



Disruptors in the P/C Insurance Industry: *Trends, Challenges and Opportunities*

**Insurance Information Institute
June 30, 2016**

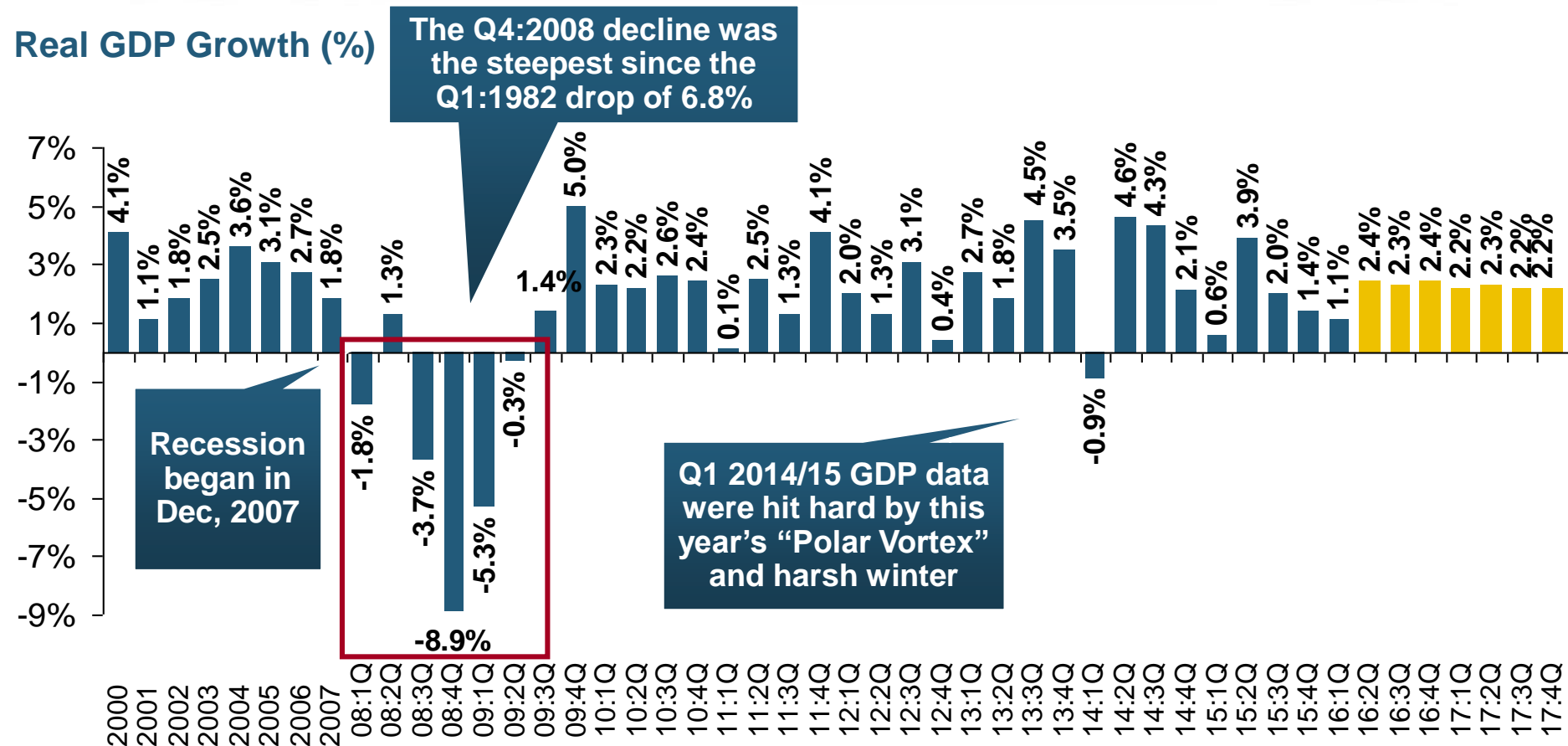
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- **The Economy: Major Factors Influencing Growth and Profitability**
- **“Old School” Disruptors**
- **Insurance, Technology and 21st Century Disruptors**
 - ◆ **Auto/Driving Technology**
 - ◆ **Cyber**
 - ◆ **Sharing Economy**
 - ◆ **The Internet of Things: Personal and Commercial Lines Applications**
 - **Wearables and Beyond**
 - ◆ **InsureTech (Venture Capital, Start-Ups and Insurance)**
- **Distribution Trends and Challenges**
- **Millennials**
 - ◆ **As consumers**
 - ◆ **As employees**

THE ECONOMY

**The Strength of the Economy Will Greatly
Influence Insurer Exposure Base
Across Most Lines**

US Real GDP Growth*



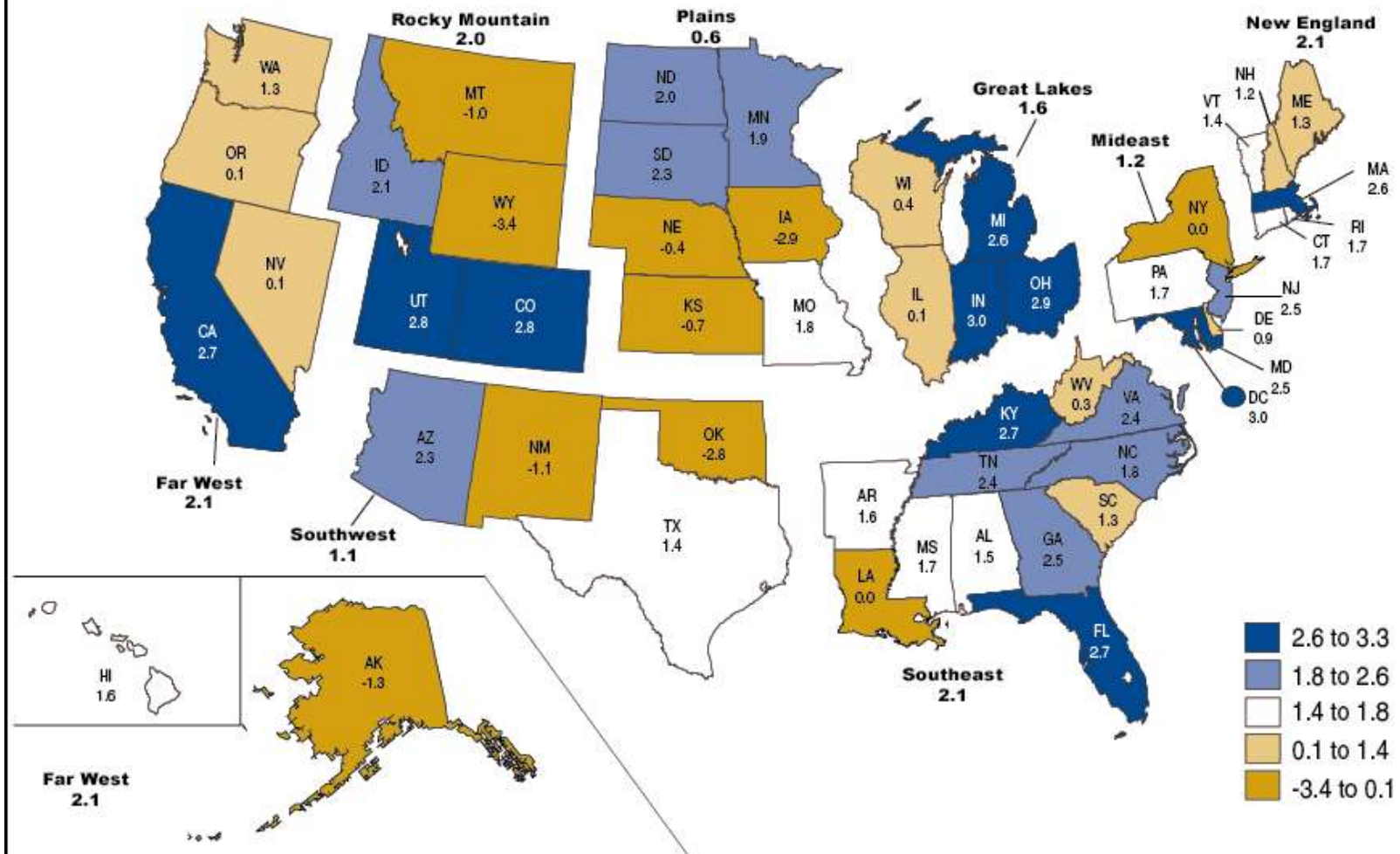
Demand for Insurance Should Increase in 2016 as GDP Growth Continues at a Steady, Albeit Moderate Pace and Gradually Benefits the Economy Broadly

* Estimates/Forecasts from Blue Chip Economic Indicators.

Source: US Department of Commerce, Blue Economic Indicators 6/16; Insurance Information Institute.

Real GDP Growth by State: 2015:III - 2015:IV

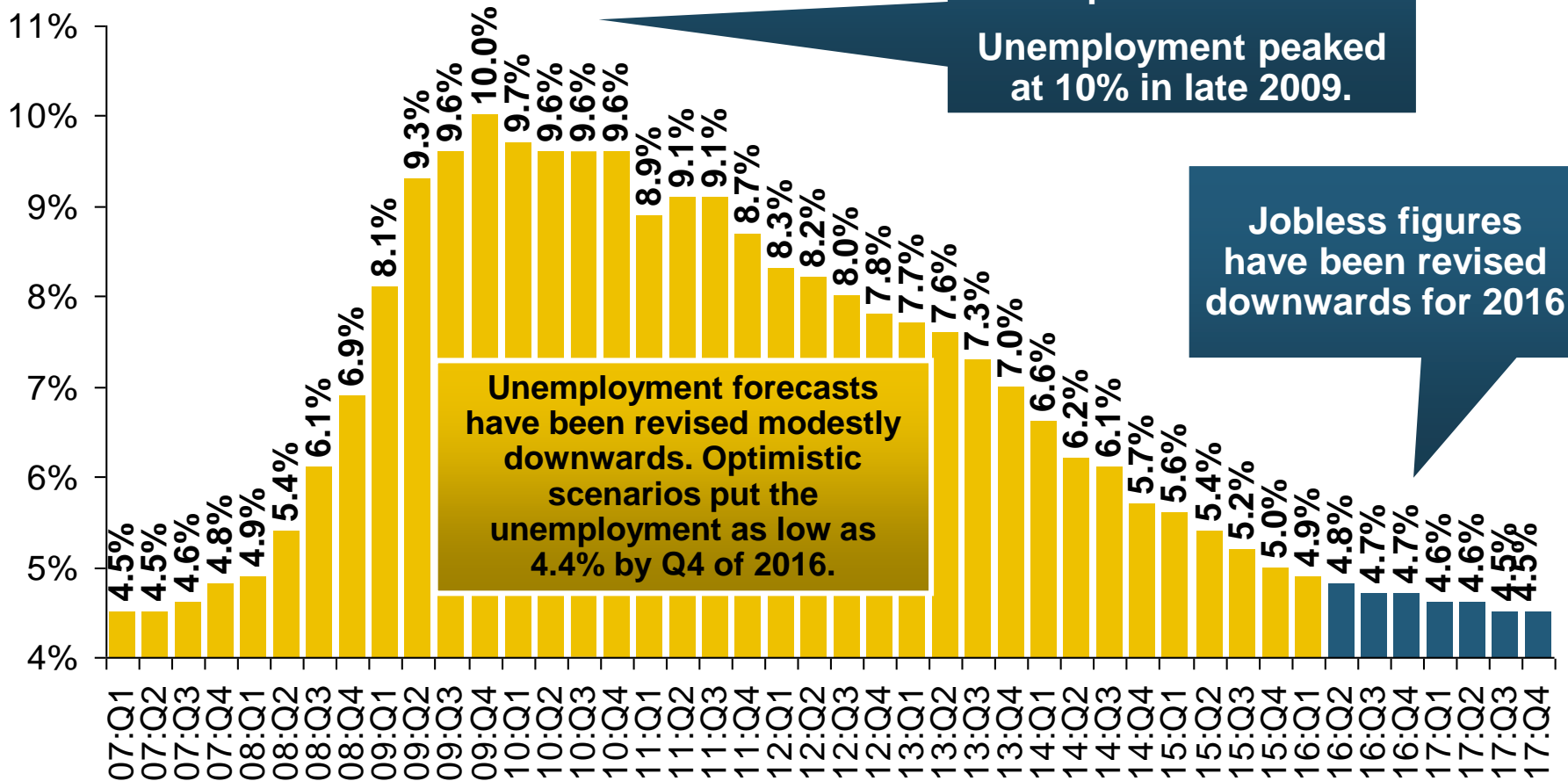
Chart 1. Percent Change in Real GDP by State, 2015:III-2015:IV, Seasonally Adjusted at Annual Rates



U.S. Bureau of Economic Analysis

US Unemployment Rate Forecast

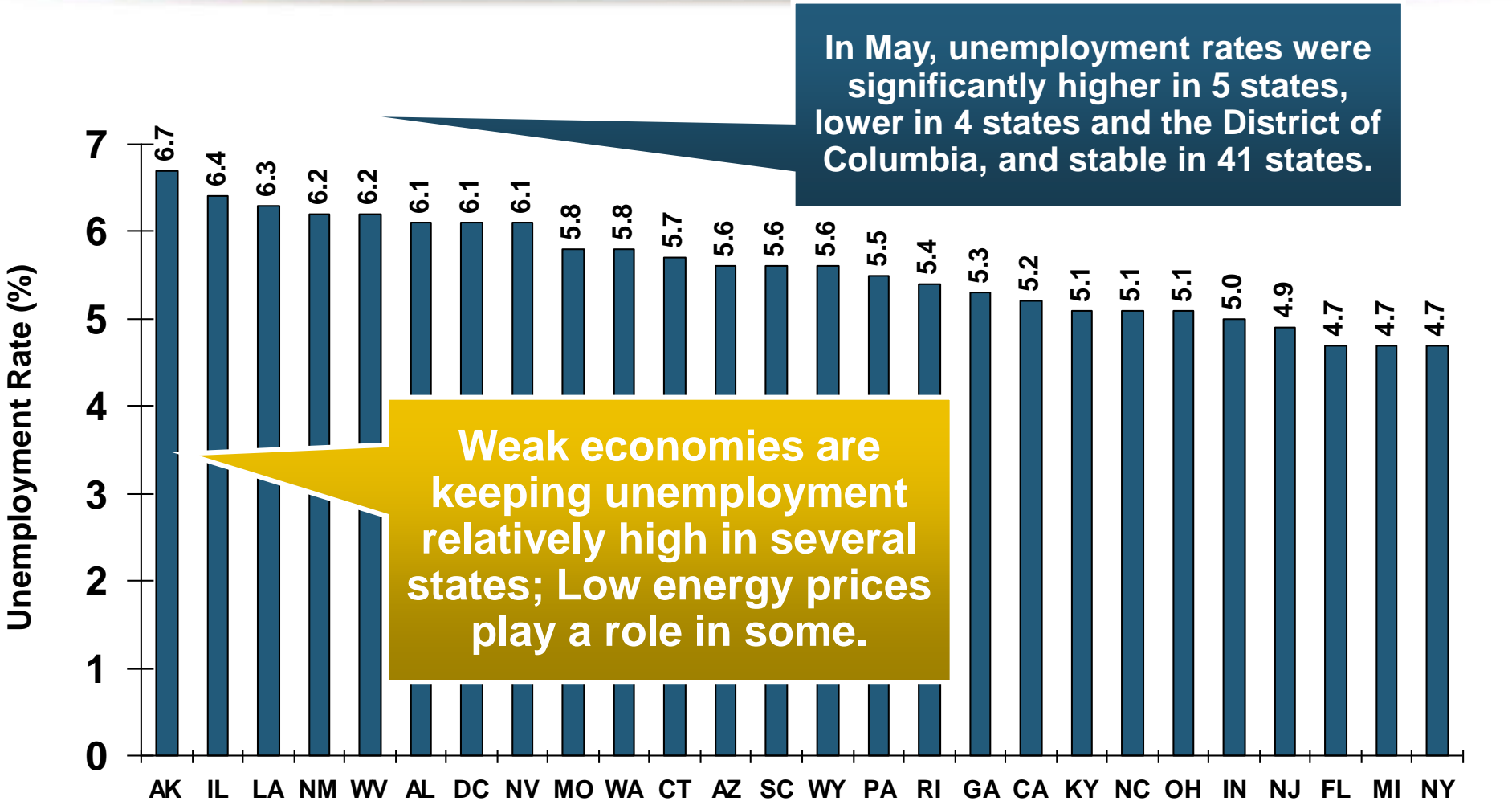
2007:Q1 to 2017:Q4F*



* ■ = actual; ■ = forecasts

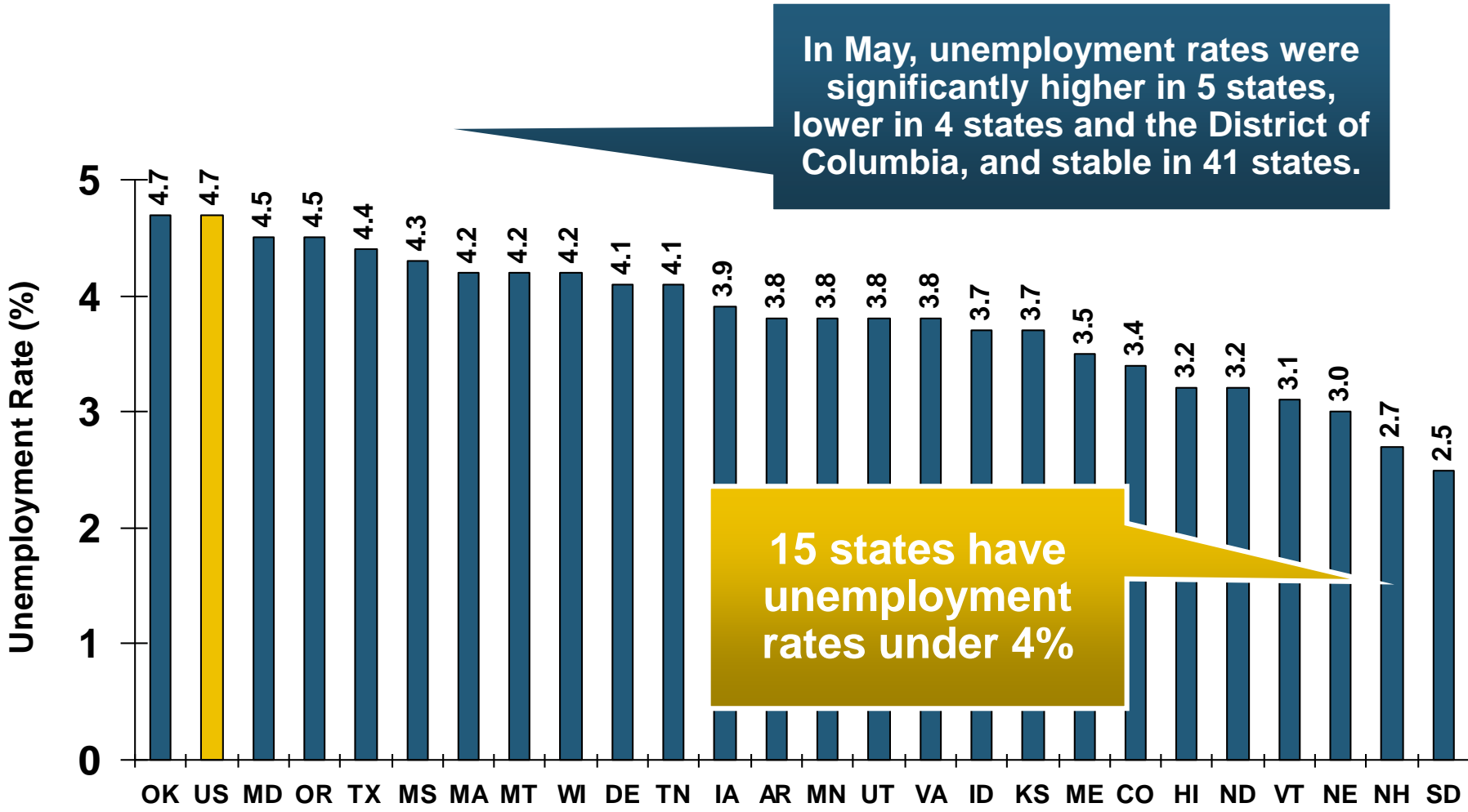
Sources: US Bureau of Labor Statistics; Blue Chip Economic Indicators (6/16 edition); Insurance Information Institute.

Unemployment Rates by State, May 2016: Highest 25 States*



*Provisional figures for May 2016, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

Unemployment Rates by State, May 2016: Lowest 25 States*



*Provisional figures for May 2016, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

Brexit: Potential Impacts on the Global (Re)Insurance Industry

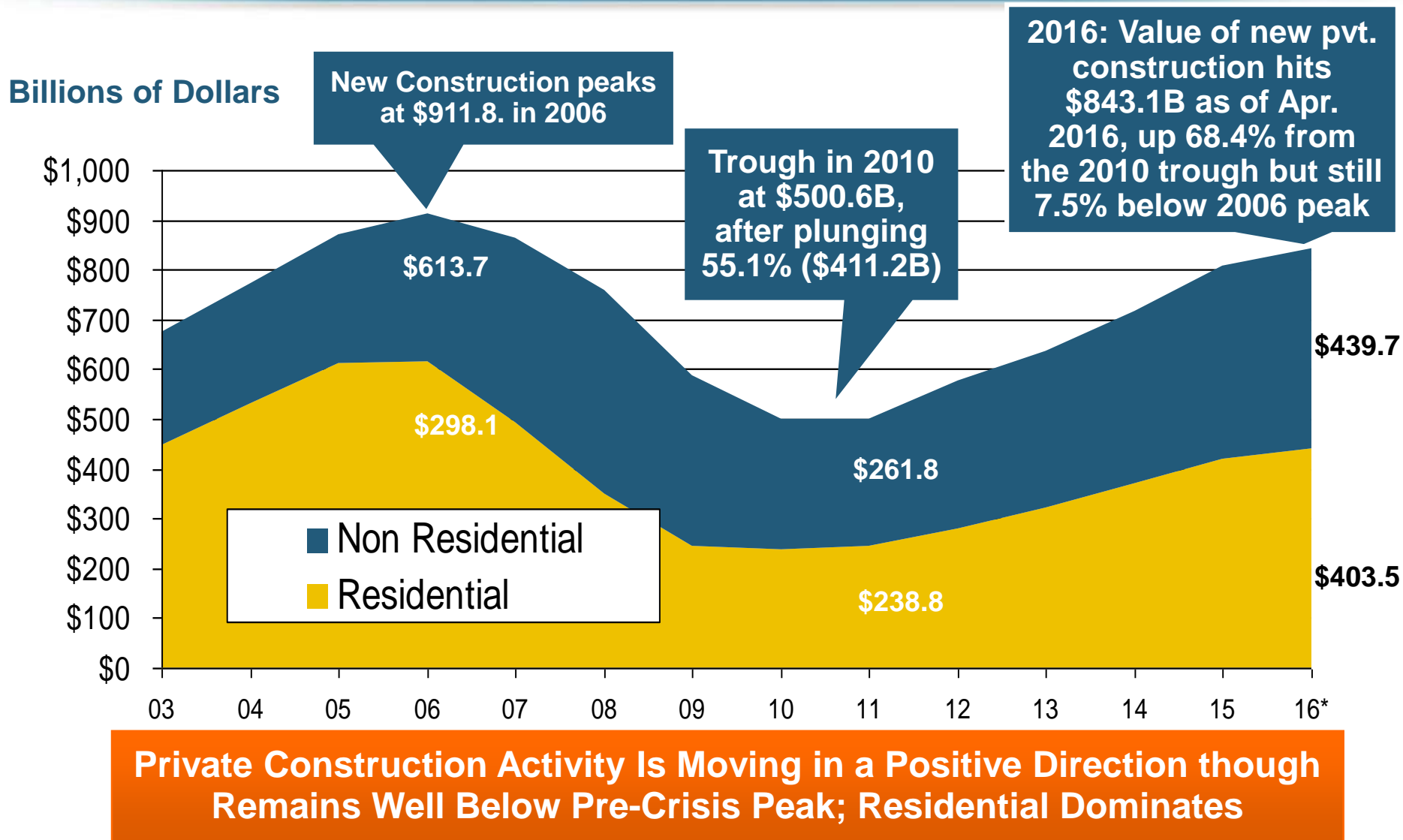
- Brexit is a net negative for the global (re)insurance industry
- Fundamentally, Brexit is a protectionist measure and antithetical to free trade; Economic negatives:
 - ◆ Dollar appreciates weakening US exports
 - ◆ Delays Fed rate hikes
 - ◆ Uncertainty
- Free flow of financial capital, human capital and coordinated regulatory policy across EU states is on net good for Europe's economy
- Concern that UK's action could initiate a domino effect
- Economic integration is the cornerstone of keeping (most of) Europe free of war
- Does Brexit weaken Solvency II and efforts to implement European-like regulations in the US?



CONSTRUCTION INDUSTRY OVERVIEW & OUTLOOK

**The Construction Sector Is
Critical to the Economy and
the P/C Insurance Industry**

Value of New Private Construction: Residential & Nonresidential, 2003-2016*

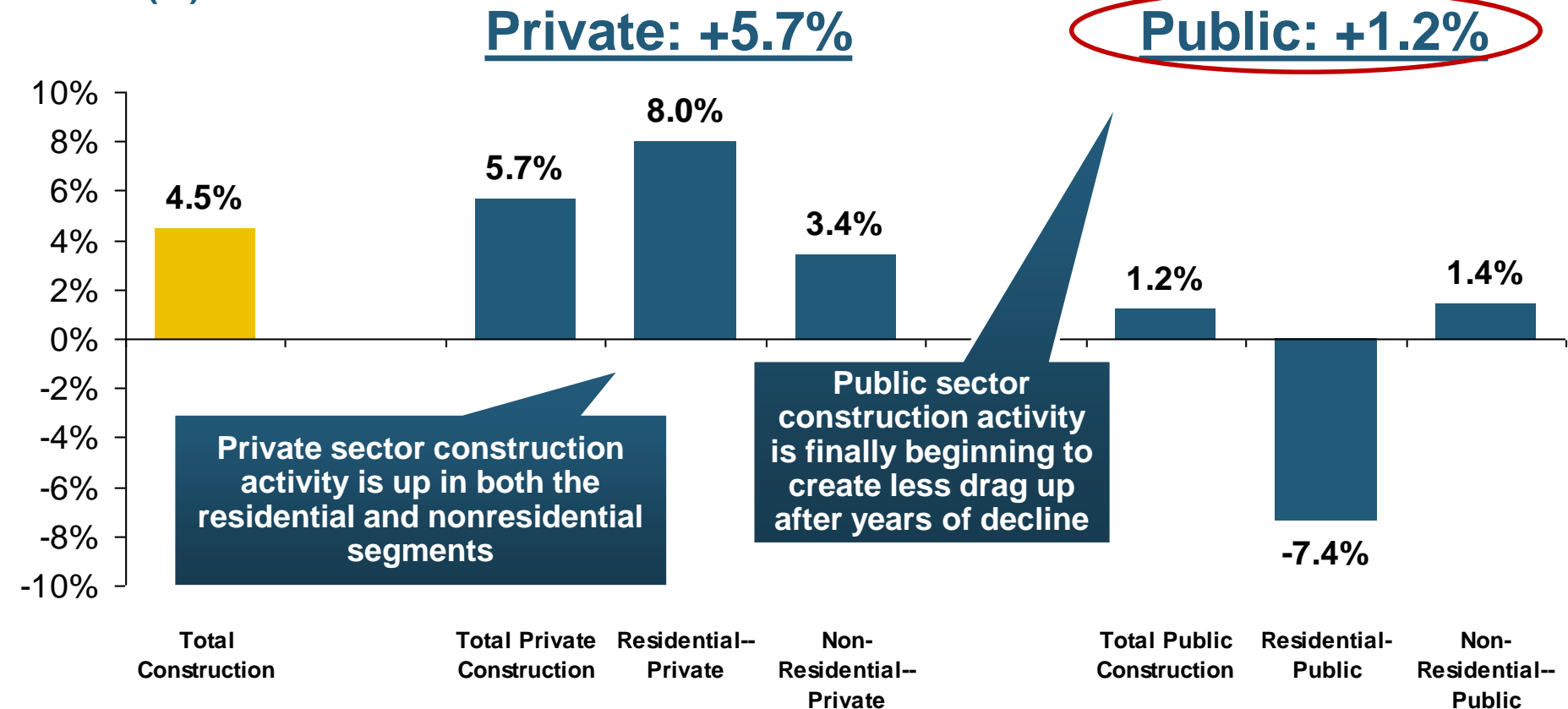


*2016 figure is a seasonally adjusted annual rate as of April.

Sources: US Department of Commerce <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of Construction Put in Place, 2016 vs. 2015*

Growth (%)

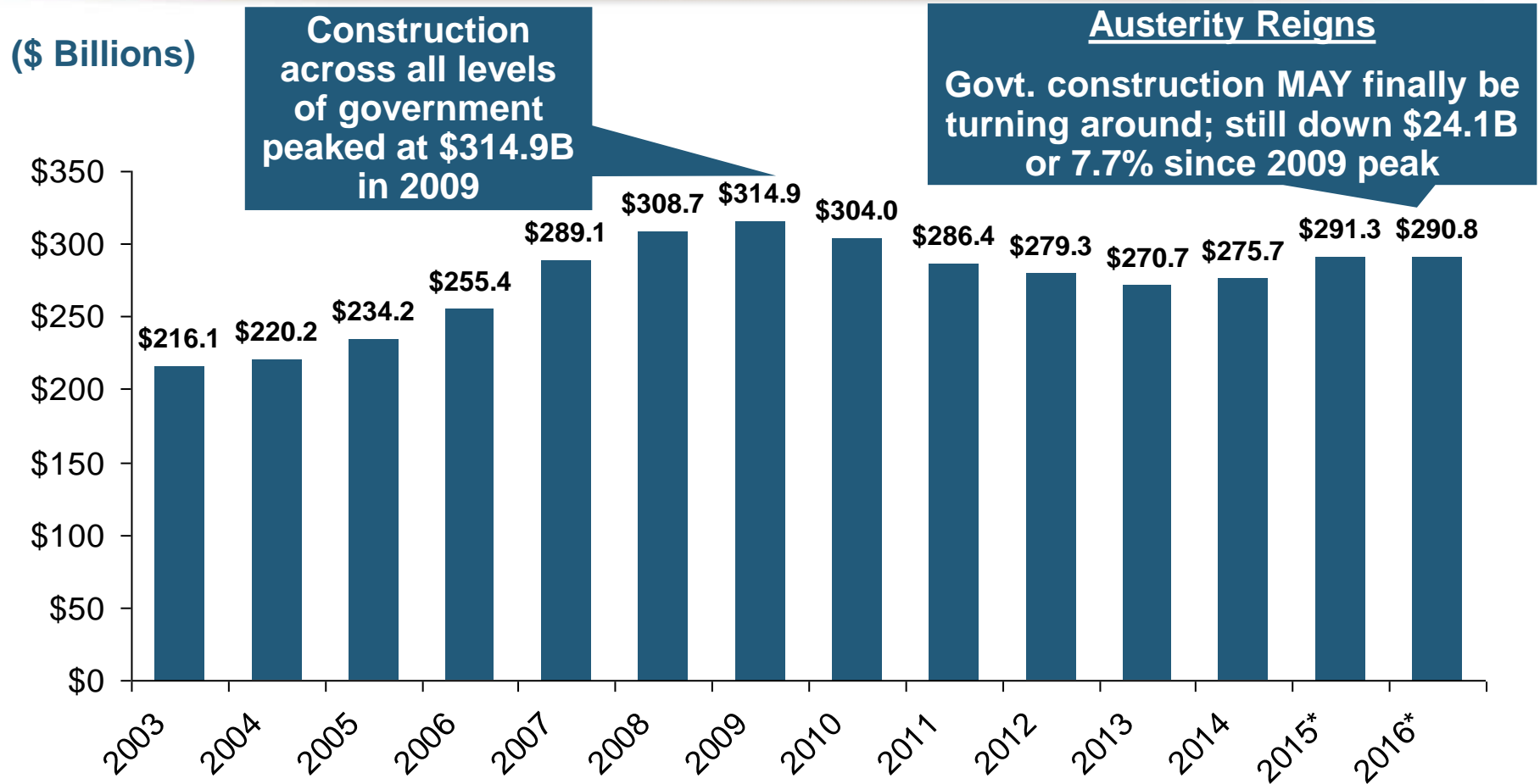


Overall Construction Activity is Up Again After Languishing in Early 2015; State/Local Sector Government Sector May Be Recovering as Budget Woes Ease in Some Jurisdictions

*seasonally adjusted data through April 2016.

Source: U.S. Census Bureau, <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of New Federal, State and Local Government Construction: 2003-2016*



Government Construction Spending Peaked in 2009, Helped by Stimulus Spending, but Contracted As State/Local Governments Grappled with Deficits and Federal Sequestration; Only Now Recovering

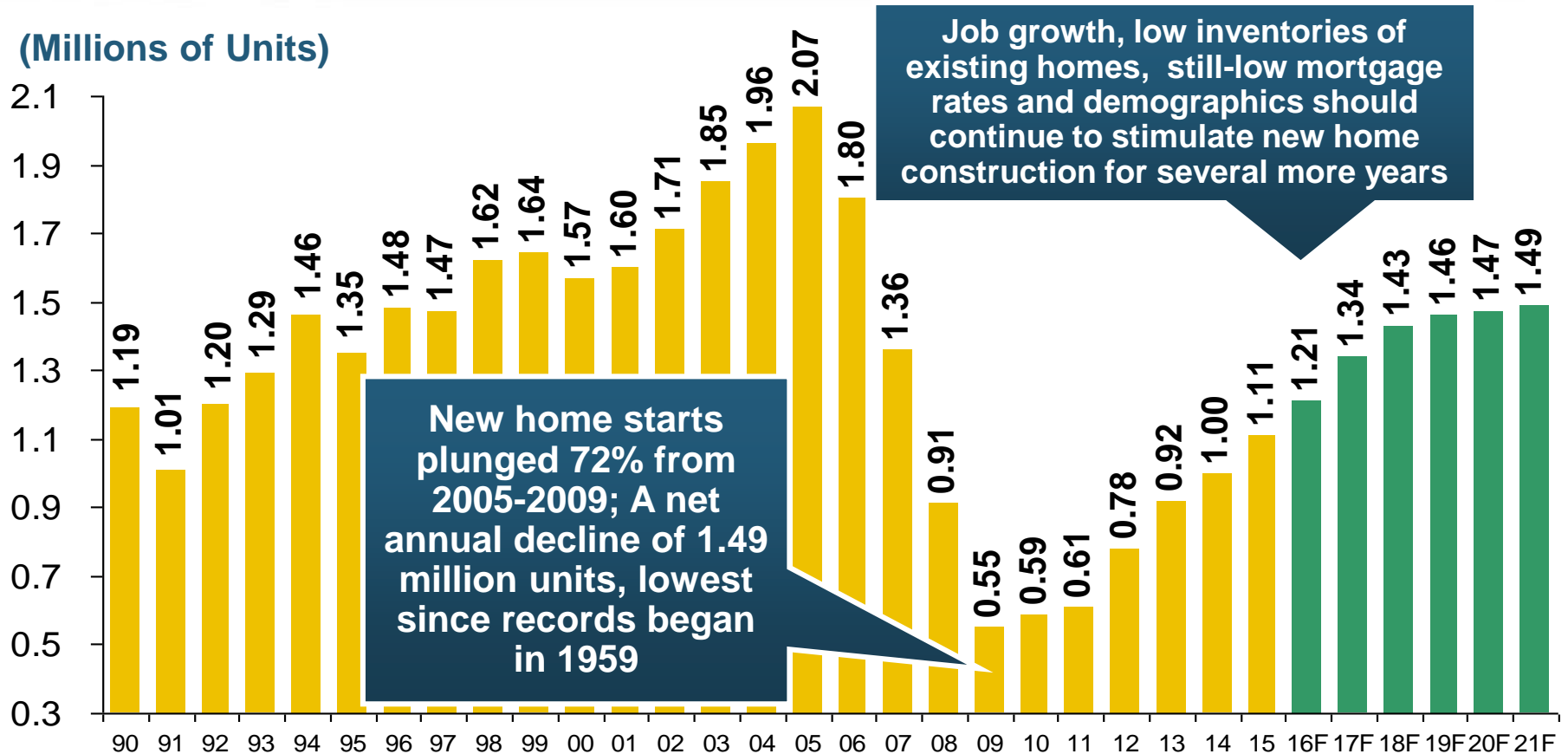
*2016 figure is a seasonally adjusted annual rate as of April; http://www.census.gov/construction/c30/historical_data.html

Sources: US Department of Commerce; Insurance Information Institute.

PERSONAL LINES EXPOSURE BASE IS EXPANDING

**Top Line Growth for Personal Lines
Exceeds Commercial Lines:
Exposure and Rate Contribute**

New Private Housing Starts, 1990-2021F



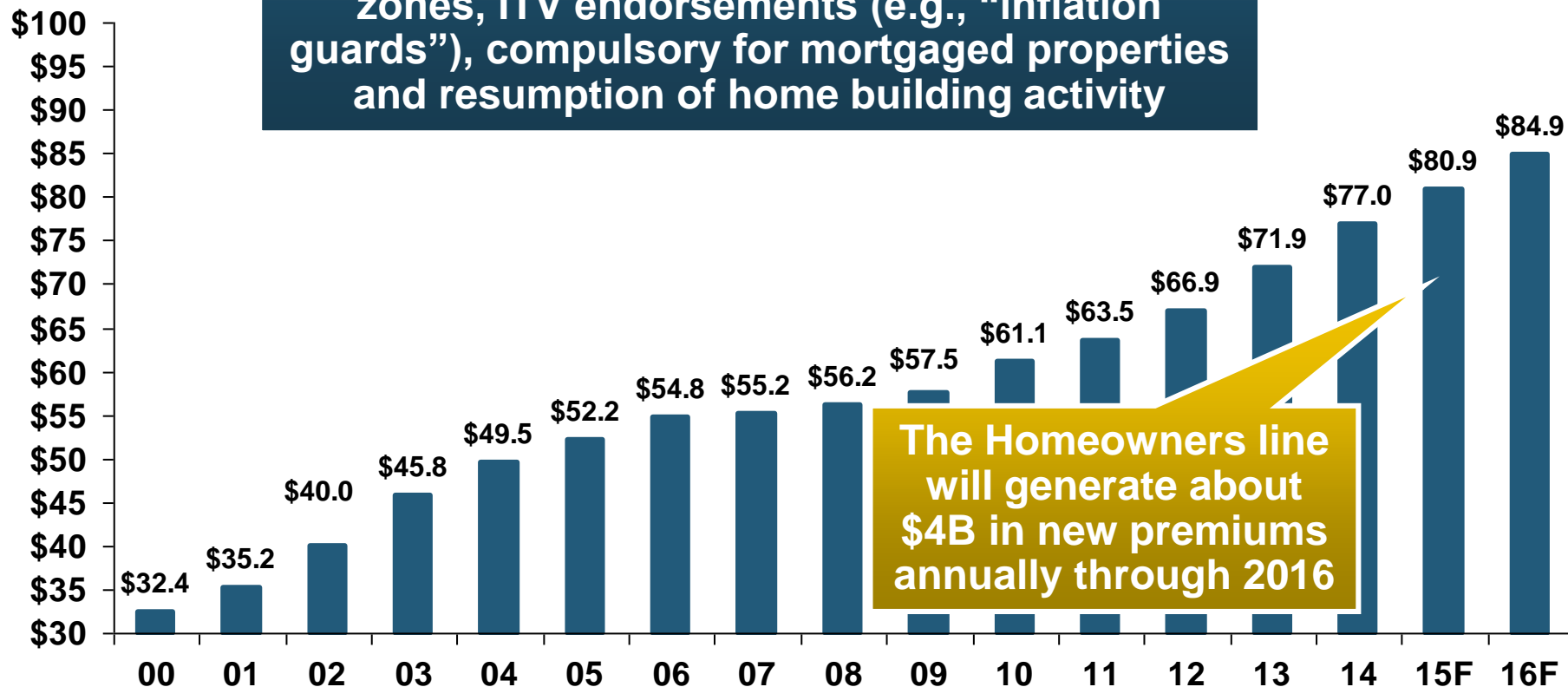
Insurers Are Continue to See Meaningful Exposure Growth in the Wake of the “Great Recession” Associated with Home Construction: Construction Risk Exposure, Surety, Commercial Auto; Potent Driver of Workers Comp Exposure

Source: U.S. Department of Commerce; Blue Chip Economic Indicators (5/16 for 2016-17; 3/16 for 2018-21F; Insurance Information Institute.

Homeowners Insurance Net Written Premium, 2000–2016F

\$ Billions

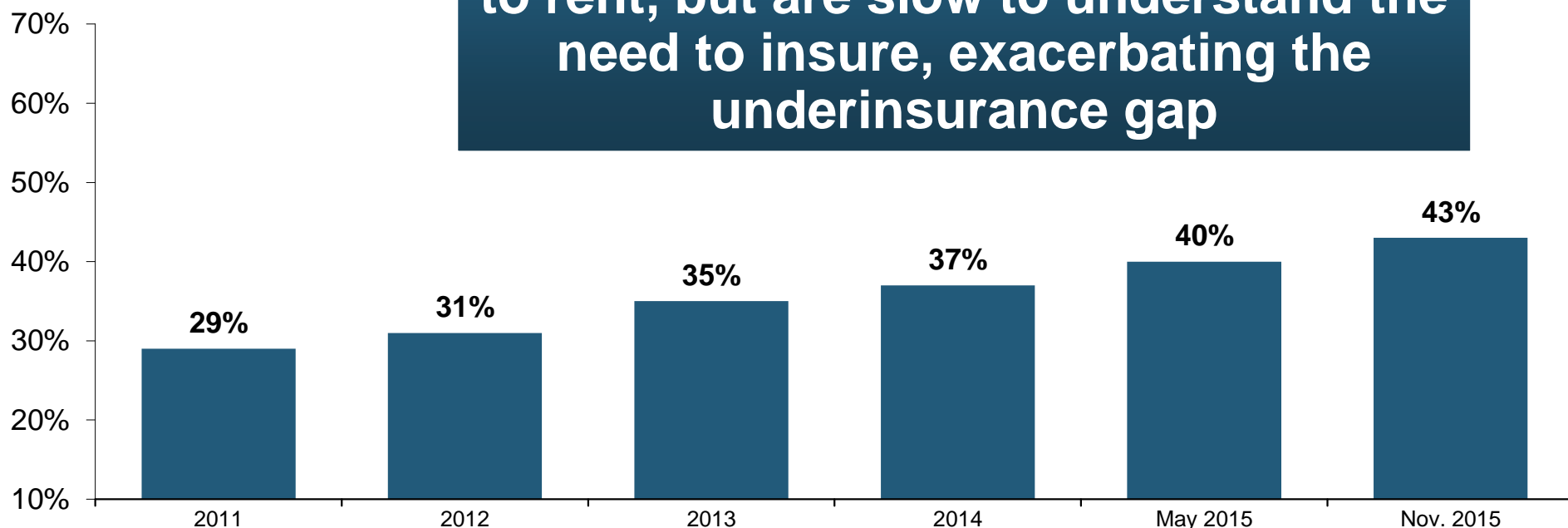
Homeowners insurance NWP continues to rise (up 150% 2000-2015F) despite very little unit growth during the real estate crash. Reasons include rate increases, especially in coastal zones, ITV endorsements (e.g., “inflation guards”), compulsory for mortgaged properties and resumption of home building activity



I.I.I. Poll: Renter's Insurance

Q. Do you have renters insurance? ¹

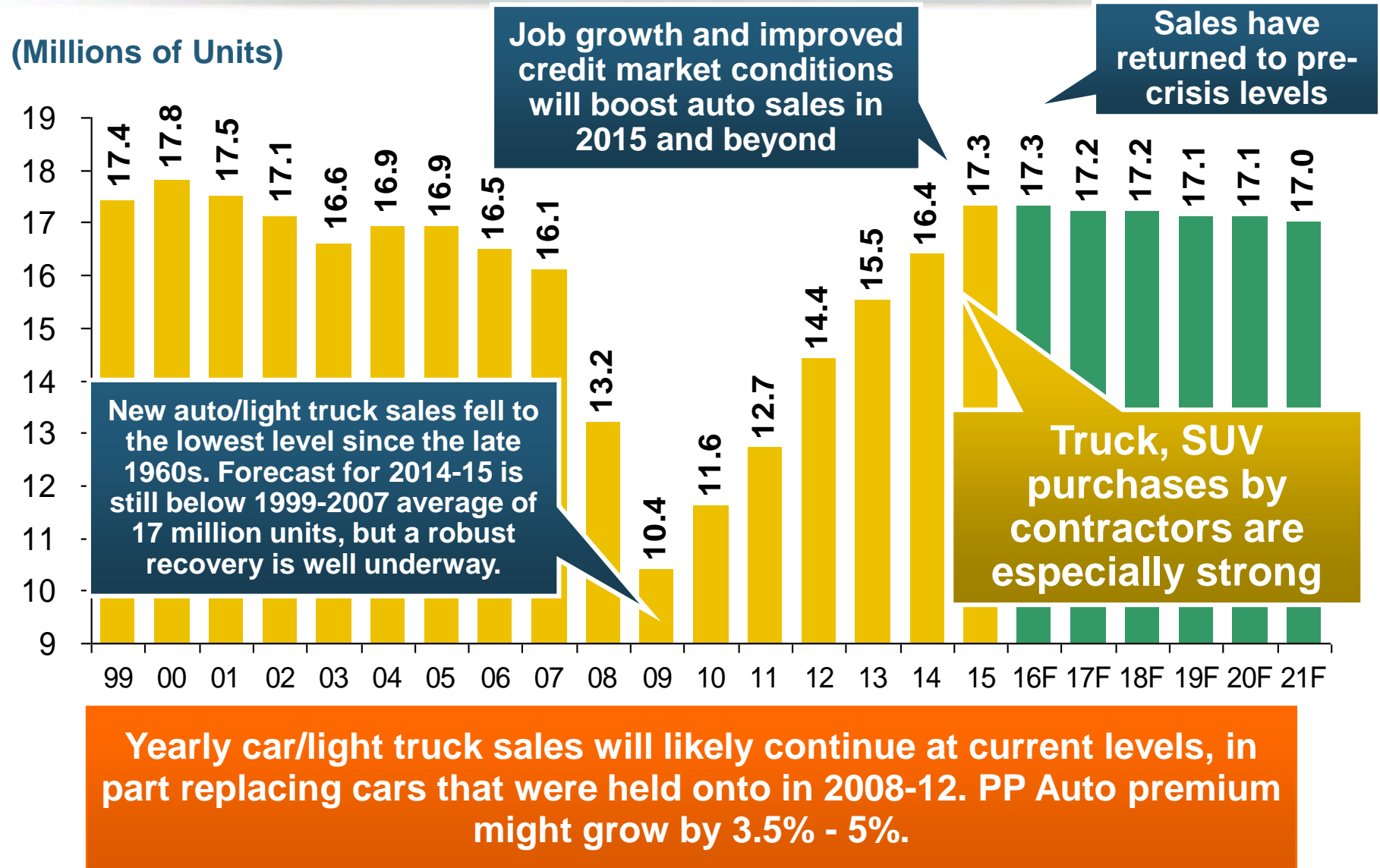
Americans are increasingly choosing to rent, but are slow to understand the need to insure, exacerbating the underinsurance gap



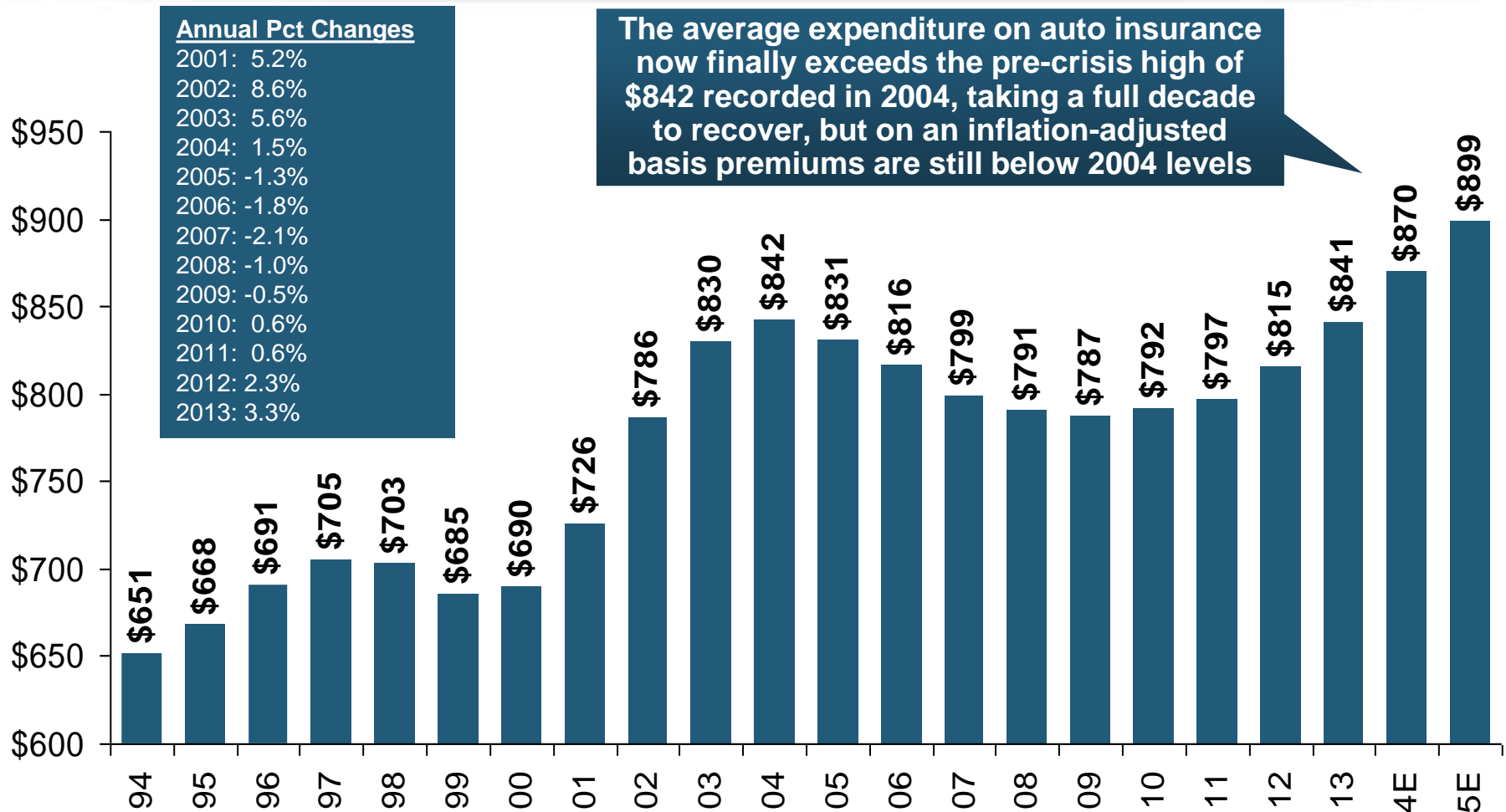
The Percentage of Renters Who Have Renters Insurance Has Been Rising Since 2011.

¹Asked of those who rent their home.

Auto/Light Truck Sales, 1999-2021F



Average Expenditures* on Auto Insurance, 1994-2015E

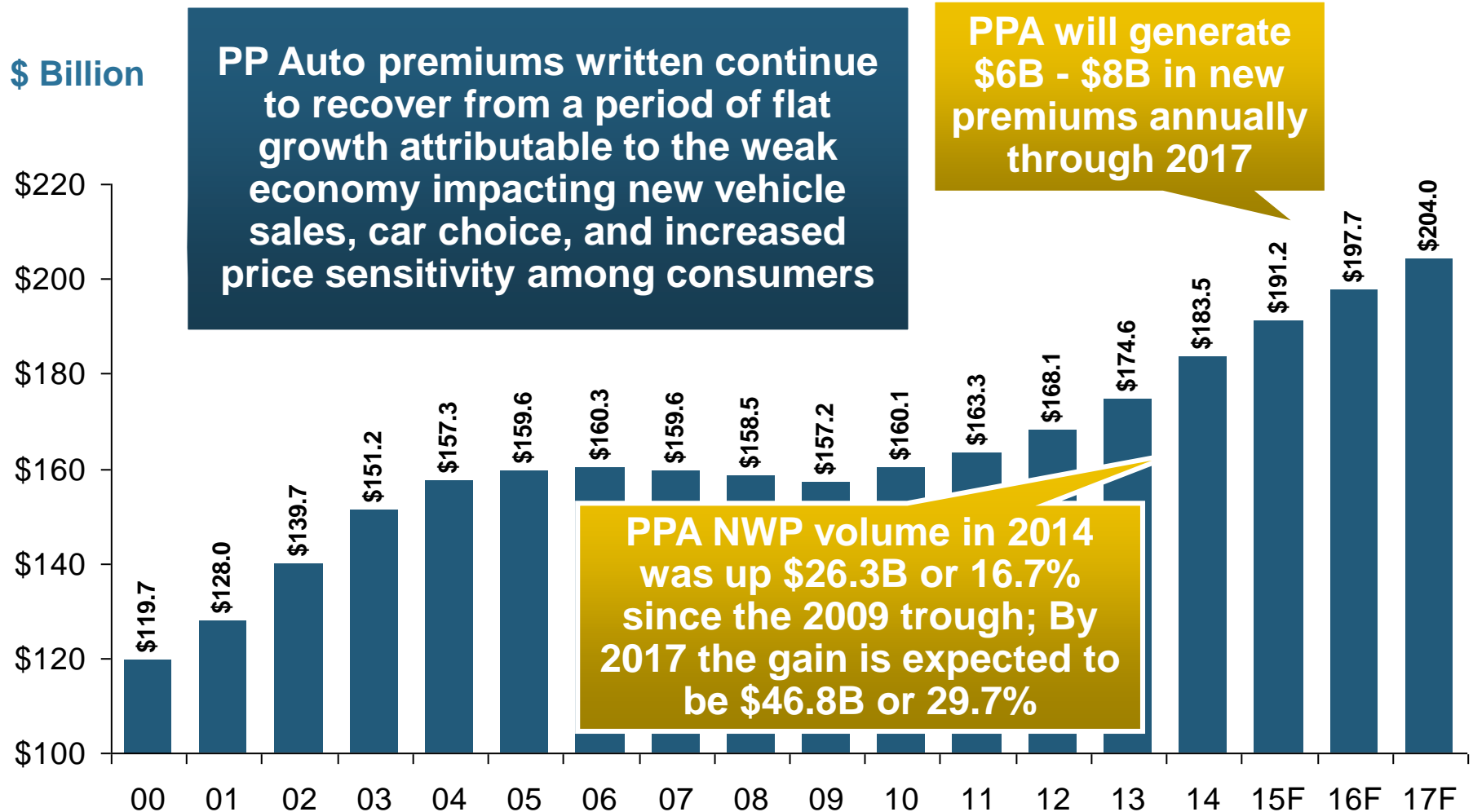


Across the U.S., auto insurance expenditures fell by 0.8% in 2008 and 0.5% in 2009 but rose 0.5% in 2010, 0.8% in 2011, 2.3% in 2012 and 3.3% in 2013; I.I.I. estimate is for +3.4% in 2014 and 2015.

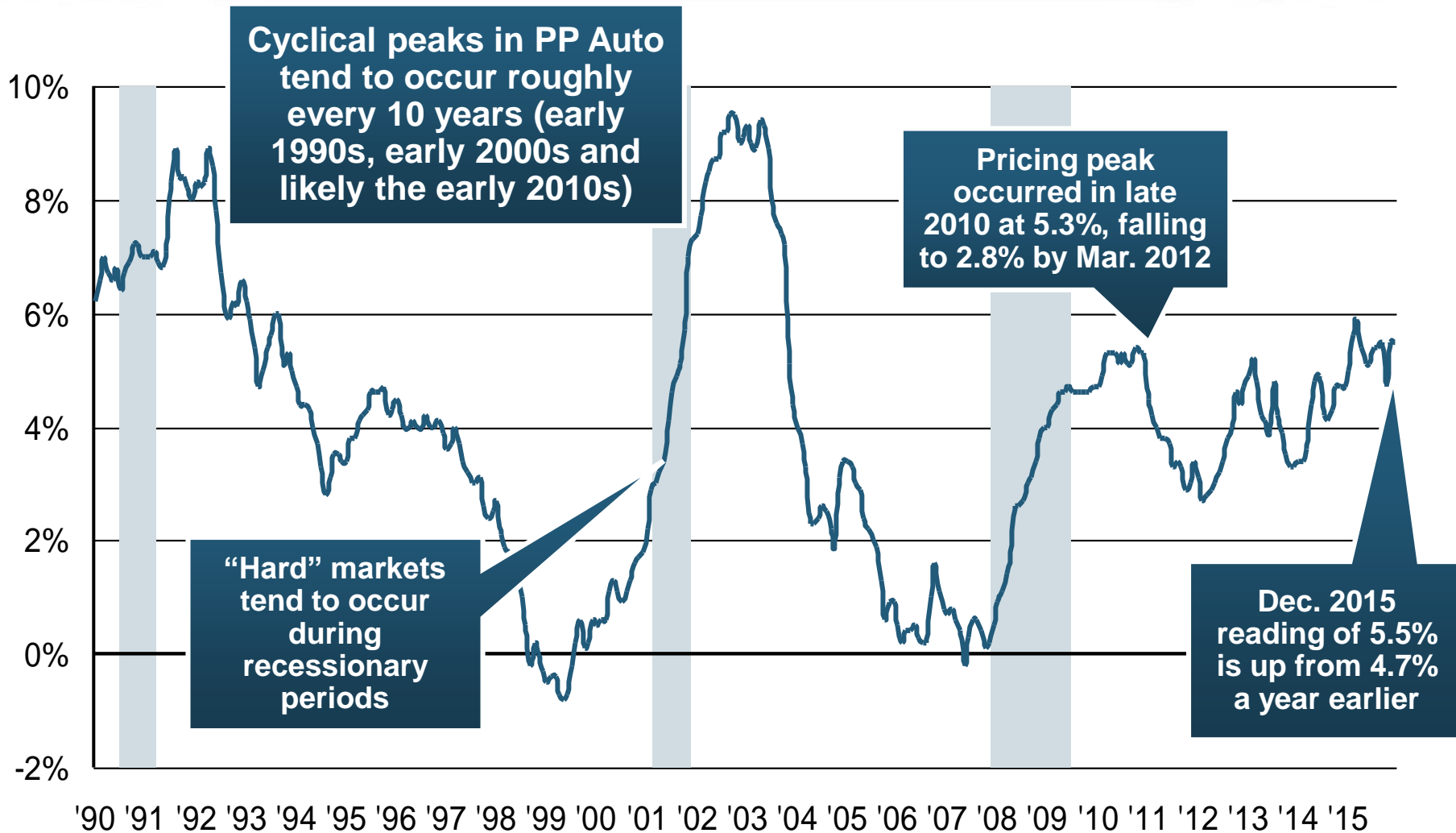
* The NAIC data are per-vehicle (actually, per insured car-year)

Sources: NAIC for 1994-2013; Insurance Information Institute estimates for 2014-2015 based on CPI and other data.

Private Passenger Auto Insurance Net Written Premium, 2000–2017F



Monthly Change in Auto Insurance Prices, 1991–2015*



*Percentage change from same month in prior year; through Dec. 2015; seasonally adjusted

Note: Recessions indicated by gray shaded columns.

Sources: US Bureau of Labor Statistics; National Bureau of Economic Research (recession dates); Insurance Information Institutes.



Claim Trends in Private Passenger Auto Insurance

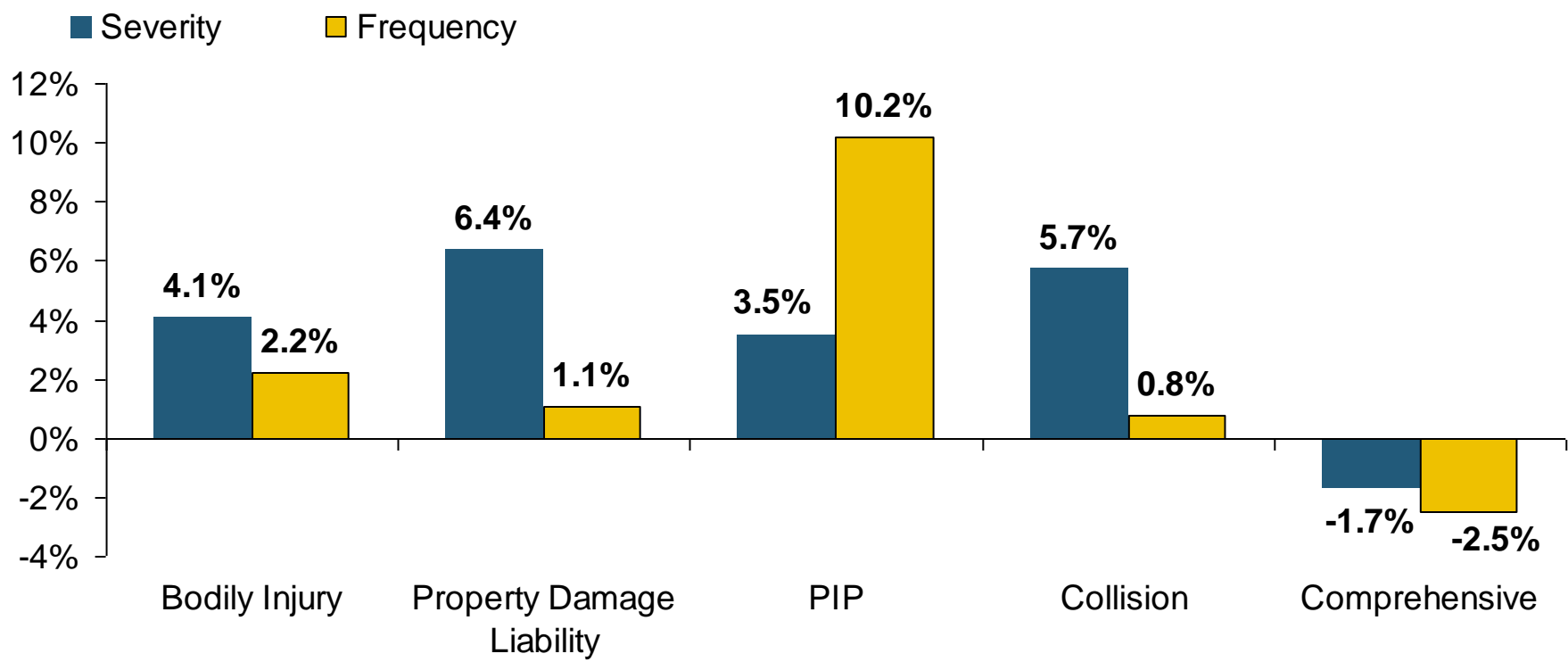
**Rising Frequencies and Severities
in Many Coverages**

A More Immediate Challenge

Auto Severity & Frequency by Coverage: Trending Up in 2015



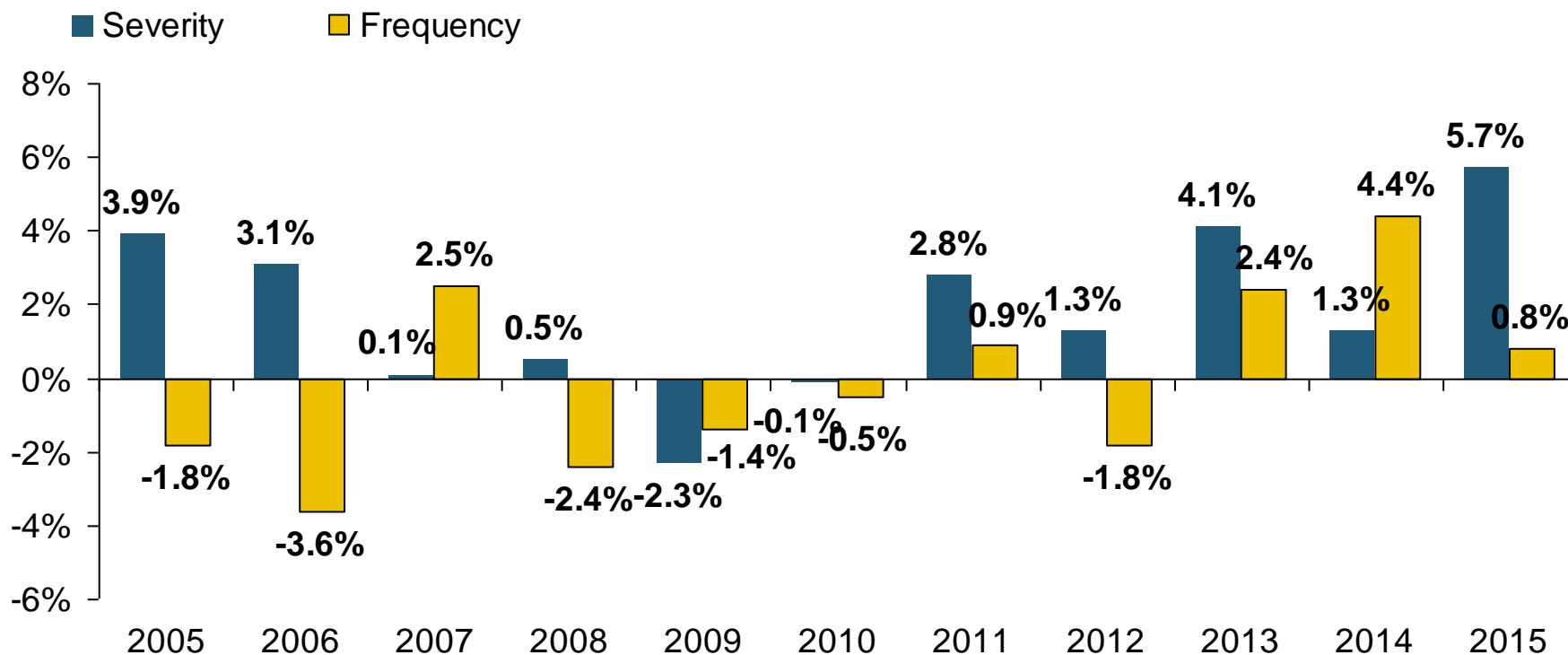
Annual Change, 2015 Over 2014



Frequency and Severity Were Up Across Most Coverage Types in 2015; A Trend Likely to Continue in 2016

Collision Coverage: Severity & Frequency Trends Are Both Higher in 2015

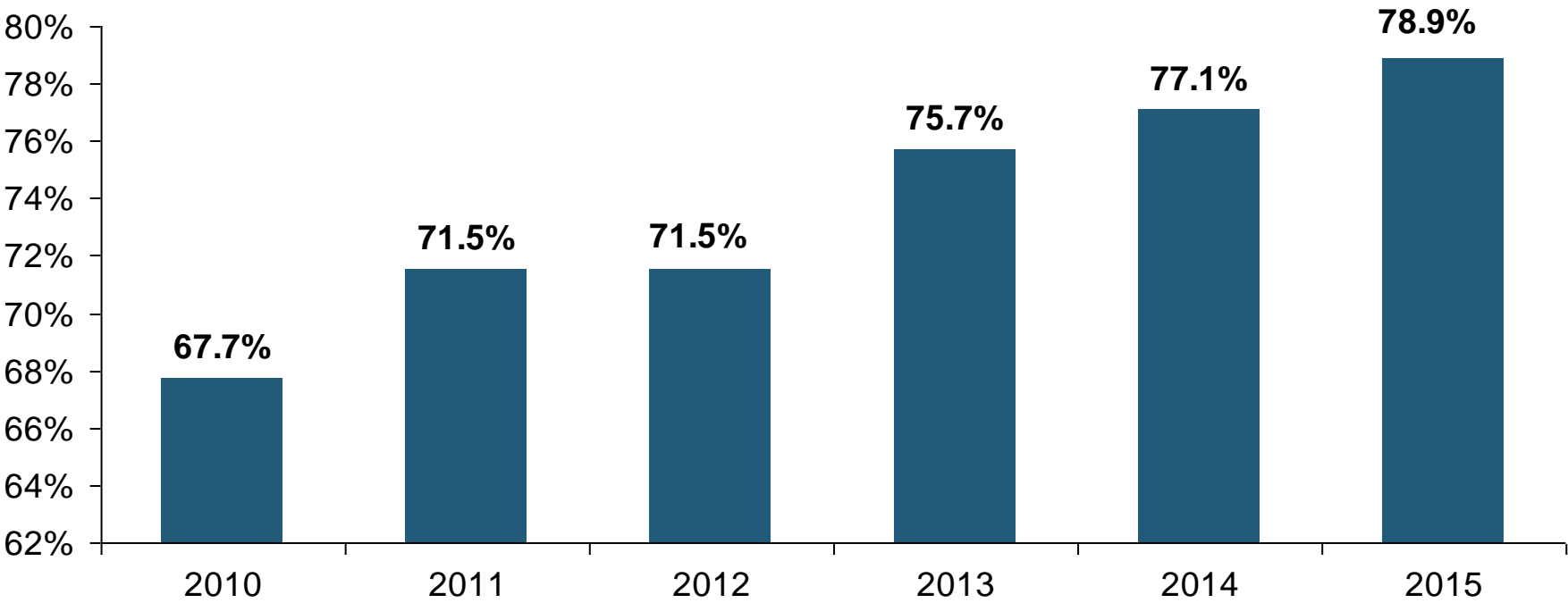
Annual Change, 2005 through 2015



The Recession, High Fuel Prices Helped Temper Frequency and Severity, But this Trend Has Clearly Reversed, Consistent with Experience from Past Recoveries

Collision Loss Ratio Trending Upward: Private Passenger Auto, 2010 – 2015

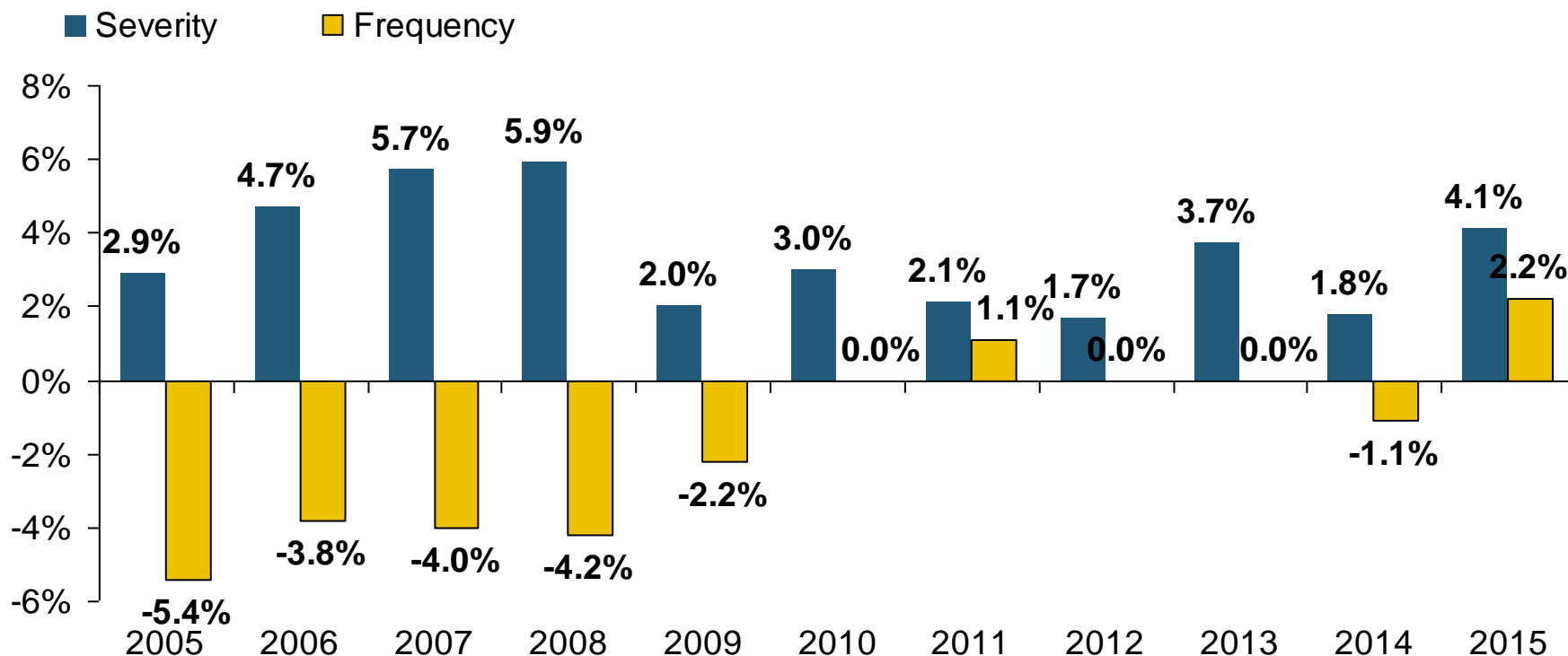
Loss Ratio



Collision Loss Ratios are Trending Steadily Upward

Bodily Injury: Severity Trend Is Up, Frequency Decline Has Ended—Rising?

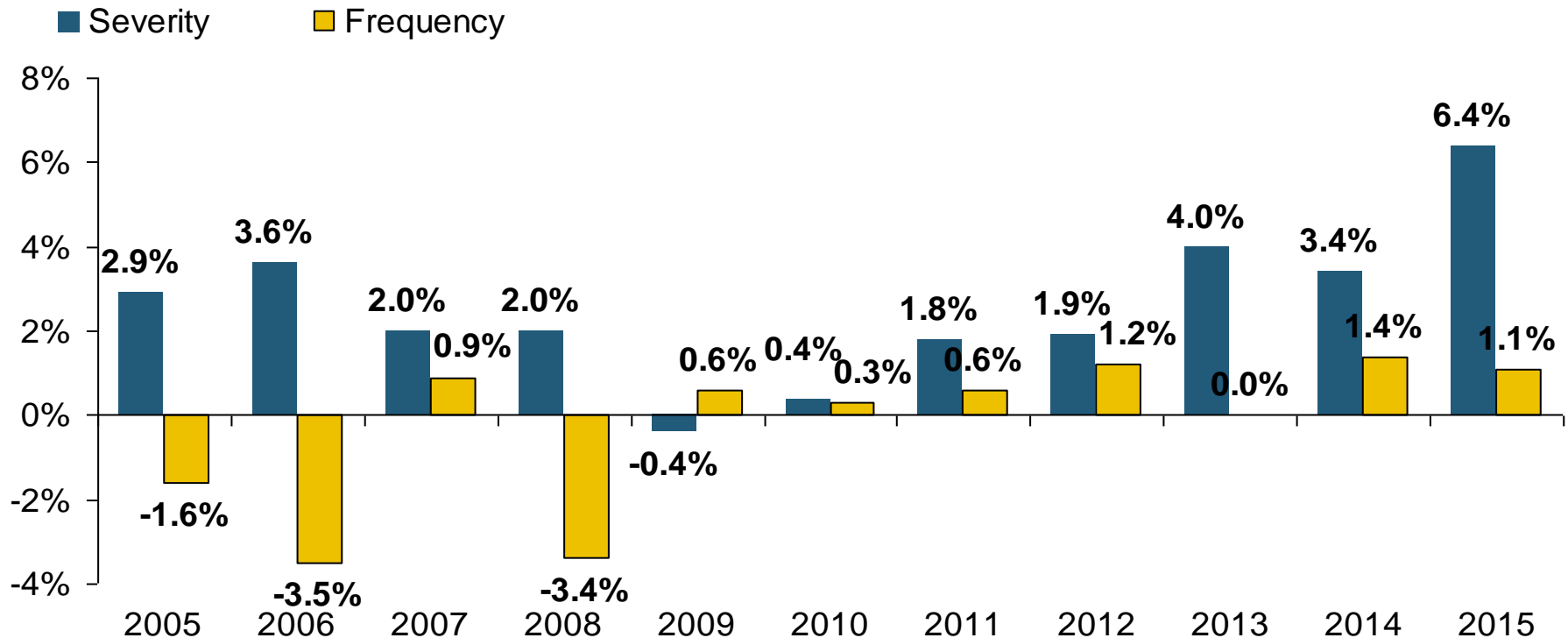
Annual Change, 2005 through 2015



Cost Pressures Will Increase if BI Frequency and Severity Trends Persist

Property Damage Liability: Severity and Frequency Are Up

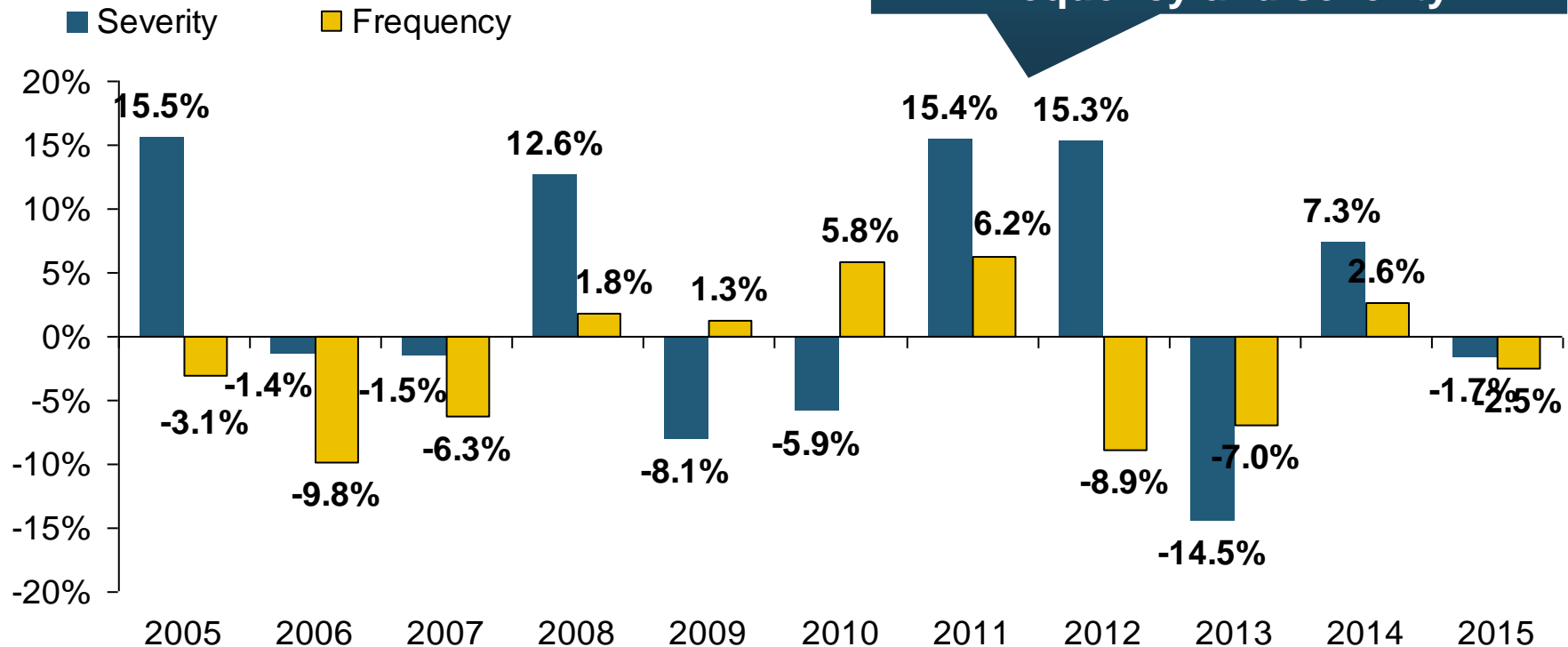
Annual Change, 2005 through 2015



Severity/Frequency Trends Have Been Volatile, But Rising Severity since 2011 Is a Concern

Comprehensive Coverage: Frequency and Severity Trends Are Volatile

Annual Change, 2005 through 2015



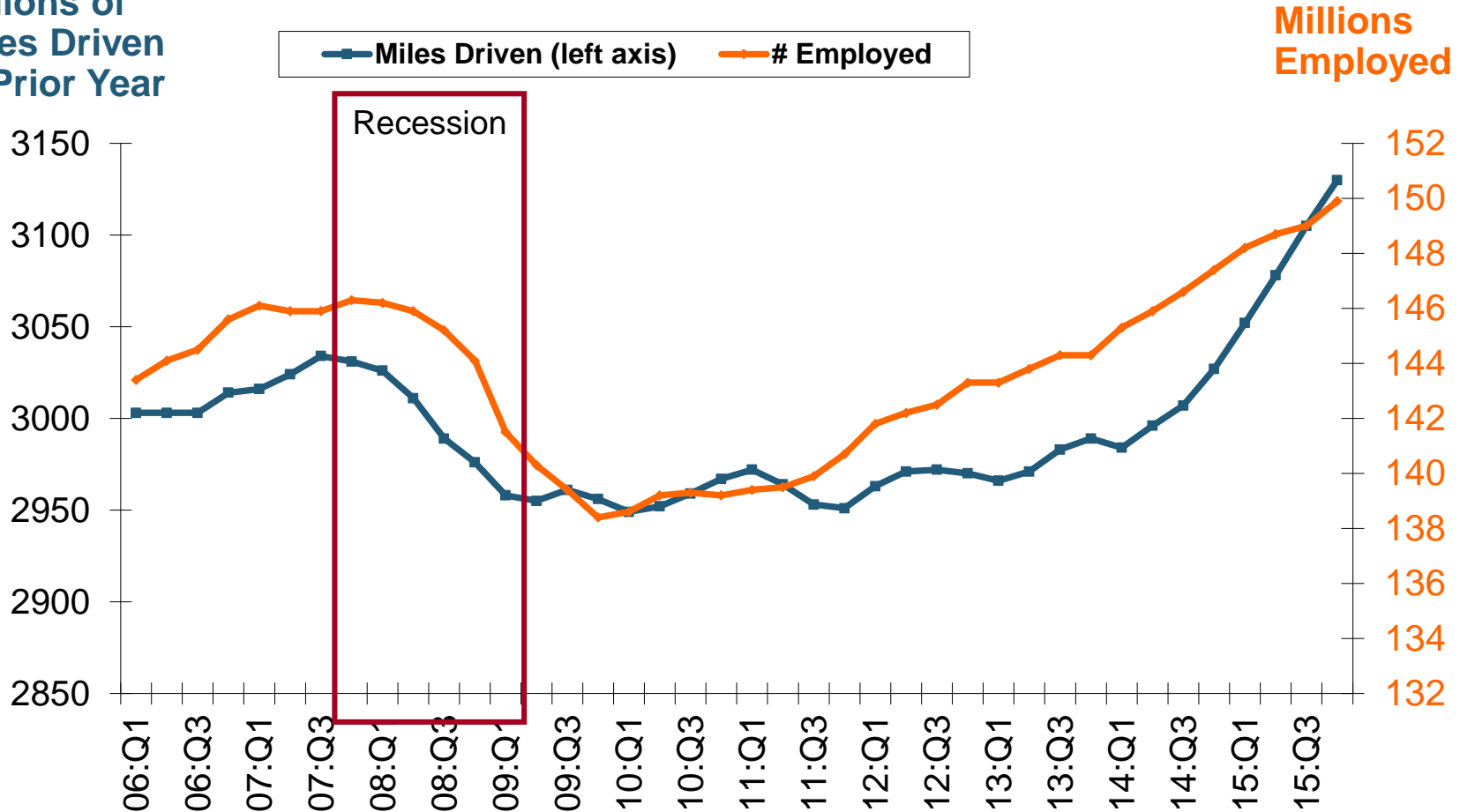
Weather Creates Volatility for Comprehensive Coverage

A Few Factors Driving Adverse Private Passenger Auto Loss Trends

More People Driving, Lower Gas Prices, Higher Speed Limits...

Why Are People Driving More Miles? Jobs?

Billions of
Miles Driven
in Prior Year



People Drive To and From Work and Drive to Entertainment. Out of Work, They Curtail Their Movement.

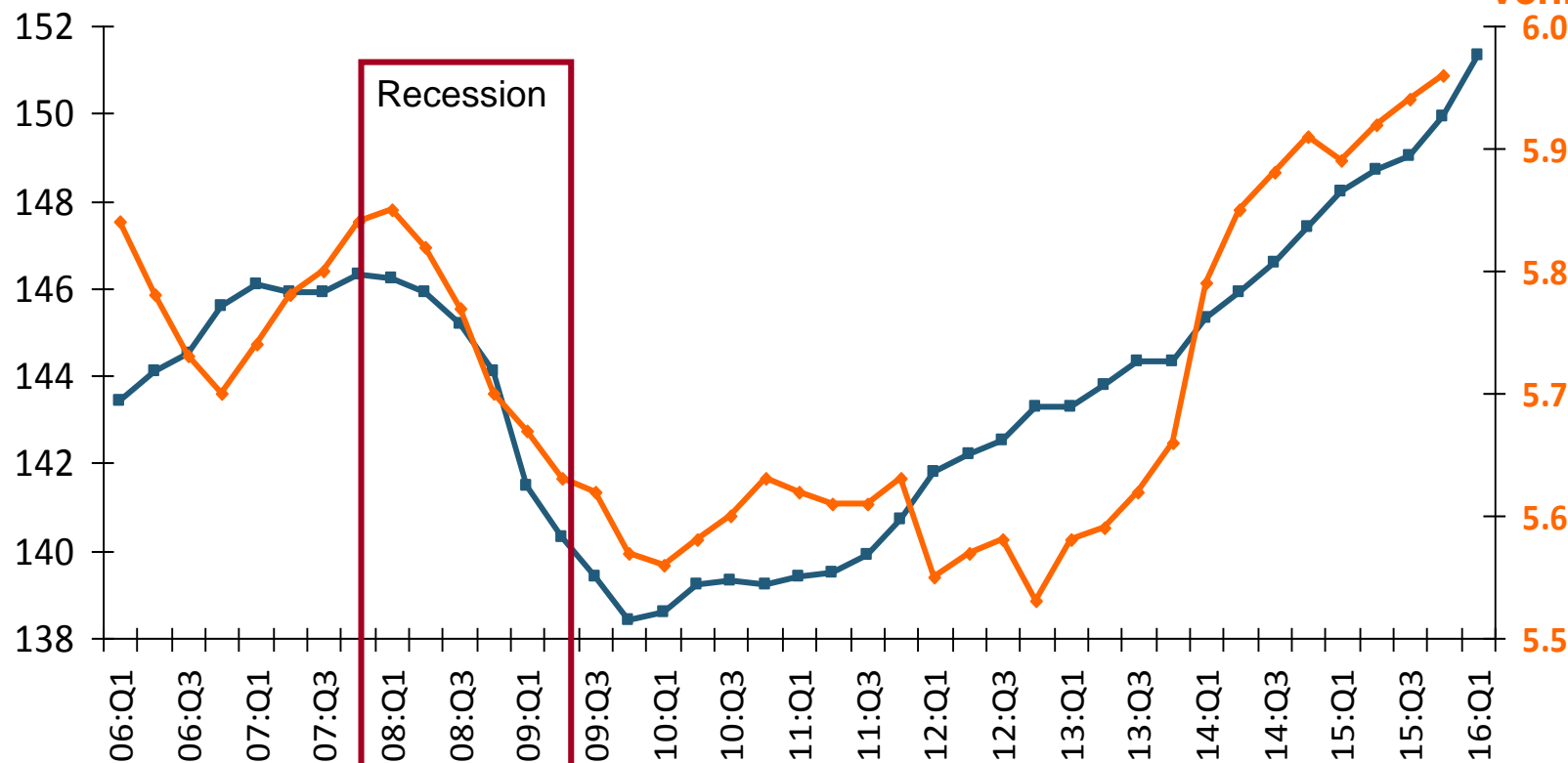
Sources: Federal Highway Administration (http://www.fhwa.dot.gov/policyinformation/travel_monitoring/tvt.cfm); Seasonally Adjusted Employed from Bureau of Labor Statistics; Insurance Institute for Highway Safety; Insurance Information Institute.

More People Working and Driving => More Collisions, 2006-2016

Number
Employed,
Millions

Number Employed (left scale) Collision Claim Frequency (right scale)

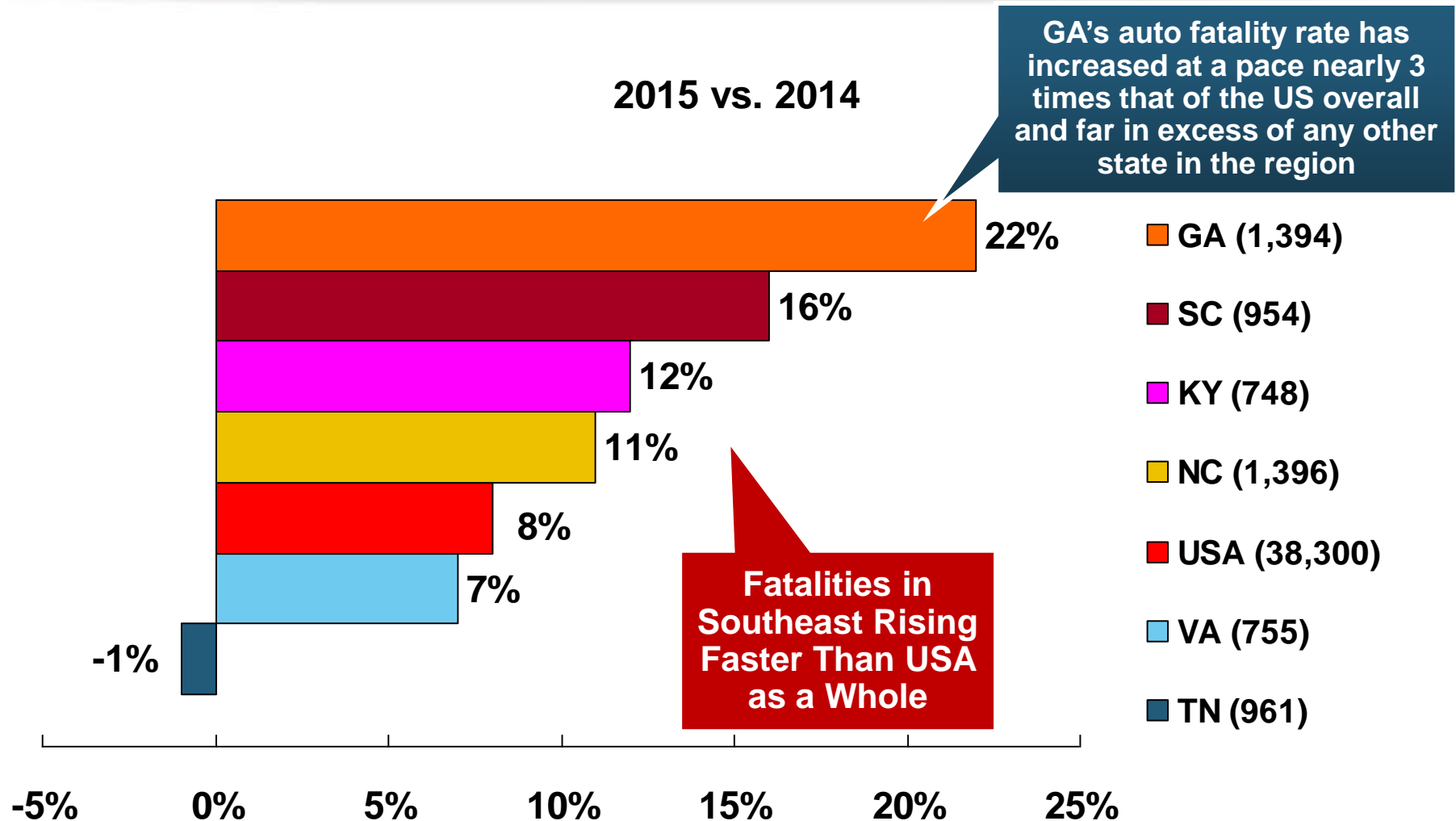
Overall
Collision Claims
Per 100 Insured
Vehicles



When people are out of work, they drive less. When they get jobs, they drive to work, helping drive claim frequency higher.

Sources: Seasonally Adjusted Employed from Bureau of Labor Statistics; Rolling Four-Qtr Avg. Frequency from Insurance Services Office; Insurance Information Institute.

Change in Auto Fatalities by State: Especially Severe in Georgia



SOURCE: Estimates from National Safety Council.

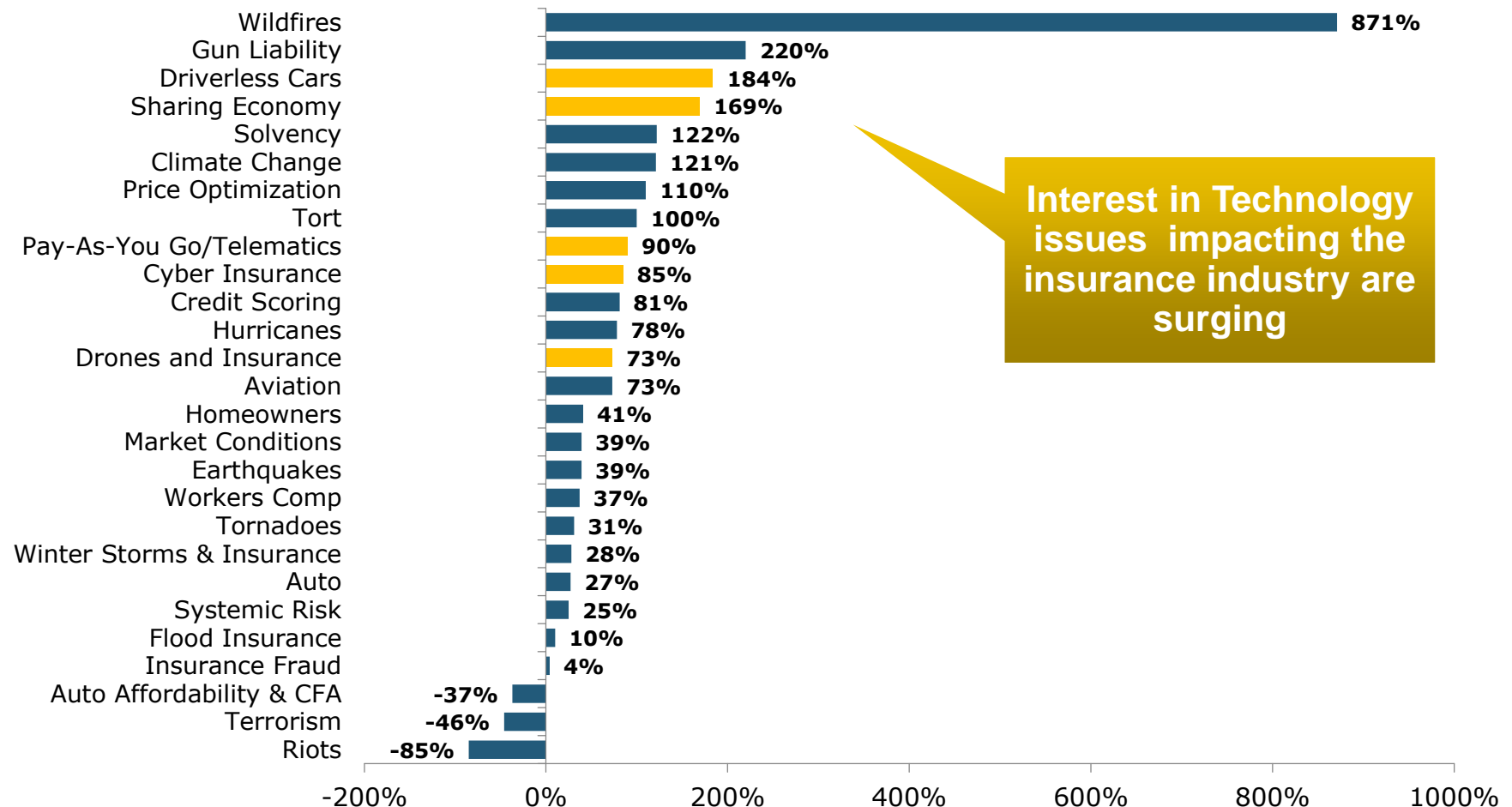


TECHNOLOGY, DISRUPTORS AND INSURANCE

**The Insurance Industry Is on the
Cutting Edge of Providing
Technology-Driven Risk Management
and Insurance Solutions**

I.I.I. Media Index, P/C, First Five Months 2015 vs. First Five Months* 2016¹

Percent Increase/Decrease from Previous Year



*Through May 15.

¹Based on a search of Meltwater News

Interest in Technology Issues and Insurance Is Surging: Presents Opportunity

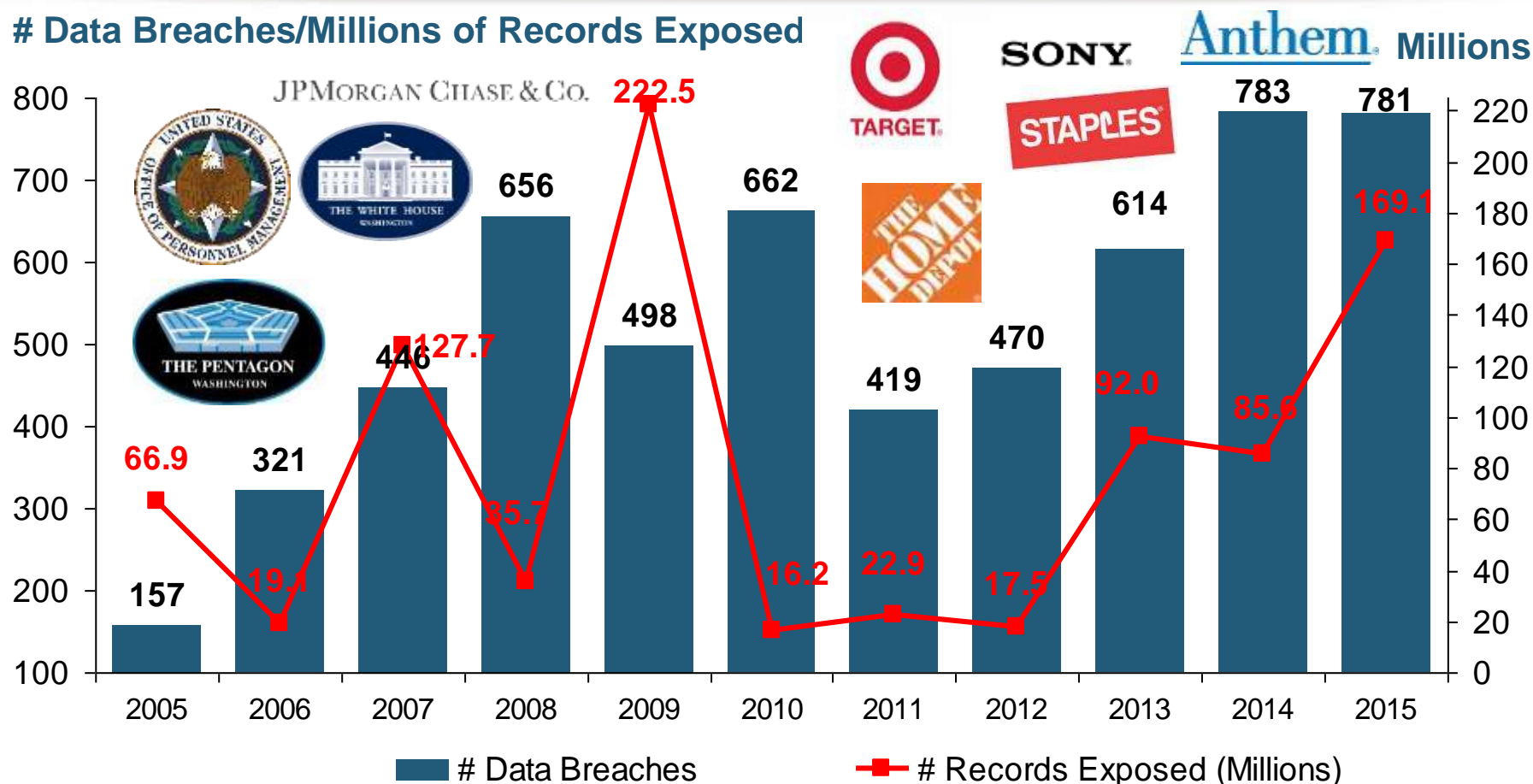
- Insurers are at the intersection of many of the most important technological innovations of the early 21st century
 - ◆ Problem→Solution→Opportunity
- Industry is too often depicted as a technology laggard
- I.I.I. is highlighting the industry as being on the technological cutting edge—an innovative, nimble industry with solutions for managing countless new risks of the current era:
 - ◆ Sharing economy Cyber Auto Technology
 - ◆ Supply Chain Climate Risk Drones
 - ◆ Wearable devices The “Internet of Things”
- Positions industry well with customers, investors, current and prospective workers/Millennials, regulators/legislators and (tech) media

CYBER RISK AND INSURANCE

**Cyber Risk is a Rapidly Emerging
Exposure for Businesses Large and
Small in Every Industry**

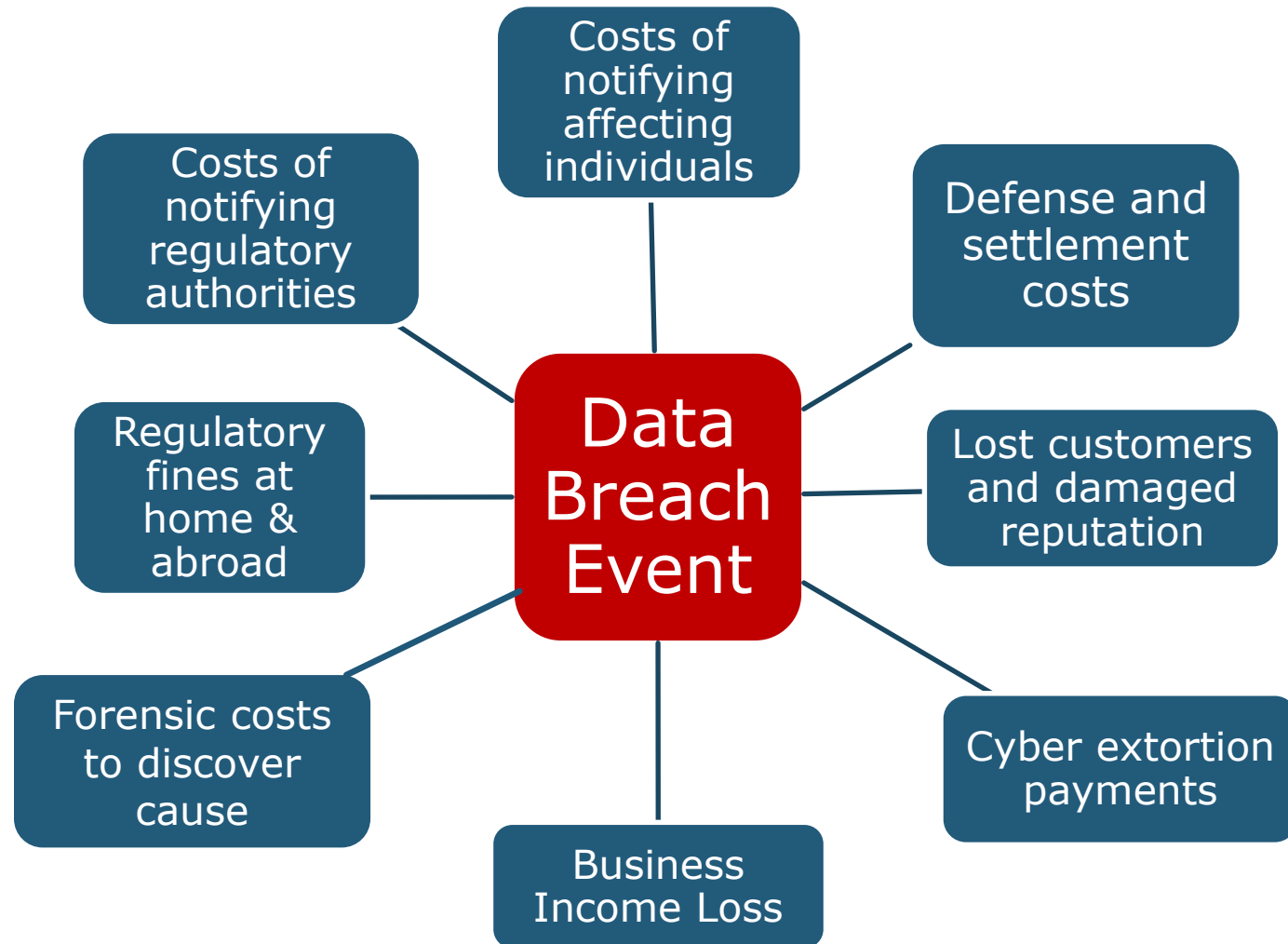
Data Breaches 2005-2015, by Number of Breaches and Records Exposed

Data Breaches/Millions of Records Exposed



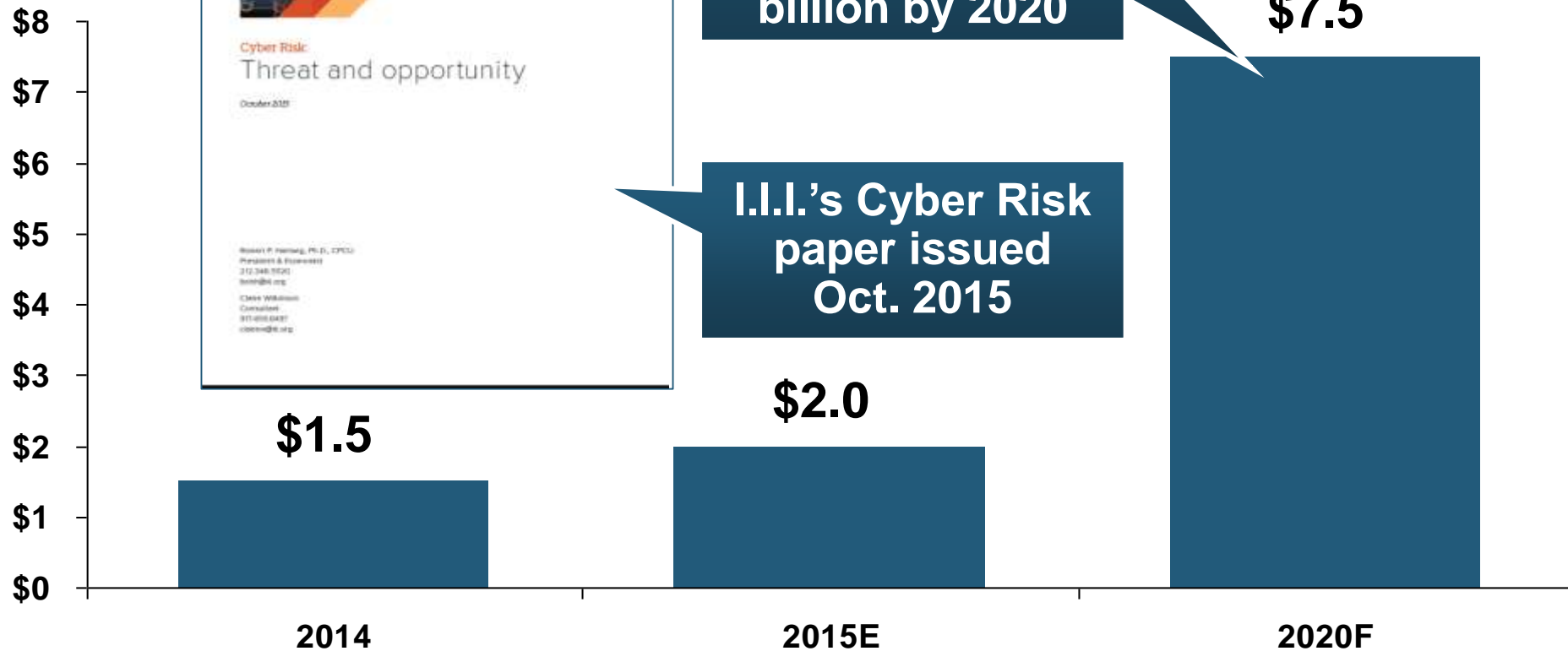
The 781 reported data breaches in 2015 was virtually unchanged from the record 783 reported in 2014. The number of exposed records soared to 169.1 million, and increase of 97.5%.

Data/Privacy Breach: Many Potential Costs Can Be Insured



Estimated Cyber Insurance Premiums Written, 2014 – 2020F

\$ Billions





AUTO TECHNOLOGY & THE FUTURE OF AUTO INSURANCE



**The Road to Fully Autonomous Vehicles:
Long, Dark and Full of Potholes**

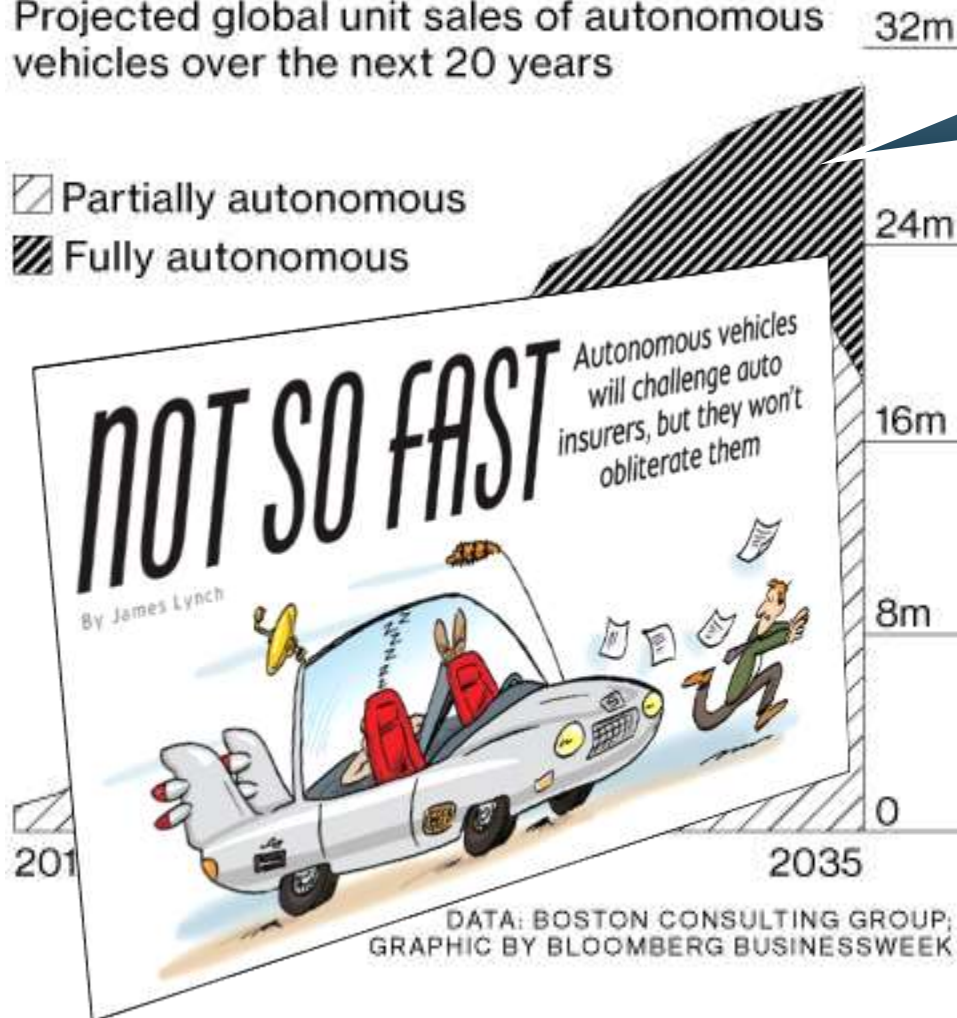
***Tales of the Death of Auto Insurance Are
Greatly Exaggerated***

Media is Obsessed with Driverless Vehicles: Often Predicting the Demise of Auto Insurance

Hands-Free

Projected global unit sales of autonomous vehicles over the next 20 years

-  Partially autonomous
 Fully autonomous



By 2035, it is estimated that 25% of new vehicle sales could be fully autonomous models

Questions

- Are auto insurers monitoring these trends?
- How are they reacting?
- Will Google take over the industry?
- Will the number of auto insurers shrink?
- How will liability shift?

Media is Obsessed with Driverless Vehicles: Often Predicting the Demise of Auto Insurance

Some are predicting that the rise of autonomous vehicles will reduce claim frequency by 75% or more...

„,and that this technology will cause average auto insurance premiums to plunge

Fewer claims on car insurance

Insured drivers making claims each year (%)



Cost of car insurance to fall

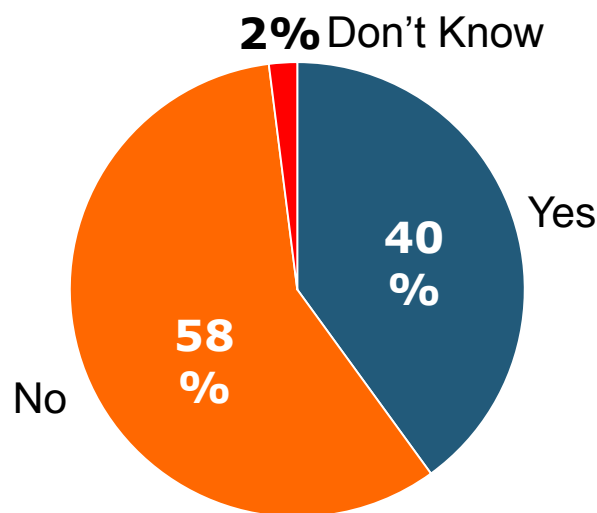
Estimated global average annual premium (\$)



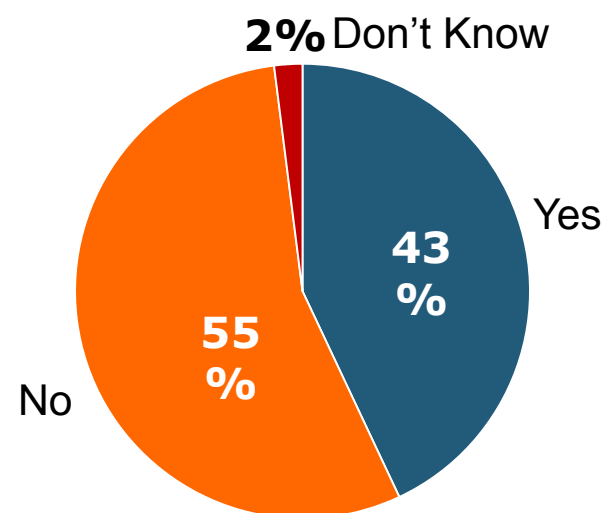
I.I.I. Poll: Auto Insurance

Q. Would you be willing to ride in a driverless car?

May 2015



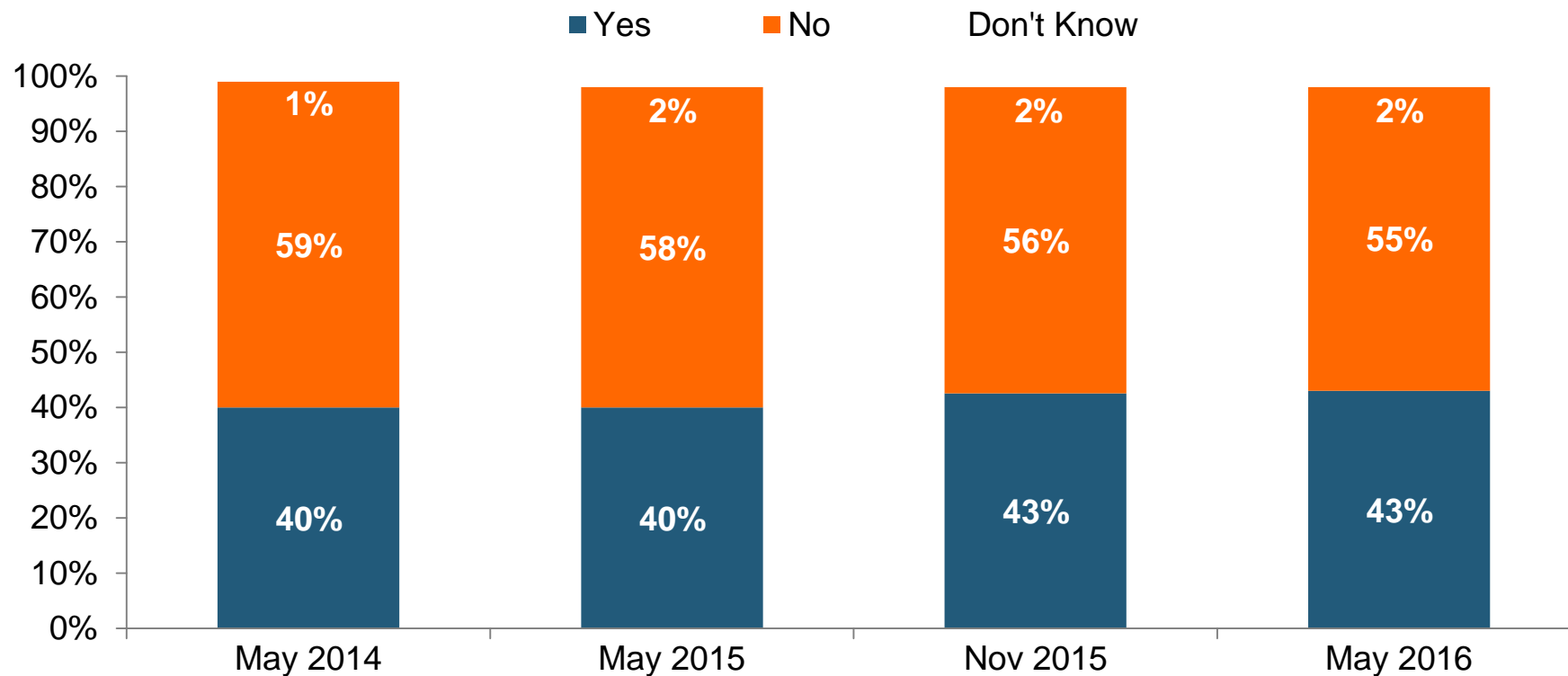
May 2016



**The Percentage Willing to Ride in a Driverless Car Rose Slightly;
71% of People Over 64 Were Unwilling to Ride.**

I.I.I. Poll: Driverless Cars

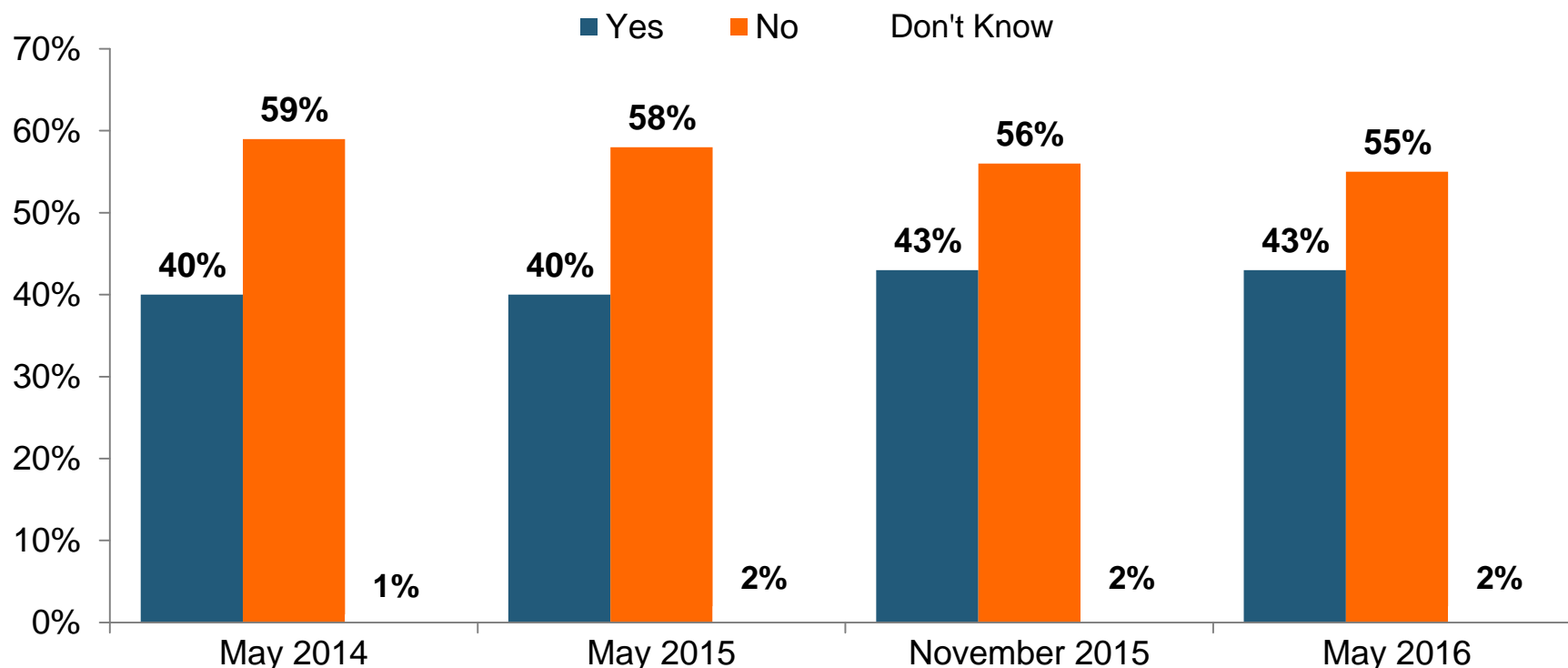
Q. Would you be willing to ride in a driverless car?



**The Percentage Willing to Ride in a Driverless Car Remains at 43%;
71% of People Over 64 Were Unwilling to Ride.**

I.I.I. Poll: Driverless Cars

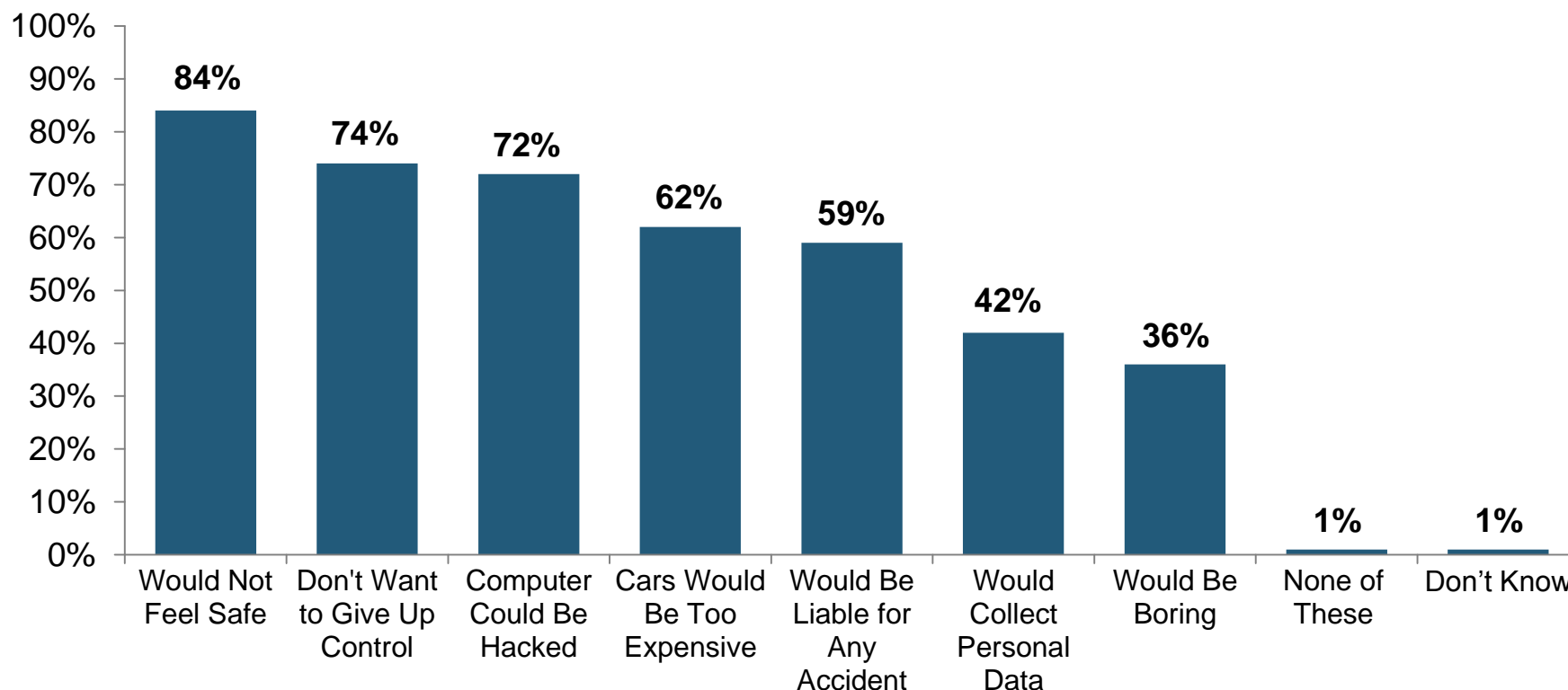
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**The Percentage Willing to Ride in a Driverless Car Remains at 43%;
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I.I.I. Poll: Driverless Cars

Why Americans Would Not Want to Ride in a Driverless Car, May 2016¹



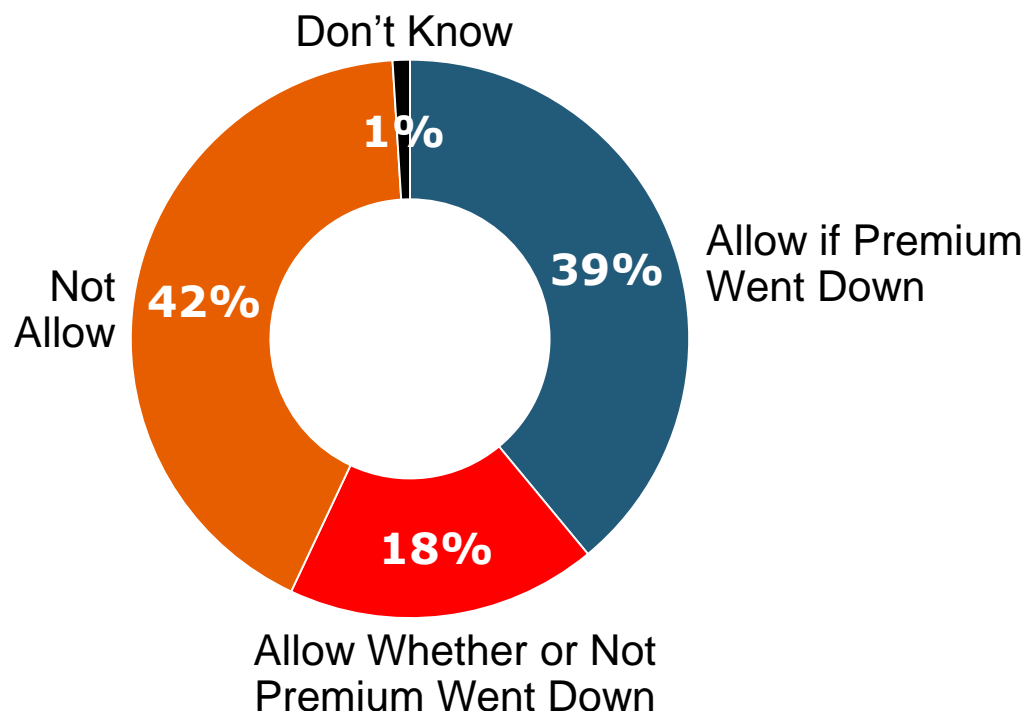
Safety Concerns Are Paramount Among Those Who Would Avoid Driverless Cars.

¹ Based on those who would not ride in a driverless car. Respondents could give more than one answer.
Source: Insurance Information Institute Annual *Pulse* Survey.

I.I.I. Poll: Telematics— Consumers Still Hesitant

Q

Would you allow your auto insurer to collect information about how and when you drive in order to set your auto insurance premium?



More Than Half of Auto Policyholders Would Allow Their Insurer to Collect Their Driving Information in Order to Set Premiums.

¹Asked of those who have auto insurance.

Source: Insurance Information Institute Annual *Pulse* Survey.

The Sharing Economy

**The On-Demand Economy Will
Transform the American
Workforce and the
P/C Insurance Industry Too**

On-Demand/Sharing/Peer-to-Peer Economy Impacts Many Lines of Insurance

- The “On-Demand” Economy is or will impact many segments of the economy important to P/C insurers
 - ◆ Auto (personal and commercial)
 - ◆ Homeowners/Renters
 - ◆ Many Liability Coverages
 - ◆ Professional Liability
 - ◆ **Workers Comp**
- Many unanswered insurance questions
- Insurance solutions are increasingly available to fill the many insurance gaps that arise



U B E R



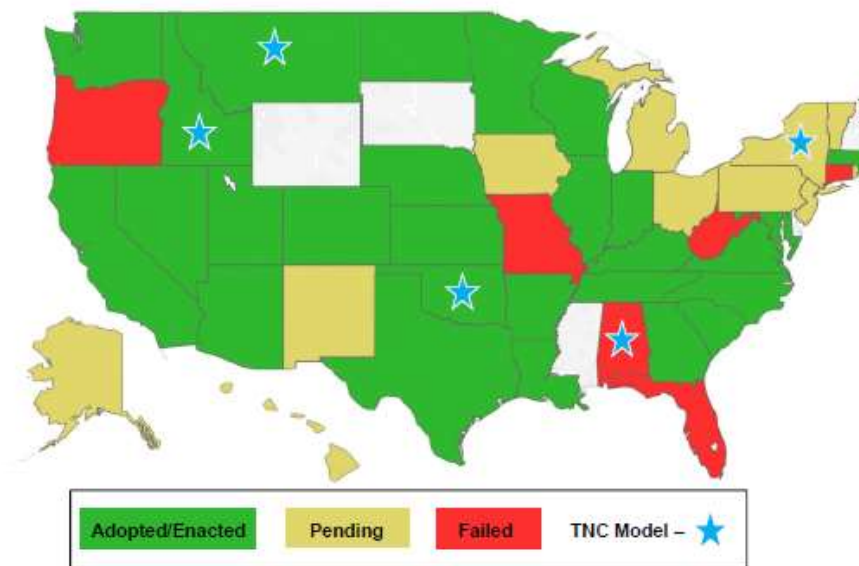
TNC Ridesharing Arrangements: Insurance Applicability

| Phase | TNC Coverage |
|--|--|
| 1. Driver logged into TNC App but not "matched" with a passenger | Contingent liability coverage IF personal auto coverage declined/not available (\$50/100/25)* |
| 2. A "match" is made but passenger is not in the driver's car | Primary liability, UM/UIM coverage at a higher limit (\$1M)* Contingent comp/collision coverage |
| 3. A passenger is in the driver's car | Same as Phase 2 |

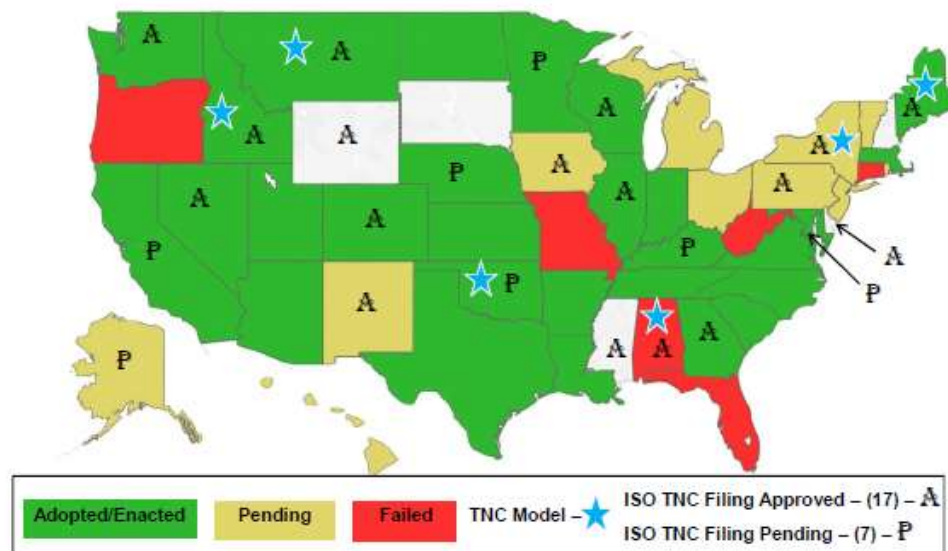
The concern was that TNCs were seeking to offload risk on to personal auto insurers. An increasing number of personal auto insurers have developed solutions to ensure that coverage gaps are minimized

Ridesharing Regulation/Legislation and Status of ISO Filings as of 9/30/15

Status Ride Sharing Legislation/Regulation



Status of ISO Filings



Homesharing Arrangements: Potential Host Exposure Concerns (Receives Rental Income)

- **Property**
 - Loss to host's property/furnishings
 - Loss of use
- **Liability**
 - Damage to property of traveler, traveler's guests
 - Damage to landlord's property/furnishings
 - Bodily injury to traveler, traveler's guests
- **Comment**
 - A landlord may act as a host (vacant unit)
 - A Homeowners Policy may be issued to the owner-occupant(s) of a 1, 2, 3 or 4 family dwelling

Homesharing Arrangements: Potential Traveler Exposure Concerns

- **Property**
 - Loss to traveler's property
- **Liability**
 - Damage to property/furnishings of host and landlord
 - Bodily injury to traveler's guests, other tenants and visitors to building
 - Personal injury due to poor reviews
- **Comment**
 - Similar exposures currently exist for travelers at hotels, B & B's, guest houses

Homesharing: ISO's Proposed Changes*

1. Policyholder Notice

- Guidance for policyholder to contact insurer

2. Exclusion

- Explicit exclusion for loss/damage/injury arising out of homesharing
- Applicable to host, landlord
- To the extent possible, preserve existing coverage for rentals that do not originate from homesharing, such as that providing for roomers, boarders

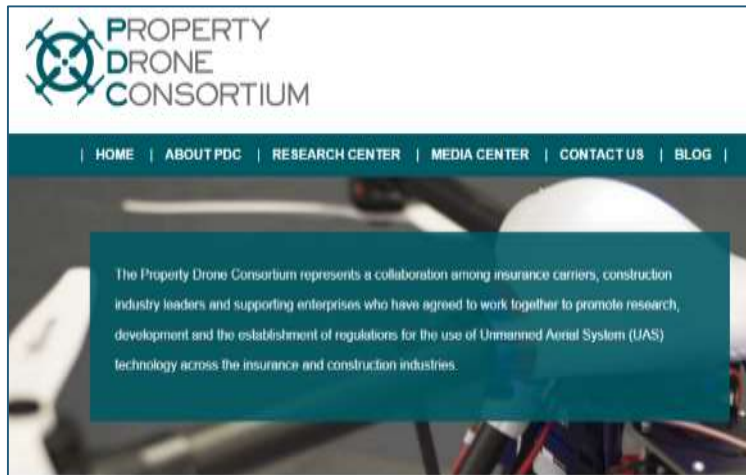
3. Coverage option

- Property and liability coverage for loss/damage/injury arising out of homesharing
- Applicable to host, landlord

Send in the Drones: Potential Rapid Adoption in Industry; Media Loves It



- Drones or Unmanned Aerial Vehicle (UAV) technology is seeing rapid adoption rate in many industries, including insurance
- ~700,000 drones in US by year-end
- FAA granting Section 333 exemptions for commercial use and testing of UAS
- FAA will require most drones to be registered by year-end 2015.
- At least 5 insurers have received permission to test
- Wide variety of applications: claims, pre-event property inspections...
- Insurers partnering with construction industry to guide R&D and regulation of UAV use via *Property Drone Consortium*: www.propertydrone.org



The Sharing Economy Has Grown— And Attracted Political Scrutiny



Political Skepticism About the 'Gig' Economy



*"Many Americans are making extra money renting out a spare room, designing a website ... even driving their own car. This on demand or so called 'gig' economy is creating exciting opportunities and unleashing innovation, **but it's also raising hard questions about workplace protections** and what a good job will look like in the future."*

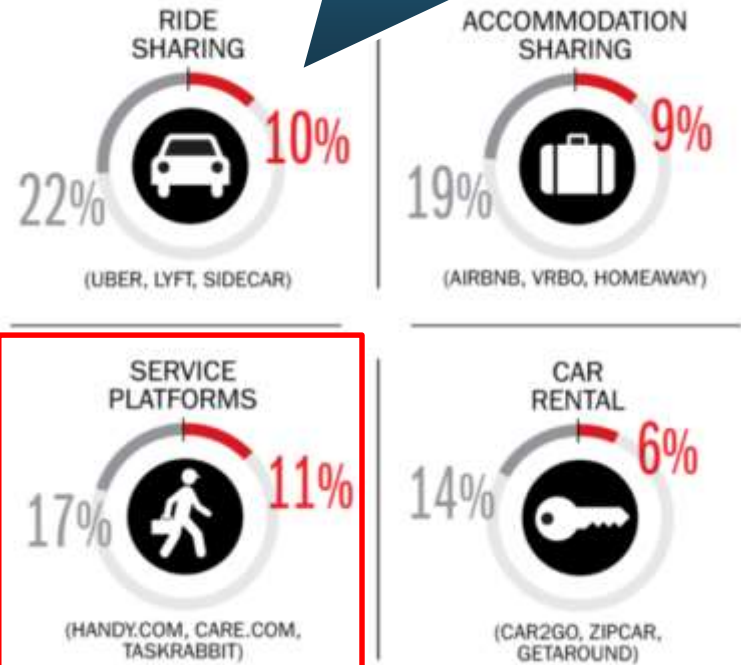
--Hillary Clinton,
July 13, 2015

Percent of Americans Who Have Engaged in the “Gig/Sharing Economy” by Transaction



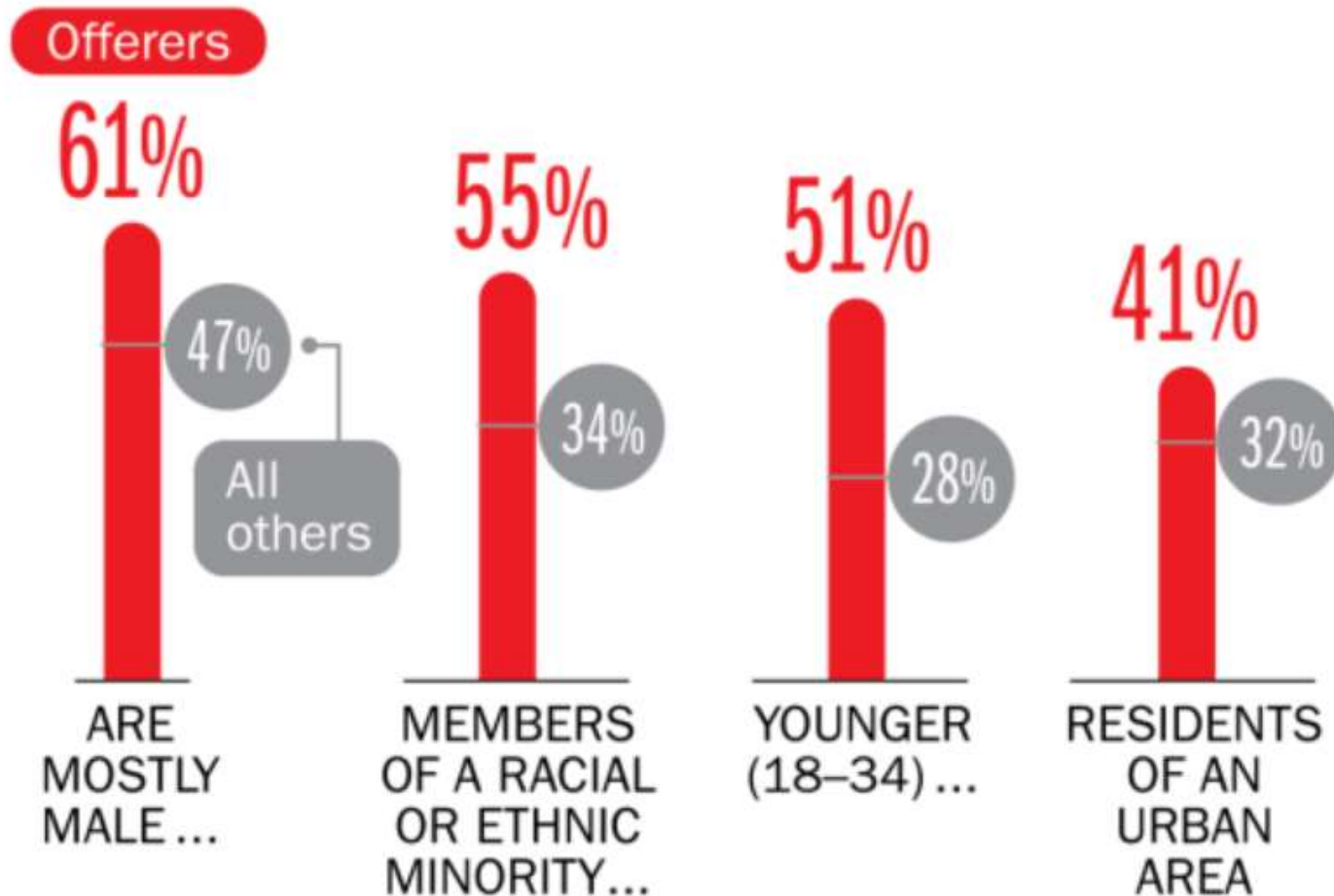
About 22% of Americans have offered services in the sharing economy.

Drivers have significant WC exposures



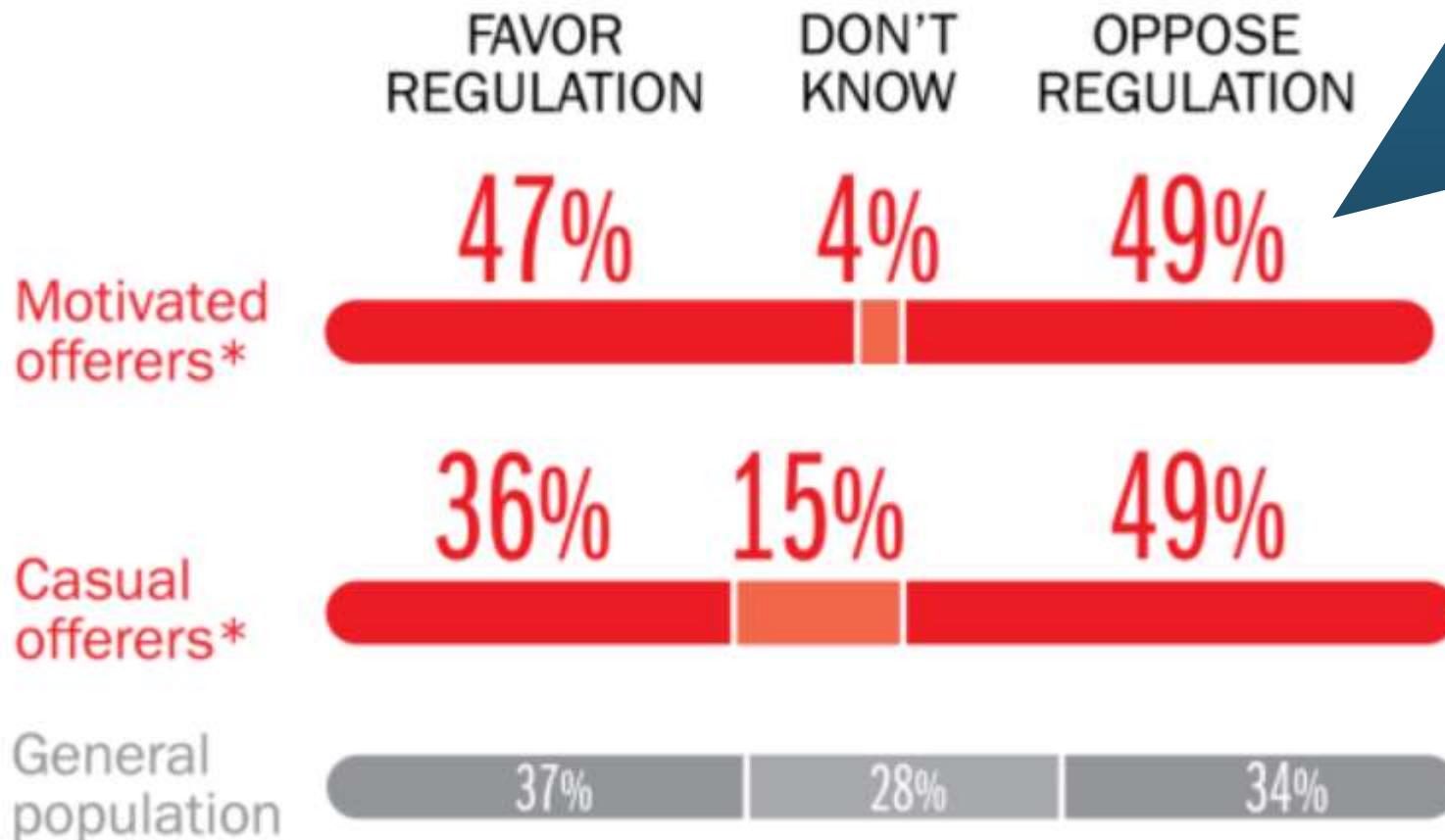
Service platforms have the most direct link to WC; 11% of Americans have offered their services

Americans Who Offer Services in the Sharing/Gig Economy Are Statistically More Prone to Workplace Injury



Young, urban minority males are the most likely to offer their services in the sharing economy.

Opinions Are Split on Whether the Sharing Economy Needs More Regulation



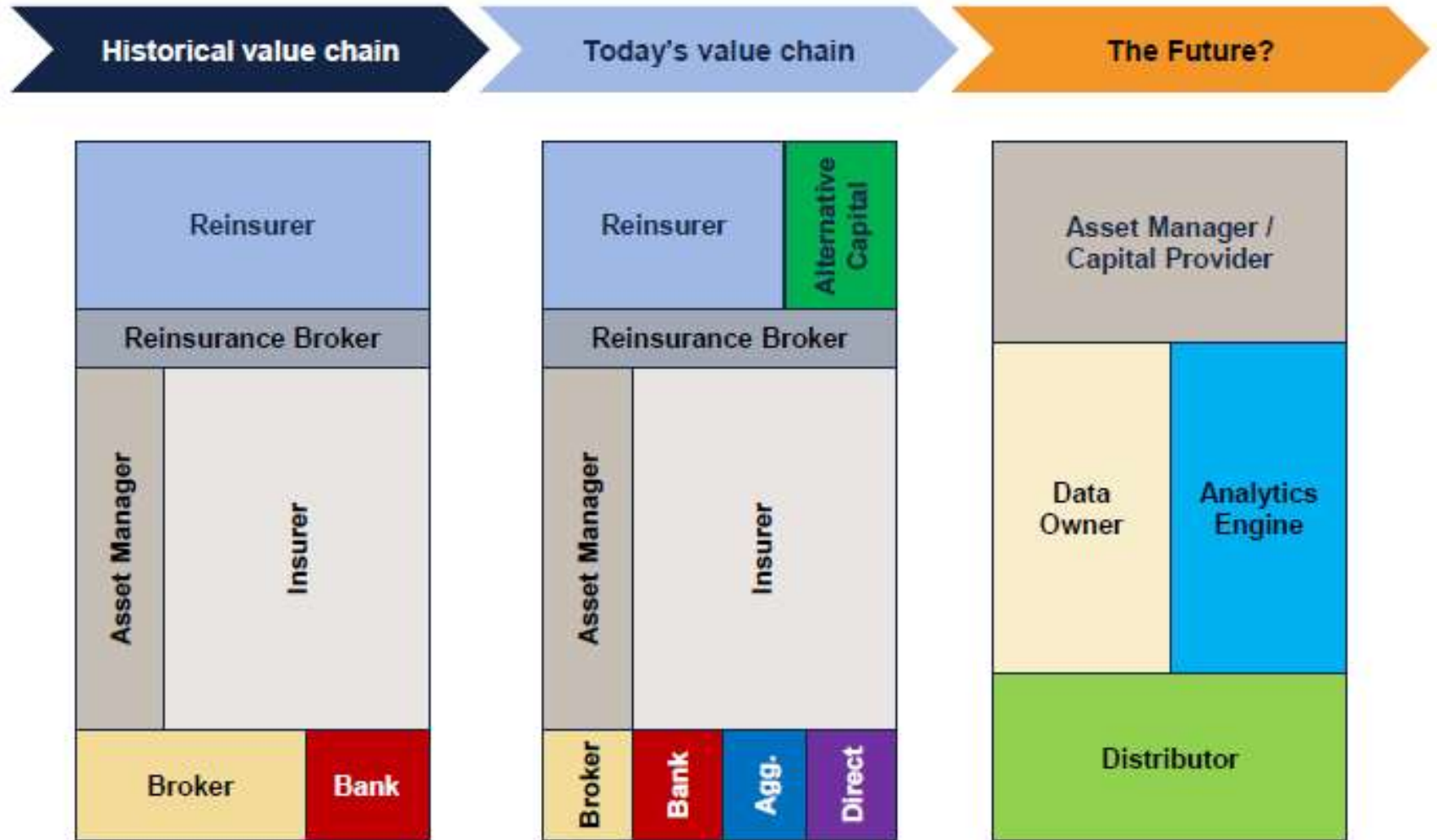
The most frequent offerers of services through online platforms are equally divided over the need for more regulation

Sources: The SelfEmployed.com accessed at <https://www.theselected.com/gig-economy/infographic-inside-the-new-economy/> based on a poll by Time magazine, Bursten-Marsteller and The Aspen Institute; Insurance Information Institute.

THE ‘INTERNET OF THINGS’

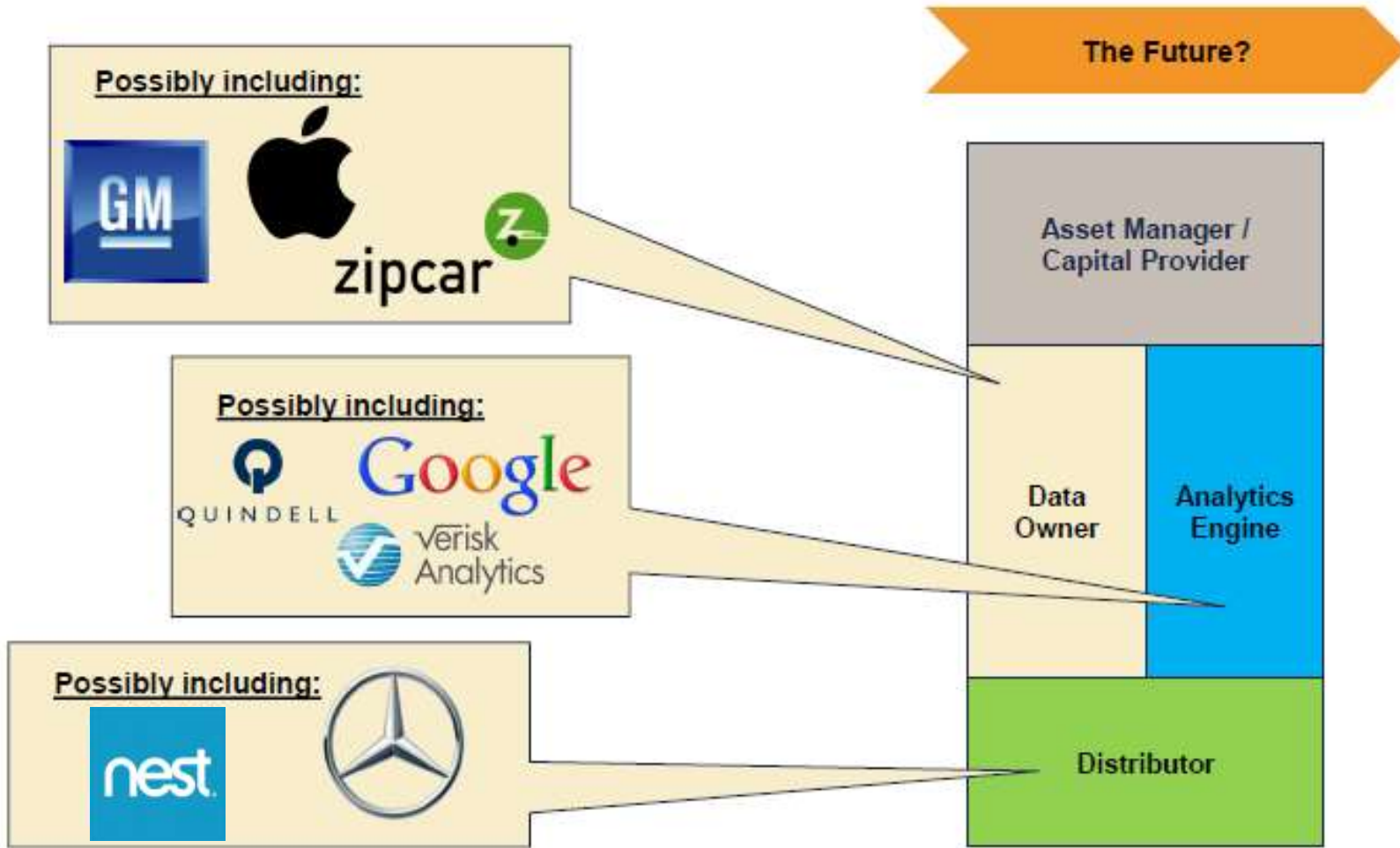
Capturing Economic Value Amid a Shifting Insurer Value Chain

The Internet of Things and the Insurance Industry Value Chain



The Insurance Industry Value Chain Is Changing for Many Reasons

The Internet of Things and the Insurance Industry Value Chain

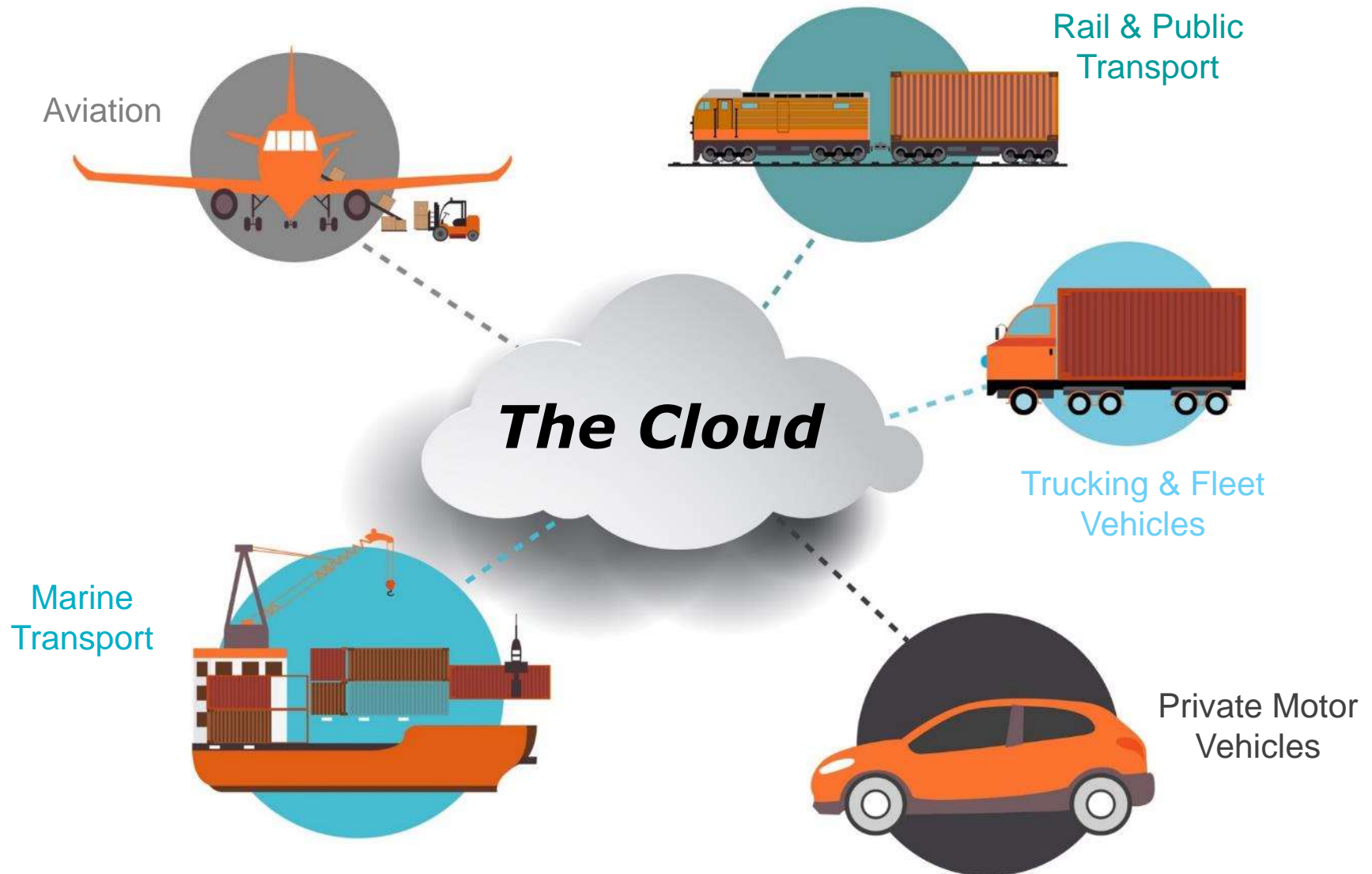


**Who owns the data? Where does It flow? Who does the analytics?
Who is the capital provider?**

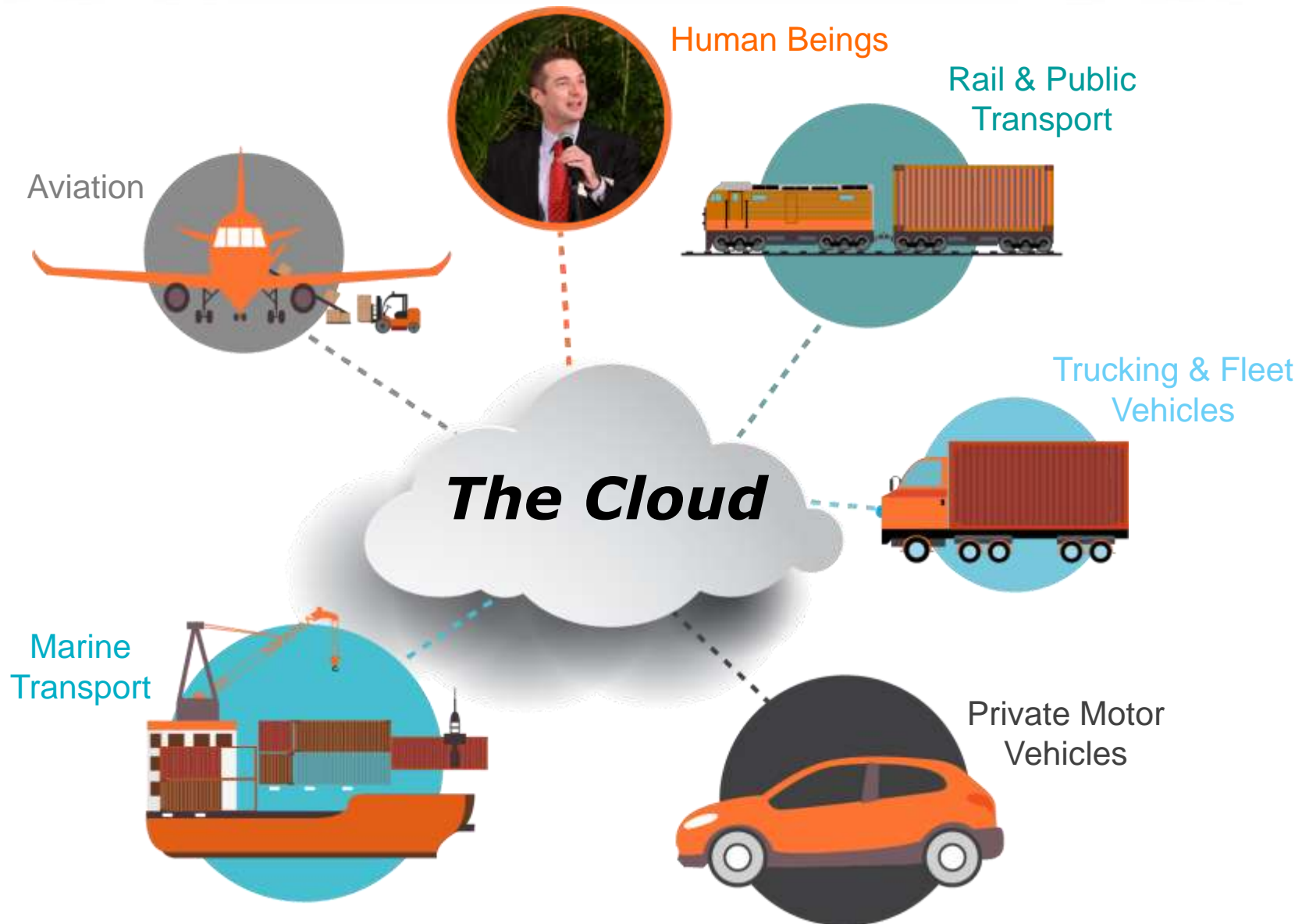
The 'Internet of Things' and 'The Insurance-Net of Things'



The Insurance Industry's Future Is in the Cloud...



The Insurance Industry's Future Is in the Cloud...



Wearables and Beyond...

**Where The Internet of Things
Meets Health, Disability and Workers
Compensation Insurance**

Wearables Show Significant Potential to Reduce Workplace Injury, Death

■ Wearables Today Can Monitor:

- ◆ Location
- ◆ Heart rate
- ◆ Temperature
- ◆ Steps/Exertion
- ◆ Sweat
- ◆ Sleep



■ In the Near Future Could Monitor:

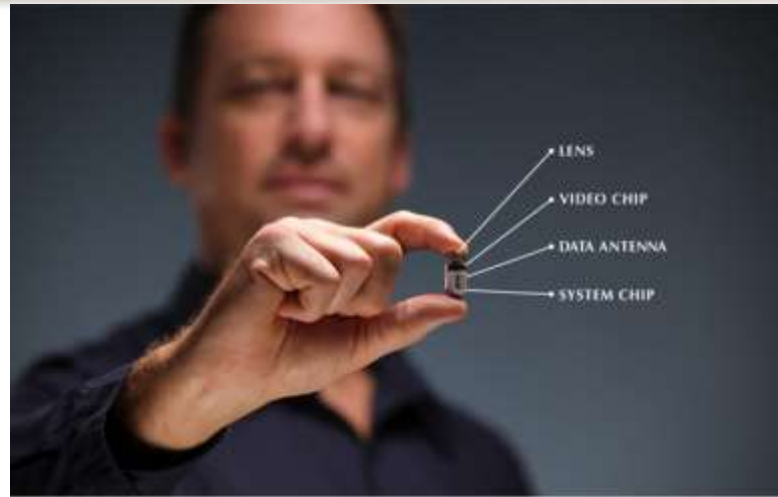
- ◆ Glucose level
- ◆ Oxygen levels
- ◆ Pain
- ◆ Nausea



Beyond Wearables: Ingestibles and Implantables, VR Could Have Big Impacts Too

■ Ingestibles:

- ◆ Body chemistry
- ◆ View malignancies
- ◆ Detect diseases
- ◆ Medication adherence



■ Implantables

■ Smart Fabrics

■ Virtual Reality

- ◆ Computer simulated reality



■ Augmented Reality

- ◆ Real world environment supplemented by computer generated inputs



A Few Outstanding Issues (Among Many)

■ Worker Status

- ◆ Are workers independent contractors or employees?

■ Privacy

- ◆ Where is the dividing line between data that is useful or necessary for the conduct of business and truly private information?

■ Security

- ◆ How will data be protected?
- ◆ How will the inevitable breaches be managed?

■ Data Ownership and Portability

- ◆ Who owns the data? Is the data portable?

■ Insurance

- ◆ Need for evolving property and liability coverages
- ◆ Concern over disintermediation



A NEST Case Study

Nest: A Leader in the “Internet of Things”

Collision Course or Cooperation with the Insurance Industry?



Telematics for Your Home: The Internet of Things

- The home is the next frontier for telematics
- Rapidly becoming a crowded space
- How and with whom will insurers partner?
- Can control increasing array of household systems remotely



- ◆ Heat, A/C
- ◆ Fire, CO detection
- ◆ Security Systems
- ◆ Cameras/Monitors
- ◆ Appliances
- ◆ Lighting

- Technology is adaptive

- ◆ *Uses sensors and algorithms to learn about you*



Partnerships with Insurers: Selling Safety and Savings Simultaneously

Stay safe.
Save money.

Your insurance company knows Nest Protect helps keep you safe. They know it saves lives.

So we've partnered with leading insurance companies to help you get a Nest Protect at no cost. Your insurance provider could also lower your premiums up to 5% because Nest Protect is special - it can connect to Wi-Fi and tell them it's working.

It's their business to know what keeps families safe. And they believe in Nest Protect.

Find out when a Nest insurance partner is coming to your area.

 nest



Nest is actively seeking to partner with insurers. As of Jan. 10, 2016, Nest listed 2 insurance partners offering discounts in a number of states



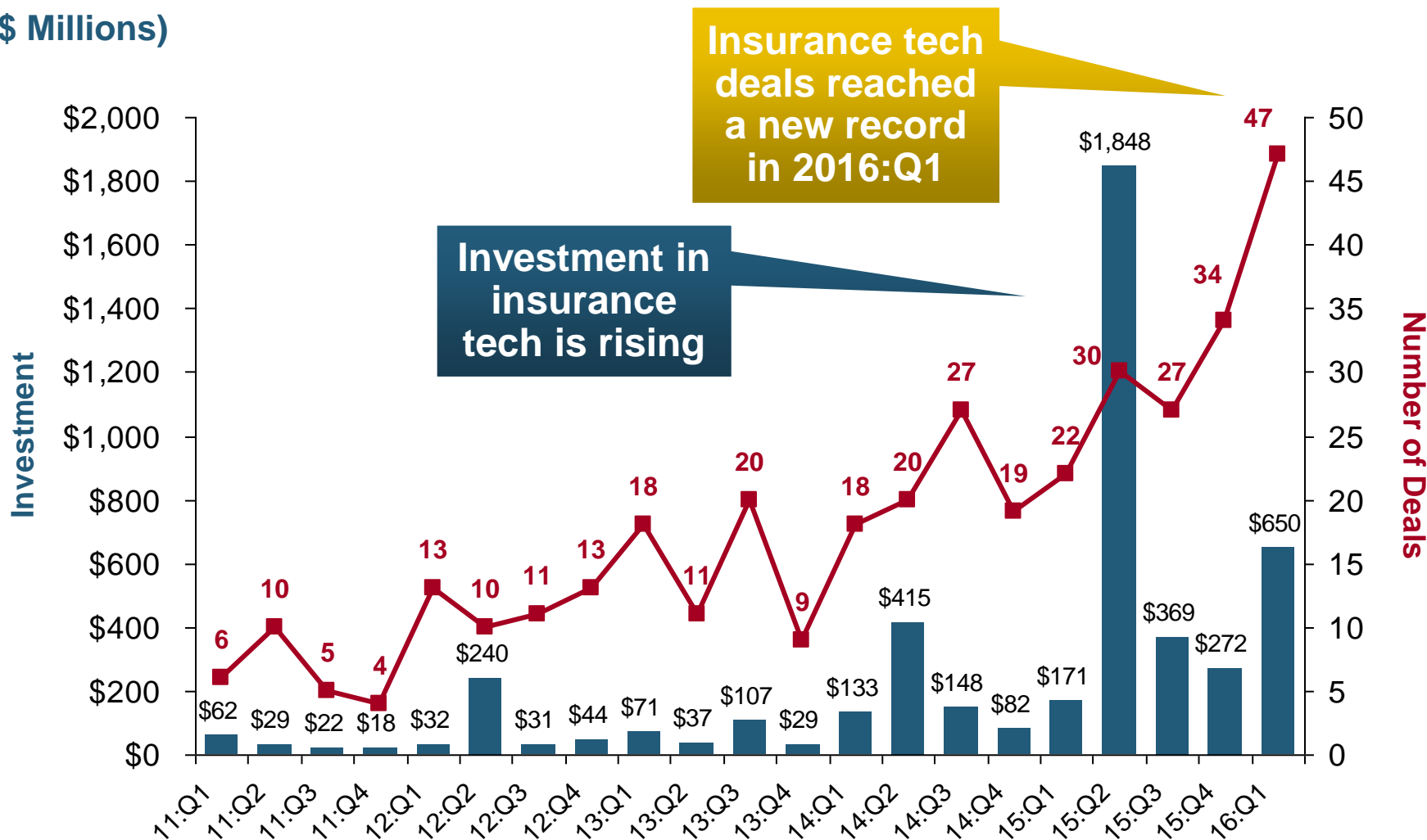
INSURANCE TECHNOLOGY: *FIN TECH ZEROES IN*

Number and Value of Deals Is Increasing

In Search of the Elusive Insurance 'Unicorn'

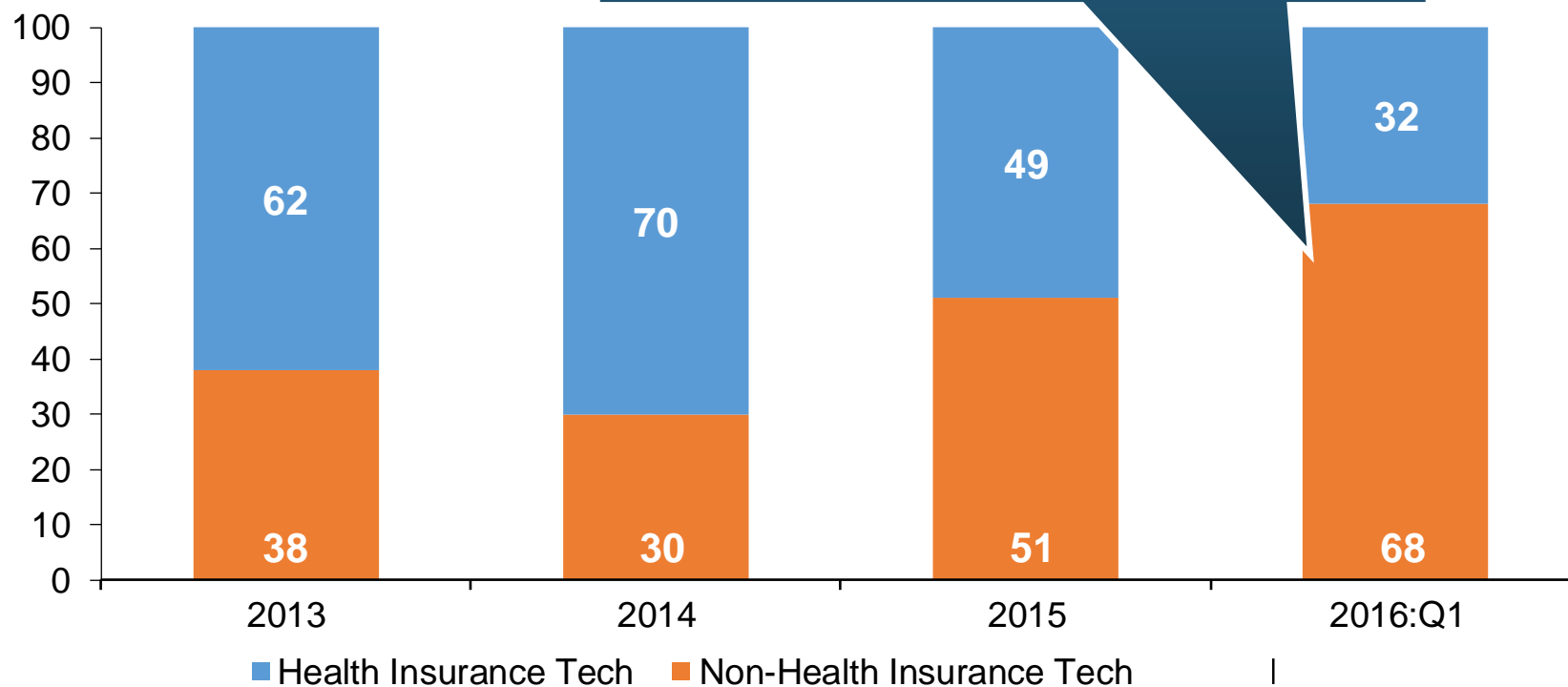
Insurance Technology Financing Trend: Change Is Coming

(\$ Millions)



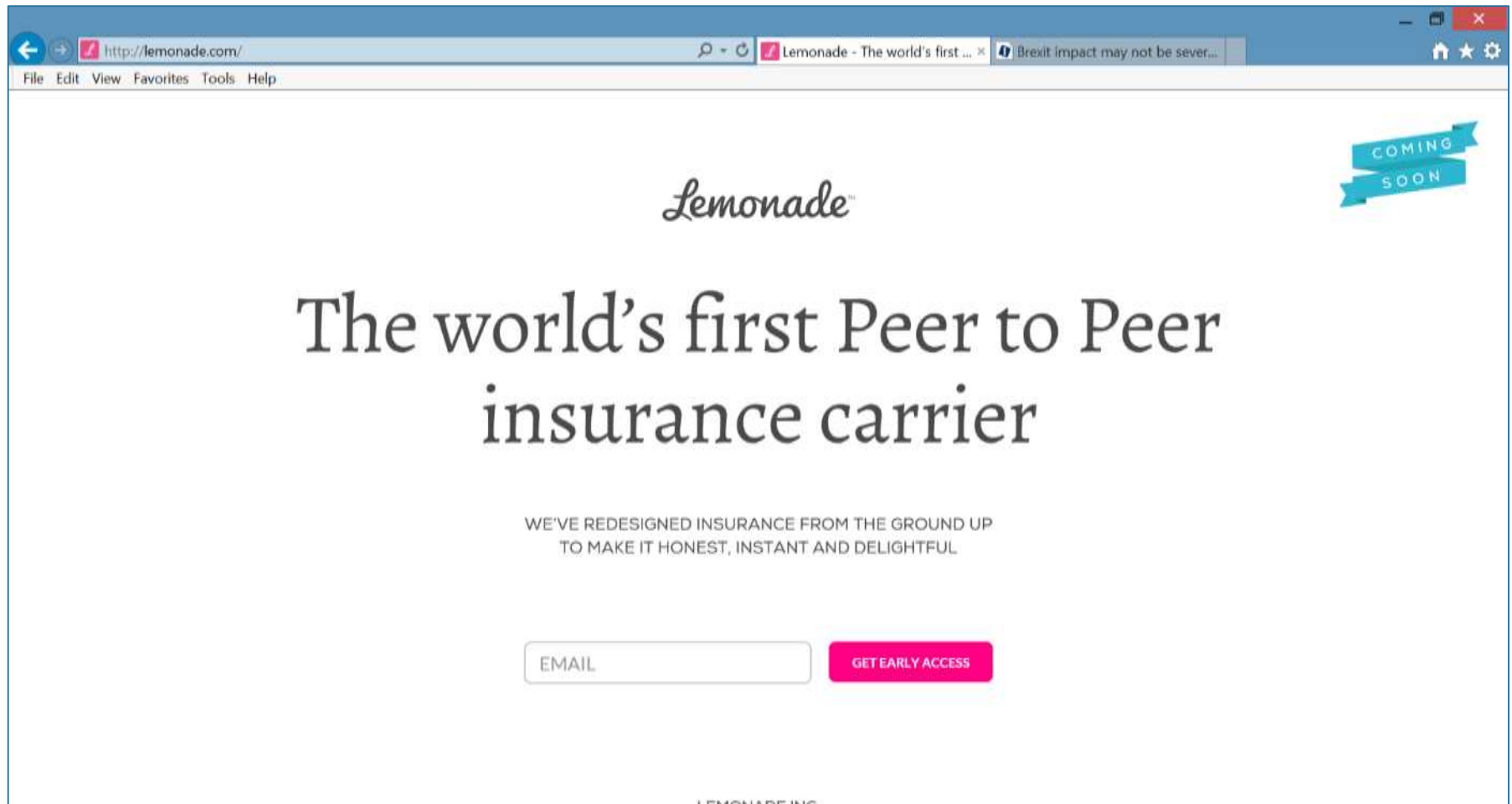
Insurance Tech Activity by Area of Interest, 2013 – 2016:Q1

(Percent)



Silicon Valley and the venture capital community have the insurance industry in their sights. Most will fail. Some will succeed.

Lemonade: Peer-to-Peer (P2P) Insurance



Lemonade: Sour Words About Insurance

Daniel Schreiber here, with updates from Lemonade.

I'm thrilled to report that a few days ago, by unanimous vote of our board and shareholders, **Lemonade became a Public Benefit Corporation**, and was also **awarded provisional 'B-Corp' certification. Both are firsts for an insurance carrier**, and are points of tremendous pride for our team.

Rebuilding insurance as a social good, rather than a necessary evil, is now part of our legal mission. **Our Chief Behavioral Officer, Professor Dan Ariely, says that "If you tried to create a system to bring out the worst in humans, it would look a lot like the insurance of today."** Working in partnership with nonprofits, and baking giving-back into our business model, holds the promise of a better insurance experience, and a more valuable insurance company.

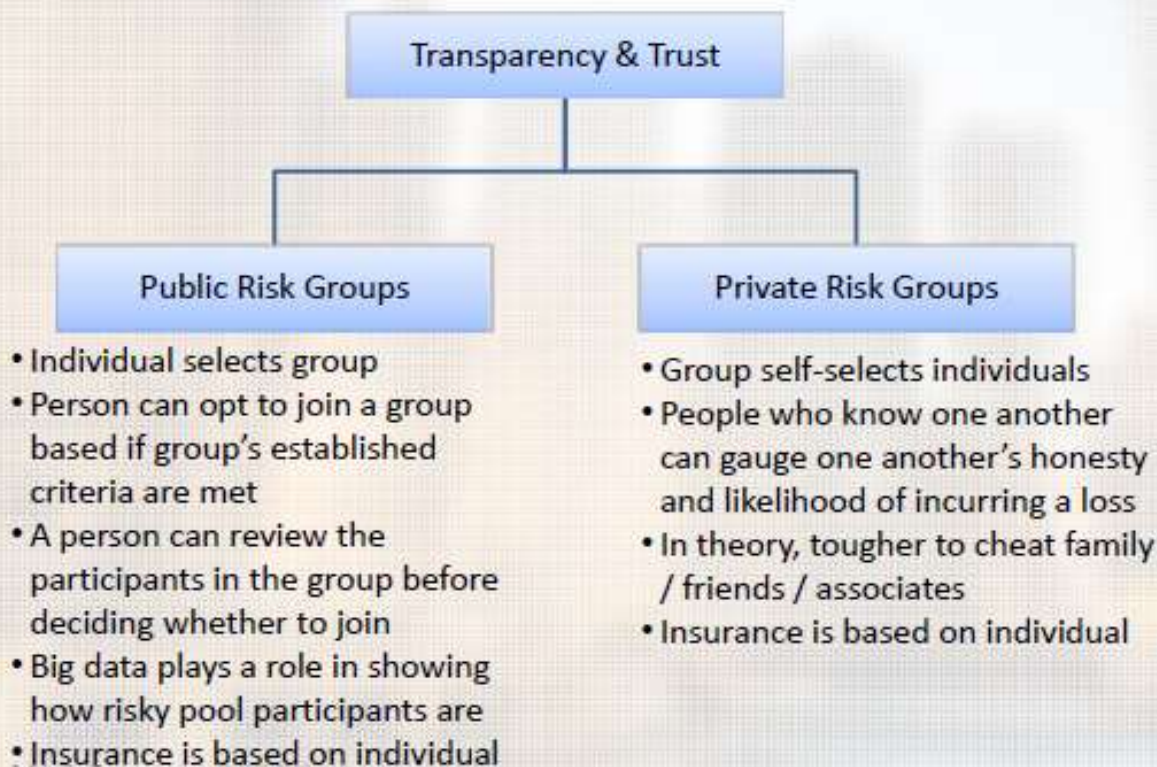
In other news, I'm happy to say that we're putting finishing touches on our product and will be ready to launch in New York within weeks. The final step is for us to get our license, and if all goes to plan, we'll have that shortly.

Be sure to follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#) to stay in the know.

Until next time,
Daniel
@daschreiber

Risk Groups in P2P Structures

Risk groups

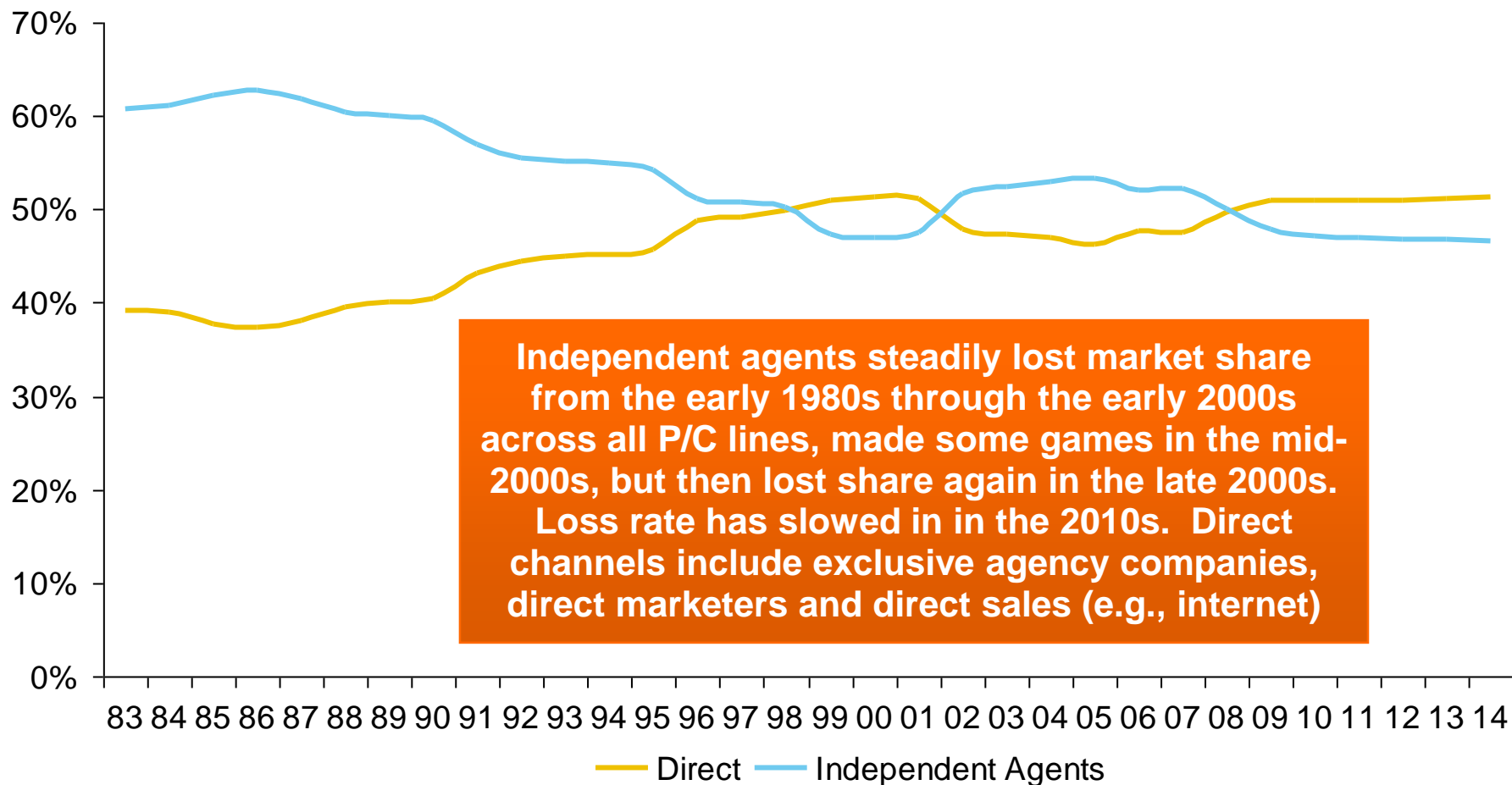


P2P model is predicated in part that view that individuals who know one another are less likely to commit fraud, etc.

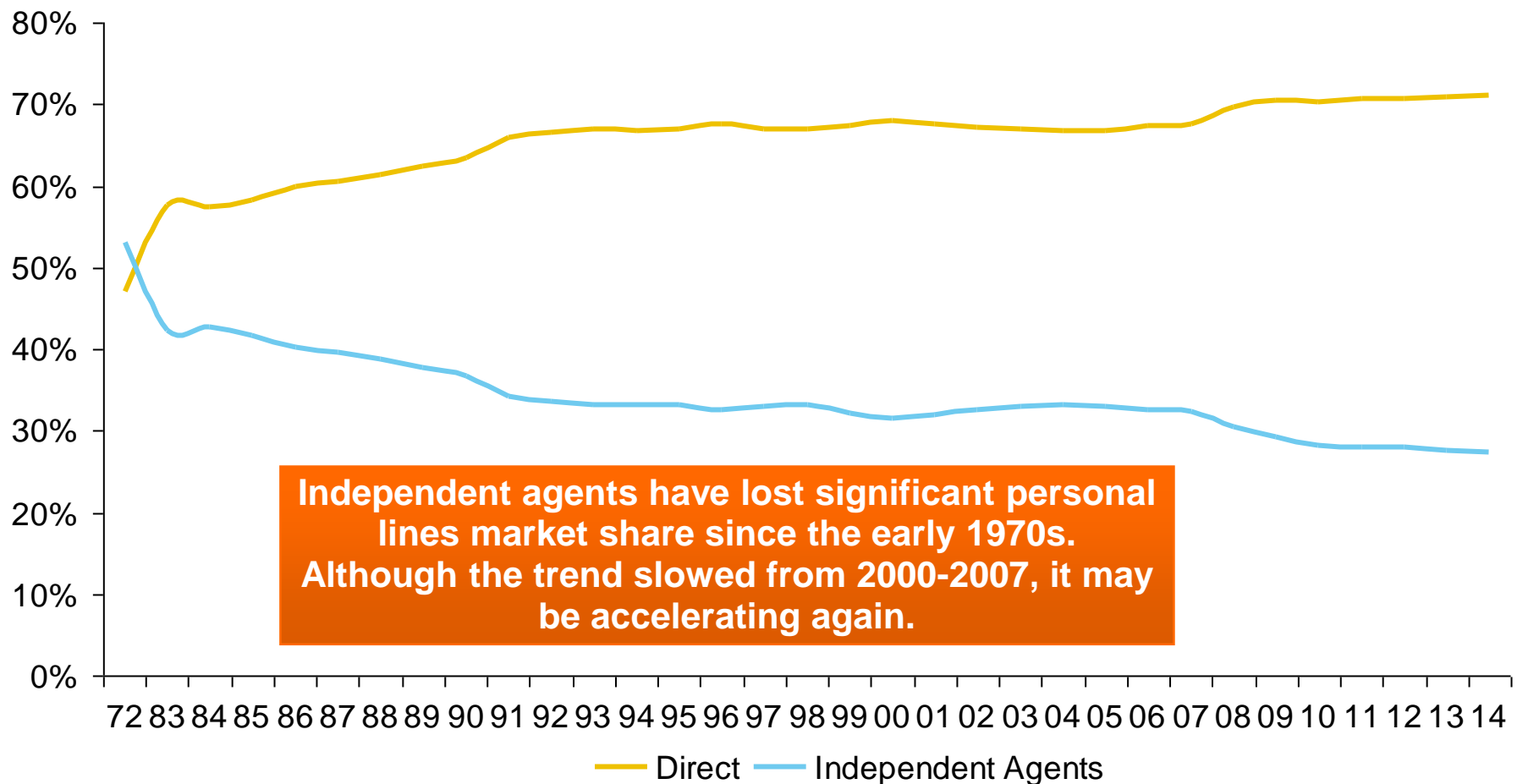
Distribution Trends

**Distribution by Channel Type
Continues to Evolve Around
the World**

All P/C Lines Distribution Channels, Direct vs. Independent Agents, 1983-2014



Personal Lines Distribution Channels, Direct vs. Independent Agents, 1972-2014



Millennials and Insurance

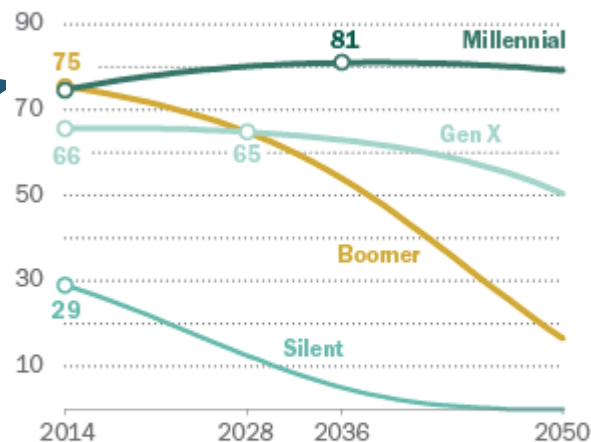
**Actively Disengaged or the
Vanity of Youth?**

2015: Millennials Overtook Baby Boomers as the Largest Generation

There were 75.3 million Millennials in 2015, overtaking for the first time the Baby Boomers who totaled 74.9 million

Projected Population by Generation

In millions



Note: Millennials refers to the population ages 18 to 34 as of 2015.

Source: Pew Research Center tabulations of U.S. Census Bureau population projections released December 2014

PEW RESEARCH CENTER

The Generations Defined

The Millennial Generation

Born: 1981 to 1997

Age of adults in 2015: 18 to 34*

Generation X

Born: 1965 to 1980

Age in 2015: 35 to 50

The Baby Boom Generation

Born: 1946 to 1964

Age in 2015: 51 to 69

The Silent Generation

Born: 1928 to 1945

Age in 2015: 70 to 87

The Greatest Generation

Born: Before 1928

Age in 2015: 88 to 100

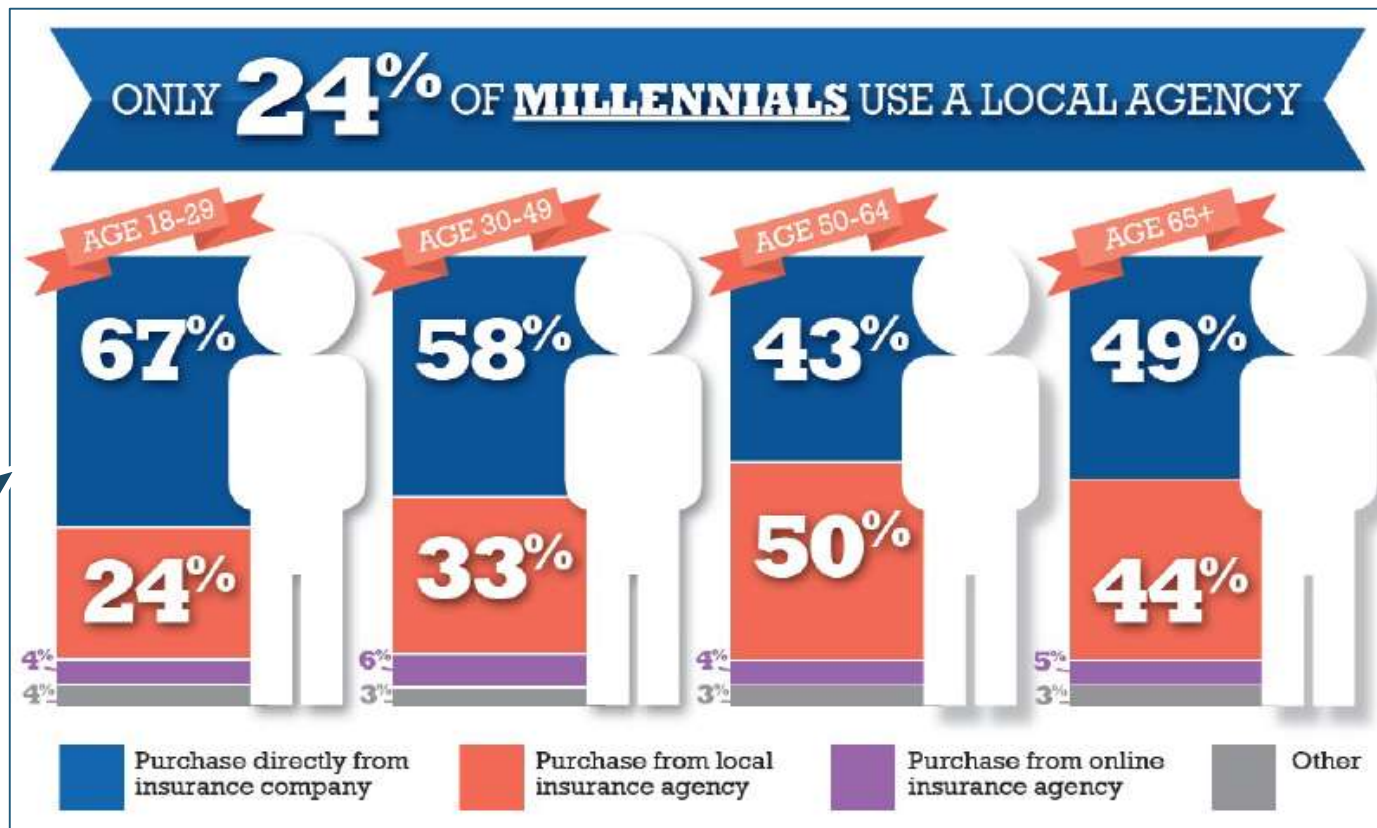
* No chronological end point has been set for this group. For the purpose of following a cleanly defined group, Millennials are defined as those ages 18 to 34 in 2015.

PEW RESEARCH CENTER

Channel Preference for Home/Rental Insurance, by Age Category

2/3 of Millennials purchase dwelling coverage directly from the company

How much of this is a generational preference vs. having very simple insurance needs?



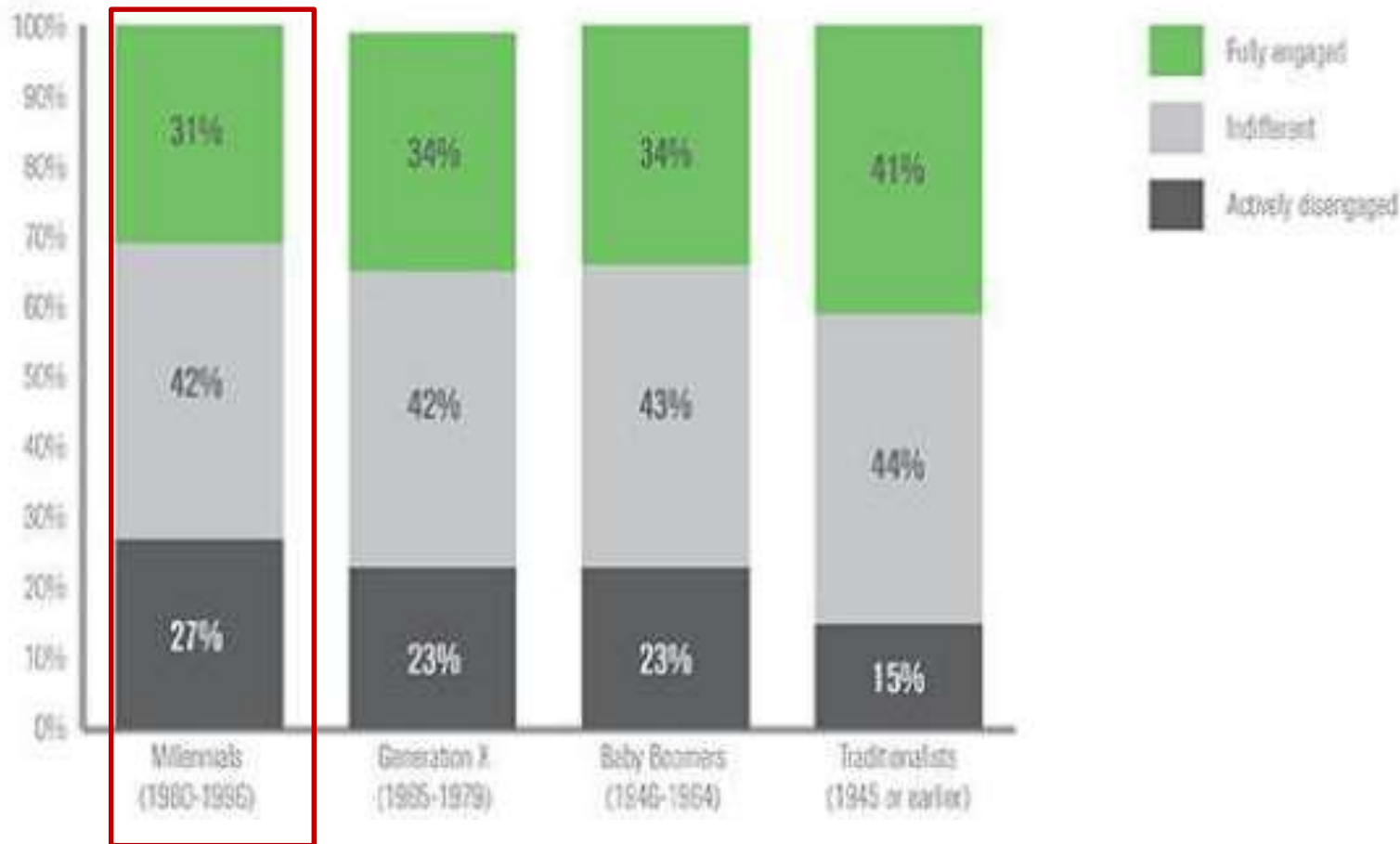
Sources: "5 Reasons Millennials Aren't Buying Insurance from Local Agents," Eric Narisco, Sept. 16, 2015 from PropertyCasualty360.com based on a study by Effective Coverage and performed by ORC International.

Insurance Customers: Engagement by Generation

Millennials are the least likely to be engaged with their insurer

Millennials are more twice as likely to buy online

Millennial's families influence their choice in insurers



Sources: Gallup: "Insurance Companies Have a Big Problem with Millennials," Daniela Yu and Chris Portera, March 5, 2015.

Insurance Customers: Key Drivers of Engagement for Millennials

Data security and ease of making coverage changes are keys to successful engagement with Millennial insurance buyers

| Key Drivers of Millennial Engagement (in Order of Influence on Engagement) | Customers Extremely Satisfied With Driver |
|--|---|
| Keeping your account and personal information secure | 50% |
| Ease of making changes to your coverage | 43% |
| Finding answers to your insurance questions | 35% |
| Offering the services you need online | 40% |
| Ease of managing your account | 44% |
| Ease of payment features | 52% |
| Ease of access to information about your policies | 42% |
| Ease of navigating the website | 34% |

Millennials as Employees

A Talent Gap Looms

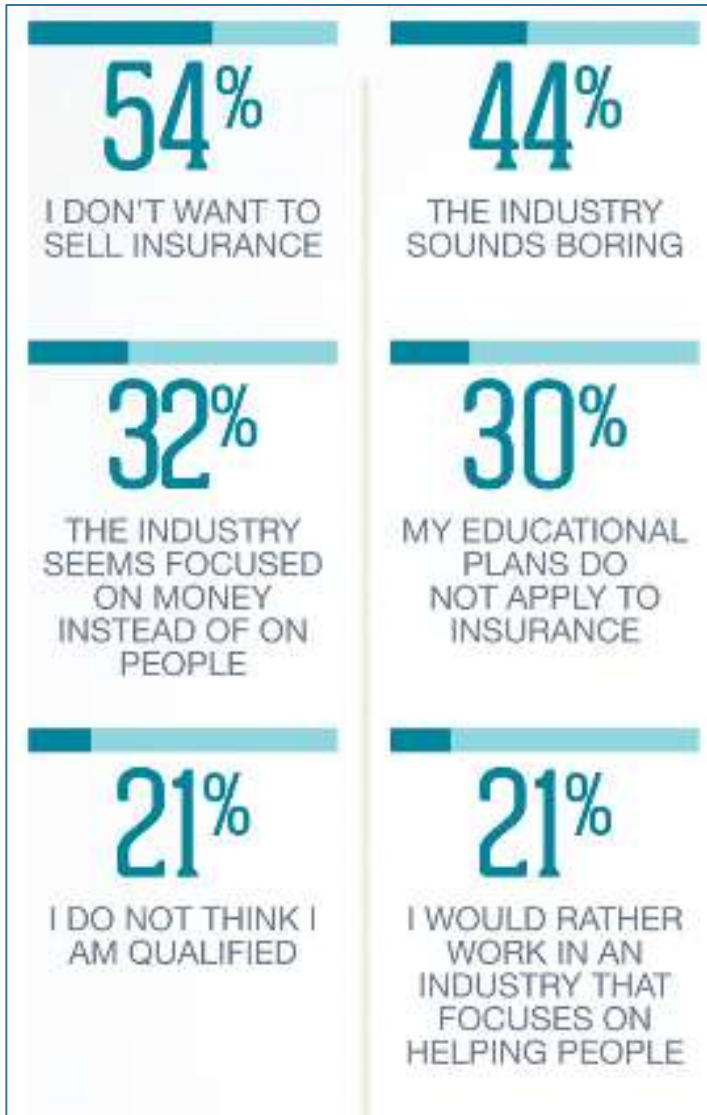
***Insurance Industry Employees Are
Older than in Most Industries***

The Economy, Millennials and Careers in the Insurance Industry

- Some 400,000 job openings in the insurance industry through 2020 will need to be filled, mostly by Millennials
- The number of professionals 55 and older is 30 percent higher in the insurance industry than the rest of the economy
- The number of insurance professionals over 55 has risen 74 percent during the past 10 years.
- I.I.I. created a video featuring actual Millennials who work for I.I.I. member organizations
- Also created individual videos profiling each person featured
- Free for you to use!



Reasons Millennials Give for Not Wanting to Work in the Insurance Industry



***Let's Change
Their Mind!***

Insurance Information Institute Online:

www.iii.org

*Thank you for your time
and your attention!*

Twitter: twitter.com/bob_Hartwig