



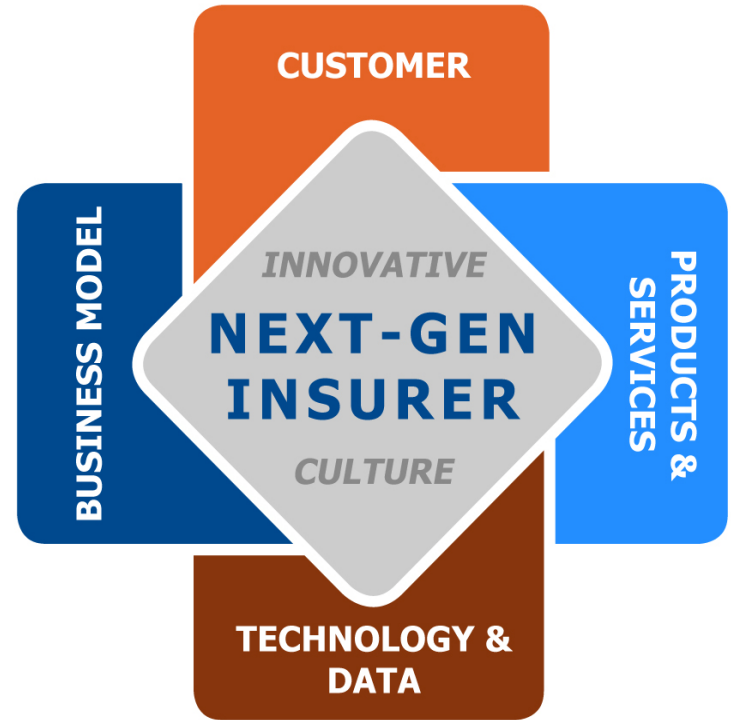
Future State of the MGA Program Business: *Adapting, Embracing, and Positioning for Change*

Presented by:
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Strategic Advisory Firm

Exclusive to Insurance Industry



**DIGITAL
INSURER**

**CUSTOMER
EXPERIENCE**

**CORE
MODERNIZATION**

**BUSINESS
ANALYTICS**

**EMERGING
TRENDS & TECH**

Source: Strategy Meets Action 2016

Today's Discussion Points



**Outside-In View
4 Game Changers**

**Inside-Out View
State of MGA Market**

**Positioning for Change
Top 6 Imperatives**

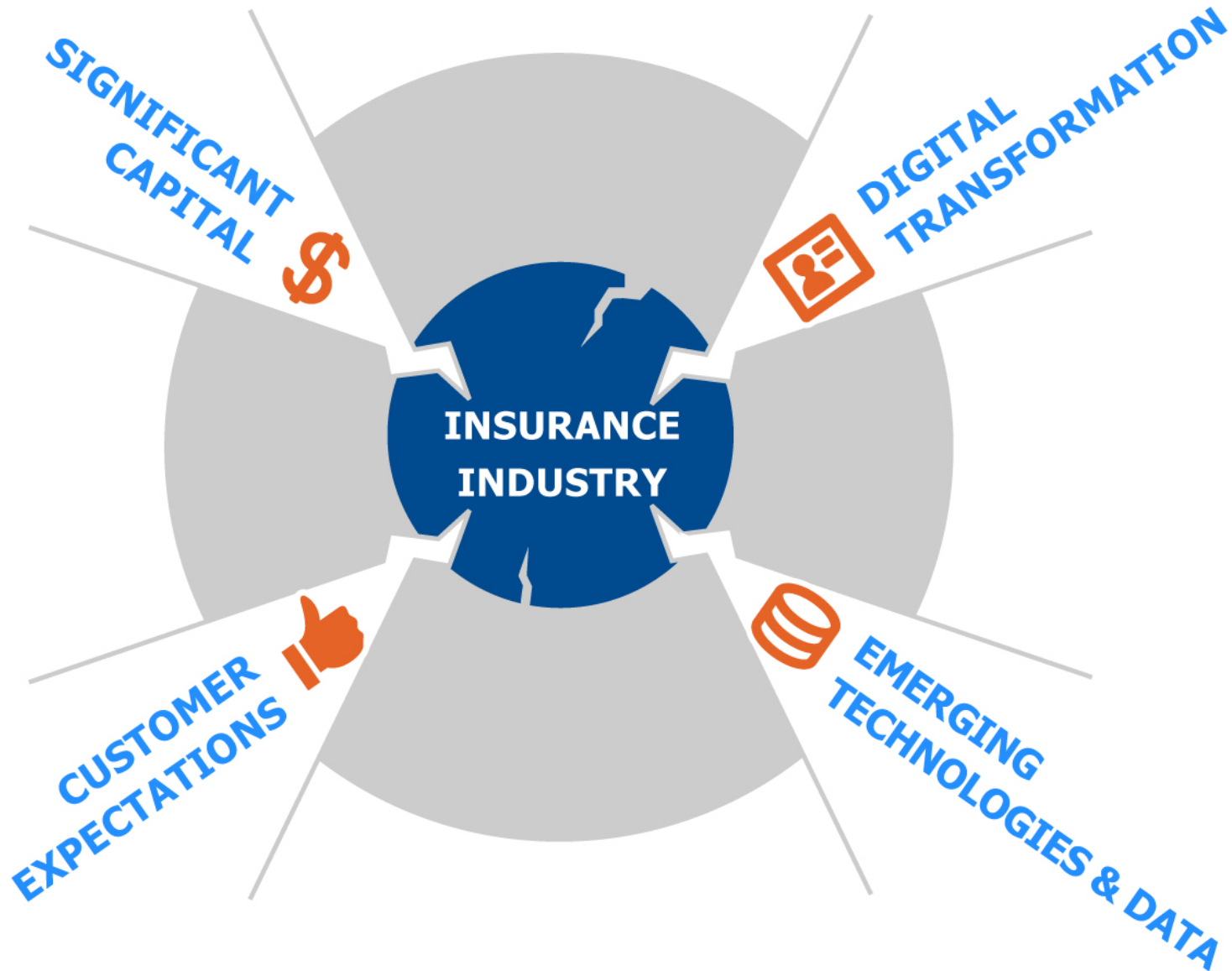
Call Action

Today's Discussion Points



Outside-In View 4 Game Changers

THE 4 GAME CHANGERS



Source: Strategy Meets Action 2016

Game Changer - Significant Capital



Investors

\$2b Invested
in 2015

5X in
2015/2014

New Ecosystem
& Partnerships



Over 200 Active Start-ups

Disrupt Customer / Distribution



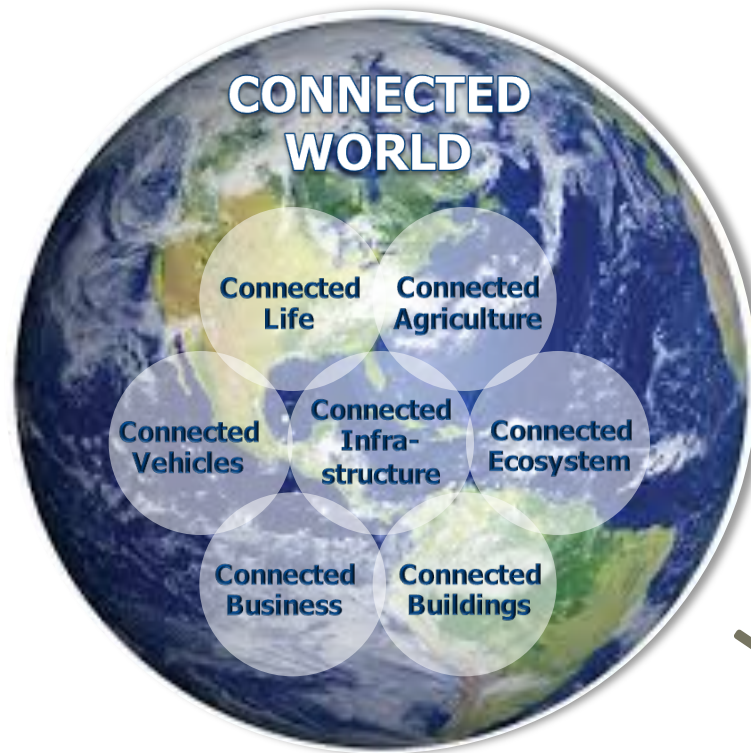
Reduce Risk-Assessment/ Mitigation



Source: Strategy Meets Action 2016/CB Insights

Game Changer Emerging Technologies & Data

PHYSICAL DOMAIN



VIRTUAL DOMAIN



TECHNOLOGY FOUNDATION
Mature & Maturing Technologies

Source: Strategy Meets Action 2016

Current Insurer and Emerging Tech Examples



The Internet of Things

- Idaho Farm Bureau – leakSmart
- AmFam – NEST, Ring
- Liberty Mutual -- NEST
- HSB/AMIG – Smart Home
- Bankers Financial – Smart Home pilot



Drones

- Erie – Claims
- USAA – Claims
- AIG – Claims and Coverage
- State Farm - Claims



Wearables

- John Hancock Vitality
- VSP – Smart Glasses
- AIG (w/ NCS) – Workers Comp
- Allstate – GoodRide on Apple Watch
- Erie – Google Glass for Adjusters

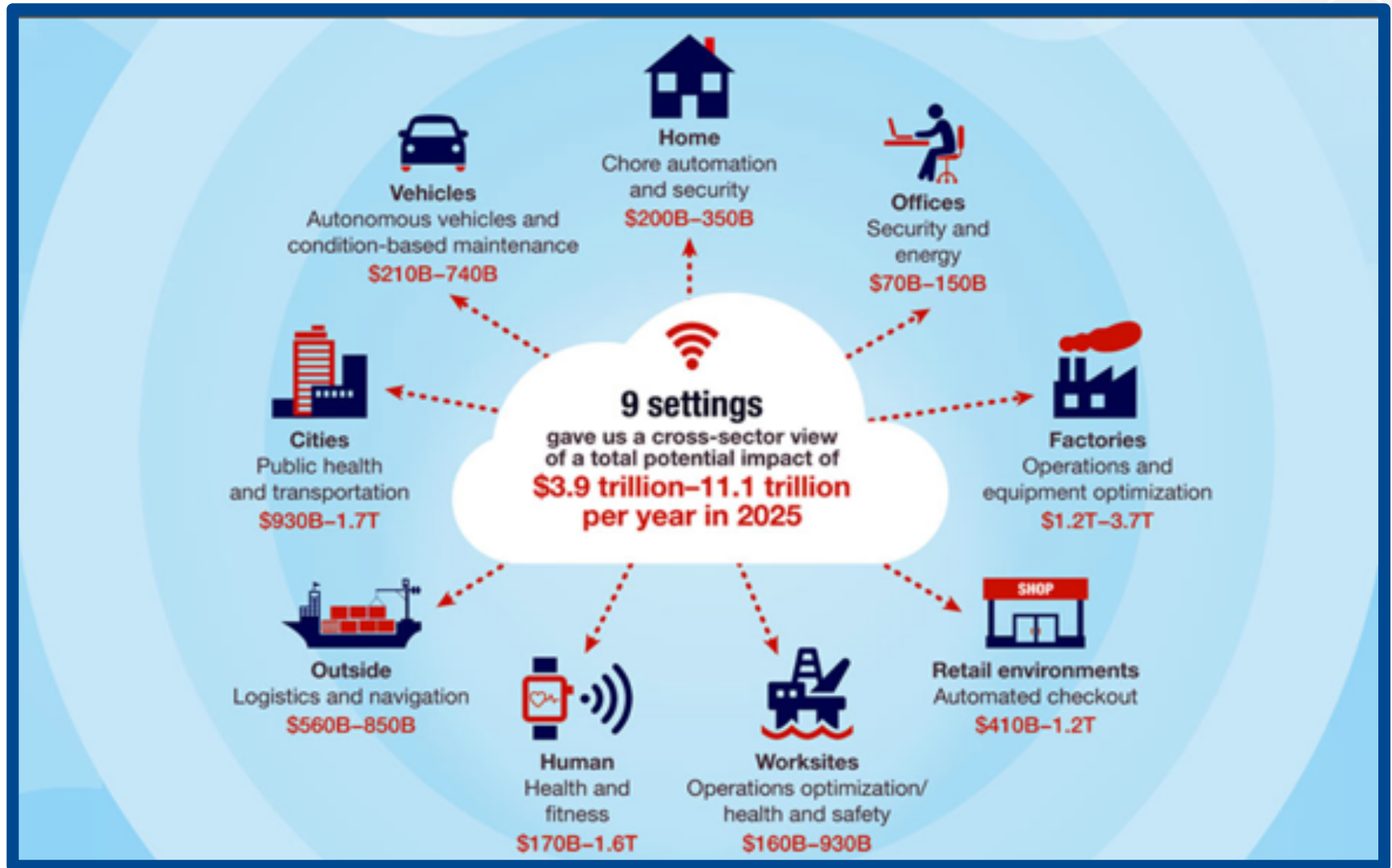
Other Emerging Tech Plays

- AXA – AR, Niantic Labs Partnership
- USAA – Cognitive Computing
- Global Insurer – VR for Training
- W&S – Gamification
- Allstate – Connected Car Division
- Swiss Re – Cognitive Computing
- Travelers – VR for Loss Control

Source: Strategy Meets Action 2016

Game Changer – Digital Transformation






Connected Digital World – Size of Market Predictions



Source: Google Search/Social Media 2015

Game Changer – Digital Transformation

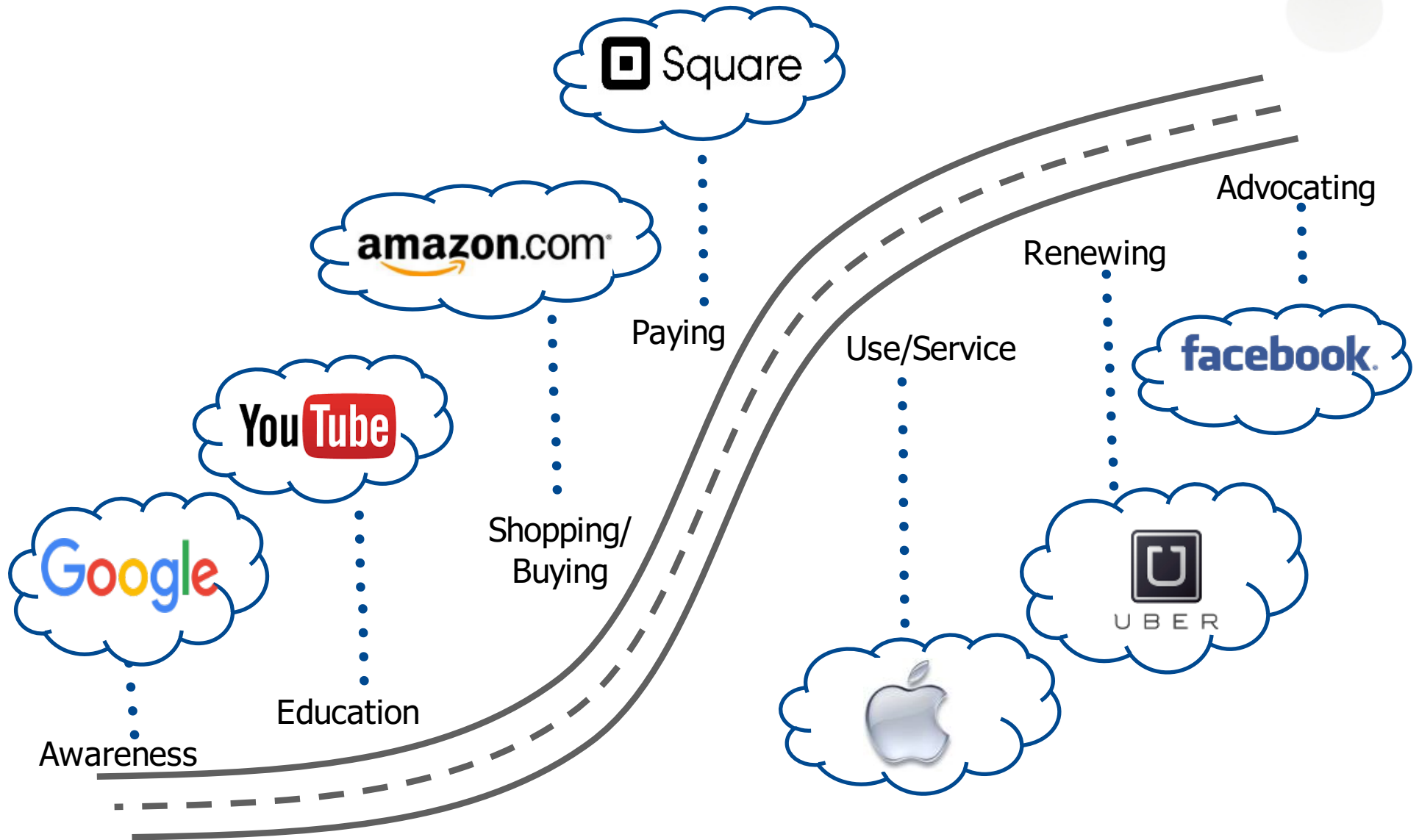


- World's largest transportation company owns no vehicles -  UBER
- Largest accommodation provider owns no real estate -  airbnb
- Largest phone company owns no telco infra - 
- World's most valuable retailer has no inventory -  Alibaba.com
- Most popular media owner creates no content - **facebook.**
- Fastest growing banks have no actual money - **SocietyOne**
- World's largest movie house owns no cinemas - **NETFLIX**
- Largest software vendors don't write the apps - **Google** 
- ***What will be the Insurance Headline?***

Source: IBM via facebook 2016/SMA 2016

Game Changer - Customer Experience

What Customers Think About During the Lifecycle



Source: Strategy Meets Action 2016

Today's Discussion Points



**Outside-In View
4 Game Changers**

**Inside-Out View
State of MGA Market**

Current State – The Big Squeeze



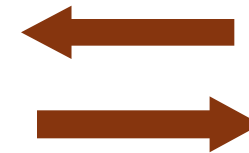
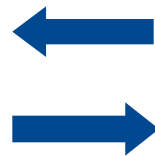
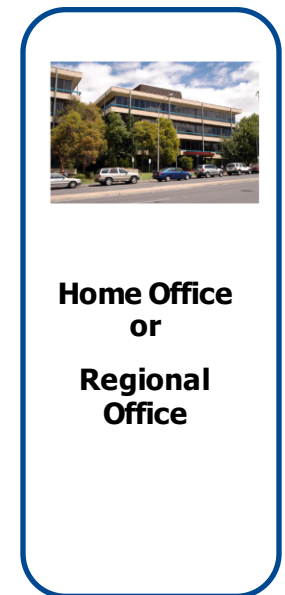
AGENT/BROKER



MGA/GA/MGU



CARRIER



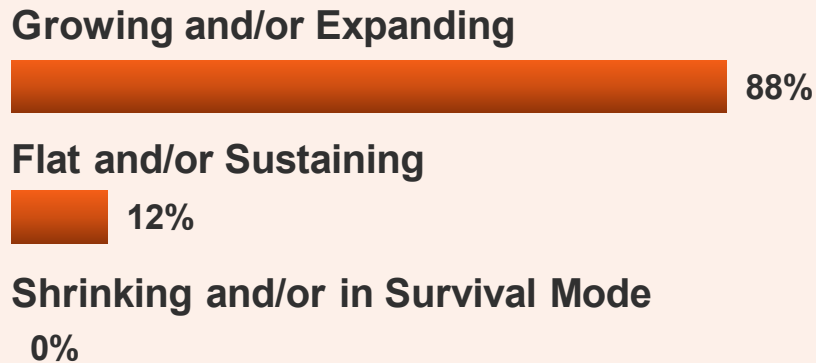
Source: Strategy Meets Action 2016

Business Mode of Operation

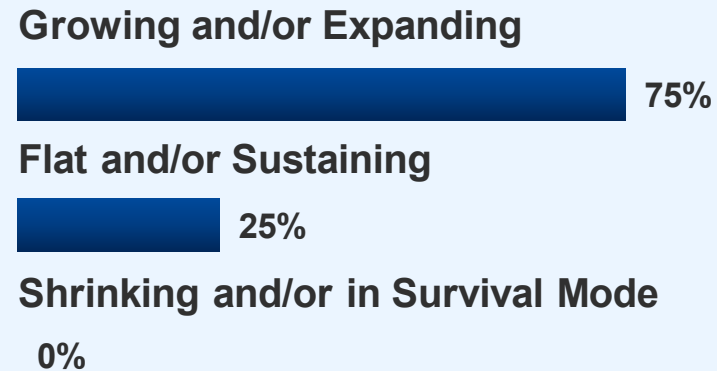
HIGH GROWTH, PROFITABLE, NEW ENTRIES



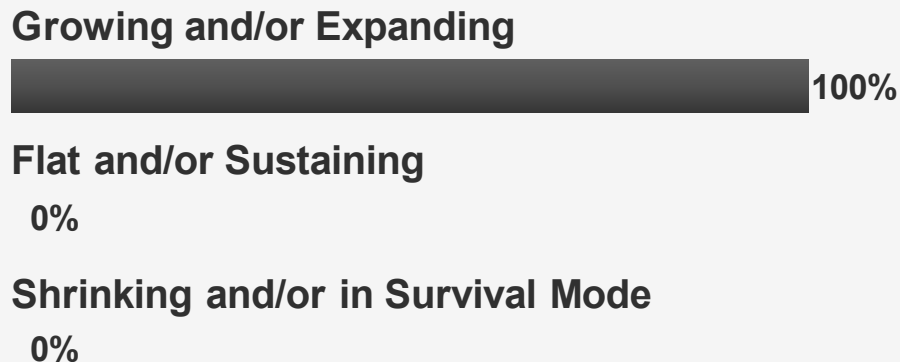
Under \$10M



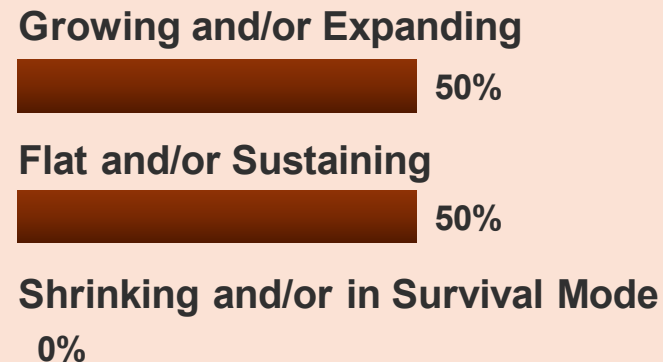
\$10M – \$25M



\$25M – \$100M



Over \$100M



Source: SMA Research, MGA Market Study 2014, n=75

Top Pain Point *Inefficiency/High Expense*



	<i>Under \$10M</i>	<i>\$10M – \$25M</i>	<i>\$25M – \$100M</i>	<i>Over \$100M</i>
1	Competitive pressures/ Market share	Too much manual processing	Too much manual processing	Start for new program is too costly
2	Too much manual processing	Carrier bureaucracy	Carrier bureaucracy	Too much manual processing
3	Carrier bureaucracy	Distribution channel inefficiency	Inefficient business operations	Competitive pressures/ Market share
4	Financial pressures	Financial pressures	Distribution channel inefficiency	Carrier bureaucracy
5	Inefficient business operations	Inefficient business operations	Financial pressures	Inefficient business operations

Source: SMA Research, MGA Market Study 2014, n=75

Technology Spending Appetite

MGA Spending About \$1B



Under \$10M

We invest when we must



We invest to keep up with competitors



We invest to be out in front & get ahead of our competitors



We don't invest



\$10M – \$25M

We invest when we must



We invest to keep up with competitors



We invest to be out in front & get ahead of our competitors



We don't invest



\$25M – \$100M

We invest when we must



We invest to keep up with competitors



We invest to be out in front & get ahead of our competitors



We don't invest



Over \$100M

We invest when we must



We invest to keep up with competitors



We invest to be out in front & get ahead of our competitors

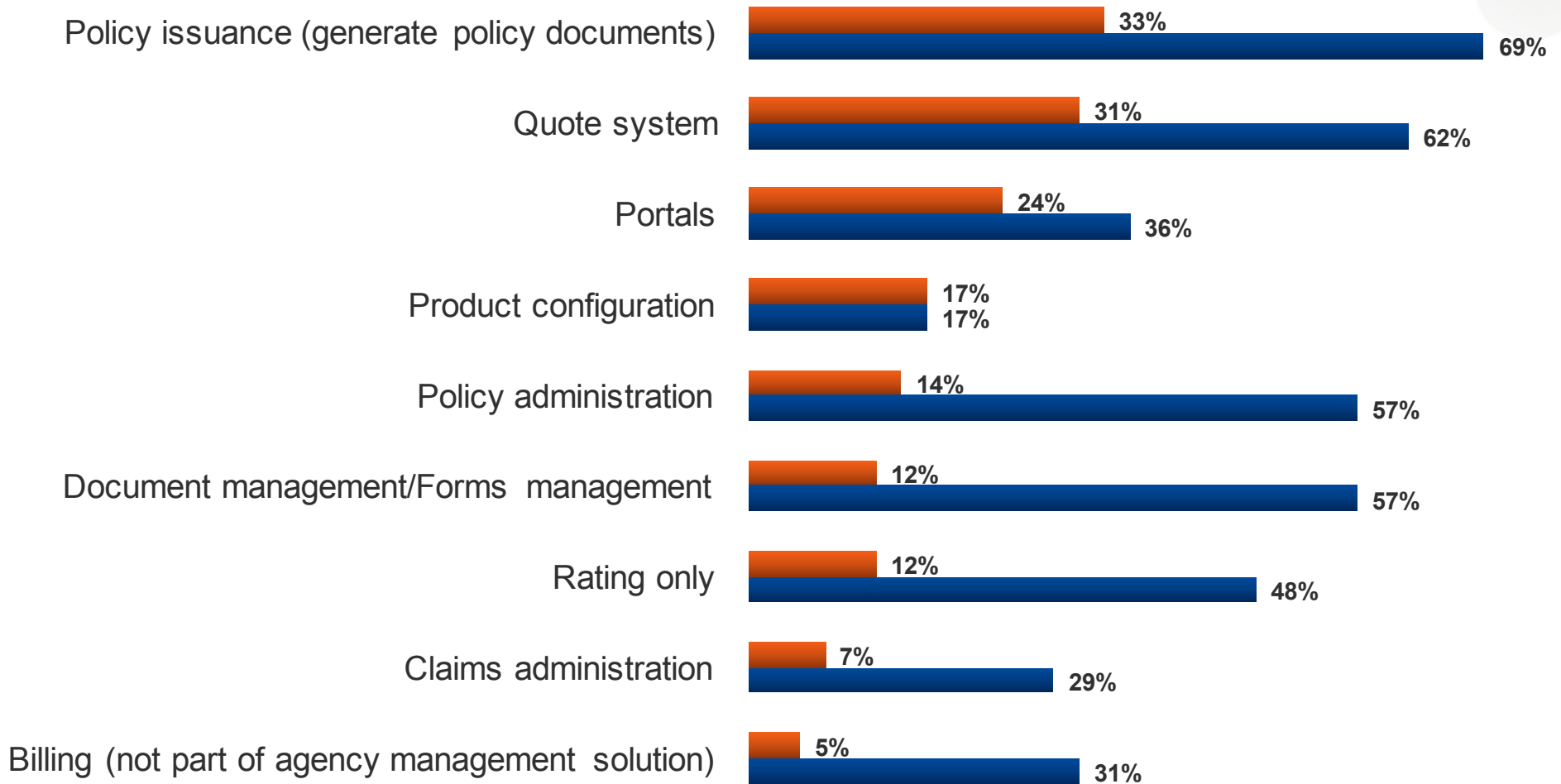


We don't invest



Source: SMA Research, MGA Market Study 2014, n=75

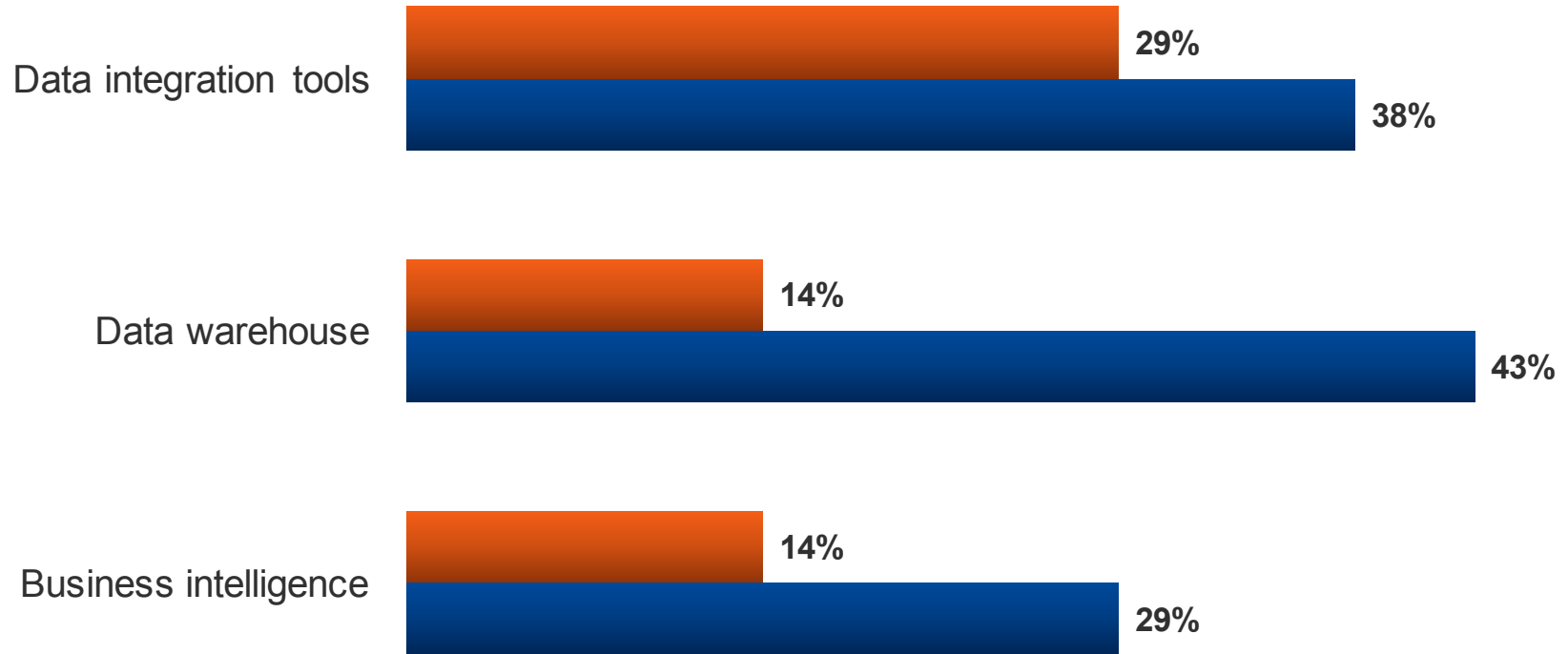
Systems in Use / Investments



Key	Focus Areas for Investments	Systems in Use
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Source: SMA Research, MGA Market Study 2014, n=75

Data Investments



Key **Focus Areas for Investments** **Systems in Use**

Source: SMA Research, MGA Market Study 2014, n=75

Current State – Innovative Growth Engine



AGENT/BROKER



How do you differentiate with Brokers & Agents ?

What are your investment plans – product – business - technology?

MGA/GA/MGU



How automated is your operations?

What is your Data /BI Strategy ?

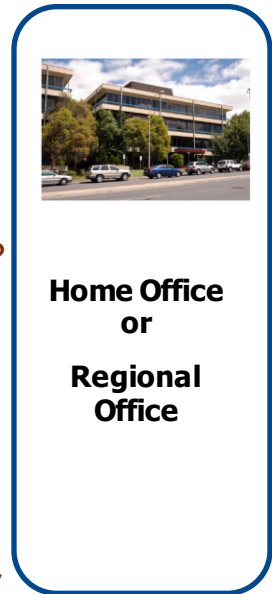
How do you create & deploy new products?

What technology do you use you use?

How dependent are you on carrier technology?

What are your plans for adapting to change – the game changers?

CARRIER



Source: SMA Analysis MGA Market Study 2014

Today's Discussion Points



**Outside-In View
4 Game Changers**

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Top 6 Imperatives**

Top 6 Imperatives for MGA's



#1
**INNOVATE
TO BECOME A
NEXT-GEN MGA**

2
**ACHIEVE AGILITY
FOR NEW PROGRAMS**

3
**EMBRACE MATURING
TECHNOLOGIES**

#4
**INVEST IN CORE
MODERNIZATION**

#5
**FOCUS ON
CUSTOMER
EXPERIENCE**

#6
MASTER BI/ANALYTICS

Source: Strategy Meets Action 2016

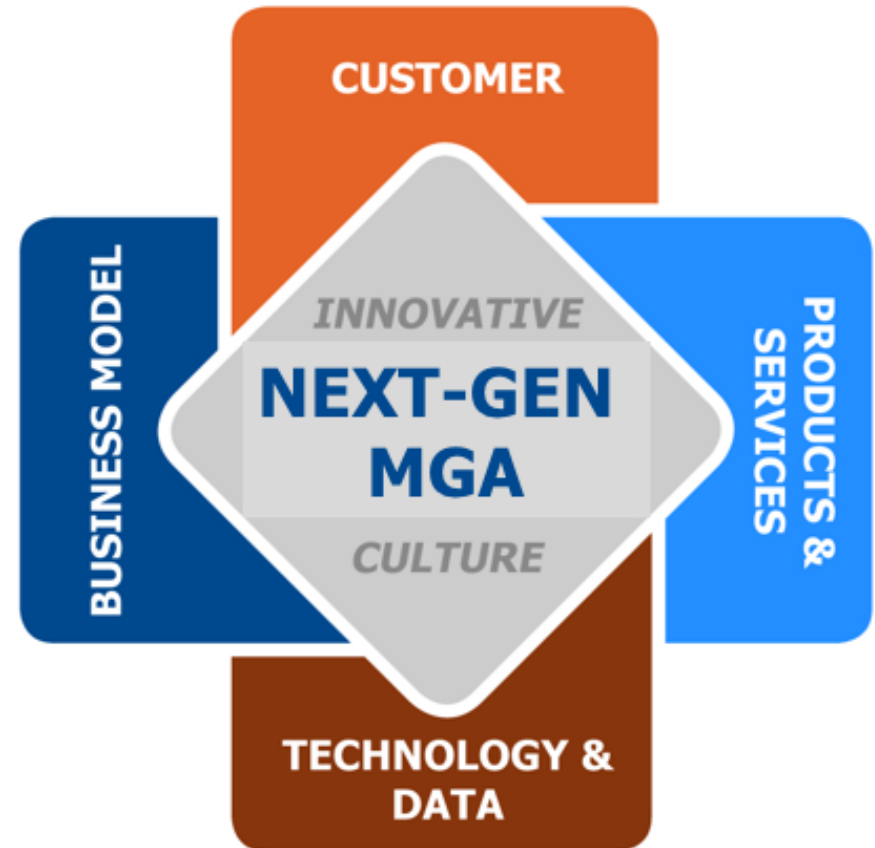
#1

Innovate to Become a Next-Gen MGA



INNOVATION

comes from a desire and a
commitment to constantly
improve,
to think differently,
and to envision
and enact change.



—*Strategy Meets Action*

Source: Strategy Meets Action 2016

#2 Achieve Agility for New Programs

Holistic View of Product Development Connectivity

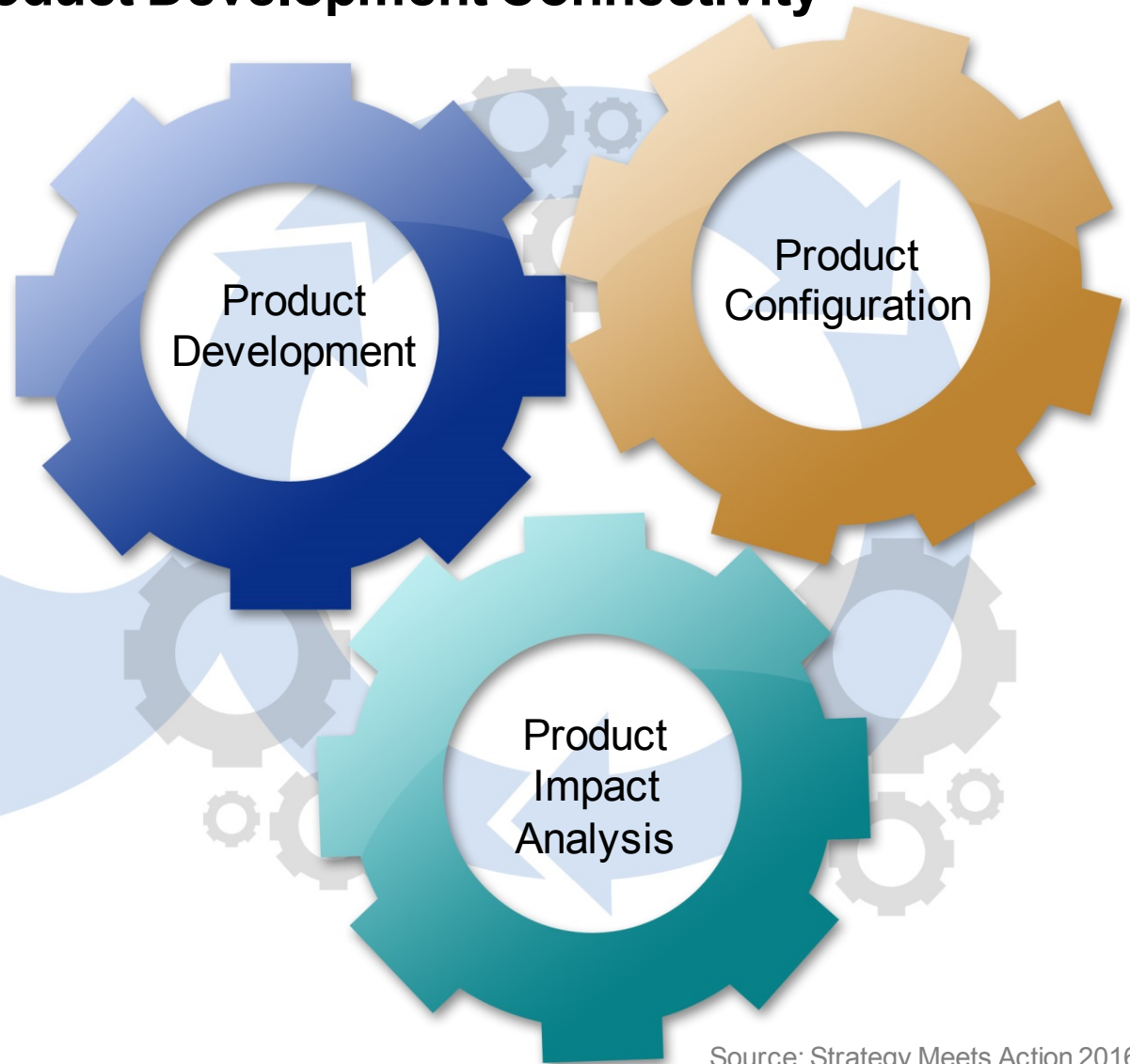
Input to the Cycle

External

- Regulatory Rate/Rule Charges
- Program Trends
- Carrier/Agent/Broker Feedback
- Competition trends

Internal

- Marketing
- New product ideation



Source: Strategy Meets Action 2016

3

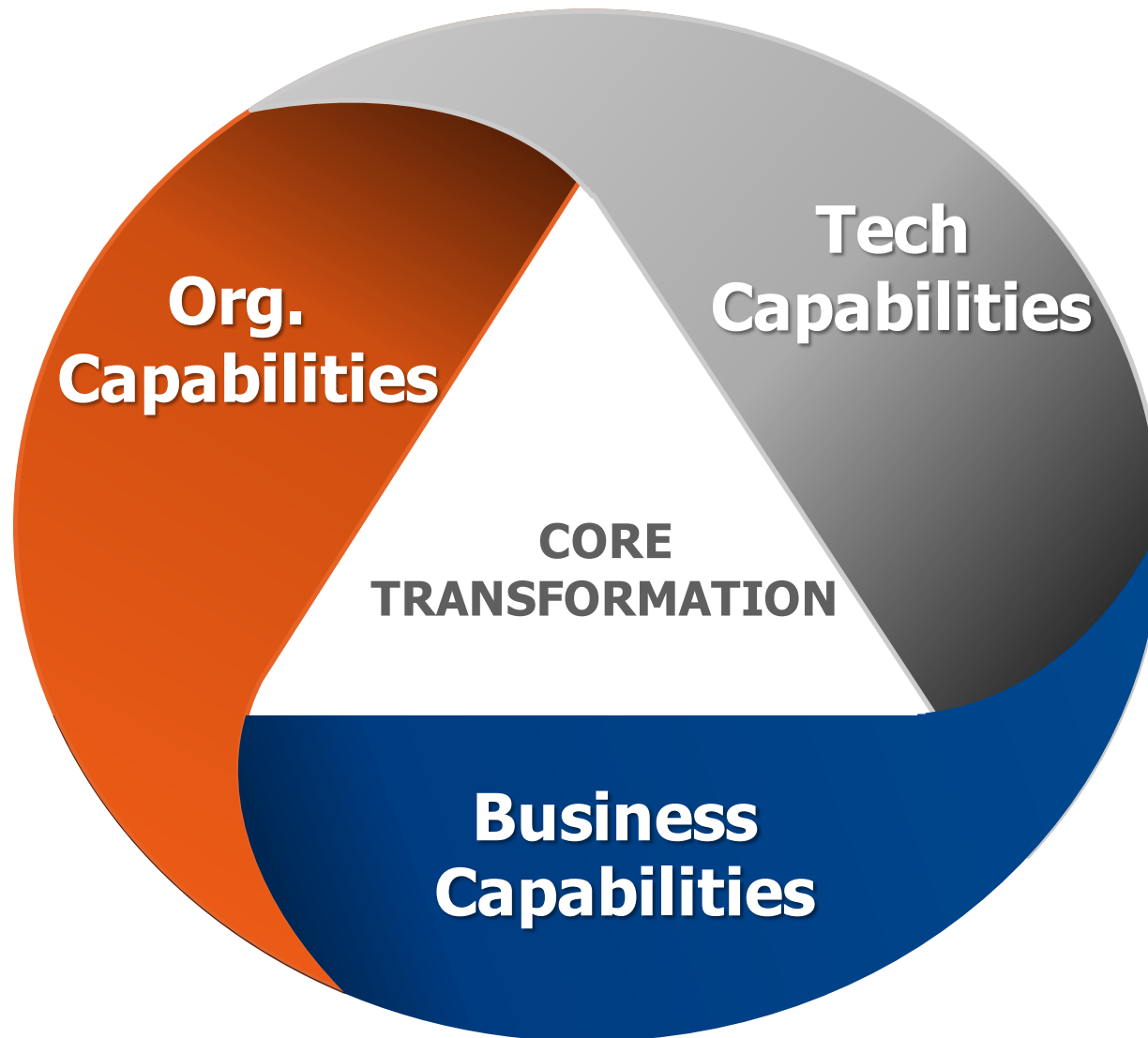
Embrace Maturing Technologies



- 1 Analytics & Big Data
- 2 Mobile Technologies
- 3 Self-Service Portal Technologies
- 4 Cloud Computing
- 5 Social Media / Marketing Tools

Source: Strategy Meets Action 2016

#4 Invest in Core Modernization



Source: Strategy Meets Action 2016

#5 Focus on Customer Experience



Top 5 Customer Experience Trends

	Mobile First, Mobile Everywhere
	The Era of Personalization
	Omni-Channel Expectations
	New Customer Experiences Outside Insurance
	The Digital, Connected World

Source: Strategy Meets Action 2016

#6 Master BI/Analytics



Business Intelligence

Advanced Analytics

Emerging Analytics

How do we gain new insights from historical data?

What are our new opportunities?

How do we capitalize on new opportunities?

How do we leverage advance intelligence?

What happened?
What is happening?
Where is the problem?

Why is it happening?

What if it continues?

What is likely to happen?

What can we do about it?

- Reporting
- Dashboards and Scorecards
- Ad-hoc Queries

- Analysis
- Scenarios

- Advanced Statistical Analysis

- Data & Text Mining
- Predictive Analytics
- Predictive Models

- Analytic Collaboration
- Cognitive Computing

Embedded Chips and Sensors

External Datasets (Risks, Demographics etc.)

Unstructured Corporate Data

Social Media/Web

Transaction Data (historical, current)

Big Data

Source: Strategy Meets Action 2015

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Call Action

SMA Call to Action



- **Embrace Change**

Awareness of “Outside In/Inside Out” Trends

... What is the Top Changers that will impact/support your strategy?

- **Get Clear**

Define who you are in this “New Norm”

... Begin to Frame the Next-Gen Model MGA Model ...

- **Pick & Invest**

Select 1-2 Imperatives and Move Forward

... Where to place your bets and investments ...

- **Keep a Pulse**

Continuous check points on shifts and evolutions

... Continue to leverage Target Markets, research, network...

Source: Strategy Meets Action 2016





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