

# Julie Batch

Group Executive, Direct Insurance Australia

02 Direct Insurance Australia

# Direct Insurance Australia overview

## Simplified Brands



- Strongest insurance brand in Australia (Brand Finance)
- #2 in financial services



- 2nd strongest insurance brand in Australia



- #1 insurance brand with consumer ratings of 4.7 (Trust Pilot)
- 2023 Car Insurer of the year for Outstanding Value (Canstar)

## Streamlined Products



Property



Motor



CTP



SME



Niche

## Scaled Business



~A\$6.6bn  
Gross Written Premium



5.02m  
Customers

Note: RACV Insurance via our joint venture with RACV

# Operating environment



## Increased peril claims

- Significant natural perils
- High claims volumes



## Upward cost pressures

- High global inflation
- Global supply chain bottlenecks (e.g. new cars, parts)
- Reinsurance
- Labour shortage



## Emerging system growth

- Slower economic growth
- Increase in population and business numbers
- Number of motor vehicle and dwelling stocks increasing



9

No. of major events  
(since March 2022)



~2x

No. of peril  
claims lodged



207k

Additional  
customers since July 21

# Strong action in the current environment

## To help Australians like no one else

### Value

\$400m of value through claims and supply chain by FY26



\$70m of value generated since FY22

### Growth

750k new customers by growing nationally, targeting younger customers and small business segments by FY26



207k additional customers since July 2021

**600k** Customers using Claims Tracker

**>30%** Claims online lodgement

**96%** Renewal rate for property in core markets

**2.1** Policies per customer

**5%** Reduction in call volumes

**40%** Reduction in property assessment time (Virtual Assist)

**91%** Renewal rate for motor in core markets

**60%** NRMA Insurance increased brand awareness WA/SA<sup>1</sup>

Note: Figures as at May 2023; 1) Since launch in Nov 21

# Claims cost inflation stabilising | Motor



## Motor

### Key trends over last 12 months

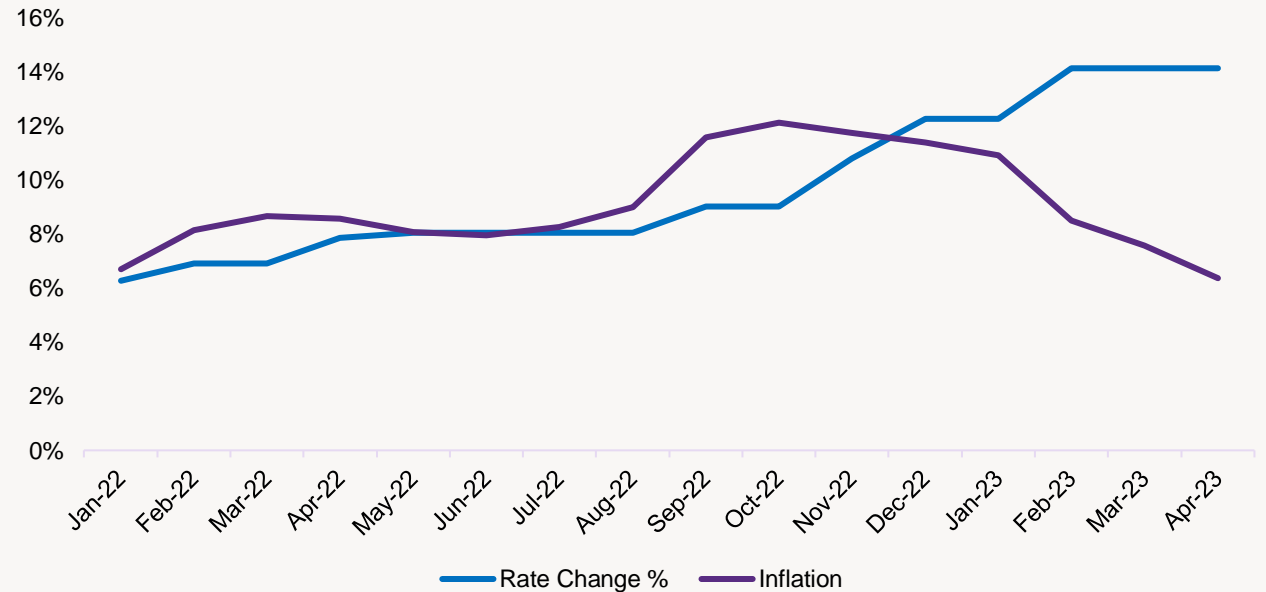
- Claims volumes returned to pre-COVID-19 levels in March 2022
- Claims inflation spiked in Aug-Oct 2022 in line with global trends
- Supply chain affected by decreased capacity (labour shortage) in network post COVID-19
- Second hand vehicle price increases have reduced from peak rates due to improved new car availability
- Car parts supply improving



## Our Response

- Use of digital and Artificial Intelligence to improve efficiencies
- Increase repair capacity in network
- Express repairs for cosmetic damage
- Long term contracts & fixed price model
- Pricing reflecting inflation

### Motor claims inflation & premium increases



Note: Prepared on the same basis as 1H Investor Report ie 6 month rolling inflation



# Property rate response



## Property

### Key trends over last 12 months

- Significant protracted weather events
- Increased reinsurance cost
- Lower frequency of non-peril claims
- Availability and cost of key materials improving



## Our Response

- Long term contracts & relationships with suppliers
- Contracts structured to provide better cost certainty
- Closing out outstanding claims
- Pricing reflecting increased natural perils and reinsurance cost

### Property inflation (non-perils) & premium increases



Note: Prepared on the same basis as 1H Investor Report  
6 month rolling inflation excluding fire losses

# Transforming customer experience and cost

Help our customers live their life with less disruptions



## Proactive by nature

### Claims Tracker

- > 600K customers
- > 1m interactions
- 10% increase in online lodgements
- 5% reduction in call volumes



## Here to Help, no matter where here is

### AI for Motor Total Loss

- ~30,000 customers
- ~4000 AI predictions
- Some claims now settled in hours instead of days
- Being implemented in the IIA and NZ Claims



## Building more resilient capabilities

### Virtual Property Assessment

- > 2000 virtual assessments
- ~ 40% reduction in assessment time



## Finalised in the blink of an eye

### Perils

- 85% peril claims finalised
- Extend to NZ - online lodgement functionality & Assessing workforce



**~\$70m of value generated, on track for \$400m value by FY26**

# Strengthening our customer base

## Grow across Australia

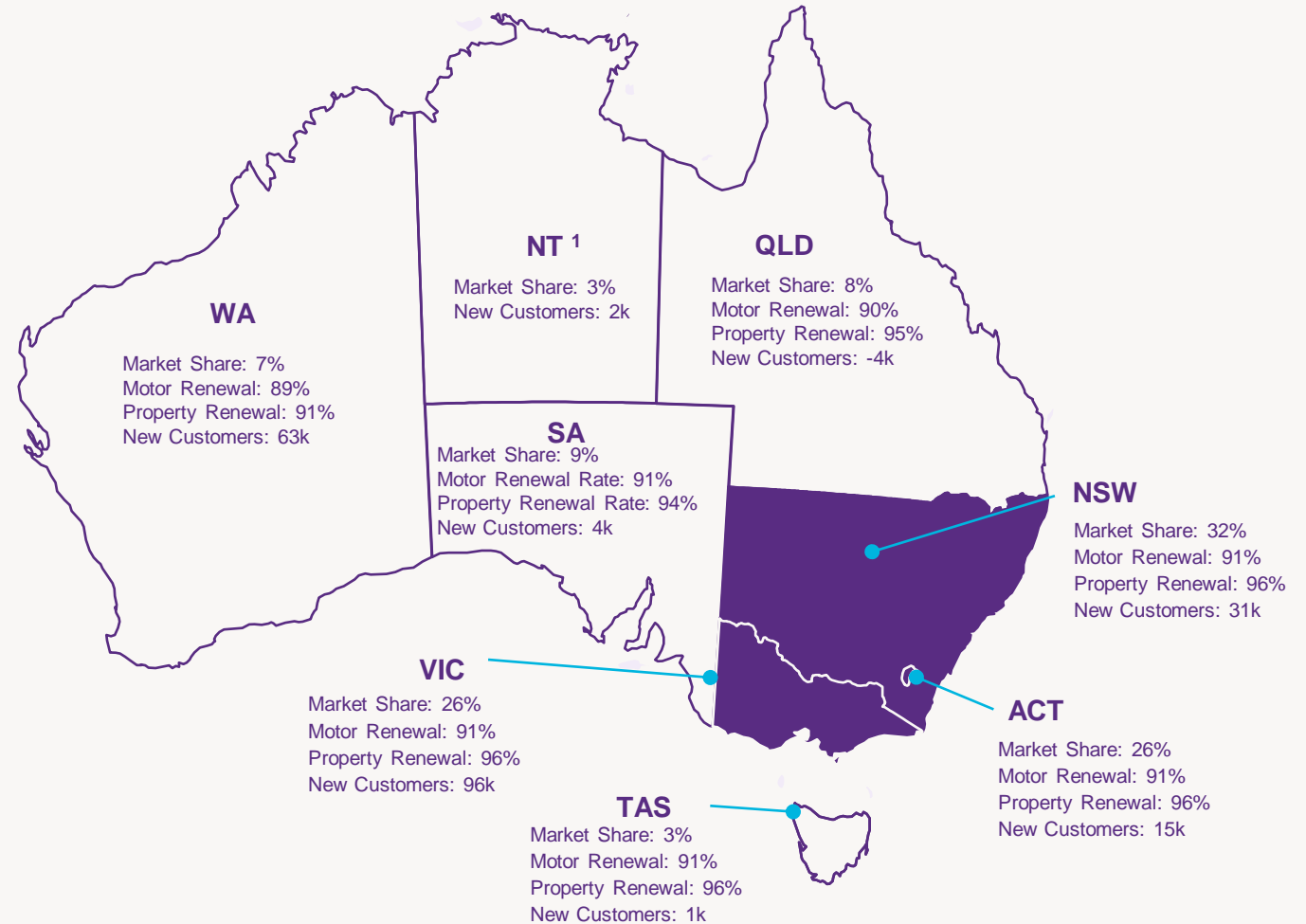
- Focus on retention and risk selection for profitable growth
- NRMA HelpHub is increasing customer engagement and retention
- Recognising customer tenure as well as increasing products per customer
- Omni-channel experience and digital capability to increase conversion and speed to market

## Capture the attention of the younger generation

- ROLLiN', our digital only business, is growing sustainably and building unique capability that can be leveraged across the business

## Digitise the future of small business insurance

- Digital Expert Advice for personalised and unique offerings
- Tailored digital propositions for key occupations



Note: net new customer numbers rounded to nearest thousand from July 21

(1) Due renewal rates not tracked for NT

● Strong market share in heritage states of NSW, ACT and Victoria

○ Growth potential in other states



# Conclusion

Direct Insurance Australia

## Summary

- Strong action in a challenging market
- Strengthening performance in FY23 and beyond
- Growing our existing customer base
- On track to deliver our strategic ambition and goals

