Insurance, the "Sharing Economy," Millennials, & More

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The "On-Demand" (Sharing) Economy

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

Labor on Demand: Huge Implications for the US Economy, Workers & Insurers

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THE WALL STREET JOURNAL.

There's an Uber for Everything Now

Apps do your chores: shopping, parking, cooking, cleaning, packing, shipping and more

Will *YOUR* job be reduced to an app?

You Can Live Your Life with the Swipe of a Finger…

Get married…

…Move

…And if it doesn't work out…

The "On-Demand" World is Not New…

Companies like Angie's List (established in 1995 and going online in 1999) have been around for decades

The Geek Squad has been around since 1994…

Peapod sprouted way back in 1989!

Source: Insurance Information Institute.

…But the "On-Demand" World is Exploding as Is the Demand for "On-Tap" Workers

Need something done around the house…Click on Handy

Hate doing laundry? Washio will do it for you…

Hate doing just about everything? Taskrabbit will take on virtually all your "tasks"…

Source: Insurance Information Institute.

A number of new commercial online services have emerged in recent years

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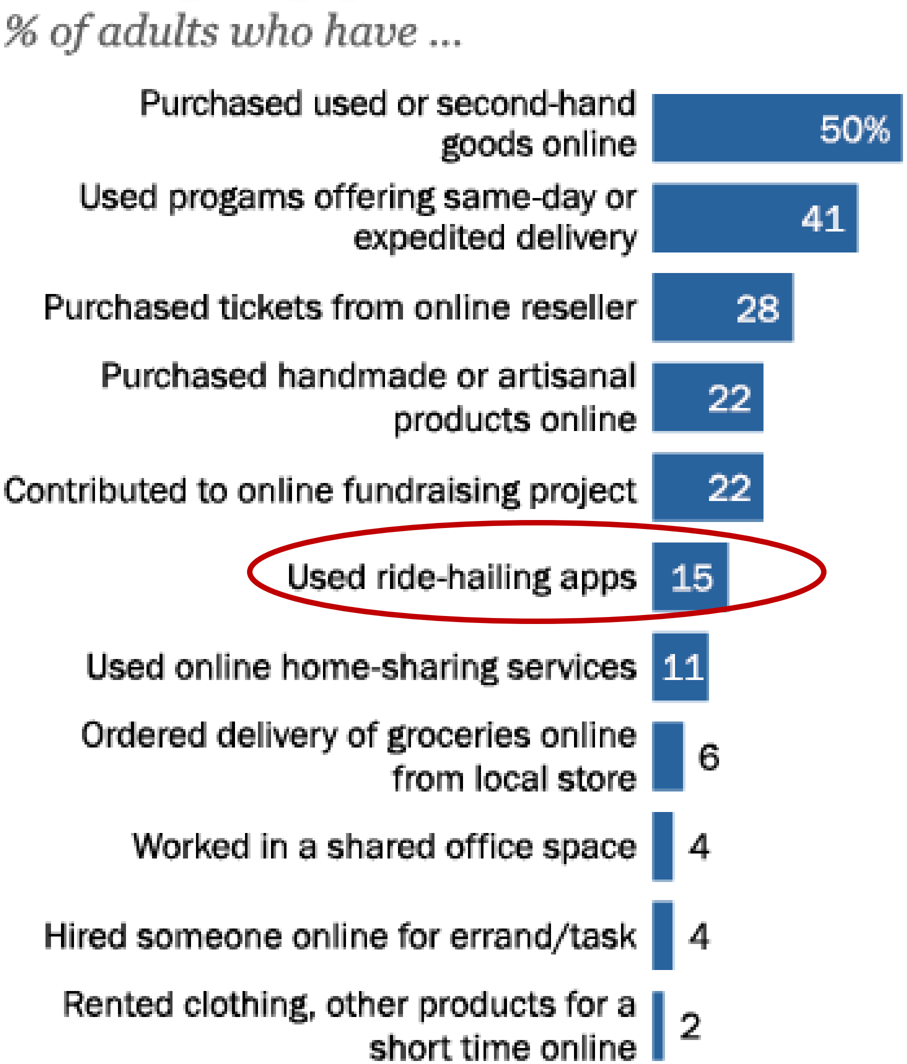
- Some of these services offer ***on-demand*** access to goods or services with the click of a mouse or swipe of a smartphone app.

- Others promote the commercialized ***sharing*** of products or expertise,

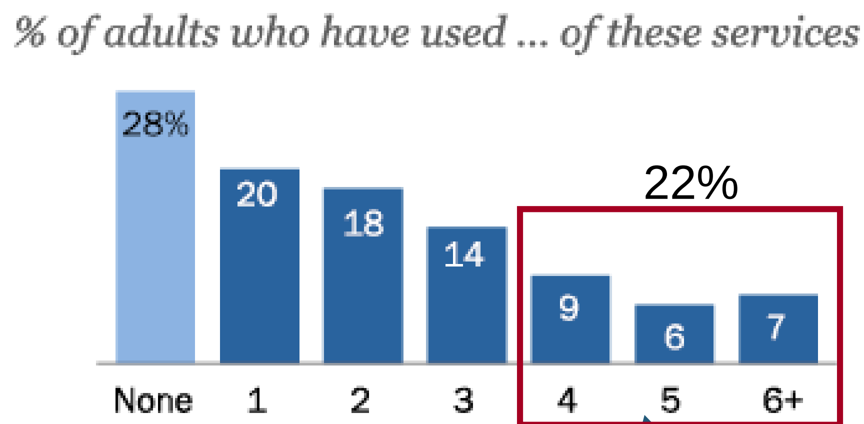
- Still others seek to connect communities of interest and solve problems using open, ***collaborative*** platforms.

Sources Pew Research Center, May, 2016, "Shared, Collaborative and On Demand: The New Digital Economy"

72% of Americans have used some type of shared or on-demand online service



But exposure to these services varies widely



Nearly 1 in 4 adults have used at least 4 of these services

Sources: Pew Research Center, May, 2016, “Shared, Collaborative and On Demand: The New Digital Economy” ; I.I.I.

Exposure to these services is concentrated among certain demographic cohorts

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- *College graduates* – 39% of college graduates have used four or more of these services, compared with just 8% of those with a high school degree or less.
  - At the same time, around one-quarter of college graduates have used none (11%) or only one (15%) of these services.

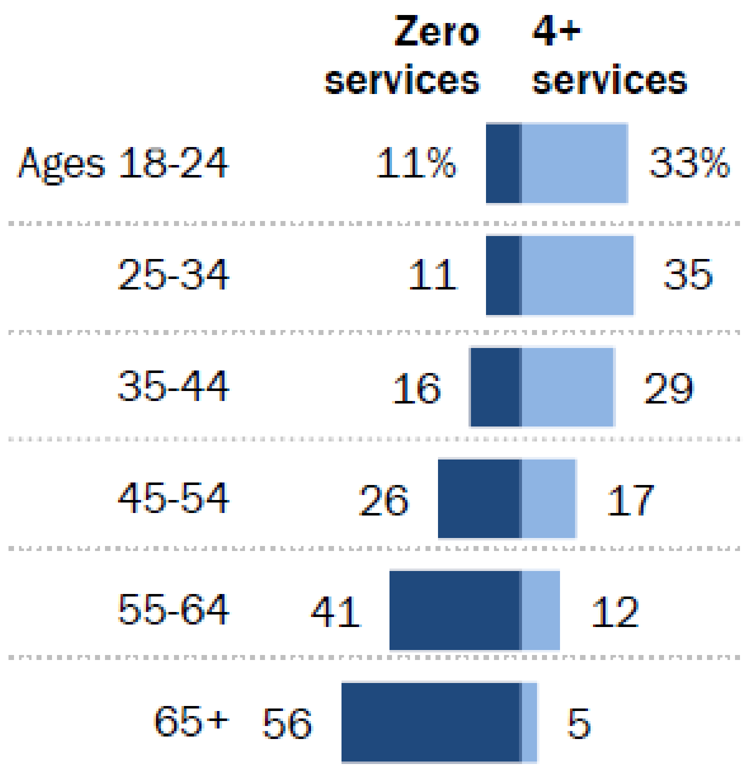
- *Those under the age of 45* –Around one-third of those ages 18-44 have used four or more of these services, and relatively few in this age range have no exposure at all to these services.
  - By contrast, 44% of Americans ages 50 and older (and 56% of those ages 65 and older) have not used any of these 11 platforms.

- *Those with relatively high household incomes* – 41% of Americans with an annual household income of $100,000 or more have used four or more of these services.
  - This is three times the proportion among households earning less than $30,000 annually.

Sources: Pew Research Center, May, 2016, “Shared, Collaborative and On Demand: The New Digital Economy” ; I.I.I.

Older U.S. adults have little exposure to shared and on-demand services

% in each group who have used the following number of shared and on-demand services (total of 11 measured)



1 in 3 adults 18-34 use at least 4 of these services

1 in 20 adults 65+ use at least 4 of these services; over half use none

Sources: Pew Research Center, May, 2016, "Shared, Collaborative and On Demand: The New Digital Economy" ; I.I.I.

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

- **The "On-Demand" Economy affects many segments of the economy important to P/C insurers**
  - **Auto (personal and commercial)**
  - **Homeowners/Renters**
  - **Many Liability Coverages**
  - **Professional Liability**
  - ***Workers Comp***
- **Many insurance questions arise—some fairly simple, some complex**
- **Insurance solutions are increasingly available to fill the many insurance gaps that arise**

Other Effects from the "Gig" Economy

- Fewer fatal accidents
  - Uber's arrival was associated with a 6% drop in the fatal accident rate
    - The drop in fatal night-time crashes was 18%
- Fewer arrests for DUI
  - Average annual rate of decline was 51.3%
- Fewer arrests for non-aggravated assaults and for disorderly conduct
- But an increase in vehicle thefts

Source: Dills, Angela K., and Mulholland, Sean E., "Ride Sharing, Fatal Crashes, and Crime (May 31, 2016). Available at SSRN: http://ssrn.com/abstract=2783797

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Technology and Employment

What Makes the On-Demand Economy Possible?

Why Does It Matter for Insurers?

The On-Demand Economy and American Workers: What Is Happening?

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- Witnessing the demise of the traditional understanding of what is meant by a "Good" job
  - Concept born in the Industrial Age (1880-1980), is eroding
  - Disintermediation of the firm as the place where labor, jobs matched
- Accelerating trends that began in the 1970s and 1980s with
  - Globalization,
  - Automation, and
  - the end of loyalty of firms to employees and of employees to firms

The On-Demand Economy and American Workers: What Is Happening?

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- Technology offers new opportunities to match labor to jobs
  - Owners of spare capacity (workers with time and skill) can be paired at low cost with those with a demand for that time and skill
  - Bringing together labor and those who employ labor is not new
    - BUT: Pairing occurs with a speed and breadth never before possible

Send in the Drones: Drones Will Help Enable the On-Demand Economy

- 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
- Will be adopted for use in many industries where speed of delivery is critical
- Insurers partnering with construction industry to guide R&D and regulation of UAV use via *Property Drone Consortium*: www.propertydrone.org

What's In Store for the American Worker: Two Schools of Thought

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OPTIMISTIC OUTLOOK

- **Technology frees workers from the bonds of centralized, hierarchical institutions (the firm)**
- **Enhanced coordination of "haves" with "needs" that bypass firms as intermediaries**
- **Who Benefits?**
  - **"Flexers": People who value or require flexibility in work arrangements (stay-at-home parents, retirees, students, disabled)**
  - **Professionals: People with portable skills that can be offered through online platforms (semi and high-skilled trades, professional services)**
  - **Unemployed/Underemployed: Offers at least some opportunity to offer and utilize skills and generate income**

Sources: Wall Street Journal; The Economist; Insurance Information Institute research.

What's In Store for the American Worker?

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PESSIMISTIC OUTLOOK

- **On-Demand companies are software-driven marketplaces and position themselves as "*platforms*" rather than "*employers*"**
- **Jobs reduced to freelanced, temporary "gigs"**
- **Low skill workers and those who lack flexibility are left further behind**
- **Workers treated as independent contractors without intrinsic or basic economic rights**
- **What Is Potentially Lost or Compromised?**
  - **Stability, Retirement Benefits, Sick Pay, Maternity Leave, Overtime**
  - **Health Insurance, Liability Coverage, Workers Comp Coverage**

Sources: Wall Street Journal; The Economist; Fortune; Insurance Information Institute research.

Legal Liability Issues

- On-Demand Platforms Have Struggled with Concepts of Liability
  - There Has Been a General Resistance to Assuming Liability or Responsibility Unless Compelled to Do So
- Companies Have Sought to Keep Much Liability as Possible on the Individual Who Offers their (Contracted) Labor or Resources
- Long Legislative and Court Battles Lie Ahead, Including Determination of Who is an Employee vs. Independent Contractor
- Insurance Solutions Becoming More Common

Potential Consequences for Workers

- Traditional insurance will often not cover a worker providing labor or resources through these platforms
  - E.g., Auto ins. generally won’t cover you if you while driving for Uber
  - Home ins. won’t cover for other than occasional rentals of property
- Unless self-procured, on-demand worker (independent contactors) will generally have no workers comp recourse if injured on the job

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On-Demand Workers

Who Are They?

And Who's Driving Demand for Them?

Age of People Who are *Providing* the Sharing/On-Demand Economy

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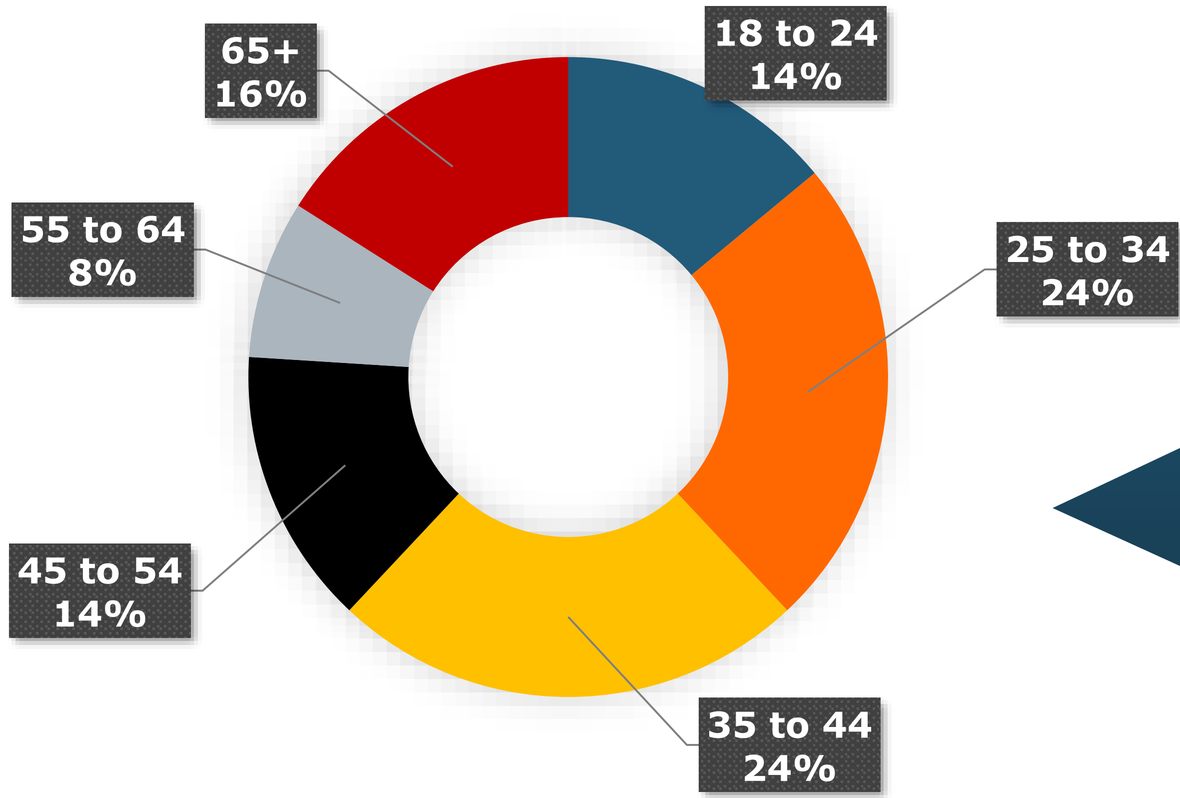
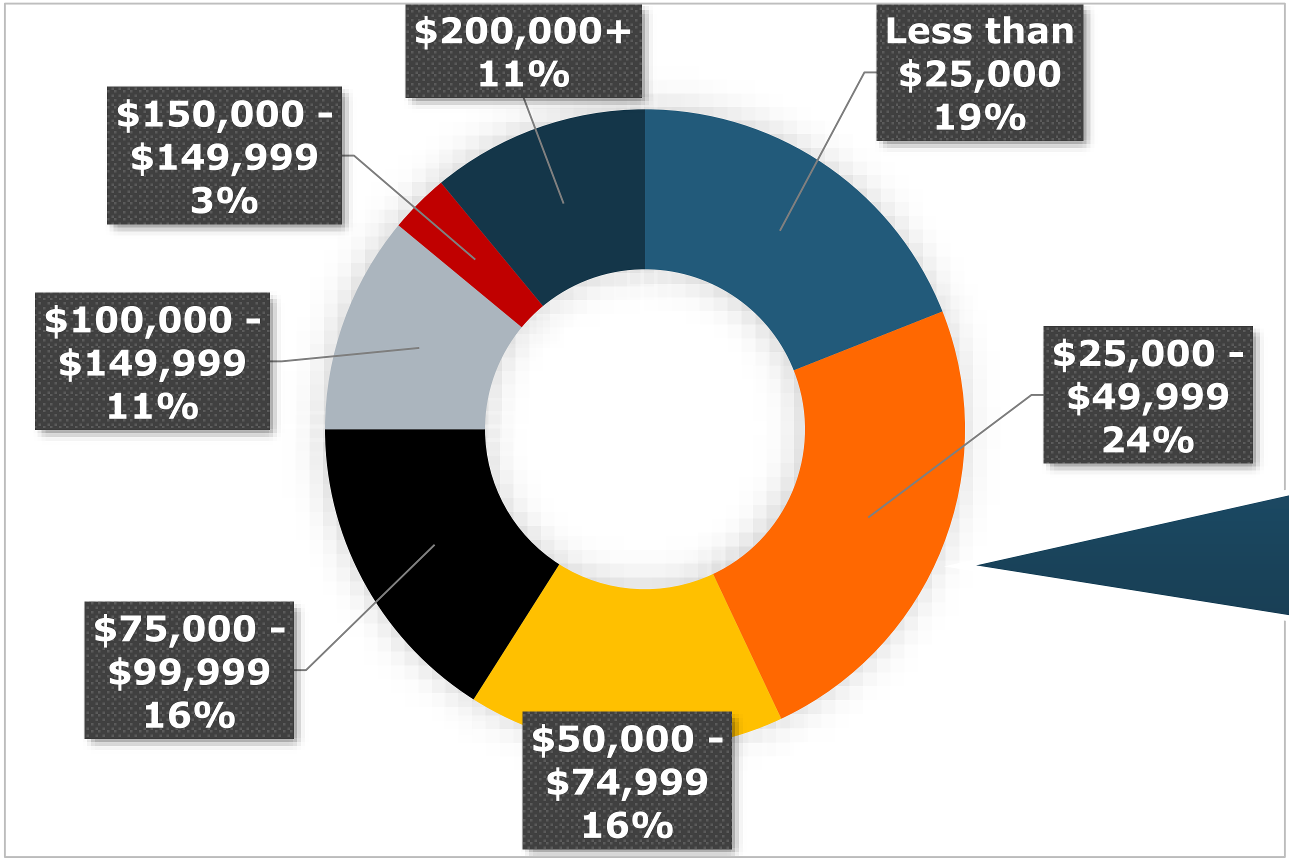


Being a provider of services in the Sharing/On-Demand Economy is attractive to workers in the 25-44 age range (who want flexibility in raising families) as well as seniors age 65+ who see the offering their services on-demand as a way to augment retirement income

About 7% of US population are providers in the Sharing Economy, cutting across age and incomes;
51% of those familiar with the concept could see them selves as providers within the next two years.

Sources: PwC survey of 1,000 adults in the U.S., conducted online, December 2014; Insurance Information Institute.

Household Income: *Providers* of the Sharing/On-Demand Economy



Being a provider of services in the Sharing/On-Demand Economy is particularly attractive to workers with household incomes under $50,000

Remarkably, as of late 2014, about 25% of providers in the Sharing Economy have incomes of $100,000 and over.

Sources: PwC survey of 1,000 adults in the U.S., conducted online, December 2014; Insurance Information Institute.

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Two On-Demand Economy Case Studies

Labor Markets, Insurance Markets are Affected

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An UBER Case Study

Uber is the Best Known of the On-Demand Companies

Wall Street Loves Uber

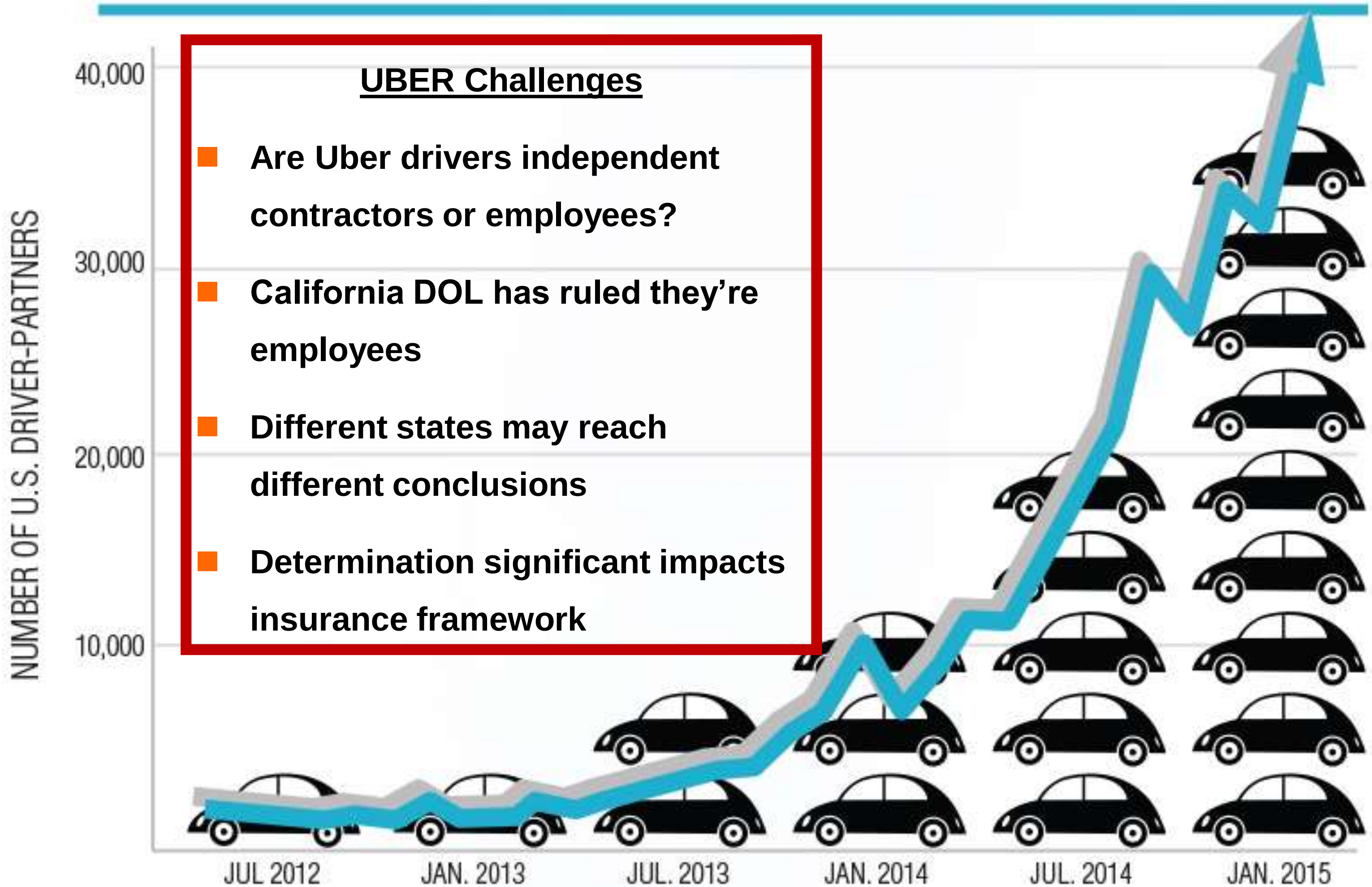
Vested Interests Hate Uber

UBER

NUMBER OF NEW DRIVER-PARTNERS STARTING EACH MONTH IN THE UNITED STATES

<u>UBER Challenges</u>

- **Are Uber drivers independent contractors or employees?**
- **California DOL has ruled they're employees**
- **Different states may reach different conclusions**
- **Determination significant impacts insurance framework**



Note: Figure based on U.S. UberBLACK and uberX driver-partners who have joined since June 2012 (303,985 individuals), based on Uber data.

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

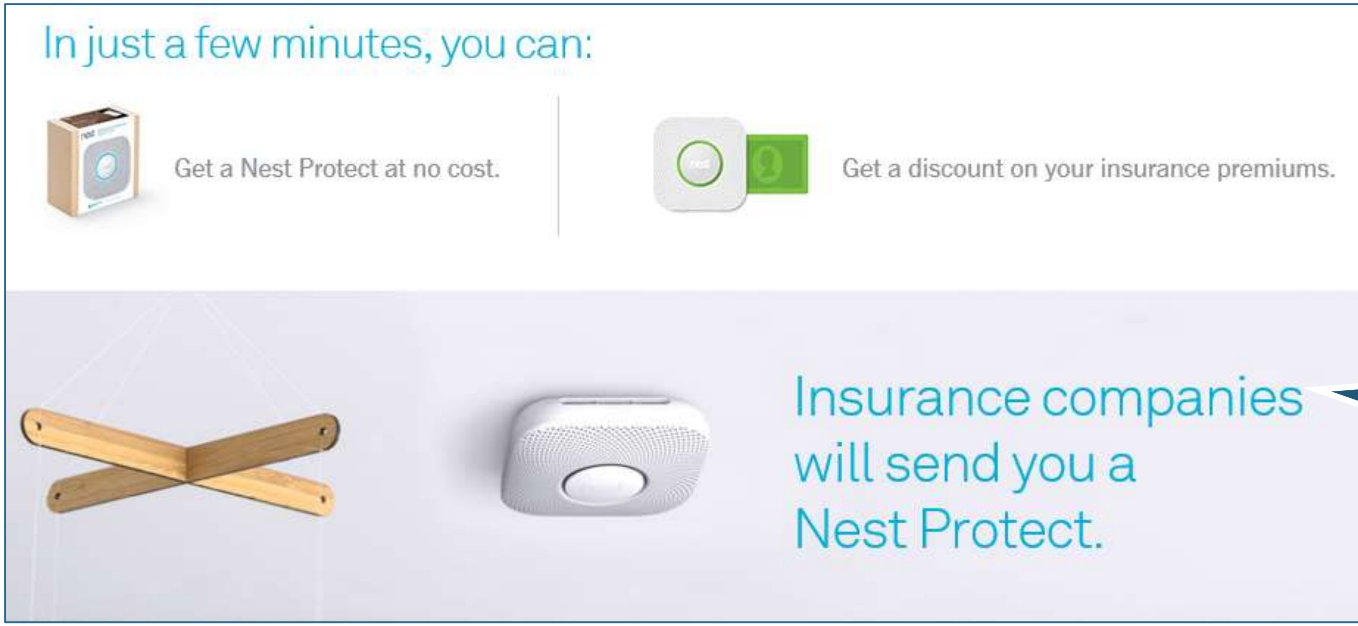
- Technology is adaptive
  - *Uses sensors and algorithms to learn about you*

Partnerships with Insurers: Selling Safety and Savings Simultaneously

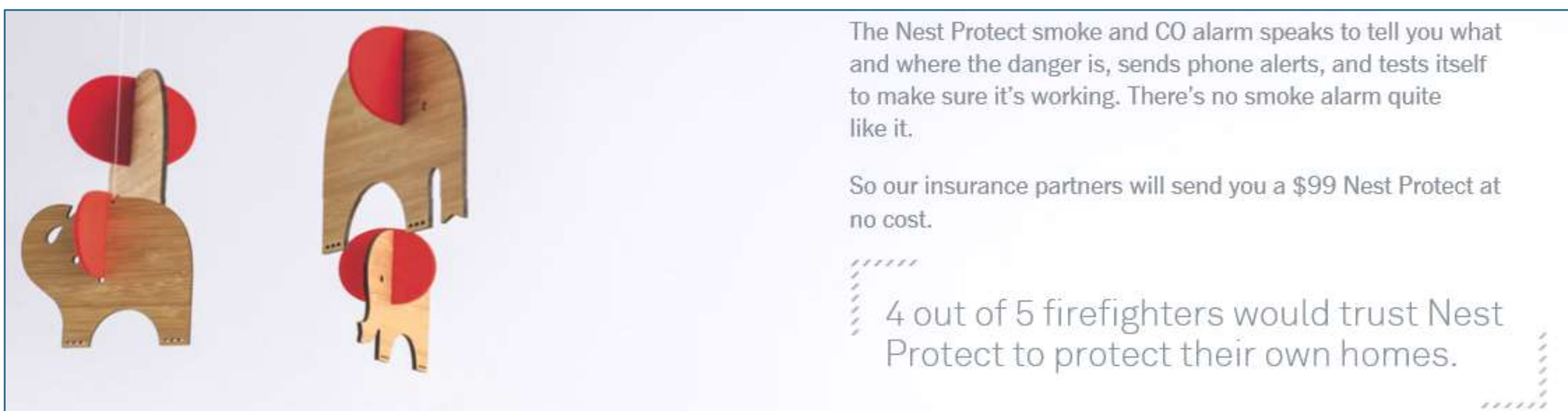
Nest is actively seeking to partner with insurers. As of Nov. 1, 2015, Nest listed 2 insurance partners offering discounts in a number of states: American Family (MN) and Liberty Mutual (AL, CO, DE, IL, KY, ME, MN, PA, UT and WI)

Source: https://nest.com/insurance-partners/ accessed 11/1/15; Insurance Information Institute research.

Partnerships with Insurers



Nest is selling its products via insurance partners



Source: https://nest.com/insurance-partners/ accessed 11/1/15; Insurance Information Institute research.

Partnerships with Insurers

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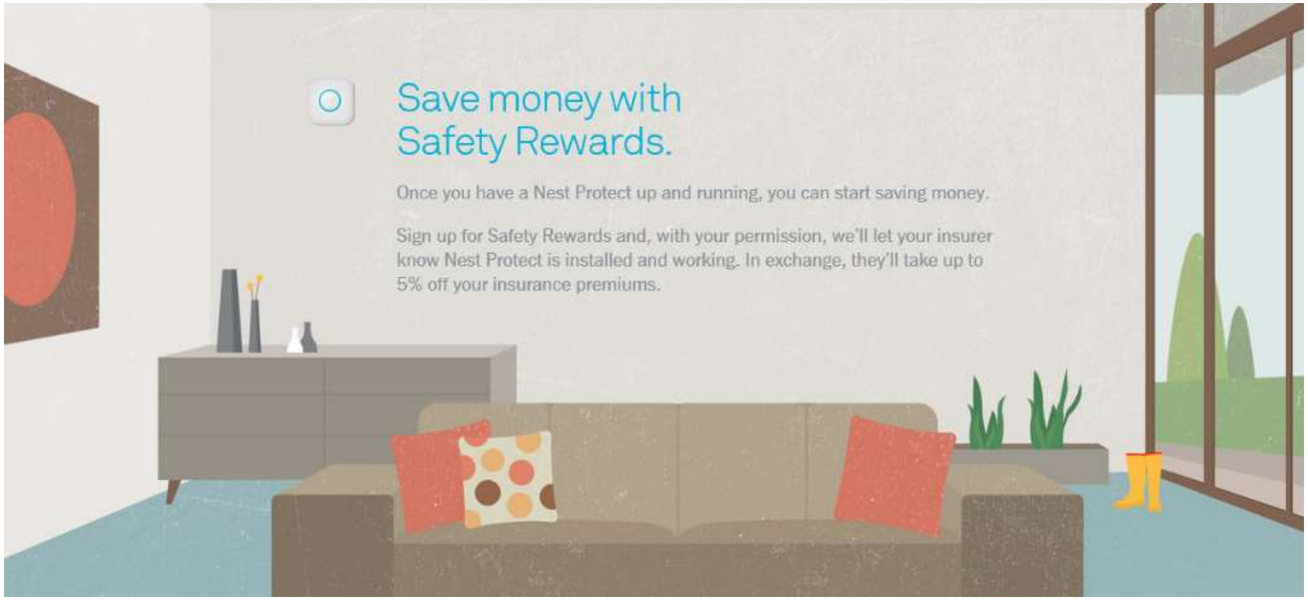

nest

Nest is selling its products via insurance partners

Your private data stays private.

Sign up for Safety Rewards and, once a month, Nest Protect will tell your insurance provider if:

Its batteries are charged.	Its sensors are working.	Its Wi-Fi connection is good.

Your insurer will never know if the alarm went off because you burned the popcorn.
Learn more about what data we share >

Even if your Wi-Fi drops or batteries run low, you won't lose your discount. And you can opt out of Safety Rewards at any time.

Source: https://nest.com/insurance-partners/ accessed 11/1/15; Insurance Information Institute research.

Partnerships with Insurers: Information Collected, Addressing Privacy Concerns

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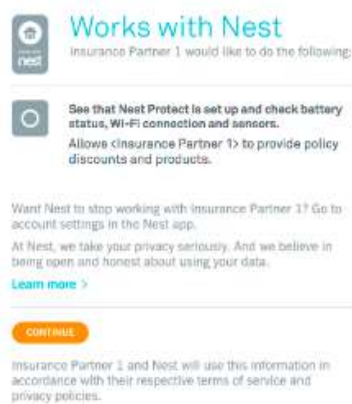
When I enroll in Safety Rewards, what kind of data is shared with my insurance company?

The Safety Rewards data you authorize Nest to share is secure and is limited to basic summarized information that verifies that your Nest Protect is working.

Safety Rewards Information

Nest Protect tests itself to make sure that the batteries have power, that the sensors are working, and that it's connected to Wi-Fi. Nest Protect can also tell you when these tests succeed and when they don't.



When you enroll in Safety Rewards you'll be asked to grant Nest permission to provide basic summarized information about your Nest Protect to your insurance company. This will show they're working to help keep you and your home safe. Each month, Nest will summarize and send your Nest Protect data to your insurance company. This summary includes status of the batteries, smoke sensor, carbon monoxide sensor, and connection to the Internet. The status report is limited to basic values such as:

Privacy, control of data concerns get significant attention

"Good" - functioning normally

"Low" - battery charge is low

"Issue" - problem with one or more sensors

"Unknown" - there may be an issue, but Nest Protect cannot diagnose it, or has not checked in because it is offline

The monthly status summary will also include your ZIP or postal code and the names of the rooms where you have your Nest Protects installed. The ZIP or postal code information enables your insurance company to verify that the devices are in a home covered by your insurance policy.

What you won't share

The monthly status summary does not include any smoke or carbon monoxide alarms that may have occurred in your home. In addition, any custom labels that you have given to your Nest Protects will not be shared. Lastly, it does not include any information about how you use the Nest app.

Nest Protect locations, names and labels >

Source: https://nest.com/support/article/When-I-enroll-in-Safety-Rewards-what-kind-of-data-is-shared-with-my-insurance-company accessed 11/1/15; Insurance Information Institute research.

Partnerships with Insurers: Information Collected, Addressing Privacy Concerns

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Nest Protect locations, names and labels >

You're in control of access to these monthly reports

While you're enrolling in Safety Rewards and setting up your connection, you'll be able to review the data requested before you grant permission to share it. If you decide not to grant permission, you won't be able to participate in Safety Rewards, but all your Nest products will continue to work just as before. If you decide to stop participating in Safety Rewards at some point, it's easy and simple to remove your permission. We won't send any more monthly status reports for your account.

I'd like to stop participating in Safety Rewards, how can I cancel it? >

Your data is shared in a limited way

When you're setting up a connection to Nest for Safety Rewards there's no personal information — such as your email address — exchanged. We limit the type of information accessed by Safety Rewards connections, but a connection will request access to basic home and Nest Protect data so it can work.

Privacy, control and security of data get significant attention

nest®

Your data is secure

We secure access to data with tokens that use OAuth 2.0 instead of personal information, as well as SSL. These security standards are widely used by many leading technology companies.

You can always change your mind

If you ever change your mind after you grant access to your data for these monthly reports, you can always remove the Safety Rewards connection. Removing the connection will remove you from the program, but your Nest products will continue to work just as before.

How to remove a Safety Rewards connection >

Please read our Privacy Statement for Nest Products and Services

For complete details on how we keep your information private and secure, please see our Privacy Statement which describes how we handle personal data, data sharing and access.

Source: https://nest.com/support/article/When-I-enroll-in-Safety-Rewards-what-kind-of-data-is-shared-with-my-insurance-company accessed 11/1/15; Insurance Information Institute research.

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Some Insurance Implications of the On-Demand Economy

TNC Ridesharing Arrangements: Insurance Applicability

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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 solution to ensure that coverage gaps are minimized

*From publically available sources as of June 2, 2015.
Source: ISO/Verisk.

There's a new ride-sharing service in town.

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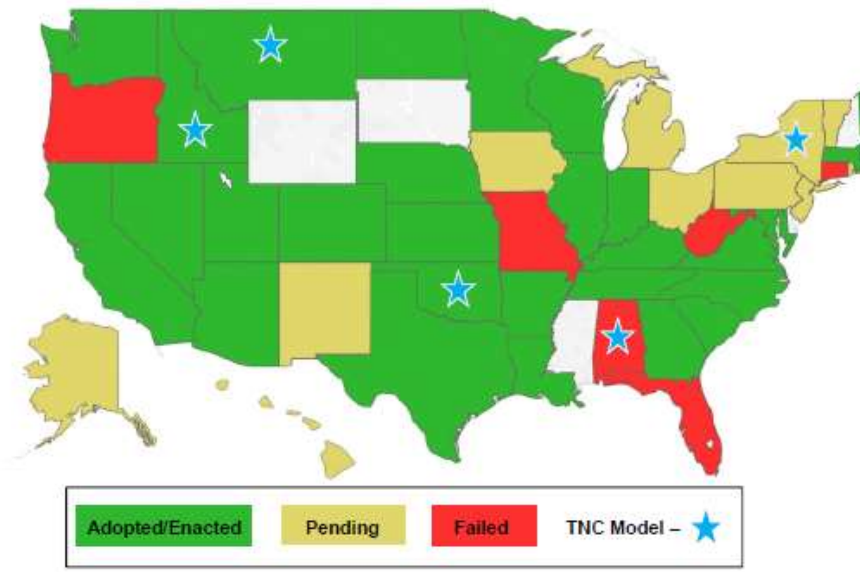
On May 16, Waze (owned by Google) unveiled a pilot carpooling service for approximately 25,000 commuters in California's Bay Area.

Waze matches riders with drivers who're already headed along similar routes during rush hours, and amazingly, charges riders a basic rate of only $0.54 a mile.

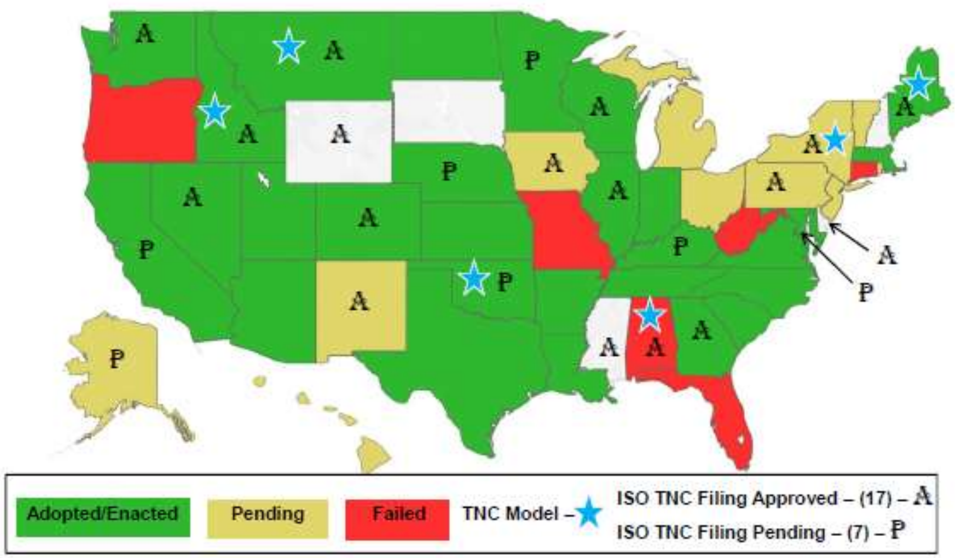
Since car insurance policies in states including California typically cover "not for profit, share-the-expense carpooling," Waze Carpool may be able to avoid the scrutiny around insurance coverage that has at times sidelined Uber and Lyft.

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

Status Ride Sharing Legislation/Regulation



Status of ISO Filings



Source: ISO.

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

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- **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

Source: ISO/Verisk.

Homesharing Arrangements: Potential *Traveler* Exposure Concerns

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- **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

.
Source: ISO/Verisk.

Homesharing: ISO's Proposed Changes*

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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

.
*As of Oct. 6, 2015.
Source: ISO/Verisk.

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Portrait of Millennials

The Generations Defined

Name	Birth Years	Age in 2016	Generation Size (millions) in 2015
Millennials	1981-1997	19 to 35	75.36
Generation X	1965-1980	36 to 51	61.44
Baby Boom	1946-1964	52 to 70	74.88
Silent Generation	1928-1945	71 to 88	27.98
Greatest Generation	1917-1927	89 to 99	3.63

Note: Different researchers define the generations slightly differently. These definitions are from the Pew Research Center. Sources: Census Bureau; I.I.I. calculations

Characteristics of Millennials vs. Boomers (when they were 18-33)

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	Boomers	Millennials
Percent Living in Metropolitan Area	68%	86%
Percent Married	49%	28%
Diversity: White as a Percent of Total	77%	57%
Percent with a Bachelor's Degree	Male 17% Female 14%	Male 21% Female 27%
Median Household Income	$61,115	$62,066
Percent Employed	Male 78% Female 60%	Male 68% Female 63%

Source: Pew Research, cited in Meeker, Internet Trends 2016, accessed at https://dq756f9pzlyr3.cloudfront.net/file/2016_internet_trends_report_final.pdf

Giant Age Cohort (Millenials) Is Approaching Home-Buying Stage

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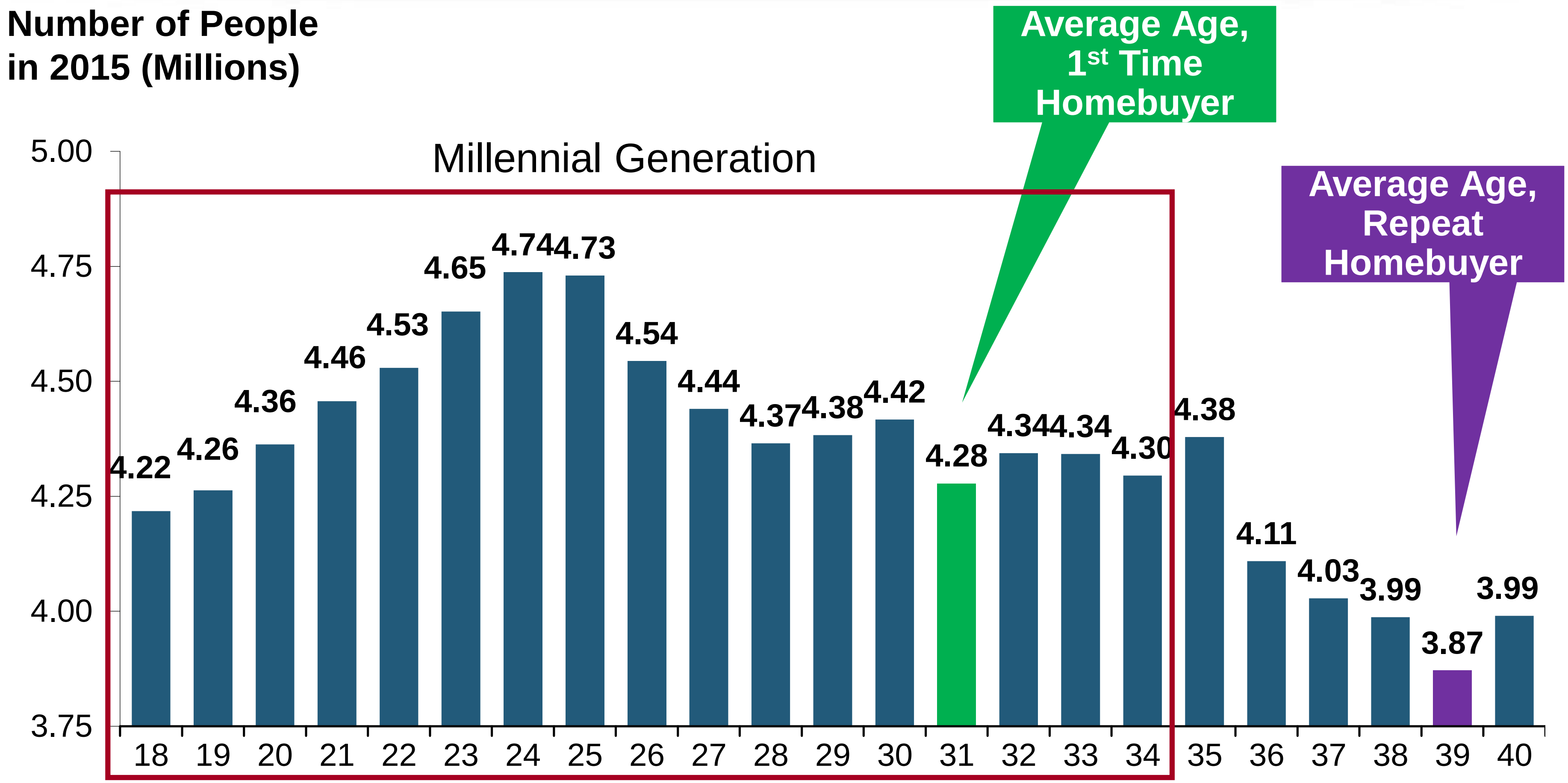

If prior patterns hold, the number of homes bought by current renters, and the number of new homes built, will rise in coming years

Sources: Census Bureau; CoreLogic; Insurance Information Institute.

Growth in Number of Households => Increased Demand for Housing

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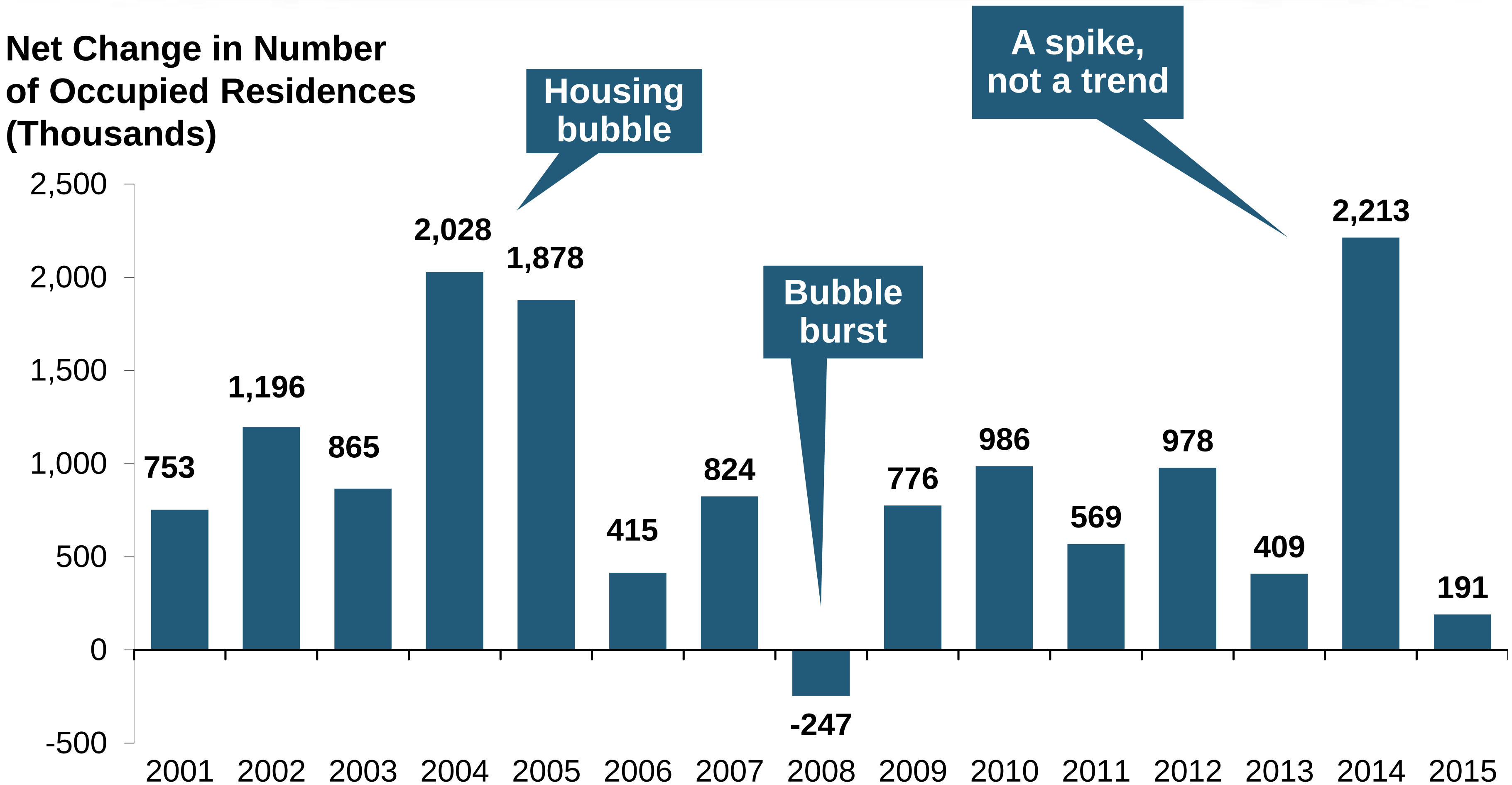

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Sources: Census Bureau; CoreLogic; Insurance Information Institute.

Self-Portrait of Millennials (from a Harvard* Poll, Spring 2016)

*Institute of Politics, John F. Kennedy School of Government, Harvard University, at http://Harvard.edu/youth-poll/Harvard-iop-spring-2016-poll

Millennials are More Optimistic Than Elders

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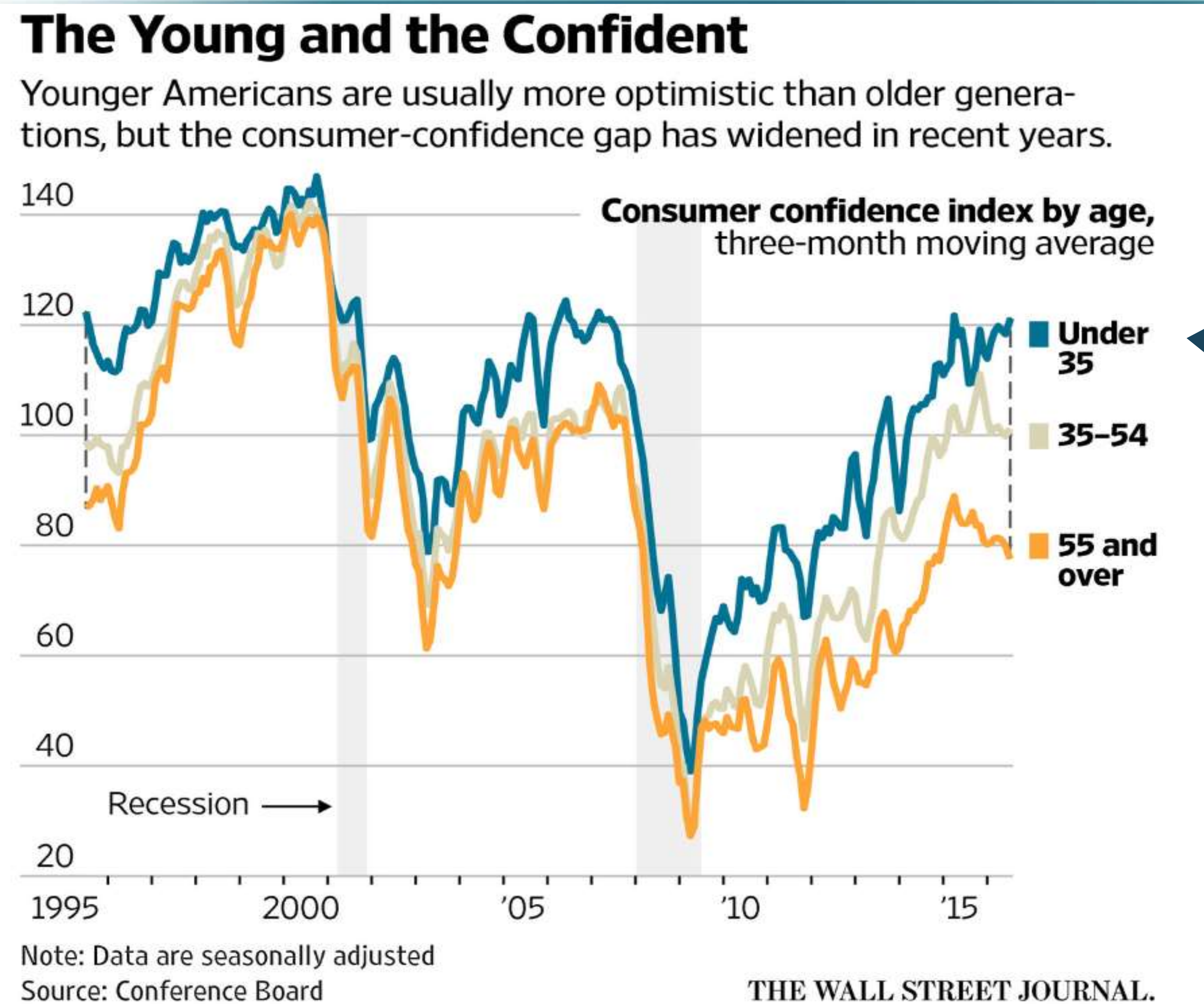

People under 35 have been more optimistic than elders for over 20 years

Which of the Following Do You Support?

	Yes	No	Decline to Answer
Socialism	33%	59%	7%
Capitalism	42%	51%	8%
Progressivism	44%	49%	8%
Patriotism	57%	36%	6%
Feminism	49%	45%	6%
Social Justice Activism	48%	46%	6%

Source: Institute of Politics, John F. Kennedy School of Government, Harvard University, at http://Harvard.edu/youth-poll/Harvard-iop-spring-2016-poll questions 89-94.

"Basic health insurance is a right for all people, and if someone has no means of paying for it, the government should provide it"

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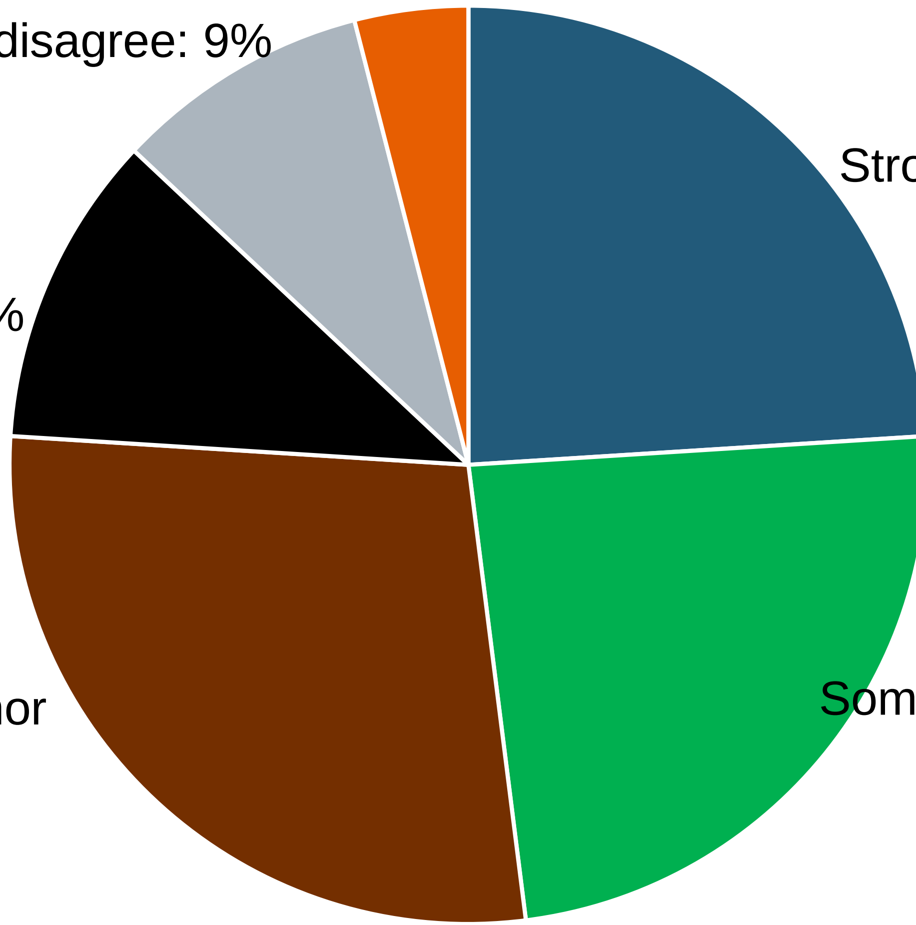
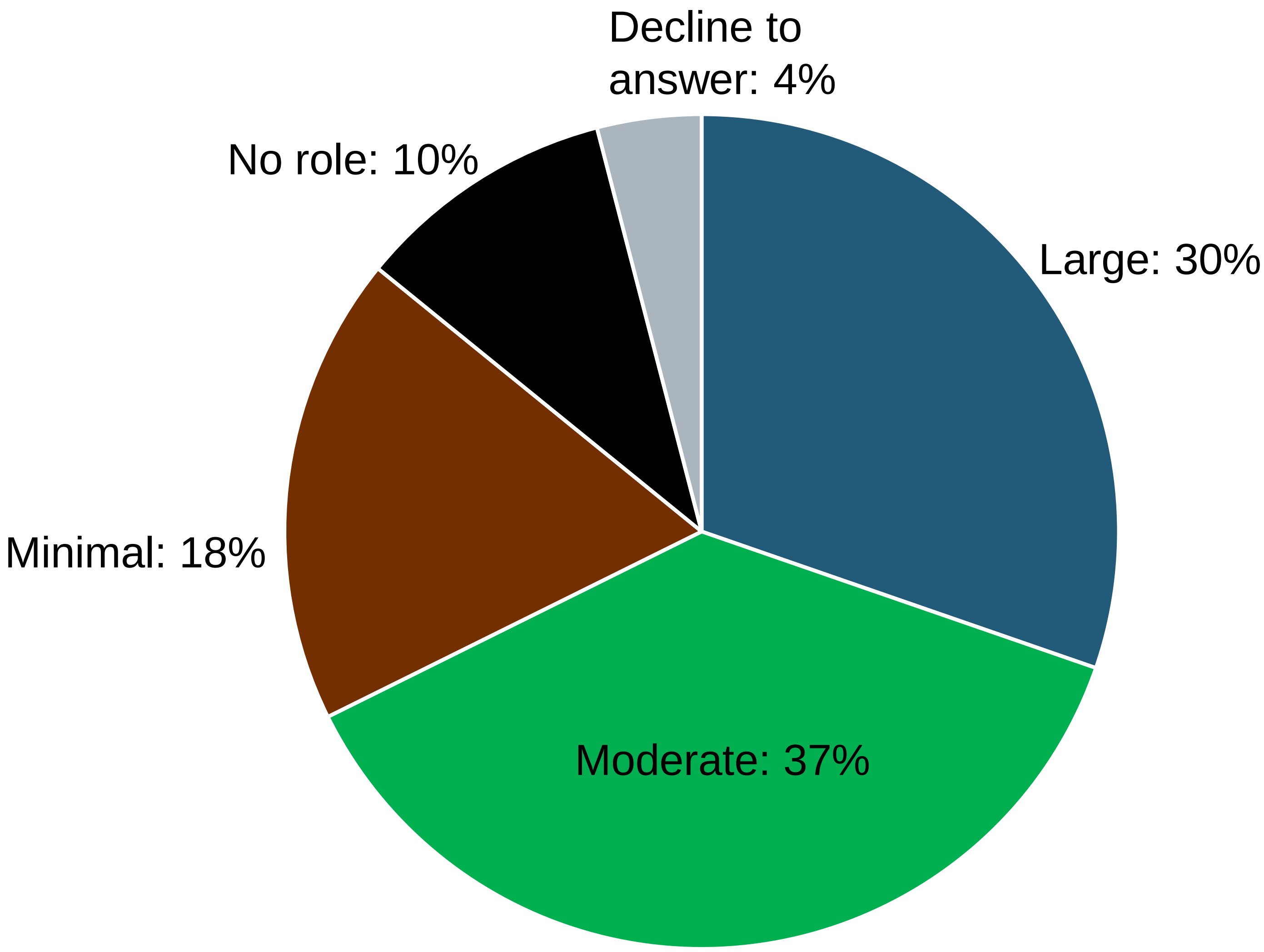


Source: Institute of Politics, John F. Kennedy School of Government, Harvard University, at http://Harvard.edu/youth-poll/Harvard-iop-spring-2016-poll question 97.

"What role, if any, do you believe the federal government should play in the regulation of Wall Street?"



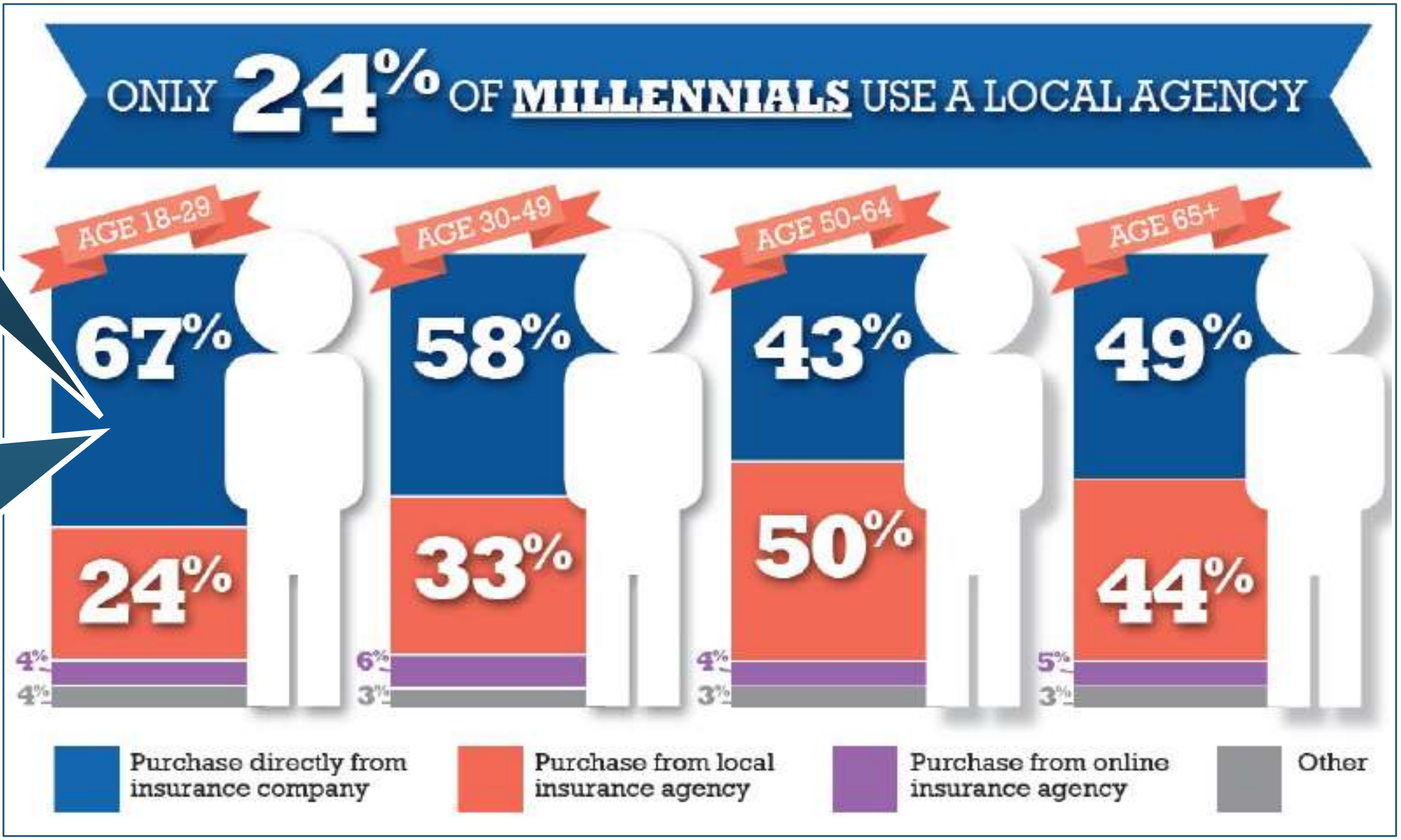
Source: Institute of Politics, John F. Kennedy School of Government, Harvard University, at http://Harvard.edu/youth-poll/Harvard-iop-spring-2016-poll question 97.

Channel Preference for Home/Rental Insurance, by Age Category

Ages 18-29 30-49 50-64 65+

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 www.PropertyCasualty360.com based on a study by Effective Coverage and performed by ORC International.

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Insurance Companies Have a Big Problem With Millennials

by Daniela Yu and Chris Portera

STORY HIGHLIGHTS

- Millennials are least likely group to be engaged with insurers
- Millennials are more than twice as likely to buy online
- Millennials' families influence their choice in insurers

When it comes to engaging their millennial customers, insurance companies have their work cut out for them. Of all the generations, millennials (born in 1980 to 1996) are the least likely to be fully engaged -- and the most likely to be actively disengaged -- with their primary insurer.

Source: Business Journal, March 5, 2015, accessed at
http://www.gallup.com/businessjournal/181829/insurance-companies-big-problem-millennials.aspx

Insurance Customers: Engagement by Generation

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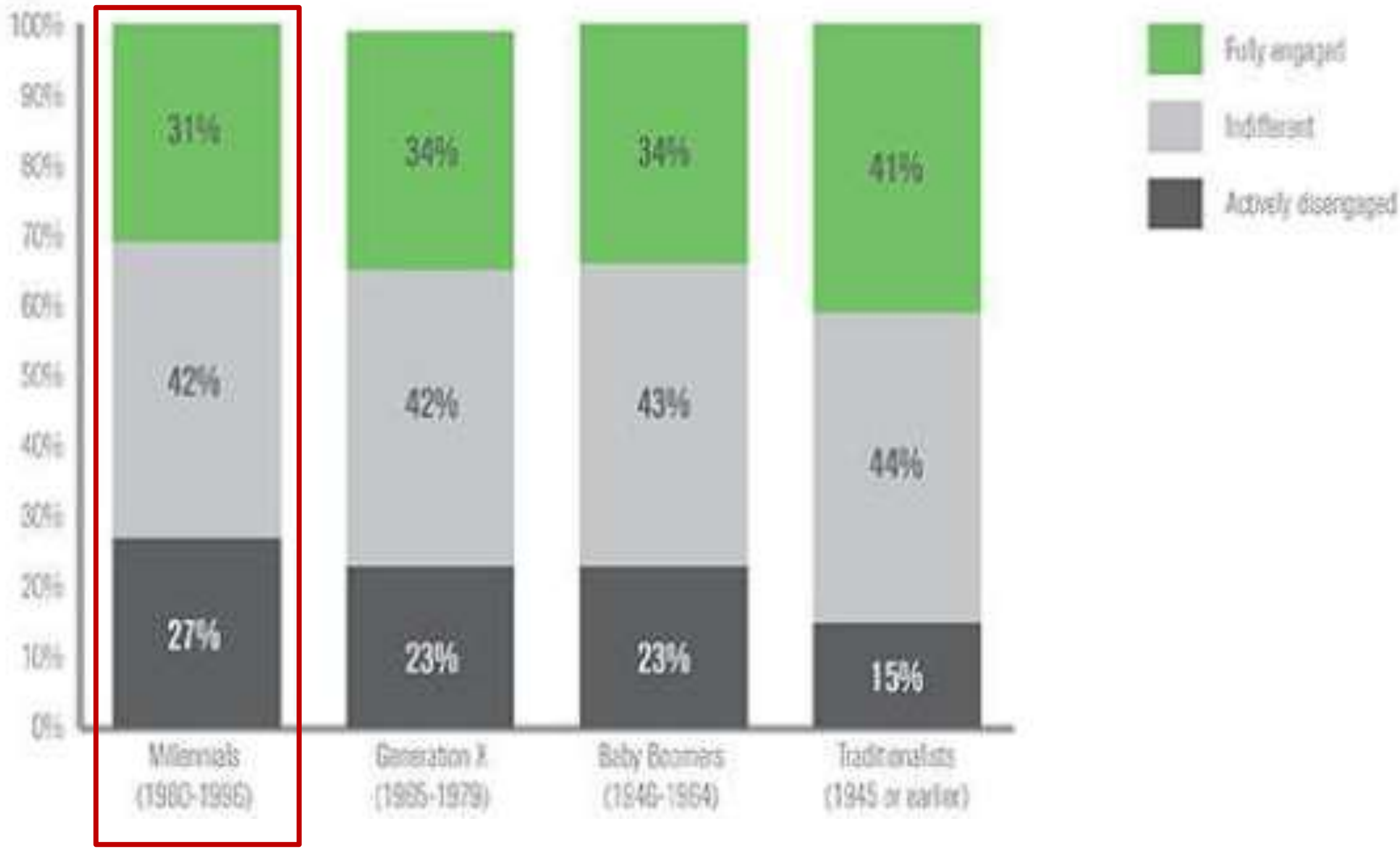
Millennials are the least likely to be engaged with their insurer

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

Best Ways for Businesses to Contact Millennials = Social Media & Chat

Popularity of Business Contact Channels, by Age

Which channels are most popular with your age-profiled customers?
(% of contact centers)

	% of Centers Reporting Most Popular Contact Channels by Generation				
	Internet / Web Chat	Social Media	Electronic Messaging (e.g. email, SMS)	Smartphone Application	Telephone
Generation Y (born 1981-1999)	24% (1st choice)	24% (1st choice)	21% (3rd choice)	19% (4th choice)	12% (5th choice)
Generation X (born 1961-1980)	21% (3rd choice)	12% (4th choice)	28% (2nd choice)	11% (5th choice)	29% (1st choice)
Baby Boomers (born 1945-1960)	7% (3rd choice)	2% (5th choice)	24% (2nd choice)	3% (4th choice)	64% (1st choice)
Silent Generation (born before 1944)	2% (3rd choice)	1% (4th choice)	6% (2nd choice)	1% (5th choice)	90% (1st choice)

Source: @KPCB

Source: "Global Contact Center Benchmarking Report," Dimension Data, 2015.
N = 717 Contact Centers, Global. Results are shown based on contact centers that actually tracked channel popularity. Percentage may not add up to 100 owing to rounding.
Generation Y is typically referred to as "Millennials"

Gallup: Insurance companies see substantial business gains when they engage customers

- Compared with their actively disengaged counterparts, engaged insurance customers
  - are less sensitive about pricing when selecting and retaining a primary insurance carrier,
  - spend more and buy a wider variety of products, including financial offerings, from their insurer than do actively disengaged customers, and
  - they also stay with the company longer and are more likely to recommend it to others.

What Drives Millennials to Engage with Insurers

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Services that Drive Millennial Engagement (in order of influence on engagement)	Percent of Customers That are Extremely Satisfied with this Service
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%

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

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

How to Communicate with Millennials: Facebook Messenger?

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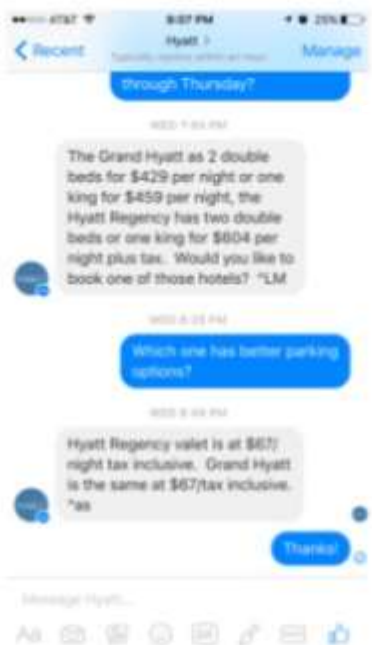
Hyatt

Check Availability / Reservations / Order Room Service



Started Offering Customer Service on Facebook Messenger in 11/15

+20x Increase in Messages Received by Hyatt Within ~1 Month

Hyatt started offering Customer Service via Facebook Messenger in Nov 2015

Within a month, the volume of messages received rose by 20 times

Source: @KPCB

Source: "Global Contact Center Benchmarking Report," Dimension Data, 2015.
N = 717 Contact Centers, Global. Results are shown based on contact centers that actually tracked channel popularity. Percentage may not add up to 100 owing to rounding.
Generation Y is typically referred to as "Millennials"

Portrait of Millennials (from "Marketing to Millennials"*

*Jeff Fromm and Christie Garton, *Marketing to Millennials*, American Management Association, 2013.

The New Rules of Marketing to Millennials: The Participation Economy

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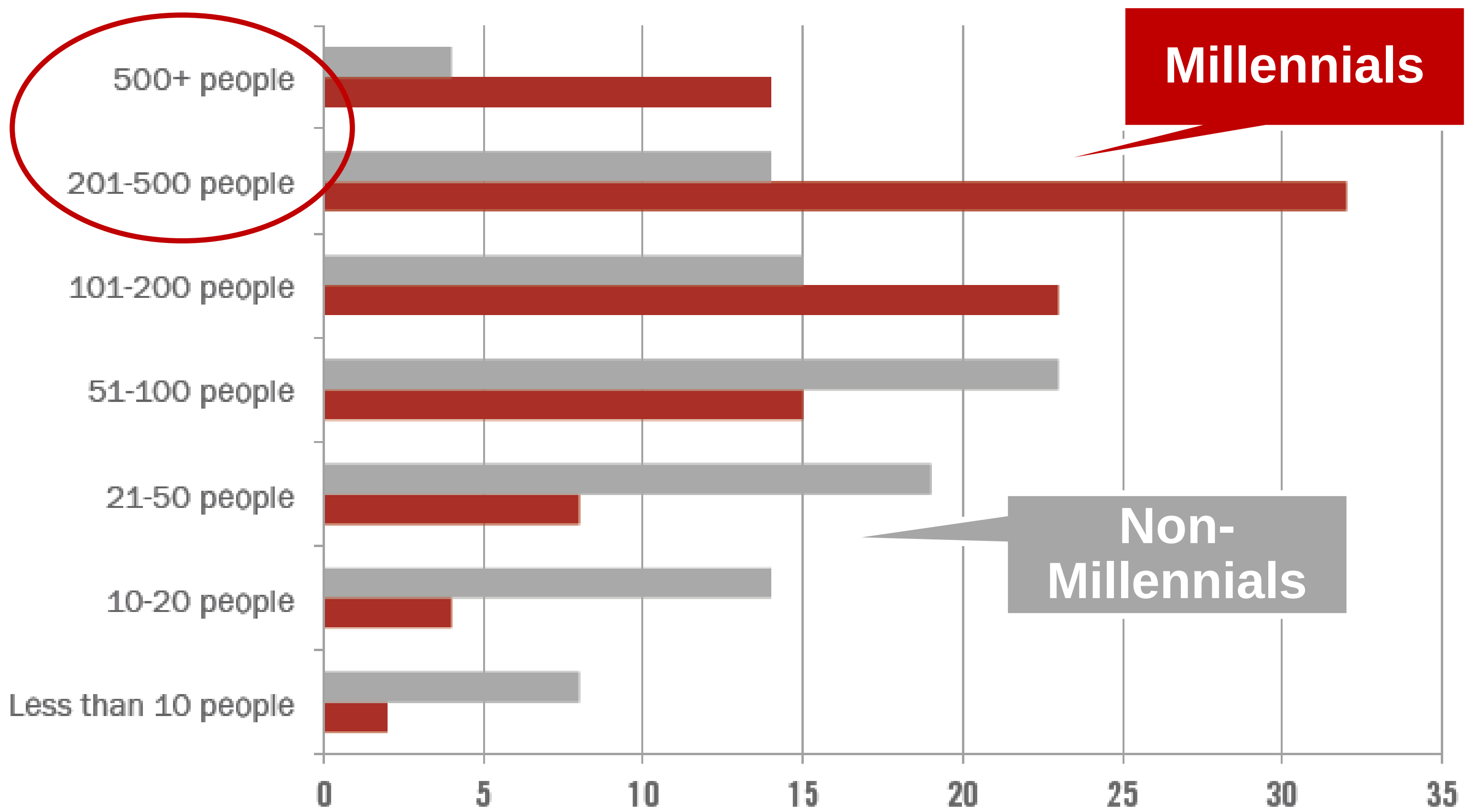
- With Millennials, brands are no longer in control of their own image and message
- Millennials derive value from being engaged in product development, advertising, social interactions, and other aspects of marketing

Old Model	New Model
Interruption	Engagement
Reaction	Interaction
Heavy Users	Engaged Participants
Big Promises	Personal Gestures
Passive Consumers	Active co-creators

Source: Jeff Fromm and Christie Garton, *Marketing to Millennials*, American Management Association, 2013, p. 5 and p.10.

Millennials Have More Connections (vs. Non-Millennials) on Social Networks

“Millennials report that they gain a psychological boost when engaging with their online friends.”



Source: Jeff Fromm and Christie Garton, *Marketing to Millennials*, American Management Association, 2013, p.12.

Statement: “My life feels richer now that I am connected to more people through social media”

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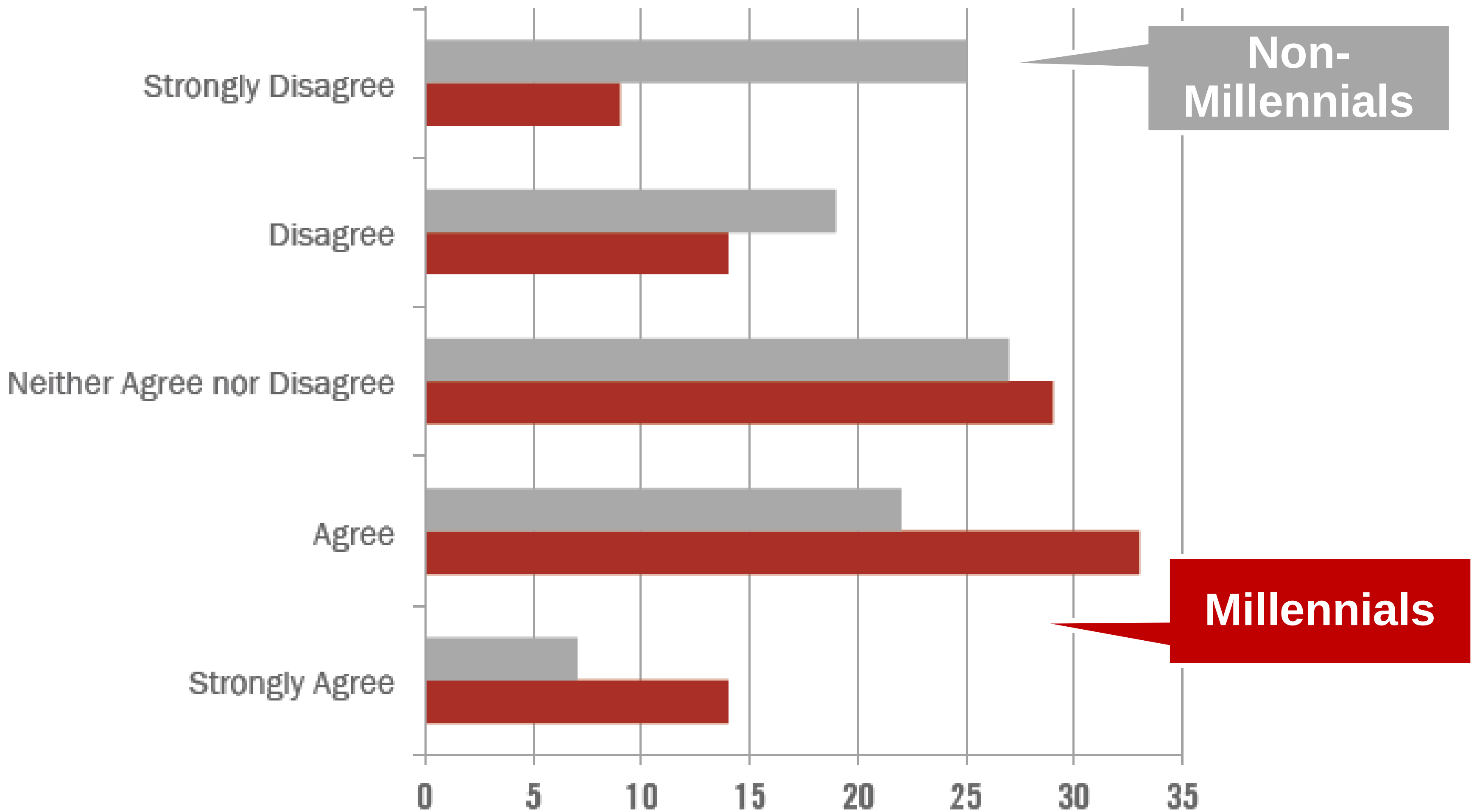
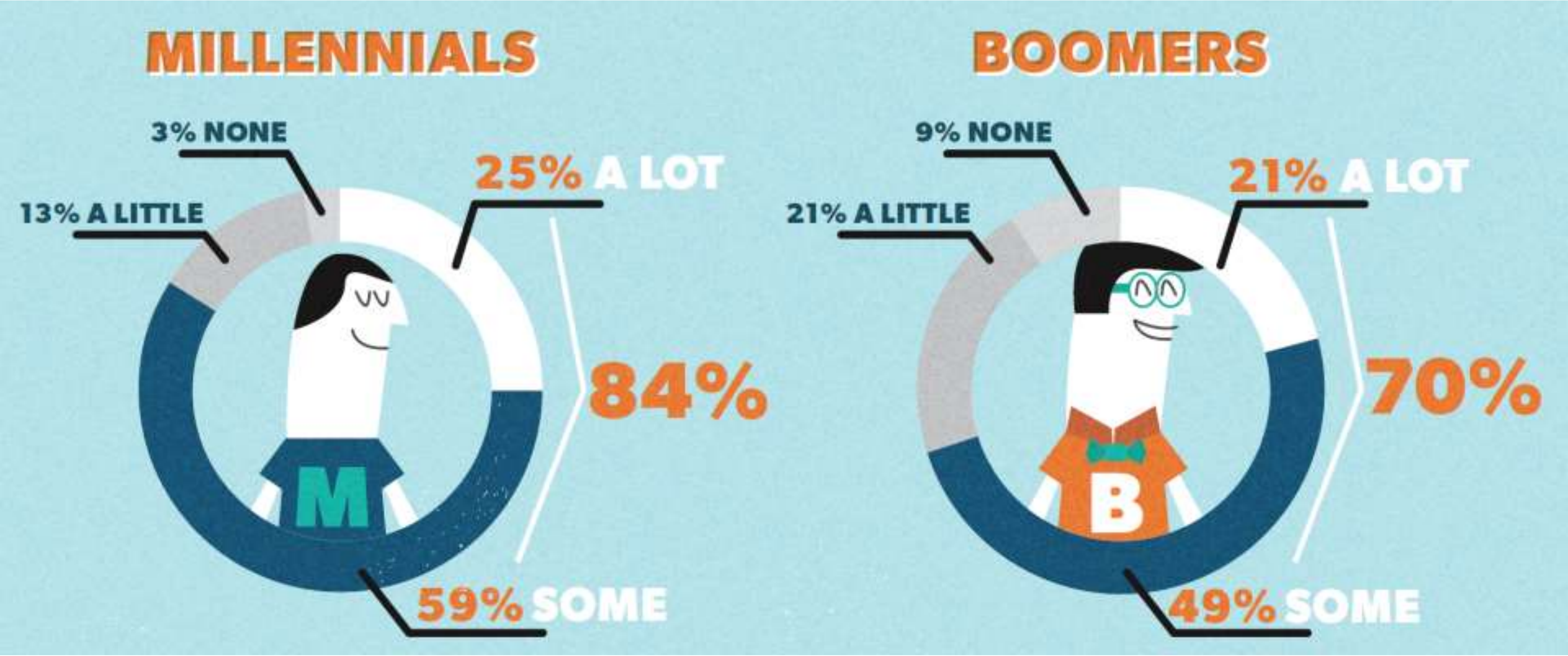


“Millennials are…off the chart [with]…their willingness to give companies feedback.”

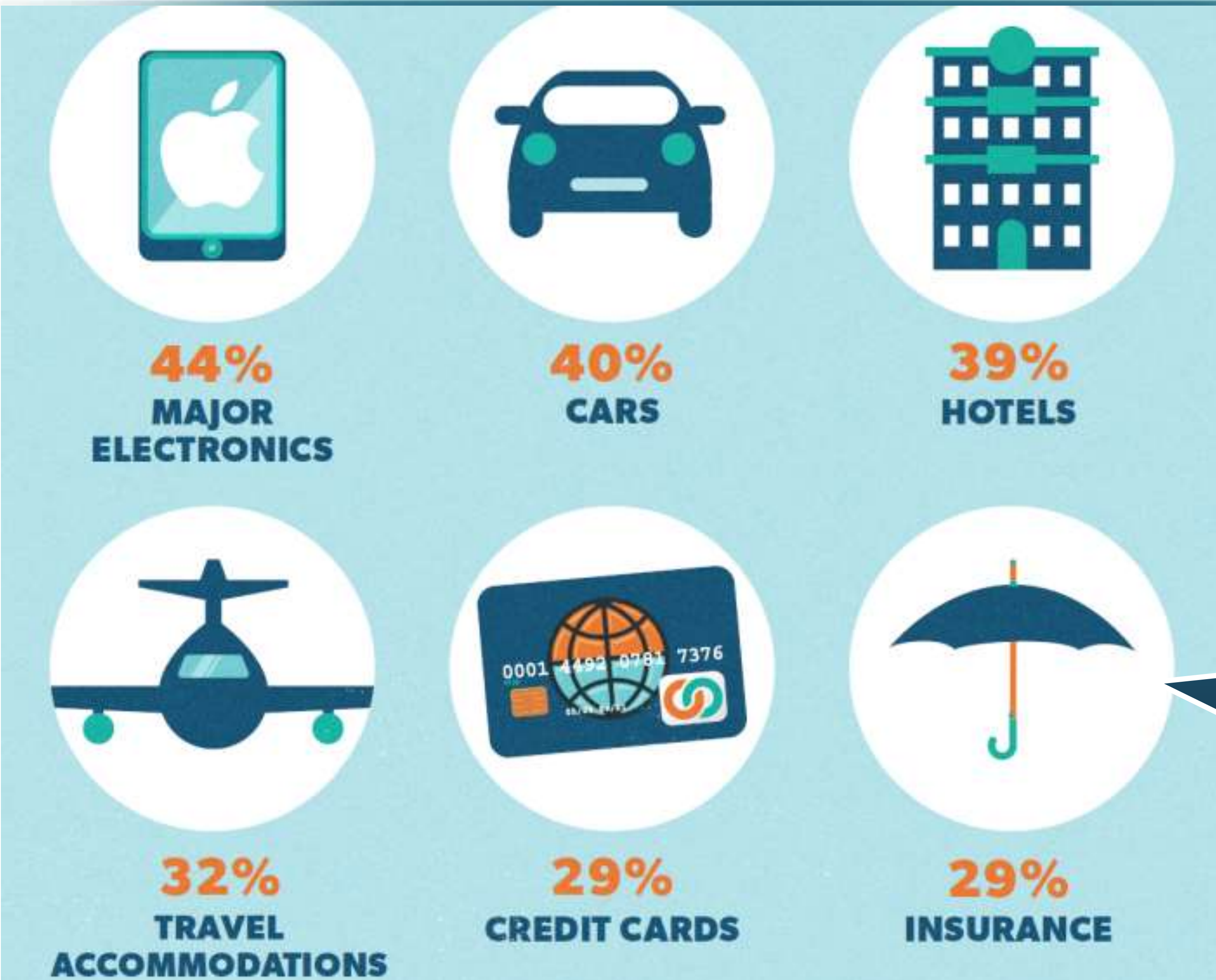
Source: Jeff Fromm and Christie Garton, *Marketing to Millennials*, American Management Association, 2013, p.12.

Millennials Won't Buy Without Input From Others (User-Generated Content)



Source: "Talking to Strangers: Millennials Trust People Over Brands," Bazaarvoice, January 2012.

The Top Purchases Millennials Won't Make Without User-Generated Content



Just personal lines?

Are you sure?

Source: "Talking to Strangers: Millennials Trust People Over Brands," Bazaarvoice, January 2012.

Millennials as Employees

A Talent Gap Looms

Insurance Industry Employees Are Older than in Most Industries

Insurance Talents Crisis: Millennials Are the (Only) Solution

- By 2020, insurers will have an estimated ***400,000 job openings***
- 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.

Sources: http://www.propertycasualty360.com/2013/04/17/insurance-industry-crisis-400000-positions-to-fill

Helping Bosses Decode Millennials—for $20,000 an Hour

- Millennials
  - Expect work to be meaningful
  - Crave frequent feedback
  - Detest voice mail
- One consultant “advises clients to strip out numbers from internal presentations because, she says, **millennials find stories more compelling than figures**.”

Source: Lindsay Gellman, Wall Street Journal, May 18, 2016.

And What's Coming After Millennials?

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Attributes – Millennials vs. Gen Z

Millennials	vs	Gen Z
Tech Savvy: 2 screens at once		Tech Innate: 5 screens at once
Communicate with text		Communicate with images
Curators and Sharers		Creators and Collaborators
Now-focused		Future-focused
Optimists		Realists
Want to be discovered		Want to work for success

@KPCB

Source: "Engaging and Cultivating Millennials and Gen Z," Denison University and Ologie, 12/14.
Note: Gen Z defined in this report as those born after 1995. In 2016 they are ages 1-20. Note that there may be different opinions on which years each generation begins and ends.

Source: Meeker, Internet Trends 2016, accessed at https://dq756f9pzlyr3.cloudfront.net/file/2016_internet_trends_report_final.pdf , slide #74.

Summary: Millennials

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- Millennials care what their social circles and influencers think

- As a result of their online connections, they are empowered to participate and engage in the process of building brands—as well as tearing them down

- So companies must vigilantly monitor what is being said about their brands—and be willing to participate in the conversation

Source: Jeff Fromm and Christie Garton, *Marketing to Millennials*, American Management Association, 2013, p.123.

Insurance Information Institute Online:

www.iii.org

Thank you for your time and your attention!