

\textbf{Press release}

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\textbf{Insurance 2020: Time for life insurance & pensions sector to tap into underserved markets}

\textit{PwC Bermuda: ‘Digital can deliver ability to create more personalised health, wealth and retirement solutions’}

\textbf{Thursday, May 29, 2014} – Revitalising the life insurance sector starts with creating new opportunities with underserved markets, particularly young and lower-income consumers, according to PwC’s latest insurance report – \textit{Forcing the pace: The fast way to becoming a digital front-runner.}

The report highlights lower-income policyholders, tech-savvy millennials and Generation Xers are increasingly using the internet and social media to compare and buy products, with direct-to-consumer life policies expected to be a key growth area.

David Law, Global Leader, Insurance, PwC, says, “Young people do not currently see life insurance or pensions as relevant to them or affordable. Likewise for lower income customers. The digital age allows insurers to learn more about and engage with these untapped groups, thus expanding their ‘addressable’ market.”

While currently only 11% of customers in a recent global survey have made the move to purchasing life insurance online using a PC, laptop, smartphone or tablet, PwC’s report reveals that in the United States alone, more than 60% of consumers aged 18-54 would find this attractive.

According to the consumer poll survey conducted in combination with the life insurance report, consumers highlighted ease of access (63%), 24/7 availability (60%) and cost effectiveness (53%) as the top three reasons that would influence their decision to purchase life insurance online.

“Digital transactions have started,” says \textbf{PwC Bermuda Insurance Leader Arthur Wightman}. “However, it’s clear that consumers still also want the added comfort and flexibility of being able to communicate with their life insurance providers as well as view and compare offers both on and offline.”

\textbf{Mr Wightman} continued: “The main objective for insurers is to have a business strategy for the digital era. Rather than digitising what life and pensions businesses are currently doing.
Digital can prompt access to new markets and deliver the ability to create more personalised health, wealth and retirement solutions.”

**Demands from new breed of customers**
According to the PwC report, by 2017, a new breed of customers will dominate. These are customers with increased expectations and empowerment. They’re better informed, more connected and vocal thanks to SMAC (social media, mobile, analytics and cloud).

The range of demand differs globally. UK consumers prefer to communicate with their insurers online (43%), compared to only 15% of those in Mexico. Nearly half of China/HK (46%) would use an insurance provider’s website to research their life insurers.

When asked what affected their decision making criteria for choosing their life insurance provider, only a quarter of respondents highlighted strength of brand (28%) and reputation for resolving claims (26%) as important deciding factors. In Singapore, 63% indicated price as the most important factor.

“Whether it’s price and product information, experience or brand, an insurer’s offering also needs to translate into the digital world,” **adds Mr Wightman.**

**Contesting challenges & catching up**
The report indicates that in comparison to other sectors – including non-life insurance – life and pensions businesses have been slowest to capitalise on the commercial potential of the digital age.

Mr Wightman concludes: “Traditional approaches to broad system development are potentially too slow. The industry needs quicker and more economical ways to meet changing market demands. This will include ‘greenfield’ operations, where start-ups run alongside existing capabilities. Businesses remaining on top will constantly be on the move, with the insight to identify new opportunities and agility to mobilise quickly to capitalise on them.”

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**Notes to Editors**
To download a copy of *Forcing the pace: The fast way to becoming a digital front-runner*, please visit http://www.pwc.com/insurance/digital-life.

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