



# **3<sup>rd</sup> Annual Canadian Insurance Opportunities & Risks Survey Interim Results**

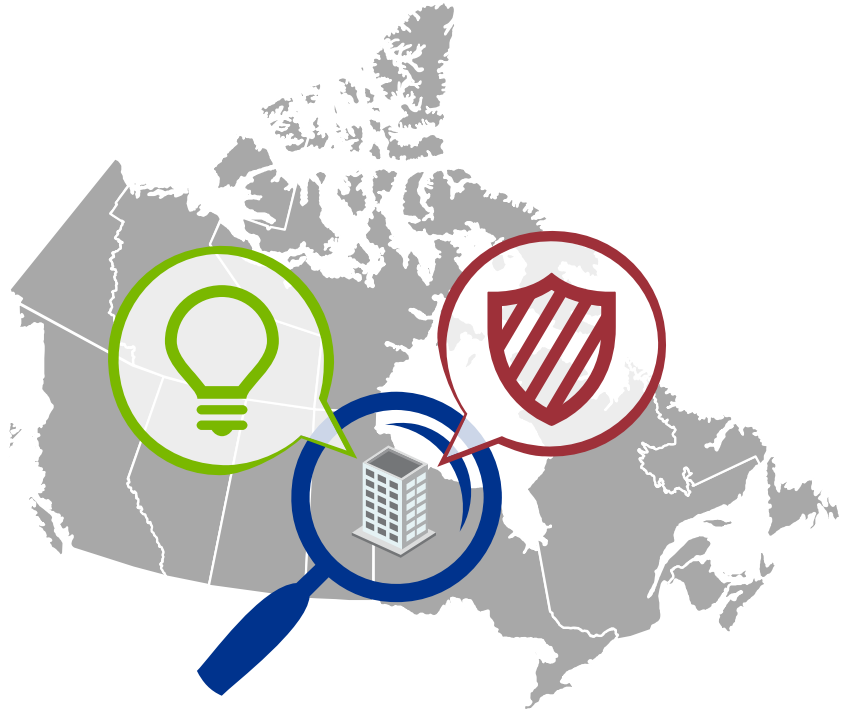
**24<sup>th</sup> Annual Insurance  
Issues Conference**

Monday, November 30, 2015

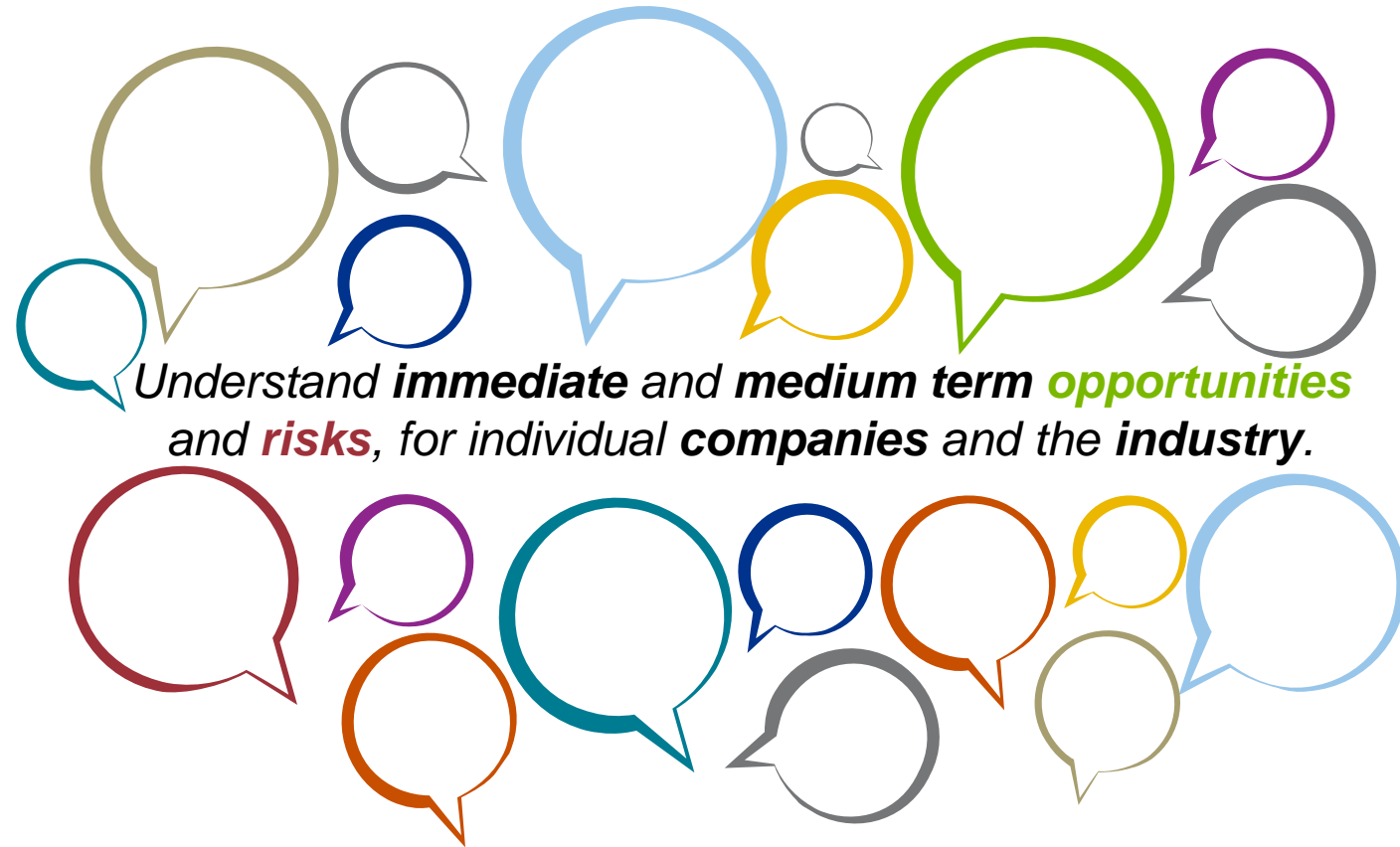




# Survey overview



**Objective:** Different from other surveys, portrays a **Canadian perspective** on both the **opportunities** and **risks** insurers face in the current environment.



***The 3rd Annual Canadian Insurance Opportunities & Risks Survey runs until December 20<sup>th</sup> - there is still time for your voice to be heard!***

# What did you say?



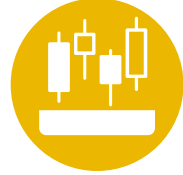
**Customer is king**



**Cyber security scares me**



**Data is a differentiator**



**Low interest rates are here to stay**



**My company is better than the industry**

# Top opportunities

Change from last year	% of Respondents	Life	Rank	Non-Life	% of Respondents	Change from last year
+1 ▲	49%	Improved management of risk and use of capital	1	Data analytics to enhance product design, marketing, and pricing	46%	+1 ▲
New ▲	40%	Offering better customer experience	2	Offering better customer experience	46%	New ▲
-2 ▼	36%	Enhanced operational processes and use of technology	3	Enhanced operational processes and use of technology	40%	-2 ▼
+/- 0	31%	Data analytics to enhance product design, marketing, and pricing	4	Mergers and acquisitions to enhance market position	34%	+3 ▲
+3 ▲	31%	Customer preferences for direct and digital channels	5	Improved management of risk and use of capital	32%	-2 ▼

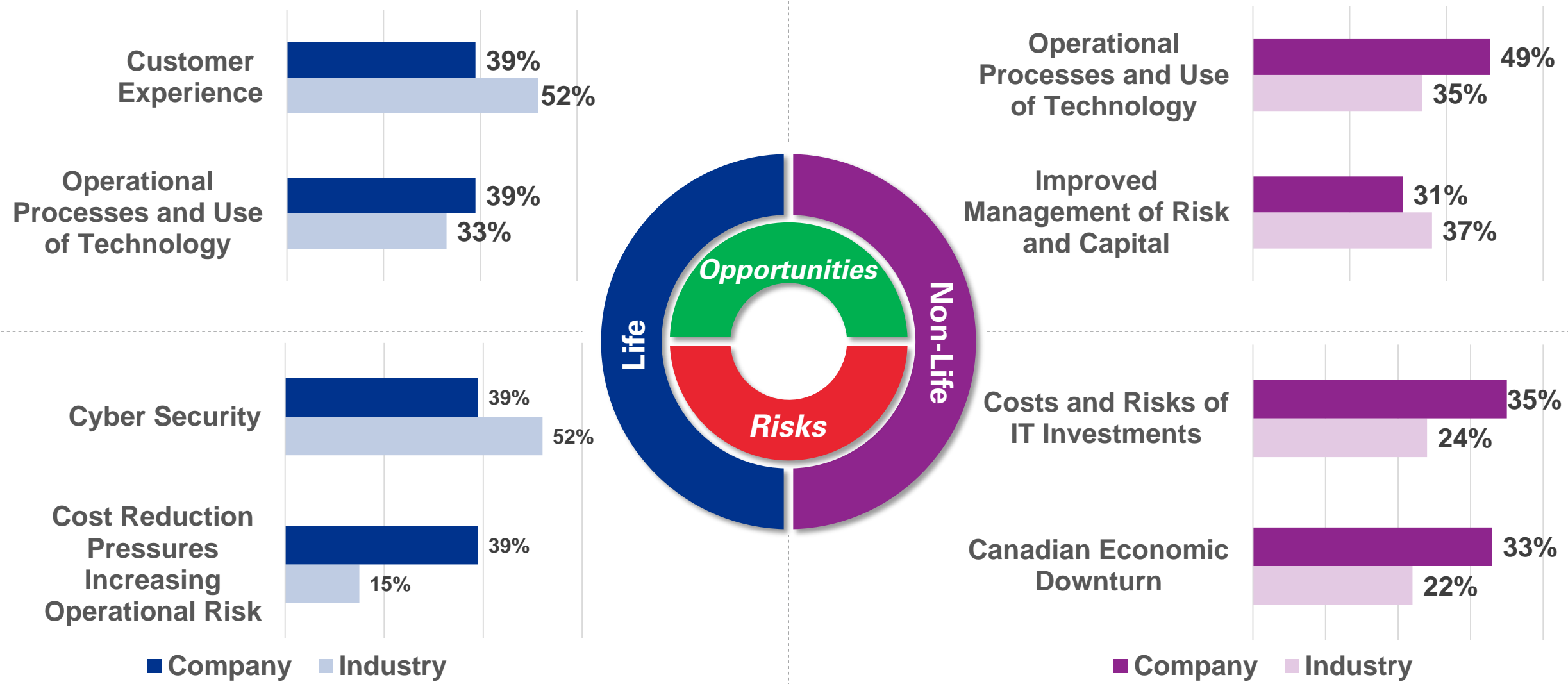
*The customer is becoming king and data analytics is becoming a differentiator*

# Top risks

Change from last year	% of Respondents	Life	Rank	Non-Life	% of Respondents	Change from last year
+/- 0	49%	Low interest rates and equity market risks	1	Cyber security risks	41%	+2 ▲
+/- 0	47%	Regulatory and compliance burden	2	Low interest rates and equity market risks	36%	+/-0
+2 ▲	39%	Cyber security risks	3	Failure to adapt to changing customer preferences and insurance needs	36%	New ▲
New ▲	27%	Failure to adapt to changing customer preferences and insurance needs	4	Regulatory and compliance burden	34%	-3 ▼
+1 ▲	26%	Cost and risks of IT investment	5	Cost and risks of IT investment	32%	+1 ▲

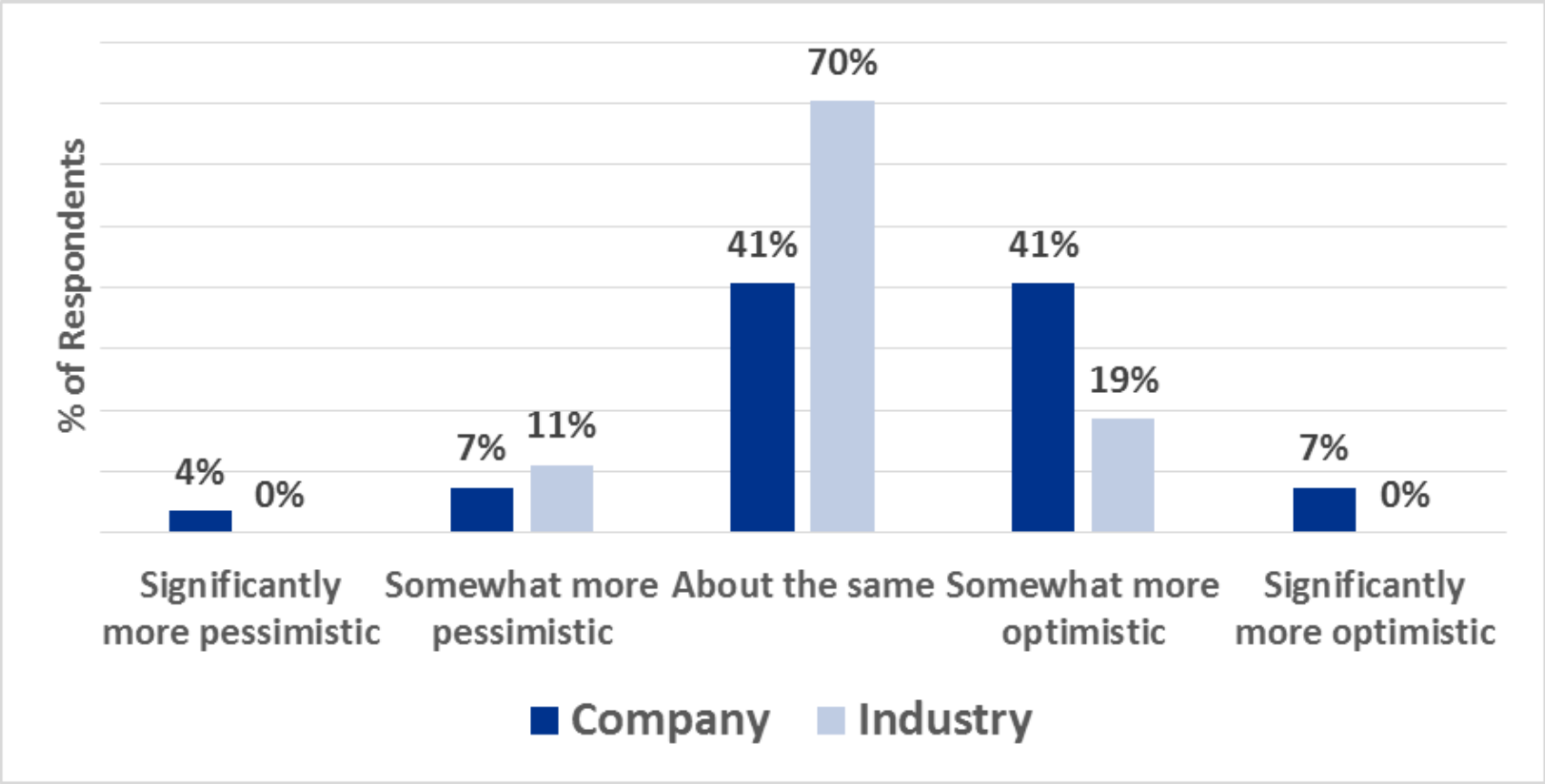
***Having moved up from last year's standings, cyber security is becoming more important.***

# Insurers believe they will be affected differently than the industry by opportunities and risks



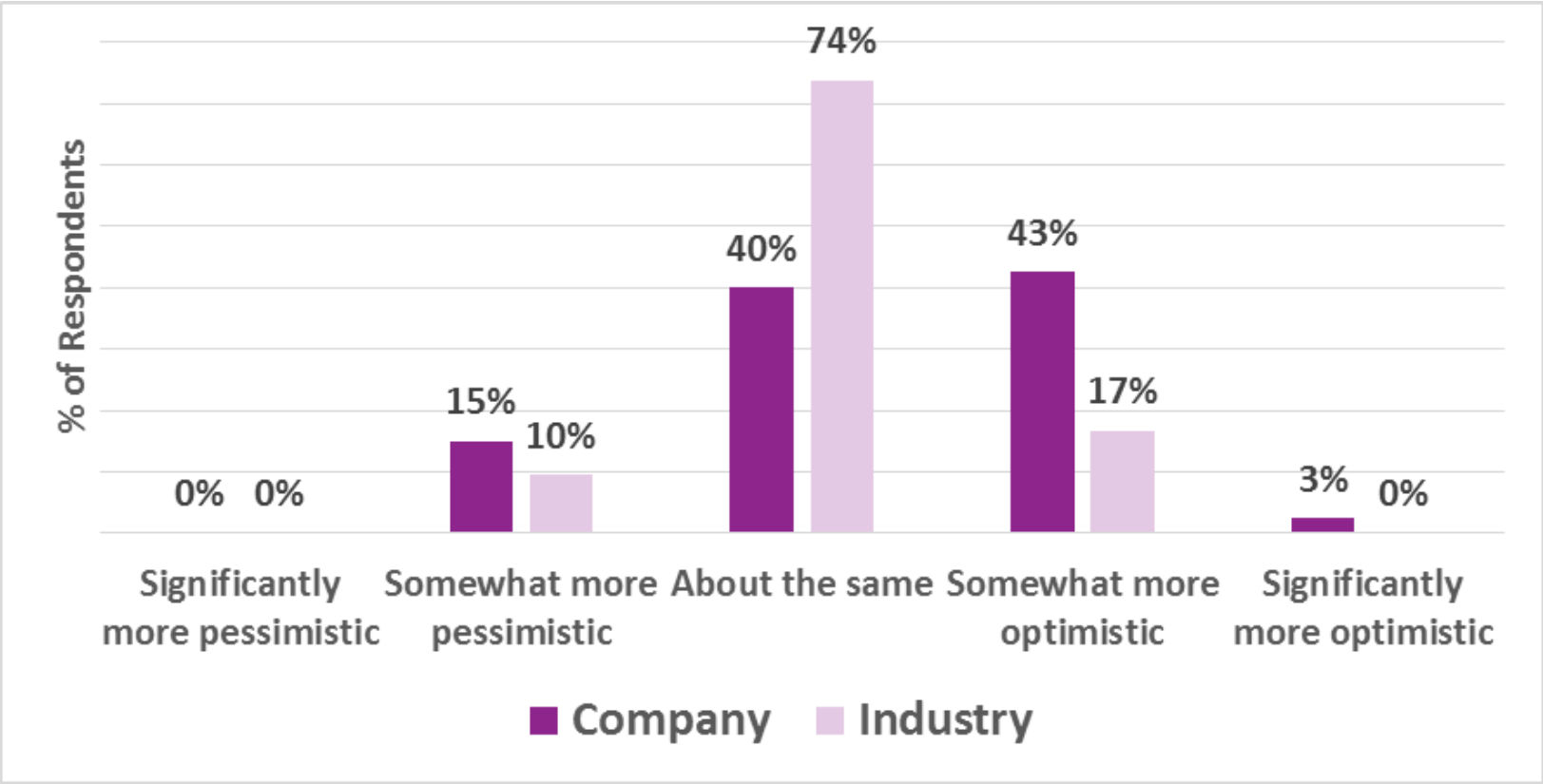


# Life respondents' outlook compared to last year



***Life respondents' outlook is about the same or slightly more optimistic than last year. Respondents showing optimism for their companies believe they are better positioned than the industry.***

# Non-life respondents' outlook compared to last year



***Non-Life respondents' outlook is about the same or slightly more optimistic than last year. Respondents showing optimism for their companies believe they are better positioned than the industry.***



# Appendix: Detailed Survey Results



# Top 10 opportunities

Change from last year	% of Respondents	Life	Rank	Non-Life	% of Respondents	Change from last year
+1 ▲	49%	Improved management of risk and use of capital	1	Data analytics to enhance product design, marketing, and pricing	46%	+1 ▲
New ▲	40%	Offering better customer experience	2	Offering better customer experience	46%	New ▲
-2 ▼	36%	Enhanced operational processes and use of technology	3	Enhanced operation processes and use of technology	39%	-2 ▼
+/-0	31%	Data analytics to enhance product design, marketing, and pricing	4	Mergers and acquisitions to enhance market position	33%	+3 ▲
+3 ▲	31%	Customer preferences for direct and digital channels	5	Improved management of risk and use of capital	32%	-2 ▼
-1 ▼	30%	Strengthening customer loyalty and reducing market conduct risk	6	Strengthening customer loyalty and reducing market conduct risk	31%	+3 ▲
+3 ▲	27%	Changing customer needs and expectations	7	Customer preferences for direct and digital channels	31%	+1 ▲
+1 ▲	27%	Mergers and acquisitions to enhance market position	8	Changing customer needs and expectations	30%	New ▲
New ▲	26%	Offering adjacent services	9	Greater customer or product segmentation	26%	New ▲
New ▲	21%	Greater customer or product segmentation	10	Cost reduction initiatives	26%	+/-0



# Top 10 risks

Change from last year	% of Respondents	Life	Rank	Non-Life	% of Respondents	Change from last year
+/- 0	49%	Low interest rates and equity market risks	1	Cyber security risks	41%	+2 ▲
+/- 0	47%	Regulatory and compliance burden	2	Low interest rates and equity market risks	36%	+/- 0
+2 ▲	39%	Cyber security risks	3	Failure to adapt to changing customer preferences and insurance needs	36%	New ▲
New ▲	27%	Failure to adapt to changing customer preferences and insurance needs	4	Regulatory and compliance burden	34%	-3 ▼
+1 ▲	26%	Cost and risks of IT investment	5	Cost and risks of IT investment	32%	+1 ▲
New ▲	25%	Cost reduction pressures increasing operational risks	6	Failure to adopt new technologies successfully	29%	New ▲
+1 ▲	24%	Global economic downturn	7	Cost reduction pressures increasing operational risks	23%	New ▲
New ▲	23%	Increased regulation of market conduct	8	Competition from new entrants	23%	New ▲
-6 ▼	21%	Increased capital requirements	9	Customer preferences for direct and digital channels	22%	New ▲
New ▲	21%	Canadian economic downturn	10	Increased regulation of market conduct	21%	New ▲

# Changes in opportunities for Life

## Prior Year Top Opportunities

## New Top Opportunities

Demographic changes



Offering better customer experience

Actuarial and finance transformation



Offering adjacent services

Cost reduction initiatives



Greater customer or product segmentation



# Changes in top opportunities for Non-Life

## Prior Year Top Opportunities

Customer self service technology to improve customer satisfaction

Investment in organic growth

Technology to charge for risk

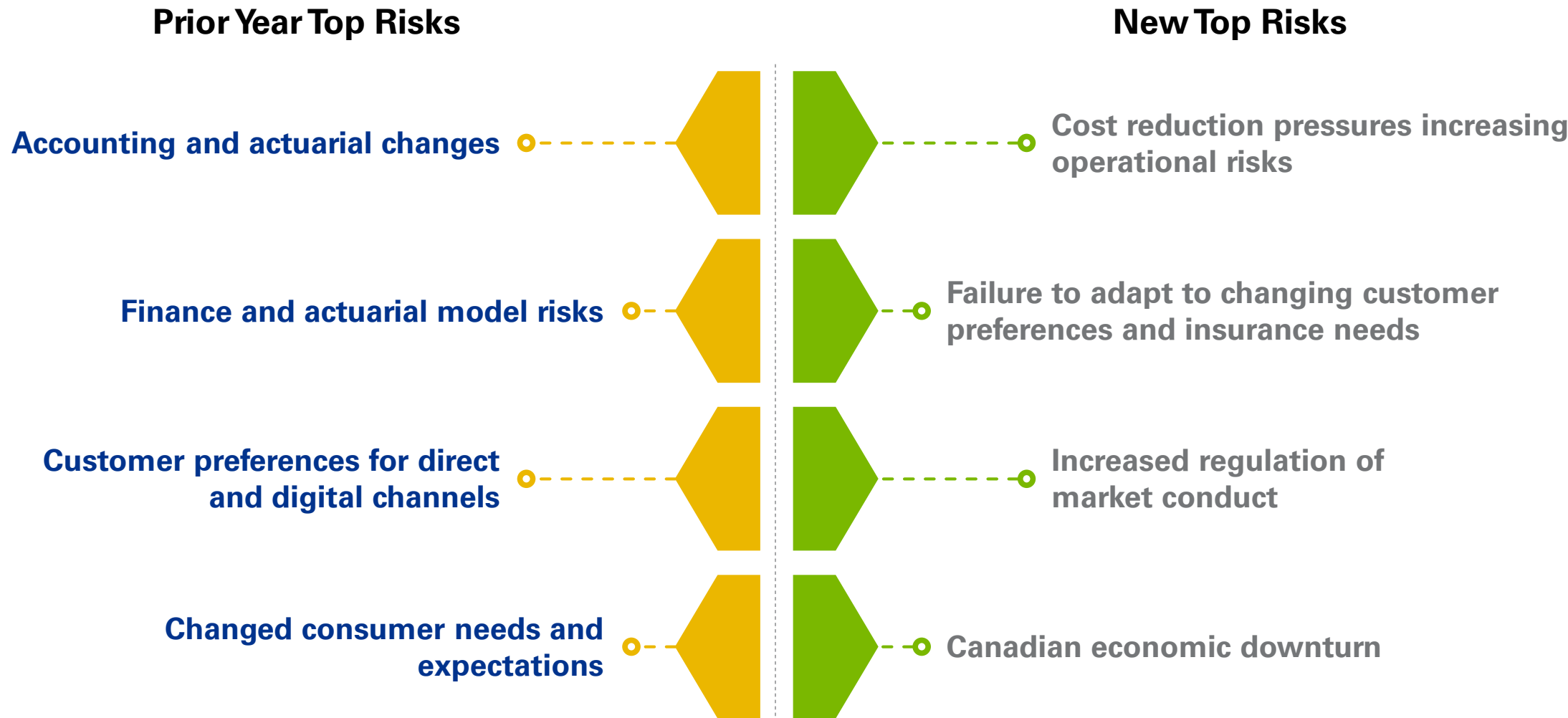
## New Top Opportunities

Better customer experience

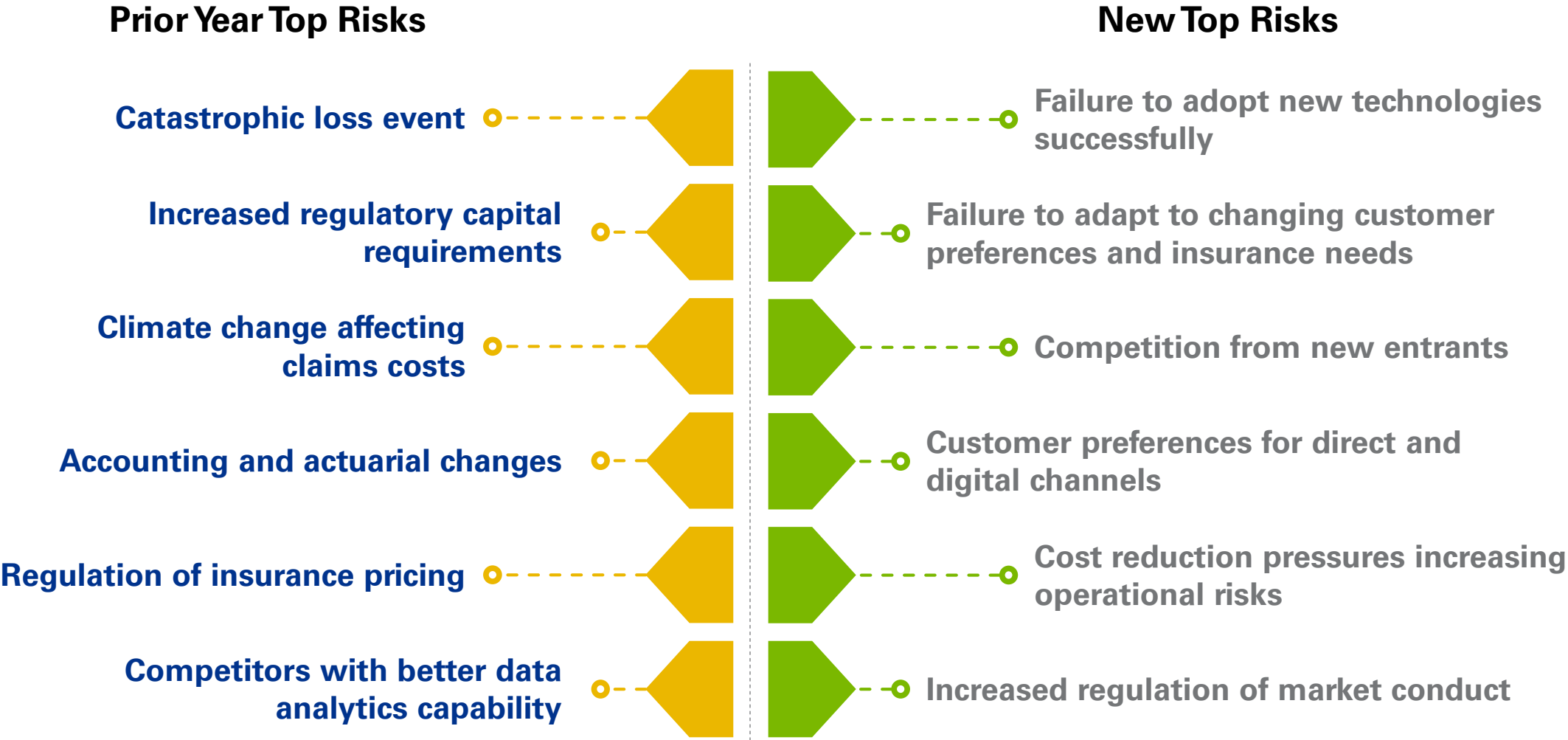
Changing customer needs and expectations

Greater customer or product segmentation

# Changes in top risks for Life



# Changes in top risks for Non-Life







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