A New World of Opportunity: the Insurance Innovation Imperative

24th Annual Insurance Issues Conference
KPMG International surveyed 280 C-suite executives online in April 2015*

- 26% Americas
- 61% EMEA
- 13% Asia Pacific

- 25% Life & Health
- 23% P&C
- 29% Composite
- 23% Other

To find out more or to deep dive further into our survey results: kpmg.com/insuranceinnovates

*All information reflected based on KPMG International 'Innovation in Insurance' survey, 2015.
A new world of opportunity
The insurance innovation imperative

83% of C-suite executives believe their organization’s future success is closely tied to its ability to innovate.
The insurance innovation imperative

... in addition...

69% say future innovation will involve partnerships outside their organization
Respondents see the following top 3 opportunities over the next 2 years...

48% Improving underwriting, pricing and marketing using customer data analytics
Respondents see the following top 3 opportunities over the next 2 years...

52% Integrating digital into business objectives
Respondents see the following top 3 opportunities over the next 2 years...

60% improving operational processes and use of technology
In Canada, respondents are focused on **products and services** over the next 2 years...

Enhancing existing products and services or developing new products and services related to existing service offerings

50%
However, the Canadian industry seems deeply caught in the Innovator’s Dilemma. 86% are running to keep up with the day-to-day compared to 79% globally.
48% believe their business models are being disrupted by new competitors
just like the rest of the world,

78% of Canadian respondents are lacking internal skills needed to drive innovation
Less than half have a formalized innovation strategy
but.. More than half in Canada see regulation as their biggest external challenge
Light is on the horizon as the industry explores innovation opportunities.
of those with an innovation strategy are focusing on **new products and services**
43% have already engaged in partnerships

36% have opened innovation hubs or labs
Of those who have an innovation budget, 93% expect it to increase over the next 2 years.
New technologies are …

- reducing losses
- saving lives
- increasing customer interaction

driving new business models

The insurance sector is ripe for disruption
Innovation needs to drive growth by delighting customers who expect continuous innovation challenging current value propositions.
We are optimistic forward thinking players can meet these challenges
Learn to live with change

- innovation cannot be viewed in a vacuum
- strategies must be flexible to respond to disruption

“If somebody is going to disrupt our industry, it might as well be us” – John Geyer, MetLife
Most insurers link innovation to growth

majority are concerned about new entrants
and more nimble competitors

How will you respond?
Encourage change through cultural transformation

- incentivize employees to prioritize success of customers – not products
- break down internal silos
- monitor value of each interaction with the customer to overall customer experience
Apply agile and dedicated leadership

- two-thirds of Canadian boards discuss innovation at least once a year
- to drive transformational change the board and executive must actively drive the innovation agenda
- balance agility with desire to maintain control
Why are you investing?

5 out of 6 Canadian respondents had no formal way of measuring return on their investment in innovation.
Learn from others

- look at other industries such as airlines or retail for inspiration
- consider partnering to acquire new skills

“Those that are able to create the partnerships to develop the right products and services to meet future market demand will, ultimately, win the race”

Dieter Becker, Global Head of Automotive, KPMG International
To seize the new world of opportunity, bold action is required.
1. Apply agile and dedicated leadership
2. Encourage change through cultural transformation
3. Cultivate high-performing human talent
4. Understand why you are investing
5. Decide how your organization will thrive as the industry transforms
6 Learn from others, look outside the industry

7 Develop your own view of when & how advances in technology will impact your organization

8 Leverage new technologies into your current business

9 Mitigate risk by investing and experimenting

10 Be willing to disrupt existing business models