Insurtech II:
How Established Brands Can Compete

NBCUniversal

Purpose

1   Explain how insurtechs are disrupting insurance consumer behavior

2   Identify the distinct advantages of established insurers and insurtechs – present and future

3   Explore media solutions for established insurers to best compete against insurtech

The rise of insurtechs has profoundly shaken up the insurance marketplace

+13%

The **North America Insurtech Market** is growing at a CAGR of 13% over the next 5 years

DISRUPTION

Disruption in product offerings is shifting traditional mindsets, fueled largely by smaller firms offering more customization and simplified solutions based on a customer's past behavior or data.

NEW VALUE

Today, **25% of premium volume from offerings was not available five years ago** (e.g. roadside assistance, cyber security education, investment info that can be bundled with insurance), and these numbers are only projected to grow.

NEW EXPECTATIONS

As disrupters give customers a more personalized and convenient experience, **established firms are feeling pressure to update their own product and service portfolios** to meet these new expectations.

And while some insurtechs have recently struggled with profitability due to business model…

After a buzz filled year following its IPO, Lemonade has seen:

- **Stock underperformance** compared to the market, falling 71% since its IPO price

- **Net losses grow** $55.6 million from $21 million in the year-earlier period, as sales, marketing, technology and administrative costs swelled.

- Statements cautioning it has "**a history of losses and may not achieve or maintain profitability in the future**," and its "limited operating history makes it difficult to evaluate our current business performance, implementation of our business model, and our future prospects."

Sources: 1. WSJ 2. SPGlobal

Many insurtechs have seen share prices drop since going public in 2020/21

Stock Price Index

Clover Health Investment (CLOV)	Oscar Health (OSCR)	Lemonade (LMND)
Metromile (MILE)	Bright Health Group (BHG)	

Valuations of insurtech companies are "overly inflated" after investors got "hyped up" by Lemonade's IPO, but the market reception on insurtech has started trending down

…they continue to change consumer expectations of insurance, creating a challenge for established insurers

Insurtechs are:

Finding Untapped Markets

"Insurtechs clearly represent a market risk for incumbents. With their nimble operating model and digital innovations, they will initially target attractive profit pools unlocked by digital and capture share among certain customer segments." – McKinsey

"Insurtech start-ups have only begun to address the potential value pools; insurtech is still in its infancy, but already beginning to have an impact on the industry." – McKinsey

McKinsey & Company

Attracting Digital Natives

"Customer intent to buy insurance rose by 7% since the pandemic began, but incumbents' shortcomings—like limited digital capabilities and a dearth of proactive outreach—harmed customer relationships." – eMarketer

"US small business insurance satisfaction declines further due to lack of support." – emarketer

eMarketer

Evolving Consumer Behavior

"Customer expectations of instant digital transactions sustained seamlessly across digital channels are increasingly the norm." – McKinsey

McKinsey & Company

"Insurance CEOs most concerned about changing consumer behavior (77%) and new market entrants (60%)." – PwC

pwc

Growing Churn

"The pandemic created the right conditions for innovative tech firms to rise up as viable alternatives: 50% of customers are now open to getting coverage from insurtech startups or Big Tech." – eMarketer

eMarketer

"Lemonade's creative use of technology has been especially appealing to young people. About 70% of its current customers are under age 35. The company had about 1.2 million customers as of June 30, up by nearly 50% from the year-earlier quarter." – WSJ

THE WALL STREET JOURNAL.

Future innovations and investments will continue to shape this competition

Big Data, AI, & Internet of Things

As the web of smart devices grows, more data on consumer behaviors and faster interactions will accelerate and simplify underwriting / claims processing, minimize risk, and create more personalized products and offerings.

Embedded Insurance

The growing trend of bundling insurance within the sale of complimentary items such as cars or homes will fundamentally evolve the insurance consumer journey.

Sharing Economy

The trend of shared homes and cars will grow through peer-to-peer ride pooling, crowdsourced last-mile delivery services, micro-rentals, integrated mobility planners, and combining motor loss notification with ride-hailing.

Electric Vehicles (EVs)

EVs will create new business opportunities such as charger aggregators, e-mobility retailers selling e-charging on subscription-based services, battery swapping, floating charge through on-demand portable fast-charging

While increasingly competing for the same pool of consumers, established and insurtech each have competitive advantages

Established Insurers

Human Face

People prefer agents to bots. 64% of millennials and 54% of Gen Z consumers plan to utilize insurance agents
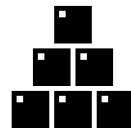
Brand Trust

Established insurers have invested heavily in brand, ensuring that consumers recognize their mascots and offerings.

Better Payouts

80% of consumers (including 70% of 18-24yo's **trust the policy pricing capabilities of legacy over insurtech.**

Diversity of Products

Established brands are expanding their products to include new offerings such as travel, WFH, pet, disaster insurance and more, offering bundling opportunities.

Insurtech

Built on Data & Personalization

Insurtechs can provide more bespoke policies, as early adopters of big-data tech to tailor price to usage.

Lower Price

Insurtechs can often offer more competitive rates as they have digital-first and have lower overhead costs.

Niche Products

Insurtechs can focus on new value pools, finding and focusing on niche products and consumers segments rather than mass market products.
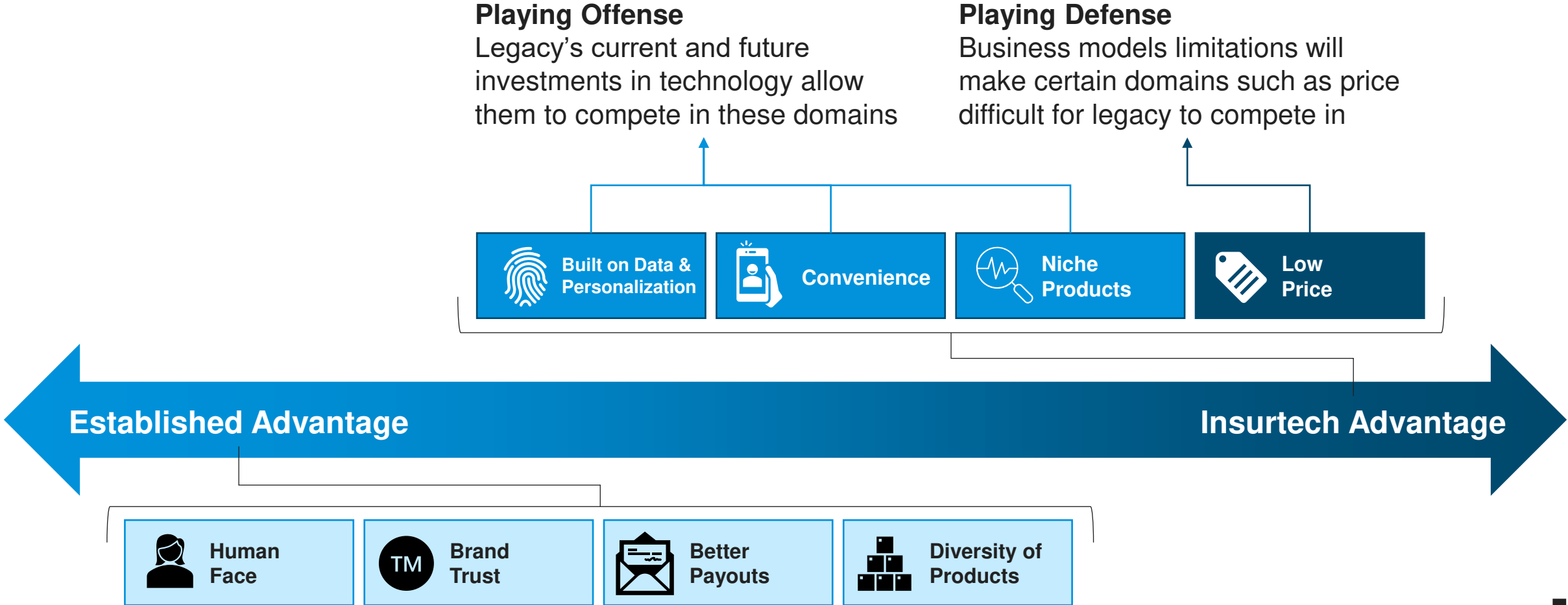
Convenience

Consumers want easy-to-use, digital experiences. 41% of consumers are likely to switch their insurance companies in favor of a more digitized one.

Innovations will allow established brands to compete where insurtech is currently dominant, though there are limits

Playing Offense
Legacy's current and future investments in technology allow them to compete in these domains

Playing Defense
Business models limitations will make certain domains such as price difficult for legacy to compete in

Built on Data & Personalization	Convenience	Niche Products	Low Price

Established Advantage ← → **Insurtech Advantage**

Human Face	Brand Trust	Better Payouts	Diversity of Products

Our mass media partnership has helped established brands maintain their historical strengths, reminding consumers of their:

| Human Face	Brand Trust	Better Payouts	Diversity of Products

"Like a good neighbor…"

"…on your side."

"Hall of Claims…"

"Bundle home and auto…"

Welcoming Back a Good Neighbor

State Farm brings back iconic elements of the new brand campaign

"State Farm did almost six months of consumer research that showed the old tagline had high trust, recognition and favorability across age groups, Morris said. Ninety percent of respondents recognized the tagline and associated it with State Farm."

Now, let's go further, and partner together to:

1 Compete where established brands are growing more competitive

2 Mitigate the effects where challenges remain

Built on Data & Personalization

Convenience

Niche Products

Low Price

Personalizing Insurance through Data

Competing Now

Audience-based buying approaches to target key consumer groups across platforms for personalized offerings at scale through macro and microtargeting

Competing in the Future

Enterprise-level data partnerships to not only identify who is in market for insurance but also key targets for services, preventative offerings, and to better personalize offerings

Working with NBCU

NBCUnified

Combine your data with ours and leverage first-party identity platforms **to increase consumer touchpoints and uncover audience insights at scale**
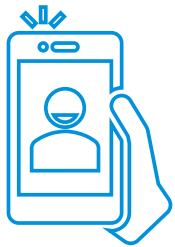
adsmart
from **NBCUniversal**

Target the right consumers across our portfolio, **driving awareness and consideration of personalized offerings**

iSpot.tv

Extract enhanced campaign insights across a diverse set of measurement offerings

Marketing for Convenience

Competing Now

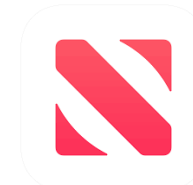Creative **focusing on the convenience of bundling** and diverse offerings

Commerce media to drive consumers to sign-up/app

Competing in the Future

Become as accessible as possible through **embedded insurance touchpoints**

Working with NBCU

Reach insurance consumers directly on mobile; tap-to-download/quote via iOS capabilities

peacock **xfinity**

Partner to **embed insurance touchpoints within our ecosystem** (e.g. homeowners in Xfinity internet package, Peacock subscription; travel insurance in Universal parks)

Targeting for Niche Products

Competing Now

Targeting current customers **for niche product bundling**

Tailoring activation to product (travel, WFH insurance)

Competing in the Future

Better targeting, audience insights through **data clean room**

Focusing creative on **growing revenue sources** (e.g. roadside, EVs)

Working with NBCU

adsmart
from **NBCUniversal**

Target niche insurance consumers to drive awareness of relevant offerings

reach|tv

Target travelers for niche products like travel insurance

NBCUnified

Use key touchpoints in our ecosystem to go after niche consumers (pet, WFH, disaster, etc.)

Building Brand to Offset Price

Competing Now

Brand building on emerging platforms to reach price-sensitive younger audience

Focus creative on trusted accurate payouts to offset price concerns
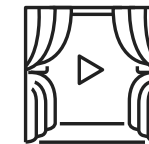
Competing in the Future

Utilize media partner creative resources and talent to drive creative breakthrough across platforms, as insurance creative increasingly follows Hollywood trends
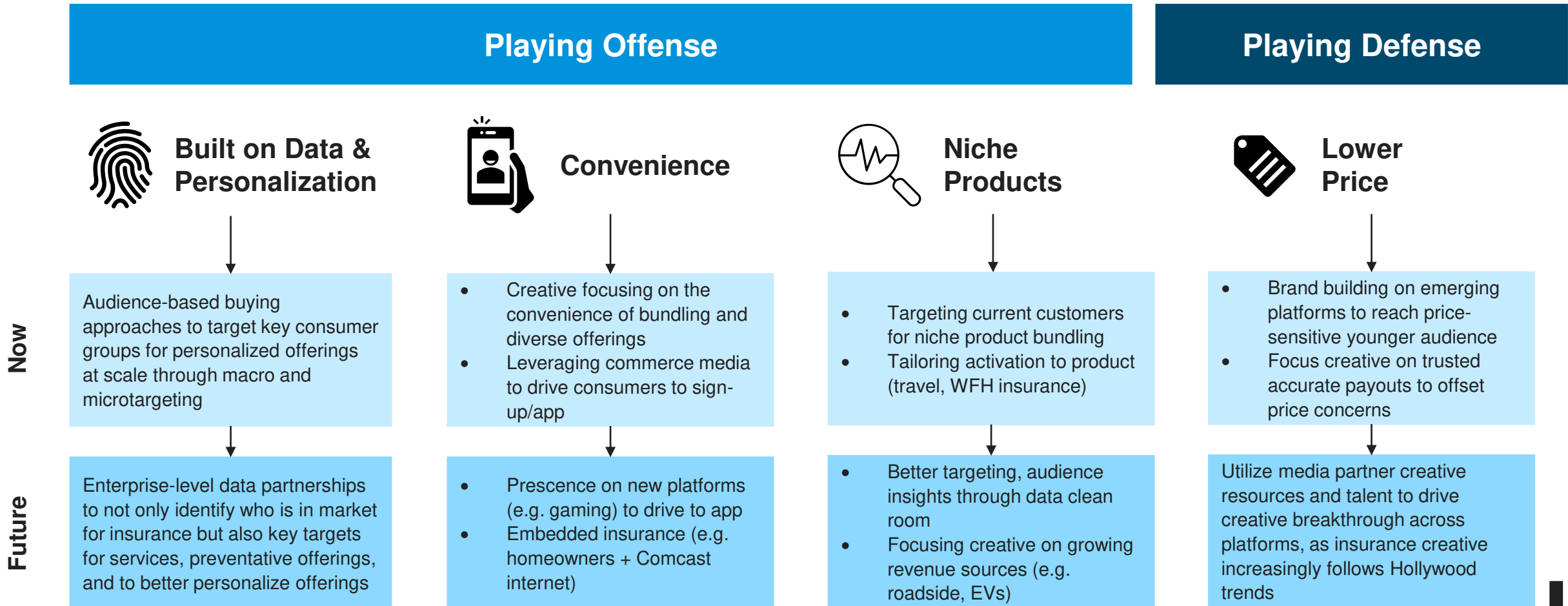
Working with NBCU

anzu

Tik Tok

Meet the future generation where they are **through our partnerships in gaming and social media**

Produce **custom creatives on brand safe media** to build trust

Positioning Your Brand for the Future
Compete where you are competitive and mitigate risk in areas you are not

Playing Offense

Playing Defense

Built on Data & Personalization

Convenience

Niche Products

Lower Price

Now

Audience-based buying approaches to target key consumer groups for personalized offerings at scale through macro and microtargeting

- Creative focusing on the convenience of bundling and diverse offerings
- Leveraging commerce media to drive consumers to sign-up/app

- Targeting current customers for niche product bundling
- Tailoring activation to product (travel, WFH insurance)

- Brand building on emerging platforms to reach price-sensitive younger audience
- Focus creative on trusted accurate payouts to offset price concerns

Future

Enterprise-level data partnerships to not only identify who is in market for insurance but also key targets for services, preventative offerings, and to better personalize offerings

- Prescence on new platforms (e.g. gaming) to drive to app
- Embedded insurance (e.g. homeowners + Comcast internet)

- Better targeting, audience insights through data clean room
- Focusing creative on growing revenue sources (e.g. roadside, EVs)

Utilize media partner creative resources and talent to drive creative breakthrough across platforms, as insurance creative increasingly follows Hollywood trends

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Working with NBCU: Case Studies

Personalizing Insurance through Data

Marketing for Convenience

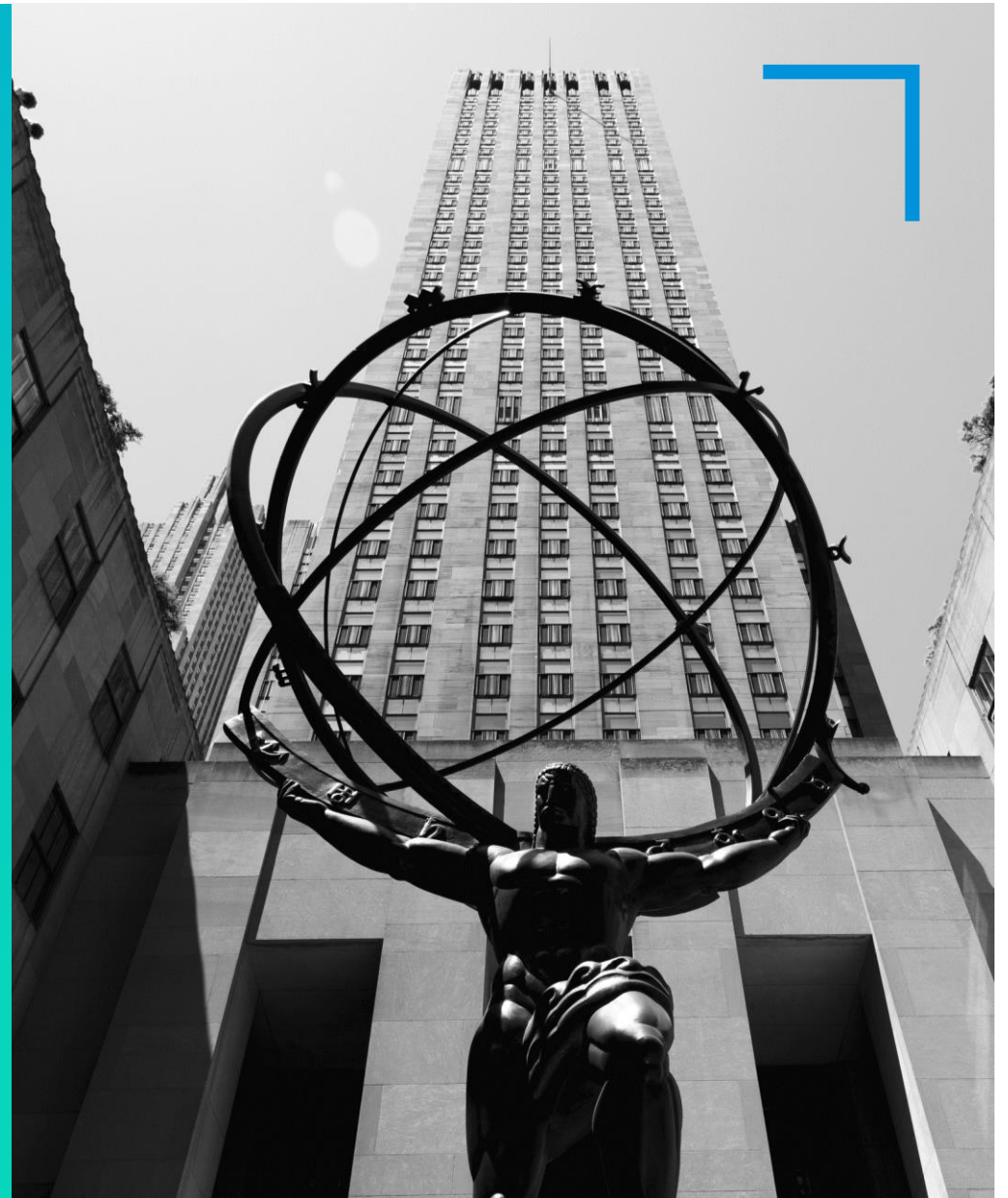**Targeting for Niche Products**
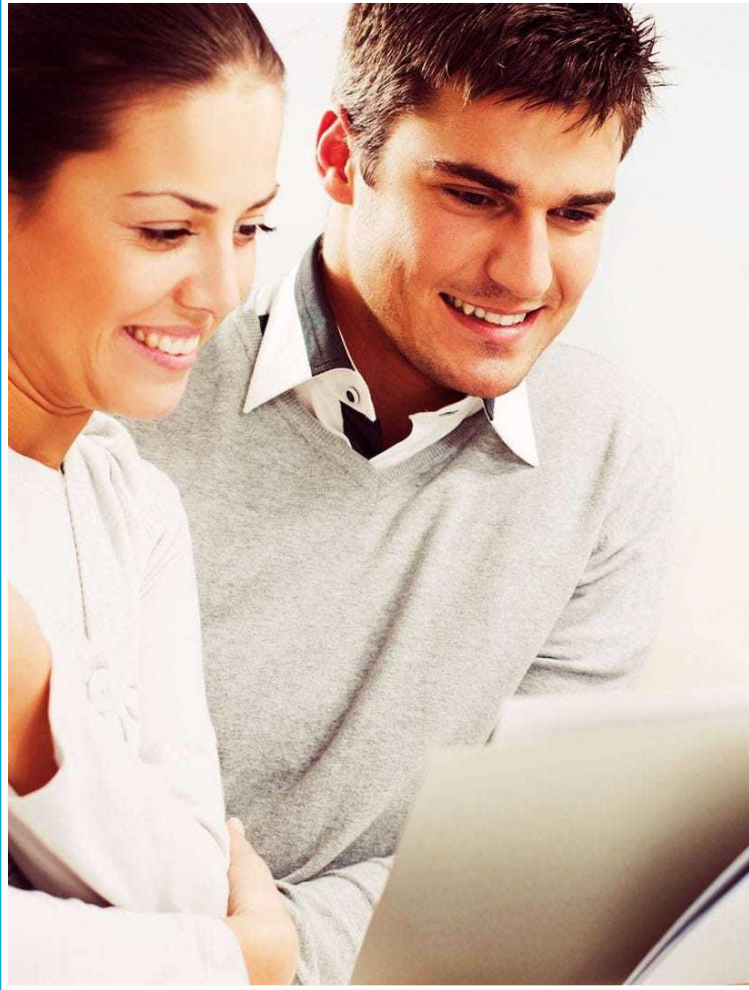
Building Brand to Offset Price

Personalizing Insurance through Data

Case study

The challenge

Drive perception & consideration
A leading insurance company wanted to leverage advanced targeting on linear TV to drive perception and consideration for life insurance among existing customers.

The insight

Encourage policy bundling
Policy bundling is an essential strategy for insurance companies to increase customer lifetime value, and advanced targeting is a great way to cross-sell existing customers.

The solution

**Target insurance customers via national TV**
We partnered with the client to run an AdSmart national TV campaign optimized across our portfolio to reach their existing insurance customers instead of a traditional Nielsen demo.

The approach

Advanced TV targeting to reach the right consumers across NBCU's linear portfolio.

adsmart
from **NBCUniversal**

Existing insurance customers

bravo
NBC
USA
GOLF
E!
NBCSN
CNBC
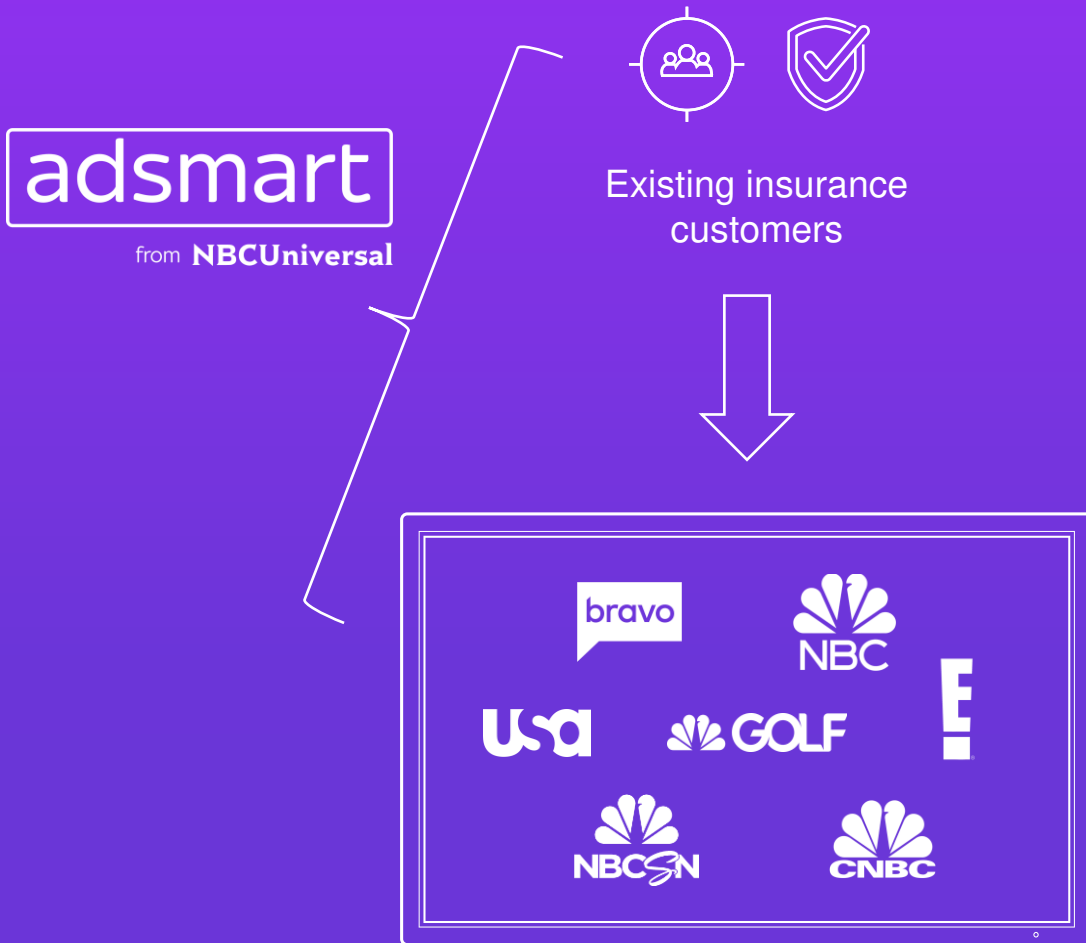
The results

NBCU commissioned a custom Kantar Millward Brown study to measure the impact of AdSmart campaign on driving perception and consideration for the client.

AdSmart exposure drove brand impact, especially among target HHs

+20%
ad recall lift among target HHs exposed to AdSmart campaign vs. unexposed

+54%
higher ad recall lift among target HHs exposed to AdSmart campaign vs. non-target

+34%
message recall among target HHs exposed to AdSmart campaign vs. unexposed

+182%
higher message recall among target HHs exposed to AdSmart campaign vs. non-target
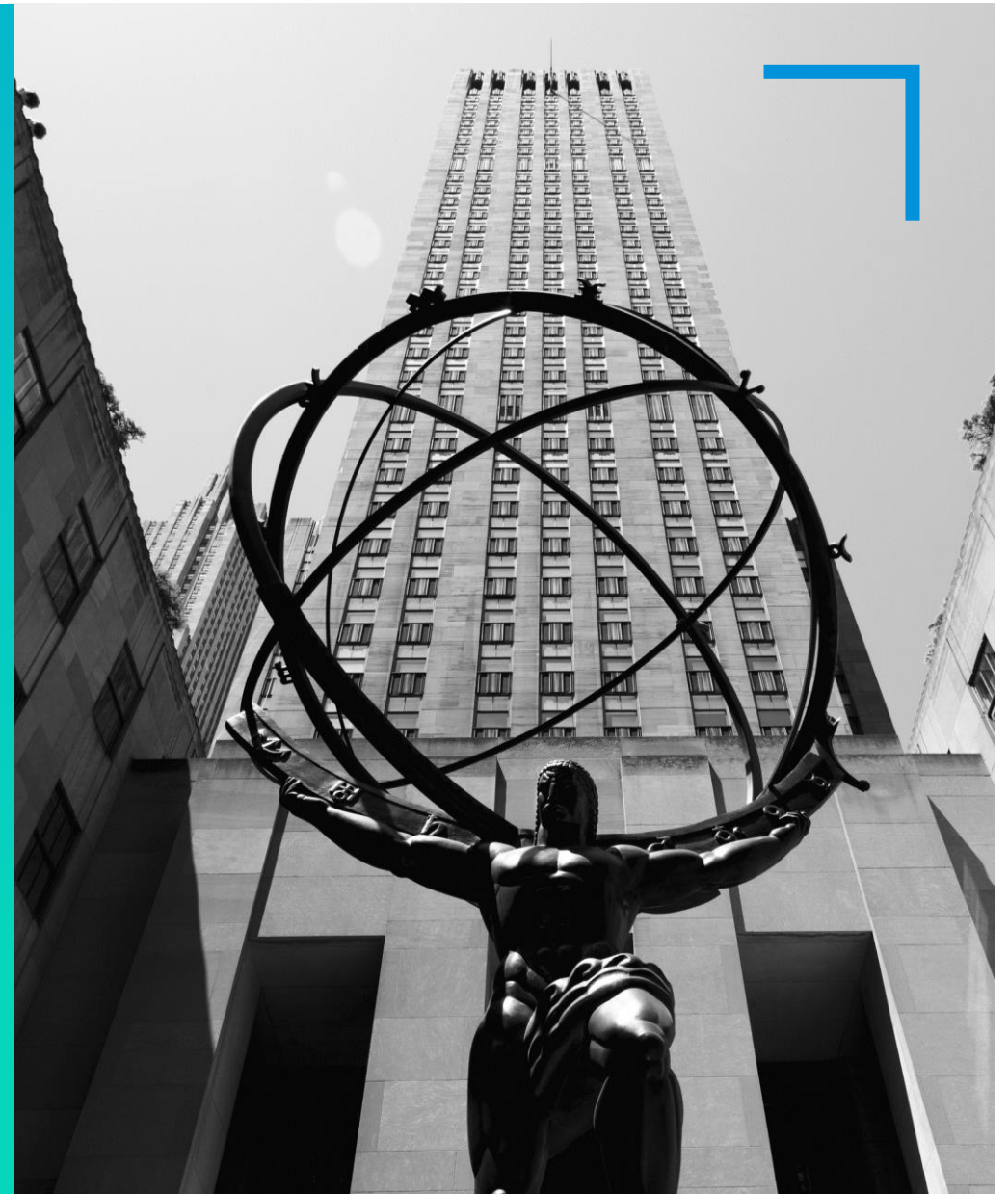
+5%
purchase consideration lift among target HHs exposed to AdSmart campaign vs. unexposed

+89%
higher purchase consideration among target HHs exposed to AdSmart campaign vs. non-target

Marketing for Convenience

Farmers 'Hall of Claims' Brand Channel

Objective
Farmers Insurance is known for their playful sense-of-humor. Through their Hall of Claims content series, they profile the most unbelievable, but true claims they have received over the years. This campaign focus was to reinforce that no matter how unbelievable the claim, Farmer's has you covered.

Solution
– Over a two-year campaign, we published 16 articles from Hall of Claims content series. NBCU customized the articles for Apple News to drive engagement and affinity for the Farmers brand.

CHANNEL

ARTICLE
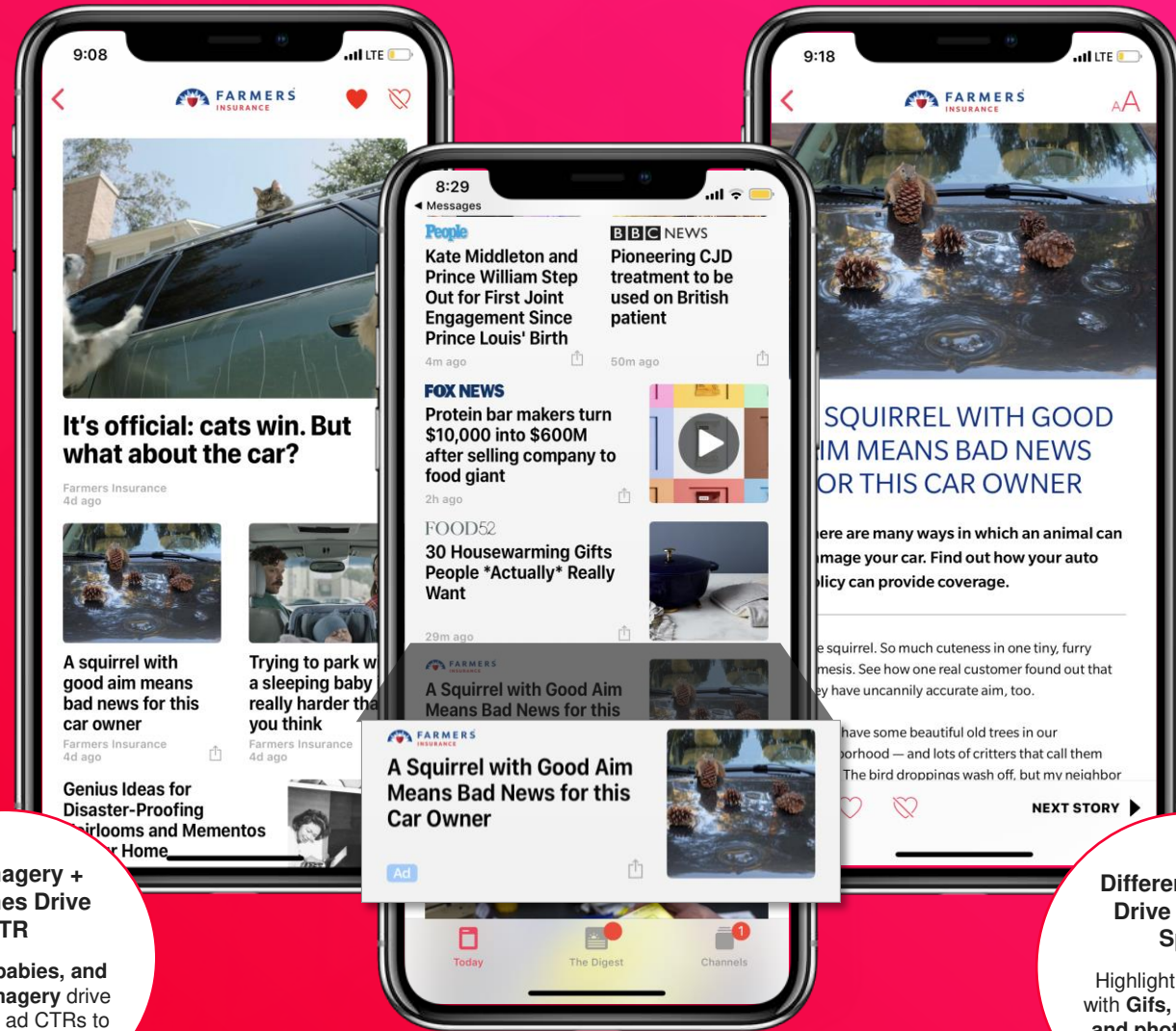
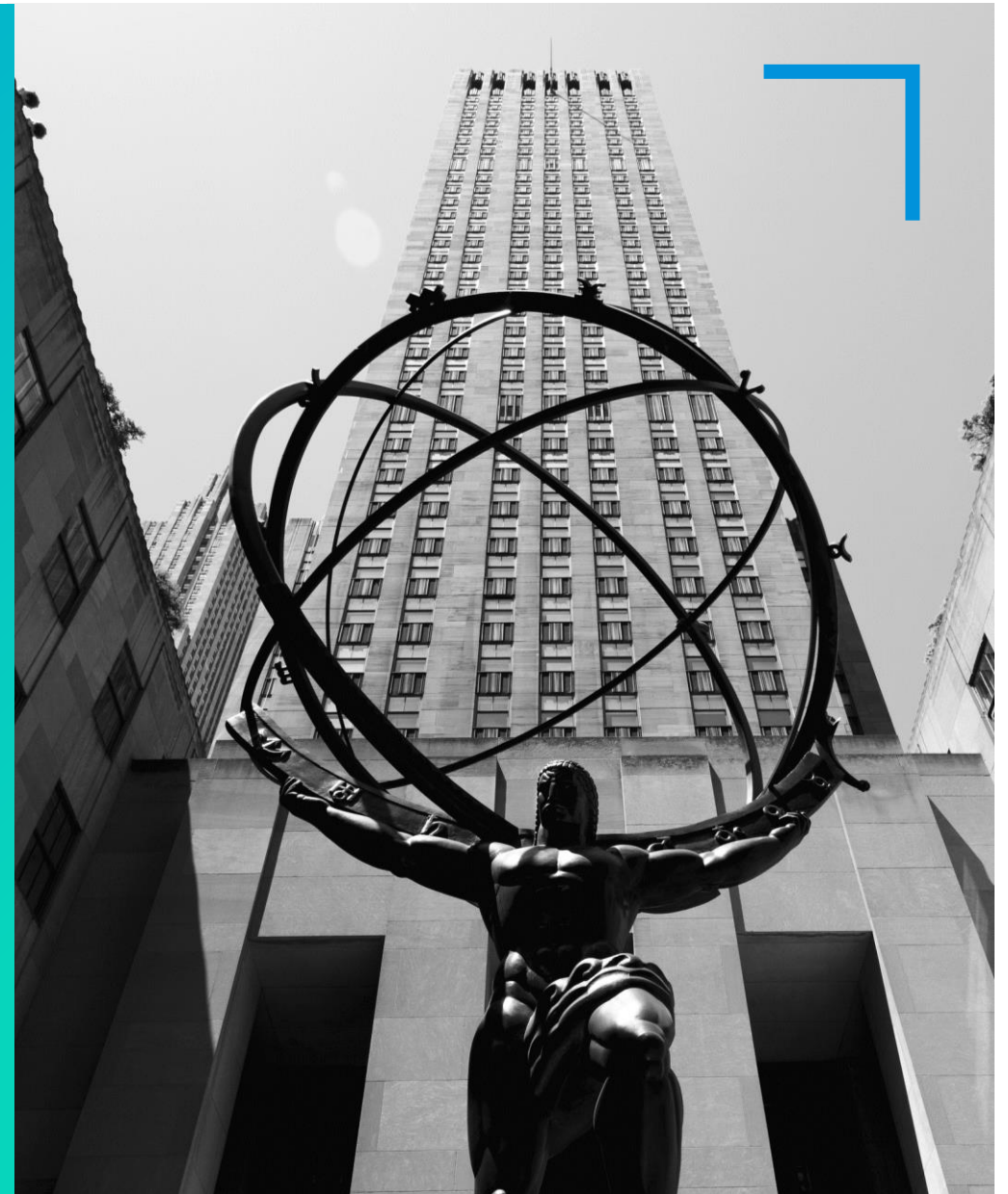**Fun Imagery + Headlines Drive CTR**

Animals, babies, and lifestyle imagery drive high native ad CTRs to brand content

Different Visuals Drive Up Time Spent

Highlight key-themes with **Gifs, tips, quotes, and photo images** to increase time spent

NATIVE AD

Targeting for Niche Products

Case study

The challenge

Drive customer acquisition at scale

A direct-to-consumer financial technology company that built its customer base largely through digital and social channels wanted to reach a larger prospective audience to maintain their base and drive new adopters.

The insight

Multi-platform maximizes full-funnel impact

Although digital and social channels can drive efficient customer acquisition, they lack the scale and engagement of NBCU's reach through premium content on every screen. Employing a targeted multi-platform media strategy with NBCU drives full-funnel impact, from awareness to action to acquisition at scale.

The solution

Target customers across platforms

We used the client's first-party data to create a scalable target audience, which we activated across NBCU's premium national linear TV, desktop & mobile video, and display content.

The approach

Advanced targeting to reach customers across the NBCU portfolio on every screen.

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from **NBCUniversal**

NBCU & Apple News display

NBCU online video

NBCU national linear

Custom segment based on 1st-party CRM

The results

To measure the full-funnel impact of the campaign, we leveraged YouGov for pre- vs. post-campaign brand metrics and partnered with Data Plus Math for direct web attribution.

Brand metrics increased significantly vs. pre-campaign

+9%
lift in **brand awareness**

+33%
lift in **brand opinion**

+30%
lift in **brand purchase intent**

AdSmart campaign exposure drove double-digit lift in site visits & app installs

+28%
lift in **website visits**

+52%
lift in **home page visits**

+27%
lift in **mobile app installs**

AdSmart campaign exposure drove double-digit lift in sign-ups & completed registrations

+27%
lift in **web sign-ups**

+25%
lift in **mobile app sign-ups**

+24%
lift in **completed web registrations**

+33%
lift in **completed mobile app registrations**

Building Brand to Offset Price

Case Study:
Custom Integrations
with Creative

A **peacock** Original

BEL AIR

Set in modern-day America, Peacock's highly anticipated drama series *Bel-Air* reimagines the beloved sitcom *The Fresh Prince of Bel-Air* through a new, dramatic take on Will's complicated journey from the streets of West Philly to the gated mansions of Bel-Air.

Peacock partners amplified the series debut with custom *Bel-Air* creative including integrations, co-promotional spots, ad products, and experiential activations.

LEXUS   State Farm   BLACK BEYOND MEASURE   Unilever   xfinity