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FOAR

International Insurance-Reinsurance Forum 2016

# Claims Corporation Network

*Claims Management in the 'Digital Age'*

Cees Werff, President & CEO

18 MaY 2016

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‘Transform Operations to Meet Future Needs’

# DIGITALISATION AND INNOVATION IN THE INSURANCE INDUSTRY

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**‘MASTERING THE 4<sup>TH</sup>. INDUSTRIAL REVOLUTION’**

# The 'Internet of Things' has revolutionized many traditional markets...

## 1 Travel Agencies

*Booking a ticket, a hotel, a car: it is all done online with complete price transparency*



## 2 The Music Industry

*A local record store and CDs: music is readily available on all sorts of platforms*



## 3 Newspaper and Print Media

*Used to be primary source of information, now truly yesterday's news*



## 4 (Electronic) Retailers

*Online retailers have reshaped industry with low prices and free delivery*



## 5 Taxi/Mobility market

*Trend in behaviour to preferring paying for usage over ownership (less emotion)*



*....and many more (postal service, movies etc.), but also automotive industry (e.g. connected cars)*

## .... And The Digital Disruption Has Already Happened .....

- World largest taxi company owns no taxi's (Uber)
- Largest accomodation providor owns no real estate (Airbnb)
- Largest phone companies own no telco infra (Skype, WeChat)
- World most valuable retailer has no inventory (Alibaba)
- Most populair media owner creates no content (Facebook)
- Fastest growing banks have no actual money (SocietyOne)
- World's largest movie house owns no cinemas (Netflix)
- Largest software vendors don't write the apps (Apple & Google)
- Best TPA's owns no repair service network (CCN)



## ...but many still believe the insurance industry will be different...

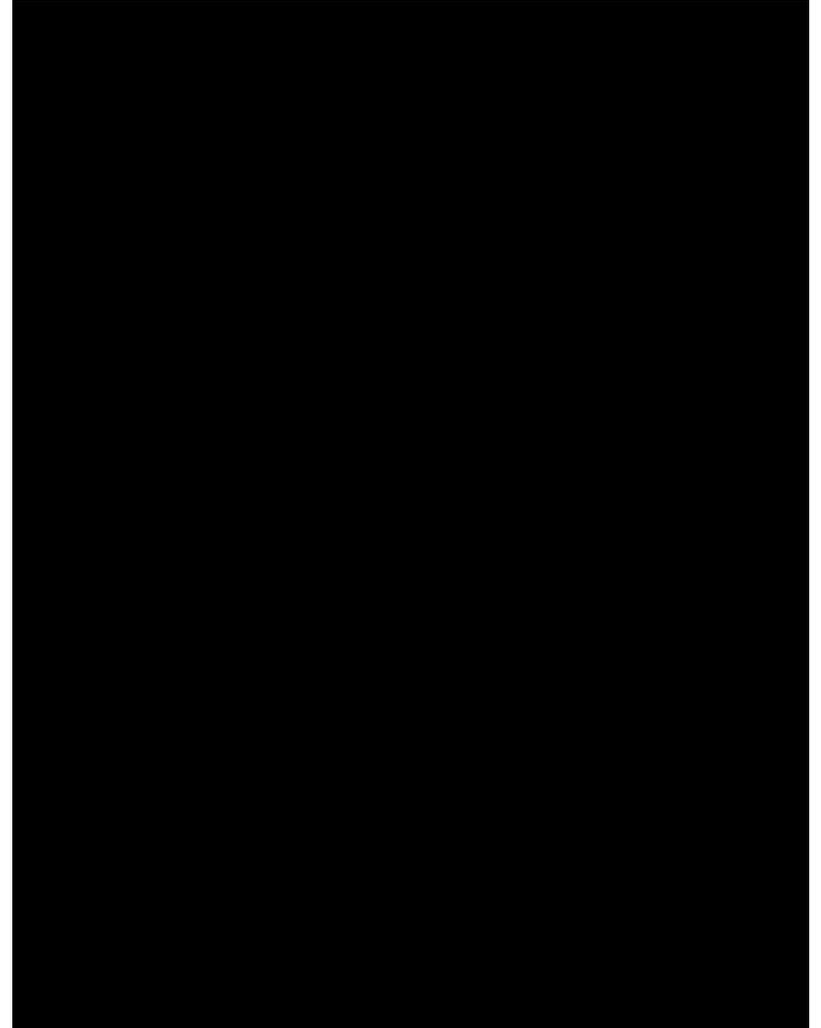
“Google to Face Same Obstacles Selling Insurance Online, Says Overstock’s Byrne”

“Has Online Shopping for Auto Insurance Peaked?”

“As Google prepares to get into the car insurance business, those search results will get a shake up seen in other verticals”

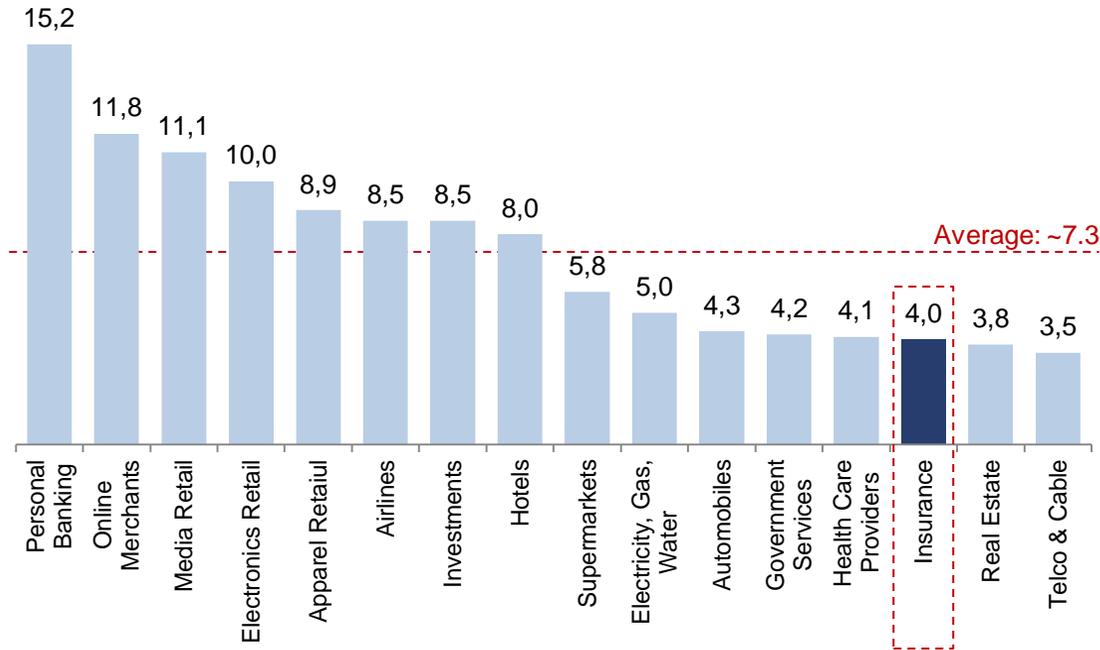
Buying Insurance Is Like Online Dating?  
Or Loving a Local Agent?

“Insurance companies need to explore and adapt new and innovative techniques, says XL’s CEO Mike McGavick”

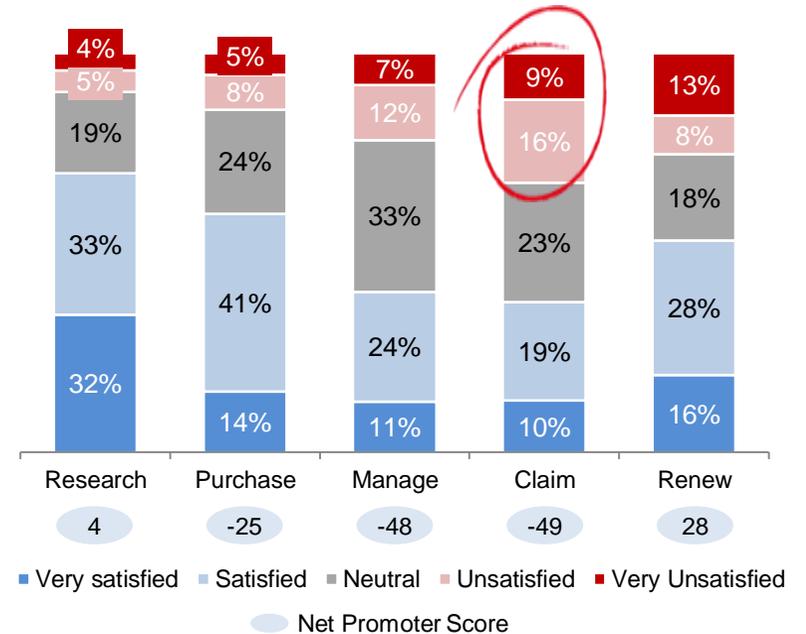


# ...and current online experience and satisfaction is relatively low...

**Insurance Lags Significantly in Customer Satisfaction With Online Experience Compared to Other Industries...**



**...With Satisfaction of Online Offering of Insurers Decreasing Past the Acquisition Stage**



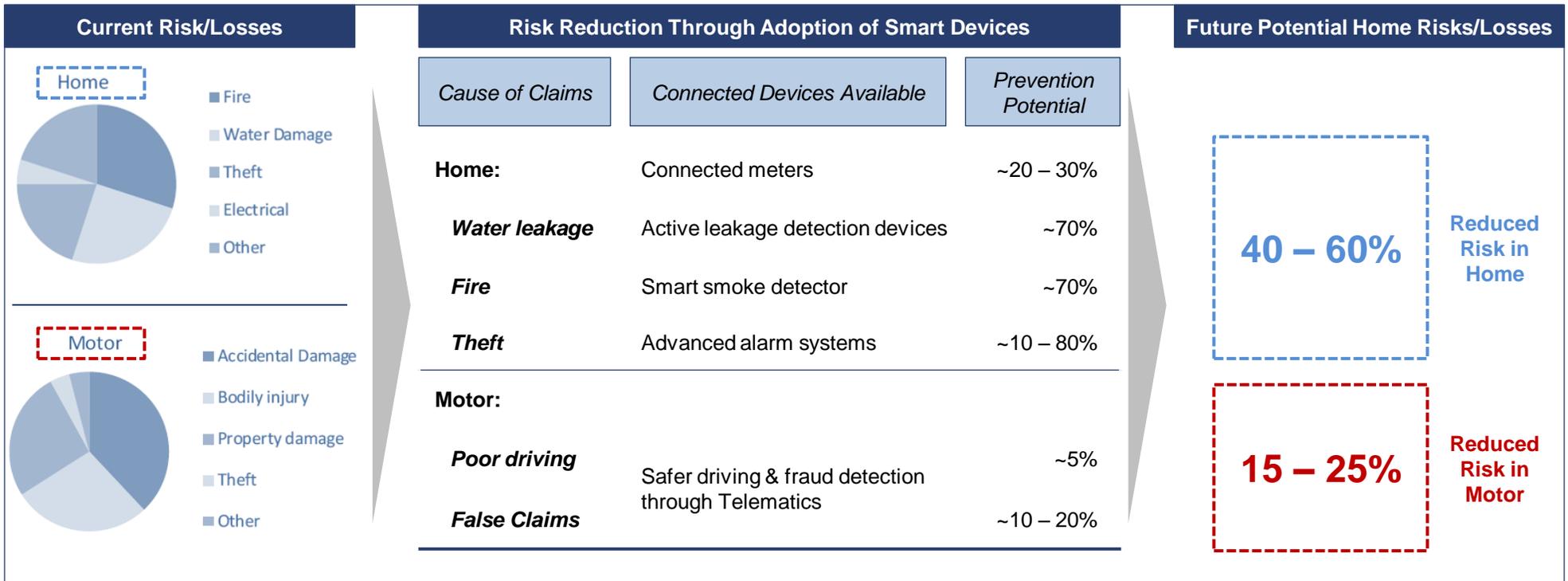
**Challenges**

- Legacy IT Systems Limit Agility
- Bias Toward Intermediated Distribution

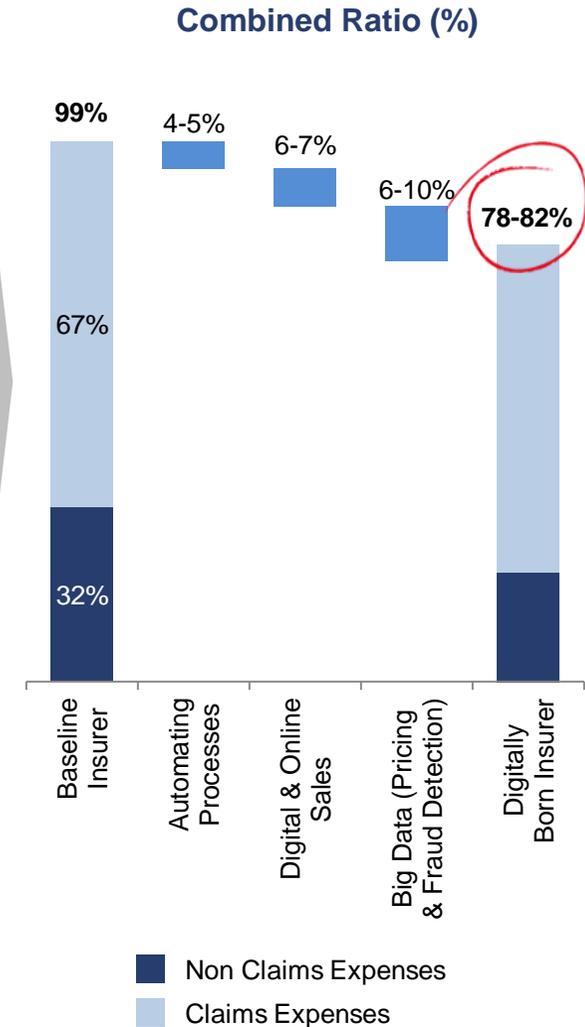
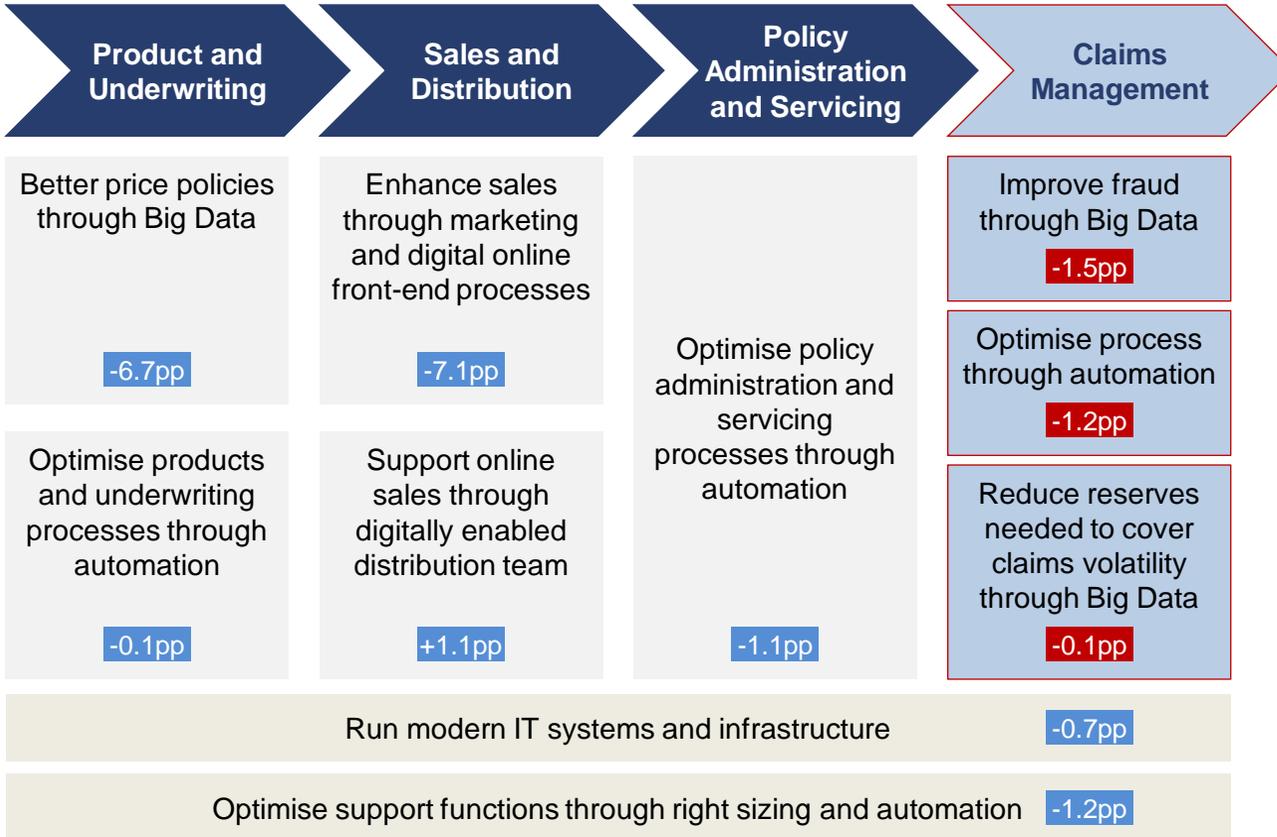
- Limited Innovation Focus
- Pressure on Investment Capacity

# ...but the industry is at the brink of a technology-driven change...

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• 'Internet of Things'</li> </ul> | <ul style="list-style-type: none"> <li>• Ecosystems</li> </ul>           | <ul style="list-style-type: none"> <li>• Disruptive threads</li> </ul> |
| <ul style="list-style-type: none"> <li>• Telematics</li> </ul>           | <ul style="list-style-type: none"> <li>• Insurable risk pools</li> </ul> | <ul style="list-style-type: none"> <li>• Risk Selection</li> </ul>     |



# ...impacting the entire insurance value chain...

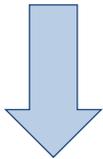


*...with an important role for claims management in achieving the potential cost savings by adopting technology...*

## ...making technology a top priority on executive board agendas...

### Technology Changes

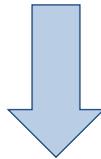
- New options for customer interaction
- New ways of assessing and managing risks & claims (Big Data, Internet of Things)
- Challenging IT Legacy systems



***New players will take over:  
e.g. Google Compare***

### Consumer Changes

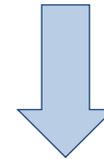
- Shift to online channels: orientation, comparison, review and actual purchasing
- Increased need for consumer-centric products
- Not willing to pay for face-to-face services



***How to keep 'digital' generation  
satisfied?***

### Regulatory Changes

- Solvency II: requires substantial investment in improving systems
- Conduct of business: trend toward enhanced customer protection
- Data protection



***Outsourcing non-core activities  
to 'specialists'***

# ...with AIG investing in a wearable technology firm as class example

## AIG invested in HCS



humancondition™  
SAFETY



- AIG and HCG announced a strategic investment and partnership in January 2016
- HCS develops a suite of tools that helps workers and their managers prevent injuries in dangerous environments before they happen

## What does HCS develop?



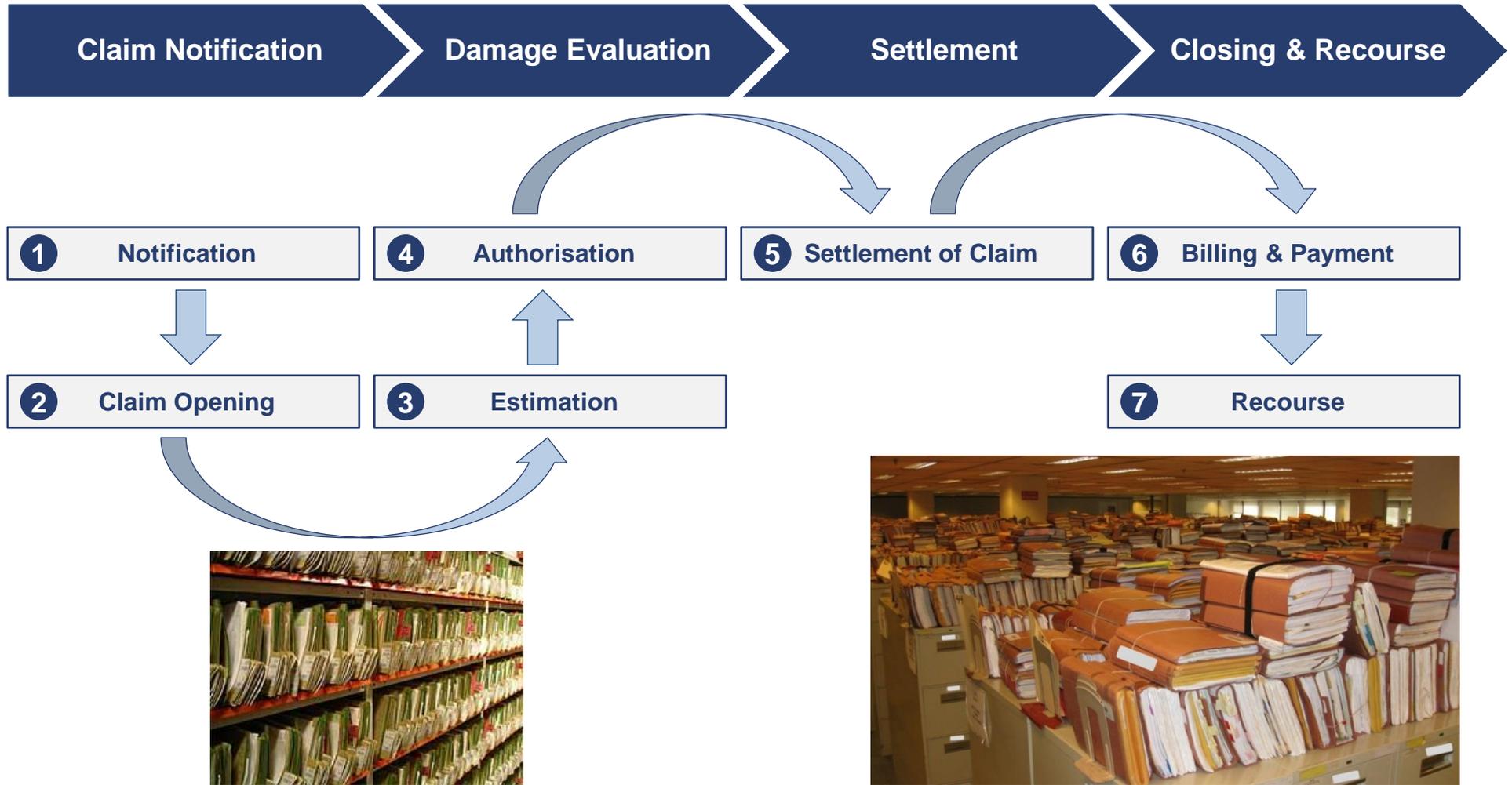
- Wearables that have the function to increase safety by measuring and monitoring
- RFID enabled, solar charging helmet for construction workers
- Self charging safety vest with vital function monitoring sensors

## Why interesting for insurers?



- Access to data generated on insured work sites worn by insured employees
- Increased injury and accident prevention possibilities
- High value combined service offering for insured customers

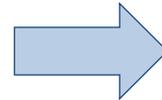
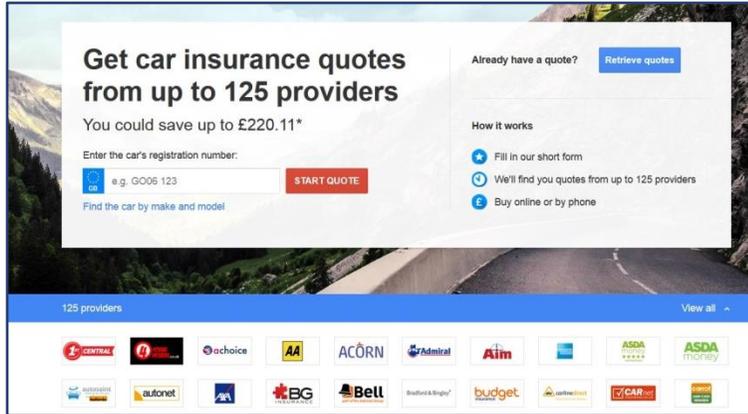
## Claims handling is largely based on the old 'paper' world...



*...The current claims process is not 'lean' and does not appeal to the 'digital customer'...*

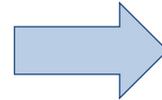
# ...while technically digital solutions are already available....

Google Compare



- 1 Fill in a short form 
- 2 Compare quotes of up to 126 providers 
- 3 Buy online or by phone 

Fixico



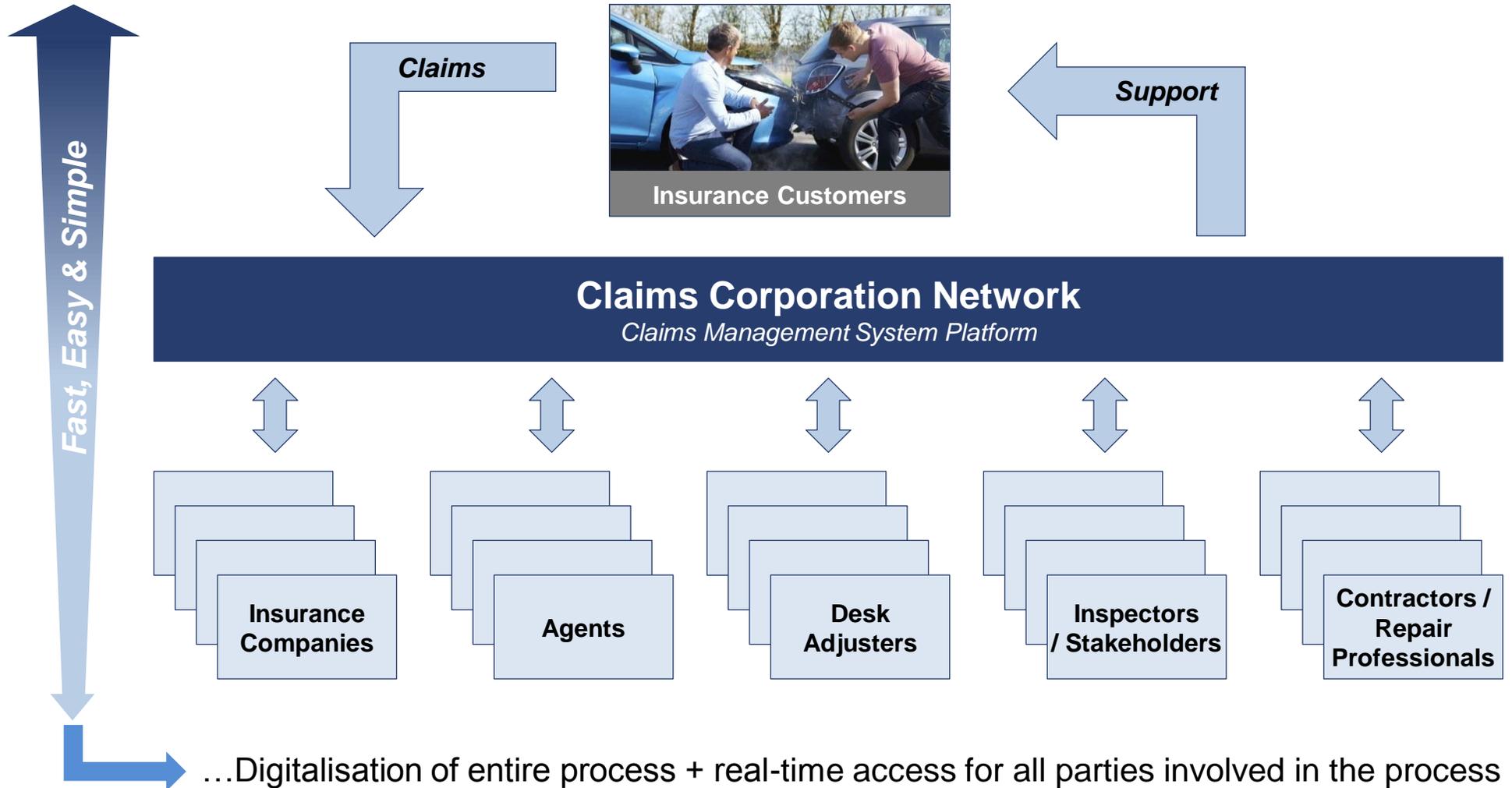
- 1 Take picture & Upload request 
- 2 Receive quotes (within 24h) 
- 3 Compare & Choose repair shop 



...and many more smartphone and e-solutions for insurance products are being launched

*...The claims industry lacks a platform that connects the different innovations already available...*

## ...CCN provides overall solution for claims handling...



*...A transparent and efficient platform to outsource your claim handling...*

## ...CCN provides overall solution for claims handling....

### i-Report

1



Register

2



Submit your claim

3



Select your insurance carrier



...Fast – Easy - Simple: in 3 clicks you can report your claim....!

*...A transparent and efficient platform to outsource your claim handling...*

## ...using a strategic operational platform based in the Benelux

### Claims Corporation Benelux

- 15 offices in The Netherlands and Belgium
- Over 600 employees comprising collection officers, legal, finance and business support
- In-house claims management professionals
- Possibility to rapidly expand operations using existing employees and office infrastructure
- Largest recollection/recourse company in the Benelux
- Major Financial Institutions as clients
- Extended service offering to claims management service

### Geographical overview



## ...using a strategic operational back-office based in the Benelux (cont.)

### Claims Corporation Benelux

- ISO 9001 Certificate
- ISAE Type I and Type II
- Financial Healthy Award Graydon
- Dun & Bradstreet Rating 1
- Number of files in AuM: **350.000**
- Total recovered amount **2015: € 1.105.000.000,-**
- Number of outbound callcentre: **850.000**
- Number of inbound callcentre (outside office hours): **appr. 25.000**
- Annual number of internal training for staff: **appr. 350**



### Geographical overview



## ...in cooperation with large international partners....

### Road Mobility Service

OCTO

Acoat Selected AkzoNobel

International Body Shop Network

- Usage Based Insurance solutions to support Driver Behaviour
- Policyholder will be supported locally
- Repair process through partnership program

### Smart Home Service



#### Big-Box Supplier

1. All materials required for repair are purchased from the supplier, driving **higher sales**
2. Drives incremental traffic to stores for additional purchases

#### Insurance Carriers

1. Provides value-added convenience for policyholders
2. Receives more **accurate claim settlement**
3. Trust that repairs were completed properly



1. **Convenience** of having third-party manage entire repair process
2. No exchange of money required

- Policyholder choose partnership program over cash settlement
- Supplier receives list of required supplies
- Supplier outsource repairs to trusted contractors

### Natural Catastrophe

AVEST AGRO

AIRPIX INDIA

INDIA

- Use of drones in case of Earthquakes, floods & landslides
- Fast, Accurate, Save
- Ambulance drones to save lives
- Inspection, survey, monitoring

## ...with a strong European Repair Service Network partners ...

### AkzoNobel Acoat Selected



- Acoat Selected is a worldwide premium network of 3000 body repair shops and part of AkzoNobel
- European network comprises 1500 body repair shops
- CCN / Acoat Selected cooperation to offers body-shop repair service

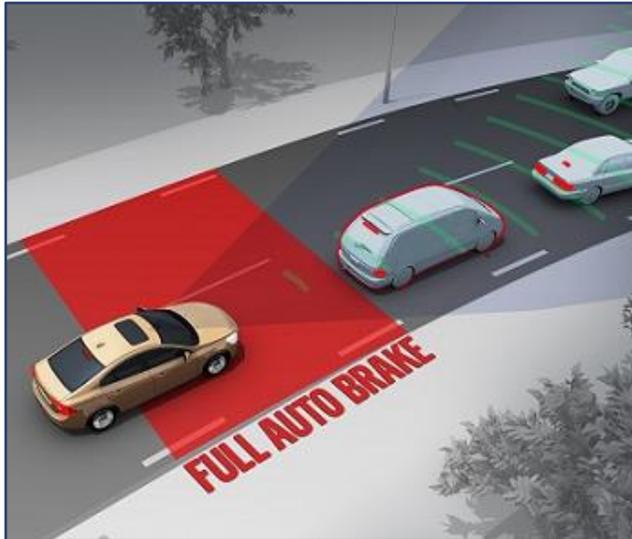
### TIP Trailer Services



- Largest European trailer service provider
- Over 70,000 trailers under fleet management
- CCN is TIP's European Fleet Claims provider for commercial fleet claims (trucks, tankers & trailers)
- CCN is using TIP's European network of workshops and road-side assistance

## ...Volvo integrates safety features that affect the insurance market...

### Safety assistance technology



- Fully operational technology decreases chances of impact and impact severity
- Will decrease the number of road-side accidents significantly
- Will improve road safety

### Road assist technology



- Continuous car condition and safety status monitoring
- Immediate post-crash reporting to centralised road assist centre
- Integration of this technology requires full service centres to assist drivers

### Liability in autonomous mode

*“Volvo will accept full liability whenever our cars are operating in autonomous mode”*

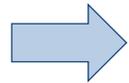
*Håkan Samuelsson  
CEO Volvo Cars*



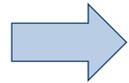
- Car manufacturers will force a change in the automotive value chain due to increasing high levels of integrated services
- Car manufacturers will accept liabilities and will enter insurance market ('Trojan Horse')

## ...and provides the opportunity for you to join the digital revolution...

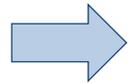
### The 'Facts'



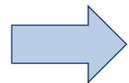
**2 billion** people are using a smartphone with internet connection. By the end of this decade, this will be **4 billion**



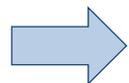
Between '09 and '13 the mobile industry invested **\$ 1,800 billion** in improving global telecom infrastructure



The download speed has **increased 12,000x**, while sending data still costs a few cents per megabyte



An average US citizen uses his/her smartphone for one to two hours during each day. Teenager even substantially higher



Apple App Store and Google Play Store (OS on 82% of all smartphones) offer > 3 million apps

### CCN Contact Details

#### CLAIMS CORPORATION NETWORK



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*...Digital innovation happens fast, make sure you are not too late!*

**... TRANSFORM OPERATIONS TO MEET FUTURE NEEDS ...**

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**WELCOME IN THE 4<sup>TH</sup>. INDUSTRIAL REVOLUTION!**

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