

A Work Project presented as part of the requirements for the Award of a Master's Degree in Management from Nova

School of Business and Economics

Segmented and Bundled Solution for Mass Market Insurance

Customers: Becoming a lifelong partner

An approach to Strategy

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Disclaimer

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Abstract

Segmented and Bundled Solution for Mass Market Insurance Customers

The project was developed in partnership with Q Insurer Mass Market Marketing Department with the purpose of helping Q Insurer to become a lifelong partner for Portuguese consumers. In order to reach this goal, an extensive research and analysis' methodology was followed, focused on studying the external environment, internal resources and Portuguese consumers. A main recommendation was constructed following a request for one actionable and implementable strategy. This recommendation aims to fulfil the overarching goal, integrating several ongoing initiatives while contributing to a differentiated and customer-centric position in the mass market. Additional recommendations to increase success potential were also constructed.

Keywords: Q Insurer, BigInsurer, Customer, Mass Market, Insurance, Customization, Simulation

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Glossary

Words	Definition
AI	Artificial Intelligence
Assistance Services	Provision of relief by an assistance company to an insured policy holder who has sustained damages
Agent	An insurance agent is a professional who sells an insurance company's products to consumers for a commission. Can be exclusive (single brand) or multi-brand
Bancarization Discount	Discount a client receives for accepting direct debit charge of the insurance premiums
Broker	A broker represents consumers in their search for the best insurance policy for their needs
Bundle	A bundle is a package that is composed by more than one product
Chatbot	An AI software able to simulate a human interaction
Claim	An insurance claim is a formal request by a policyholder to an insurance company for coverage or compensation for a covered loss or policy event
Cross Sale	To sell another product or service to a customer who is already buying a different one
Display Ads	Is an image or photo used as digital paid advertisement on internet website or social media, for example
Direct Sell	Online selling of insurance (without agent intervention)
Google Ads	Is an online advertising platform of Google in which people can pay to advertise their products or services
Demat Client	term for a client that accepts to receive all correspondence digitally
Insurance	Contract, represented by a policy, which grants the buyer financial protection or reimbursement against losses from an insurance company
Insurtech	A combination of the words "insurance" and "technology" used to define a company (start-up) using technology to disrupt the insurance industry

Words	Definition
IOS	Integrated Online Selling. A project from Q Insurer that allows for direct digital selling of insurance products with specific conditions.
Lead	A lead is an individual or organization with an interest in what is being sold
Life Insurance	A life insurance policy guarantees the insurer pays a sum of money to named beneficiaries when the policyholder dies, in exchange for the premiums paid by the policyholder during their lifelong
mobily/ditigaly	future digital platforms for clients
Non Life Insurance	Any type of insurance other than life insurance. Non-life insurance may cover people, property or legal liabilities. Includes Property & Casualty and Automotive
Premium	Value a customer pays for having an insurance
Policy	A contract between the insurer and the policyholder that determines the claims which the insurer is legally required to pay
TPL	Third Party Liability is an insurance policy that protects you if you are sued (or threatened to be sued) for a physical injury or damage to someone else's property
Phygital	A term used by Q Insurer to define a new insurance approach focused on merging the digital channels with the physical ones
Q	Q Insurer
Prospect	A customer interested in making a purchase, with financial resources required, and the power to make purchasing decisions
SLA	A service-level agreement (SLA) defines the level of service expected by a customer from an agent, laying out the metrics by which the agent is measured
On-Off insurance	Concept for pay-as-you-go insurance, meaning the customer can turn it off and on whenever it suits him, without penalty

Table 1: Glossary with utilized terms and its definition

Index

1. Project Context

d) Competitive Landscape

d) Cluster Analysis & Personas

2. Project Approach

a) Literature Review

b) Project Calendar

3. Methodology

a) Project Structure & Methodology

b) Deductive and Inductive Reasoning

c) Hypotheses

d) Research Methodology

4. External Analysis

a) STEEP+I Analysis

b) Insurance Value Outlook

c) Best Practices

5. Internal Analysis

a) Company Overview

b) McKinsey 7S

c) Client Portfolio Analysis

d) Initiatives Overview

e) Resource Based View Framework

f) SWOT

g) TOWS

6. Research Analysis & Findings

a) Qualitative Interviews

b) Quantitative Survey

c) Research Main Findings

6. Recommended approach

a) Main Recommendation

b) Value proposition

c) Customer Journey

7. Go to Market Strategy

a) Main Recommendation Go To Market

b) Additional Recommendations for Success

8. Further research

9. Project limitations and challenges

10. References

11. Appendixes

This project is focused on a market and consumer analysis with the goal of developing a differentiating segmented and bundled solution for Portuguese Mass Market Customers

Executive Summary

Situation: Q Insurer is an established Portuguese insurance market player recently integrated into BigInsurer Group, bringing the objective of becoming a lifelong partner for Portuguese customers

Complication: Despite a rich and extensive product portfolio, Q Insurer needed a personalized, customer-centric solution to tackle shifting customer preferences and the large 79% share of single-product clients

Question: Can Q Insurer become a lifelong partner for Portuguese Mass Market consumers by delivering personalized solutions?

Answer: Yes, by implementing a differentiating customer-centric insurance approach

Project Goals: (1) Market, customer analysis and segmentation; (2) Define a differentiating value proposition through a personalized, customer-centric experience; (3) Integrate and innovate the agent role; (4) Develop at least one actionable recommendation that can be implemented in a 2 year timeframe

Recommendation: (1) We propose the development of a customer-centric approach to insurance through a client profiling and management tool that delivers an individually tailored solution, allowing for integrated management of the insurance journey, online and hybrid selling of insurance based on needs and risk assessment and the creation of a seamless digital experience. (2) Our recommendation focuses on enriching the value proposition for Q Insurer customers and prospects, serving the overarching goals of increasing the multi-product client base and boosting lifelong relationship with customers through demanded personalization (3) The communication strategy shall motivate change in brand attitude and highlight purchase facilitation to everyone looking for tailored protection services. (4) Additional recommendations, to be rolled out in parallel with the main recommendation, will be given as contributors to successfully reach the main goals.

Implementation Plan & Impact: A go-to-market strategy and impact assessment of the main recommendation will be presented, along with an implementation plan

The Consulting Lab will foster the ongoing relationship between Q Insurer and Nova SBE while allowing for learning opportunities for both parties

1. Project Context



- Receive external, unbiased input on business challenges
- Continuously promoting and growing a professional relationship with Nova SBE
- Interact and exchange ideas with analytical thinking, creative and innovative students
- Access to quality problem-solving skills and approach with a high return on investment prospect

- Opportunity to apply theoretical knowledge to a real business environment
- Hands-on consulting approach
- Develop and put in practice new methodologies
- Work closely and interact with the management team of a top player of the Portuguese insurance market

Consulting Field Lab is a Nova School of Business & Economics Master Thesis format in which a group of students is challenged by a company with a problem to be solved following a problem-solving approach. Consulting Labs are a mutually beneficial collaboration, projected to solve real business challenges.

2. Project Approach | Literature Review

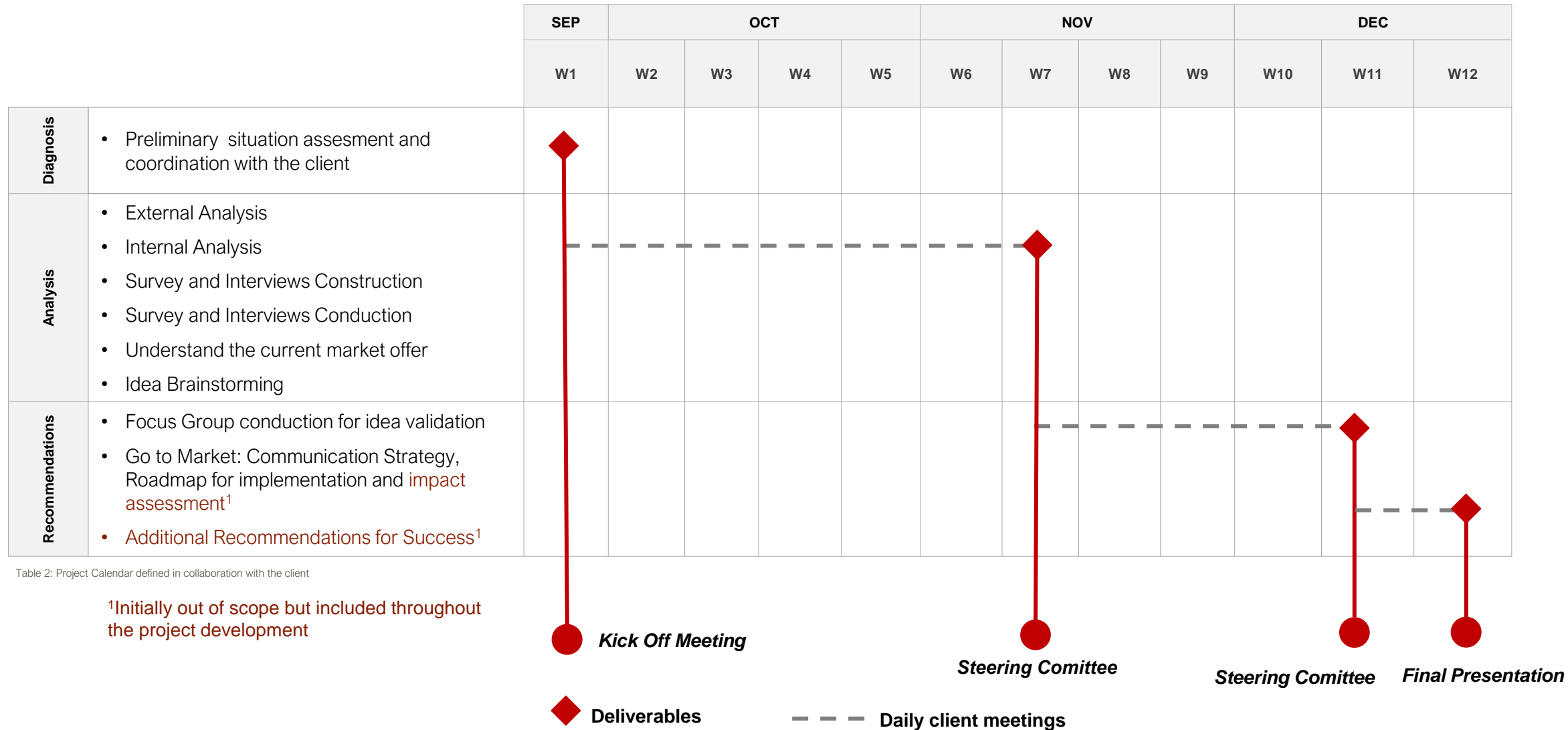
As defined by Minto, B. (2008) in “The Pyramid Principle” and outlined by Rasiel E. in “The McKinsey Way” (1999), consulting teams should follow a **solution problem-solving methodology**, meaning the reasoning should start with the solution to the overriding question at hand, and from there breakdown the problem and solution, through deductive reasoning (why is the solution possible?) and inductive reasoning (how can the company apply the solution?). This methodology was followed throughout the project and enriched with several frameworks. First, to identify the main drivers of change in the macroenvironment that are expected to determine the performance of an organization in an industry, the **STEEP model**, proposed by Francis J. Aguilar (1967) will be used. This model analyses the socio-demographic, technological, economical and political-regulatory forces that impact an organization, highlighting opportunities and threats. To complement this model, as suggested by professor João Silveira Lobo, the industry-specific trends that frame the context where organizations act will also be analyzed. Regarding the internal analysis, to understand how this projects’ recommendation would be received by the company, the group chose a framework that studies an organization’s ability to change - **McKinsey 7 S’s**. Featured in the book “In Search of Excellence”, by Thomas J. Peters and Robert H. Waterman (1980), the framework maps interrelated factors that impact the company’s ability to change. Moreover, this framework provides an overall perspective on an organization’s internal capabilities and competencies from different viewpoints. After understanding the company’s internal organizational aspects and its client portfolio, the **Resource-Based View Model**, created by Jay Barney (1991), will be applied, to comprehend how a firm can gain a competitive advantage with its resources. According to this framework, the VRIO resources are identified as those that grant sustainable competitive advantage to a company. Nevertheless, a company should not neglect the other resources, as they are essential for business functioning. Subsequently, a **SWOT analysis**, created by Albert Humphrey (1960), will be performed, to identify the firm’s internal strengths and weaknesses and the external opportunities and threats that may influence its business. This analysis should be complemented with the **TOWS framework**, to understand how SWOT’s findings can be applied to strategic options’ definition. To deeper analyse the current strategy, **Porter Generic Strategies**, created by Michael Porter (2004), will be used.

2. Project Approach | Literature Review

This framework positions a company's strategy based on its competitive scope (that can be broad or narrow) and its sources of competitive advantage (that can be the lower cost or the differentiation). As Peppers D. and Rogers M. state in "Managing Customer Relationships: A Strategic Framework" (2004), for a firm to build customer value it must identify, differentiate, interact and customize its approach to customers. The **IDIC model** is used as a reference for sustained customer relationships that create value over time. To reach the goal of a lifelong partnership, a **Learning Relationship** and **Feedback Loop** must be established. According to Peppers D. and Rogers M., this means the company provides the customer with the opportunity to teach the company what he wants and give it back to him. This strategy is crucial to develop any successful customer-oriented solution. In order to understand consumer behaviour trends that foster a learning relationship between the insurer and its customers, the research methodology will be divided into two: on the one hand, qualitative research using direct methods will be conducted, namely **in-depth interviews** and **focus groups**. As suggested by Naresh K. Malhotra and David F. Birks (2017), in-depth interviews allow to discover insights, develop hypotheses and define key variables. They also enable the identification of repressed thoughts that would not be expressed otherwise. Regarding focus groups, they represent a way to validate the main proposed recommendation, as outlined by the Interaction Design Foundation (2020). On the other hand, to quantify the variables, quantitative research will be conducted through a **survey**. A **Cluster Analysis** will be performed to retrieve insights for data utilization, as highlighted by Naresh K. Afterwards. As for the robustness of the main recommendation, a **Minimum Viable Product** (MVP) will be created to collect insights from early customers for future product development, as suggested by Eric Ries in "The Lean Startup" (2011). Finally, to ensure that the main recommendation is communicated effectively, the go-to-market strategy will be outlined by first defining the **brand's positioning** (target; frame of reference; point of difference and reason to believe and its implications on the a-b-e model) and the **communication objectives** (category need, brand awareness, brand attitude, brand purchase intention and purchase facilitation), as proposed by Rossiter & Percy (1987) and by Percy & Elliot (2016).

During 12 weeks, the team worked in partnership with the client, through daily meetings, two steering committees, and occasional meetings with stakeholders and experts, crucial for project success

2. Project Approach | Project Calendar



The project was carried out following a structured problem-solving approach that resulted in one main recommendation supported by additional recommendations that serve the collaboration goals

3. Methodology | Project Structure & Methodology

	Methodology		
	Diagnosis	Analysis	Recommendations
Deliverables	Kick Off Document	Issue Analysis, Consumer and Market Analysis (B2C focused, Non-life + Life Risk)	Go-to-Market strategy
Project Activities	Preliminary situation assessment: <ul style="list-style-type: none"> Identify the main issue Clarify expectations Understanding of client needs and context Definition of success Initial analysis of internal and external position of Q Insurer Baseline definition Agree on scope, deliverables and responsibilities Define project structure and timeline 	External Analysis <ul style="list-style-type: none"> STEEP+I framework Best Practices benchmark Competitive analysis Internal Analysis <ul style="list-style-type: none"> Resource Based View (VRIO) framework McKinsey 7S's SWOT & TOWS analysis Client Portfolio analysis Issue Analysis and problem breakdown: Deductive and Inductive reasoning Research market trends, customer preferences and behaviour <ul style="list-style-type: none"> Qualitative (In depth), Expert and Agent interviews Quantitative Survey Client Data and Indirect Research (External Documents) 	Formulation of strategic options based on analysis <ul style="list-style-type: none"> Target Segment Definition Main recommendation: <ul style="list-style-type: none"> Focus Group for idea validation Value Proposition and Communication Customer Journey¹ Go to Market and Impact Assessment¹ Additional Recommendations development¹
Duration	2 weeks	8 weeks	2 weeks

Table 3: Project Methodology

¹Initially out of scope but included throughout the project development

Collaboration Goals: (1) Market, customer analysis and segmentation; (2) Define a differentiating value proposition through a personalized, customer-centric experience (3) Integrate and innovate the agent role (4) Develop at least one actionable recommendation that can be implemented in a 2 year timeframe

Q Insurer can build on multiple internal forces to capitalize on external drivers to deliver a personalized, lifelong solution for its customers

3. Methodology | Deductive Reasoning

Can Q Insurer become a lifelong partner for Portuguese Mass Market consumers by delivering personalized solutions?

Yes

Why?

External Forces

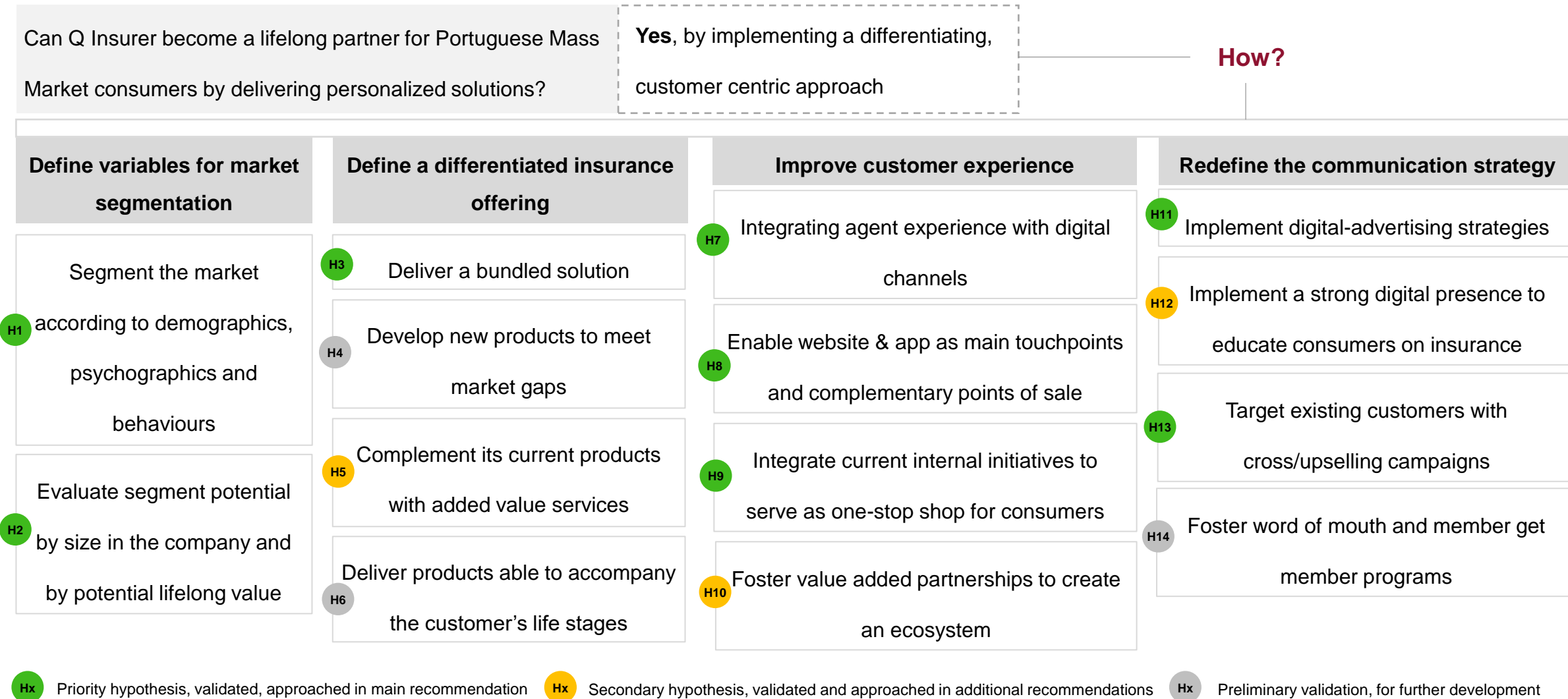
- Climate change is increasing the number of unexpected events that require coverage
- Sustainability concerns are becoming a top priority for consumers
- The paradigmatic shift from reactive towards preventive insurance products and services
- Digital adoption rates are higher
- Customer preferences for customized services are notorious
- Legal requirements demand consumers to have specific insurance products
- Covid-19 will impact customers willingness to pay for non-essential services
- Portuguese purchasing power leads to high price sensitivity
- New players are emerging and capitalizing on market gaps
- Competitors are more advanced in terms of digitalization and innovation (from a consumer perspective)

Internal Forces

- Integration in BigInsurer Group brings international know-how
- Extensive pool of products for all life stages available
- Experienced agents with deep customer knowledge
- Increased awareness and aim towards customer-centricity
- Accumulated expertise from historical presence
- Large agent and broker network
- Low integration and synergies between departments
- Weak to none digital communication (particularly for non-customers)
- Lack of an integrated marketing and communication strategy
- Low communication of client perks and benefits

To reach the goal of becoming a lifelong partner for Portuguese consumers, Q Insurer can define a segmented, differentiating strategy that improves customer experience and perception

3. Methodology | Inductive Reasoning



Multiple hypotheses were tested and iterated throughout the project, with direct and indirect validation tools, and whose validation sustains the recommendations reached

3. Methodology | Hypotheses Table

Issues	Sub issues	Hypothesis	Validation
Define variables for market segmentation	Segment the market according to demographics, psychographics and behaviours	H1 Yes. Different demographics may alter customer preferences in terms of product needs; Differences in values, attitudes and lifestyle appear to be determinant for insurance preferences and brand loyalty, price sensitivity, insurance usage level and other behavioural patterns appear to influence purchasing of products	QI QS IR
	Evaluate segment potential by size in the company and by potential lifelong value	H2 Yes. The lifelong value of a segment (or an individual customer) should be a factor for segment preference and current size of segment may be a factor to understand if it must be a priority or not	
Define a differentiated insurance offering	Deliver a bundled solution	H3 Yes. Q Insurer should offer a customizable bundled solution as the made-to-order feeling will be valued	QI QS IR
	Develop new products to meet market gaps	H4 Yes. There are gaps in the market of needs not being address and that Q Insurer can tackle	QI IR
	Complement its current products with added value services	H5 Yes. Preventive solutions are perceived to add value to insurance products	QI QS IR
	Deliver products able to accompany the customer's life stages	H6 Yes. Delivering modular products that can accompany the clients' life will increase cross sell and retention	IR CD
Improve customer experience	Integrate agents with digital experience	H7 Yes. An integration of the off-line, human experience with agents with the digital channels can be key to success of the solution	QI IR
	Enable website & app as main touchpoints and complementary points of sale	H8 Yes. Digitally-enabled consumers prioritize the phone and website as the way to interact with products and services and expect the option to quickly purchase	QI QS IR
	Integrate current internal initiatives to serve as one-stop shop for consumers	H9 Yes. Customers seek a seamless omnichannel experience and prefer one place to manage all products	QS QI IR FG
	Foster value added partnerships to create an ecosystem	H10 Yes. The stronger the ecosystem Q Insurer provides, the higher value-for-money customers will perceive	QS QI IR FG
Redefine communication strategy	Implement digital-advertising strategies	H11 Yes. Digital advertising is a lower-cost and efficient strategy to reach mass market clients	CD IR
	Implement a strong digital presence to educate consumers on insurance	H12 Yes. A higher insurance literacy will contribute to a lower resistance in purchasing insurance products	CD IR EI
	Target existing customers with cross/upselling campaigns	H13 Yes. The up/cross sell numbers are currently low and there should be an attempt to increase it	CD IR
	Foster word of mouth and member get member programs	H14 Yes. Insurance products are chosen mainly through recommendations and therefore there is potential in exploring this approach	IR

Table 4: Hypotheses table

Legend for data sources: **QI** Qualitative Interviews **EI** Expert and Agent Interviews **QS** Quantitative Survey **IR** Indirect Research **CD** Client Data **FG** Focus Group **DA** Data Analysis

Source: Client Data; Team Based

To better direct the recommendations and test the hypotheses, extensive research and analysis were performed

3. Methodology | Research Methodology overview

QI	EI	QS	QS	DA	EI	FG
In-depth interviews (37 interviewees)	Expert interviews (6 interviewees)	Survey (632 respondents)	Cluster Analysis	Personas design	Agent interviews (6 interviewees)	Focus Group (2 focus groups)
Open-ended, discovery-oriented method to obtain detailed information about each individual's needs, experiences, feelings, and perspectives on insurance (interviewed both insured and non-insured individuals)	Expert interviews with Product, Channels and Digital departments, to gain insight into the business and ongoing initiatives	Quantitative questionnaire to measure consumers' psychographic and behavioral characteristics and to test the initial hypothesis	The analysis resulted in 2 clusters . Individuals in each cluster displayed either only one common characteristic (i.e., age) or multiple traits common in both clusters. Therefore, it appears the variables behave homogeneously	Pairing clusters psychographics and demographics with Q Insurer client data (RFM Analysis), 4 personas were designed, chosen based on 2 criteria	Interviews with 6 agents to understand their struggles and views and their opinions on the proposed solution	The chosen personas are aged between 25-34 and 35-44. Focus groups were conducted to capture individual and group reactions and opinions to the proposed solution's Minimum Viable Product

Table 5: Research methodology

In-depth interviews insights are the foundation of the survey

Oversampling corrected for the following steps (n=341)

Confirmed the hypothesis that bundles should not be pre-defined but tailored to each individual

Empathy map construction and 2 brainstorming sessions for idea definition

Indirect research and internal and external analysis conducted

IR DA CD

An aged population and a new organizational family model compel insurers to change the way they deliver value

4. External Analysis | STEEP+I Framework: Socio demographic

Analysis framework

- The STEEP+I framework enables the identification of the **main drivers of change** that are expected to determine the performance of an organization in a given industry
- This model not only analyses the socio-demographic, technological, economical and political-regulatory forces but also frames the industry-specific context where organizations act

What is happening

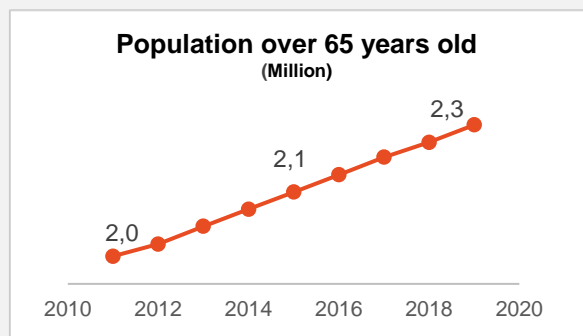


Figure 1: Portuguese Population over 65

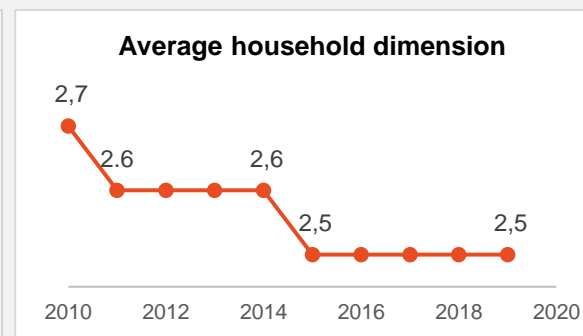


Figure 2: Portuguese average household dimension

- Portuguese population is aging and the average household size is decreasing

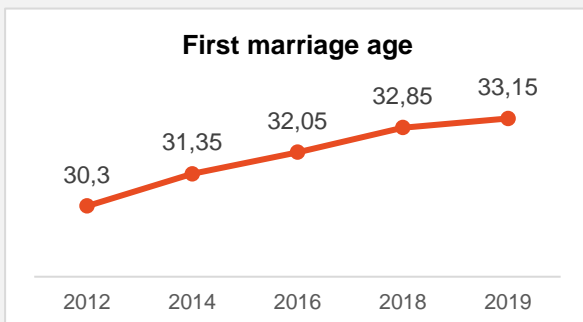


Figure 3: Portuguese Population first marriage age

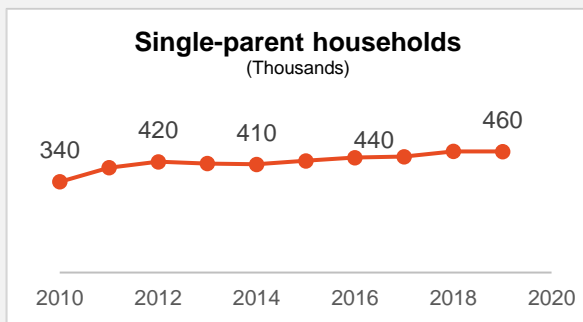


Figure 4: Portuguese Population single parents households

- First marriage age is increasing and so is the number of single-parent households
- Young Portuguese leave their parents at 29 (3 years over European average)

How does it impact insurance

- An aged population implies higher needs in terms of health, life and retirement, which requires **adapted solutions**⁽¹⁾
- A new organizational family model requires a different approach to family-based insurance products^(2;3)
- The journey followed by the younger generations will require a **new value proposition** so that enduring relationships are established⁽⁴⁾

Understanding how to take advantage of new technologies while fostering collaborations with Insurtechs will be key to better understand consumers and will determine insurers' success in the future

4. External Analysis | STEEP+I Framework: Technological

What is happening

How does it impact insurance

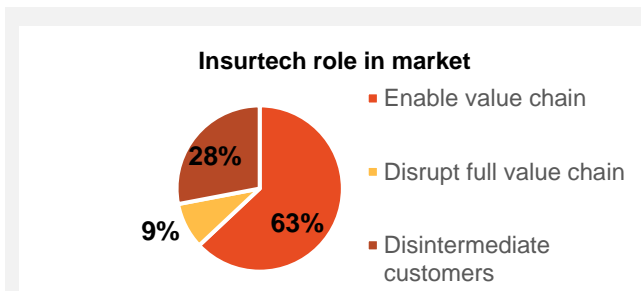


Figure 5: Insurtech Role in Market

The majority of Insurtechs aims to **enable the value chain** and partner with established incumbents. However, 28% of them may pressure margins while enabling new channels and 9% may try to fully disrupt the market

- Competition and collaboration challenges as Insurtechs might open new channels but can also pressure margins⁽⁵⁾

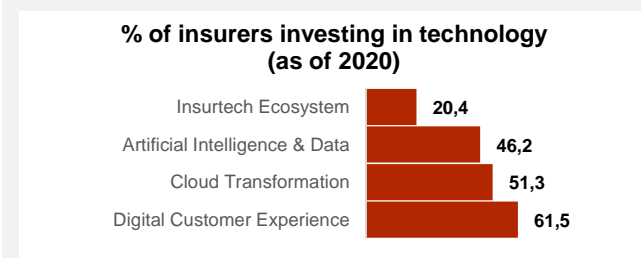


Figure 6: Percentage of European insurers investing in technology types

62% of European insurers are using technology to promote a digitalized experience. Half of them are also making use of AI, Big Data and Cloud to leverage their position. Regarding Insurtechs, only 20% of insurers have started to move towards a shared ecosystem with these new players

- Disruption of the traditional business model
- Reduction of costs, lower premiums and improved customer interaction
- A better understanding of customers, enabling personalization of the offer
- Higher cybersecurity risks requiring suitable protection

Insurtechs represent both a threat of competition and an opportunity for collaboration | (a) New Insurtechs are emerging, making use of AI and leveraging Big Data; (b) **Insurers are proactively investing in technology** (IoT, Blockchain, Data Analytics) to address consumers' changing preferences: 52% of insurance customers placed high importance on mobile, internet, or website channels for insurance transactions

The challenging economic reality that emerged with the Covid-19 pandemic showcases both opportunities and threats to the insurance industry that need to be addressed

4. External Analysis | STEEP+I Framework: Economic

What is happening

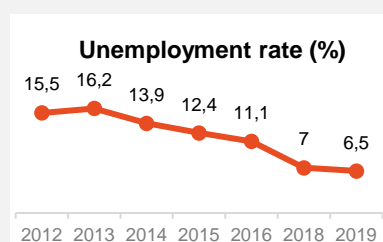


Figure 7: Portugal Unemployment rate

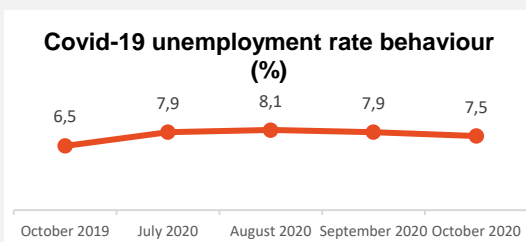


Figure 8: Portugal Unemployment rate during Covid-19 pandemic

Until 2019 the unemployment rate had been decreasing. However, the pandemic has negatively affected it: the current predicted value for October 2020 is 1% higher than in the same period in 2019

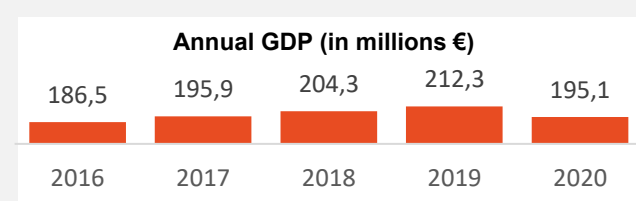


Figure 9: Portuguese Annual GDP

Economic indicators as the GDP faced a shift between 2019 and 2020. It is expected that the Portuguese GDP decreases by 8,9%, in 2020

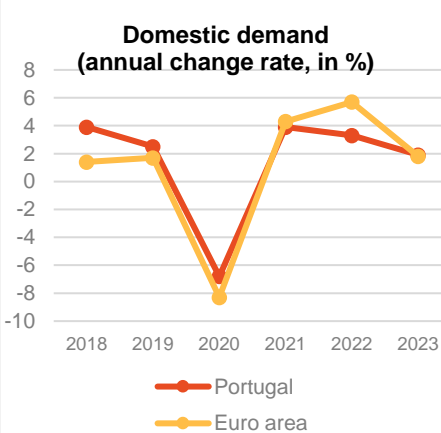


Figure 10: Domestic demand annual change rate

Domestic demand faced an unexpected drop in 2020, due to the pandemic influence on willingness to pay. However, these values are expected to be re-established from 2021 onwards

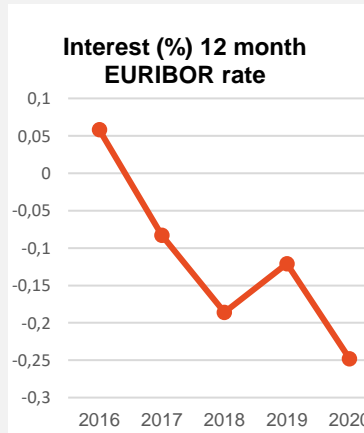


Figure 11: Interest rate behavior

90% of insurance profits come from investments. However, the interest rate has been decreasing (negative values since 2017)

How does it impact insurance

- **Decreased willingness to pay⁽¹⁰⁾**
- Recession environment ^(7;8;9) reduces trust in government, creating the opportunity for insurers to develop **products to deliver the security** governments cannot provide
- **Higher pressure on social systems** that can be addressed by insurance products
- Insurers derive the majority of profits from investment: low interest-rates⁽¹¹⁾ are reducing the attractiveness of investments

Environmental events and regulatory frameworks have a high impact in terms of premiums growth, making the implementation of preventive solutions a crucial step for insurers

4. External Analysis | STEEP+I Framework: Environmental and Political - Regulatory

Environmental

What is happening	How does it impact insurance
<ul style="list-style-type: none"> Climate change is predicted to increase the frequency and intensity of weather events (as floods and storms) and is expected to affect mostly the Iberian Peninsula, with the average temperature increasing 5°C in Portugal. Also, 88 thousands of Portuguese inhabitants face a high risk of floods in the next 20 years 80% of natural disasters were climate-related Transition to a low carbon economy is becoming a trigger for innovation 	<ul style="list-style-type: none"> The sector has a critical role to play as a buffer against natural disasters. Alongside risk coverage, insurers should invest in prevention and post-disaster recovery Insurers must assess potential scenarios and develop relevant products through product innovation The emergence of specific insurance products for clean energy projects, green buildings, energy efficiency, and hybrid and electric vehicles

Political - Regulatory

What is happening	How does it impact insurance
<ul style="list-style-type: none"> EIOPA initiatives to harmonize legislation among EU members so that there is consistent supervision of all insurers As for 2021-2023, EIOPA plans to introduce supervisory legislation that promotes a cyber insurance market and supports the benefits of digitalization while maintaining protection for consumers 	<ul style="list-style-type: none"> Increased public confidence, higher customer trust in the insurance system Improved customer protection

Insurers are dealing with two paradigmatic shifts, moving towards a customer-centric orientation while moving away from a mere protective and reactive principle to a preventive insurance approach

4. External Analysis | STEEP+I Framework: Industry-Specific

What is happening

Customer-centricity orientation

- Customers have **new expectations**: Service Quality, Effective Communication, Rewarded Loyalty and Product Transparency.
- 45% of EMEA insurance executives believe that finding how to address customers' expectations will be the **top challenge** for the next 3 years
- 62% of insurers believe that access to non-insurance products that add value to the core product – home security, car maintenance - is the most important feature for customers
- Customers would switch for a more customized service – pay per mile usage, on-demand insurance and product bundling are being used for customization

From reactive to preventive insurance

- The emergence of data-driven technologies is enabling insurers to **assess risk** more **accurately** and, therefore, **prevent events** to occur in the first place. Therefore, insurers are moving away from a reactive approach to a preventive one
- Internet of Things creates an opportunity for prevention to be more efficient as the networked devices equipped with IoT technology have sensors and functions that improve prevention mechanism and extend safety. Since 2008, there are more of these networked devices than people and by 2050 more than 50 billion people are expected to own a device

Basic principle

Protect customers from losses that might result from unexpected events



Data-powered technologies

Future principle

Prevent losses from occurring as insurers assess risk more accurately

There is room for insurers to improve in terms of perceived value and claim management processes to guarantee loyalty and satisfaction

4. External Analysis | Portuguese Insurance Industry Value Outlook

While quality is above expectations, perceived value is low

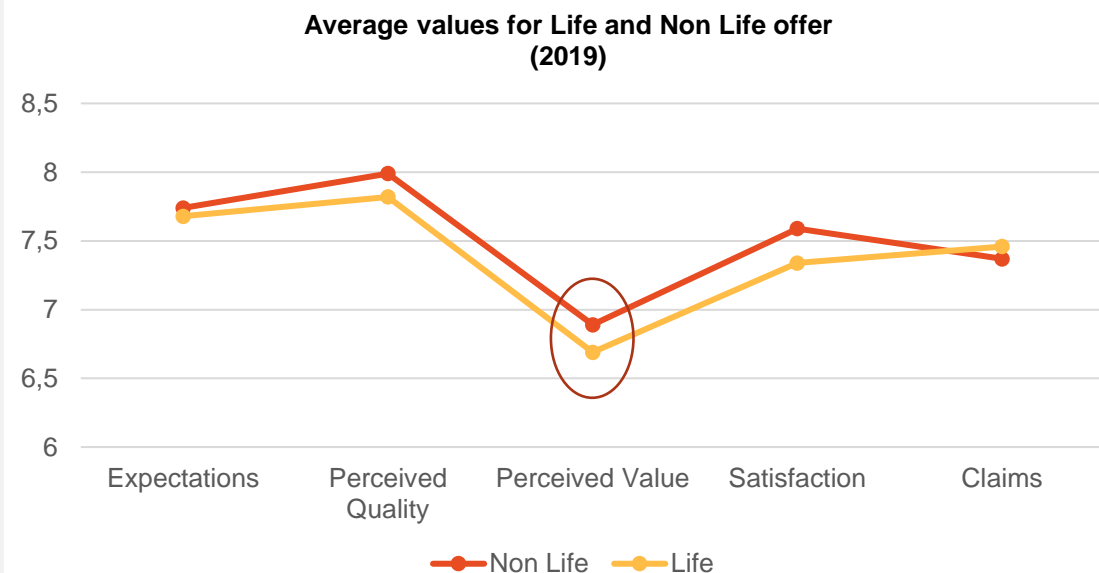


Figure 12: Perception on insurance offer

- There is a **misalignment** between the perceived quality and the perceived value, which might indicate a price issue: customers **perception of product performance** and attributes may be affected by the price
- Claims index is the second-highest among 16 analysed industries

Values refer to X; zed; Crédito Agrícola; Loyal; BigInsurer; Liberty; Lusitania; Ocidental; Q Insurer and Ich

A fulfilment of claims management expectations will foster loyalty

Claim management perceptual map

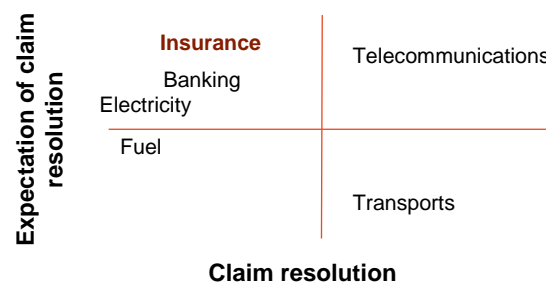


Figure 13: Claim management perceptual map

- As expectations for claim resolution in insurance are the highest among other industries, to enhance the overall perception, the claim resolution process should be improved

Loyalty perceptual map

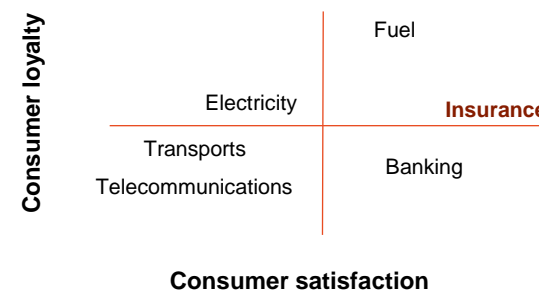


Figure 14: Loyalty perceptual map

- Insurance customers satisfaction is high, which can be used to capitalize on the loyalty rate in the industry

A growing number of Insurtechs are disrupting the market with innovative strategies, leading incumbents insurers and banks to follow suit to maintain relevance

4. External Analysis | Best practices

Criteria followed: 1) Insurtechs 2) Incumbent insurers/ banks with innovative practices 3) Players from other industries with relevant customer-centric practices

OSCAR

Oscar (USA) | Combining a technological platform with a data-driven approach, delivers a continuous care service that meets members anywhere, at any time; 63% of Oscar's customers' interactions with the healthcare system are virtual

Lemonade

Lemonade (USA) | Business model based on behavioural economics and AI; A chatbot helps customers find the best coverage & customers get insured in 90 seconds; Leftover premiums are donated to customer chosen charities

trōv

Trōv (USA) | An on-off insurance that allows its customers to insure single items with coverage that can be activated (and terminated) through an app

Munich RE

MunichRE (DE) | Sidestepped from traditional insurance to offer niche products that insurers usually avoid, like travel insurance for customers with pre-existing medical conditions

SAGA

SAGA (UK) | A solution that aims to reward loyalty and increase the retention rate: SAGA offers fixed price home and car insurance for three years, independently of what happens in the market

BIMA (UK) | A mobile insurance that empowers agents with technology to sell low-cost insurance in emerging markets, in a 2 minutes paperless process. Focuses on educating consumers, offers a variety of payment methods and customers can choose preferred claims channel (paid in 3 days)

BIMA

Undo Insurance (DK) | Simple, personalized, mobile insurance – purchase, make a claim and detect fraud via the app in minutes. A millennial-focused brand: 90% of customers are aged 20-35, leveraging the younger generation's digital propensity

UNDO:

ABANCA (ES) | ABANCA offers a flat-rate plan that groups every insurance in one receipt and enables monthly payments without additional fees. Besides, this plan incentivizes adding more products through compounded discounts

/ABANCA

HSBC (UK) | Select and Cover allows customers to choose from 3 to 9 coverages that can be changed during the year - advises customers to combine covers to reduce the cost, saving money when compared with purchasing individual policies

HSBC

Like Insurtechs, players from other industries have changed consumer relationships with service providers in ways that impact insurance companies

4. External Analysis | Best practices

Kakau (BR) | A digital platform that leverages AI and Big Data to provide tailored solutions - offers security, independence, simplicity and partners with well-established insurers (i.e. BigInsurer) to deliver value through a subscription model that enables customers to pause and return to their subscription at will

Lovys (PT) | A 100% digital insurer reinventing insurance by making it flexible, personalized and transparent. Users can subscribe to products online and bundle them into one monthly subscription. Includes smartphone insurance

Keep Warranty (PT) | A simple, convenient and digital way of buying insurance that enables its users to keep guarantees, documents and other policies in a single secure place, simplifying management

Mudey (PT) | A 100% digital insurance intermediary. Centralized virtual wallet to manage insurance products, regardless of the provider. Provides a consultancy service that suggests other coverages based on the user lifestyle and a renewal management system

Amazon (USA) | Amazon, positioned as the “Earth’s most customer-centric company” and with Customer Obsession as one of its guiding principles, developed Amazon MayDay: a remote tech support person in a small-time window. This assistant can watch what the customer is doing online, annotate the screen and tap through the interface. It’s one of the multiple examples of customer-experience oriented practices the company implemented through time and that are at the bases of its business success

Revolut (UK) | A digital bank that provides debit card, money and cryptocurrency exchange, investments and also entered the market offering travel insurance (Pay per Day with geo-location technology), smartphone and online shopping insurance

Netflix (USA) | A streaming subscription platform that drives its success based on consumer knowledge. Understanding the customer enabled Netflix to accurately target customers by hyper personalizing the content creation and showcase. This customer database is capitalized with an excellent customer experience

The Portuguese insurance market is a dynamic environment with strong competitors, which is an obstacle but also provides Q Insurer with several opportunities to capitalize on

4. External Analysis | Competitive Landscape

Insurance Market in Portugal

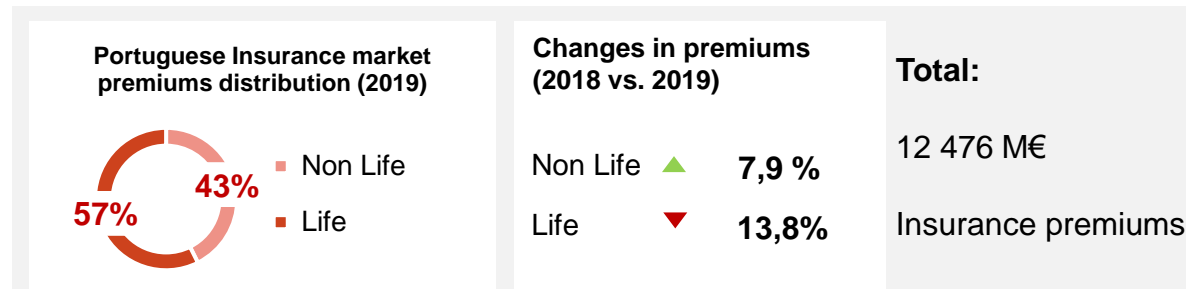


Figure 15: Insurance market overview for non life and life offer

Condensed market | 5 companies account for 63,9% of the market

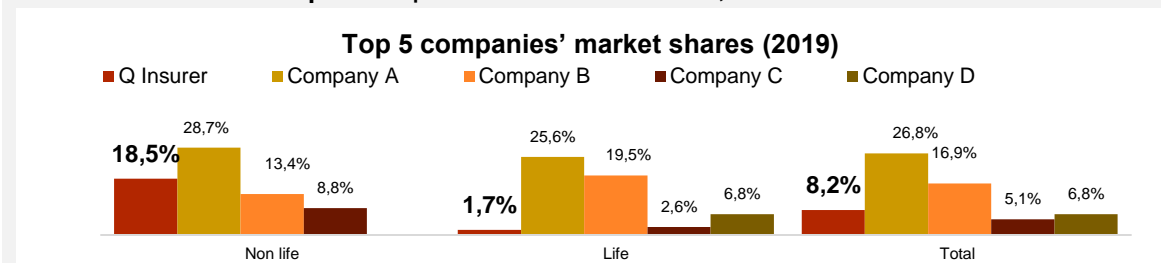


Figure 16: Portuguese top players market share | Ich only presents life data as the non-life operation is based in Ireland

The sector has maintained past growth (2019) and has a higher weight in the GDP. **Life** segment has **decreased** 13,8% due to losses in financial products (capitalization insurances (-20,5%) and PPRs (-10,0%). Life Risk grew 0,4% and represents 14% of total Life premiums. **Non-life** premiums **grew** 7,9% in 2019, particularly due to Work Accidents products (+11,8% from 2018 to 2019)

Sources: APS; Client Data; ECO; Markttest; Quantitative Survey

Q Insurer ranks in an optimistic positioning compared to its competitors

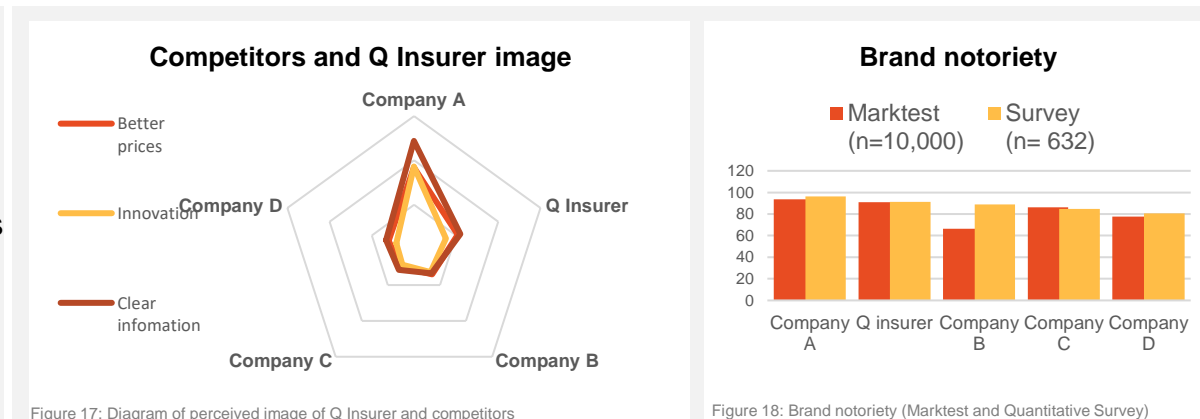


Figure 17: Diagram of perceived image of Q Insurer and competitors

Figure 18: Brand notoriety (Markttest and Quantitative Survey)

Company A leads the market in terms of the perception of prices, innovation⁽¹⁷⁾ (perceived as being 3x more innovative than competitors) and ability to provide clear information. Although Q Insurer is perceived as less innovative than Company A, the insurer is closely perceived as A in terms of pricing. From comparing both studies⁽¹⁸⁾, A has the highest notoriety, followed by Q Insurer. C notoriety is less stable, with results varying according to the source: higher for C according to Markttest. In both studies, D has the lowest notoriety among the 5 players

Established competitors, including international players, exhibit singular strengths that enable each of them to differentiate in the market

4. External Analysis | Competitive Landscape

	Company B	Company A	Company D	Company C
Company Overview	<ul style="list-style-type: none"> International presence in 10 countries Market leader with 26,8% market share <p>No. of Agents: 8000</p>	<ul style="list-style-type: none"> Belgian group with presence in 14 other countries 8,2% market share <p>No. of Agents: 2722</p>	<ul style="list-style-type: none"> Presence in 215 countries (in Portugal since 1918) 6,2% market share <p>No. of Agents: 2500</p>	<ul style="list-style-type: none"> Presence in 70 countries (in Portugal since 1999) 5,1% market share <p>No. of Agents: 6000</p>
Strengths & Differentiation points	<p>Strong innovation efforts:</p> <ul style="list-style-type: none"> Launch of “Just in Case” app for on-demand travel insurance Protechting: startup accelerator contest designed by Fosun and Loyal that aims to support innovative solutions for prevention and protection EFMA 2020 Global Innovator Company <p>Social Responsibility: Loyal Comunidade Award</p> <p>Partnerships: partnered with the largest Chinese insurer to implement reinsurance solutions</p>	<p>Beyond insurance strategy:</p> <ul style="list-style-type: none"> “Mundo X”: a platform that connects X clients with service providers, reinforcing X position as a service provider for clients and a business partner for service providers Joint venture with Kleya, a project that helps foreigners establishing in Portugal <p>Social Responsibility: X Foundation</p>	<p>Technologic initiatives</p> <ul style="list-style-type: none"> Ich risk advisor: risk assessment app that enables users to identify and reduce the risk My Ich app: a digital platform for insurance management designed specifically for agents My Customer app, developed in partnership with Apple Ich Innovation Championship: a contest that looks for insurtechs that can disrupt the insurance sector 	<p>Sustainability concerns:</p> <ul style="list-style-type: none"> Exclusion of insurance on goods, properties and investments associated with coal until 2040 Acquisition of solar plants

Table 6: Analysis of competitors

The **main players** in the industry detach from the other insurers for their **innovation efforts**, broader strategies that capitalize their insurance expertise to other sectors and their **technologic** initiatives - these are the **strengths** that favour a high market **concentration** in 5 top players that characterizes the Portuguese Market

To reach its business goals, Q Insurer should seek to change its differentiation drivers by attempting to derive value from customer relationships

6. Research & Findings | Strategy and Positioning Analysis

According to Porter's Generic Strategies, a firm's strategy is based on its source of competitive advantage and its competitive scope. Q Insurer targets a **broad** audience with a **differentiated** offer. This means that Q Insurer follows a **differentiation strategy**

Figure 25: Porter's Generic Strategies applied to Q

Q Insurers's driver for differentiation is the **product and service features**. However, those features are not substantially different from the competitors

	Auto	Home	Health
A	Specific protection for electric vehicles Young clients benefits	Mini Packs that allow contracting of small coverages for specific risks Art Collection insurance	
B	"Poupança Auto" savings account to save for car insurance	Electronic equipment protection valid outside Portugal	Vitality App that allows health insurance management and rewards healthy habits
Q Insurer	Exclusive protection for the driver	Possibility of adding specific protection modules to the main one	Protection in Portugal and Spain
C	Motorhome Insurance	Always included family assistance included	Children aged up to 8 do not pay

Figure 26: Product offer overview for Auto, Home and Health insurance | zed not featured for lack of differentiated offering

Source: Client Data; Company's website; Porter, Michael

Besides, Q Insurer has defined its business objectives as:

Improve sales performance



Bring new customers, improve retention and improve customers' perceived value



Increase digital visibility and generate leads



Advisory throughout the customer lifelong



Image 3: Q Insurer Business Objectives

To successfully meet these goals and stand out from the competition, Q Insurer differentiation strategy should also be driven by **customer relationship**, namely:

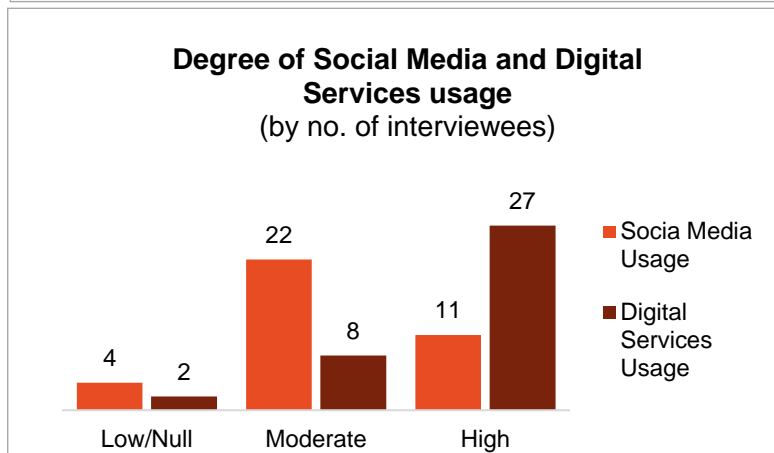
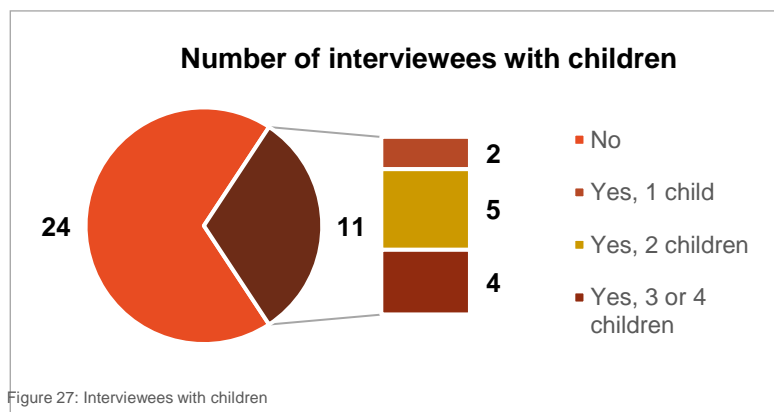
- **Customization**, an actionable variable that will foster competitive advantage through increased customer **loyalty** and higher relationship **quality**
- **Customer services and responsiveness**, ensuring the reinforcement of the relation by fostering a broader and deeper two-way flow of information: Q Insurer will manage information more efficiently to better understand customer needs and the customer will become more knowledgeable about how the firm can satisfy him/her

Overall, customers distrust the insurance industry and do not attribute it positive features or feelings

6. Research & Findings | Qualitative interviews insights (1/2)

Qualitative Interviews sample (n= 37)

18-24	25-31	32-54	55-65	25 Female
15	5	6	11	12 Male



- **Insurers are viewed as opportunistic, greedy, confusing and demanding.** While **attentive to details** and sometimes caring, insurance companies are also perceived as **deceptive** and **complicated**.

- There is a **distancing** between consumers and the need to buy insurance

- The idea that **agents are driven by their interests** still prevails, leading people to **search online before** contacting the agent

- 35/37 use digital channels to confirm the agent's recommendation. **Recommendation** is the main factor **influencing agent choice**

- Consumers across ages appear to want a **centralized, easy to manage** and **comprehensive service**

- **11 out of 37** interviewees mentioned they would like a **solution that integrates every policy**, instead of one insurance for each problem

- Words as **quick** (4x), **effective** (4x), **clear/simplified** (6x), **transparent** (5x), **digitalized** (8x) are used to describe the **perfect insurance experience**

The negative perception of the industry seems to undermine the relationship from the start, which makes transparency and simplicity crucial for customer satisfaction

6. Research & Findings | Qualitative interviews insights (2/2)

Main Insights

n=37

Consumers seem to want a one-stop-shop service

*“Ideal? Just **one insurance**, with several branches, and each branch would have related coverages that protect the things I wish to protect in each circumstance” (Female, Assistant, 55)*

*“I’d love to have the **multiple coverages I need in one place**, where I can see how much I have spent connected to each thing I have insured, where I can make payments, contact my agent, communicate accidents, add new coverages - a centralized, simple and intuitive place where **I can get a visual perspective of what is happening to my money, what I exactly have covered with each insurance**, where I can contact someone who knows me or at least can see everything about my insurance patterns and history.” (Female, Student, 23)*

Insurance is often compared to service providers from other, more advanced industries

*“I don’t like the fragmentation we see - It’s a very archaic approach, too many contracts to manage. It lacks the simplification you see in other sectors like utilities. **Not only offering a packaged solution, but changing the relationship with consumers – online subscription, digitalized process, more user friendly.**” (Male, Manager, 55)*

*“Everything digital, for sure - but a real digital, that works - like Uber, Netflix - in terms of user experience, complaint handling, customer service - it cannot be “pretend digital”. **Making digital the first point of contact with the customer and taking it seriously.**” (Male, Student, 23)*

Even consumers that never had a negative experience with insurers seem to distrust the industry

*“When we have an insurance then we know that when something bad happens we have a trampoline to **soothe** the fall and, in theory, make it less painful. Which sometimes does not actually happen.” (Female, CEO, 51)*

A survey of 632 individuals reinforced the idea that there is an overall distrust in the industry and that consumers value the price-quality relationship and referrals when choosing a provider

6. Research & Findings | Quantitative Survey insights (1/3)

Quantitative survey sample (n= 632)

18-24	25-31	32-54	55-65	73% Female
377	106	109	30	27% Male

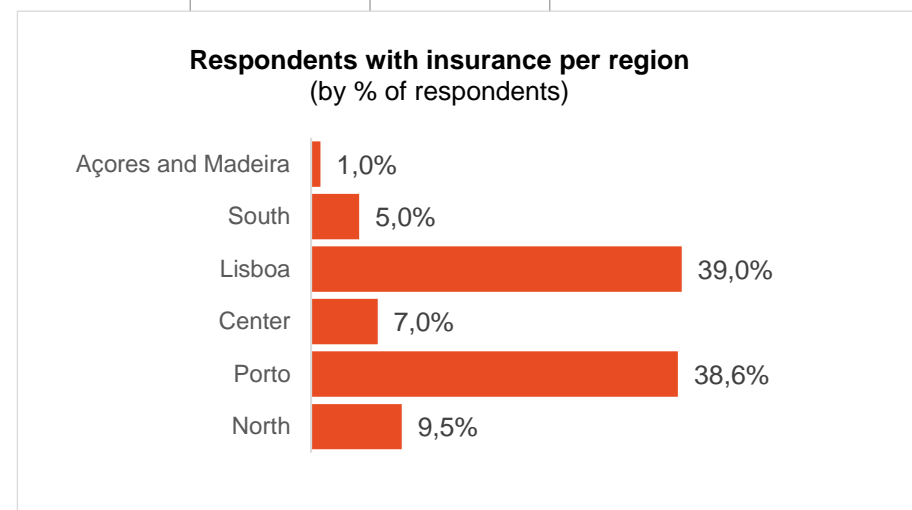


Figure 29: Geographic distribution of respondents with insurance

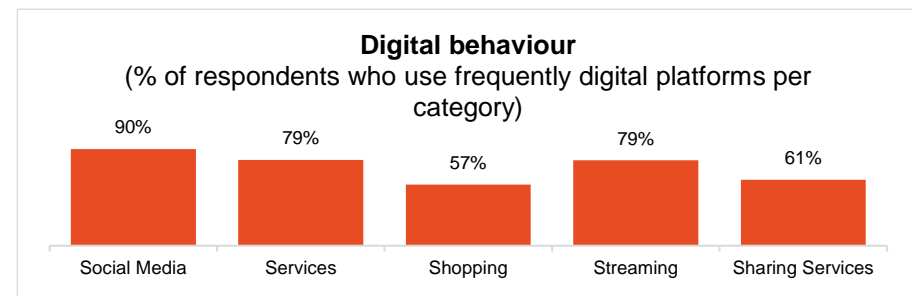


Figure 30: Digital behaviour of respondents

Source: Quantitative Survey

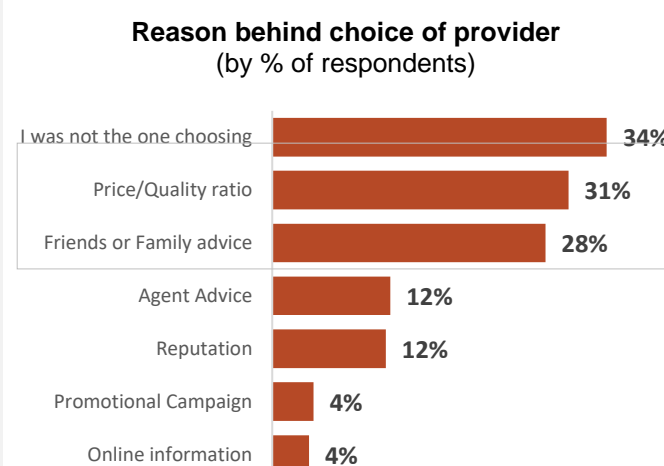


Figure 31: Respondent reason behind choice of provider

- For the ones who chose their insurance, the price/quality relationship was pointed as the most important aspect to consider, followed by friends and family advice
- Promotional campaigns rank fairly low in comparison

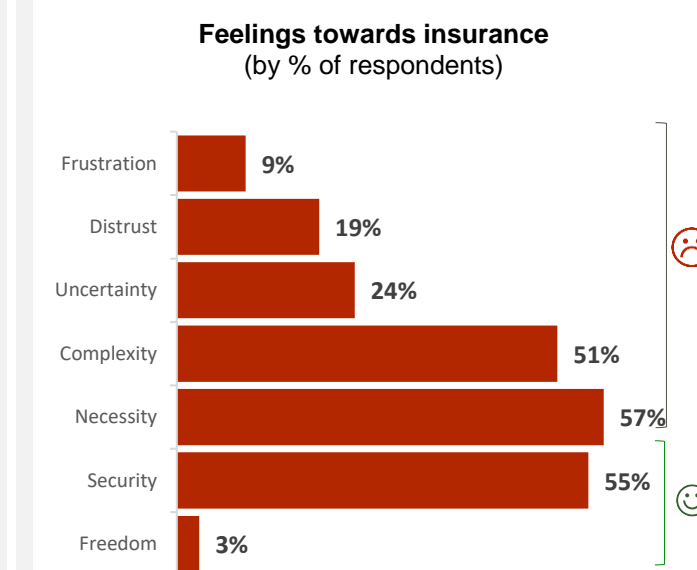


Figure 32: Respondent feelings towards insurance

- Insurance is often associated with negative or neutral emotions - Only **0,08%** of the surveyed associate insurance with **only positive emotions**

More detailed information on Appendix 6

According to the surveyed sample, there is not a strong relationship between having a high concern about a topic and purchasing a related insurance - which might be an indicative of market gaps

6. Research & Findings | Quantitative Survey insights (2/3)

n=632

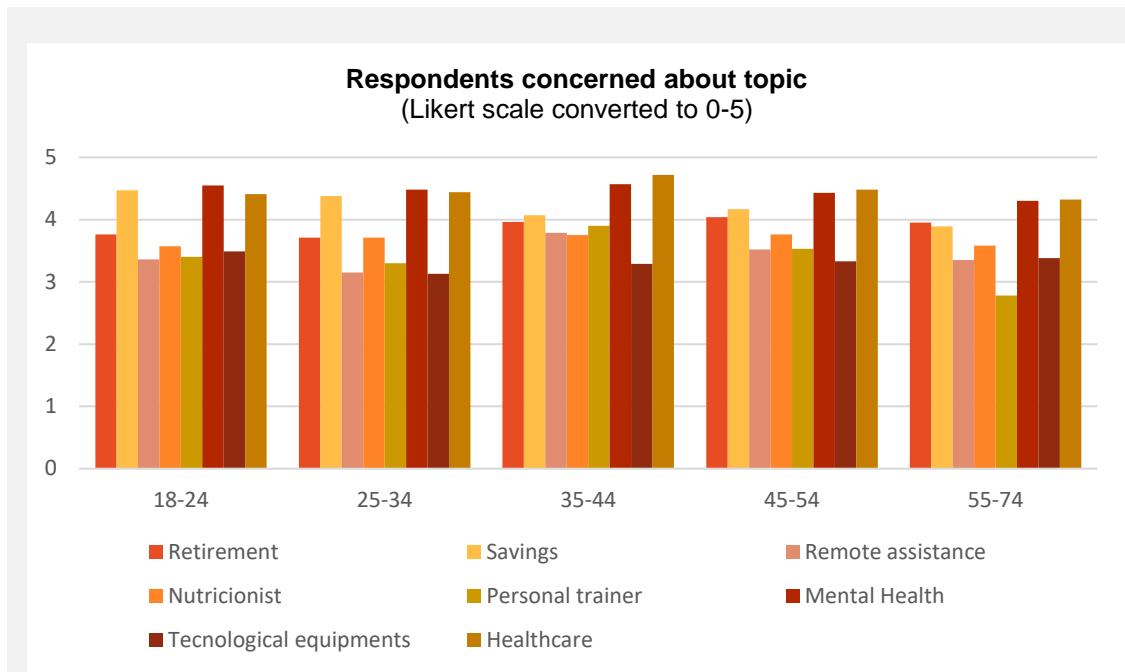


Figure 33: Respondents concern about specified topics

Most concerns are homogenous across age groups: (1) Younger generations seem to be relatively more concerned with **savings**; (2) 25-34 appears to be the age group less concerned with technological equipment; (3) Across age groups, **mental health and health** are top concerns

Source: Quantitative Survey

There seems to be a gap between concerns and contracted insurances

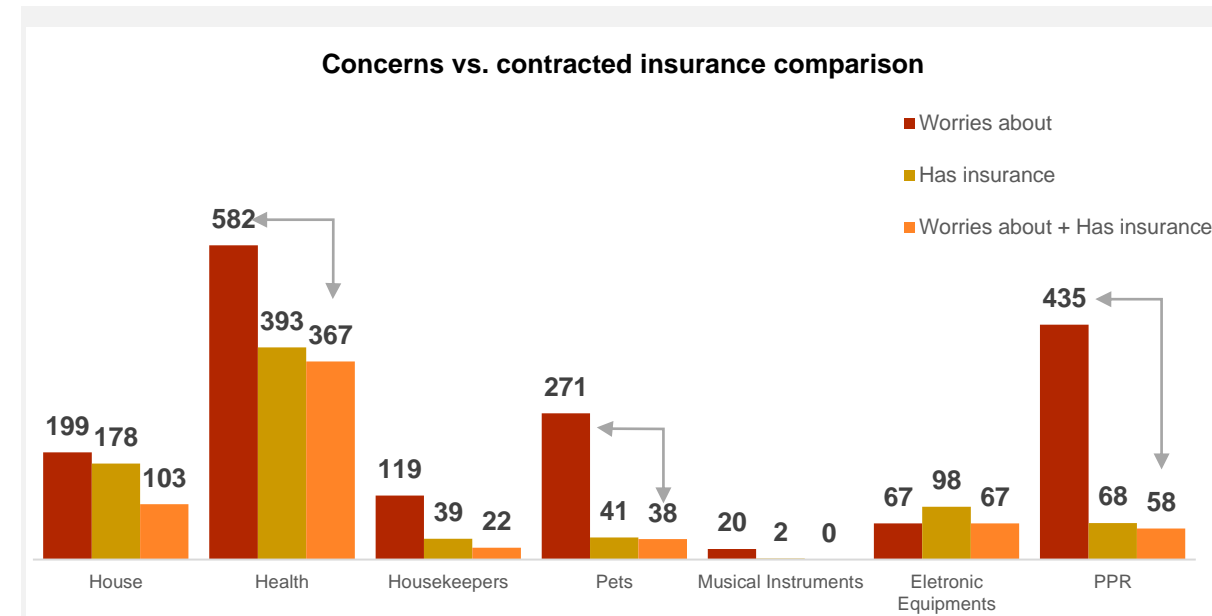


Figure 34: Relationship between respondents concerns and specified contracted insurances

Concerns are not entirely reflected on purchases: the **number of people who show a concern is higher than the number of people who have insurance to protect/prevent it** (271 vs. 38 in Pet insurance; 582 vs. 393 in Health insurance). It is also relevant to outline the no. of respondents that do not declare a concern but have insurance over it

Both an on-off insurance solution and a personalized bundled offer appear to be of interest for consumers, given there is the possibility to have ownership of what is included in the bundle

6. Research & Findings | Quantitative Survey insights (3/3)

n=632

Consumers seem to appreciate an on/off solution

Over 90% of respondents would purchase a bundled offer

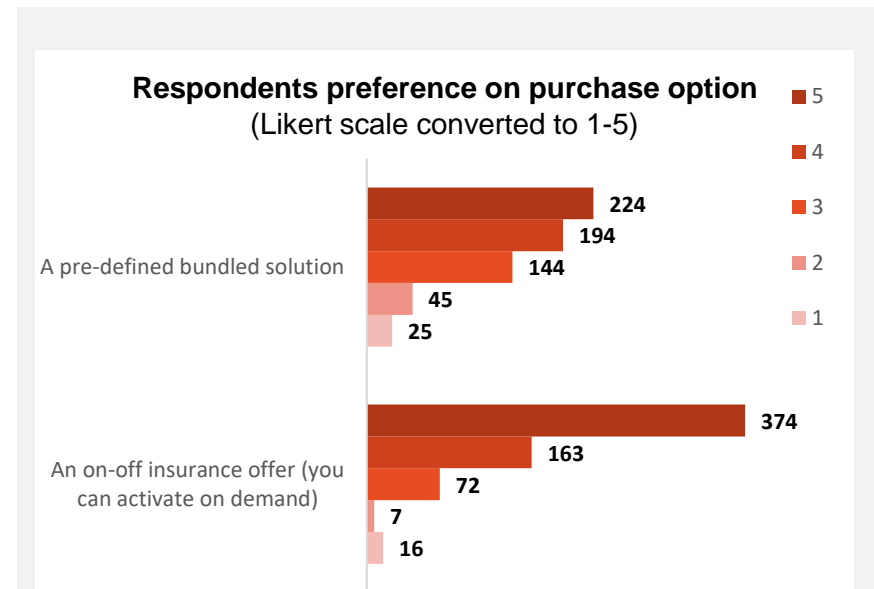


Figure 35: Respondents preference for scenario proposed options

- An on-off insurance solutions appears to be valued above a pre-defined bundled solutions
- Only a small % of respondents (0,03% and 0,1%) attributes small value to both options

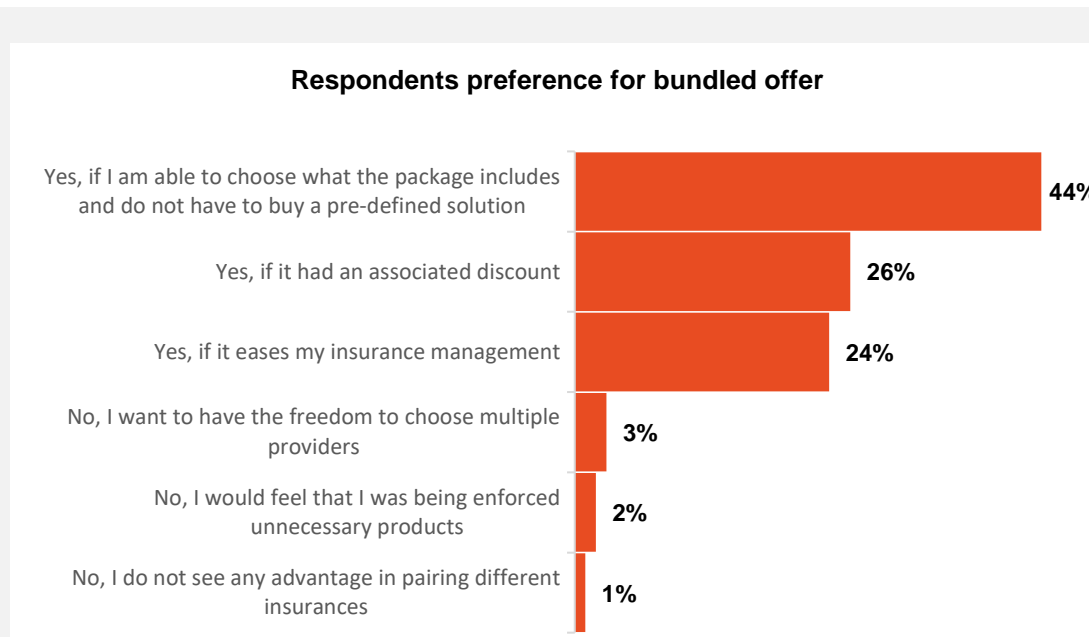


Figure 36: Respondents preference for scenario proposed options for bundles

- Respondents attribute high value to personalized offerings they can **tailor themselves** over a pre-defined solution
- Associated discounts and ease of insurance management are also reasons for bundled preference

Q Insurer should consider a self-made bundled product

Consumers value personalization but also being the decision-makers of what they pay for. A personalized service will work at all stages of the customer journey to increase satisfaction

Consumers demand from insurers the quick, hassle-free services they receive in other industries, leaving room for insurers to improve perception by becoming a trusted partner

6. Research & Findings | Qualitative and Quantitative Research Main Insights

Needs

- Consumers value the chance to **visualize** their **spending** and **investment**
- Although most believe that the insurance offer in the market is enough, every interviewee stated they wished for **improvements in their service**
- Consumers across ages expect **flexibility** and **speed** from their provider

Behaviours

- A **high digitalization level** is evident across generations
- A higher concern for **mental** health, **physical exercise** and overall **health** is clear **across generations**
- **Financial stability** is a top concern highlighted both in the interviews and the survey

Perception

- Across generations, **insurance** is perceived as a **pain point**
- Consumers do **not** associate insurers as providers of **added value services**
- **Poor claim management** is often referred as the cause for a **negative** perspective on insurers
- **Agents** are perceived as **deceiving** and **guided by self-interest**

2 major opportunities

1. Opportunity to **boost the lifelong value goal** by delivering a personalized bundled offer
2. Fostering **cross-sale of products** that focus on existing concerns (pets and health) but for which consumers do not usually seek solutions for

Main conclusions

- **Demand for clarity, transparency and flexibility**

- **Concerns and behaviours are not age-bound and do not translate directly into insurance choices**

- **There is a negative perception of insurance, thus room for improvement**

A customer oriented solution will reflect agents' efforts to provide the best service quality possible and an integrated experience between agent, client and insurer

6. Research & Findings | Agent interviews insights

Agent sample: 6 agents, 3 multi-brand and 3 exclusive

Main insights

Preference for single-brand clients: (1)

Able to give better offers; (2) Easier management for the client and for the agent

Non-exclusive to provide better service:

(1) Able to scan the market for options; (2) Clients value the freedom to choose provider;

Focus on simplifying insurance lingo:

(1) Ensure client is aware of everything, to prevent disappointment later, (2) Try to exemplify according to client life

Agents are winning through

personalization: (1) Understand customer **willingness** to spend;

(2) View customer as an **individual** and not as an income source; (3) Learn about **him/her** to serve him/her better; (4) Map end of contracts to **engage**

customers before they plan to switch; (5) Engage in **multiple touchpoints** – contract end, birthday, savings opportunities

Identified triggers to switch

providers: (1) Claim

management issues, which are also a pain-point for the agents

(nonefficient information flow); (2)

Low price competitiveness,

which compels clients to search for other providers. Often, younger generations go to direct insurers and challenge the family to switch as deals are more appealing –

target the customer and his sphere;

Conclusions

1. Agents feel the need to **simplify** the insurance experience for customers
2. Focus on deeply **understanding** each client to provide tailored service
3. Preference for **single-brand** clients (even by non-exclusive agents) to deliver higher value
4. Agents seek ease of interaction with the insurer when handling customer claims
5. Agents look to simplify the interaction between agent – company – client

By competing on service quality and not just on price, agents themselves become lifelong partners for their customers

Demographic segmentation should be complemented with psychographics and behavioral traits, as consumers from the same age group often display different needs

6. Research & Findings | Research main findings

Clients with the same age have different needs

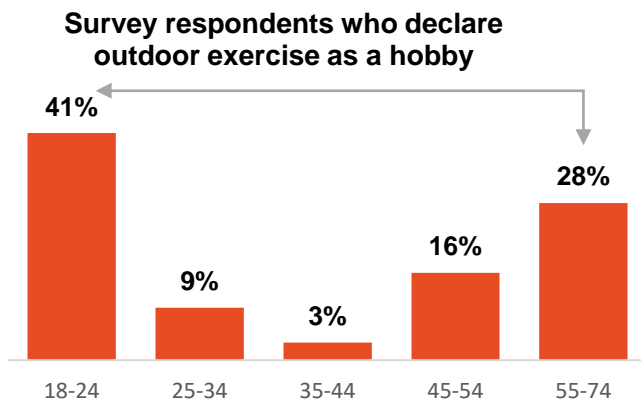


Figure 37: Respondents who declare outdoor exercise as hobby per age group

- The 2 age groups with a higher percentage are both the youngest and the eldest
- The proximity between such opposite age groups suggests there may be **missing opportunities if segmenting by age**

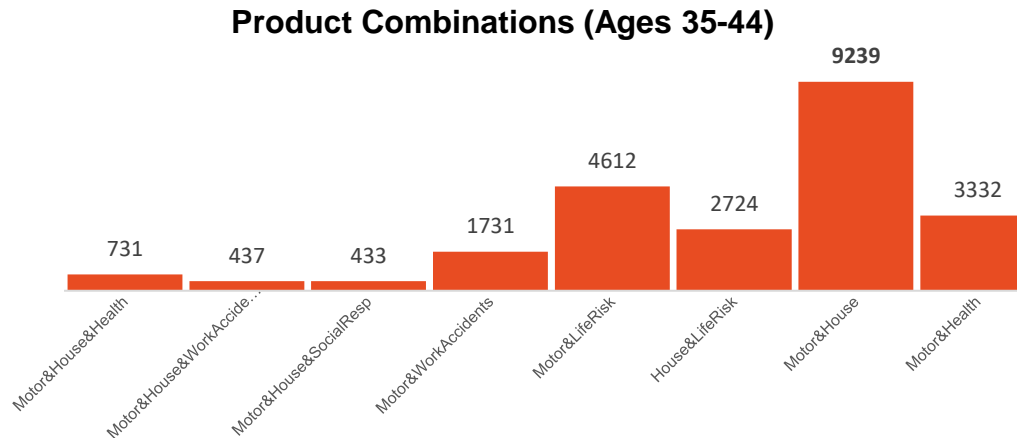


Figure 38: Product Combinations for Q clients aged 35-44

- People of the **same age may have different lifestyles**, and consequently different needs and preferences
- This graph displays how demographics alone are not sufficient to segment consumers. It refers to the product combinations of clients with ages between 35 and 44, showing that even though clients are in the same age group, they exhibit different needs


Q Insurer should consider not only demographic traits but also other segmentation characteristics, such as, **psychographics and behavioral traits.** “Often, customer segmentation focuses on socio-demographics. While aspects such as age, location and wealth are critical components in order to understand customer needs, insurers should also differentiate by the stage in the customer journey” (KPMG; 2017)

Digital adoption is a crucial cross-generational factor, making smartly designed digital platforms key drivers for successful customer relations

6. Research & Findings | Research main findings

Digital adoption has become mainstream across generations

	2018	2019	2020
Millennials (born after 1980)	54%	57%	62%
Gen X or older (born in 1980 or earlier)	30%	43%	64%

-  Covid-19 forced people to extensively use digital channels for daily transactions

- **75%** of the participants in a PwC study, aged between 25 and 44, understand the benefits of an app in comparison to traditional methods of service
- Only **30%** of insurers surveyed for the World Insurance Report believe that their online channels are useful to help customers in the research process



This signals a gap in the insurers' offer - who have not been able to take advantage of the power of online platforms

Smartly designed mobile applications provide a competitive edge

- Apps allow a deeper level of engagement between the insurer and the customer
- According to the Portugal Fintech Report 2020, 58% of **dissatisfied** insurance customers point to the **slow claim** payment process as the reason
- Apps can simplify claim processing by 25%-30%, leading to higher satisfaction for consumers and easier workload on employees

Smartly designed apps

Customer Experience | Increase customer satisfaction score by ~20%

Efficiency | Reduce claims expenses by 25-30%

Effectiveness | Claims are handled more accurately

Q Insurer should work to improve the user digital experience

63% of study participants rated "Reviews online" as one of the top **3 factors influencing the choice of a product**: Q app has a low digital ranking and penetration that should be fostered - Only approximately **10%** of Q Insurer's customers downloaded the app

Two success enablers in insurance are the possibility of digital support and selling and the creation of value-added service ecosystems

6. Research & Findings | Research main findings

Online selling in insurance seems to match consumer preferences and industry trends

Live simulations and videos increase engagement and are more effective for conversion.

Initiatives as the IOS Project will help (1) improve the customer-available simulators; (2)

provide a simulator own-agent websites (remote selling)

Enhance agent support online | Insurers that **minimize** access to **agents** often see **lower** customer **satisfaction**. Therefore, insurers should **foster the relationship between the agent and the client**

Enable website to be a point of sale | More and more customers are confident about contracting from a direct insurer, reflecting rising adaptation to online purchase and interactions

Q Insurer should foster its app usage while providing a seamless experience | Q Insurer should boost its interactive digital initiatives and consider enabling the website as a point of sale, allowing the agent to follow every step of the process, integrating him in the digital journey of the customer with the insurer

Share of customers interested in an ecosystem of services by country (Bain,2018)

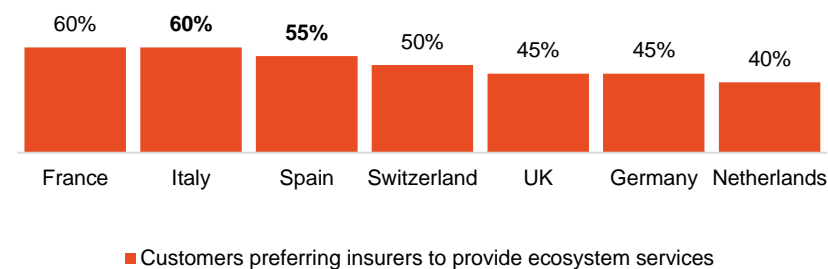


Figure 39: Customer interest in ecosystems of services

Studies have shown ecosystems as relevant for both consumers and insurers | About 80% of insurance customers worldwide are open to ecosystem services and to having insurers provide those services. 76% of global insurance executives view **partnerships** and **ecosystems** as determinants of competitive advantage. An ecosystem capable of serving customer needs will contribute to **retaining** the customer inside the company

Each customer touchpoint should not be seen as a discrete event - providing a continuous experience journey is imperative to become a lifelong partner for consumers

6. Research & Findings | Research main findings

The current insurance journey should incorporate a phygital approach, merging digital and physical channels (salesforce)




Learn about products	Purchase insurance	Manage policy	Pay premiums	Process Claim
Compare options	Meet agent – purchase insurance	Review coverage, search for better offers, boost covered value	Online	Call agent and ask to handle claim
Online or Agent	Agent (or online 100% or online with agent follow up)	Online or agent		Agent(or online 100% or online with agent follow up)
 Awareness	 Consideration & Purchase	 Service, Loyalty & Advocacy		

Table 12: Insurance customer journey with phygital enablement

Awareness

- **67% of survey respondents** prefer to **search for information online** before going to a store - Insurance customers are increasingly operating self-service capabilities for research and evaluation, making it particularly efficient to generate leads through digital channels

Consideration & Purchase

- Product complexity drives customers to look for agent assistance. **33/37** value the **recommendation of a trusted agent** before completing the purchase
- A one-size-fits-all approach is no longer effective - according to EY, 4/5 consumers are willing to share data in return for benefits (as lower-cost insurance or better, personalized services)

Post Purchase (Service & Loyalty)

While product complexity influences the need to merge digital channels with physical services, insurers should focus on digital channel development for simpler post-purchase transactions and interactions, mainly (1) **management**: Only 2/37 of interviewees are comfortable with current insurance management and do not seek change and (2) **claims**: According to Accenture, 87% of consumers say claims experience impacts their decision to stay with an insurer - ultimately improving **retention**, which insurers should look to increase by keeping clients inside the loop – delivering the demanded personalization

A cluster analysis of survey data paired with an analysis of **Q Insurers** client base defined two main age groups to be targeted first with the recommended approach based on its potential value

6. Research & Findings | Cluster Analysis

Cluster analysis of the survey outputted 2 clusters of individuals

	Cluster A (32,5 % of respondents)	Cluster B (65,4 % of respondents)
Age & Gender	The majority are women (80%), higher representativity of older segments & includes retirees	Younger segments: 65% between 18-34 years old
Digital	Exhibits a high level of digitalization, but lower than cluster B (34% use digital platforms frequently to manage services)	High level of digitalization (50% use digital platforms frequently to manage services)
Income	Lower income level (only 8% earns more than 35.000€/year)	Higher income level (17% earns more than 35.000€/year)
Assistance & Prevention	Places a higher value on assistance services and preventive insurance (4,45/5 score)	Places a lower value on assistance and prevention services (3,89 average) - and shows less concern about all topics
Bundle	Places higher value on bundled solutions (53% value a lot)	Values bundled offer but less than cluster A
Purchase experience	Has a stronger belief that an in-person experience adds more value than a digital one	Shows higher willingness to adopt to online platforms and buying processes – an average of 2,3/5 score to the idea that lack of physical experience may damage the product search – vs 3,5/ 5 in cluster A

Table 13: Cluster Analysis Overview

Source: Client Data; Qualitative Survey

Choice of target segments

From the 2 clusters, different personas were extracted and 4 were chosen, based on 2 criteria: **1) An RFM analysis** that uncovered the most valuable segments of the current client base. To do so, a sample of 30K clients was ranked by recency of purchase, frequency (no. of products) and the sum of all individual premiums (monetary), resulting in 17,5% of the sample flagged as priority. Every age group was present in the segment – where **ages between 24 and 44 account for 55%**; **2) The expected time of relationship** with the company. As age increases, the expected time decreases – **hence, younger segments should be the focus**

Hence, the two segments chosen were **(1) Personas between 25-34**: Higher expected time of relationship – high profitability potential if acquired in an early stage of their lives; **(2) Personas between 35-44**: Relatively high expected time of relationship; A significant portion of the priority segment that possibly needs larger product portfolios (i.e., for their children and other family members)

More detailed information on Appendix 7

The target personas were designed to be comprehensive of the main characteristics of both clusters

6. Research & Findings | Target Personas





	25-34		35-44	
	 CARLA, 26 y.o	 PEDRO, 29 y.o	 MARIA, 35 y.o	 DAVID, 44 y.o
Attitudes	<ul style="list-style-type: none"> Values quality and price, efficiency and convenience Enjoys being the decision-maker Values an on-off product over a bundled offer (but values both) 	<ul style="list-style-type: none"> Quality is a priority Values easy processes, trusted brands and clarity in his purchases Chooses based on friends/ family recommendations Values a bundled offer Prefers purchasing in-store 	<ul style="list-style-type: none"> Quality and added benefits are a priority Finds insurance hard to understand Chooses based on friends/family recommendation Confident with researching and purchasing online 	<ul style="list-style-type: none"> Quality and added benefits are a priority Chooses based on friends and family recommendation and in online reviews Confident with researching and purchasing online
Reasons to target	<ul style="list-style-type: none"> Already insured: Car High expected time of relationship - early-stage consumer to grab for lifelong partnership Has a negative image of insurance that could be improved 	<ul style="list-style-type: none"> Already insured: Car, but wants to switch provider Change-prone lifestage (cross-sell) High expected time of relationship Digitally savvy but values personal touch – fitting phygital approach 	<ul style="list-style-type: none"> Already insured: Car, House, Life Risk and Third-Party Liability Dog High profitability potential: influence over husband's and child's products Digitalized but dislikes interacting with insurers, which should be changed 	<ul style="list-style-type: none"> Already insured: Car, House and Life Risk, Health(for daughter) High profitability potential: own, wife and child's products Values service quality and will spread the word if pleased with service

Table 14: Target personas overview

More detailed information on Appendix 8

Ages below 25 and above 55 were disregarded from these analysis as below 25 have low purchasing power with several insurances still aggregated to parent's account and above 55 have a lower expected time of relationship with the company

Based on research findings, the main focus should lie on a customer-centric solution that pairs personalization and simplification to increase the client base, cross-sell and up-sell levels

7. Recommended Approach | Main recommendation: Problem-Solution fit

<p>Issue</p> <p>Flexibility & Personalization ⁽¹⁾</p> <p>Consumers demand flexibility, convenience and personalization offered across industries, yet Q Insurer only has pre-defined modules to chose from</p>	<p>Digital ⁽²⁾ & Simplification ⁽³⁾</p> <p>Consumers value a digital and physical integrated experience when buying insurance; Consumers are seeking insurers that simplify the purchasing and management processes. Q Insurer has multiple and nonintegrated platforms and only allows for physical agent sale</p>	<p>Customer-centricity ⁽⁴⁾ & Single-product clients⁽⁵⁾</p> <p>Customer centricity is key to increase retention rate and loyalty levels and Q Insurer can count on BigInsurer's global customer-centric best practices; Clients appreciate having all products in the same insurer if it eases management, however, 79% of Q Insurer's client base has only 1 product - higher churn probability</p>
<p>Solution</p> <p>Tailored solution</p> <p>⁽¹⁾ A system that allows consumers to choose exactly the needed coverages, adapt and change them with ease</p>	<p>Visual and Phygital</p> <p>⁽²⁾ A solution that integrates digital platforms convenience and the care of human touch, integrating multiple existing initiatives and ⁽³⁾ Allows online buying while displaying a clear, visual representation of how the money invested in each coverage is fostering a safer, economized life</p>	<p>Improved CRM</p> <p>⁽⁴⁾ Providing a detailed client profile at all stages, and enabling a feedback loop, which will boost customer loyalty and overall client retention and ⁽⁵⁾ Allows to increase cross/up-sell potential to current clients while targeting new clients</p>

The recommendation aims to provide a more personalized, integrated and transparent insurance experience while increasing cross-sell potential

7. Recommended Approach | Main recommendation: Reasoning

Creating a personalized insurance journey from the first touchpoint

2 key sources of the value proposition:

1) Purchase: From basic insurance to value-added offer: Based on the level of protection sought, needs, risk and product preference assessment, each person will be given a personalized bundle

2) Management: From product to service:

Customers gain access to a personalized insurance journey with an overview of payments, consumption and contract characteristics. Through the client account, it becomes possible to visualize in real-time what is covered, alter coverages and services and review payment and policy dates and the claim management process

Recommendation:

- A platform that integrates ongoing initiatives and delivers a differentiated customer-centric solution through (1) a **profiling tool** that allows for a personalized output offer and (2) an **account management section** that gives clients a clear visual representation of insured assets and insurance consumption

Joining existing and under development initiatives all in one

- Will be **integrated** into the Digital and mobility for the creation of a one-stop-shop, seamless omnichannel journey
- Will **utilize** IOS simulators under development that will be complemented with the proposed profiling tool
- Will integrate with tools as the lead management software to enable an integrated and value-added experience for agents

Reasoning

- Addressing the 79% single product client base
- Making **clients** more **acquainted** with their insurance coverages so claim management will become softer
- Q Insurer will be perceived as more **transparent** and **reliable** and there will be higher **proximity** with clients
- Q Insurer will gather **information** about each specific client, setting the foundations to become a lifelong partner

The first stage of the recommendation - the profiling tool - aims to collect the necessary information to create a profile for each client

7. Recommended Approach | Main recommendation MVP: Profiling tool stage

1 Primeiro, as apresentações

O meu nome

Idade

Já sou cliente

Queremos conseguir tratá-lo pelo seu nome! 😊

2 Prazer em conhecê-lo melhor, Pedro!

Que seguros está a considerar?

Carro Moto Casa Vida Saúde Outros

Para desenhar a oferta à sua medida, precisamos de saber de que produto veio à procura

3 Perfeito!

Para lhe darmos uma proteção à sua medida, precisamos de mais alguns detalhes sobre si

Vivo com

Vivo em

Nos próximos dois anos quero

Desloco-me habitualmente

Faço exercício físico

Perceber aquilo que o distingue vai-nos ajudar a encontrar uma oferta distinta para si! Sabemos que parece estranho, mas confie em nós

4 Pedro, quão importante é a sua proteção para si?

Quero apenas o mínimo necessário

Quero dar a maior proteção possível à minha família e a mim

Não me importo de pagar um pouco mais para uma oferta mais completa

Pedro, 80% dos clientes da sua idade indicam este nível de proteção

Image 4: Profiling tool screens

1st stage: Profiling tool:

- Share name, age and client status¹
- Declare insurance/ insurances sought, so the offer can start from the base product to be proposed²
- Answer needs-based and life stage questions for a personalized assessment (the virtual assistant clarifies that such questions will allow for Q Insurer to become knowledgeable about the customer and enrich the offer)³
- The last section of the profiling tool asks how important protection is, leading to an understanding of the level of protection desired, which translates into the willingness to pay⁴

Note: MVP was designed and presented in Portuguese as the intention is to represent a Portuguese consumer experience, where language is an important factor for easy navigation. The full MVP can be found in appendix 11

In the following stage, a tailor-made bundle is showcased, that can be adapted by the user according to his/her preferences, while there is an interactive visual representation of all coverages included

7. Recommended Approach | Main recommendation MVP: Offer showcase

1 Pedro, Veja a solução de proteção pessoal que temos para si

Selecionamos aquelas que nos parecem as coberturas ideais para o seu caso. Caso pretenda, pode acrescentar coberturas e reforçar a sua proteção, ou retirar aquelas que não lhe interessam

Cobertura Obrigatória Seleção sugerida Seleção adicional

Carro		Proteção Individual	
Responsabilidade Civil (13€/mês)	<input checked="" type="checkbox"/> Furto ou Roubo (2,8€/mês)	Quebra de Vidros	<input checked="" type="checkbox"/> Acidentes Pessoais (2€/mês)
Multi Assistência	<input checked="" type="checkbox"/> Proteção Ocupantes e Condutor (1,1€/mês)	<input checked="" type="checkbox"/> Base (2,6€/mês)	
<input checked="" type="checkbox"/> Base (2€/mês)		<input type="checkbox"/> Plus (+1€/mês)	
<input checked="" type="checkbox"/> VIP (+1,5€/mês)			
<input checked="" type="checkbox"/> VIP PLUS(+2,8€/mês)			
Incêndio, Raio e Explosão (0,7€/mês)	Choque, colisão ou capotamento (22€/mês)		
Atos de Vandalismo (0,72€/mês)	Fenómenos da Natureza (1,85€/mês)		

2 20,9€/mês (menos de um café por dia!)

Pedro, 73% dos clientes escolhem esta proteção. Tem a certeza que a quer remover?

Consoante o acrescentar/remover coberturas, surge a correspondência visual daquilo que está protegido

23,5€/mês (menos de um café por dia!)

Image 5: Product offer screens

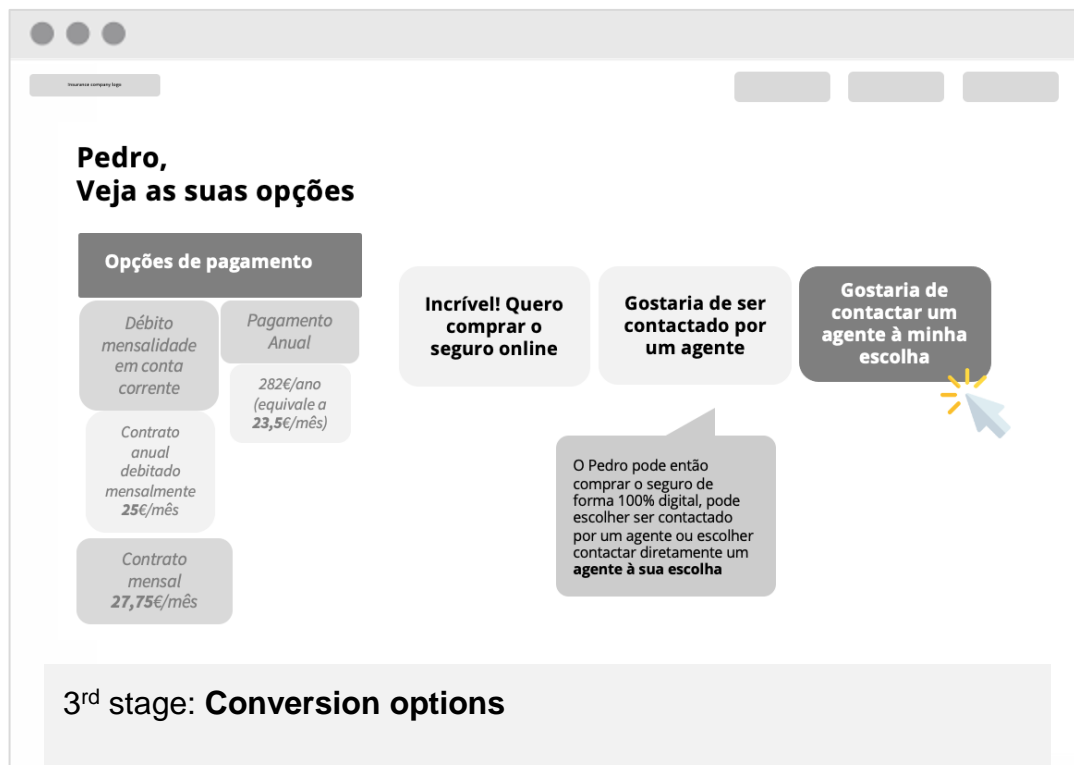
Sources: Team Based

2nd Stage: Output offer

- The user receives a tailor-made bundle that results from the crossing of input data regarding needs and life stage with the analysis of risk conducted for the product he came looking for (originates from profiling tool and IOS integration)¹
- The user can then personalize the product according to his/her preferences and binding certain product limitations (for a deeper level of personalization, the client may be directed to an agent to convert)
- A visual representation of the chosen coverages is displayed, representing immediate changes to the bundle being constructed for purchase²

In the third stage, the user can choose the preferred payment option as well as chose the agent based on a previous referral or the available information, such as rating and reviews

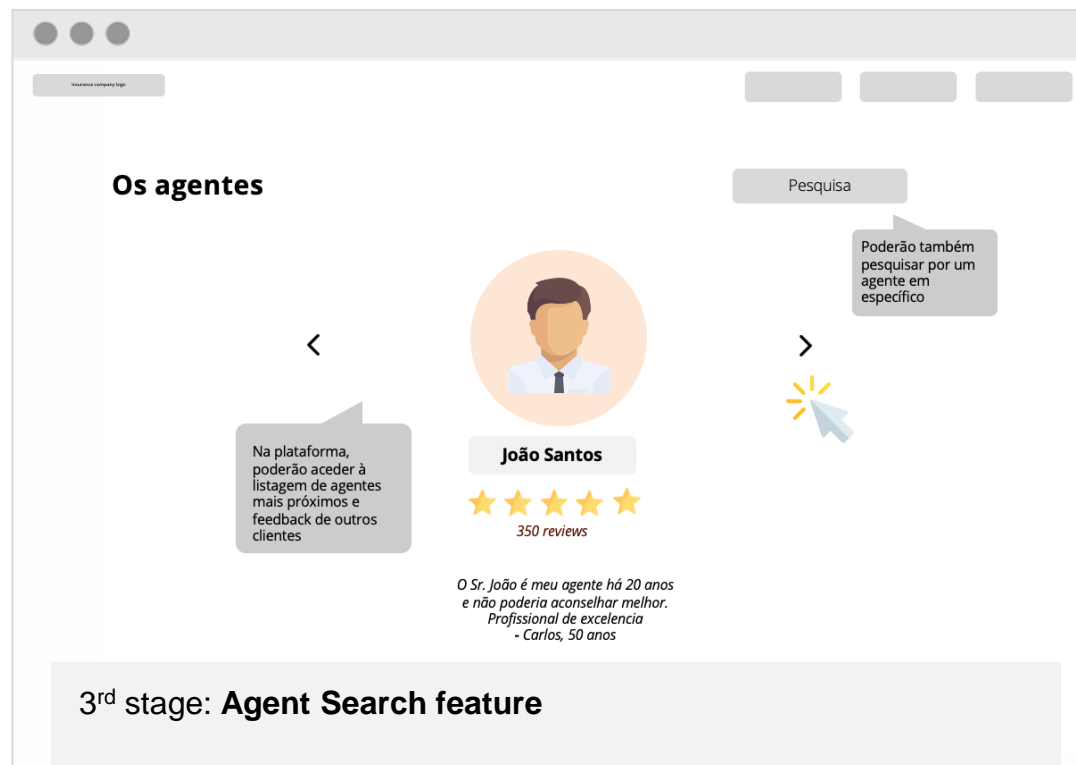
7. Recommended Approach | Main recommendation MVP: Conversion



3rd stage: Conversion options

- Choose the suited payment timeframes and purchase options – online or with an agent
- Leave a contact request for an available and suited agent or search for a specific agent

Image 6: Payment and purchase option screen



3rd stage: Agent Search feature

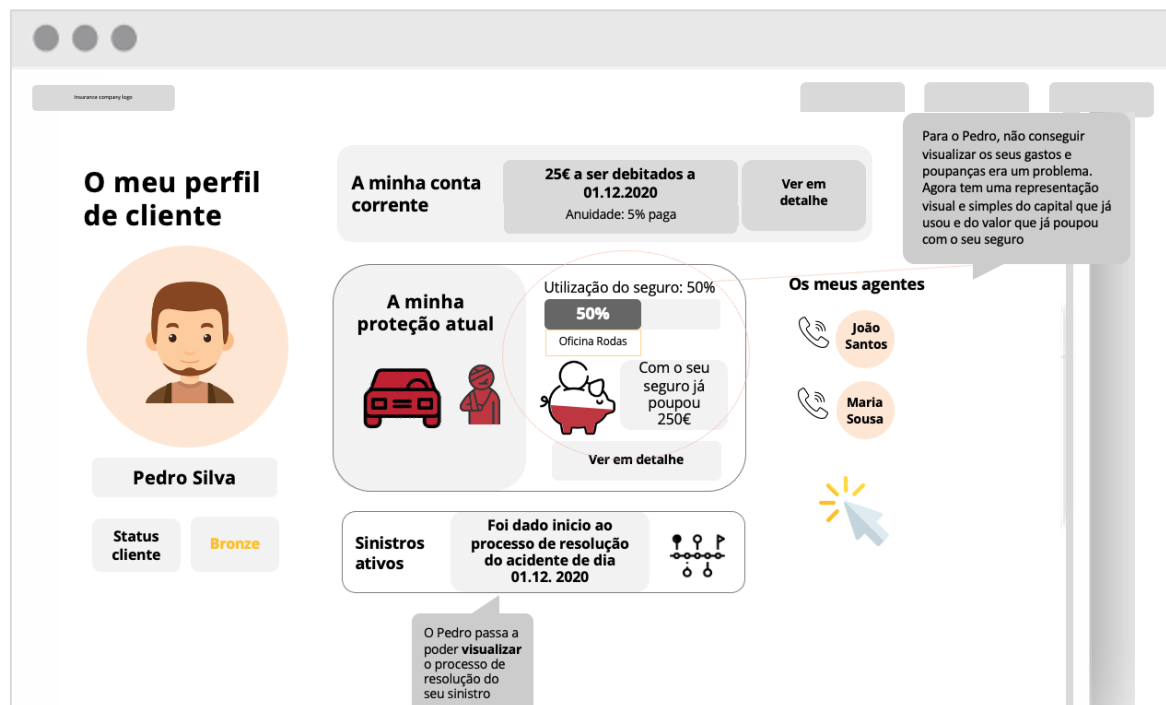
- The client can choose the agent through the platform, which features an agent ranking, built from client reviews and referrals, to help clients without an agent make a more informed choice, and to foster quality service by agents¹

Image 7: Agent search screen

¹ More detail in Further Research (p. 74)

The last stage is the output of the simulation, where the user can check his/her profile, manage and control policies and get a visual representation of the claim management process

7. Recommended Approach | Main recommendation MVP: Account Management stage



4th stage: Account management features

Platform with purchase:

- Visual review of protection, client status, insurance consumption, payment dates, agent information and real-time visual representation of claims process

Platform without purchase:

- By creating an account, the customer can enter the platform, review past simulations and interact with agents at will

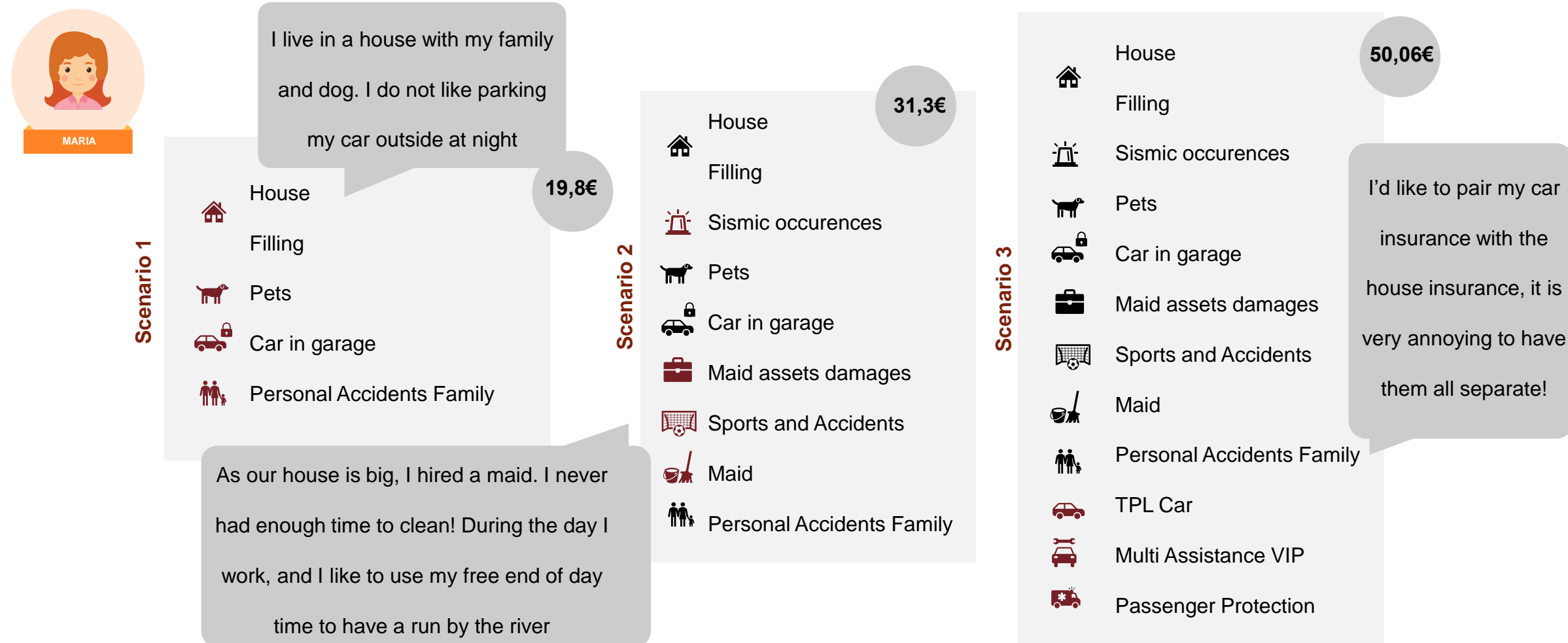
Image 8: Client Account Management tool

Image 9: Non client Account Management tool

The idea is based on a needs assessment tool integrated with a simulator that outputs the best product bundle for each individual, adapting the offer to each client's specific characteristics

7. Recommended Approach | Main recommendation: Output options overview

The output bundle is dependent on profiling tool assessment, which will be different considering the different inputs the same person inserts



More detailed information on Appendix 11

The focus groups confirmed the hypothesis that a profiling and insurance management tool would be valued and used by mass market consumers

7. Recommended Approach | Main recommendation: MVP User validation

2 focus groups were conducted to test the MVP (Minimum Viable Product) and collect insights about individual and group feelings, perceptions, and opinions towards it

2 focus group (total of 12 subjects) | 8 aged 25-34 | 4 aged 35-44 (with children) | 6 cities

Valued features from solution

- Informal and friendly communication style
- Interactive and visual representation of what's covered
- Decision ownership: "I am the one who decides what I am paying for"
- Granular pricing (showing value of each coverage)
- Pricing analogy: parallel with coffee makes insurance cost appear lower
- Personalization - a unique product and price for them – feeling valued and special
- Transparency

Wanted features & insights

- Possibility of integrating accidents history & products of all insurers they have
- Simple yet thorough information: most are unaware of the features their insurer has
- Agent ranking: more important than a classification based on client reviews would be objective data as experience and career. A short presentation video may be more informative than reviews - to know communication style and get an in-person feel

Answers Highlights

"I really appreciate this "a la carte" approach to insurance, where I can add what is most valuable for me and my family and even see statistics on what others usually choose" (Male, Engineer, 36)

"It gives me transparency and personalization, which is something I always seek and wouldn't expect from insurance" (Male, Student, 27)

"I like the visualization of what my insurance includes and would like to receive updates and alerts for my payments" (Woman, Manager, 40)

More detailed information on Appendix 12

The recommendation focuses on increasing the value proposition for **Q Insurer** customers and prospects by providing a differentiating customer-centric offering

7. Recommended Approach | Main recommendation: Value Proposition impact

Q Insurer shall aim for a Reinventor positioning – when *the company must reinvent its customer-value proposition and realign its operations to profitably deliver the new superior offering*

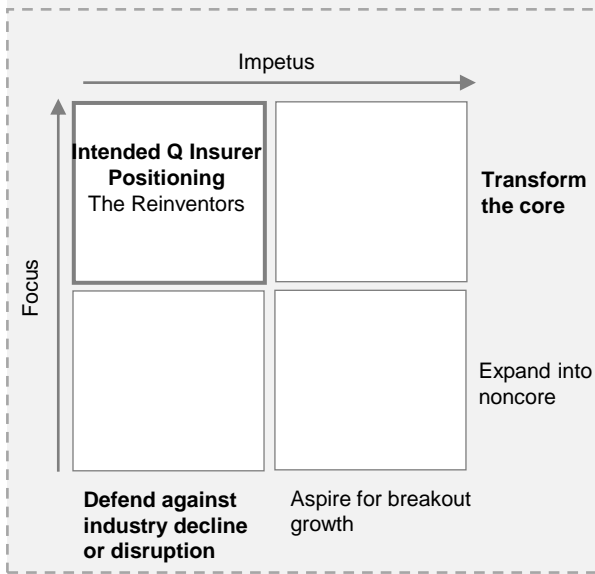


Figure 40: BCG Business model innovation matrix applied to Q

An adaptation of the Value Proposition Canvas outlines the value the solution provides - allows for a focus on the Value Proposition and on Customers aspect of the Business Model, showcasing the fit between what matters to customers and how the solution creates gains and reduces pains for them

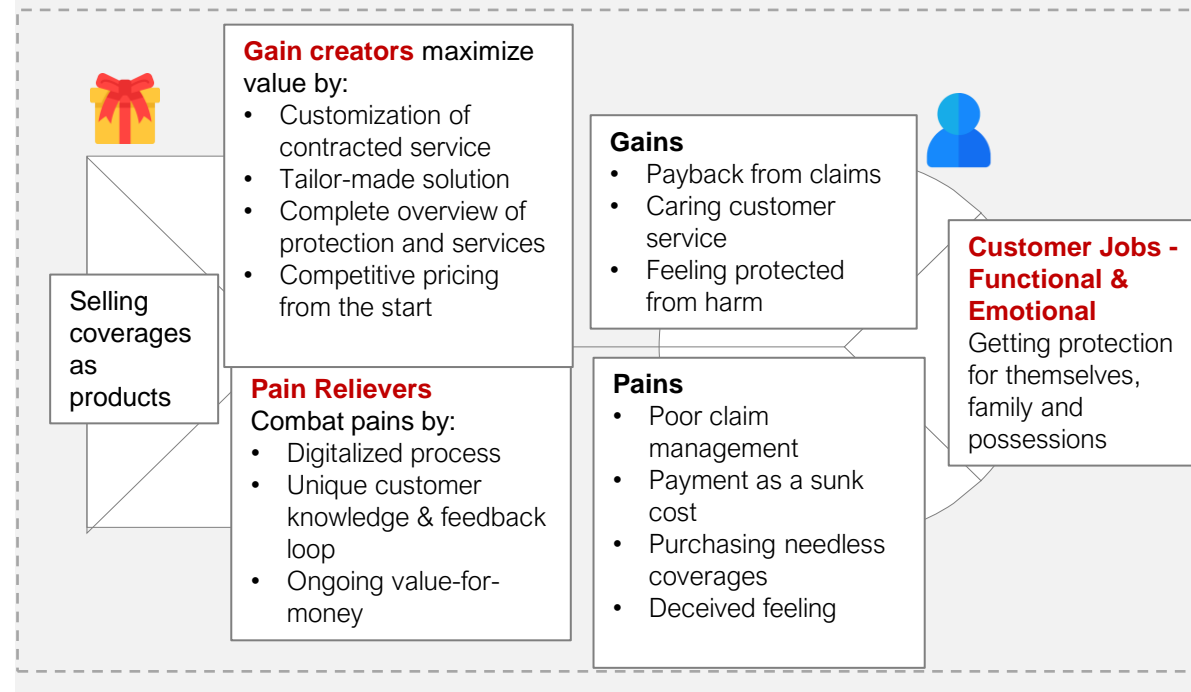


Figure 41: New Value Proposition Model for Q

Q Insurer can **reinvent the value proposition** and **realign operations** – shift from product to service – as the means for a **lifelong partner role** for Portuguese consumers

- Aligning business model to desired customer-centric positioning
- Collecting ongoing client insights to improve client experience

Clients receive a differentiated offer that is made by them, according to their individual and specific needs, while agents increase potential profitability, in a digitalized experience with human touch benefits

7. Recommended Approach | Main recommendation: Value Proposition for Client and Agent

Client value proposition

- 1) **A competitive offer**, where (a) specific valued coverages translate to accurate, needs-based pricing with (b) **clear discounts upfront**
- 2) **A tailor-made solution**: a fully adjusted product, completed with (a) **guidance** for value-added protection and assistance, allowing for (b) **ownership** of protection through granular coverage choice – choose needed coverages and intensity of protection
- 3) **Easy, clear choice** with (a) unique **pricing breakdown** displaying value per coverage and (b) clear **overview of contracted coverages and services** boosted by agent ranking and peer-choices for informed decision making
- 4) **Digital communication**, delivering (a) direct insurer **agility** with agent benefits, through an (b) **integrated omnichannel experience**, with a **one-stop-shop** for insurance management

Agent value proposition

- 1) **Prospects targeting efficacy increased** by (a) allowing to grasp direct insurance market, (b) gathering prospect leads for follow up and (c) good ratings may increase agents reach and visibility
- 2) **Higher client wallet profitability** by higher product average per client with aid in selling additional coverages and products: (a) increasing individual customer value and boosting cross sale, aligned with targets, and (b) higher-margin product selling
- 3) **Retention & relationship tool** allowing for (a) higher likelihood of retaining price-sensitive/low share of wallet customers through a flexible offer, (b) integrated customer payment management rather than policy-alone and (c) overview of client touchpoints
- 4) **Integrated experience** with (a) overview of suited products/ discounts per client, (b) collection of data to support interactions, through an overview of the customer journey – profiling tool integrated with lead management platform, and (c) the signalling of customers with churn possibility with e.g., alerts on simulation and end of the contract

A deconstruction of products will allow each customer to deeply personalize his product, making Q Insurer a valuable insurance partner throughout life

7. Recommended Approach | Main recommendation: Overview of main features and impact in customer relationship

Identify customers → Differentiate → Interact & Customize

Each client is individualized from the first touchpoint

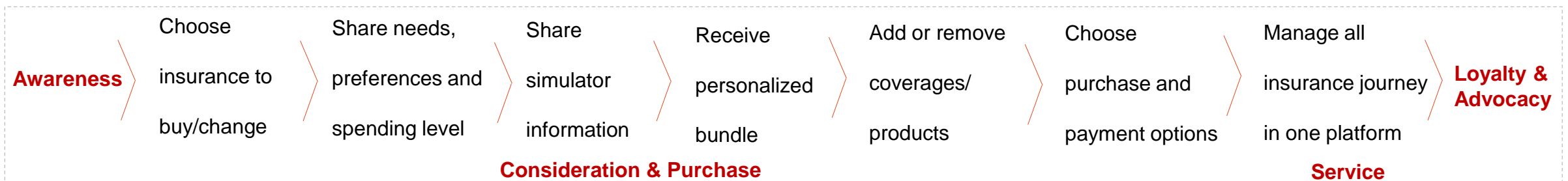
- **A profile is created**, registering information on each customers' specific needs and preliminary risk profile
- Based on the profile, **a specific product bundle is proposed**

- This bundle is **based on the client needs** and supported level of protection
- The client receives the suggested coverages for the **products he was looking for**, paired with a **cross-sell of other products** that should be valuable for him; he can then add/remove non-mandatory coverages;

- In the end, the customer will be classified according to his spend and value sphere, allowing for the creation of a **customer ranking**
- Additional client touchpoints are fostered: Q Insurer can have visibility on client's wishes to change their protection and on agent interaction
- The client can manage their insurance products, claims and agent interaction in one place: (1) It allows for an integrated personalized experience that gives Q Insurer valuable data to treat each customer **uniquely**; (2) Integrates speed of direct selling with agent-driven approach

Profiling tool and account management platform journey overview

Become a lifelong partner¹



¹IDIC Framework adaptation; Source: Peppers D. and Rogers M. (2004), Team Based.

The proposed solution accompanies the client throughout his/her insurance journey, offering unique value that captivates, retains and nurtures clients across lifelong partnership

7. Recommended Approach | Main recommendation: Customer Journey

The recommended solution is composed by a profiling and account management tool with integrated purchase option. The 3 aspects act as a selling proposition to captivate clients and to continuously retain and grow them. The customer is intended to engage in an ongoing feedback and loyalty loop

Enriched *phygital* and omnichannel customer journey

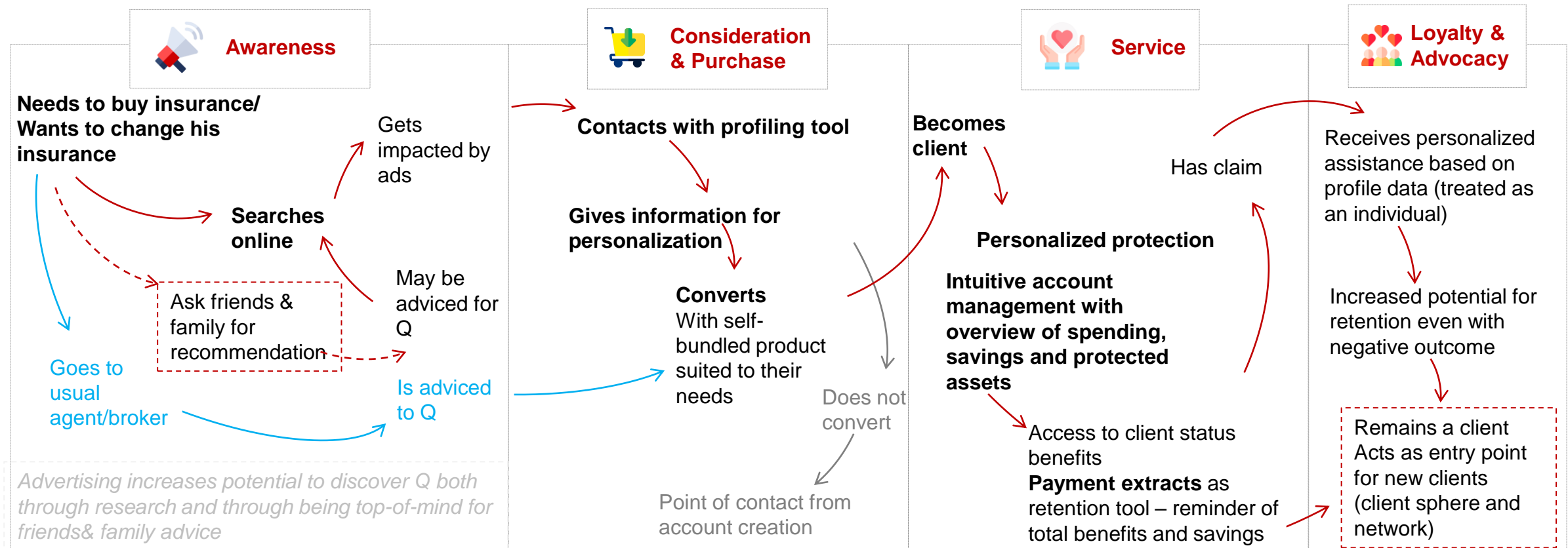


Figure 42: Customer Journey change with recommended solution

The customer journey starts with the awareness stage, followed by the consideration and purchase stages, which will be done through a guided virtual experience

7. Recommended Approach | Main recommendation: Customer Journey Stages



Awareness | Search, Online Newspapers, Website and app (details in p.65)

Clients & Prospects: (1)

AdWords & display ads:

searches for keywords are

redirected to platform **(2) Website**

(landing page): highlight efficient

journey by joining research with

immediate purchase possibility; **(3)**

Instagram: Story Ads

emphasizing “create an insurance

that fits you” proposition; **(4)PR &**

Content News: articles

Current client initiatives will focus on

platform adherence and cross-sale: **(1)**

Email Marketing to communicate the

possibility of optimizing his insurance to

needs-based; **(2) Notifications:**

notifications and platform alerts to

stimulate first trials and spark curiosity;

(3) Agent communication: messages

inviting to trial and explaining benefits; on

renewal, showcase the added value of

the tool as a retention enabler

Goals (1)Creating buzz around Q as innovative; (2) Showcasing the added value of solution; (3) Converting to tool or sale; (4) Increasing perceived value of Q



Consideration & Purchase | Website/App/Agent with Profiling tool integration

(1) Account creation: Contact point

with prospects and recognition of

current customers; Registry of profile

information - data usage consent

(GDPR); **(2) Choice assistance:** A

virtual assistant accompanies the

client, providing clarification on the

importance of requested data points;

(3) Personalized offering: cross-sell

advisory is supported by usual bundle

statistics and peer choices

(4) IOS output + cross sale

(bundled offer): Profiling tool data

paired with IOS project simulators

will allow for a personalized

offering to be delivered. A specific

level of personalization will be

allowed according to products: If

not allowed, the customer is direct

to an agent; If allowed, the

customer progresses into payment

and purchase choice

Goals (1) Recognition of each client; (2) Guided virtual experience; (3) Possibility to convert with an agent; (5) Accurate estimation as an incentive to purchase

The service stage becomes seamless, clear and hassle-free, translating into increased loyalty and advocacy levels

7. Recommended Approach | Main recommendation: Customer Journey Stages



Service | Website / App with client account feature integration

(1) **Becomes client**, either by digital direct sell or agent; (2) Sets **uniformized policy periods** for simultaneous renewal and payment; (3) Receives client **account**, with an overview of protected assets, insurance consumption, payment and policy timeline and alerts features; (4) Client **relationship** enriched by payment **extract** showcasing savings (discount accumulation), reminders of consumption & benefits from insurance and incorporation of the chatbot for FAQ and 24/h support; (5) **Claim** management process **improved** by supporting remote submission of proof/documentation, a visual representation of included coverages, of resolution steps and registry of claims, assistance to support negative outcomes, and ensured speed of resolution & settlement

Goals (1) Increase positive touchpoints; (2) reduce negativity around payments with positive savings highlight; (3) reduce negative burden and hassle of claims



Loyalty & Advocacy | Website / App with client account feature integration

(1) **Client status** will originate from Client Value project (client and client sphere's value), the client will have an overview of benefits of each tier and his current status and will receive tailored offerings and discounts based on client status & history; (2) **Claim** handling processes will be **personalized** and **smoothed** (3) a **Loyalty Program can be defined**: ranked according to points attribution; based both on Client Value metrics and additional ones, as points for direct debit, Demat Clients and for agent referral; clients can be nudged to higher tiers with the possibility of benefits trials (3) a **Referral program** – refer an agent or Q Insurer solution to a friend and receive benefits, which will give insights on satisfaction with agent and Q Insurer

Goals (1) Positive reviews; (2) boost word of mouth; (3) higher NPS, repurchase ratio and Customer Loyalty; (4) incentive scheme to nudge for cross-sell and up-sell

Throughout the course of the project, some additional suggestions were validated and identified as important, but were not possible to explore in detail, being therefore recommended for further research

9. Further Research

Service

Performance Measurement

Additional performance indicators (KPIs) should be defined and measured to provide detail on the impact of the recommended solution, allowing Q Insurer to iterate and improve. These metrics, such as CLV or NPS should be KPIs for all customer related initiatives

Data Analytics

The newly gathered customer insights the main recommendation brings to Q Insurer should be analysed through proper business intelligence tools and professionals. The current system does not allow for integration of commercial data neither is there a consistent tracking of marketing insights and initiative results, which does not foster customer-oriented, data driven business decisions

Agent management and service quality

The only initiative towards improving and managing agents' relationship is the "Auscultador Comercial". Agents have direct contact with clients, having a significant impact in brand perception. The lack of structured agent non-financial performance data was the reason the agent ranking feature was included in the main recommendation. The group recommends an upgrade of the initiative that ensures regular agent data to be collected, evaluated and followed up on (building the foundations for the agent scoring system the main recommendation includes), ultimately improving agent service quality

Referral program and member get member initiatives

Research shows that friends/family advice is a main factor for insurance provider choice. Thus, an incentive scheme should be explored to increase the client base and foster engagement with the created ecosystem of benefits

Product

On-off insurance solution

An on-off option should be further studied as a complement to the main recommendation, as it has been proven to be sought by individuals. The group identified synergies that can be adopted to make it possible - i.e. "pausing" car insurance when travel insurance is activated. The theme was not further developed as the company does not currently possess the capabilities to implement such a solution, but the group believes it should be addressed in the near future

Product for drivers with a license for less than 3 years

Insurance costs for new drivers are extremely high and cause consumers to cheat the system and underwrite insurance under parents' name. Although the value is due to a higher risk propensity, the fact is that these customers end up paying less but are the ones driving (with their individual level of risk) – meaning the insurer is still supporting a high level of risk while missing out on the entry of these individual consumers. A competitive product offer should be developed for this segment, to target customers that have high propensity to remain a client for longer and are currently rigging the system

The team faced several challenges and limitations throughout the project, such as a particularly large project scope, limited available data, and pandemic constraints

10. Project Limitations and Challenges

Project scope: The very large scope of the project did not allow for a deep look into each product offered by Q Insurer and each competitor to understand valuable differentiation points. The proposed solution serves as a tool and feature that can be used for all products in the portfolio, taking the base strategic product as grounds for up and cross-sell

Available Data: (1) No information about development costs of past initiatives in Q similar to the main recommendation was available, thus the estimated cost has a large margin of error, which compromises the impact assessment accuracy; (2) Q Insurer client database does not allow for easy consultation of current client statistics or information: overall, limited data was available for analysis, and assumptions and samples had to be utilized. For example, the client data we were given had uneven intervals for age segments, which might compromise its interpretation accuracy. Moreover, analysis had to be made based on a sample of the client data, as it was not possible to export and work with the full data set; (3) The fact that both the implementation of an NPS measurement system and a Client Value metric system are still in development limited our KPI definition for the recommended solutions, as it was not possible to measure what a successful outcome would be due to the lack of current ratings and results

Client and Subject: (1) Insurance subjects are extremely complex: understanding premium pricing strategies, legal implications and overall product definition demands a high level of industry knowledge. The team looked to surpass this by often meeting with company experts and ensuring details were followed to allow for implementable recommendations to be proposed. However, multiple recommendations that the group believed would be valued by the mass market were not further developed due to their complexity and implications— such as the initial intention of a subscription-based insurance service and on-demand model. (2) Doing a project both during and after an acquisition brought additional challenges, such as having to deal with the implications of internal restructuring (new stakeholders involved) and several overlapping initiatives under development; (3) Handling a steering committee of 20 professionals including the CEO and all board members was an interesting challenge, as we had to consider several perspectives, opinions and requests. However, it made both the project and the end result ever more enriching for the group and the company; (4) Information flow between teams also felt as a struggle, as several times there was duplicate work due to misinformation or lack of knowledge of other team's work

Time Constrains: For a project of this dimension and complexity, three months are not enough to develop all the needed analysis and outputs. Besides, the fact that the team was only composed by three elements presented an increased challenge, entailing a very high workload and depth of analysis per each member. The team made it a priority to focus on solving the client's problem, meeting daily with the client point person and surpassing these obstacles to deliver a quality output. Although initially out of scope, a Minimum Viable Product, Financial impact estimations and additional recommendations were delivered, as the group believes these elements to be crucial for the success of the project as a whole

Covid 19 Pandemic: Having done this project during the pandemic, we were fortunate to work at Q Insurer building for some days, binding government restrictions. However, the project then went full remote, which was an interesting challenge that brought added difficulties in terms of accurately grasping the culture of Q Insurer

Table 19: Project Limitations and Challenges

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Appendixes

Index

Appendix 1 – Supply & Demand Trends

Appendix 2- Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

Appendixes

Index

Appendix 1 – Supply & Demand Trends

Appendix 2- Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

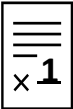






Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

As 79% of Q Insurer customers are single product, there is room to boost cross and upsell strategies and reach new clients with bundled, multi-product solutions

Appendix 1| Supply Trends

Internal	<p>Single-product clients</p>  <p>79% of Q Insurers' client base has only 1 product, and it is usually car → low loyalty level</p>	<p>Pre-defined coverage sets</p>  <p>Q Insurer only has pre-defined modules, such as "Auto Base", "Auto Mais" e "Auto Top" to chose from → does not allow for flexibility</p>	<p>Customer-centricity</p>  <p>Q Insurer can count on BigInsurer's global customer-centric best practices such as Immagina to adapt its offer to the new trends emerging in the market</p>	<p>Product portfolio</p>  <p>Extense pool of products for all life stages</p>	
	External (I)	<p>Direct competition</p>  <p>Insurance sector in Portugal is increasingly more competitive, where the 5 major companies, account for 64% of all insurance market (4)</p>	<p>Indirect competition</p>  <p>There are new players emerging that are capitalizing on the demand trends that traditional insurance companies have not fully adapted to yet → i.e., Trôv allows its customers to insure single items with on-off coverage options</p>	<p>Direct + Indirect Competition</p>  <p>There are several traditional insurers establishing partnerships with InsurTechs, capitalizing on synergies and accelerating incumbent transition to become more customer-centric, data-driven, and innovative and to better meet the needs of consumers, agents and brokers (5)</p>	

Technological developments have shifted consumer behaviour and increased their demand for speed, agility and personalization

Appendix 1 | Demand Trends

Phygital



Consumers value a **digital and physical integrated** experience when buying insurance

Personalization



Customers value **tailored solutions** and 4/5 consumers are willing to share data in return for benefits and personalization (EY)

Population trends



Changing needs and wants as new demographic and psychographic trends emerge (i.e. higher concern for mental health, physical exercise and for the environment)

Flexibility



Consumers are increasingly demanding and seek flexibility – which can be provided with on-off insurance options, for instance (83% of respondents value this kind of solution)

Simplification



Consumers are seeking insurers that simplify buying and management process (i.e. that have a platform where they can “*manage and get a visual perspective of what is happening to my money, what exactly is covered*”)

Communication



A **transparent and clear communication** is determinant to client's satisfaction levels in insurance (over 90% of respondents prioritize clarity)

Convenience



Consumers expect a high level of convenience they receive from other industries, which can be provided through customized solutions (85% of survey respondents value a flexible bundled solution)

Pandemic consequences



Covid-19 may impact customers **willingness and ability to pay for non-essential services**

Appendixes

Index

Appendix 1 – Supply & Demand Trends

Appendix 2- Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

Q Insurer sources of sustainable competitive advantage come from its brand reputation and awareness, as well as its culture and parent company

Appendix 2 | Resource-Based view | Table of Resources

Resources	Valuable	Rare	Inimitable	Organized for success	Implications
Architecture of relationships					
Network of providers & Partnerships	YES	NO	NO	NO	Competitive Parity
Outsourcing companies	YES	NO	NO	YES	Competitive Parity
Parent company- BigInsurer Group	YES	YES	YES	YES	Sustainable competitive advantage
Competencies					
Operations management	YES	NO	NO	YES	Competitive Parity
Financial Management	YES	NO	NO	YES	Competitive Parity
IT and Innovation	YES	NO	NO	YES	Competitive Parity
Human Resources	YES	NO	NO	YES	Competitive Parity
Specialized assets					
Brand reputation	YES	YES	YES	YES	Sustainable competitive advantage
Brand Awareness	YES	YES	YES	YES	Sustainable competitive advantage
Culture	YES	YES	YES	YES	Sustainable competitive Advantage
Product portfolio	YES	NO	YES	NO	Temporary Competitive Advantage
Marketing and communication	YES	NO	NO	NO	Competitive Parity
Distribution Network	YES	YES	NO	NO	Temporary Competitive Advantage
Digital Platforms	YES	NO	NO	NO	Competitive Parity

Disclaimer: The resources analysed are only the ones that may have an impact on this's projects goals. This is not an extensive list of all resources the company has.

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

24 open ended questions were created to be asked in the 37 In-depth interviews

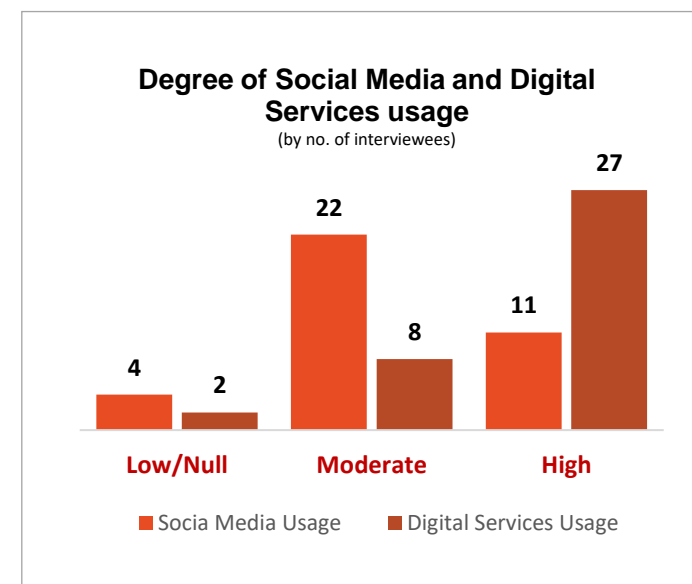
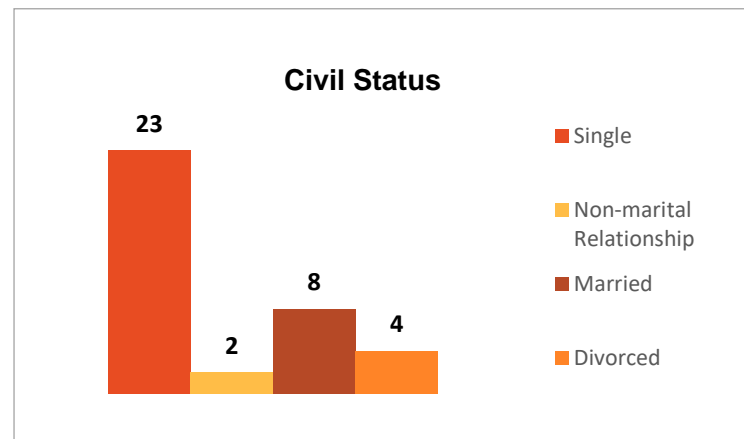
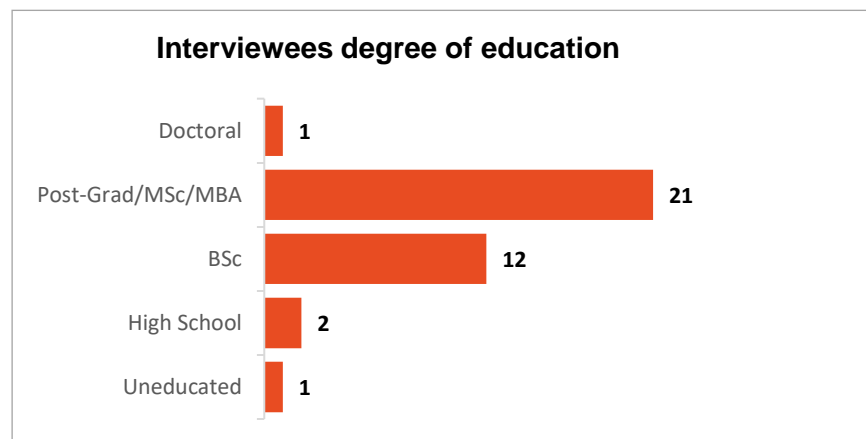
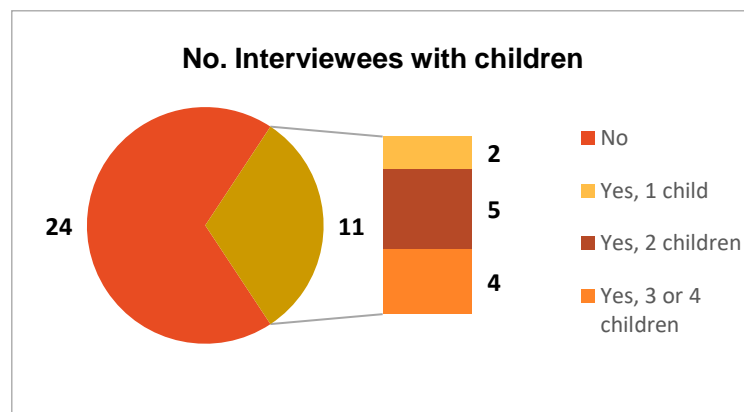
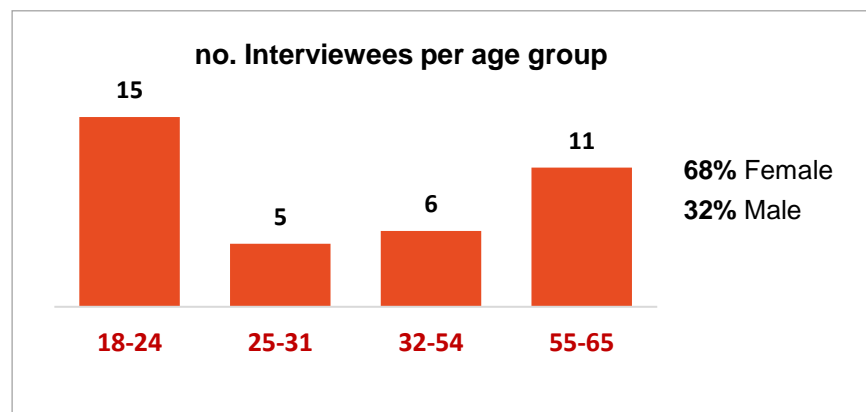
Appendix 3 | In-Depth Qualitative Interviews | Script

Tell me about a time when you faced an unexpected event that you felt you were not able to solve by yourself and needed external help.	What added value do you think a more tailored experience would bring you? would you be willing to pay more for it?
In your daily routine, which services do you use? (Gym, babysitting, petsitting, vet, Via Verde Boleias)	Are you aware of any bad experience with insurance that might have prevented you to use insurance more often
When you think about preparing for your future, what are your biggest concerns? And Needs of protection/security in your daily life? And future?	Imagine you have just realized you need to buy an insurance for your car. Could you please describe me your next steps (where do you search for information, where do you go; what are your expectations).
Imagine you have to buy a car or a house. What your next steps? How do you decide? Which factors do you consider?	Last time you bought an insurance product, could you please tell me about your experience?
When you think about insurance, what is the first thing that comes to your mind?	If the person never had an experience: Did you ever thought about buying insurance? Why not? How do you expect the experience to be like
In your opinion, what is an insurance product?	Having an insurance coverage for certain things (for instance car) is mandatory. However, sometimes there are some extra features that you can add to the coverage? Do you usually consider buying them? If not, why?
If insurance companies were a person, how would you define them?	When you think about buying an insurance (for instance buying a car, a house, study abroad), are you confident that you know which factors you need to consider to do the purchase or do you usually ask for advice to someone (parents, experts, etc)?
What do you value more when buying an insurance?	If the person refers agents: Could you please tell me about the last time you visited an agent?)
(if they don't have insurance) Quando pensas em comprar um seguro no futuro, o que achas que valorizarias mais?	Do you usually use digital channels to buy insurance/ search for information? (If not, why? / If yes, what benefits do you think a more digitalized experience brings to insurance?)
Do you recall any particular emotion you felt after buying insurance?	Do you feel that sometimes you do not have your needs reflected on the available insurance products? Can you give an example and how you dealt with that lack?
When you buy insurance, what do you expect to have in return?	Are there any insurance coverages/ services that you think that should already be available (and are not); ask for suggestions?
Would you like your insurer to provide you a more personalized experience based on your behaviour/ your history with them?	What do you image the perfect insurance option for you to be like (features, addons, bundles, purchase experience, support)

The interviews were conducted with a sample of 37 diverse individuals, in order to collect detailed insights on insurance perception

Appendix 3 | In-Depth Qualitative Interviews | Sample characteristics

n=37



Overall, customers distrust the insurance industry and do not attribute it positive features or feelings

Appendix 3 | In-Depth Qualitative Interviews | Category perceptions

“When you think about insurance, what is the first thing that comes to your mind?”

Industry perception

6/37 established a **positive** association when thinking about insurance companies

23/37 used words with a **neutral** connotation, such as “health insurance”, “car insurance”, “commitment”, “necessary”

13/37 had **negative** associations. The most common words used were “**problems**”, “**complexity**”, “**uncertainty**” and “dullness”

” Choosing an insurance company is not easy. I have to compare several variables. The first thing that comes to my mind is its **complexity**

(Male, Manager, 55)

“In your opinion, what is an insurance product?”

Product perception

17/37 answered that an insurance product is **only the possibility to get financial compensation when something bad happens**

10/37 refer to insurance products as a support to help through difficult situations

1/37 associates insurance products with **reactive** services (preventive/assistance)

” “When we have an insurance associated to any physical object, or to our health, then we know that when something bad happens we have a trampoline to **soothe** the fall and, in theory, make it less painful”

(Female, CEO, 51)

“If insurance companies were a person, how would you define them?”

Projective Technique

n=37



Physical appearance: Glasses, formal dress code, suitcase

Age: 50/60 years old- Often associated with experience and knowledge in the area

Personality:

- Positive features: Attentive to details, caring
- Negative features: Opportunistic, greedy, conservative, deceptive, complicated

Communication style:

Formal, technical, confusing

” A 60-years old blonde lady, with glasses. Conservative and – always very attentive to details. Sometimes people don’t like her but **everyone has to be with her because she might bring added-value some day. May be demanding to handle, unavailable and not very open to new ideas.** She has a good appearance, yet it is a somewhat deceptive

(Female, Student, 23)

A majority of interviewees chooses agents based on friend's advice or because they know them personally, out of a generalized feeling that agents are driven by individual agendas

Appendix 3 | In-Depth Qualitative Interviews | Perception of agents

n=37



Recommendation is the main factor influencing agent choice

"I got to know my agent through word of mouth" (Female, Office Assistant, 55)

"(...) "After the accident, I called my parents agent, who is a friend of them"" (Female, Student, 22)

"I choose my agents based on recommendations. At first, I had cousins who were brokers so I bought insurance with them. Then, they sold the company so I changed to one that a friend suggested." (Female, CEO, 51)

"I wouldn't trust any agent. Only if someone I trust recommends me" (Male, Student, 23)

"My agent is a long-time friend" (Female, Prosecutor, 56)



The idea that agents are only driven by their interests still prevails, leading people to search online before contacting the agent

35/37 Use digital channels to sustain the agent's recommendation

"I would not visit an agent. I see agents as sellers that are only worried with their personal agendas" (Female, Student, 23)

"I don't trust agents. I feel that they are only interested in selling, no matter what benefits me more. As if they are making fool out of me" (Female, Nutritionist, 27)

"I have an agent but I prefer do to a pre-research online to make sure that I can have an opinion and I am not misled" (Female, Manager, 47)

When inquired about the perfect insurance option, customers appear to look for a centralized, intuitive service that eases the management of insurances

Appendix 3 | In-Depth Qualitative Interviews | “What do you image the perfect insurance option for you to be like?”

Consumers across ages appear to want a centralized, easy to manage and comprehensive service

n=37

30% suggest they would like everything in the same place

Words as quick (4x), effective (4x), clear (4x) and simplified (2x), transparent (5x), digitalized (8x) are used to describe the perfect insurance experience



” **Just one insurance, with several branches, and each branch would have related coverages that protect the things I wish to protect in each circumstance**
(Female, Office Assistant, 55)



” **I do not like the insurance fragmentation we see - It is a very archaic perspective, too many contracts to manage. It lacks the simplification you see in other sectors like utilities. Not only offering a packaged solution, but changing the relationship with the consumer – online subscription, digitalized process, more user friendly**
(Male, Manager, 55)



” **Everything digital, for sure - but a real digital, that works - like Uber or Netflix - in terms of user experience, complaint handling, customer service - it cannot be “pretend digital”. Making digital the first point of contact with the customer and taking it seriously**
(Male, Student, 23 – LOGO client)



” **Having the multiple coverages I need in one place, where I can see how much I have spent connected to each thing I have insured, where I can make payments, have invoices, get in touch with my manager, communicate accidents, add new coverages - a centralized, simple and intuitive place where I can manage and get a visual perspective of what is happening to my money, what I exactly have covered with each insurance, where I can contact someone who knows me or at least can see everything about my insurance patterns and history**
(Female, Student, 23)

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

Throughout the course of the work, the group interviewed several experts in order to have a more insightful perspective on multiple issues

Appendix 4 | Experts Qualitative Interviews | Main Insights



Key insights

With **BigInsurer's** integration, a new idea arose, having as its main goals:

- Constant monitoring of the various customer - company interactions (more digital)
- Try to identify painpoints, how to fix them and increase awareness around them among several areas inside the company
- Audit the call center to identify painpoints and think about how to reduce the need for a client to contact the call center (eg: if I can download the green card from the website I no longer call the call center to ask for the green card, which results in lower costs in call center + consumer experience improvement)
- Holistic perspective of initiatives
- Map interactions, promote discussion, follow up of the projects and implement new things
- Implement the Net Promoter Score (NPS) system
- Create a dashboard of touchpoints and define where to invest to provide a better experience

Integrated Online Selling (IOS): 2 projects in simultaneous:

- (1) Improve **Q Insurer** website auto simulator
- (2) **Q Insurer** simulator on the site of the agent (remote selling)

Main goals:

- Identify of painpoints and problems to correct
- Open simulator for bots - change in backoffice (access to ips after a certain number of simulations)
- Creation of an engagement mechanism to ensure that user take the simulation until the end
- Security, lead/prospect creation and engagement

Throughout the course of the work, the group interviewed several experts in order to have a more insightful perspective on multiple issues

Appendix 4 | Experts Qualitative Interviews | Main Insights



Key insights

- Commercial department, reports to the Distribution: Incentive programs, dynamization and campaigns; Business support, reporting and communication with channels
- Strong interaction with agents, the bulk of distribution - 98% of distribution comes from agents
- Exclusive agent network: Q Insurer provides training for agents that want to be exclusive. They be experienced agents that have been multi-branded and have decided to switch for exclusive or new agents that are raised from scratch (young, who join the Academy - 3/4 years until building a wallet and becoming exclusive)
- Close to 400 exclusive agents; multi-brand dominate and are about 2100
- One Billion annual billing, 15% comes from the exclusive network
- Channel dynamization campaigns: facilitate sales process (if we have a better product but more complex to sell, we may lose)
- Incentive plan for agents: In addition to the commissions (10% or 12%)they guided by goals that reward results;
- Profitability – premium- claims = margin for the company. The more rentable the agent is, the more awarded he gets; Annual competition that gives a trip; Sori - incentive system for internal commercial network - also influences agents' performance
- Commercial transformation program is a priority - modernize the distribution network; make them use the tools, have their own website
- Personal product placement is the priority in sales - health, life and personal accidents
- Leaders in automobile and accidents at work (mandatory products). Want to increase customer equipment for the non-mandatory things
- Include the agent in the digital transformation process , digital process as a complement to the agent -Remote sales
- Agents value the remuneration system – Q Insurer is probably the one who pays more in the market, integrated working system
- Commercial follow-up is very good
- Lower digital propensity, greater effort that creates greater resistance, used to old process. Car and accidents at work ensure a stable portfolio and average performance, therefore agents have no incentive to change.
- Agents have grown in size over time, also reflecting the consolidation of the market

Throughout the course of the work, the group interviewed several experts in order to have a more insightful perspective on multiple issues

Appendix 4 | Experts Qualitative Interviews | Main Insights



Key Insights

- Working to support transformation of traditional channels; Mainly focused on agents as they represent a big part of the business and also because the Group is very focused on the agents' channels development and transformation
- Traditional company based on traditional channels - leverage this strength. But we are aware of the new reality so we know that we need to transform salesforce- interaction with customers and with the company
- Leading initiatives connected to transformation of agency side; Digital tools, enhancing presence in webspace, change way of interacting with customers in the shops; Projects to provide digital opportunities to close sales remotely
- Network managerial transformation - if we want to change the way agents interact with customers, we need to change the way the company interacts with the agents
- Designing transformation plan for 2021 for commercial salesforce with single specific initiatives- At a group level, there is a global initiative around transformation of agents - Exchange of practices and experiences and challenges across the group and business units; Create a consistent way of transforming and changing agencies across the globe
- On/off insurance - strategic product area - more salesperson and not channels
- Balance customer view of this solution vs. P&L view - managing risk in a traditional product is very different from an instant based type of insurance
- Pilot experiences in the group - not scaled up yet, but from consumer point of view, companies need to evolve – customers are more used to compare experiences - not banks with banks, insurance with insurance, but mixing sectors -we are talking about experiences and not vertically in sectors; Need to build on internal strenghts - agents and salesforce, but attach new components to them, online value proposition is being worked on, to make it more concrete
- Enlarge web presence of network to include simple products online so that customers can build online end-to-end insurance products in agent's websites - Tagline - lets get phigital. We need to digitalize to better sell to our customers
- 3 types of initiatives at group level: Digital visibility: Group wide project with aim to increase web social presence and improve activity. Most business units of the group involved in the process of launching a group tool called Sociable - used by salesforce to improve activation on social media - a platform with content they can share on social media so they do not need to think about it; Transformation to a needs-based advisory approach: Moving from selling products to advising customers. Allenza - very advanced in this value proposition - they have their own advisory tool, all tablet based, very engaging for customer: 1st step we do not sell, we listen to customers and profile them, we understand their needs. Not there to sell at the first appointment, changing the mindset. Agent can use but he will use the same platofrm that used by the client in the website
- Lead management initiative: Group blueprint for lead management; Best practice process to move from generating digital opportunities and channel them along the funnel toward commercial salesforce; How to grow volumes? How can I decided where to channel this specific lead or opportunity - physical presence, capability of agents to convert leads, success rate. What is the required SLA to contact those customers (PT- SLA of 2 hours)?

Throughout the course of the work, the group interviewed several experts in order to have a more insightful perspective on multiple issues

Appendix 4 | Experts Qualitative Interviews | Main Insights



Key Insights

- Product management - life cycle monitoring of the product and parameterization of the products
- Propose improvements, develop, analyze the market (segmentation) and follow up
- Responsible for responding to new needs in the market
- Market Observation - make comparisons with the market offer in terms of product and price, KPIs of sales follow-up, retention, integration with BigInsurer - migration of products to Q Insurer
- Great challenge now is to retain customers, to provide a smooth transition that allows to maintain or improve the service and minimizes the integration's impact
- **BigInsurer's** internal product adaptation challenge - almost all products already have a unique offer since April (only 1 line of products is missing)
- Development of new offer is in stand by - team focused on the migration of policies and there are lack of resources from other areas
- The agent as the first customer - their feedback has been positive
- Housing and Personal Accidents: there is great concern about customer needs. Positive sales growth
- Price: Retention policies; Autonomy for the agent to give discount at the moment, if the customer values it makes sense (defined rules)
- Service: If the customer is served well, consumers continue. Focus on needs and enrich coverage with assistance and support services - small things that can prevent the customer from changing
- Agent Quality: Clarity and quality of customer service crucial for no defraud expectations

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

Agent Interviews: Main insights

Appendix 5 | Agents Qualitative Interviews | Main Insights

With which insurers do you work with? What drives you to be multi branded (or exclusive)?

(Multi-branded): He is multi-branded (Q Insurer, Liberty, zed, Lusitania and Caravela) to broad their vision - consulting the client, analyzing the market, having several options so that when the client contacts them, he has the feeling and certainty that he has the necessary options to decide and make the purchase of insurance. He also likes to be multi-branded to give choice and comparison. Strategically decided to work mainly with Q Insurer. Multi-branded for impartiality sensation. He does not work to defend any specific insurance company but the client. Fit what the customer wants and not what the insurance company wants.

Or because they know someone who has, or because they have seen advertising about it, but more than that, they seek the solution itself, the coverage itself and the premium above all, and not the insurance company. Of course it has a big weight to have a big name: if you put Caravela vs Q Insurer, Q Insurer is always more important and the client feels more security with a bigger brand.

(Exclusive):Being exclusive enables him to understand better each product and its details. When it comes for new customers who do not know him and who come from other insurers, sales capacity, price and service, friendliness and availability prevails. It is fundamental.

Traquilidade is a prestigious brand, which is valuable for the customer.

Believes that the client decides to contract insurance before deciding where to do it. Then, the client creates a relationship with the agent. There are clients that could benefit from a better price in another provider but choose a certain provider to be able to be accompanied by a specific agent.

Do you identify any trends in the sector?

Greater need for confidence. Clients look for a place where they feel confident. In terms of products, auto insurance, mandatory coverages and accidents at work are the most sought.

Advancecare is becoming competitive at the product level, for the conditions that are given to the customer. 9/10 are Advancecare/Q Insurer customers. There have been some problems with providers - acceptance of cards, difficulty with platforms. Specific difficulties that have now arisen with the pandemic. The emission of the physical card issue is late, but there is the app with the digital card to substitute. Receiving the letter gives more "security" at the beginning of new contracts.

In the last few years, clients are becoming more informed which is an added value for mediators as customers already have an idea of what they want and recognize the need for insurance. Price has been increasing associated with a concern about saving in insurance.

Q Insurer has advantages: focus on life credit housing, home, health and Vida + Vencer.

Concerns are health and "where can I save".

Agent Interviews: Main insights

Appendix 5 | Agents Qualitative Interviews | Main Insights

How do think that customers get to know you? How do you built relationship with them (understand what he needs, influencing decisions, ensure long lasting relationship)?

He has an internal process based on an internal platform that creates a monthly list of the policies that are due 20 days before the due date. He contacts those clients to understand what can be changed in their coverage, what went wrong and what is valued. Enables cross selling. He contacts customers at the renovation because they know that customers are constantly looking for new solutions. Apart from that he invests a lot in health: has many customers, are a reference for the product in the area so they are very contacted -the search for solutions and proposals. It is the product where they are growing more - initially pandemic created uncertainty so it did not increase (there was retraction) but then the demand was reestablished.

In fact, it increased more than it was expected, they had a lot of people interested and the pandemic accelerated that – remote assistance is very important, additional coverage that people started to feel as important and as an necessary cost. Several strategies for relationship: Leads are the easiest to guarantee the client, trust is another. Friends and family. Social networks and the digital. Synergies with other groups. Insurers internal leads. Working the incoming customers - customer cannot be isolated. Depends on the type of branch. It is important to realize that car coverings go beyond the “just normal”. The most complex turns out to be the house, because there are many coverages, more difficult to perceive if they are useful. There are many options. Understand what you want to see insured, what situations you think that may happen and in which you want to be safe, apart from the normal questions such as profession, household, etc. Are you looking for insurance by obligation or optional? 90% Mandatory when it's a building. When the client already has insurance, they get real estate and filling. When you're new it's harder, but you can do it, you have to show savings.

Important to keep communication during the year - messages, happy birthday, communications, marketing, in order to keep the agent present. They grew their portfolio in the pandemic, leveraged by the cross sell- during quarantine they contacted all the clients, current and prospects - to ask if everything was ok, if they needed anything and to ask how they felt with their insurance and with this they created an internal base with formative leads - client x has car in another insurance company that will end now, so now I have to make him a proposal. Previous concept was to be in the street. You feel you have a lot of influence. It has more relevance in the option the customer takes and not in what the customer will choose. If you present 2 more or less identical solutions - the client will ask his opinion on which one is the best - and people choose this one. It doesn't say directly to have more coverage, but it says indirectly - don't you think this is little? Don't you have an expensive TV? Maybe we should add. Their mission is to analyze 360°, inside and outside, if the person is safe or not. Deconstruct complexity:- is still a complex factor, the easiest way is to give examples of everything, related to the reality of the client himself. This is good to give him confidence - he feels they are looking for him because they understand better when he explains. If the client understands well, he gives more value to what he hires and then in the claims he understands better a possible denial. It is very important to explain and understand that the client understood, only then to move on to the next step.

New clients: Trust, credibility, availability (“there’s no time to have an accident”), active 365 days 24h a day, are all factors that are important for the customer. Clients know that on the other side there is someone to help him, which is important.

Wide portfolio of clients that share the contact with friends and family. He has clients that doesn't even know personally but came by reference.

He congratulates clients on their birthday and takes advantage of the occasion to show he cares, looks at policies - car is what allows them to withhold and give immediate withholding discounts - they punctually call to check if everything is okay. During the pandemic, he called the elderly to know if they needed support. Update new policies, proactively be present with customers and communicate with them

Influencing clients: You feel you have an influence. If the client wants to buy a car, you have the capacity to give up to 20% discount, you can play with commercial discount to give him/her insurance home if he/she doesn't have it - in the approach you try to understand what insurance the client already has to understand what insurance the client needs or not.

Agent Interviews: Main insights

Appendix 5 | Agents Qualitative Interviews | Main Insights

Price can influence, the product itself can influence - if the value does not vary a lot and the product is better and more advantageous, the product wins a little expensive - it is important to know the products to be able to sell them and the customer is enlightened - it does not matter to sell only, but inform properly to make the customer choose the best product.

Why do you think customers choose Q Insurer? What positive and negative features are usually pointed out?

If a client asks for health the first thing he suggests is Q Insurer and as a general rule he only looks for a different solution in much higher levels, in options above the top or in the top, where there are more competitive options - in the basic ones, which are the most contracted, Q Insurer is more competitive. House usually is Q Insurer - the simulator is excellent, intuitive and easy to practice, but in practice he was waiting for a better product - not in price but in coverages. He understands the coverages and the objective of the coverages, but he feels that some of them are missed by the clients - like the breakdown of electrical domestic appliances, electronic equipment . Some products and needs force him to go to other insurers Q Insurer no longer has competitiveness , as it is a more expensive product.

Q Insurer brand has a big weight in the market - old company, with name, with credibility, recognized, which is very important. In Portugal, it is easier to contract insurance with Q Insurer than with a smaller insurer. In insurance, sometimes people choose brands and not price. The positive aspects are the easiness of communication with the agent, Q Insurer creates an efficient link. However, clients are usually dissatisfied with the claim management process.

When they take longer - auto or multi-risk home - sometimes clients cannot realize that there is a delay due to expert opinions or other institutions that are not controlled by Q Insurer. But the client does not care about that, he just wants a fast resolution process.

What motivates clients to change their insurance provider?

Price, Coverages, a better price/quality relationship - an unsolved accident, an uncomfortable situation that has removed the trust, also makes them look for other options. Also, there have been several situations where a client was lost due to a bad claim resolution process

How do you approach the claim management process?

They open internal process, contact the lines, understand if help is required or not, at what stage it is, make the process follow-up internally. The client likes to have everything with the same agent - if it is the same insurance company or not becomes less relevant, since the contact is always with the same person - they know that they have insurance with this mediator and not with the insurance company A or B. When there is a car breakdown, clients call the agent first and not the travel assistance. Clients are afraid to do something for the app and think they are doing something wrong - they need validation. Feels the need for mass communication on simplification and insurance information. Number of policies is higher in the mass market. Internet access problems, 2 years ago it was difficult to have health insurance because there were few providers.

He tries to follow the claims daily. He has no direct contact with the claim management team, he calls to the call center, and sometimes the information is not correctly filled. Agent has more information than the claims' line.

He would like to have more direct answers from the company. This would help to make everything more agile.

Agent Interviews: Main insights

Appendix 5 | Agents Qualitative Interviews | Main Insights

How would you feel about a subscription model that enabled an integrated payment (all insurance products in one receipt)?

Bad experience with a similar solution implemented in Brand X ("Service Y") and Lusatiana has something similar.

Suggests implementing for specific products - auto + home, auto + health. Auto + another product is easier for them to sell together.

Imagine that you are renegotiating a client - customer pays 200€ for the car insurance - if he changes insurance company, he will improve quality and get a lower price - but he knows that the 200€ is not a bad deal! If he adds another product and move to 220 and join everything in the same receipt, it is easier than 190 plus 30 - more receipts more confusing.

It is also easier to sell and easier for the customer to buy - more easily to group additional insurances in renewal and renegotiation

Understands the subscription concept, but it can be a problem - when you see the monthly fee, it can be very big - one thing is to pay once in a year, another thing is to pay 50 euros every month, it seems heavier

It's one thing to pay 1200 euros in 4 branches every now and then, but if I have a cost of 100 euros every month, I'm constantly reminded of my cost, so I feel the need to look for solutions to lower that amount - it costs me 200 euros at the time but then I can't even remember. If someone has economic constraints, he will look first at the fixed costs.

Auto insurance are due mainly in December and June, Christmas subsidy months and holidays

How would you feel about a platform focused on agent interaction? Almost like a Zomato for agents, where users can choose their agents, write and check agent reviews and even talk with the agent and book meetings?

Already has this on social networks, client reviews, finds a good idea but not easy to do - finds it more important for the insurer to have the agents' websites and whatsapp, enabling the client to talk directly with the mediator.

He feels that quickness is very important - if a customer calls or sends a message asking for prices and details and gets a response in 10 or 30 sec, its easier to convert him- if it takes a week, the probability of closing the deal is lower - hot lead

"How much you have to pay per month?" and manage the interaction from there - to understand if the client has any idea of the cost and coverage and to understand how much money the person has to spend. Advises to be careful with the RDGD consents.

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

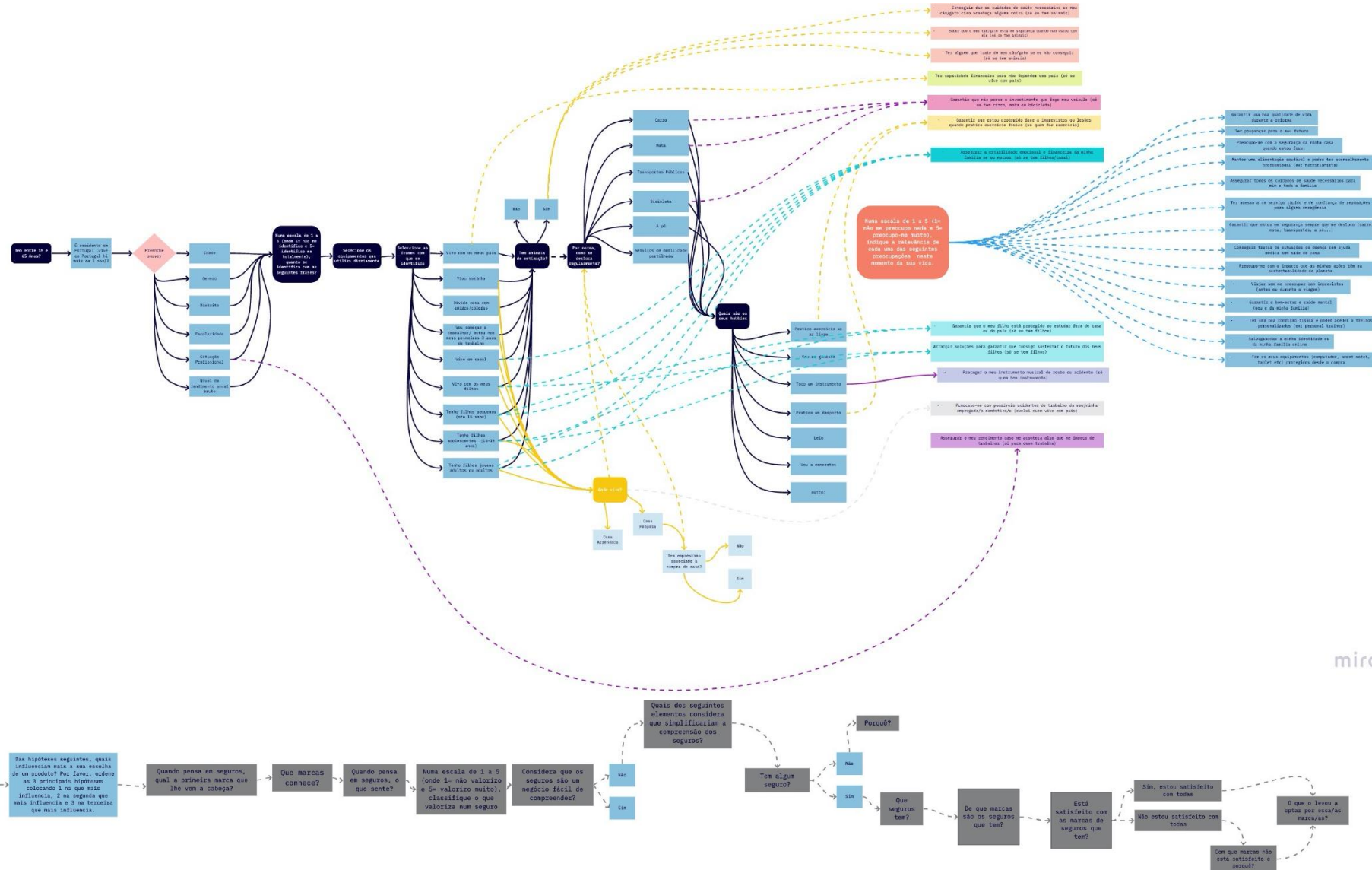
The quantitative questionnaire was designed to measure people's psychographic and behavioral characteristics while testing the initial hypothesis

Appendix 6 | Quantitative Questionnaire | Survey questions

- Quantos anos tem?
 - É residente em Portugal (e/ou vive em Portugal há mais de 1 ano)?
 - Com que género se identifica?
 - Em que zona do país viveu a maior parte da sua vida?
 - Qual o seu nível de escolaridade? (completo)
 - Qual a sua situação profissional? (selecione as opções que se aplicam)
 - Qual o seu nível de rendimento anual bruto?
 - Quanto se identifica com as seguintes frases?
 - Selecione os equipamentos que utiliza diariamente?
 - Selecione as frases com que se identifica
 - Onde vive?
 - Tem empréstimo associado à compra de casa?
 - Como se desloca regularmente?
 - Como gosta de ocupar os seus tempos livres?
 - Tem animais de estimação?
 - Indique a relevância de cada uma das seguintes preocupações neste momento da sua vida
 - Indique o grau de concordância com as afirmações que se seguem numa circunstância em que precisa de comprar um produto complexo que envolve pesquisa e/ou exige que considere várias variáveis:
- Das hipóteses seguintes, quais influenciam mais a sua escolha de um produto? Por favor, ordene as 3 principais hipóteses colocando 1 na que mais influencia, 2 na segunda que mais influencia e 3 na terceira que mais influencia.
 - Quando pensa em seguros, qual a primeira marca que lhe vem a cabeça?
 - Que marcas conhece?
 - Quando pensa em seguros, o que sente?
 - Classifique o quanto valoriza os seguintes aspetos num seguro
 - Considera que os seguros são um negócio fácil de compreender?
 - Quais dos seguintes elementos considera que simplificariam a compreensão dos seguros?
 - Tem algum seguro? Porquê?
 - Que seguros tem?
 - De que marcas são os seguros que tem?
 - Está satisfeito com a(s) marca(s) de seguros que tem?
 - Com que marcas não está satisfeito e porquê?
 - O que o levou a optar pelas marcas de seguro que tem?
 - Numa escala de 1 a 5 (onde 1 significa “não valorizo” e 5 “valorizo bastante”), classifique o valor que atribuiria a cada uma das opções
 - Optaria por uma solução ajustada às suas necessidades de proteção que reunisse todos os seus seguros (em alternativa a ter cada seguro em separado)?

The survey was programmed to have several journeys that vary according to each respondent initial questions

Appendix 6 | Quantitative Questionnaire | Survey flow



miro

The survey covered respondents from every Portuguese district, across age groups, occupations and income level, to ensure a relevant sample

Appendix 6 | Quantitative Questionnaire | Survey insights

632 respondents

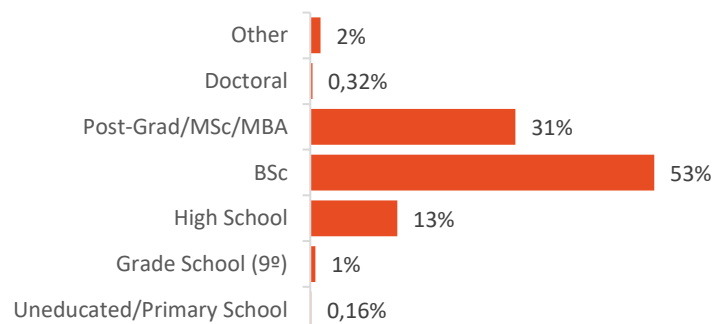
18 districts + Madeira and Azores

73% Female

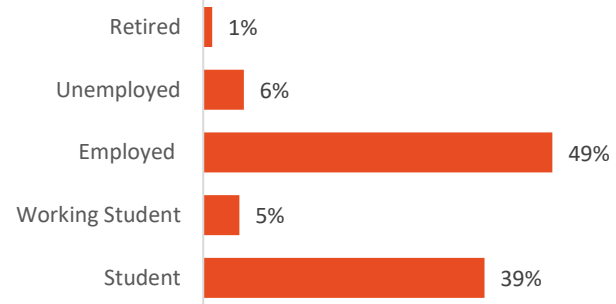
27% Male

Average age 29 y.o (54% over 25)

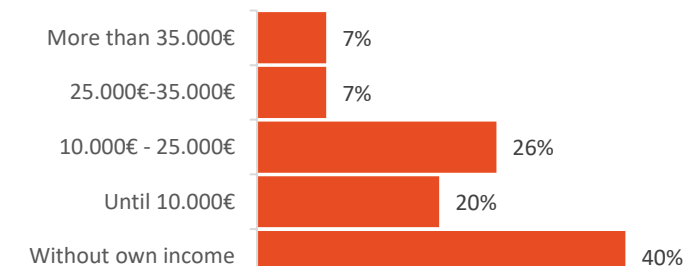
Respondents degree of education



Respondents occupation status



Respondents income level



n=632

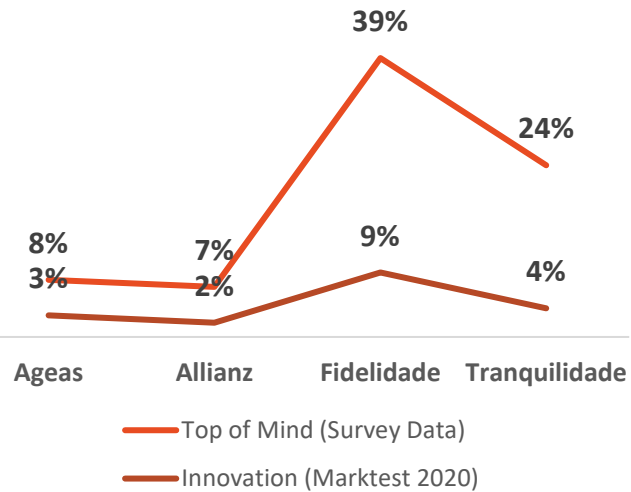
Source: Self-conducted survey

Our survey data represents the market trends we have previously presented, with Q Insurer appearing 2nd for Innovation, Top of Mind and contracted brand

Appendix 6 | Quantitative Questionnaire | Survey insights

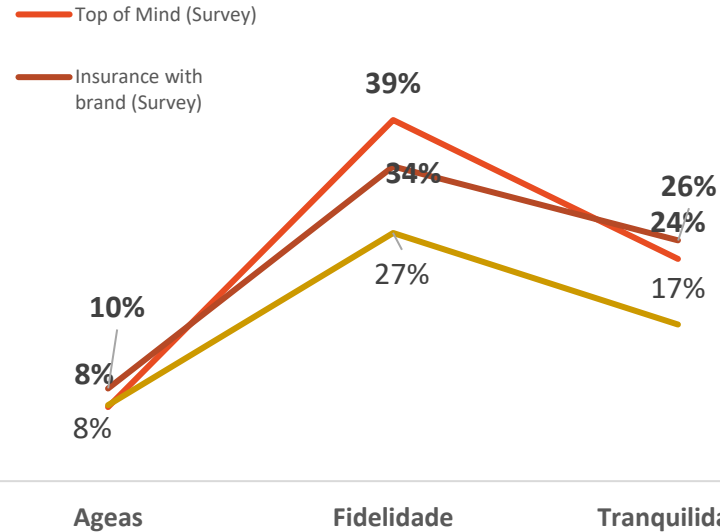
The Portuguese insurance sector is a highly concentrated and competitive environment - In 2019, the first 5 groups held **63,9%** of the market.

There is room for Q Insurer to boost innovation fueled by brand notoriety



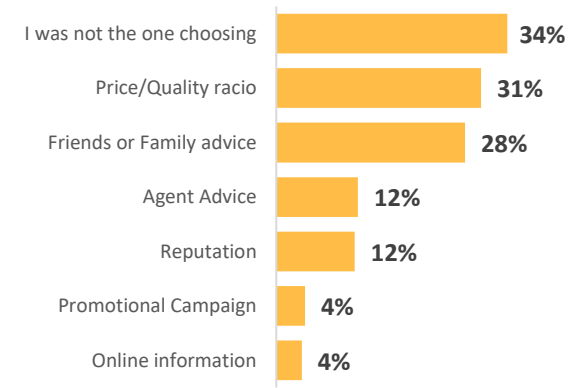
- If we compare Marktest data regarding innovation with the brand awareness results from the survey, Loyal has the strongest performance, followed by Q Insurer
- However, Q Insurer clearly outperforms the other brands in terms of being top of mind, despite the close rating in terms of innovation

Our sample's response regarding top-of-mind brand and brands they have insurance with represents the market share data



- Q Insurer has a close relationship between being top of mind and being the contracted insurance brand – which means customers typically recall Q Insurer when they think of a brand

Reason behind choice of provider (by % of respondents)

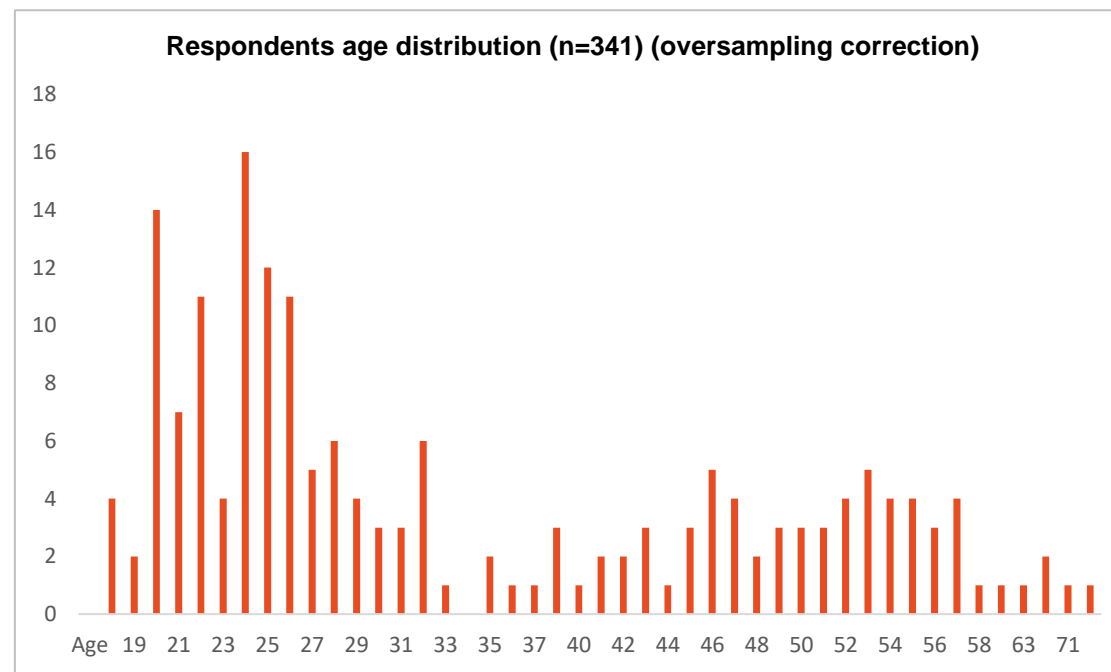
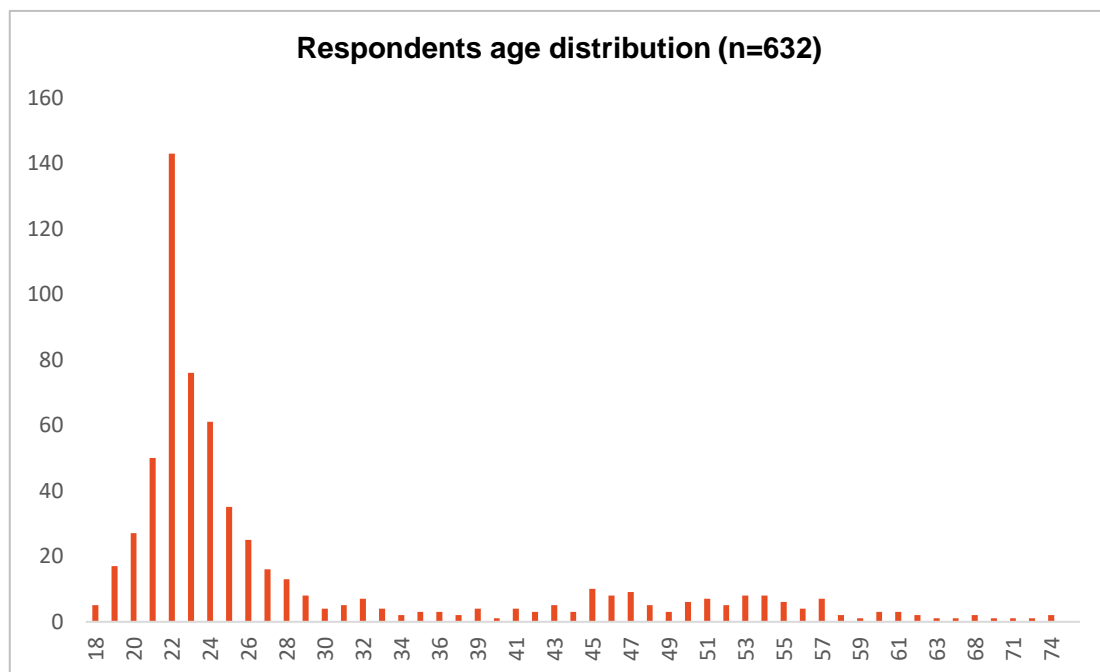


- For the ones who chose their own insurance, the price/quality ratio was pointed as the most important aspect to consider, followed by friends and family advice

n=632

As the sample had a larger representation of younger segments, an oversampling correction was made to ensure higher accuracy in the results

Appendix 6 | Quantitative Questionnaire | Oversampling correction



Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

The significance value obtained from the ANOVA analysis indicates that there is a statistically significant difference in the mean value of each concern between the clusters

Appendix 7 | Clusters and priority segment | SPSS output: ANOVA- Concerns

		ANOVA				
		Soma dos Quadrados	df	Quadrado Médio	Z	Sig.
Online	Entre Grupos	13,728	2	6,864	5,504	,004
	Nos grupos	421,515	338	1,247		
	Total	435,243	340			
Reforma	Entre Grupos	48,906	2	24,453	27,752	,000
	Nos grupos	297,821	338	,881		
	Total	346,727	340			
Poupanças	Entre Grupos	10,502	2	5,251	9,010	,000
	Nos grupos	196,987	338	,583		
	Total	207,490	340			
Remote	Entre Grupos	66,137	2	33,068	33,301	,000
	Nos grupos	335,635	338	,993		
	Total	401,771	340			
Nutri	Entre Grupos	58,885	2	29,442	34,653	,000
	Nos grupos	287,180	338	,850		
	Total	346,065	340			
PT	Entre Grupos	63,449	2	31,724	27,119	,000
	Nos grupos	395,407	338	1,170		
	Total	458,856	340			
Mentalhealth	Entre Grupos	9,114	2	4,557	10,686	,000
	Nos grupos	144,130	338	,426		
	Total	153,243	340			
Saude	Entre Grupos	23,608	2	11,804	25,226	,000
	Nos grupos	158,157	338	,468		

		ANOVA				
		Soma dos Quadrados	df	Quadrado Médio	Z	Sig.
Tech	Entre Grupos	61,018	2	30,509	32,408	,000
	Nos grupos	318,196	338	,941		
	Total	379,214	340			
Cyber	Entre Grupos	29,958	2	14,979	16,707	,000
	Nos grupos	303,039	338	,897		
	Total	332,997	340			
Viagem	Entre Grupos	42,261	2	21,130	24,709	,000
	Nos grupos	289,047	338	,855		
	Total	331,308	340			
Green	Entre Grupos	18,227	2	9,114	14,898	,000
	Nos grupos	206,770	338	,612		
	Total	224,997	340			

The significance value obtained from the ANOVA analysis indicates that there is a statistically significant difference in the mean value of variables between the clusters

Appendix 7 | Clusters and priority segment | SPSS output: ANOVA- Complex Products Purchase Patterns (1) and Variables considered when buying insurance (2)

		ANOVA				
		Soma dos Quadrados	df	Quadrado Médio	Z	Sig.
Complexo1	Entre Grupos	12,734	2	6,367	4,958	,008
	Nos grupos	434,029	338	1,284		
	Total	446,762	340			
complexo_2	Entre Grupos	14,334	2	7,167	7,867	,000
	Nos grupos	307,924	338	,911		
	Total	322,258	340			
complexo_3	Entre Grupos	13,773	2	6,887	5,359	,005
	Nos grupos	434,362	338	1,285		
	Total	448,135	340			
complexo_4	Entre Grupos	84,965	2	42,483	41,755	,000
	Nos grupos	343,891	338	1,017		
	Total	428,856	340			
complexo_5	Entre Grupos	107,457	2	53,728	54,126	,000
	Nos grupos	335,517	338	,993		
	Total	442,974	340			
complexo_6	Entre Grupos	7,559	2	3,779	6,086	,003
	Nos grupos	209,884	338	,621		
	Total	217,443	340			

(1) Complex Products Purchase Patterns

		ANOVA				
		Soma dos Quadrados	df	Quadrado Médio	Z	Sig.
Preço	Entre Grupos	65,375	2	32,688	41,546	,000
	Nos grupos	265,933	338	,787		
	Total	331,308	340			
Qualidade	Entre Grupos	130,230	2	65,115	108,132	,000
	Nos grupos	203,536	338	,602		
	Total	333,765	340			
Assistencia	Entre Grupos	128,539	2	64,269	76,126	,000
	Nos grupos	285,356	338	,844		
	Total	413,894	340			
prevenção	Entre Grupos	142,129	2	71,065	61,013	,000
	Nos grupos	393,683	338	1,165		
	Total	535,812	340			
percebercompra	Entre Grupos	131,334	2	65,667	168,940	,000
	Nos grupos	131,381	338	,389		
	Total	262,716	340			
Simplicidade	Entre Grupos	121,505	2	60,752	118,607	,000
	Nos grupos	173,129	338	,512		
	Total	294,633	340			
Facilidadealterar	Entre Grupos	135,193	2	67,596	158,698	,000
	Nos grupos	143,969	338	,426		
	Total	279,161	340			
Confiançamarca	Entre Grupos	121,339	2	60,670	94,140	,000
	Nos grupos	217,828	338	,644		
	Total	339,167	340			
Recomendamigo	Entre Grupos	96,729	2	48,364	48,443	,000
	Nos grupos	337,453	338	,998		
	Total	434,182	340			
Recomedagente	Entre Grupos	96,155	2	48,078	34,141	,000
	Nos grupos	475,974	338	1,408		
	Total	572,129	340			

(2) Variables considered when buying insurance

While some concerns were concluded to be homogenous among different clusters, remote assistance facilities, nutrition and access to a personal trainer differed between the two groups.

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Concerns

Online

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
1	111	3,23	
2	7	3,29	
3	223	3,65	
Sig.		,467	

Reforma

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,29	
3	223	3,57	
1	111		4,36
Sig.		,627	1,000

Poupancas

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,71	
3	223	4,20	4,20
1	111		4,53
Sig.		,119	,375

Remote

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	2,71	
3	223	3,06	
1	111		3,98
Sig.		,534	1,000

Nutri

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
3	223	3,35	
2	7	3,86	3,86
1	111		4,23
Sig.		,199	,415

PT

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,00	
3	223	3,04	
1	111		3,96
Sig.		,991	1,000

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

While some concerns were concluded to be homogenous among different clusters, concerns about technologic equipments as well as travelling presented some differences

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Concerns

Mentalhealth

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
3	223	4,38	
2	7	4,71	
1	111	4,72	
Sig.		,234	

Saude

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,57	
3	223		4,29
1	111		4,78
Sig.		1,000	,065

Tech

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
3	223	3,03	
2	7	3,14	
1	111		3,94
Sig.		,933	1,000

Cyber

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,71	
3	223	3,79	
1	111	4,42	
Sig.		,054	

Viagem

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
3	223	3,63	
2	7	3,86	3,86
1	111		4,39
Sig.		,732	,179

Green

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	3,71	
3	223	3,94	3,94
1	111		4,42
Sig.		,640	,138

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

There seems to be a consensus among individuals in different clusters regarding their preferences when buying a complex product

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Complex Products Purchase Patterns

Complexo1

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	
1	111	2,57	
2	7	2,86	
3	223	2,98	
Sig.			,494

complexo_2

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	
3	223	3,56	
1	111	3,99	
2	7	4,00	
Sig.			,329

complexo_3

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	
3	223	2,69	
2	7	2,86	
1	111	3,12	
Sig.			,467

complexo_4

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	2,57	
3	223	2,68	
1	111		3,74
Sig.		,944	1,000

complexo_5

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
3	223	2,32	
2	7	2,71	
1	111		3,52
Sig.		,436	1,000

complexo_6

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	
2	7	3,57	
3	223	3,73	
1	111	4,04	
Sig.			,163

Complexo_1: Preference for buying online ; Complexo_2: Preference for informing online and buying in person ; Complexo_3: Preference for informing with an expert and buying online ; Complexo_4: digital experience does not add as much value as in person ; Complexo_5: only in person experiences can suit consumer needs ; Complexo_6: value attributed to personalization

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

Prevention and assistance services are the only variables that are valued in a distinct way between clusters, when buying insurance

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Variables considered when buying insurance

Preço

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	1,29	
1	111		4,18
3	223		4,37
Sig.		1,000	,781

Qualidade

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		4,42
1	111		4,73
Sig.		1,000	,426

Assistencia

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		3,89
1	111		4,51
Sig.		1,000	,090

prevenção

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05		
		1	2	3
2	7	,29		
3	223		3,53	
1	111			4,41
Sig.		1,000	1,000	1,000

perceber compra

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		4,57
1	111		4,74
Sig.		1,000	,692

Simplicidade

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		4,38
1	111		4,58
Sig.		1,000	,675

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

Variables considered when buying insurance do not differ significantly between clusters.

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Variables considered when buying insurance

Facilidadealterar

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,14	
3	223		4,55
1	111		4,63
Sig.		1,000	,917

Confiançamarca

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		4,36
1	111		4,58
Sig.		1,000	,678

Recomendamigo

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		3,92
1	111		4,12
Sig.		1,000	,813

Recomedagente

Tukey HSD^{a,b}

Ward Method	N	Subconjunto para alfa = 0.05	
		1	2
2	7	,29	
3	223		2,99
1	111		3,69
Sig.		1,000	,156

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

Even though on/off solutions are valued the same, Cluster 1 seems to value more bundled solutions than cluster 3.

Appendix 7 | Clusters and priority segment | SPSS output: Tukey HSD- Bundle value (1) On/Off Insurance value (2)

Tabulação cruzada RBUNDLE * Ward Method

Contagem

		Ward Method			Total
		1	2	3	
RBUNDLE	1,00	1	1	14	16
	2,00	1	1	23	25
	3,00	17	0	60	77
	4,00	33	2	62	97
	5,00	59	3	64	126
Total		111	7	223	341

(1) Bundle Valuec

Tabulação cruzada RONOFF * Ward Method

Contagem

		Ward Method			Total
		1	2	3	
RONOFF	1,00	4	1	6	11
	2,00	0	0	2	2
	3,00	10	1	35	46
	4,00	24	2	49	75
	5,00	73	3	131	207
Total		111	7	223	341

(1)on/off insurance value

As the cluster number 2 was composed by 7 individuals, it was not possible to guarantee its statistical significance ($n \geq 30$). Therefore, this cluster was not considered.

While cluster A is composed by older segments, more cautious about change, cluster B has mainly younger generations with a higher willingness to switch to digital buying processes

Appendix 7 | Clusters and priority segment | Clusters characterization



Cluster A

(32,5% of survey respondents)

- The majority are **women** (80%)
- Has a higher representativity of **older segments** & includes retired people
- Even though this cluster exhibits a **high level of digitalization**, it is **lower** than cluster B- i.e. only 34% of this cluster use digital platforms to manage services with a very high frequency, while in cluster B its 50%
- **Income level is comparatively lower** than the other cluster
- Generally more concerned about all topics compared to Cluster B, i.e. level of concern about nutrition averages 4,36/5
- Places a higher value on assistance services (average of 4,45/5, while cluster B's average is 3,89) and preventive insurance
- Places **higher value on bundled solutions**- 53% considered to "value a lot" compared to 28% in cluster B
- Has a stronger belief that an in-person experience adds more value than a digital one - average of 3,7/ 5 over 2,7/ 5 of cluster B



Cluster B

(65,4% of survey respondents)

- **Younger segments**: 65% between 18-34 years old
- Higher percentage with a **higher education level** (40% MSc degree)
- **High level of digital integration**
- Individuals in cluster B have a **higher income level** when compared to cluster A- 17% of cluster B earns more than 35.000€/year, while in cluster A it's only 8%
- Cluster B is **relatively less concerned** regarding inquired topics – i.e., the average concern placed on unexpected event when travelling is 3,63/5 (compared to an average of 4,39)
- Even though the values are rather similar to cluster A, this cluster places a lower value on assistance services and prevention services- average of cluster B is 3,5/5, while cluster A's average is 4,41/5
- This cluster shows a **higher willingness to adopt to online platforms and buying processes**, i.e. only an average of 2,3/5 believe that the lack of physical experience may damage the product search – vs 3,5/ 5 in cluster A

To understand which segment to focus on, the group used RFM analysis, a marketing technique used to determine which are the most valuable customers

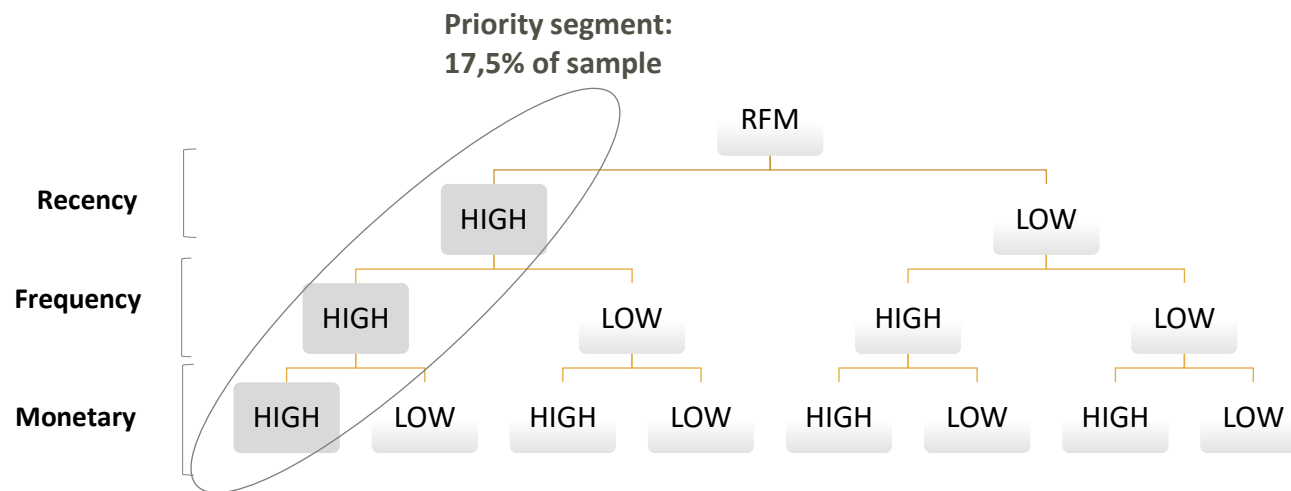
Appendix 7 | Clusters and priority segment | Priority segment: Which segment will we chose to demonstrate our recommended proposal? (1/2)

Criteria I : RFM explanation

- RFM analysis is a marketing technique used to determine quantitatively **which customers are the most valuable** by examining:
 - How recently** a customer has purchased (recency)
 - How often** they purchase (frequency)
 - How much** the customer spends (monetary)

To understand which customers belong to the priority segment, the median value of each variable was calculated (see table below)

Variable	Description	Median
Recency	How many days have passed between the last purchase date, and today's date	2 years and 3 months
Frequency	Number of products per customer	1 product
Monetary	Sum of all premiums per customer	131 €



- A sample of 30K clients was used for this analysis
- To understand which customers, belong to the priority segment, the median value of each variable was calculated
- If clients exhibit a frequency or recency or monetary value **above the median**, they are **classified as "high"** in that parameter
- The analysis showcases that 17,5% of the sample has high recency, frequency and monetary value, and should hence be considered priority

According to RFM analysis and the expected time of relationship, personas with ages between 25 and 44 will be the most appropriate to demonstrate our solution

Appendix 7 | Clusters and priority segment | Priority segment: Which segment will we chose to demonstrate our recommended proposal? (2/2)

Criteria I and II (Expected time of relationship)

I: RFM Analysis

- The distribution per age of the priority segment follows a nearly normal distribution
- However, as expected, older clients represent a larger share, as Q Insurer client base has a higher representativity of older generations
- Regardless, every age group is present within the priority segment, with **ages between 24 and 44 accounting for 55%**

II: Expected time of relationship

- **As age increases**, the expected time of relationship between a client and a company **decreases**
- As our solution aims to **strengthen the lifelong partner relationship** between Q Insurer and its clients, the focus will be the younger age groups - 25-34 and 35-44, as these have a higher expected time of relationship than those over 55

Choice of initial target segments

Personas with ages between 25-34

- They have a higher expected time of relationship
- Thus, there is a higher potential to acquire this portion of the market in an early stage of their lives

Personas with ages between 35-44

- They have a relatively high expected time of relationship
- They are a significant group in the priority segment (and Q Insurer client base)
- They have a higher share of wallet

Both segments are in life-stages characterized by constant change, displaying opportunity for Q Insurer to **acquire new clients** or to **improve** the relationship with current ones

Disclaimers:

1) Ages below 25 and above 55 were disregarded from these analysis as:

- Below 25: low purchasing power; with several insurances still aggregated to parent's accounts
- Above 55- ages below 55 have a higher expected time of relationship

2) The solution is targeted to the mass market, meaning that it aims to be adaptable any individual. However, the group will focus only on 4 personas (2 personas per segment in focus) as to demonstrate how the solution works for them

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

The clustering and client base analysis output 5 personas across 3 age groups, out of which 4 will be considered as a first step of testing the solution

Appendix 8 | Personas | Overview



CARLA

- 26 years old
- Shares a flat
- Employed
- <10k income
- Public transport, car on weekends
- Highly digital



PEDRO

- 29 years old
- Lives with girlfriend in a rented apartment
- Employed
- 10K-25K income
- Has a car
- Highly digital
- Exercises daily



MARIA

- 35 years old
- Lives with husband and infant child
- Has a dog
- Employed
- 25K-35K income
- Has a car
- Moderately digital



DAVID

- 44 years old
- Lives with wife and child
- Employed
- 25K-35K income
- Has a car
- Moderately digital

Personas from the 25-34 age group share concerns for financial stability, health and nutrition and are early-stage consumers, providing the largest room for a lifelong partnership

Appendix 8 | Personas | Persona's Characterization and Reasons to Target (1/2)

REASONS TO TARGET



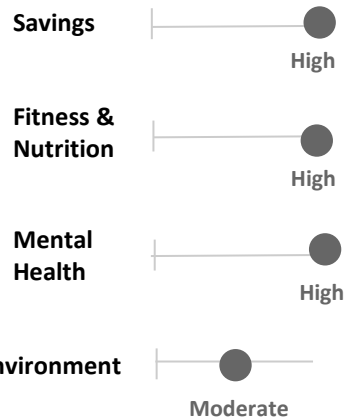
- **Products:** Car insurance, but feels she overpays for the use she gives it
- **High expected time of relationship** with Tranquilidade-early-stage consumer to grab for lifelong partnership
- Has negative image of insurance that should be improved to increase trust and loyalty

REASONS TO TARGET



- **Products:** Car insurance, but feels unhappy with provider due to a poor claim management episode
- Plans to buy a house – possible future cross-sell opportunity
- **High expected time of relationship** - early-stage consumer
- Medium/ High **profitability potential**
- Digitally savvy but values personal touch – fitting Q Insurer *phygital* approach

Concerns



Attitudes

- Values **quality** over price
- Values **efficiency** and **convenience**
- Price sensitive
- Enjoys being the **decision maker**
- Values an **on-off** product over a bundled offer (but values both)

Concerns



Attitudes

- Quality** is a priority
- Values **easy** processes, **brand trust** and **clarity** in his purchases
- Saving for the future as main focus**
- Bases his choices on friends/ family recommendation
- Values a bundled offer
- Prefers purchasing in-store over online

Sources: Self conducted survey. Concerns are the extent to which respondents agree to the statements: "Savings" = "I am worry about future savings"; "I am conscious about my eating habits and physical condition and I value help from professionals in these fields (i.e. Nutritionist and Personal Trainer)"; "Mental Health"="I want to ensure mine and my family's well-being and mental health"; "Environment"="I am environmentally conscious"

Personas from the 35-44 age group have generally larger purchasing power and are driven by friends and family and a wish to support their family's future

Appendix 8 | Personas | Persona's Characterization and Reasons to Target (2/2)

REASONS TO TARGET



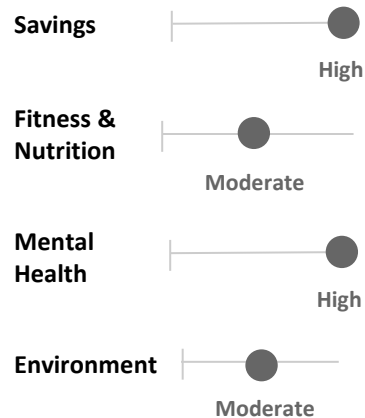
- **Products:** Car, House, Life Risk and Third-Party Liability Dog insurance
- High **profitability potential:** Large **sphere** of individuals and products that she has influence on- husband and child's products
- Digitalized but dislikes interacting with insurers, which must be changed

REASONS TO TARGET



- **Products:** Car, House and Life Risk, daughter's Health Insurance
- High **profitability potential:** Large sphere of individuals and products that he has influence on- wife and child's products
- Values service quality and will spread the word if pleased with service

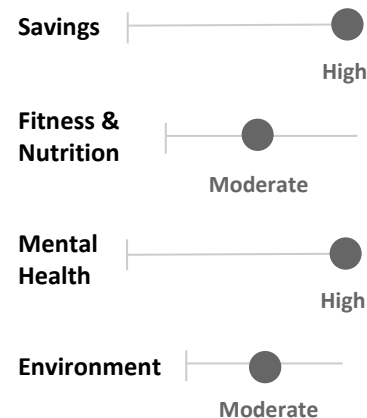
Concerns



Attitudes

- **Quality and added benefits** are a priority
- Finds insurance hard to understand
- **Moderately price sensitive**
- Bases her choices on friends/family recommendation
- Confident with finding information and purchasing online

Concerns



Attitudes

- **Quality and added benefits** are a priority
- **Moderately price sensitive**
- Bases his choices on friends and family recommendation and in online reviews
- Confident with finding information and purchasing online

Sources: Self conducted survey. Concerns are the extent to which respondents agree to the statements: "Savings" = "I am worry about future savings"; "Fitness & Nutrition" = "I am conscious about my eating habits and physical condition and I value help from professionals in these fields (i.e. Nutritionist and Personal Trainer)"; "Mental Health" = "I want to ensure mine and my family's well-being and mental health"; "Environment" = "I am environmentally conscious"

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

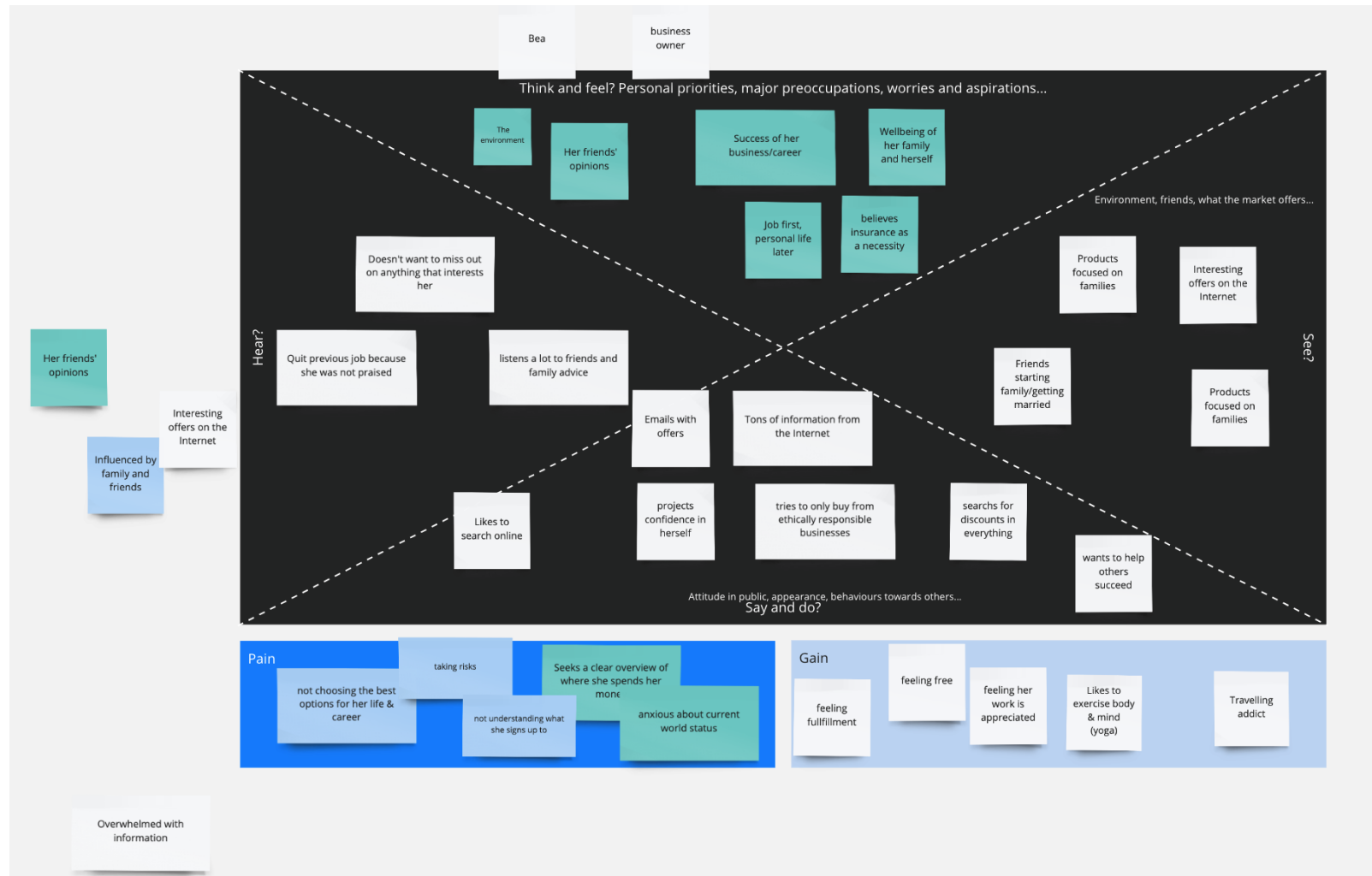
Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

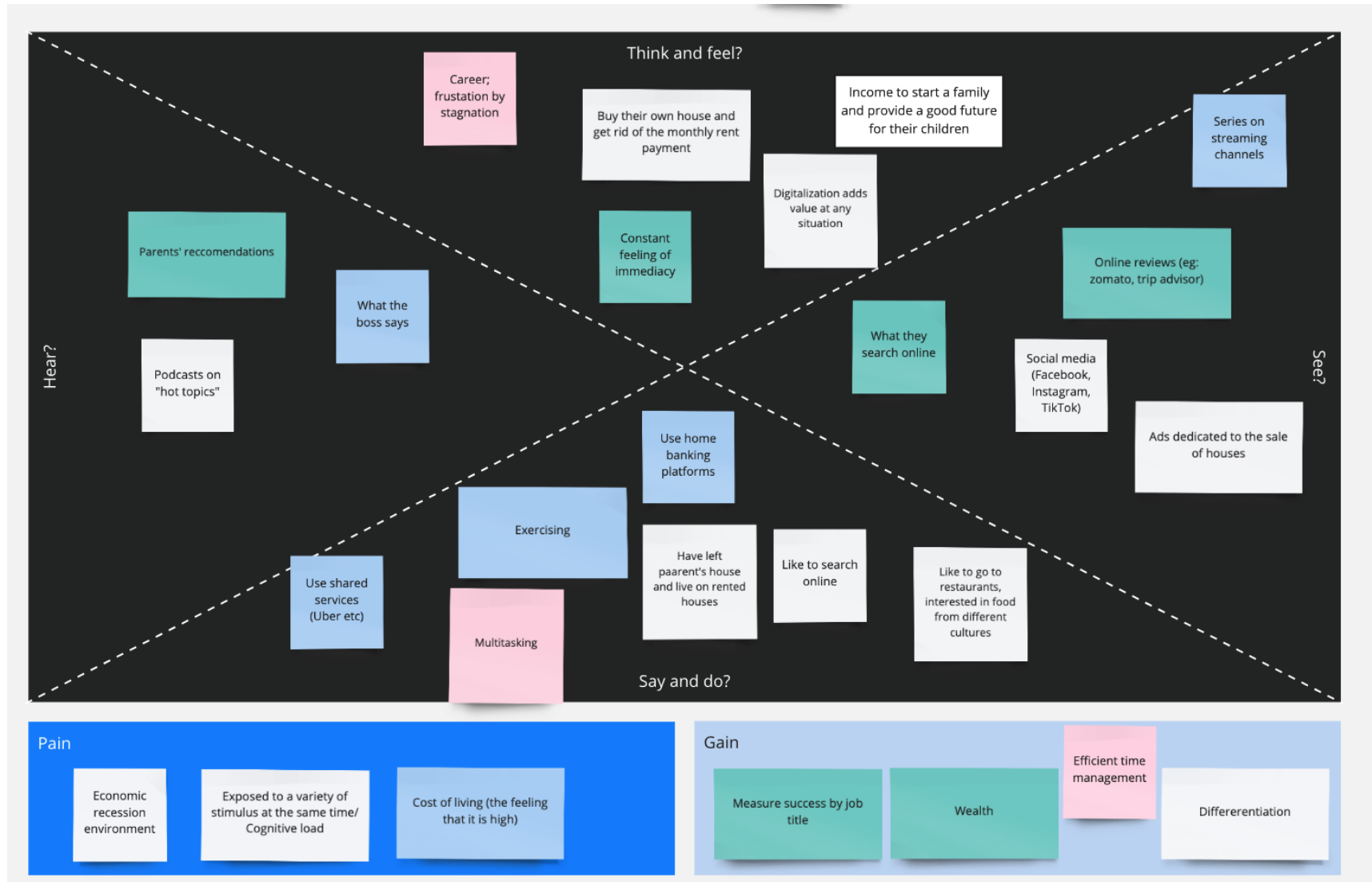
An empathy map for the users aged 25-34, who are business owners, enabled us to externalize knowledge about this particular customer- needs, pains and gains- and helped the decision making process

Appendix 9 | Empathy map (1/3)



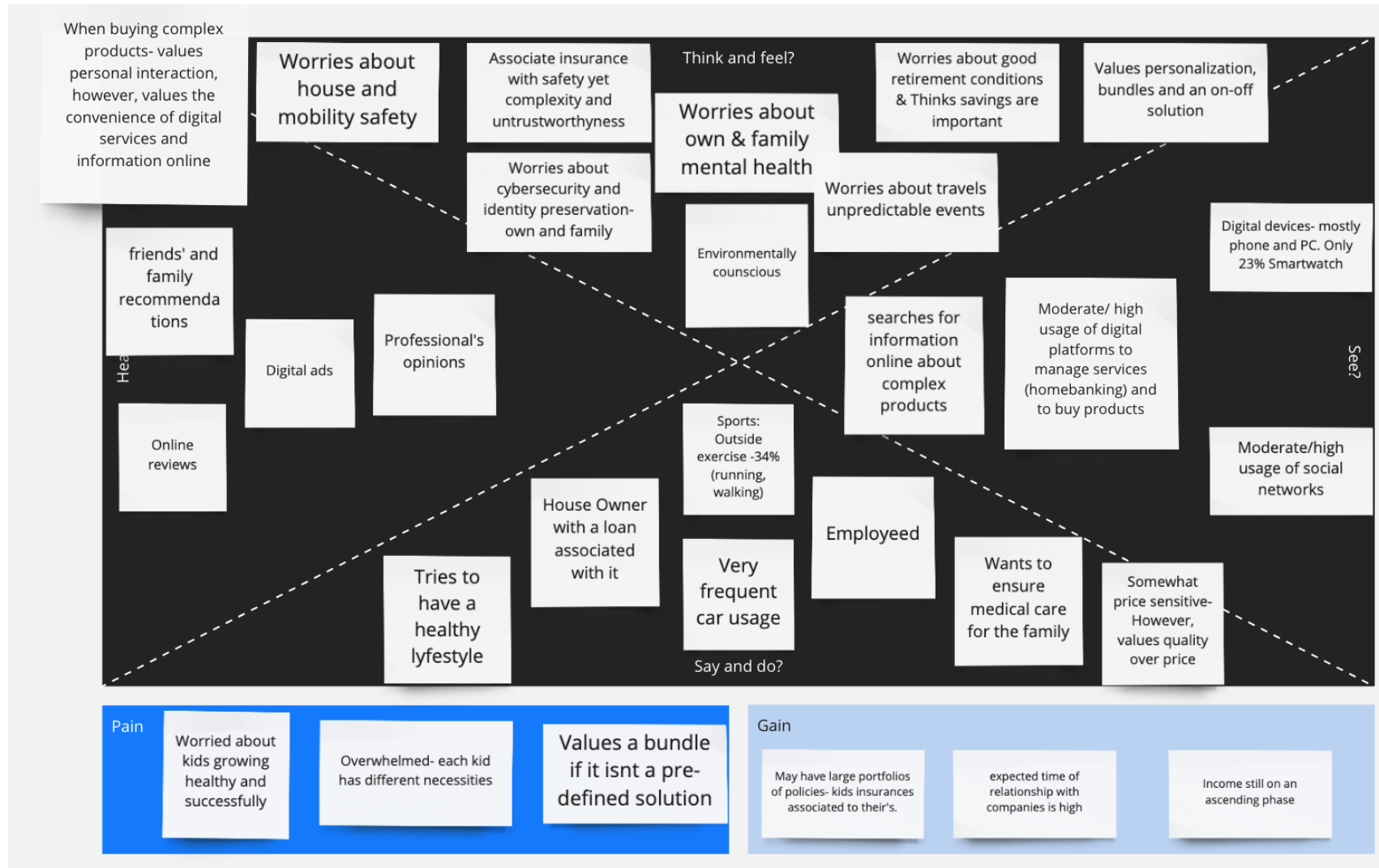
An empathy map for the users aged 25-34 enabled us to externalize knowledge about this particular customer- needs, pains and gains- and helped the decision making process

Appendix 9 | Empathy map (2/3)



An empathy map for the users aged 35-44 enabled us to externalize knowledge about this particular customer- needs, pains and gains- and helped the decision making process

Appendix 9 | Empathy map (3/3)



Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

Due to the circumstances, a brainstorming session was conducted remotely with the client to ensure creativity and involvement

Appendix 10 | Brainstorming | Exercise Boards

Tecnologia	Necessidade humana	Serviços
<ul style="list-style-type: none"> Internet IOT GPS/Localizador IA pen usb smartphones smart band QR code sensores temperatura corporal detetor de metais contactless air pods bluetooth video imagem tablet 	<ul style="list-style-type: none"> Afeto Alimentação Fisiológicas Deslocação Cuidados médicos dormir dinheiro diversão descanso convívio segurança previsibilidade para futuro/ certeza roupa 	<ul style="list-style-type: none"> Zomato Ubereats banco padaria veterinario ginasio supermercado restaurantes entregas online correios escola bombas gasolina hotéis transportes publicos uber glovo 2good2go telecomunicações companhias aereas seguros cinema teatro tabacarias polícia

GPS que avisa quando estamos a passar numa zona de acidente
Podcast sobre entrelinhas e explicação do contrato feito pelo agente
Smart band que percebe quando estás nervosa e dá a opção de contactar o agente se for adequado

Tecnologia	Necessidade humana	Serviços
<ul style="list-style-type: none"> drone wireless internet bluetooth gps geolocalização impressão 3d detetores fumo track passos track condução 4G 5G IoT Machine Learning Blockchain balança sistemas de bloqueio (carro/água/gás) transferências dinheiro MB MP3 MP4 DVD Blueray VHS LCD Led SmartTV smartpone notebooks google/motores busca AI QR code 	<ul style="list-style-type: none"> segurança realização pessoal autoestima amor carinho/afeto sentido de pertença sentido de comunidade comer beber hidratar mexer rotinas hábitos saudáveis estímulos de competição controlo familiar estabilidade emocional TEMPO saúde higiene casa trabalho tempo livre respeito aceitação social descomplicação resolução de problemas não ter preconceito criar 	<ul style="list-style-type: none"> MBway revolut compras online uber uber eats transportes publicos correios entregas a casa baby sitting pet sitting hotéis para cães hotéis airbnb hostel planos nutrição planos treinos aulas desporto online streaming (netflix/nosplay/hbo/spotify) banco online banco presencial multibanco drive/cloud alarme reparação carro reparação casa diagnóstico online médico ao domicilio TVcabo redes sociais delivery food serviço reservas restaurantes GPS real time via verde parking digital .

Juntar as 3 componentes - criar ideia para LTP

- sistemas de bloqueio (carro/água/gás) + segurança + alarme = serviço de deteção de problema com bloqueio (prevenir)
- sistemas de bloqueio (carro/água/gás) + segurança + reparação = serviço de deteção de problema com bloqueio + agendar reparação se necessário (ex: roubo carro/ex: corte água/inundação).
- GPS + controlo familiar + alarme - tracking de estar em casa/ver a casa
- geolocalização + segurança + alarme - controlo do pet
- AI+ saúde + diagnóstico online = controlo sintomas/primeira opinião médica
- smartphone/track + estímulos competição + planos treino + comunidade com desafio para prática exercícios/estilo vida saudáveis

Due to the circumstances, a brainstorming session was conducted remotely with the client to ensure creativity and involvement

Appendix 9 | Brainstorming | Exercise Boards

Tecnologia	Necessidade humana	Serviços
<ul style="list-style-type: none"> IoT Internet Inteligencia Artificial Machine Learning Realidade virtual Blockchain 5G Wireless Bluetooth Drones Papel/Quadro (infinitebook) Laser Realidade Aumentada Drones Aviões Impressão 3D Assistentes virtuais (voz) 	<ul style="list-style-type: none"> Fome Sede Amor Ir para o trabalho Andar de transportes andar a pé a passear alimentar-se/fazer refeições aprender segurança conforto paz auto-estima controlo desenvolvimento mental amizade respeito reconhecimento apoio/suporte desejo de ser mais equilíbrio descanso ganhar dinheiro oferecer fazer outros felizes felicidade propria pensar distrair/relaxar exercitar 	<ul style="list-style-type: none"> Uber Uber Eats Glovo Netflix HBO Taxi Cinema Waze Google Maps Duolingo Skype Teams Zoom Saude 24 Google Paypal MBWay Multibanco Tripadvisor Zomato (Zomato Gold) Spilwise Moneyboard/Dabox Homebanking moosle Email MyCuf SofaScore Faustudo Messenger Picheleiro/Carpinteiro Cabeleireiro Jornal Nespresso Shazam Headspace notion Itunes Yorn Shake It EDP Zero Take Away restaurantes Farmacia Ginásio Babysitting Médico Psicologo Catering

internet + conforto + mbway: uma app em que posso gerir todos os meus seguros, mesmo que de empresas diferentes (i.e. ter representadas todas as coberturas)

realidade aumentada + controlo + saude 24: um sistema de psicologo remoto em que somos projetados para ambientes de relaxamento e acompanhados por um profissional à distancia para nos apoiar em caso de sinistro

assistente virtual (voz) + suporte/apoio + zomato: uma plataforma onde posso fazer um pedido para falar com um agente (o meu ou um novo), no qual os agentes possuem um score, no qual me é aconselhado um agente mediante localização geografica e outros fatores, no qual posso fazer referral de agentes a amigos - e consigo fazer chamadas com o agente ou ter apenas resposta pre-definida a problemas pontuais

irrealidade virtual + aprender + duolingo: um sistema que me permite fazer o scan das coisas que quero proteger e simula os eventos mais provaveis de me acontecerem e mostra se estou ou nao protegido: i.e casa c/tempestades vs. fuga de gas vs. fogo

assistente + apoio + serviços reparação: uma app que é um assistente virtual para gerir tudo o que está relacionado com a minha casa, incluindo o seguro

Tecnologia	Necessidade humana	Serviços
<p>App</p> <p>Redes sociais</p> <p>Drones</p> <p>IoT</p> <p>1. Wearables</p> <p>Hologramas</p> <p>Voice recognition</p> <p>Tablets</p> <p>Virtual reality</p> <p>Machine learning</p> <p>2. Artificial intelligence</p> <p>3. 3D Print</p> <p>Streaming platforms</p> <p>TV</p> <p>Eletrodomesticos</p> <p>Camera</p>	<p>1. Saude</p> <p>Alimentação</p> <p>Diversão</p> <p>Pertença</p> <p>Tempo em familia</p> <p>Tempo com os amigos</p> <p>2. 3. Segurança</p> <p>Dormir</p> <p>Higiene</p> <p>Conforto emocional</p> <p>conforto financeiro</p> <p>conforto em casa</p>	<p>Netflix</p> <p>Uber</p> <p>Zomato</p> <p>Redes Sociais</p> <p>Netbanco- Homebanking</p> <p>Maps</p> <p>AirBnb</p> <p>Google</p> <p>Carteira Digital</p> <p>1. Apps descontos</p> <p>restauração (tipo mac)</p> <p>Jogos</p> <p>2. Siri/Alexa</p> <p>emel</p> <p>Via verde</p> <p>Via verde Boleias</p> <p>ebay</p> <p>Amazon</p> <p>Shazam</p> <p>Calendario</p> <p>Uber eats</p> <p>Apps de noticias</p> <p>Teams /Zoom</p>

1. Wearable+Saude+App descontos--> algo que nos permite medir a nossa "condição física" e que nos da descontos associados a isso

2. AI+Segurança+Siri/Alexa--> Um assistente virtual que reconhece potenciais perigos em casa e que avisa

3. 3D print+ segurança+ carteira digital--> sistema tipo 3d print que faz um "scan" dos objetos em casa/objetos pessoais e que da o valor do recheio da casa

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment



Insurance company logo



Quer encontrar a proteção ideal para si?

Vamos construir juntos a proteção de que necessita

Começar



Insurance company logo

Primeiro, as apresentações

O meu nome

Idade ▼

Já sou cliente ▼

▼



Primeiro, as apresentações

O meu nome

Idade

 ▼

Já sou cliente

 ▼

Queremos conseguir tratá-lo pelo seu nome! 😊





Insurance company logo



Prazer em conhecê-lo melhor, Pedro!

Que seguros está a considerar?



Para desenhar a oferta à sua medida,
precisamos de saber de que produto veio
à procura





Insurance company logo



Perfeito!

Para lhe darmos uma proteção à sua medida,
precisamos de mais alguns detalhes sobre si

Vivo com ▼

Vivo em ▼

Nos próximos dois anos quero ▼

Desloco-me habitualmente ▼

Faço exercício físico ▼

Perceber aquilo que o distingue vai-nos ajudar a encontrar uma oferta distinta para si! Sabemos que parece estranho, mas confie em nós





Insurance company logo



Ótimo, Pedro!

Para conseguirmos dar uma estimativa do valor de protecção do seu carro, precisamos de mais informação

NIF

Código Postal

Matrícula

O NIF, o Código Postal e a Matrícula são informações essenciais para avaliarmos o seu perfil de risco – que é como quem diz, aquilo que define quanto vai pagar pelo seguro! ☺



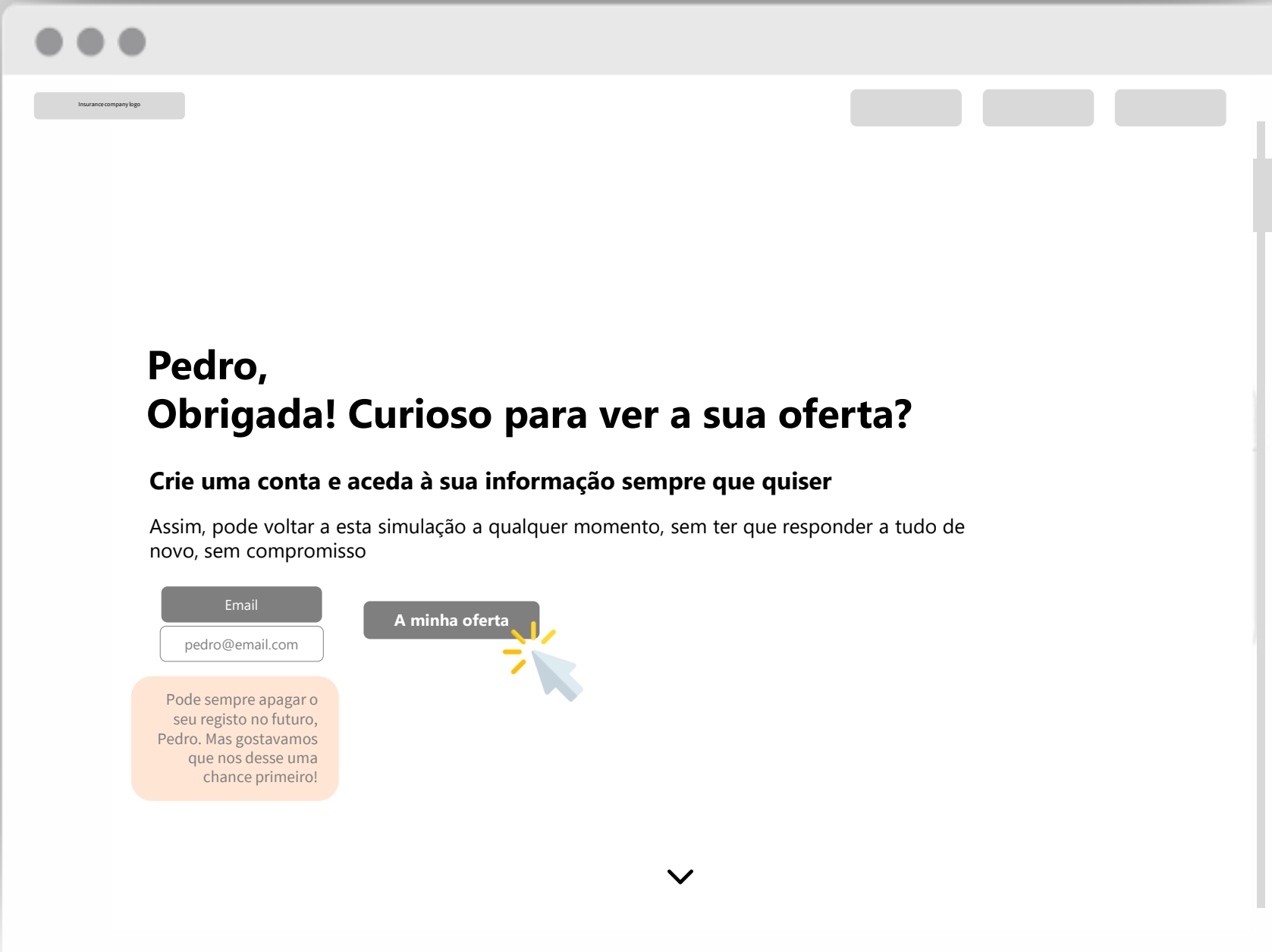
Insurance company logo

Pedro, quão importante é a sua proteção para si?



Pedro, 80% dos clientes da sua idade indicam este nível de proteção





Insurance company logo

Pedro, Obrigada! Curioso para ver a sua oferta?

Crie uma conta e aceda à sua informação sempre que quiser

Assim, pode voltar a esta simulação a qualquer momento, sem ter que responder a tudo de novo, sem compromisso

Email

pedro@email.com

A minha oferta



Pode sempre apagar o seu registo no futuro, Pedro. Mas gostavamos que nos desse uma chance primeiro!



Pedro, Veja a solução de proteção personalizada que temos para si

Selecionamos aquelas que nos parecem as coberturas ideais para si
Caso pretenda, pode acrescentar coberturas e **reforçar a sua proteção**, ou retirar aquelas que não lhe interessam

Cobertura Obrigatória Seleção sugerida Seleção adicional

Carro			Proteção Individual
Responsabilidade Civil (13€/mês)	<input checked="" type="checkbox"/> Furto ou Roubo (2,8€/mês)	<input type="checkbox"/> Quebra de Vidros	<input checked="" type="checkbox"/> Acidentes Pessoais (2€/mês)
<input checked="" type="checkbox"/> Multi Assistência	<input checked="" type="checkbox"/> Proteção Ocupantes e Condutor (1,1€/mês)	<input checked="" type="checkbox"/> Base (2,6€/mês)	
<input type="checkbox"/> Base (2€/mês)		<input type="checkbox"/> Plus (+ 1€/mês)	
<input type="checkbox"/> VIP (+1,5€/mês)			
<input type="checkbox"/> VIP PLUS (+2,8€/mês)			
<input type="checkbox"/> Incêndio, Raio e Explosão (0,7€/mês)	<input type="checkbox"/> Choque, colisão ou capotamento (22€/mês)		
<input type="checkbox"/> Atos de Vandalismo (0,72€/mês)	<input type="checkbox"/> Fenómenos da Natureza (1,85€/mês)		

23,5€/mês

(menos de um café por dia!)



Pedro, Veja a solução de proteção personalizada que temos para si

Selecionamos aquelas que nos parecem as coberturas ideais para si
Caso pretenda, pode acrescentar coberturas e **reforçar a sua proteção**, ou retirar aquelas que não lhe interessam

Cobertura Obrigatória Seleção sugerida Seleção adicional

Carro			Proteção Individual
<input checked="" type="checkbox"/> Responsabilidade Civil (13€/mês)	<input checked="" type="checkbox"/> Furto ou Roubo (2,8€/mês)	<input checked="" type="checkbox"/> Quebra de Vidros	<input checked="" type="checkbox"/> Acidentes Pessoais (2€/mês)
<input checked="" type="checkbox"/> Multi Assistência	<input checked="" type="checkbox"/> Proteção Ocupantes e Condutor (1,1€/mês)	Base (2,6€/mês)	
<input checked="" type="checkbox"/> Base (2€/mês)		Plus (+ 1€/mês)	
<input checked="" type="checkbox"/> VIP (+1,5€/mês)			
<input checked="" type="checkbox"/> VIP PLUS(+2,8€/mês)			
<input checked="" type="checkbox"/> Incêndio, Raio e Explosão (0,7€/mês)	<input checked="" type="checkbox"/> Choque, colisão ou capotamento (22€/mês)		
<input checked="" type="checkbox"/> Atos de Vandalismo (0,72€/mês)	<input checked="" type="checkbox"/> Fenómenos da Natureza (1,85€/mês)		

20,9€/mês
(menos de um café por dia!)

Pedro, 73% dos clientes escolhem esta proteção. Tem a certeza que a quer remover?

Consoante o acrescentar/remover coberturas, surge a correspondência visual daquilo que está protegido



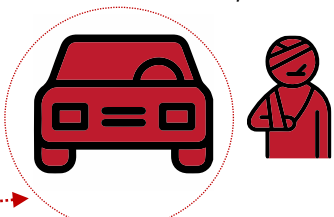
Pedro, Veja a solução de proteção personalizada que temos para si

Selecionamos aquelas que nos parecem as coberturas ideais para si
Caso pretenda, pode acrescentar coberturas e **reforçar a sua proteção**, ou
retirar aquelas que não lhe interessam

Cobertura Obrigatória Seleção sugerida Seleção adicional

Carro			Proteção Individual
<input checked="" type="checkbox"/> Responsabilidade Civil (13€/mês)	<input checked="" type="checkbox"/> Furto ou Roubo (2,8€/mês)	<input checked="" type="checkbox"/> Quebra de Vidros Base (2,6€/mês) <input checked="" type="checkbox"/> Plus (+ 1€/mês)	<input checked="" type="checkbox"/> Acidentes Pessoais (2€/mês)
<input checked="" type="checkbox"/> Multi Assistência Base (2€/mês) VIP (+1,5€/mês) VIP PLUS(+1,3€/mês)	<input checked="" type="checkbox"/> Proteção Ocupantes e Condutor (1,1€/mês)		
<input checked="" type="checkbox"/> Incêndio, Raio e Explosão (0,7€/mês)	<input checked="" type="checkbox"/> Choque, colisão ou capotamento (22€/mês)		
<input checked="" type="checkbox"/> Atos de Vandalismo (0,72€/mês)	<input checked="" type="checkbox"/> Fenómenos da Natureza (1,85€/mês)		

24,5€/mês
(menos de um café por dia!)



Se experimentar aumentar a cobertura de vidros, percebe que o valor também sobe em concordância



Pedro, Veja a solução de proteção personalizada que temos para si

Selecionamos aquelas que nos parecem as coberturas ideais para si
Caso pretenda, pode acrescentar coberturas e **reforçar a sua proteção**, ou retirar aquelas que não lhe interessam

Cobertura Obrigatória Seleção sugerida Seleção adicional

Carro			Proteção Individual
Responsabilidade Civil (13€/mês)	<input checked="" type="checkbox"/> Furto ou Roubo (2,8€/mês)	<input type="checkbox"/> Quebra de Vidros	<input checked="" type="checkbox"/> Acidentes Pessoais (2€/mês)
<input checked="" type="checkbox"/> Multi Assistência	<input checked="" type="checkbox"/> Proteção Ocupantes e Condutor (1,1€/mês)	<input checked="" type="checkbox"/> Base (2,6€/mês)	
<input checked="" type="checkbox"/> Base (2€/mês)		<input type="checkbox"/> Plus (+ 1€/mês)	
<input type="checkbox"/> VIP (+1,5€/mês)			
<input type="checkbox"/> VIP PLUS (+1,3€/mês)			
<input type="checkbox"/> Incêndio, Raio e Explosão (0,7€/mês)	<input type="checkbox"/> Choque, colisão ou capotamento (22€/mês)		
<input type="checkbox"/> Atos de Vandalismo (0,72€/mês)	<input type="checkbox"/> Fenómenos da Natureza (1,85€/mês)		

23,5€/mês

(menos de um café por dia!)



Estou satisfeito com estas opções





Insurance company logo



Pedro, Reveja a proteção que temos para si

Carro

Multi Assistencia Base

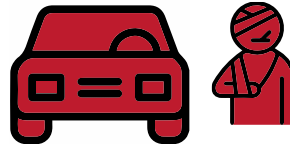
Proteção Ocupantes e Condutor

Quebra de Vidros até 1000€

Proteção Furto e Roubo

Acidentes Pessoais

23,5€/mês (menos de um
café por dia!)



Quero!

Não quero prosseguir.
enviem por email





Insurance company logo



Pedro, Veja as suas opções

Opções de pagamento

Débito mensalidade em conta corrente

Pagamento Anual

*282€/ano
(equivale a 23,5€/mês)*

*Contrato anual debitado mensalmente
25€/mês*

*Contrato mensal
27,75€/mês*

Incrível! Quero comprar o seguro online

Gostaria de ser contactado por um agente

Gostaria de contactar um agente à minha escolha



O Pedro pode então comprar o seguro de forma 100% digital, pode escolher ser contactado por um agente ou escolher contactar diretamente um **agente à sua escolha**





Insurance company logo



Os agentes

Pesquisa

Poderão também
pesquisar por um
agente em
específico



Na plataforma,
poderão aceder à
listagem de agentes
mais próximos e
feedback de outros
clientes

João Santos



350 reviews

*O Sr. João é meu agente há 20 anos
e não poderia aconselhar melhor.
Profissional de excelencia
- Carlos, 50 anos*



Caso tenha sido criada conta de cliente, o Pedro pode então utilizar a plataforma para interagir com o agente pré e pós compra

O meu perfil de cliente



Pedro Silva

Status cliente

Bronze

Consoante as suas interações e produtos, o status de cliente será atualizado, habilitando o cliente a benefícios, recompensando a sua relação com a companhia

A minha conta corrente

25€ a ser debitados a
01.12.2020
Anuidade: 5% paga

Ver em detalhe

A minha proteção atual



Utilização do seguro: 100%



Ainda não utilizou o seu seguro, Pedro

Ver em detalhe

Os meus agentes



João Santos



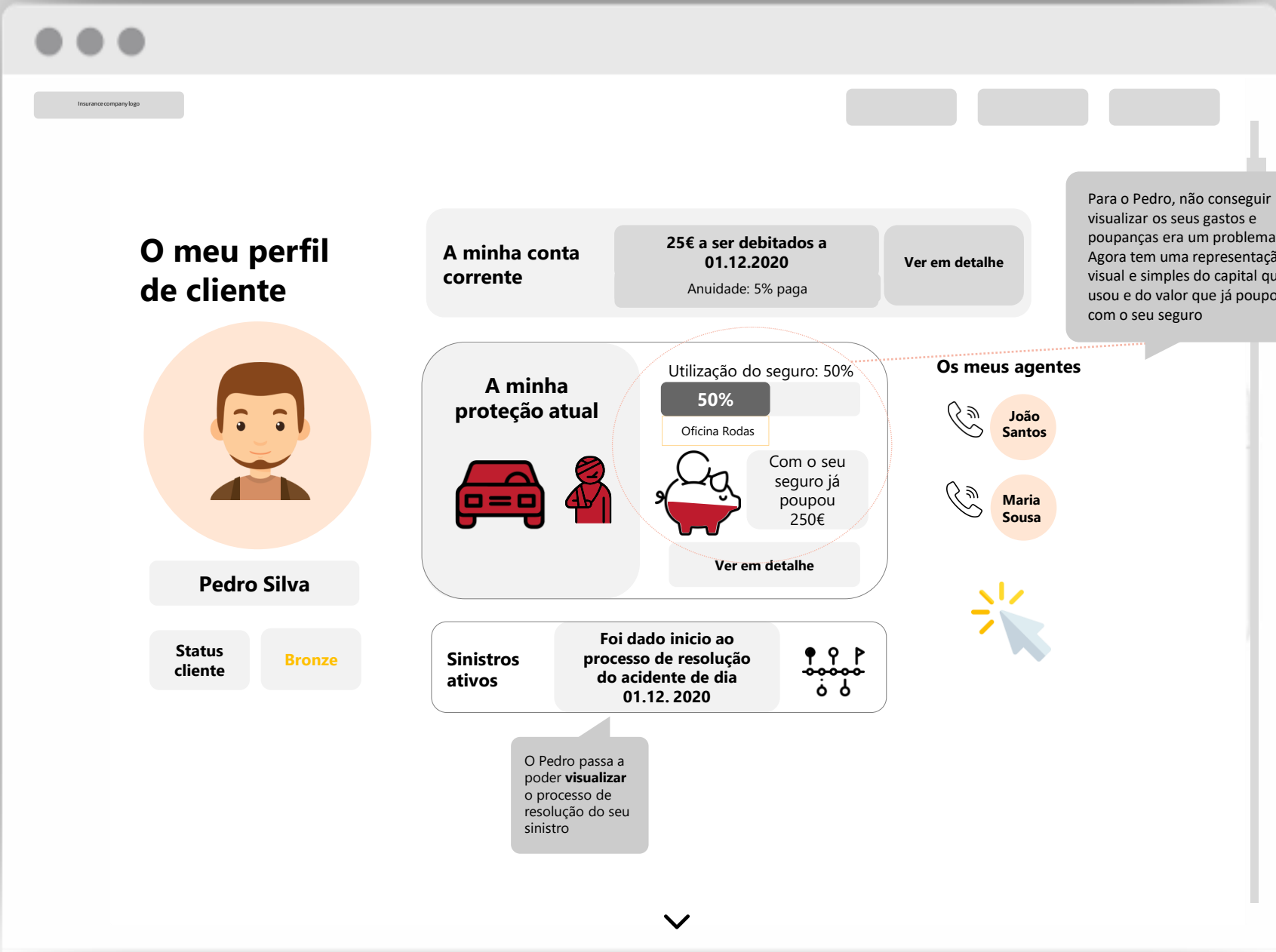
Maria Sousa



Sinistros ativos

Não tem nenhum sinistro em resolução de momento





O meu perfil de cliente



Pedro Silva

Status cliente **Bronze**

A minha conta corrente

25€ a ser debitados a 01.12.2020
Anuidade: 5% paga

Ver em detalhe

A minha proteção atual

Utilização do seguro: 50%

50%

Oficina Rodas

Com o seu seguro já poupou 250€

Ver em detalhe

Sinistros ativos

Foi dado inicio ao processo de resolução do acidente de dia 01.12.2020

Os meus agentes

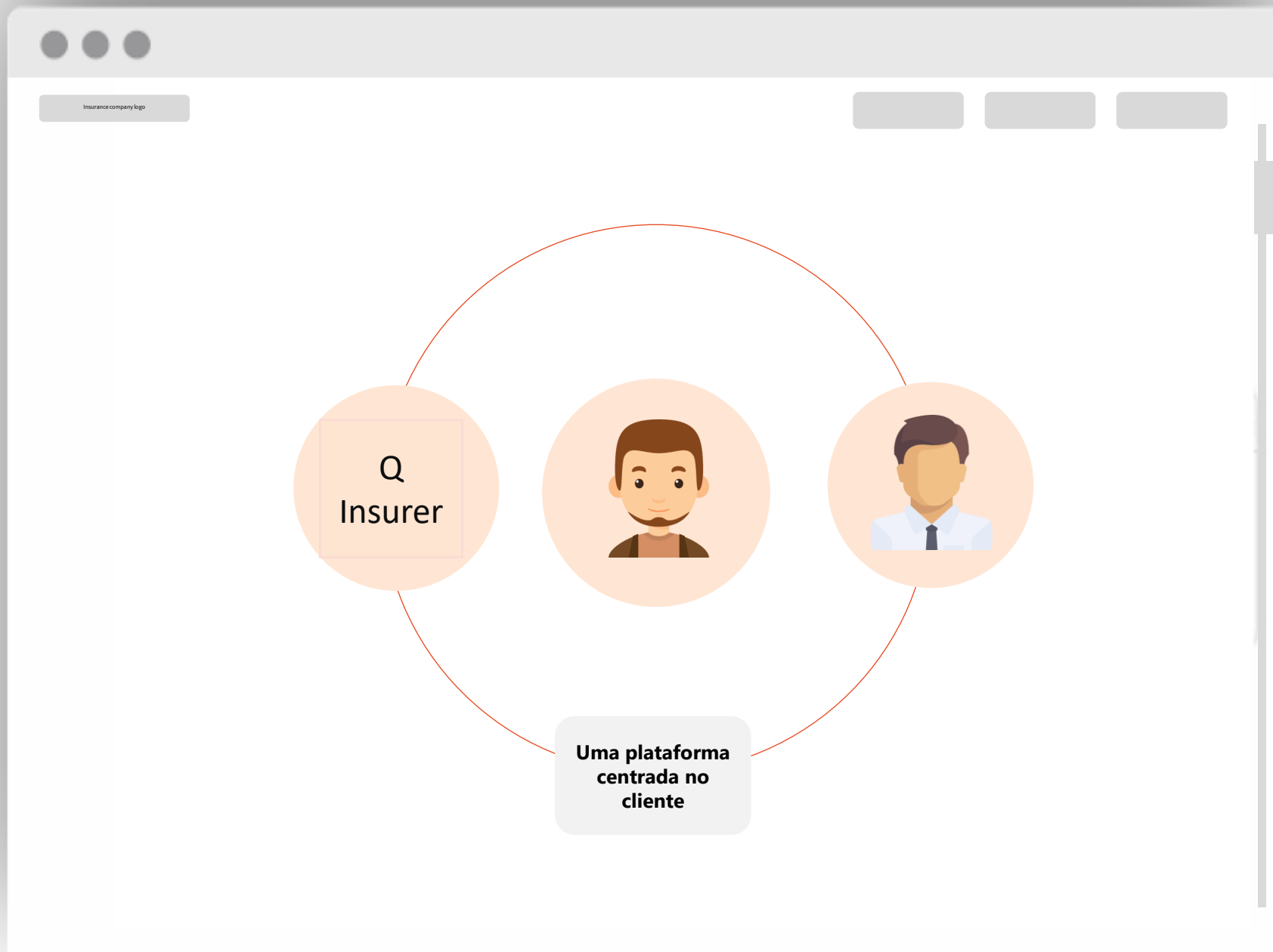
- João Santos
- Maria Sousa

Para o Pedro, não conseguir visualizar os seus gastos e poupanças era um problema. Agora tem uma representação visual e simples do capital que já usou e do valor que já poupou com o seu seguro

O Pedro passa a poder **visualizar** o processo de resolução do seu sinistro







A checking account payment method will be suggested together with one of the three options of the pricing method

Appendix 11 | Idea Prototype (MVP) | Payment and pricing options

Payment method:

- Checking Account -

Annual receipt with all policies included, but **payed monthly** (or by trimester, according to clients' preferences) by direct debit;

- The total value of the policy is divided by the number of months until the annual receipt date (Dec 31). Which fits with the proposal, because it gives the client extra flexibility to add new coverages or remove no longer needed ones each month;
- This would simplify the process by agglomerating all policies in 1 receipt while spreading the value through several periods;
- Fractionation charges could be dismissed if the pricing method can prevent churn. Otherwise, if the client opts for an annual payment, he/she would pay less than if monthly payments were chosen

Pricing Method

- 3 options -

Option A

Pays the exact value (i.e. 23,5€)- **current pricing method**

- **Advantages:** Charging the most competitive price; perceived as a fair value
- **Disadvantages:** No incentive to pay a higher price nor to stay in the company

Option B

Pays the **rounded up** number (i.e. 25€)- Surplus devoted to additional services ecosystem: Repairments services, gym subscription, pet sitting and so on

- **Advantages:** Incentive scheme
- **Disadvantages:** Focus group participants expressed a negative reaction to this option & ecosystem involves large amount of resources and time to be developed

Option C

Pays the **rounded up** number (i.e. 25€)- Surplus devoted to a savings account that could be discounted in future payments

- **Advantages:** Loyalty scheme
- **Disadvantages:** Focus group participants expressed negative reaction to this option

There are several strategies that might influence prospects and clients behaviour both to complete the questionnaire and to increase products perceived value proposition

Appendix 11 | Idea Prototype (MVP) | Nudge information sharing and higher value purchases

These are 2 identified issues that were uncovered in meetings with the client. The following blocks are the issue with the solution rationale thought by the team. These insights were then incorporated in the MVP.

Questionnaire incentive

- **Identified issue:** People might not be motivated enough to share that much information without any incentive
- **Possible solution:** Use a hook to grab clients/prospects attention before asking further questions. Show in the beginning of the questionnaire that completing it will be worth the effort.
- **Example:** “90% of clients your age are spending less than a coffee per day with their car insurance! If you want to understand how, keep filling in the questionnaire.”

&

Increase perceived value

- **Identified issue:** How to incentive/ nudge people to buy more expensive options? Cross-sell & up-sell
- **Possible solution:** Use strategies to increase the perceived value proposition of specific products
- **Example:**
 - Showcase comparable options to nudge for highest value one
 - **Recommendations based on other clients' patterns**
 - Retarget abandoned questionnaires with emails
 - Limited campaigns- “Only valid for the next 48h”

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

In order to conduct structured focus groups, the same script was followed in both sessions

Appendix 12| Focus Groups | Script

(1/4)

Focus Group Script

Muito obrigado a todos por terem aceitado colaborar com o nosso trabalho de pesquisa. Conforme provavelmente já saberão, estamos a realizar a nossa tese de mestrado num formato de trabalho prático de consultoria para uma empresa de seguros. Assim sendo, este focus group é essencial para a avaliação do potencial da solução em que estamos a trabalhar. Obrigada a todos pela disponibilidade.

Vamos realizar questões e apresentar um exemplo pratico. Gostaríamos de destacar que o anonimato nas respostas será sempre preservado, e que é muito importante serem o mais honestos possível, seja a resposta positiva ou negativa. É também muito importante para nós obter respostas detalhadas, por isso sintam-se à vontade para responder aquilo que lhes venha à cabeça. Quando fizermos uma pergunta, por favor coloquem a mão no ar para se responder de forma ordeira. Visto que infelizmente temos que fazer isto em formato virtual, queremos ter a certeza de que proporcionamos uma boa experiência, e que todos têm oportunidade de participar. Sintam-se à vontade para basear as vossas respostas na do participante anterior, e divergir da pergunta inicial. A espontaneidade é aquilo que procuramos.

Perguntas introdutórias

Para começar, gostaríamos de vos pedir para fazerem uma pequena reflexão acerca da vossa experiência com seguros.

1. Gostariamos agora de perceber de que é que estão à espera quando vão comprar um seguro. Que tipo de experiência esperam ter, que processo costumam seguir?
2. E quanto ao mediador/agente de seguros? Como o escolheu?
3. Sabem se o vosso mediador/agente trabalha com várias marcas ou apenas uma? Isso teve algum impacto na escolha?
4. o que gostaria de ter diferente no seu seguro?
5. Alguma vez fez uma simulação online/no agente de um seguro? Como foi a experiência?

Pitch

Agora vamos passar a apresentar uma ideia. Esta ideia será simulada através do recurso a um cliente tipo, que neste caso não tem nenhum seguro com a marca. No entanto, gostaríamos de destacar que a intenção é que atuais clientes possam também usufruir deste serviço. De destacar também que isto é uma simulação daquilo que seria uma plataforma online, e serve apenas para ilustrar a ideia. No final, queremos perceber a vossa opinião em relação à plataforma, e é muito importante que estejam à vontade para ser sinceros.

O Pedro, com 29 anos, decide que quer encontrar uma nova seguradora para o seu carro, porque não está satisfeito. Pesquisa online e entra no site de uma conhecida seguradora, encontrando o seguinte anúncio. Decide perceber que oferta consegue encontrar, visto que sabe ser uma seguradora de confiança.

(2/4)

Começa por ter que se apresentar, deixando o nome e idade, e dando permissão para a utilização dos seus dados apenas para este efeito.

-

De seguida, responde a algumas perguntas que percebe serem importantes para ter um produto à sua medida. Responder às perguntas fê-lo refletir sobre os seus objetivos a curto prazo sem tirar muito tempo do seu dia, o que até foi interessante.

-

Rapidamente passa para a parte seguinte, onde lhe é perguntado qual o produto de que está à procura. Neste caso o Pedro apenas sinaliza "Carro", mas poderia escolher mais do que um produto, por exemplo Carro, Casa e Vida.

-

Como está em busca de um seguro para o carro, são-lhe pedidas 3 informações necessárias para uma estimativa realista do valor que tem que pagar – Nif, Código Postal e Matrícula do veículo

-

Depois é perguntado ao Pedro quanto gasta habitualmente. Caso não se lembre, será pedido ao Pedro que estime o valor que esta disposto/consegue pagar. Para ajudar à estimativa o Pedro terá acesso a uma média do valor mais comum pago pelas pessoas da sua idade

-

Com este conjunto de informações, conseguimos dar uma oferta feita à medida do Pedro.

É-lhe perguntado se deseja criar um perfil, para registar as suas respostas. Assim, consegue aceder à sua oferta de proteção, feita à sua medida.

-

Entramos então na oferta à medida do Pedro. Neste caso, é focada na proteção do carro, e é acrescentado uma proteção de acidentes pessoais, como o Pedro faz exercício físico regularmente, resultando tudo no custo de 25 euros por mês.

-

Se o Pedro decidir retirar a cobertura extra de quebra de vidros, a animação lateral mostra-lhe que então o seu vidro do carro já não está protegido.

Se o Pedro decidir, por exemplo, selecionar uma cobertura superior para Quebra de Vidros, vê também o valor lateral a aumentar em concordância. Assim, o Pedro consegue visualizar o efeito das suas escolhas de coberturas e perceber de forma mais completa a importância do seguro para a sua vida.

-

O Pedro decide que prefere manter essa proteção, e voltar para a proteção base de furto. Afinal, o carro não é de grande valor, e a quebra de vidros parece-lhe importante. Como está satisfeito, opta por prosseguir. Nunca tinha pensado em ter um seguro de acidentes pessoais, mas visto que até está a pagar menos do que pensava, parece-lhe uma opção interessante. Assim, já pode correr à vontade!

-

(3/4)

Antes de avançar, é-lhe dado uma nova visualização sobre aquilo que tem protegido. Isto faz o Pedro refletir e tomar uma decisão mais ponderada. E pensa até que, no futuro, gostaria de segurar a sua casa assim – para conseguir ver em condições se toda a minha casa está protegida! Mas para já, fico-me pelo carro, e por mim!

-

São dadas ao Pedro várias opções de pagamento, sendo que fica ligeiramente mais barato pagar anualmente – no entanto, o Pedro aprecia a flexibilidade do pagamento mensal, por isso provavelmente é por isso que vai optar. Fica intrigado quanto ao tema do contrato anual debitado mensalmente em conta corrente, mas soa-lhe bem

Fica contente quando percebe que tem várias opções para prosseguir – pode optar por comprar online, por deixar um pedido para ser contactado por um agente ou por escolher um agente à sua escolha. Como não está totalmente confortável com a compra de seguros, o Pedro decide procurar pelo agente João, que um amigo lhe aconselhou, para validar a sua compra.

-

O Pedro decide escolher um agente e, na plataforma, consegue não só pesquisar pelo agente em concreto que procura, mas também visualizar a pontuação que outros clientes atribuem a cada agente, assim como reviews deixadas por clientes. O Pedro acha isto ótimo, porque assim sente mais confiança em falar com este agente, que não conhece pessoalmente.

-

Entretanto, o Pedro comprou o seu serviço de proteção com a nossa seguradora. Acedendo ao seu perfil de cliente, consegue visualizar a sua proteção atual, os sinistros ativos e os agentes com que já contactou. Consegue também ver o valor da sua conta corrente – o seu contrato é anual, mas todos os meses lhe é debitado uma mensalidade. O Pedro aprecia esta possibilidade de pagar um pouco todos os meses, para se organizar melhor financeiramente. O Pedro ganha também um status de cliente Bronze, baseado no valor que gasta. Fica curioso com o tipo de benefícios a que terá direito com esta classificação!

-

Imaginando que, no futuro, o Pedro tem um acidente, é também nesta plataforma que consegue ver o estado do processo de resolução – consegue verificar cada passo tal como verifica o estado de uma encomenda, e isso deixa-o bastante tranquilo. Uma outra característica que o Pedro aprecia é a representação visual daquilo que já gastou e daquilo que o seguro á o fez poupar. Consegue ver que 50% da sua cobertura já foi gasta na oficina, mas que também já poupou 250€, o que o deixa satisfeito. Consegue também contactar diretamente o agente caso tenha alguma questão, o que é bastante pratico em comparação com a sua experiência anterior.

-

Imaginando um outro cenário, em que o Pedro acaba por não comprar o produto, pode na mesma voltar ao seu perfil, verificando as várias simulações ao longo do tempo e podendo na mesma interagir com um agente – assim, não precisa de responder novamente a todas as perguntas iniciais, e pode recordar-se dos vários valores que obteve, para escolher de forma esclarecida.

-

No fundo, e dando um resumo daquilo que foi dito, temos uma plataforma centrada em cada cliente. Constroem um perfil que fica permanentemente, recebem um pacote personalizado e competitivo, e um espaço onde conseguem posteriormente fazer uma gestão conjunta dos seguros, escolhendo como pagar, com quem falar e visualizando a qualquer momento o que tem protegido.

In order to conduct structured focus groups, the same script was followed in both sessions according to specific guidelines

Appendix 12 | Focus Groups | Script & Participants

(4/4)

Feedback

Gostaríamos de vos pedir 1 a 1 para darem feedback acerca da ideia. Percebemos que possa ser complicado e que é algo muito embrionário, mas qualquer input, positivo ou negativo, é muito importante para a nossa pesquisa e resultado final.

6. O que vos chamou a atenção na ideia, de positivo ou de negativo?

7. Qual a opinião em relação ao questionário inicial? Cansativo? Invasivo? Ou normal/já o esperado?

8. Acham que isto acrescenta valor à vossa experiência de seguros? Conseguem imaginar utilizar este serviço?

9. Em relação a poderem alterar as coberturas do pacote inicial, vem valor nessa opção ou acham que dificulta o processo

10. Principalmente para aqueles que já fizeram simulações, encontraram vantagem nesta abordagem versus aquilo a que estão habituados?

11. O que vos parece a ideia de pagar mensalmente todos os seguros que possuem em conjunto – ou seja, no fundo, pagar mensalmente pela vossa proteção de forma integrada?

12. Se agora vos disséssemos que o valor real da vossa simulação era por exemplo 23,5€ - estariam dispostos a adotar uma solução que arredondasse o valor mensal para 25 euros e conseguiam, por exemplo, usar esse valor extra para pagar a última mensalidade do ano? Ou seja, no fundo estariam a criar uma conta poupança associada ao valor que todos os meses pagam pelo seguro. Isto é algo que vos faria sentido? Ou prefeririam sempre pagar apenas os 23,5€ que é o valor de mercado do que estão a comprar

Focus Group 1

Participants:

Ricardo (43y)
Renato (36y)
Ana Bela (24y)
Henrique (27y)
Kiev (44)
Evelyn (40)

Focus Group 2

Participants:

Miguel (25)
Filipe (25)
Luís (26)
Mariana (26)
Rui (31)
Rita (25y)

- The focus groups were conducted following specific guidelines outlined by the Interaction Design Foundation (2020):
- 5 to 10 users
 - Audiotaped answers
 - Moderator should begin by explaining the purpose of the group and what is expected from them
 - If video or audio recording is to be used – this should be explained in the introduction
 - The moderator should try to establish a permissive environment in which everyone feels free to contribute
 - The moderator's job is to progress the discussion and to facilitate it and not to participate in the discussion itself

The focus groups allowed to collect valuable insights and reactions to the pitch of the idea

Appendix 12 | Focus Groups | Transcript

Introductory questions

1. Do you have an insurance? Which one? How did you do it?

(Anabela): I only have car insurance and did it with my uncle that is na agent.

(Rui): I did a financial insurance, with my agent's help. Also, I have health insurance, Deco itself suggested me because I am a subscribe.

(Mariana): They called me from Medicare and asked me questions. Thus, I did it through a phone call

2. What are you expecting when buying insurance? What type of experience, process, so on?

(Renato): Only the minimum essential encessary. Usually, if I am not legally obliged to have an insurance, I will not buy it. Also, I value the price and the relationship with my agent.

(Ricardo): I want the minimum possible interactions, I am looking for something that efficiently solves the problem. I am looking for something that is adequate to my profile, that suggests appropriate coverages to my needs. I don't like wasting time looking for things. I am not looking fot the cheapest insurance, I am looking for quality, the one that has the better service.

(Rita): I believe it is very important to adapt the service and insurance to the client.

3. How did you chose your agent? Is your agente exclusive or multi-brand? Did that had any impact on your agente choice?

(Miguel): I bought my insurance with an agent; it was the agent who recommended the best option.

To find my agent, I posted an Instagram story asking for opinions about how to buy a car insurance, and a colleague of mine answered recommending an agent but I did an individual research to find the best price on the market.

(Ricardo): My agent is a friend's recommendation.

(Renato): My agent is a friend's recommendation.

The focus groups allowed to collect valuable insights and reactions to the pitch of the idea

Appendix 12 | Focus Groups | Transcript

4. What would you like to see differently in your insurance?

(Renato): Fewer interactions. Only the minimum necessary.

(Anabela): Less time to manage claims

(Ricardo): It depends on the policy. Improved associated services, for example, to have digital platforms for virtual doctors' appointments. Moreover, I would like to be able to chose from different policy levels, without having to pay for the full pack (just the coverages I want)

(Kiev): Less time to manage claims. I would like to be able to trust more insurance companies.

(Filipe): I fel like proper communication is extremely important, because often I am unaware of the features my insurer has.

5. Has anybody done an online simulation? Did you enjoyed the experience?

(Filipe): I spoke to Loyal directly, then did several simulations online and realized that the Logo had the most affordable price. I didn't even remember that I could go to an intermediary to buy insurance.

(Luís): I did it with the mediator my father used. I did a simulation with Loyal, I found it to be rather intrusive because immediately after doing the simulation (just to know the price) they called me trying to sell me that insurance. Moreover, after talking on the phone, they proposed a different price (lower) than the simulation which makes it difficult for me to trust online insurance.

(Ricardo): I have been doing simulations for some time. It is increasingly difficult to understand pricing to compare providers. And that jeopardizes my relationship with that insurer.

(Evelyn): I agree with Ricardo, however I understand why the insurers do not communicate the price upfront.

The focus groups allowed to collect valuable insights and reactions to the pitch of the idea

Appendix 12 | Focus Groups | Transcript

Feedback to MVP (1/2)

(Miguel): I liked the idea but wanted to have an easy way to know the difference between the base and the plus. I liked the personal and informal way they talk to customers

(Filipe): I like it, I think it's an adequate platform. However, at first, they asked me too much information to know my price. It's a lot of data and a lot of commitment. Probably, to complete it, I would have to be explained why I'm giving out that much information. I like the interactive images. I think reviews can be biased because they are on the site itself! I would like to know that those are true values, for example in Uber, where I know that if I give a low value, it really lowers their stars. Having a short video (e.g., Tiktok) of the agent presenting him/herself video is more informative than reviews.

(Mariana) There must be the option to delete the account

(Rui) I need to understand why I'm giving this data. It's important to be able to choose what data share (the questions should be optional). Important to have the right to oblivion. For me, to choose an agent, more important than the stars is its personal data, experience, company ranking and so on.

(Luís) It seems to be quite intrusive to ask for so much data to those who are only there to see. It is important to have room for negotiation. How would that happen if it's online? Insurance dashboard probably won't be much used, it's not something a person will use on a day-to-day

(Evelyn): It is very interesting to be able to see and control the claim management process. It would be great to have the accidents and claims past/history.

(Kiev): This is a great project. I would be the first one to use it. I enjoyed the fact that everything is so personalised. This should be implemented and spread throughout every single touchpoint of insurance customers, including banks.

(Rita) The personalization level this tool gives is excellent, it gives people the freedom of choice much needed in insurance. It gives us the feeling of a unique and adapted service.

(Ricardo): This kind of solution is not a "nice to have" it is necessary nowadays. There is available technology to do it, but insurers are just not using it. It is really interesting the fact that I can choose the coverages like "toppings" with discriminated prices. This could be transformed even more in retail experience (i.e., Amazon user experience). Regarding agents ranking, I would like to know how many people voted to have a classification of 5 star. The claim management process has its logistical issues.

Recommendation: to have a timeline where I can organize my payments, claims and purchases.

The focus groups allowed to collect valuable insights and reactions to the pitch of the idea

Appendix 12 | Focus Groups | Transcript

Feedback to MVP (2/2)

(Anabela) I liked it lot. Great idea. Agents classification and ranking can be biased. I like the visualization of what my insurance includes and would like to receive updates and alerts for my payments

(Renato) It is already possible to do this kind of initiative (technologically). The “less than a coffee per day” is good analogy that can be explored. I really appreciate this “a la carte” approach to insurance, where I can add what is most valuable for me and my family and event see statistics on what others usually choose

(Henrique) I particularly enjoyed the transparency and personalization, which is something I always seek and wouldn't expect from insurance. It is nice to have several payment options.

7. Opinion regarding the initial questionnaire of the MVP

(Evelyn) I do not like to be asked my income. I feel that discriminatory.

Moreover, when I am asked how much I am willing to spend I immediately see that as a negotiation and have defensive answers trying to lower the price as much as possible.

(Renato) I like to have the minimum questions necessary. These felt like too much.

12. Possibility to round up the number to put on a savings account

(Miguel) I can not see why not

(Ricardo) Depends on how much is the difference.

Appendixes

Index

Appendix 1- Supply & Demand Trends

Appendix 2 - Resource-based view

Appendix 3 - In-depth Qualitative Interviews

Appendix 4 – Experts Qualitative Interviews

Appendix 5 – Agents Qualitative Interviews

Appendix 6 – Quantitative Questionnaire

Appendix 7 – Clusters & Priority segment

Appendix 8 – Personas

Appendix 9 – Empathy Map

Appendix 10 – Brainstorming

Appendix 11 - Idea Prototype (MVP) & Product Analysis

Appendix 12 - Focus Groups

Appendix 13 - Impact assessment

It is expected that the main recommendation increases the number of products per client, thus, based on this premiss, 3 scenarios were created to study the impact on revenues

Appendix 13 | Impact Assessment

1. How many customers are impacted?	2. How does it impact them?	3. Impact on revenues	4. Plotting all information together- Break Even point
<p>Number of current clients that adopt the tool: 12 811 Assuming the retention rate remains constant for y1,y2,y3 at 86.9% (which was the retention rate from 2018 to 2019) Assuming an incentive system that compensates agents for nudging people in the tool's direction is created, which would translate in 10% of the client base using the simulation and from those, 5.1%* converting to sale</p> <p>Number of new clients using the tool: 20 493 1st: number of simulations (using the proposed tool) made by new customers every year. This number is the sum of: (a) the number of organic website simulations - assuming it is the same number from 2019, hence 42000; (b) consumers arriving from AdWords campaign – assuming a total of 81300 clicks per year; (c) additional simulations deriving from other types of advertisement (besides AdWords), which is 20% of total marketing expenses, thus 16260 €. We assumed this is expected to increase the number of organic simulations of the following year by 20% in y1, by 30% in y2 and 40% in y3. Due to the marketing campaign implementation timeline and the fact that the impact of this remaining is less measurable, it is assumed that it only affects the following year of the investment.</p> <p>2nd: Understand the conversion. To do so, we assumed a 5,1% conversion rate - according to overall insurance industry conversion average (Source: WebFX) and benchmark with previous Q Insurer campaigns</p>	<p>The proposed solution entails an increase in the number of products per client as the output of the tool will often be a bundle. According to the survey results, 52% of the respondents would buy a personalized bundle with the characteristics of the tool Hence 3 scenarios were created:</p> <ul style="list-style-type: none"> • Optimistic scenario: 50% buying the bundle will have more than 1 product • Expected scenario: 40% of the people buying it have more than 1 product; • Pessimistic scenario, only 25% buy the bundle with more than 1 product 	<p>New clients using the tool Impact on revenues calculated by multiplying the number of new clients using the tool by the different premium revenues for each scenario</p> <p>Current clients that adopt the tool Impact on revenues calculated by multiplying the number of current clients using the tool by difference between the new average premium in each scenario and the current average premium</p>	<p>Revenues Current customers + Revenues new customers = Total Revenues - Technical provisions; Acquisition costs; Administrative costs - Development costs - Maintenance - Marketing Expenses = EBITDA - Amortization = EBIT - Taxes (22,5%) = Net Profit Free Cash Flow Cumulative Cash Flows Payback period Payback period (days)</p>

It is estimated that there are a total of 12 811 current clients using the proposed tool and 20 493 new clients using it as well on a 3 year time frame

Appendix 13 | Impact Assessment | Impact on the number of clients

Assumptions & rationale to estimate the number of clients using the tool

To estimate the impact on revenues, the group focused the analysis on the impact on **current client base premiums** and **the impact on new customers**- as we assumed these are the 2 issues that will have the most impact on Net Profits.

Current client's using the tool	y0	y1	y2	y3
Number of current clients	1 578 262	1 800 758	1 900 768	899 214
Single-product clients%	79%	79%	79%	79%
Single-product clients	1 123 615	976 421	848 510	737 355
Tool adopters*		97 642	84 851	73 736
Converted clients*		4 882	4 243	3 687

Number of current clients using the tool estimation: Assuming the retention rate remains constant for y1,y2,y3 at 86.9% (which was the retention rate from 2018 to 2019). Assuming it is created an incentive system that compensates agents for nudging people in the tool's direction, which would be translated in 10% of the client base using the simulation and from those, 5.1%* converting to sale

Assuming the amount of single product clients of the current client base remains constant at 79% (value from Oct 2020)

	Simulation y1	Conversion y1	Simulation y2	Conversion y2	Simulation y3	Conversion y3
Organic website simulations	42 000	2 142	50 400	2 570	65 520	3 342
AdWords campaign (1 shot)	16 260	829				
Adwords campaign (annual)	65 040	3 317	81 300	4 146	81 300	4 146
Expected growth remaining	20%		30%		40%	
	8 400	428	15 120	771	26 208	1 337
Total year	131 700	6 288	146 820	6 717	173 028	7 488

Number of new clients using the tool estimation: We assumed a 5,1% conversion rate - according to overall insurance industry conversion average and benchmark with previous Q Insurer campaigns. Assuming there will be additional simulations deriving from other types of advertisement (besides AdWords), word-of-mouth and improvement of Q Insurer perceived image, which expect to increase the organic simulations by 20% in y1, by 30% in y2 and 40% in y3.

It is estimated that there are a total of 12 811 current clients using the proposed tool and 18 005 new clients using it as well on a 3 year time frame

Appedix 13 | Impact Assessment | Adwords campaign results and auxiliar information

Communication strategy results	
Total Marketing budget	81,300.00 €
Budget allocated to adwords campaign (80%)	65,040.00 €
Budget allocated to other marketing techniques (20%)	16,260.00 €
Cost per Click	0.8 €
Total number of clicks	81300
Average conversion rate for an insurance search network ad	5.10%

80% of the communication budget will be invested in AdWords per year

Source: Google AdWords; WebFX

In order to estimate the impact on revenues several assumptions had to be made

Appendix 13 | Impact Assessment | Assumptions and rationale (Revenues)

Assumptions & rationale to estimate impact on revenues

- Our proposed solution entails an increase in the number of products per client as the output of the simulation (tool) will often be a bundle. According to the survey results, **50%** of respondents aged between 25-44 would buy a personalized bundle with the characteristics of the said tool. Therefore, the optimistic scenario is the one where 50% buy the bundle with more than 1 product. As the client has the option to change the proposed bundle, the expected scenario is the one where 40% of the people buying it have more than 1 product. In the pessimistic scenario, only 25% buy the bundle with more than 1 product.
- For sake of simplicity, only bundles with 1, 2 or 3 products were considered, because clients with more than 3 products are a residual percentage in the current client base (0.7%), thus it was assumed to be 0. The proportion of 2 and 3 products is according to the current distribution of the client base, considering that the average premium per clients with ages between 25-44 with 1 product is 200 €, 2 products is 360€ and 3 products is 510€ (Sources: Q Insurer; Gross Premiums (Nonlife + Life Risk), September 2020; sample of 30 000 clients). The current average premium per customer was considered to be 150 €- this values disregards client portfolios with more than 3 products to be consistent with the 3 scenarios
- **Premium revenues of new clients using the tool estimation:** The impact on revenues is calculated by multiplying the number of new clients using the tool by the different premium revenues for each portfolio distribution in these 3 scenarios
- **Premium revenues of current clients using the tool estimation:** The impact on revenues is calculated by multiplying the number of current clients using the tool by difference between the new average premium in each scenario and current average premium.

In order to estimate the impact on costs several assumptions had to be made

Appendix 13 | Impact Assessment | Assumptions and rationale (Costs)

Assumptions & rationale to estimate impact on costs

- Assuming the average variable cost margin on clients (MBLR) to be 30,31% on premium revenues: Formula: $((\text{Acquired Gross Premiums} + \text{Claims Costs} + \text{Other technical provisions}) / \text{Acquired Gross Premiums}) + ((\text{Acquisition costs} + \text{Administrative Costs}) / (\text{Issued Gross Premiums}))$. (Source: Jun.2020; 12 months - Individual Clients reports)
- Due to a lack of available information, development costs of 400 000€ are assumed, having as a reference the value to create a CRM system = 333 374.03 € (<https://crmswitch.com/buying-crm/crm-cost-calculator/>) This was the value used because the main recommendation has some characteristics in common with a CRM system – however, it can be more costly as this aims to be an omnichannel system (to be integrated with the app, the site and Q Insurer internal systems for the agent side and corporate side)
- There will be cost synergies with other initiatives such as mobility, digital, IOS, Lead Management tool. Considering the synergies with existent initiatives, this project is expected to be developed in-house.
- Assuming the maintenance costs to be 50% of the total development cost in the first year, and decrease to 20% in y2 and y3 (Source: <https://www.imaginnovation.net/blog/importance-mobile-app-maintenance-cost/>)
- Assuming the budget for marketing expenses is 100.000€ per year - 3-year timeframe. Value given by Q Insurers
- Marketing team, considering past campaigns values
- Assuming the tax rate remains the 22,5% from 2019. Assuming the development costs and marketing expenses already included VAT
- Assuming the development projects are fully amortized in 3 years (Source: Decreto Regulamentar nº 25/2009, 14 de setembro de 2009)
- Assuming there are 365 days in a year- to calculate payback period
- The majority of the budget (80%) will be allocated to Google AdWords; remaining will be divided across other platforms such as social media, content

In the pessimistic scenario, it is estimated a payback period of nearly 2 years

Appendix 13 | Impact Assessment | Pessimistic Scenario

Pessimistic Scenario Year	y0	y1	y2	y3
Converted clients*		4,882.11	4,242.55	3,686.78
Revenues Current customers		77,537.14	67,379.78	58,553.03
New clients		6,288.30	6,716.70	7,487.82
Revenues new customers		1,664,396.70	1,777,786.25	1,981,887.45
Total Revenues		1,741,933.84	1,845,166.03	2,040,440.48
Technical provisions; Acquisition costs; Administrative costs		1,213,953.69	1,285,896.20	1,421,982.97
Development costs	400,000.00			
Maintenance		200,000.00	80,000.00	80,000.00
Marketing Expenses		100,000.00	100,000.00	100,000.00
Total Costs	400,000.00	1,513,953.69	1,465,896.20	1,601,982.97
EBITDA	-400,000.00	227,980.15	379,269.82	438,457.51
Amortization		133333.333	133333.333	133333.333
EBIT	-400,000.00	94,646.81	245,936.49	305,124.18
Taxes (22,5%)		-21295.5328	-55335.7101	-68652.9394
Net Profit	-400,000.00	73,351.28	190,600.78	236,471.24
Free Cash Flow	-400,000.00	206,684.61	323,934.11	369,804.57
Cumulative Cash Flows	-400,000.00	-193,315.39	130,618.73	500,423.30
Payback period	1.94			
Payback period (days)	706			

In the expected scenario, it is estimated a payback period of approximately 1 year and a half

Appendix 13 | Impact Assessment | Expected Scenario

Expected Scenario Year	y0	y1	y2	y3
Converted clients*		4,882.11	4,242.55	3,686.78
Revenues Current customers		211,936.17	184,172.53	160,045.93
New clients		6,288.30	6,716.70	7,487.82
Revenues new customers		1,837,506.69	1,962,689.63	2,188,018.91
Total Revenues		2,049,442.86	2,146,862.16	2,348,064.85
Technical provisions; Acquisition costs; Administrative costs		1,428,256.73	1,496,148.24	1,636,366.39
Development costs	400,000.00			
Maintenance		200,000.00	80,000.00	80,000.00
Marketing Expenses		100,000.00	100,000.00	100,000.00
Total Costs	400,000.00	1,728,256.73	1,676,148.24	1,816,366.39
EBITDA	-400,000.00	321,186.13	470,713.92	531,698.46
Amortization		133333.333	133333.333	133333.333
EBIT	-400,000.00	187,852.80	337,380.59	398,365.12
Taxes (22,5%)		-42266.8796	-75910.6322	-89632.1524
Net Profit	-400,000.00	145,585.92	261,469.96	308,732.97
Free Cash Flow	-400,000.00	278,919.25	394,803.29	442,066.30
Cumulative Cash Flows	-400,000.00	-121,080.75	273,722.54	715,788.84
Payback period	1.43			
Payback period (days)	523			

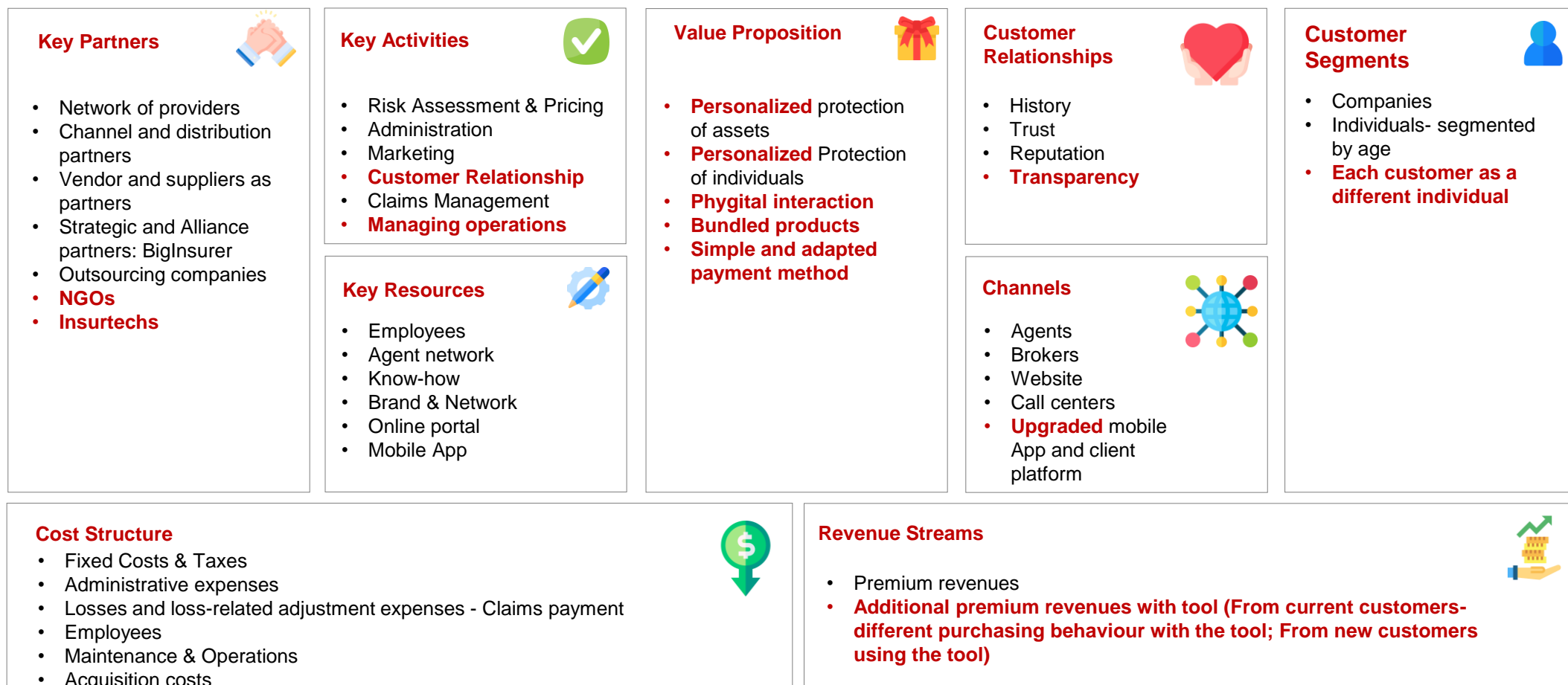
In the best-case scenario, it is estimated a payback period of around 1 year and 3 months

Appendix 13 | Impact Assessment | Optimistic Scenario

Optimistic Scenario Year	y0	y1	y2	y3
Converted clients*		4,882.11	4,242.55	3,686.78
Revenues Current customers		301,535.52	262,034.37	227,707.87
New clients		6,288.30	6,716.70	7,487.82
Revenues new customers		1,952,913.35	2,085,958.54	2,325,439.89
Total Revenues		2,254,448.87	2,347,992.91	2,553,147.75
Technical provisions; Acquisition costs; Administrative costs		1,571,125.42	1,636,316.26	1,779,288.67
Development costs	400,000.00			
Maintenance		200,000.00	80,000.00	80,000.00
Marketing Expenses		100,000.00	100,000.00	100,000.00
Total Costs	400,000.00	1,871,125.42	1,816,316.26	1,959,288.67
EBITDA	-400,000.00	383,323.45	531,676.65	593,859.08
Amortization		133333.333	133333.333	133333.333
EBIT	-400,000.00	249,990.12	398,343.32	460,525.75
Taxes (22,5%)		-56247.777	-89627.2465	-103618.294
Net Profit	-400,000.00	193,742.34	308,716.07	356,907.46
Free Cash Flow	-400,000.00	327,075.68	442,049.40	490,240.79
Cumulative Cash Flows	-400,000.00	-72,924.32	369,125.08	859,365.87
Payback period	1.22			
Payback period (days)	446			

In order to assess the impact of this initiative in the company's business, a Business Model Canva was made, where one can see an upgraded value proposition

Appendix 13 | Impact Assessment | Impact on Business Model



Black - Without proposed tool

Red- Added with proposed tool