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## Phones, dogs and meerkats

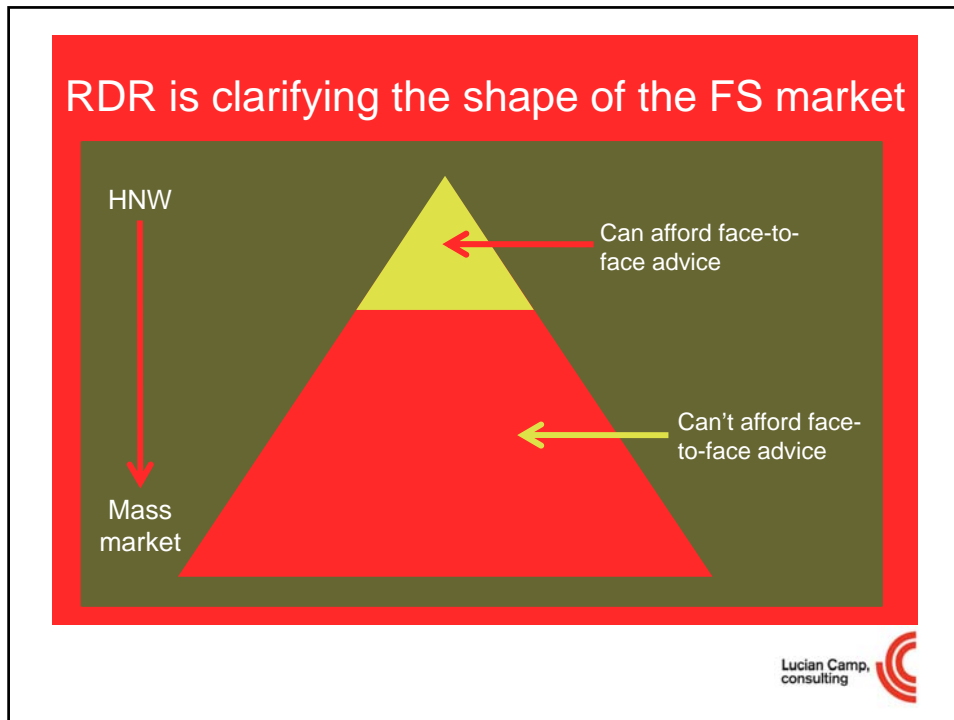
What FS distribution can learn  
from direct insurance

In 2030, what % of financial services will be  
distributed online?

- Less than a third?
- Between a third and two-thirds?
- Over two thirds?

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Two propositions

- The limited and unsatisfactory nature of mass-market distribution is bizarre
- It can't go on like this much longer

A market on the brink of transformational change

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## The four drivers of transformational change

### 1. Undeveloped, complacent competition



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## The four drivers of transformational change

### 2. A competitive edge that appeals to consumers



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## The four drivers of transformational change

### 2. A competitive edge that appeals to consumers

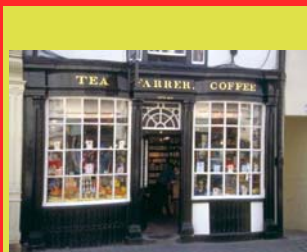


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## The four drivers of transformational change

### 3. New entrants



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## The four drivers of transformational change

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lastminute.com

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## The four drivers of transformational change

### 4. Inspirational leaders



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## The four drivers of transformational change

1. Undeveloped, complacent competition
2. A competitive edge that appeals to consumers
3. New entrants
4. Inspirational leaders

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## The best financial case history

- Motor insurance, 1985-2010

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## Motor insurance distribution channels



## The legend

“In 1985 Peter Wood launched Direct Line, the UK’s first provider to sell insurance over the phone. With its distinctive ‘red telephone’ advertising icon, Direct Line took the market by storm.”



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## Not just a channel and a logo – a business reinvented from top to bottom

1. Vertical integration
2. “Cherry picking” target market
3. Underwriting
4. IT
5. Call centre
6. Pricing
7. Promotion

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A surprisingly good fit with marketers' "7 Ps"

- Product
- Place
- Price
- Packaging
- People
- Positioning
- Promotion

Direct Line  
addressed all 7

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Sorry to labour the point but...

NOT just a dumbed-down version of a B2B  
broker proposition

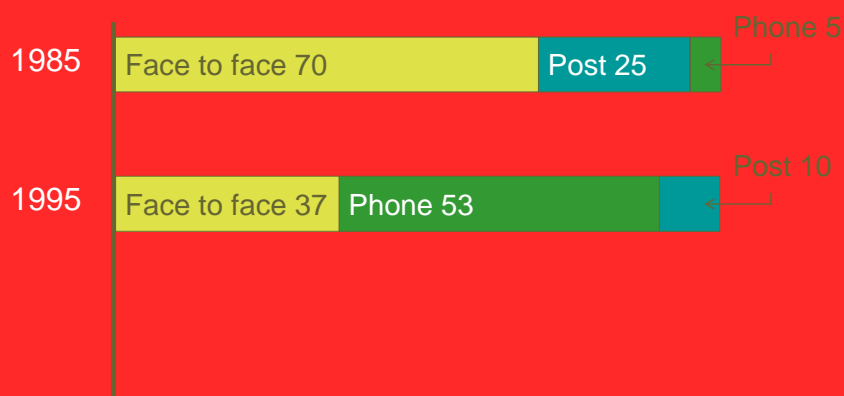
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## Direct Line

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## Motor insurance distribution channels

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Dozens of new entrants growing with the market

Admiral turnover

Year	Admiral Turnover (Relative)
1993	1
1994	1.2
1995	1.5
1996	1.8
1997	2.1
1998	2.5
1999	3.0
2000	3.5
2001	4.2
2002	4.8
2003	5.5
2004	6.5
2005	7.5
2006	8.5
2007	10.0
2008	11.5
2009	15.0

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...followed by consolidation

Top ten providers 1995	Identity in 2005
Royal & SunAlliance	Royal & SunAlliance
CU	Aviva
GA	Aviva
Eagle Star	Zurich
GRE	AXA
NU	Aviva
Cornhill	Allianz
New Hampshire	AIG
ITT	Aviva
Direct Line	RBS

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## Some attempts at segmentation

- Price
- Target demographics
- Risk

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## Elephant.com



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### Sheila's Wheels

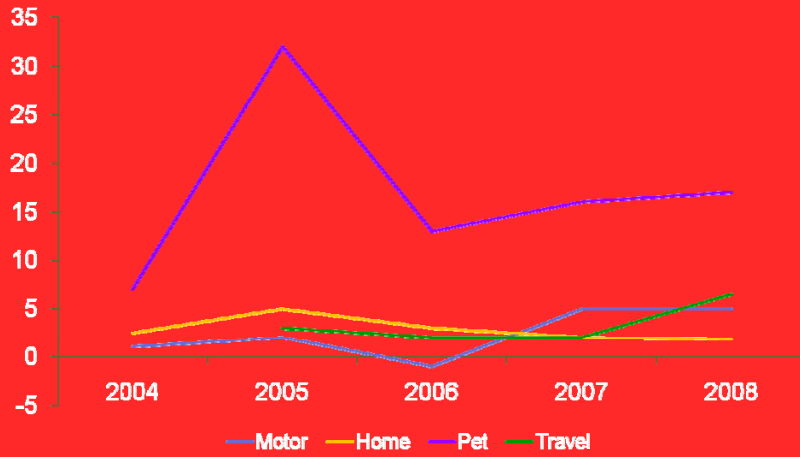


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### But actually, soon a swing in the other direction



And eventually market matured



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And then...

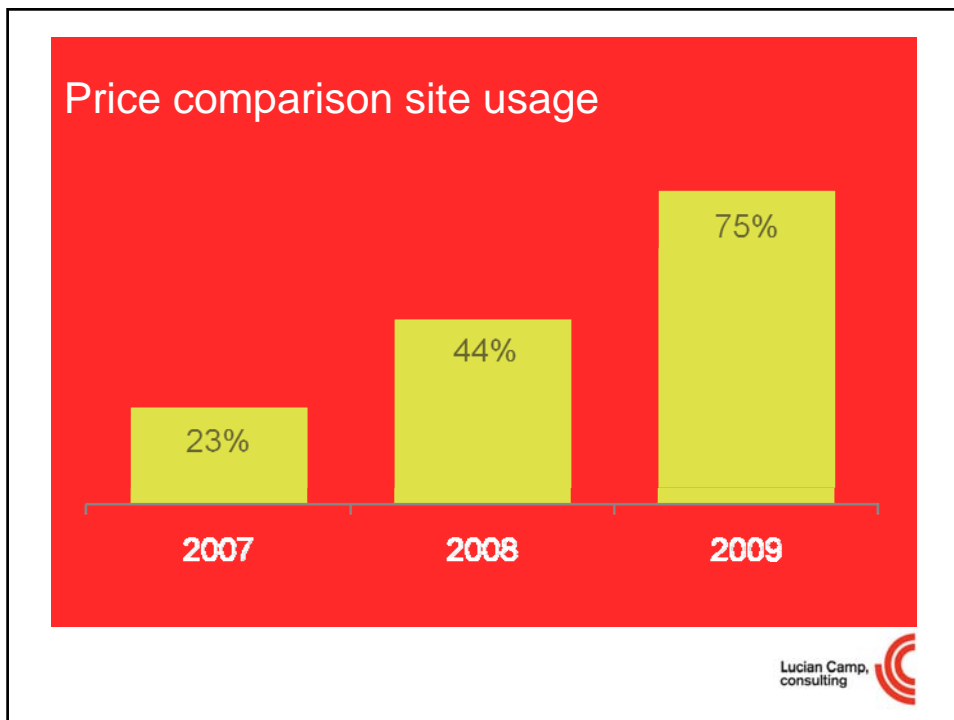
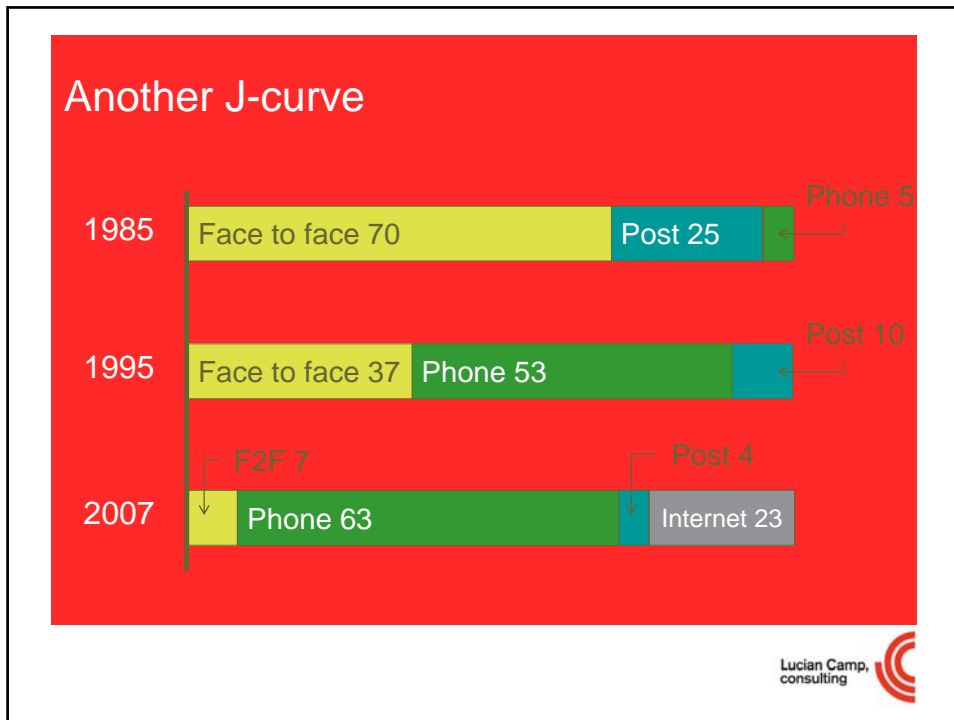


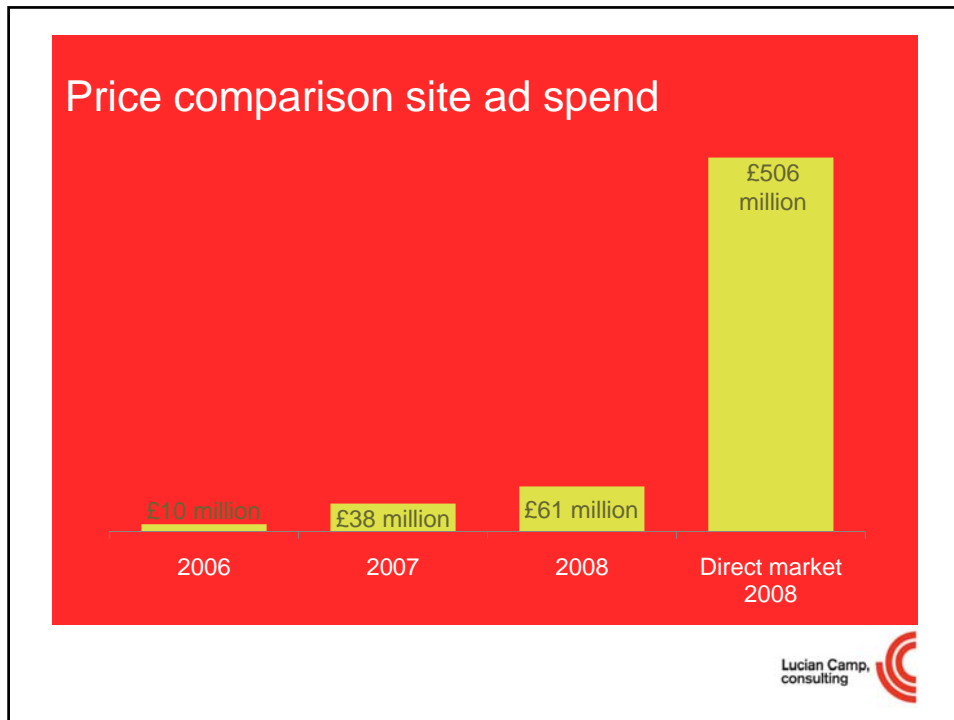
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RDR – Will it Work?





comparethemarket.com



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Today...

- Motor insurance is a d2c market
- Seems like it always has been
- Even my mum can cope with it

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## RDR – Will it Work?

### 20 years is a long time in FS distribution

- All we need is
  - a weak and complacent industry
  - something new which appeals to customers
  - new entrants
  - inspirational leadership
- And you'll be amazed how fast things can change