Insurance, the “Sharing Economy,” Millennials, & More

Western States Surplus Lines Conference
Whistler, British Columbia, Canada
July 14, 2016

Steven N. Weisbart, Ph.D., CLU, Senior Vice President & Chief Economist
Insurance Information Institute  ♦  110 William Street  ♦  New York, NY 10038
Tel: 212.346.5540  ♦  Cell: 917.494.5945  ♦  stevenw@iii.org  ♦  www.iii.org
The “On-Demand” (Sharing) Economy

The On-Demand Economy Will Transform the American Workforce and the P/C Insurance Industry
Will YOUR job be reduced to an app?

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

- 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.

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

% of adults who have ...

- Purchased used or second-hand goods online: 50%
- Used programs offering same-day or expedited delivery: 41%
- Purchased tickets from online reseller: 28%
- Purchased handmade or artisanal products online: 22%
- Contributed to online fundraising project: 22%
- Used ride-hailing apps: 15%
- Used online home-sharing services: 11%
- Ordered delivery of groceries online from local store: 6%
- Worked in a shared office space: 4%
- Hired someone online for errand/task: 4%
- Rented clothing, other products for a short time online: 2%

But exposure to these services varies widely

% of adults who have used ... of these services

- None: 28%
- 1: 20%
- 2: 18%
- 3: 14%
- 4: 9%
- 5: 6%
- 6+: 7%

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

Exposure to these services is concentrated among certain demographic cohorts

• **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.

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)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Zero services</th>
<th>4+ services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 18-24</td>
<td>11%</td>
<td>33%</td>
</tr>
<tr>
<td>25-34</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>35-44</td>
<td>16</td>
<td>29</td>
</tr>
<tr>
<td>45-54</td>
<td>26</td>
<td>17</td>
</tr>
<tr>
<td>55-64</td>
<td>41</td>
<td>12</td>
</tr>
<tr>
<td>65+</td>
<td>56</td>
<td>5</td>
</tr>
</tbody>
</table>

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

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

Technology and Employment

What Makes the On-Demand Economy Possible?

Why Does It Matter for Insurers?
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
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

**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?

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
On-Demand Workers

Who Are They?

And Who’s Driving Demand for Them?
Age of People Who are *Providing* the Sharing/On-Demand Economy

![Pie chart showing the age distribution of people providing services in the Sharing/On-Demand Economy.](chart)

- **65+**: 16%
- **18 to 24**: 14%
- **25 to 34**: 24%
- **35 to 44**: 24%
- **45 to 54**: 14%
- **55 to 64**: 8%

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 themselves 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

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.
Two On-Demand Economy Case Studies

Labor Markets, Insurance Markets are Affected
An UBER Case Study

Uber is the Best Known of the On-Demand Companies

*Wall Street Loves Uber*
*Vested Interests Hate Uber*
UBER Challenges

- 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

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 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)

Partnerships with Insurers

In just a few minutes, you can:

- Get a Nest Protect at no cost.
- Get a discount on your insurance premiums.

Insurance companies will send you a Nest Protect.

The Nest Protect smoke and CO alarm speaks to tell you what and where the danger is, sends phone alerts, and tests itself to make sure it’s working. There’s no smoke alarm quite like it.

So our insurance partners will send you a $99 Nest Protect at no cost.

4 out of 5 firefighters would trust Nest Protect to protect their own homes.

Source: [https://nest.com/insurance-partners/](https://nest.com/insurance-partners/) accessed 11/1/15; Insurance Information Institute research.
Partnerships with Insurers

Save money with Safety Rewards.

Once you have a Nest Protect up and running, you can start saving money.

Sign up for Safety Rewards and, with your permission, we’ll let your insurer know Nest Protect is installed and working. In exchange, they’ll take up to 5% off your insurance premiums.

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.

Partnerships with Insurers: Information Collected, Addressing Privacy Concerns

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:

- "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.

Partnerships with Insurers: Information Collected, Addressing Privacy Concerns

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

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

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.

Some Insurance Implications of the On-Demand Economy
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.

<table>
<thead>
<tr>
<th>Phase</th>
<th>TNC Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Driver logged into TNC App but not &quot;matched&quot; with a passenger</td>
<td>Contingent liability coverage IF personal auto coverage declined/not available ($50/100/25)*</td>
</tr>
</tbody>
</table>
| 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 |

*From publically available sources as of June 2, 2015.  
Source: ISO/Verisk.
There’s a new ride-sharing service in town.

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 of ISO Filings

Source: ISO.
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

Source: ISO/Verisk.
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

Source: ISO/Verisk.
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

*As of Oct. 6, 2015.
Source: ISO/Verisk.
Portrait of Millennials
# The Generations Defined

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

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)

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

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

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

Net Change in Number of Occupied Residences (Thousands)

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

Millennials are More Optimistic Than Elders

The Young and the Confident
Younger Americans are usually more optimistic than older generations, but the consumer-confidence gap has widened in recent years.

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

Note: Data are seasonally adjusted
Source: Conference Board

THE WALL STREET JOURNAL.
### Which of the Following Do You Support?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Decline to Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socialism</td>
<td>33%</td>
<td>59%</td>
<td>7%</td>
</tr>
<tr>
<td>Capitalism</td>
<td>42%</td>
<td>51%</td>
<td>8%</td>
</tr>
<tr>
<td>Progressivism</td>
<td>44%</td>
<td>49%</td>
<td>8%</td>
</tr>
<tr>
<td>Patriotism</td>
<td>57%</td>
<td>36%</td>
<td>6%</td>
</tr>
<tr>
<td>Feminism</td>
<td>49%</td>
<td>45%</td>
<td>6%</td>
</tr>
<tr>
<td>Social Justice Activism</td>
<td>48%</td>
<td>46%</td>
<td>6%</td>
</tr>
</tbody>
</table>

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

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

- Moderate: 37%
- Large: 30%
- Minimal: 18%
- No role: 10%
- Decline to answer: 4%

Channel Preference for Home/Rental Insurance, by Age Category

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.

Insurance Customers: Engagement by Generation

- Millennials are the least likely to be engaged with their insurer.
- Millennials are more than twice as likely to buy online.
- Millennials’ 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)*

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

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 "Millenials."
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

<table>
<thead>
<tr>
<th>Services that Drive Millennial Engagement (in order of influence on engagement)</th>
<th>Percent of Customers That are Extremely Satisfied with this Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping your account and personal information secure</td>
<td>50%</td>
</tr>
<tr>
<td>Ease of making changes to your coverage</td>
<td>43%</td>
</tr>
<tr>
<td>Finding answers to your insurance questions</td>
<td>35%</td>
</tr>
<tr>
<td>Offering the services you need online</td>
<td>40%</td>
</tr>
<tr>
<td>Ease of managing your account</td>
<td>44%</td>
</tr>
<tr>
<td>Ease of payment features</td>
<td>52%</td>
</tr>
<tr>
<td>Ease of access to information about your policies</td>
<td>42%</td>
</tr>
<tr>
<td>Ease of navigating the website</td>
<td>34%</td>
</tr>
</tbody>
</table>

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?

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
Portrait of Millennials (from “Marketing to Millennials”)*

The New Rules of Marketing to Millennials: The Participation Economy

- 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

<table>
<thead>
<tr>
<th>Old Model</th>
<th>New Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interruption</td>
<td>Engagement</td>
</tr>
<tr>
<td>Reaction</td>
<td>Interaction</td>
</tr>
<tr>
<td>Heavy Users</td>
<td>Engaged Participants</td>
</tr>
<tr>
<td>Big Promises</td>
<td>Personal Gestures</td>
</tr>
<tr>
<td>Passive Consumers</td>
<td>Active co-creators</td>
</tr>
</tbody>
</table>

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

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

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

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

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

- **44% Major Electronics**
- **40% Cars**
- **39% Hotels**
- **32% Travel Accommodations**
- **29% Credit Cards**
- **29% Insurance**

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.

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.”

And What’s Coming After Millennials?

Attributes – Millennials vs. Gen Z

**Millennials**
- Tech Savvy: 2 screens at once
- Communicate with text
- Curators and Sharers
- Now-focused
- Optimists
- Want to be discovered

**Gen Z**
- Tech Innate: 5 screens at once
- Communicate with images
- Creators and Collaborators
- Future-focused
- Realists
- Want to work for success


@KPCB
 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

Thank you for your time and your attention!