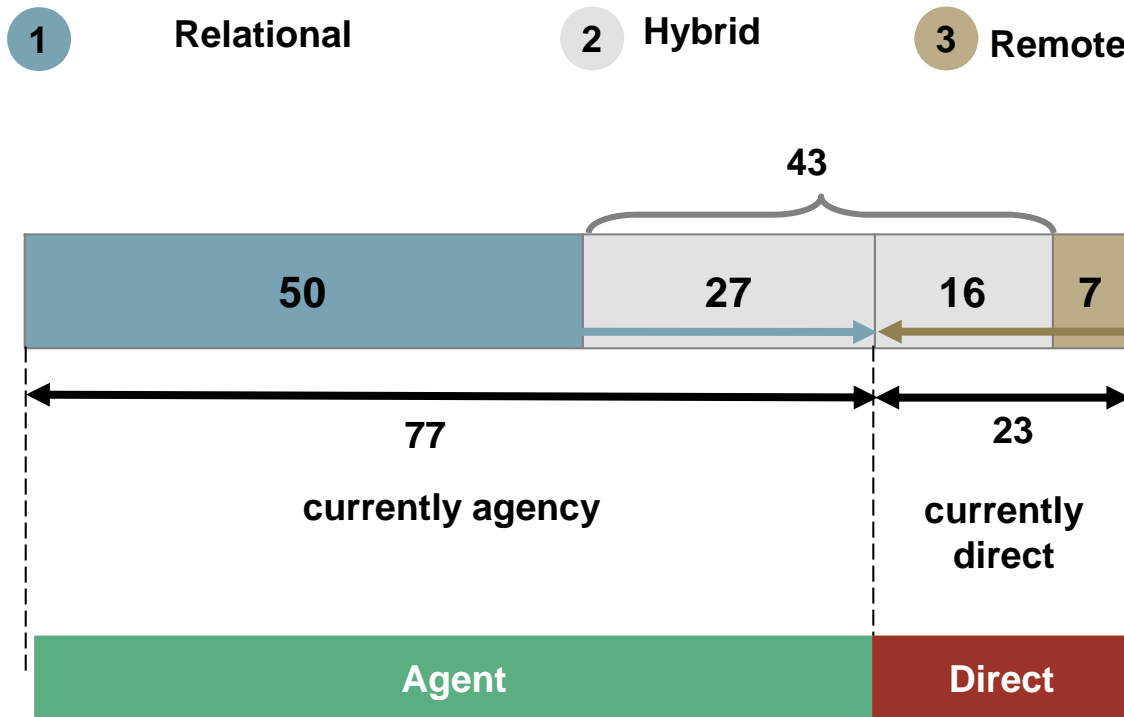
## Indispensable interaction modes



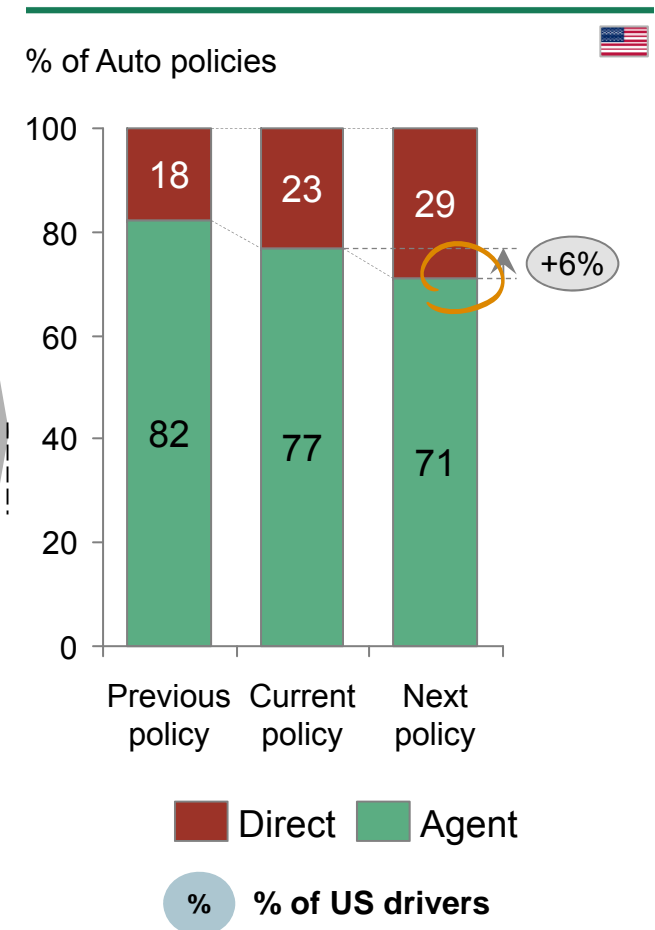
Note: Interviewees said where was situated their income among the 10 proposed brackets, the 3 lowest ones were named "low", and the " highest ones were named "high" (e.g. for the US, brackets are "less than 15000", "\$15k to \$25k", "\$25k to \$35k", "\$35k to \$50k", "\$50k to \$75k", "\$75k to \$100k", "\$100k to 125k", "\$125k to \$150k", "\$150k to \$200k", "\$200k to \$250k", "More than \$250k") Question: "In general, how useful are or would be to you the following interactions modes when it comes to dealing with your insurance providers?"  
Source: Consumer Sentiment Practice Area Survey April and May 2012

# Traditional vs. Direct: a dangerous fight – The direct channel is currently winning the hybrid ground

The battle between direct and agency carriers is over the middle

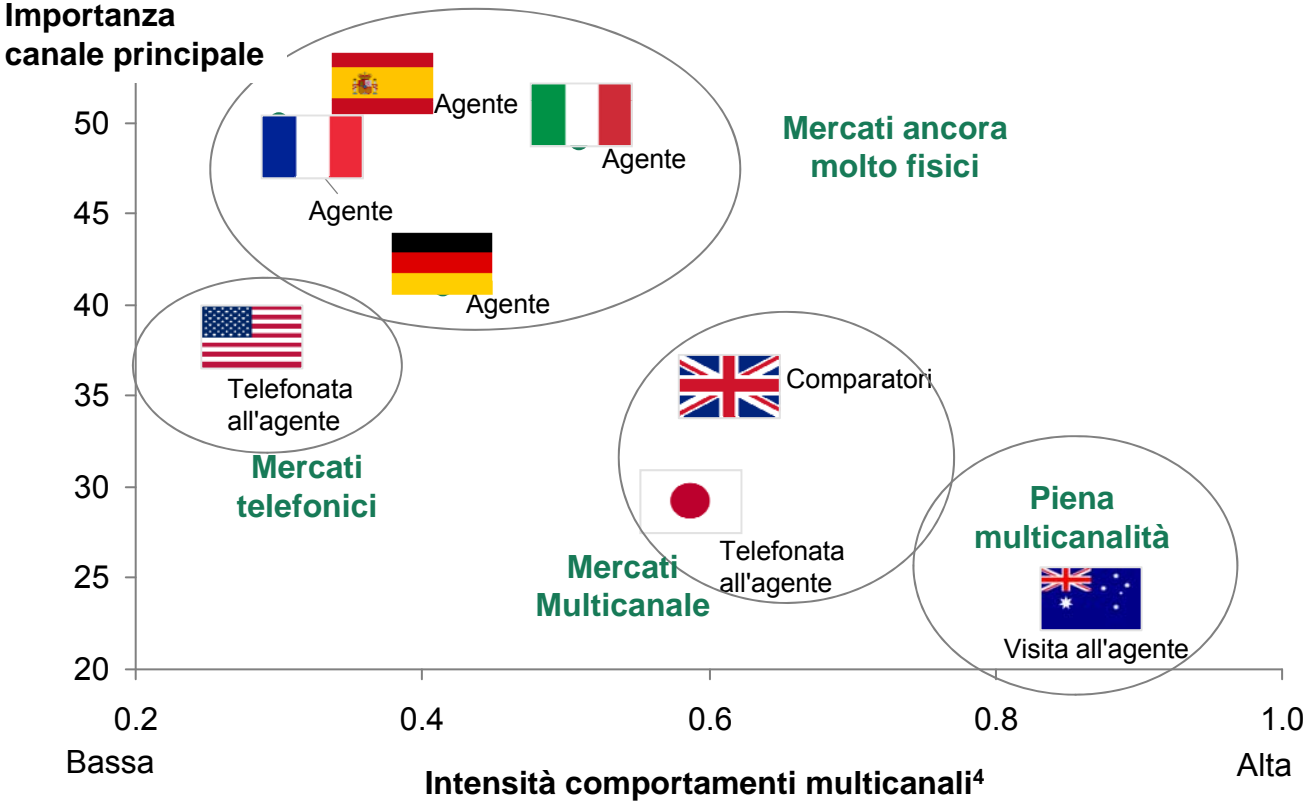


All consumers auto channel share



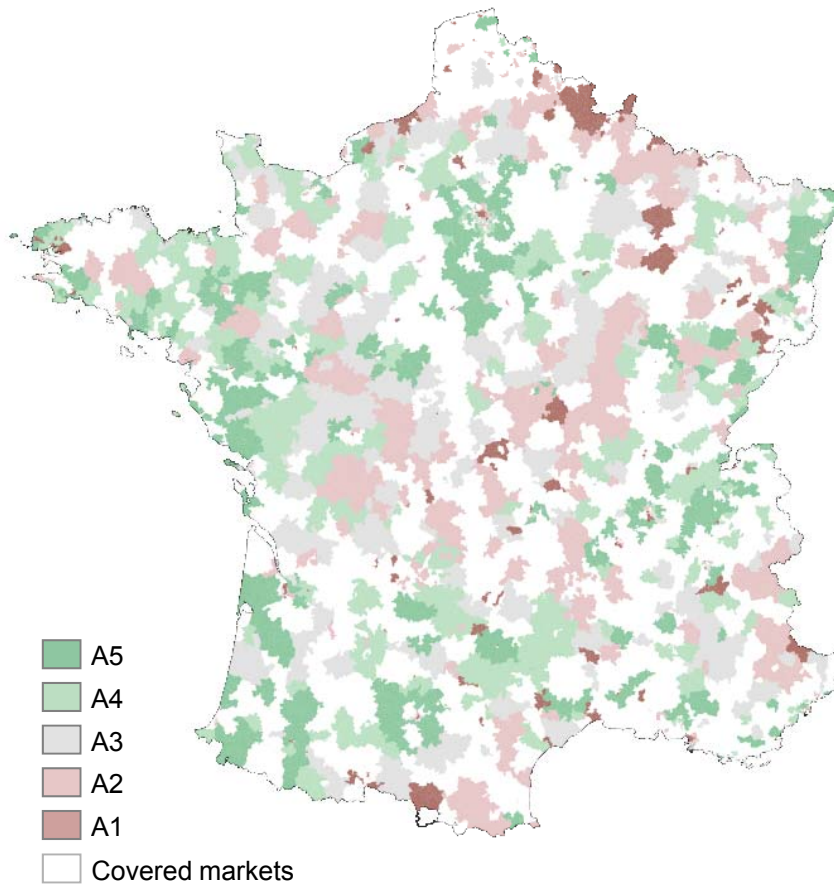
1. weighted average based on relative share of Gen Y and Gen X in US population, based on U.S. Department of Transportation, Federal Highway Administration, 2008  
 Note: previous channel is the first channel for those who switched only once; previous channel and current channel are the first channel for those who have never switched  
 Source: BCG Next Generation of PC insurance consumers survey Jan 2011, n=1,975 auto policy holders

# Agents will stay key for long, in many continental Europe markets



# Territorial advantage – Restructure networks to get the most out of each territory

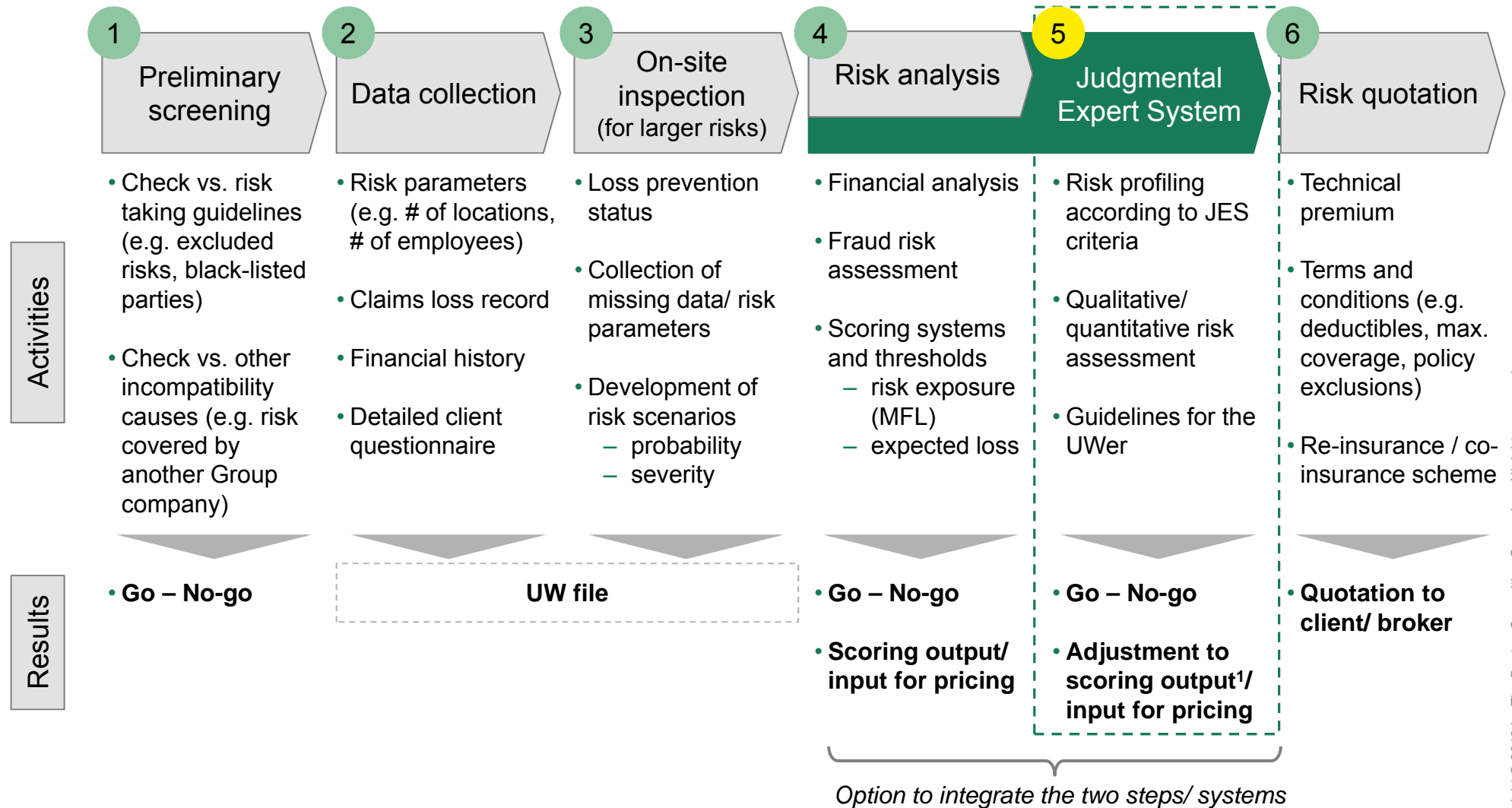
## Categorization of markets by attractiveness and agent coverage



## Categorization a of market type, attractiveness and required agent model

- 1 Matching of market attractiveness and coverage**
  - ~75% of most attractive markets were not assigned to agents
- 2 Categorization of market type**
  - 8 different market types defined
- 3 Definition of agent model depending on market type and attractiveness**
  - 5 different future agent models defined to best serve specific needs of specific market

# New approach to Middle Market – Build judgmental expert systems



1. JES typically highlights also opportunities to adjust UW guidelines and pre-screening parameters  
Source: BCG experience



Thank you

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