



Insurance Times

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Justin A Urquhart Stewart

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Seven
Investment Management



Forcing Change on a Reluctant Industry



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Agenda

- The Game has Changed
 - Technology
 - Client demand
- What Happens Next
 - Who Survives
 - Who Prospers
 - Who Fails

The Terracotta Army – traditional insurance models

- Feet of clay
- Brains of mud
- Eroded by age
 - Competition
 - Technology
 - Lack of Innovation



Can Tigers Change their Stripes?



The End of an Era

A Tale of Two Decades?

Nice – No Inflation Creating Earnings

Vile – Volatile Inflation Lower Earnings

Selling Yesterdays Product In Today's Market

Commoditisation

- Client knowledge
- Client access
- Competition
- Price Comparison Sites

Industry actions?

- Inaction! (asleep on the watch)
- New Competitors
- Destruction of key distribution channel
- Changing your product!
- Cannibalisation
- Losing the initiative

The Result?

- Customer base eroded
- Devaluing of product value
- Little perception of service
- Squeezed margins

From Positive to Negative

Severe Change in Product Perception

- It was :
 - Valuable Protection
 - A Trusted Service
 - A Valuable Brand – aspire to join
- It is now :
 - A Necessary Cost
 - An Obligation
 - Little Perceived Benefit

A Financial Baked Bean!

So What of the Future.....

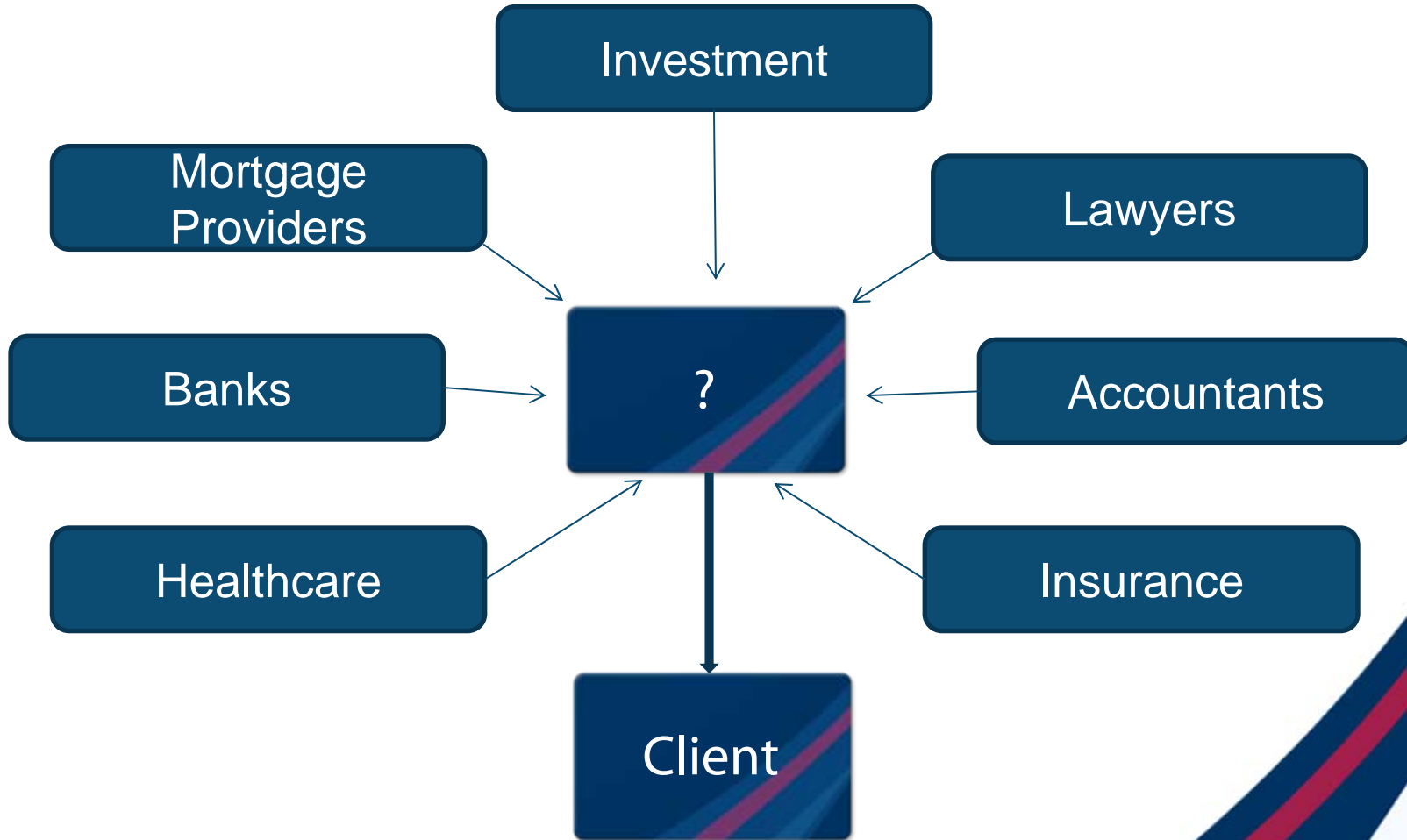
- Where Are Tomorrows Long Term Profits?
 - Not in Products
 - But In Service

The Vital Need for Planning



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Co-ordinating for the Client



The Great British Dysfunctional Family



Family Balance Sheet

Assets

House

Car

Pension

Life assurance

ISAs

Shares & National Savings

Cash

Liabilities

Mortgage

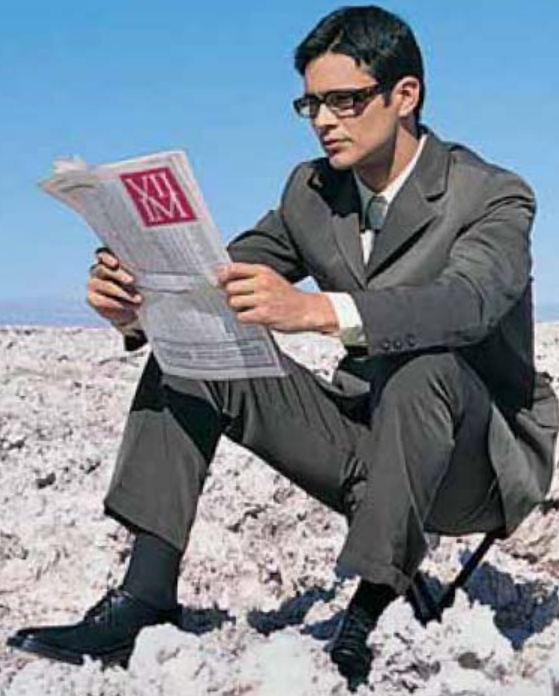
Credit Cards

Loans

Net Balance £

Now What?

Back to the drawing
board?



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Building a Longer Term Value Business

- More than just a product
- Built around service offering
 - Brokers
 - Intermediaries
- Technology enabled
 - Wrap Platforms & Integration
- TCF & Regulatory leading
- Probably Fee based

- “If you are planning to insure, don’t. First ensure you plan.”

Who Dares Wins?

- Those willing to change into broader service provider either directly or via intermediaries
- The most cost efficient product providers
- Not the Terracotta Army

2009

Key Issues:

- Global slowdown
- Consumer confidence
- Consumer needs & demands
- Squeezed margins
- Desperate Competitors
- Forced mergers
- Further technology in roads

J.K. Galbraith

“There are those who don’t know, and those who don’t know, that they don’t know!”





Forcing Change

Thank You
Justin A Urquhart Stewart



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