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Digital Economy Strategy Team
Department of Industry, Innovation and Science
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IAG welcomes the opportunity to provide feedback on the Discussion Paper- The Digital Economy: opening up the conversation.

Our purpose is to make your world a safer place, which means we are working to create a safer, stronger and more confident tomorrow for our customers, partners, communities, shareholders and our people throughout Asia Pacific.

IAG is the parent company of a general insurance group, with operations in Australia, New Zealand, Thailand, Vietnam and Indonesia. Our businesses sell insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI in Australia; NZI, State, AML and Lumley Insurance in New Zealand; Safety and NZI in Thailand; AAA Assurance in Vietnam; and Asuransi Parolamas in Indonesia. IAG also has interests in general insurance joint ventures in Malaysia and India.

IAG has built a strong reputation on understanding the unique needs of Australians and being a steadfast supporter of the community. We take pride in helping consumers understand insurance so they can make confident choices to protect the things they value.

The digital economy is transforming the way people conduct their day to day activities and carry out their obligations. IAG is committed to exploring valuable propositions and emerging technologies that have the potential to shape the industry and deliver favourable customer experiences. The driver for innovation at IAG is the customer and their communities. Each digital strategy is developed with this cohort in mind. Our mission is to put the customer at the centre and through experimentation, build and deliver products, services and businesses, that will meet the needs of IAG customers of tomorrow.

A culture of innovation is not something IAG can achieve alone. There is a need for the private sector, government and the community to collaborate to drive an innovative culture that will, in turn, deliver favourable customer experiences and ensure Australia remains competitive in international markets.

A culture of innovation

IAG recognises the disruption associated with digital innovation, namely, a change in consumer behaviour. IAG is cognisant that to 'keep up' with technological advances, there is a need to make sense of disruption. IAG responds to disruption, by adopting the idea of innovation as a leader of long term growth. Through this, IAG will remain committed to exploring emerging technologies.

IAG's Customer Labs division, operates on a business model that delivers on this commitment.

Customer Labs is responsible for developing IAG's customer experience strategy using a deep understanding of customer data and insights. Our customer understanding is enables us to designing product, pricing and market innovations. Customer Labs is also responsible for digital innovation across IAG, including identifying and harnessing disruptive technology; building digital apps and ecosystems; brand architecture; human centred design; and new business incubation and venturing.

Through Customer Labs, IAG connects with the innovation environment by engaging with universities, entrepreneurs, business, regulators and government. Through these associations, IAG is an active supporter of Australian fintech start-ups. For example, IAG is a foundation corporate partner of Stone & Chalk, an independent, not-for-profit entity created to help foster and accelerate the development of world-class Australian fintech start-ups.

The internal culture at IAG is one of empowerment. Our people are encouraged to be bolder and think creatively, no matter what their role. This creates a platform where our people continue to build new and improved experiences for our customers.

Firemark Labs is an incubator established within Customer Labs. Firemark labs fosters internal creativity and supports innovation hubs which expand on our traditional areas of work. The motivation behind Firemark labs, is to be a leading innovative force in the insurance industry. Firemark enables IAG to invest in innovative ways to test new concepts and processes, that respond to consumer behaviours.

IAG's passion for supporting fintech start-ups and internal staff, is evident within Firemark Labs. Firemark labs have incubators based in Sydney and Singapore. Both workspaces bring together the outside, by investing in start-ups and partnering with research and technology partners and our internal staff, to design and deliver favourable customer experiences.

Technology and Customer Safety

Protection of our customers is of paramount importance to IAG. The rapid growth in the technology landscape, strongly influences how IAG responds to emerging technologies that directly affect our customers and what technologies are required to continue to meet and exceed our customers' expectations.

The sharing economy, such as Uber and Airbnb, is an example of where IAG has recognised a change in customer behaviour. IAG responded with relevant insurance products to ensure customers had adequate insurance cover with the risk associated in using these services.

In an environment that was hesitant to respond to the sharing economy, IAG were the first insurer to provide insurance to Uber drivers via some its brands. In the space of share accommodation, IAG responded with ShareCover,¹ a product that can be taken out in conjunction with a customer's standard home policy to ensure that their premises were insured, whilst they were being used for commercial reasons.

IAG believes that it is necessary to extend protection to the communities in which our customers reside. As such, IAG have partnered with local government, academia and not-for profit organisations, such as the Australian Red Cross, to achieve this. An example is responding to major events such as floods.

To demonstrate, through our brand NRMA Insurance, a partnership was formed the University of NSW to conduct research into the effects of flood water. The results showed that a small amount of flood water, had the potential to make even a large vehicle vulnerable and float away. This influenced the investment of a new Australian made technology known as DipStik, that measures water levels in flood prone areas

¹ <https://www.sharecover.com/>

and provides early warnings to manage and respond to floods. In this space, NRMA Insurance works closely with local councils and NSW & Qld SES, to improve the response and alertness rate of the community.²

Internally, IAG have identified an opportunity to increase responses to our customers through technology platforms. IAG uses natural hazard and weather information to understand the impact of a major event such as a cyclone, bushfire or flood, before, during and after they strike. Through location and mapping technology, IAG can proactively call and sms customers, who are in potentially affected areas, to lodge a claim and recover from the event quickly.

A core responsibility of IAG's Research Centre, is to identify road and motoring risks that create vulnerabilities for our customers.

IAG's Research Centre developed and delivered NRMA Safer Journeys,³ a mobile app that rewards undistracted drivers. The app is activated by the driver at the start of a journey and deactivated once the driver has safely arrived at their destination. By using the app, a driver is rewarded for undistracted driving.

User feedback to date has been positive, with drivers reporting that the app has changed their driving habits. Drivers also responded favourably to a reward. On a daily basis, IAG are giving away \$500 worth of rewards.

IAG recognise the importance of balancing the technology of now with the technology of the future. Accordingly, IAG support the introduction of automated vehicle technology on Australian roads. Through our IAG Research Centre, we engage with the automotive industry to respond to motor vehicle safety issues. IAG believes insurance will play a significant role in the safe and successful introduction of driverless vehicles in Australia. Insurance will establish trust and provide consumers with the confidence to engage and embrace autonomous technology.

IAG is a founding partner of iMOVE Cooperative Research Centre (iMOVE CRC) and holds a board position. iMOVE CRC is funded by the Australian Government to promote collaboration between academia, industry and state governments. Research conducted within this space will play a lead role in shaping the future of transport and smart mobility in Australia. Currently, there is a NSW trial of autonomous vehicles underway at Sydney Park.

In addition to our research through Firemark labs, IAG also participate in research forums nationally and internationally, such as Australian and NZ Driverless Vehicle Initiative (ADVI), Electric Vehicle Council and RCAR.

Legal and Regulatory framework

The fundamental change with the introduction of innovative technologies, will be to business models. Innovative technologies will interact with each other and create an opportunity for business models to modernise and allow for expansion to multiple geographical areas. The wide-reaching consequences will be a result of the ability to operate outside legislative boundaries.

In addition to minimum standards, IAG supports a national legal and regulatory framework that does not inhibit innovation. A national framework will allow for clarity and consistency and assist in the customisation of business models that promote competition and respond to consumer protection.

Data and its use, is relevant when considering the impact of innovative technologies. The move towards "open data" is one which IAG welcomes. Open data has the potential to dramatically improve many aspects of the modern economy. However, the

² <https://www.nrma.com.au/dipstik-flood-trial>

³ <https://saferjourneys.com.au/>

fluid nature of data sharing between multiple networks, creates the potential for IAG customers and their communities, to be vulnerable to adverse effects of using technological ecosystems. Until the implications stemming from the interaction between multiple technologies is known, regulation of data usage should be deferred.

Although a consumer is protected by the Australian Privacy Principles, privacy is but one vulnerability that a consumer is subject to in the technology environment. The threat in the cyber landscape remains a live issue.

IAG is an active participant in multiple forums with the purpose of supporting cyber resilience and sharing of security intelligence in Australia, such as the Chief Information Security Officers Lens, CERT, ASIO's business Liaison Unit.

Globally, IAG is a member of the Financial Services Information Sharing and Analysis Center (FS-ISAC).

IAG supports minimum standards to respond to privacy and cyber threats and will continue to engage with professional associations to make the world a safer place for our customers. However, it is essential for government initiatives to educate consumers about the digital environment.

IAG welcome the opportunity to assist in the development of the National Strategy. If you would like to discuss any aspect of this submission, please contact Aneta Vragovska, Manager, Public Policy and Industry Affairs on (02) 9292 9559

Yours sincerely

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