

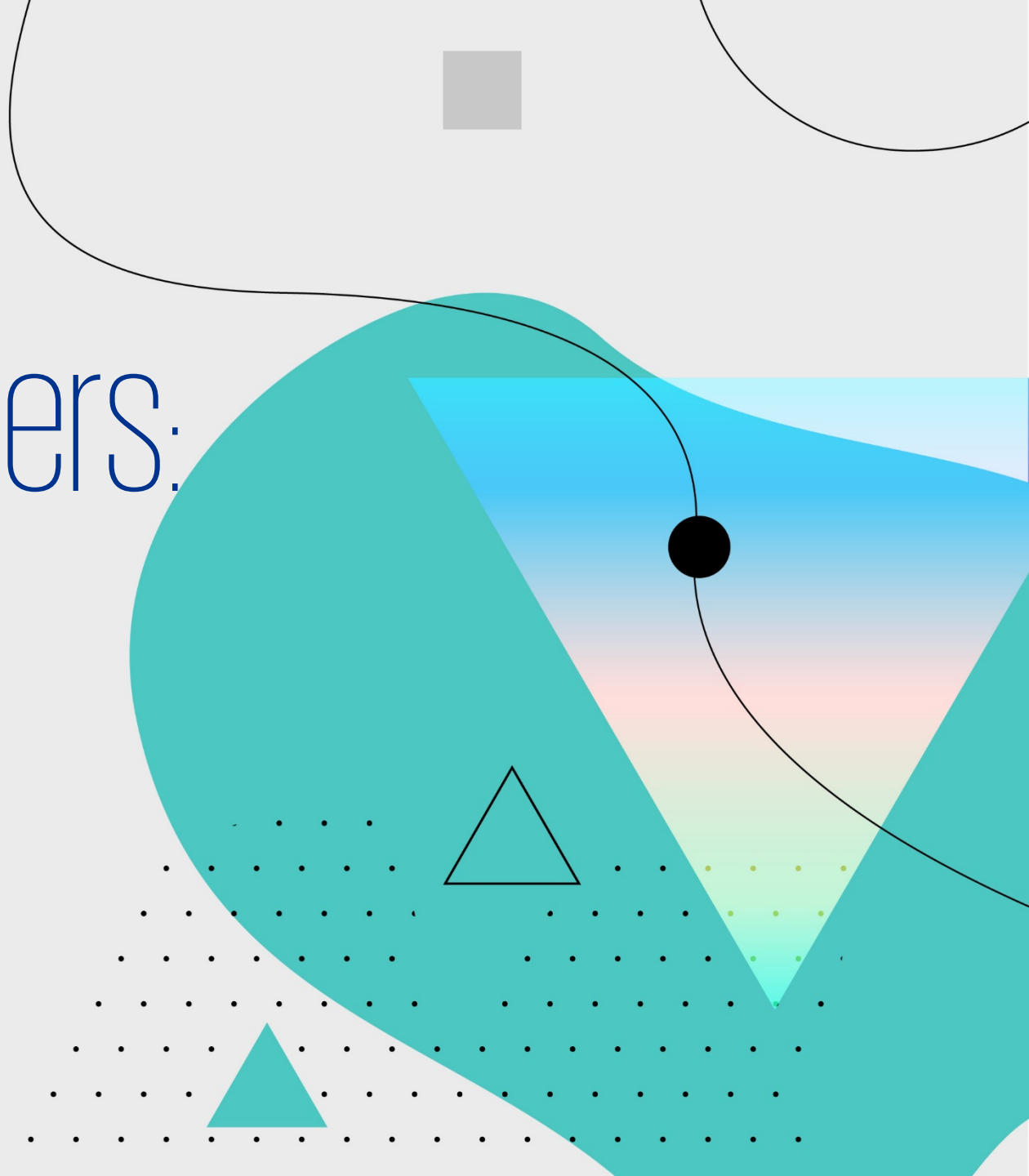


Insurance frontiers: Here to horizon

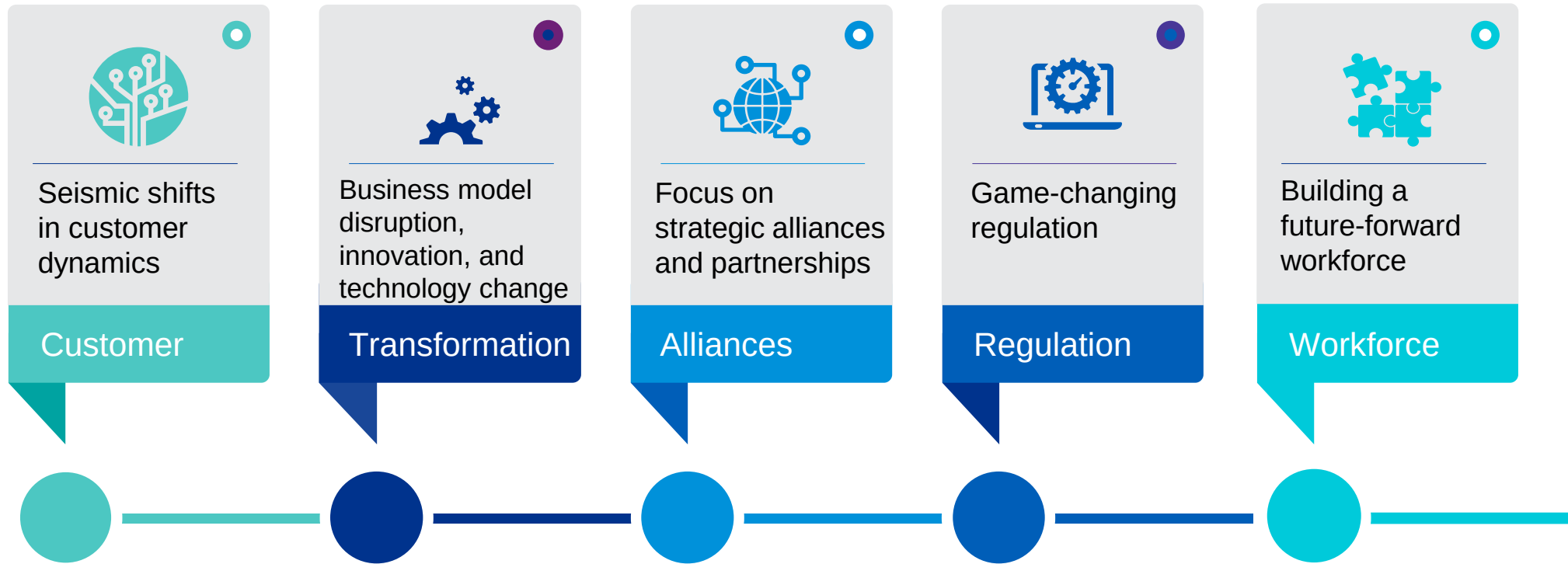
Chris Cornell

National Insurance Sector Leader

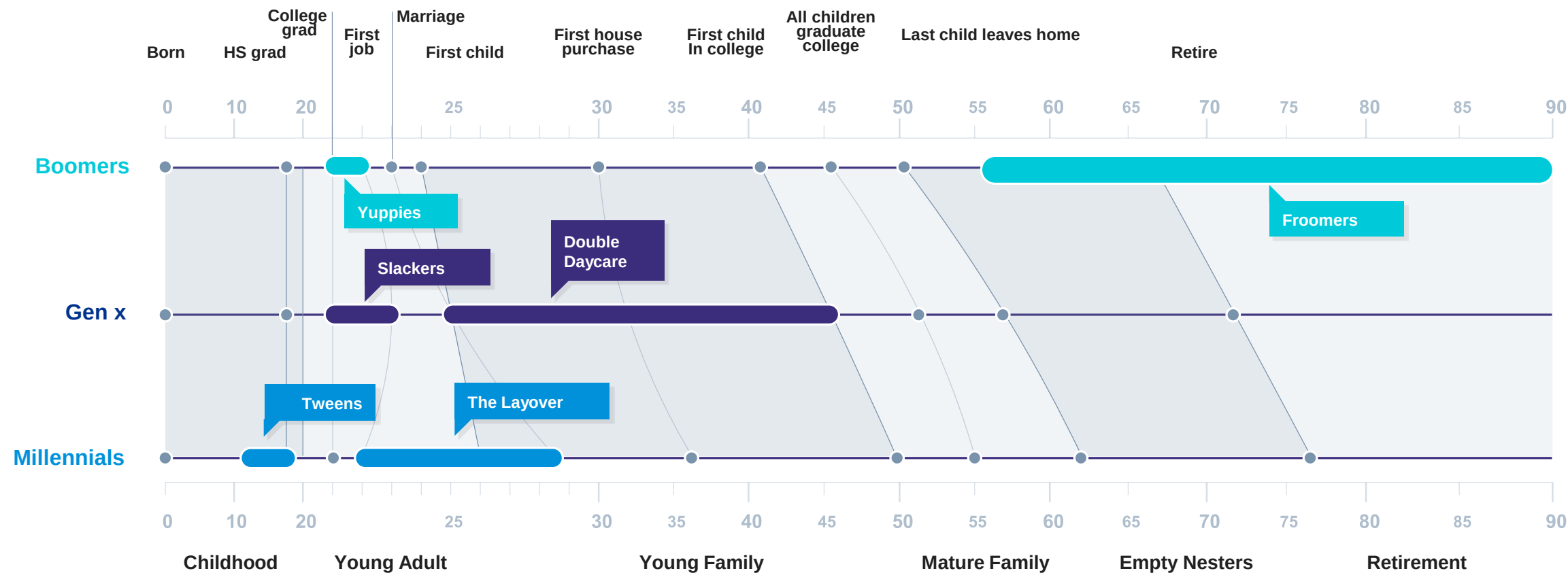
KPMG in Canada



Overview



Life event drifts



Source: KPMG International, Me, My Life, My Wallet, 2018.



The ever-changing customer

86%
of insurance CEOs
are concerned
about how
Millennials will
change their
business

2.5bn
Millennials
Globally

**There are
more people,
living longer and
becoming
wealthier**

1bn
Middle class
consumers in
China by 2030

78%
of Millennials
prefer to spend
on experience
over assets

87%
Of people use
between 2 and 3
devices

80%
of the global population
will own a smartphone in
2020

**Technology
is changing
people's
behaviour**

**People are spending
more, but they are
also spending
differently**

Best experiences
are now the norm
for expectations

Indian
household income
segments are
increasing — **by**
60%

1bn
People aged
over 60 globally

Seniors
have the
highest
disposable
income

61%
Are willing to
borrow or share
products rather
than buy new
ones

90%
Customers say buying
decisions are influenced
by online reviews

8 Seconds
The attention span of
a human is now less
than that of a
goldfish

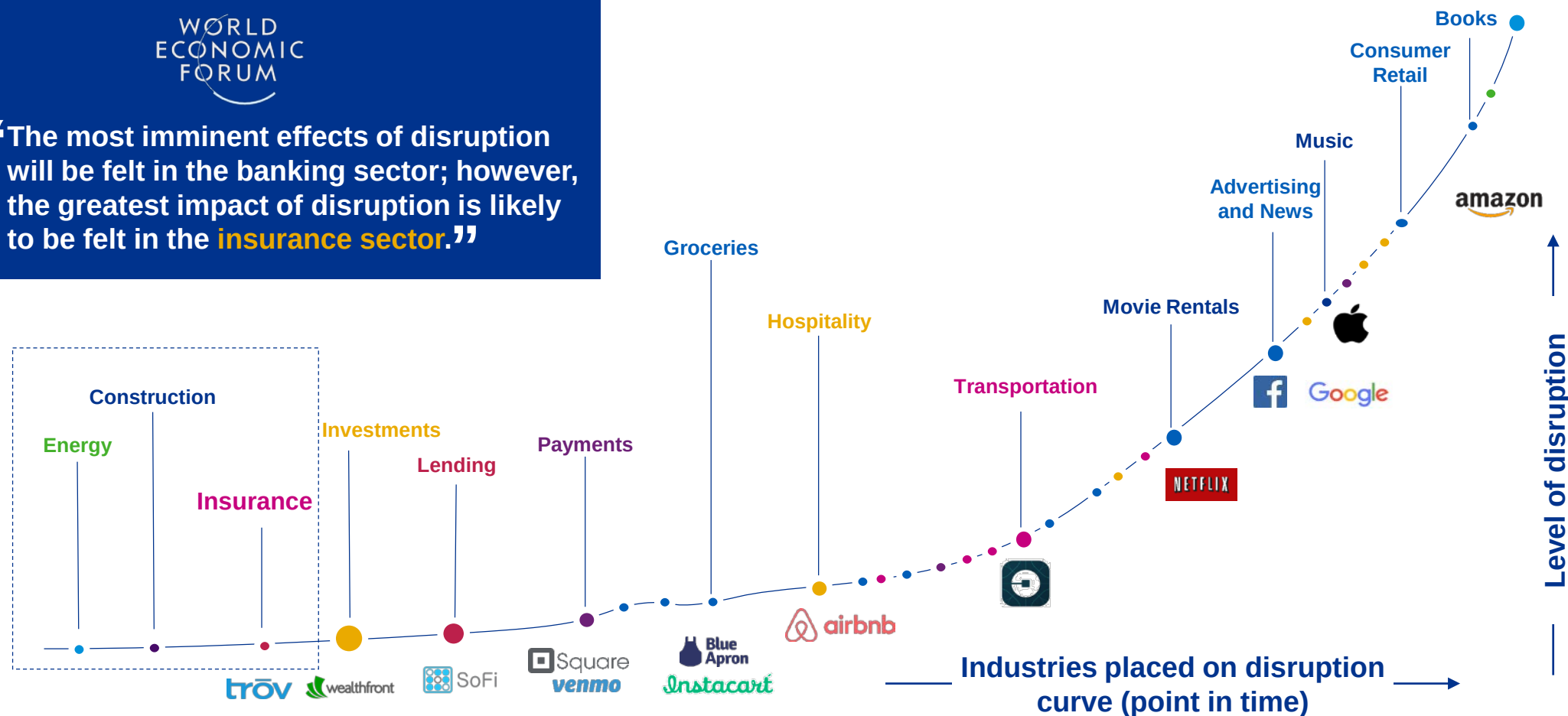
Source: KPMG International, Global Customer Insights Program



Disruption curve - Insurance is at the beginning.....



“The most imminent effects of disruption will be felt in the banking sector; however, the greatest impact of disruption is likely to be felt in the **insurance sector.**”



Source: (1) KPMG Analysis



© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Business model disruption, innovation and technology change

Expected ROI on innovation investment over the next 3 years

84%

Digital transformation

61%

Artificial intelligence

29%

Robotic process automation

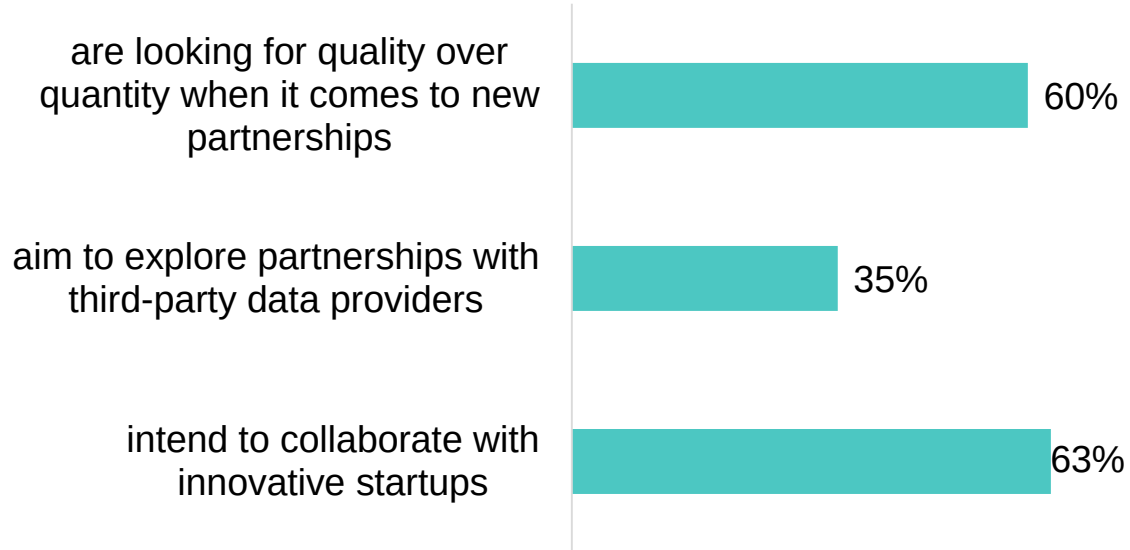
Source: KPMG in Canada, 2019 Canadian CEO Outlook.



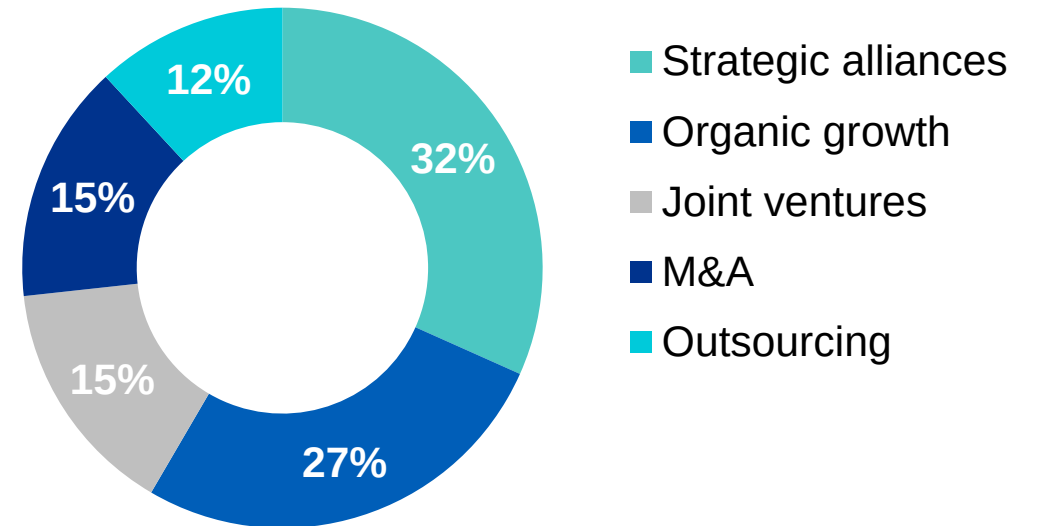
© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Focus on strategic alliances and partnerships

Key priorities for alliances and partnerships



Top strategies to achieve growth



Source: KPMG in Canada, 2019 Canadian CEO Outlook.



My life in data

first ask ourselves several questions:



Birth

- » Government ID
- » Birth certificates
- » Legal name
- » Date of birth (age)
- » Birth location
- » Gender
- » Language
- » Hair color
- » Eye color
- » Face profile
- » Finger prints
- » Biometrics
- » DNA
- » Ancestry / relatives

Cell Phone +

- » Phone number
- » Device model
- » Cell call history
- » Text history
- » Contacts
- » Photos
- » Apps & permissions
- » App data
- » Biometric identifiers
- » Facial profile
- » Voice profile



Education

- » School Names
- » School Locations
- » School ID Number
- » Email Address
- » Degrees
- » Grades
- » Awards
- » Behavior Records
- » Classmates
- » Athletic accomplishments
- » Extracurricular activities



Employment

- » Salary
- » Work titles
- » Email address
- » Employee ID
- » Employee badges / card access to facilities
- » Performance evaluations
- » Corporate affiliations
- » Colleagues
- » Professional networks (LinkedIn)
- » Devices used
- » Certifications
- » Licenses
- » Organizational memberships

Marriage

- » Marriage license
- » Name change (new legal name)
- » Legal spouse
- » Year of marriage
- » Marriage
- » Location
- » Relatives
- » Divorce



Children

- » New dependents (see Birth column)
- » Adoption records
- » Tax changes
- » Financial changes



Autos

- » Vehicle title
- » Car (year, model)
- » Car registration
- » Car loan documents
- » Auto insurance
- » Maintenance records
- » Accident records



Retirement

- » Age and date of retirement
- » Investment portfolios
- » Social Security
- » 401K
- » Pension



Home

- » House title
- » Mortgage
- » Home values
- » Home insurance policies
- » Insurance claims
- » Utilities
- » Maintenance records



Death

- » Estate planning documents/wills
- » Death certificate
- » Date of death
- » Cause of death
- » Location of death
- » Estate transfer
- » Inheritance tax
- » Outstanding debt fulfillment



Health

- » Health insurance/account
- » Numbers
- » Electronic medical records
- » Childbirth
- » Vaccinations
- » Medications
- » Medical devices
- » Medical treatments
- » Hospitalization
- » Medicare/ Medicaid

Financial

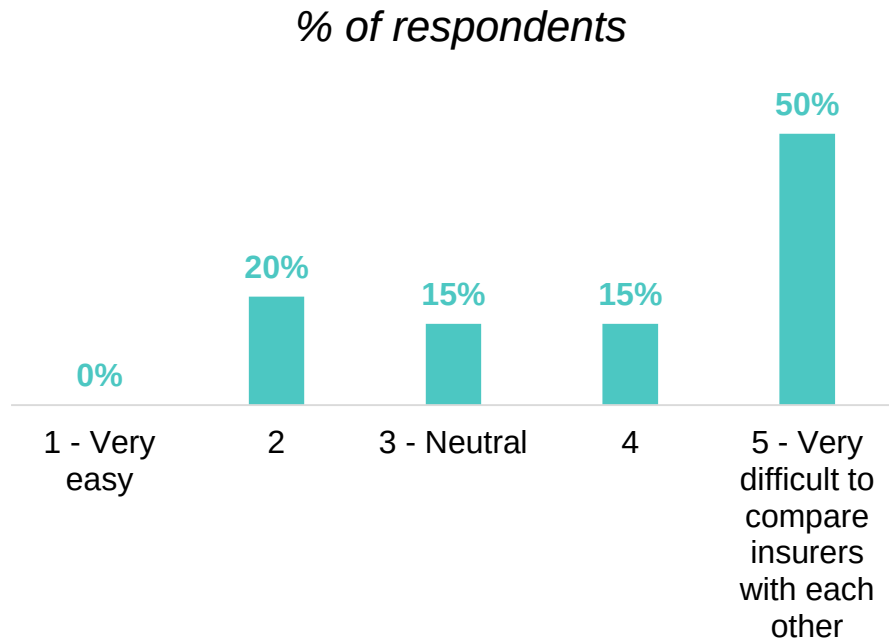
- » Credit history
- » Credit score
- » Bank accounts
- » Savings accounts
- » Loans
- » Life insurance
- » Tax returns (federal, state, local)
- » Bill payments

Government

- » Passports
- » Visas
- » Driver's license
- » Voter registration (voter ID#)
- » Tax returns
- » Lawsuits
- » Bankruptcies
- » Military records
- » Security clearances
- » Gun registration
- » Criminal records

Game changing regulation: Accounting change

Comparability of IFRS financial performance information provided by insurers with other insurers



Beyond IFRS 17: OSFI regulations

- OSFI B-3 making waves in the P&C space
- OSFI E-25 near on the horizon



Sources:
KPMG International, KPMG IFRS 17 Global Survey.
Canadian Underwriter, Sept 24, 2019.



© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Building a future-forward workforce

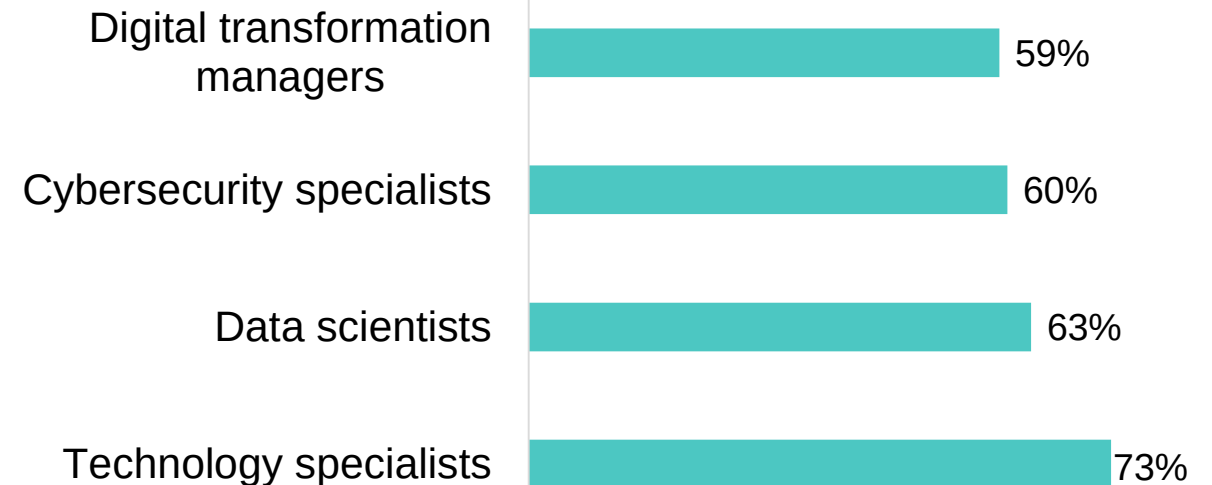
63%

Of Canadian CEOs say their inability to find the workers they need is negatively impacting growth

75%

Of Canadian CEOs want their employees to innovate without fear of failure

Workforce capabilities considered highly effective



Source: KPMG in Canada, 2019 Canadian CEO Outlook.



© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Where are we going from here?



With you today



Katie Bolla

Partner, Customer
and Digital

KPMG in Canada



Neil Parkinson

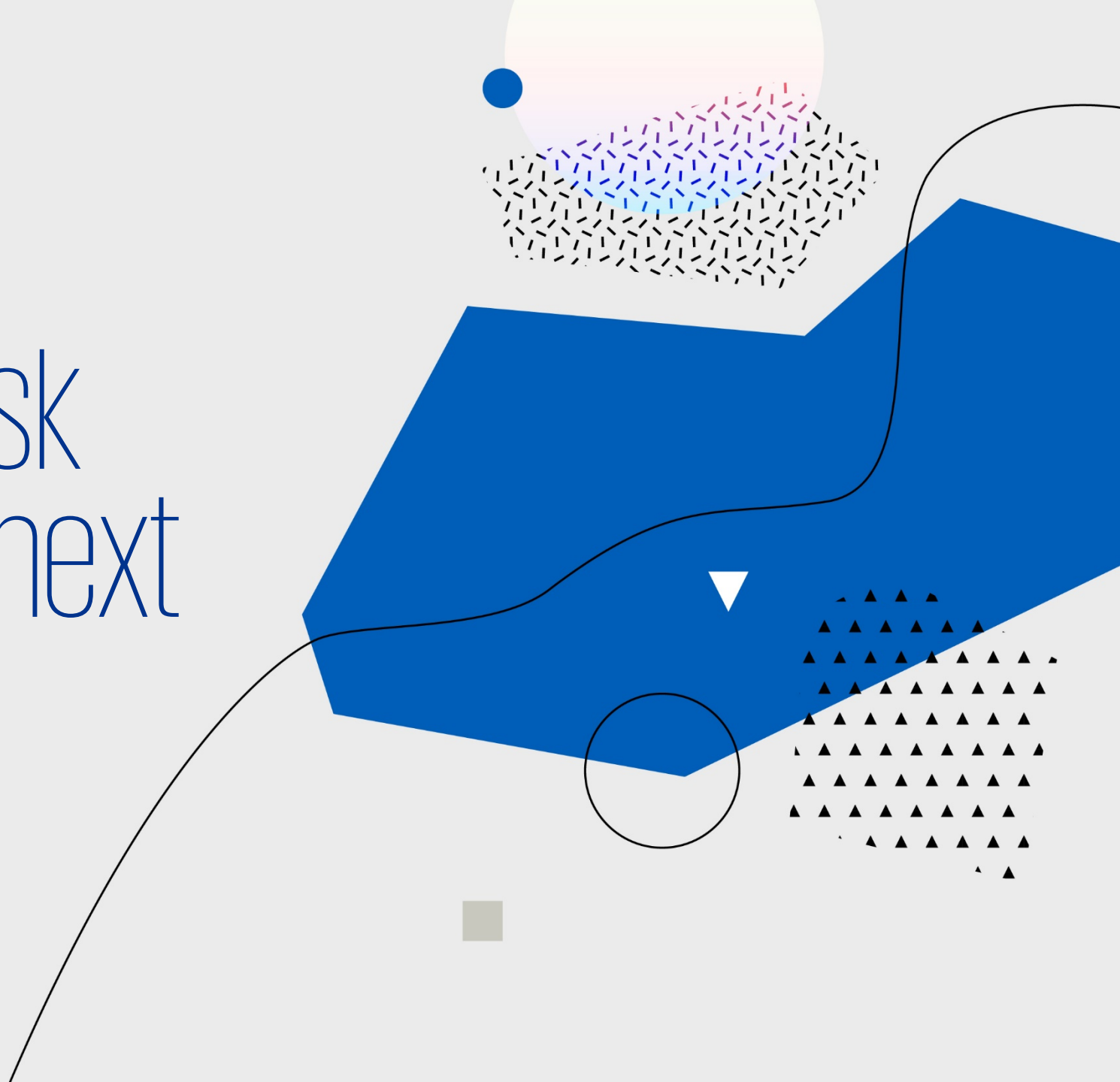
BOD Member

Gore Mutual,
Genworth Financial
and Equitable Life





Questions to ask
yourself in the next
12 months



Are we ready...

For the seismic shift in customer dynamics?

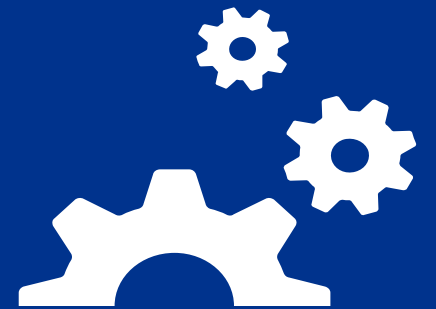
- How can we get to know our customers' needs and wants better?
- How can we change or expand our products and services to enhance flexibility and address short-term needs?
- What proactive and preventative services can we offer or inform our customers about that would help protect them and/or help them reduce the impact of an insured loss event?
- How can we use technology to make it easy for our customers to choose our products or services and to interact with us?
- How can we become more proactive in informing our customers of new risks, opportunities, and policy or product changes?
- How can we manage our data effectively in terms of usage, privacy, and security?



Are we ready...

For business model disruption, innovation, and technology change?

- What will our organization need to look like (e.g. structure, products, channels) in order to be successful in the future?
- How can we adjust our internal processes and structures to support the creation and implementation of innovative ideas and solutions?
- How are our internal and external innovation programs being structured to drive real value for our organization?
- Do we have the data we need to make the most of our innovative solutions?
- What are our innovation ambitions? Are we on the strategic course to be a trailblazer of new ideas, a fast follower, or do we just want to keep pace?



Are we ready...

For strategic alliances and partnerships?

- What functional activities are we behind the curve in – and could a service provider help us up our game while letting us focus on more strategic business areas?
- How could a strategic alliance help us create new value (e.g. innovation capacity, product breadth, market access)?
- How are the different technologies we are deploying creating business value – and are they working together?
- How do our internal processes and governance structures need to be adjusted to account for third-party strategic alliances or partnerships?



Are we ready...

For game-changing regulations?

- Have we identified the resources and budget we need to support IFRS 17 compliance to ensure we are ready by 2022?
- Recognizing IFRS 17 will be finalized in 2020, what 'no regrets' activities can we do now to lay the groundwork for compliance?
- What is our plan for communicating the ramifications and impact of IFRS 17 to our stakeholders (e.g. board of directors, investors, customers)?
- Beyond IFRS 17, are we fully aware of the other regulatory changes that will likely affect our organization? (e.g. OSFI reinsurance guidelines)



Are we ready...

To build a future-forward workforce?

- What skills will be most important to us as we transition into a future forward organization?
- How can we upskill our current employees so that they can be effective as the insurance industry in Canada continues to evolve?
- What processes and organizational structures do we need to change in order to support our transition to a future-forward workforce?
- How can we incent the shift to a more collaborative and innovative focused culture where employees are not afraid to fail?



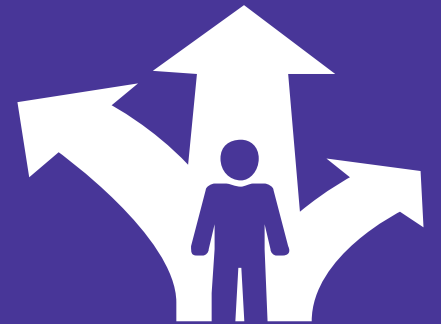
Embracing a new frontier

Insurance companies need to be aware, diligent, and focus on building a resilient company that can withstand and embrace disruption no matter when, where and how it comes.

Insurance frontiers: Here to horizon



home.kpmg/ca/insurancefrontiers





Thank you



Chris Cornell
Partner, National Insurance
Sector Leader
416-777-8665
ccornell@kpmg.ca



kpmg.ca

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. 24544

All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.