



INSURANCE NEWSLETTER

10TH EDITION

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INTRODUCTION

The CEO role at Generali Group is one of the most exciting and challenging positions in European insurance these days. We are delighted to present a special interview Oliver Wyman conducted with Mario Greco about his strategy for Generali, his view on the sector and his experience from many years in leading roles in the insurance sector.

We also include three articles on topical subjects. The first concerns the recovery and resolution planning proposed by regulators. We have helped several clients with these efforts and our article explains our approach and perspectives. The article second concerns telematics, a “game changer” in motor insurance. The third is on insurance branding, focusing on the UK. Insurance branding is nascent and many brands remain largely undifferentiated. Our analysis provides a call to action for many insurers, and not only in the UK but in other European markets where branding is also weak.

Enjoy reading and please contact me if you have feedback on any of the topics covered in this edition of the newsletter.



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A CONVERSATION WITH

MARIO GRECO

GROUP CEO, ASSICURAZIONI GENERALI





MARIO GRECO

OLIVER WYMAN: *You have been Group CEO of Assicurazioni Generali since August 2012, what have been the most significant challenges both for Generali and for you personally since taking on the role?*

MARIO GRECO: Generali is one of the leading insurance players in the world with a unique international positioning and a strong brand, but in the last years it had lost positions in terms of market capitalization and profits. Therefore, when I joined Generali, I took on the responsibility to bring it back to a global leadership position. As part of this challenge, we announced in January a new strategy based on discipline, simplicity and focus on core insurance business with an optimization of our geographical footprint. In line with the new strategy, for example, in the last months we closed a very important agreement with our partner in the Central-Eastern Europe, PPF, to acquire the full control of GPH – the holding company operating in that region – by 2014, and on the other hand we have started the disposal processes of non-core activities. Furthermore, the Group is undergoing a transformation towards the highest industry standards and consistent with its international profile. Let me remind you that our Group operates in more than 60 countries and generates more than 70% of its business outside Italy. The internal governance has been strengthened with a more integrated Group organisational structure. The Group Management Committee, consisting of international senior managers, has been established and a team-based managerial approach has been introduced. Last but not least, I'd like to mention the reorganization of the Group's operations in Italy. We have announced a three-year investment plan of €300 MM to strengthen the Generali brand and sales network and simplify its business model. The 10 existing brands will be integrated into three companies with distinct and clear propositions and market positioning – Generali, Alleanza and Genertel.

“Our Group operates in more than 60 countries and generates more than 70% of its business outside Italy.”

Congratulations on Generali's recently published 2012 year end results showing a growth in its operating result and total premiums, as well as strengthened capital position. What has been the key to the improved results?

First of all, let me say that the 2012 financial statements marked a turning point in the evolution of the Group towards international best practice. Generali has completed a prudent and detailed asset review and decided to align its impairment criteria with industry standards, enabling a more accurate comparison with peers. All of this had an effect on the net result, while operating performance improved significantly. As a matter of fact, the operating result increased by double figures (+10.5%) and the capital position strengthened, with the shareholders' equity up by 28% and the Solvency I ratio up to 150%. I think the key to these healthy results was our underlying business. In the P&C segment, the Combined Ratio was better than one year before by 0.8 percentage points, despite the impact of significant natural catastrophes. As regards our capital position, I believe that the progress the Group has made in improving its Solvency I ratio is evidence of the capital-strengthening plans that have been initiated and will be implemented continuously in the future. The good 2012 results translated into a stable proposed dividend – a testament to our continued commitment to providing appropriate returns for our shareholders.

In January you announced a new strategy for Generali in 2015 focusing on the firm's core business, clients and capital strength. How will the new strategy be implemented throughout the business?

The goal of the new strategy is to transform Generali into one global insurance Group that will be able to compete in international markets delivering best in class products and services for its customers. By 2015, Generali will have a more solid and stable balance sheet and provide greater returns for its shareholders. It will be less complex and more focused on the business of insurance with a greater proportion of its profits coming from the P&C business which I expect to be around half of total operating profit by 2015. It will have a clear footprint of businesses in mature markets, primarily in Western Europe, that will be strong engines of cash generation to fund higher-growth businesses in emerging insurance markets. To implement the strategy consistently across all our lines of business and geographies we have identified several strategic initiatives, and we have introduced a robust strategy dialogue process between the Head Office and all the countries, whereby each of these strategic initiatives is jointly assessed and priorities are aligned with the new global strategy, consistently with local specifics and competitive situations. The strategic initiatives and the dialogue process are run in parallel and progresses are reviewed monthly by the Group Management Committee and then discussed with the Board, so we make sure the strategy execution goes on according to our plans and expectations.

“By 2015, Generali will have a more solid and stable balance sheet and provide greater returns for its shareholders.”

What do you see as the biggest driver of future growth for Generali?

First of all, let me underline that Generali values profits more than growth. We are not lured by volumes per se – they must generate value. Having said that, we have identified several drivers of future growth we intend to develop. Broadly speaking, we believe customer centricity and a true multi-channel approach will drive the Group's progress towards its long-term goals. More specifically, we want to take advantage of the opportunities coming from Emerging Markets (Asia, Central-Eastern Europe and Latin America), affluent clients in the Life business, Corporate and Commercial customers in the P&C business, the Accident and Health segment and bancassurance as a distribution channel.

What role do you think global insurance companies like Generali can play in a more volatile and more capital constrained world in the wake of the Lehman and sovereign crises?

I think that the current market environment makes it even more obvious that the mission of an insurer is to provide stability and safety to people with a long-term perspective. The insurance business requires a prudent asset allocation and a thorough analysis of the risk/return profiles of its investments to meet clients' expectations and needs. At the same time, this strategy allows an insurer to cope with higher volatility and capital constraints.

Having worked outside Italy at periods throughout your career, what do you see as the greatest lessons Italian insurers can learn from their European or Global counterparts?

Global insurers have – broadly speaking – simple yet effective internal governance structures with clear reporting lines and lean decision-making processes. If an insurance company wants to compete on a global level in the current turbulent environment it should adopt this approach. There's no doubt that a volatile market requires fast and shared decisions. Generali Group, for instance, is now equipped with an internal organization in line with international best practice thanks to which it won't struggle to keep the pace of competition and, eventually, it will lead the market.

“We believe customer centricity and a true multi-channel approach will drive the Group's progress towards its long-term goals.”

You have been a senior figure within the insurance industry for almost 20 years, with experience working at RAS – Allianz, Eurizon Financial Group, Zurich and now Generali. What are the biggest changes you have experienced over that time?

Over the last two decades, changes have been numerous and substantial. It is difficult to summarize all of them, but I would start by saying that the role of clients expanded significantly and is now more central. The client assumes an active, fundamental role in defining products and solutions and in the decision process. Another change is internationalization. The insurance business has crossed borders and reached a global character – I can even say that insurance is now more international than banking. Of course, Emerging Markets have been gaining a lot of attention, as their progress marked the recent past and opens new, fantastic prospects. Also, insurers are now more focused on core insurance activities, such as pricing and claims management.

What is your opinion on the continued Solvency II delays? How are Generali approaching this new regulation?

The Solvency II directive is a risk-based framework that seeks to protect policyholders and enhance the industry's efficiency. As such, we welcome this initiative. However, it has to reflect the long-term character of insurance business. The current debate over Solvency II, and the reason behind the delays, revolves around some proposed measures to correctly reflect the long-term nature of liabilities towards policyholders. Failing to adopt these measures would result in severe consequences for the European insurance industry and its customers.

What do you consider the biggest challenges for the industry in the next 5-10 years?

I think that one of the biggest challenge insurance companies face is being able to meet customer needs effectively and efficiently. Customer demands are more sophisticated than ever and they change at a fast pace. Therefore, it is very important that insurers keep up to this pace and get closer to customers, shifting from a distribution-led approach to a client-led approach. This is why insurers must invest in enhanced distribution channels and excellent customer service with the final goal of improving customer satisfaction and retention. This is also what Generali is doing. We want to become an excellent provider of insurance products and solutions by leveraging a true multi-channel distribution model. Clients will be put at the centre of everything we do and I am confident they will recognize and reward our efforts towards them.

“
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has crossed borders
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What do you consider the biggest areas of opportunity for the industry in the next 5-10 years?

Technological innovation is a huge opportunity, as it allows for optimal client segmentation. Through a better collection and understanding of customer and market data, made possible by technology, we can deliver consistently superior products and solutions to improve customer service. In other words, more sophisticated client database allows insurers to fine-tune products so they cater to each client segment perfectly. This means significant investments in innovation, but also higher customer value. Looking at our Group, Generali, I can say that we are in a good position to seize this opportunity. In terms of innovation, let me remind you our direct business. We have been pioneers in direct channels and now we are the European leader. Of course there are many other opportunities for the industry. I'm thinking, for example, of mature economies where the public sector is increasingly withdrawing from welfare provision, or the Emerging Markets, where the middle class is rising fastest.

* * *

Mario Greco has been Group CEO at Assicurazioni Generali since 1 August 2012.

Born in Naples on 16 June 1959, he graduated in Economics from the University of Rome in 1983 and took a master in International Economics and Monetary Theory at Rochester University, N.Y. (USA), in 1986.

Greco began his career in 1986 with McKinsey & Company, where he worked until 1994. In 1995 he joined RAS, first as head of the Claims Division and, the following year, as General Manager; in 1998, he was appointed Chief Executive Officer. In 2004 Greco was appointed to the Allianz Vorstand and was named Insurance CEO of the year. In 2005 he was appointed CEO of EurizonVita, a company in the Sanpaolo IMI Group, and, subsequently, CEO of Eurizon Financial Group.

In 2007 he moved to Zurich Financial Services as Deputy CEO Global Life, becoming CEO Global Life and a member of the Executive Committee the following year. In 2010 he was appointed CEO General Insurance at the Zurich Insurance Group, a post he held until 4 June 2012.

“*Technological innovation is a huge opportunity, as it allows for optimal client segmentation.*”

RECOVERY AND RESOLUTION PLANS FOR INSURERS



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When banks in Europe and the US became unable to honour their financial obligations in 2007 and 2008, governments bailed them out (with the notable exception of Lehman Brothers). Why? Why did politicians force taxpayers to cover the losses of people and institutions who had voluntarily taken the risk of investing in banks' liabilities and equity?

The standard answer is that politicians faced a terrible choice. The complexity of large banks meant that they could not be wound up in an orderly fashion, keeping basic transactional services running and honouring depositors, while putting the institution into administration and imposing losses on shareholders and bondholders (who could be presumed to have the resources to absorb them). Politicians had to choose between saving insolvent banks largely "as is" in the short-term, or unleashing economic chaos.

Recovery and Resolutions Plans (RRPs) are supposed to stop such a dilemma arising again. An RRP will give managers, regulators and administrators a blueprint for either avoiding a resolution scenario, or winding up a financial institution in a more efficient manner. More specifically, the aim is for resolution to occur in a way that does not threaten the smooth functioning of the financial system, for example by ensuring the payments system remains viable and that the extension of working credit to businesses continues. The Financial Stability Board (FSB) annually specifies around 30 "Global Systemically Important Banks" (G-SIBs) which must supply RRP, and regulators are asking a much broader set of banks and their subsidiaries to prepare such plans.

The Financial Stability Board, in consultation with the International Association of Insurance Supervisors (IAIS), are planning to do the same for the insurance industry by the end of April 2013 (although this may be delayed slightly). They will designate "Globally Systemically Important Insurers" (G-SIIs) which, like G-SIBs, will be required to produce RRP¹.

Some insurers have lobbied that RRP are a pointless imposition. Banks are susceptible to "runs" because they typically fund long-term assets with short term or liquid liabilities. By contrast, insurers typically have illiquid liabilities, such as annuity obligations, and liquid assets, such as

tradable securities. When an insurer fails, it does so in slow motion. There is plenty of time to devise a recovery and/or resolution plan as events unfold.

Maybe so. But if the authorities disagree, the point is moot. RRP are coming. The question is how insurers should engage with the process. This short Oliver Wyman article offers two pieces of advice: learn from the experience of banks and engage actively in shaping the regulations to ensure they are properly adapted to insurance.

THE BANKING EXPERIENCE

In the aftermath of the initial crisis, an alluring idea was proposed for banks: "living wills." The banking and regulatory community would plan ahead for actions that would provide support in a crisis situation and structure the banks to ensure that governments could choose which components to support and which to leave in the hands of insolvency practitioners. Regulators and commentators jumped on this idea, and living wills have been under development in most banks since then.

While the basic concept behind a living will has been supported by many regulatory bodies, the term itself has fallen from favour as it implies a legally binding document, which an RRP is not.

A distinction needs to be made between actions that should be planned and undertaken by a bank's executives prior to failure (Recovery) and those that should be planned and undertaken by a regulator after failure (Resolution). The approach to each is markedly different:

- Recovery plans are developed by the bank's executives and should be part of the standard risk and crisis management approach. The aim of the plan is to ensure necessary actions are understood and can be executed quickly to allow the institution to return to health with as limited a loss to stakeholders as possible. A simple example would be "pre-packaging" a set of portfolios or business for a fast and capital generative sale in a period of stress.
- Resolution plans are developed by the regulator and specify actions that will be taken in the event of failure. As such, the bank's executives cannot

¹ The requirement to produce an RRP will not be the only implication of being designated as a systemically important financial institution (SIFI). Other implications include Systemic Risk Reduction Plans, enhanced supervision and capital add-ons.

develop or comment on the resolution plan itself. They contribute to the plan by providing a “resolution pack” of data for regulators to develop their own thinking.

LESSONS LEARNT

1. The issues an institution might face and the causes of failure are too numerous to list. A single plan of action cannot reflect the range of possibilities and may be unsuitable for the challenge an institution ends up facing. RRP's need to be sufficiently flexible to identify and address a range of causes of failure. Broadening the scenario set means that the RRP (and especially the Recovery plan) must be integrated with internal stress testing frameworks. Ideally, the stress testing framework that identifies and quantifies challenges would be linked to a Recovery plan that specifies mitigating actions.
2. Many banks have complained about the burdensome and apparently pointless information collation exercises requested by regulators. Attempting to collate “all” the information that might be required in a Recovery or Resolution situation is doomed to failure. We believe that, where regulation permits, institutions should overlay a solid dose of commercial common sense as to what is useful and proportional.

RRPS FOR INSURERS

RRPs (or the lack of them) in the insurance industry, are high on the agenda for regulators as the G-SII categorisation approaches. Lessons learnt in banking can inform developments in the insurance industry.

But simply copying what banks have done will at best lead to a sub-optimal outcome, and potentially to a pointless or even misdirected result. RRP's for insurers must reflect the important differences between banks and insurers. At a minimum, these include:

LIQUIDITY: In banking, time is your enemy. If concern over a bank's robustness causes a large portion of its depositors or short term wholesale investors to demand their money back, it can fail in a matter of days. By contrast, most insurers have illiquid liabilities and are not susceptible to “runs.” When insurers fail it is not because they cannot meet their short-term obligations but because the value of their assets no longer exceed the value of their liabilities, a situation which creates no emergency for the broader economy and which can be worked through over a period of months.

FUNGIBILITY OF CAPITAL: Global banks are more likely to structure their overseas units as branches, and have more flexibility to manage capital on a consolidated basis (though developments since the crisis have constrained this opportunity somewhat). Within a branch structure or under a consolidated prudential regulatory view, capital is fungible. By contrast, global insurers, especially Life insurers and Composites, are usually structured as a collection of distinct regulated entities, each with its own country regulator and local balance sheet. This makes it difficult for global insurance groups to transfer capital to where it is needed – especially in times of crisis, when local capital needs can change rapidly.

Although there has been some progress in this area, few insurers are clear about how capital will flow across borders during crises. The RRP process provides a valuable motivation to think through this conundrum. Unless group recovery plans have been scrutinised by local governance (local boards, local regulators) they are unlikely to get the answer right.

These are but the two most important differences between banks and insurers with regard to RRP's. Others include differences in capital requirements, risk appetite frameworks, legal structure, and liquidity management.

If insurers do not take the lead in developing the RRP standards that will eventually be imposed on them, many such differences are likely to be ignored. Insurers will end up being obliged to produce RRP's designed for banks. Even insurers who doubt the need for mandatory RRP's have a strong interest in contributing to their development.

Telematics

REVOLUTION ON THE ROADS?

The use of telematics, from mobile phone apps to manufacturer-installed devices, looks set to change the face of motor insurance. How can insurers seize the opportunities the technology presents?

By Richard Thornton

Telematics has finally arrived, with most insurers and large brokers announcing pilots or launches this year – yet insurers are still only dipping their toes in the water.

Some are participating purely through broker panels; others are running limited pilots, testing the proposition with a few tens of thousands of policies; while others have launched telematics apps for mobile phones, which may be quick to market but seem unlikely to be the winning proposition in the long term.

While these developments are interesting from a market dynamics perspective, they tell us little about the shape of the future market. The most obvious and hotly debated question is: which technology will come to dominate? There are several options (see box, p23), each with pros and cons and each in use today, either in the UK or overseas.

In the short term, professionally installed devices are expected to lead the market. Insurers are, by nature, cautious and few will want to take on material exposure to a solution that does not offer protection against customer tampering and fraud.

Over time, however, this picture will inevitably change. Different solutions will emerge for different customer segments (see box, right). Some groups – such as young women penalised by the EU *Gender Directive*, which comes into force on 21 December – will buy ‘pay how you drive’ policies to demonstrate they

are careful drivers, thereby earning cheaper premiums. Given a potentially elevated fraud risk in this segment, alongside the importance of robust data on driving behaviour, a professionally installed device is likely to be the right solution.

Other segments, such as affluent leisure drivers, may buy a ‘pay as you drive’ policy in order to demonstrate that, as infrequent drivers, they merit lower premiums.

A mobile phone device should give perfectly adequate information to track miles driven, so long as it is switched on. Is there a risk of customers leaving their mobile phone at home, thereby lowering their premiums? In theory, yes – and while the insurer can make own-damage claims conditional on the tracking device being switched on, it cannot escape third-party liability claims.

As a result, such a solution would be appropriate only for low-risk customer segments with expensive vehicles – those for whom own damage constitutes a large share of the premium.

Other customer segments may value the security features that can be delivered through telematics devices, including rapid emergency response in case of an accident, a panic button or stolen vehicle recovery. For this type of customer, a manufacturer-installed device may be best.

Participation strategy

If this prediction of a proliferation of propositions and supporting technologies is correct, how should providers determine their participation strategy? In our view, a telematics strategy should be based on customer behaviours and preferences. By segmenting the market by sociodemographic

Solutions by customer segment

Segment	Proposition	Technology
Young drivers	‘Pay how you drive’ as an opportunity to demonstrate you are not high risk	Device installed in vehicle
High-value car drivers (leisure)	‘Pay as you drive’ as you only drive infrequently, so why would you pay for insurance all the time?	Mobile phone tracking device Own damage cover invalid unless phone is logging journey
Safety conscious	Security features – instant emergency response, panic button and more	Manufacturer-installed device

Telematics

groups as well as driving behaviour, providers can start to understand where the largest opportunities lie and design propositions accordingly.

Of course, telematics policies will vary not only with regard to the underlying technology – there will also be innovation and diversity in the price calculation, the ancillary services provided and the way customers interact with insurers.

Think about pricing: you may consider yourself an experienced driver, one who generally drives cautiously but tends to break the speed limit on motorways. Presumably you would then be attracted to a provider who took a relaxed view of your ‘controlled’ motorway speeding without increasing rates.

By contrast, suppose you are a thoroughly conservative driver, but your unsociable working hours mean you often have to commute late at night. Drivers in those circumstances might be attracted to a policy that doesn’t place a blanket penalty on late-night driving.

UK motor insurers have endured wave upon wave of increasing price transparency – from telephone sales to telebrokers and growth of the web channel to price comparison sites – with each one increasing price competition. Could the advent of telematics herald a reversal of this trend? A proliferation of propositions and detailed pricing mechanics should, over time, lead to sustainably higher margins – at least for those providers that understand the purchasing decisions of different customer segments and tailor their offers accordingly.

Changing relationships

Telematics could also change insurers’ relationships with their customers. The experience of the early movers in this market suggests – at least for the target segments – ‘pay how you drive’ policies have significantly increased the frequency of customer interaction. Typically, the customer has access to a website or mobile app where they can review their driving scores and see how these have influenced their premiums.

It seems many customers check these sites as often as once or twice per week. This is radically different to the traditional customer relationship where insurance only enters the customer’s mind at renewal – that is, once a year.

Most providers are aware of the potential value in such a relationship but have scarcely started thinking about how they could capitalise on it. Most obviously, such a portal represents an opportunity to cross-sell – for example, by offering a careful driver extended warranty cover for their vehicle.

Different telematics technology solutions

Solution	Pros	Cons
Professionally installed devices	Robust, reliable data feed	Installation cost
Self-installed devices	Cheap to install	Vehicle incompatibility means not straightforward for consumers
Original equipment	Robust data with no installation cost	Only now coming online for new vehicles
Smartphones	Very cheap to install	Data unreliable and exposed to fraud

Beyond this, the portal could be expanded into a kind of ‘information hub’ for car owners, with tailored advice on fuel efficiency, vehicle maintenance, optimising journey times and so on. This type of proposition could start to dilute the relentless price focus that has inflicted such damage on insurers’ bottom lines over time.

It is certainly worth taking a reality check around the scale of the opportunity. There are an estimated 150 000 to 200 000 telematics policies in force in the UK today. The market is growing very rapidly in percentage terms but, even by 2015, it will probably still be just below one million – or around 3% of the vehicle base (see growth figures, right). Small, but no longer irrelevant.

Yet growth could accelerate from there, as technology costs tumble and the proportion of vehicles on the road with pre-installed devices increases rapidly. What’s more, by 2015, providers of non-telematics policies are likely to start pricing in the adverse selection they experience, especially for younger drivers. This will create further incentives for customers to shift to telematics.

Consequently, several more waves of innovation and change in the telematics market are likely to occur over the next three years. Providers that postpone their entry as late as possible will face an impossible challenge catching up with the knowledge acquired by the market pioneers. ■



Richard Thornton, partner,
Oliver Wyman

Growth in telematics policies



2011: 50 000



2012: 134 000



2013: 388 000 (forecast)



2014: 687 000 (forecast)



2015: 950 000 (forecast)

Brand as Experience

The key to building tomorrow's best insurance brands.

To complement our brand strategy and design work, and in an effort to better understand the key trends influencing brands, we conduct an annual consumer study called BrandView. Entering its fourth year, BrandView asks 30,000 consumers across the U.S., UK, China and Brazil, to evaluate how leading brands are performing on the story they tell in communications – PR, advertising, word-of-mouth, etc – versus the experience they offer direct to customers – from purchase experience, through to calls made to a contact centre. In this paper we draw out a few specific conclusions for insurers.



It's well recognized that strong brands are built as much through their experience as they are through their story. Therefore the implications of where a brand sits in the BrandView study can shed important light on the brand strategy direction for an individual brand. We have also been able to link greater profitability and growth to those brands offering a more compelling combined story and experience (see Figure 1: Measuring story and experience power). There are obvious winners like the Apples and Virgin Atlantics, who have always had both a strong story and experience score in BrandView, but there are others in traditionally low-scoring sectors who are doing well too: brands like retail bank NatWest in the UK and budget airline jetBlue in the U.S.



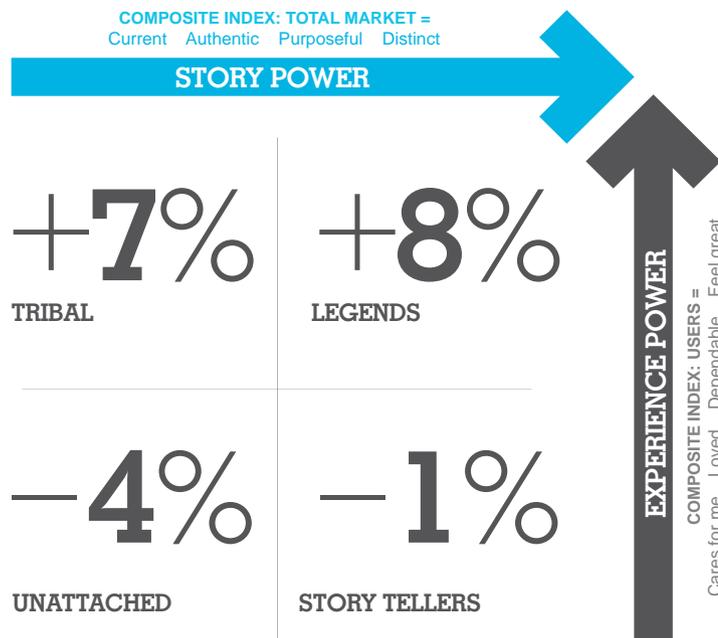
Story power

Favorably seen by all those familiar with them

Experience power

Loved by those that actually know them through using them

Figure 1. Measuring story power and experience power



Average 5 year CAGR in market value for companies in each quadrant

Tribal

Tribal brands establish their reputation with a core set of customers who know and love them – but do not have stories that connect emotionally with the broader market. Many Tribal brands make their way into Legends, through the power of a passionate customer base and the stories they inspire.

Legends

Legends tell powerful stories based on an underlying truth and earn admiration from people who experience them firsthand, and from those who do not. These brands dominate not only today's conversation, but are well poised to continue to stay strong in the hearts and minds of tomorrow's customers.

Storyteller

These brands tell powerful stories but fail to deliver equally powerful experiences. Some have made emotional connections through great marketing, but not built the experience to match. Others are former legends who have let their performance slip, but are supported by their former reputation. Storytellers tend not to last long: they may lose relevance and slip into the Unattached, or restore their experience and regain recognition as Legends.

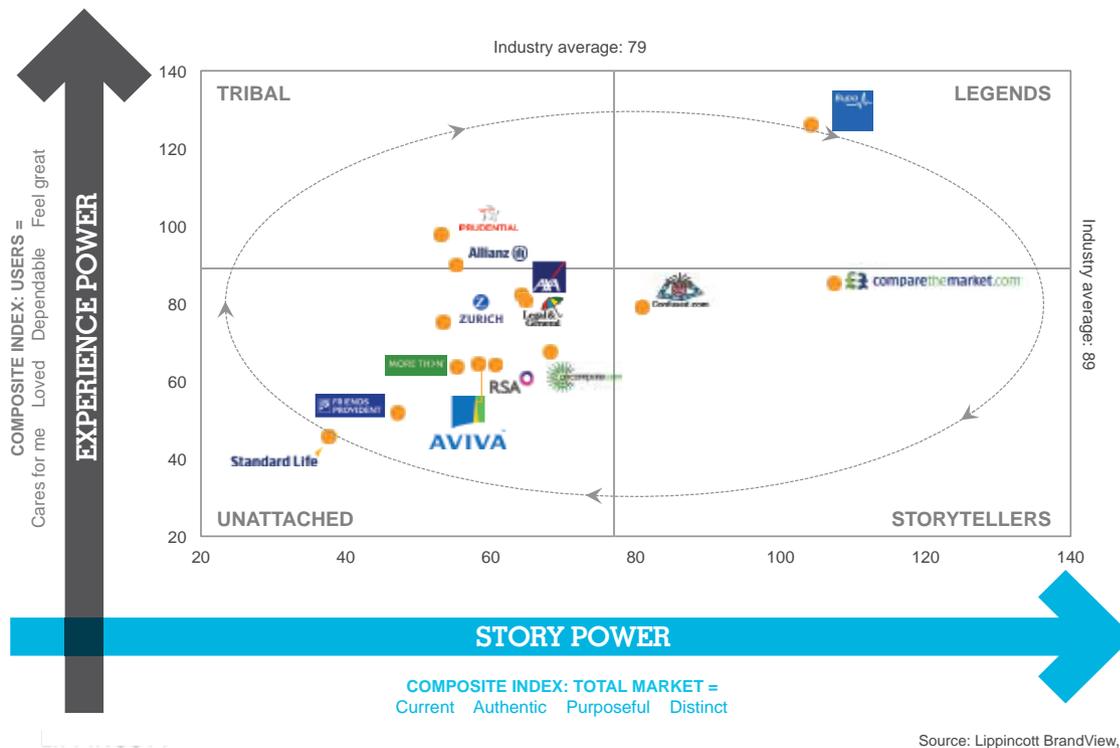
Unattached

Where brands start and finish. For both well established and newcomer brands, the path back to Legend starts with the great experiences people will want to talk about.

BrandView doesn't just assess specific brands, but whole categories, so comparisons can be drawn between competitors and also out of sector brands. Two broad categories the research explores are the financial services and insurance industries. In previous years both categories have struggled in the study, with historically poor scores on both story and experience, helping to rank them down with the likes of utility companies for customer engagement.

Looking at the UK market as a specific example, health insurer Bupa continues to be the out-and-out performer for the category on both its story and experience (see Figure 2: BrandView UK Insurance category including aggregators). The insurance aggregators stand out strongly in Story Power, though interestingly not in Experience Power.

Figure 2. BrandView 2013 UK Insurance category, including aggregators



The experience gap between insurers and other categories is symptomatic of just how difficult it is to deliver a meaningful experience in such a low-touch industry. The danger for insurance brands is trying to buy their visibility through advertising and traditional marketing, at the cost of investing in elements of the experience where it will count more.

The breadth of scores across the UK, and broadly mirrored in the U.S., make for interesting reading, with brands like Bupa enjoying the fruits of having a more emotive story, while ensuring this is matched by the experience that will really drive the brand promise. As an industry therefore, insurance brands have a real opportunity to develop stronger branded experiences to maximize their customer engagement.

Creating these strong branded customer experiences is at the heart of brand building today, but for most industries this is hard to do and especially so when you have as low engagement scores as the financial services and insurance industry do. It mixes different disciplines and ways of thinking, weaving together the idea at the center of a brand, the experiences that matter to customers and operational knowhow.

Importantly for such low-touch industries, it also involves creativity in the experience design, so that those few touchpoints are really resonating with customers. It also requires the inspiration for colleagues to live the experience intuitively beyond what can be designed, so that they can act as meaningful representatives of the brand, not automatons constrained by following strict and inflexible behavioural guidelines.

If you'd like to find out more about the study and the implications for your brand then feel free to reach out to justin.leahy@lippincott.com

ABOUT LIPPINCOTT

Lippincott is a leading brand strategy and design firm. We uniquely combine business-based strategic thinking and creative excellence to solve the most complex challenges facing corporations today. As pioneers of corporate identity almost 70 years ago, we have been behind some of the world's most iconic brands and partner with today's leaders as they shape their brands for the future.

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