

# Digital Strategy

June 25, 2020

Tokio Marine *Insights:*



## **I . Tokio Marine Group Digital Strategy**

## **II . Responding to Social Changes and Issues with Digitalization**

## **III . Establishing Lean Management Structure**

## **IV . Digital Strategy Platform**

## **V . Accelerated Digitalization Triggered by COVID-19**

# Tokio Marine Group Digital Strategy Framework

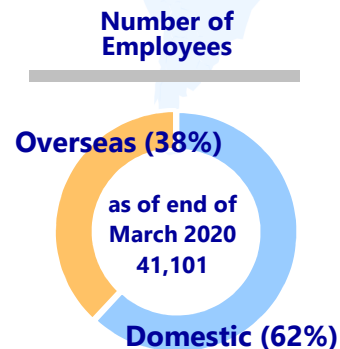
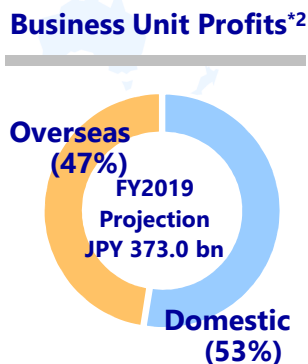
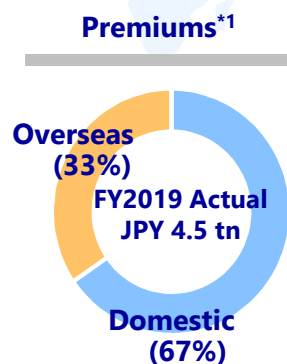
Strategically build a framework for utilizing technology and data with maximum utilization of global insurance business platform

Global insurance group providing safety and security in 45 countries and regions around the world



Promote /  
execute global  
strategy

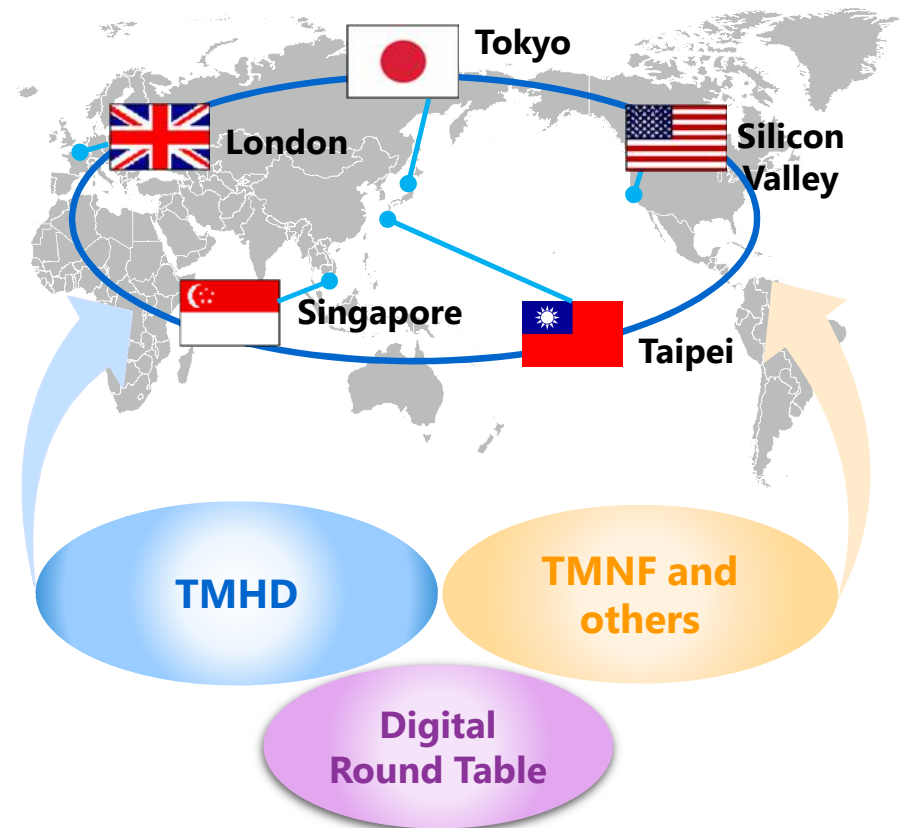
IEC (International Executive Committee)  
CEO Meeting



\*1:  
Premiums = Net premiums written + Life insurance premiums

\*2:  
Management indicator focused on assessing value of each business more accurately reflecting their characteristics

Operating companies including TMNF and 5 labs provide global trend coverage



# Tokio Marine Group Digital Strategy Concept

<Vision>

- Create new value of safety and security
- Build a lean management structure

## Tokio Marine Group Digital Strategy: 3 Concepts



Engage in wide range of social and economic activities meant for insurance companies





# Examples

## Quick insurance payment using technology in response to the recent frequent and severe natural catastrophe

### ■ Use of satellites for quick insurance payment for flood damages

- Use of AI satellite image analysis to quickly capture extent of damage for large scale flooding
- Quick insurance payment without oversight



### ■ New claims service process for auto insurance

- Aiming at simple and speedy insurance payment by automating claims service process to the extent possible using leading-edge digital technology
- Use the time created for more human interaction to support customers



# Responding to Social Changes and Issues with Digitalization

**Pursue new value leveraging on digital technology in areas with large impact on insurance business**

## **Social and environmental changes with significant impact on insurance business**

- **Prepare for frequent and severe natural catastrophe**  
Heightened expectations for P&C insurance business as social infrastructure as the impact on social life and economy intensifies
- **Development of MaaS, CASE, and IoT**  
Existing industrial structure may change significantly, mainly for auto industry
- **Super-aging society**  
In Japan, the number of senior citizens aged 65 and over will reach about 37 million by 2030, comprising a third of the population
- **Emergence of digital natives**  
In Japan, digital natives are expected to reach 65% by 2030<sup>1</sup>, requiring response to their behavior/purchasing style
- **New risks**  
Increased cyber risk with development of internet / IoT society

## **Respond to social changes and issues**

Enhance data utilization and analysis

**Pursuit of true value**

Improve UI, CX, and productivity

**Increase values for customers**

1: Source: Ratio of digital natives in relation to working population (vital statistics by the Ministry of Internal Affairs and Communications)

# Example: Natural Catastrophe

## Launch of first seismic intensity linked earthquake insurance “EQuick” in Japan

- First index-linked insurance by Japanese P&C insurance company for covering initial living expenses immediately after earthquake (positioned to supplement earthquake insurance aiming at victim's livelihood recovery)
- Insurance payment (maximum of 500,000 yen) based on seismic intensity data (index) announced by the Japan Meteorological Agency without loss assessment
- Utilize latest digital technology for purchase and receipt of insurance using smartphones

### Insurance Payment Procedure (Example)



Email arrives from Tokio Marine quickly after earthquake

Confirm home address and bank account\*

Insurance paid to the account in minimum of 3 days

\*If not confirmed within 72 hours from the occurrence of earthquake, payment will be made in accordance with the information provided at the time of purchase of insurance policy

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## Research and development related to red tide projection using satellite images

- R&D agreement with Axelspace Corporation, Hiroshima University, and Hydro Technology Institute
- Research on red tide projection through combination of environmental data including from satellites with latest AI and simulator technology
- Support aquaculture industry by developing services for prevention and mitigation of red tide damages such as red tide forecast notice

AXELSPACE

広島大学

HYDRO



# Example: Mobility and Health Care Area

## Mobility Measures

- Development of Drive Agent Personal, the industry's first personal auto insurance using original drive recorder
- Provides automated accident report, dangerous driving alert, and safe driving diagnosis service



- Contribution to securing / spreading mobility measures for senior citizens in response to the super-aging society
- Achieve safe and comfortable mobility by considering development of products and services in response to the social distancing norms (Implementation at Haneda Airport, aiming at lower infection risk)



## Aidea

- Considering enhancement of hull insurance using navigation and equipment sensor data and development of products and services
- Aim for accident-free ocean through development of new products and services in preparation of automated / autonomous operation

## Health Care Measures



### Medical Note

- Support early detection and treatment of diseases by providing highly credible medical information and promotion of early diagnosis
- Contributed to resolving customer concerns by offering "MedicalNote Medical Consultation," an internet medical consultation service with over 15 million users free of charge in response to the spread of COVID-19



### Link & Communication

- Develop / offer health care service using latest technology and digitalization
- Realize healthy and safe society by providing health application offering dietary and exercise advice



# Network Enhancement for Resolution of Social Issues

1. Capture environmental changes and provide new values by collaborating with diverse partners
2. Strategic investment to acquire insurance skills / business models and accelerate initiatives

## Response to social changes / issues (Mission Driven)

### Healthcare



Dietary nutrition advice application using AI



Specific health guidance and services to prevent progression



Medical information platform

### Mobility



Electric / autonomous wheelchairs, MaaS business



Hull navigation management application

## Consolidation of technology and our people's ability



(US) Insuretech Auto insurance company



AI analysis, machine learning

### Cyber Security



(US) Cyber area VC



(Israel) Cyber / health / mobility area VC



(Israel) Major P&C insurance group

### Natural Catastrophe



Research on disaster prevention science and technology

Satellite image analysis with AI (US)



Develop AI wind damage projection model



TRACTABLE

(UK) Image recognition technology

Extensive VC network



(US / JP) VC



WORLD INNOVATION LAB  
(US / JP) VC

## Digital strategy platform



AI analysis, machine learning



AI analysis, machine learning

# (Reference) Collaboration with Market Holder / Platformer

## Accelerate collaboration with market holder / platformer

### Latest Key Initiatives



- Considering products and services responding to diversified values and needs under comprehensive business alliance with NTT Docomo, who has large number of users
- Launched "AI Insurance," which proposes customized insurance and services, and "Net Trouble Anshin Support," which provides information to avoid internet-related troubles, in December 2019



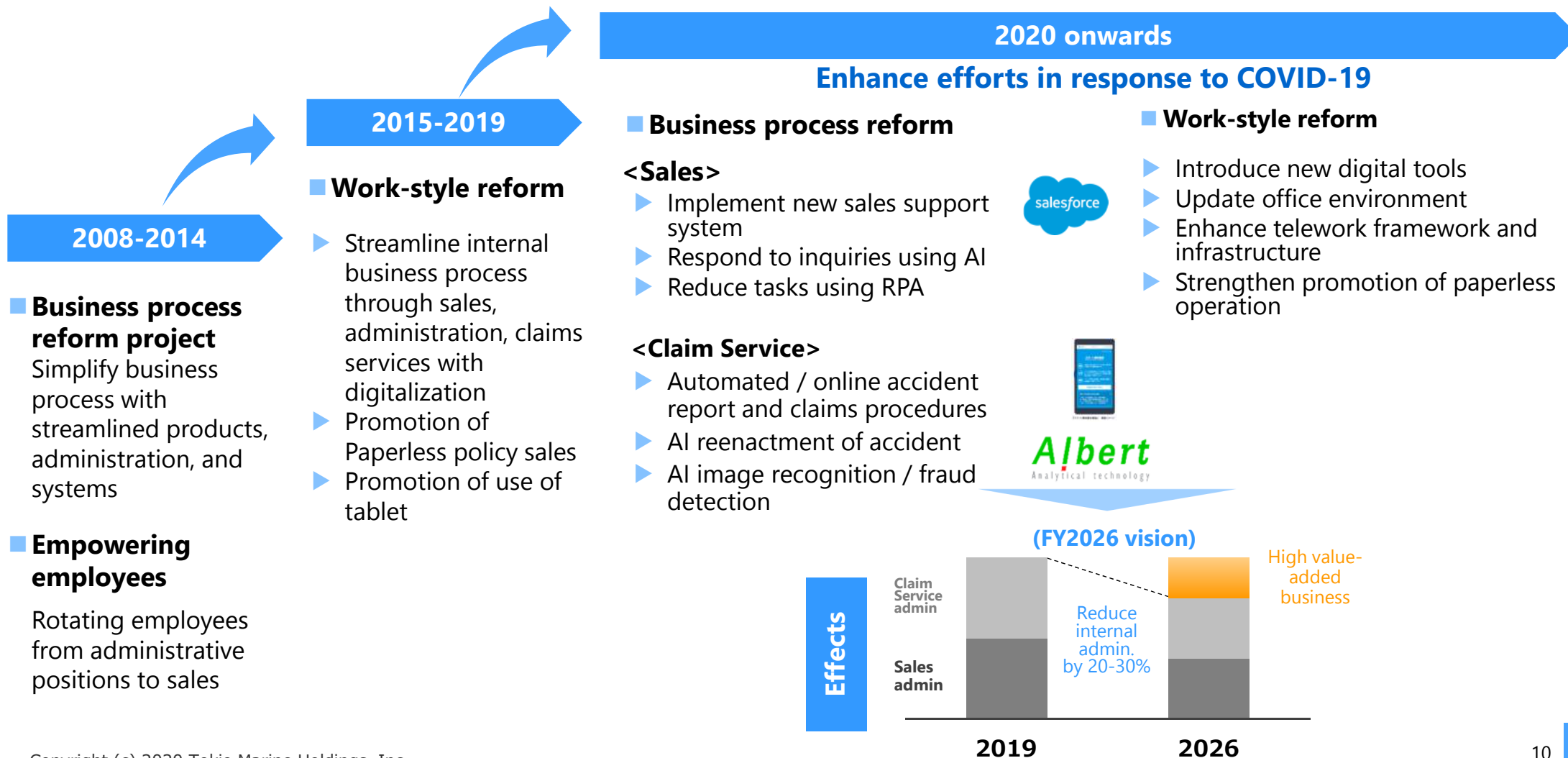
- Launched "One Day Auto Insurance," a product that can be purchased using voice commands with Alexa, in March 2020
- First in Japan offering voice command insurance purchase



# Improve Productivity in Sales / Claim Service Units

**Further improve business efficiency with pursuit of business models and work-style that stay ahead of the times**

Reduction of about 30% mainly in sales-related office work through business process reform / work-style reform started in FY2008. Further reduce office work by 20-30% by FY2026 by accelerating the project with use of digitalization from FY2020



# Example

## Evolution of auto accident response based on data obtained from Drive Agent Personal (Use of AI for accident reenactment)

### Accident response using telematics

1. **Device detects strong impact**
  - Notify the driver of impact detection with audio message
2. **Automatic report to accident response center**
  - Real time accident reporting
  - Automatically record and send accident images
3. **First notice of loss reception / contact emergency services**
  - Receive accident report from drive recorder
  - Communicate with emergency services depending on the situation



### Use of AI for accident reenactment

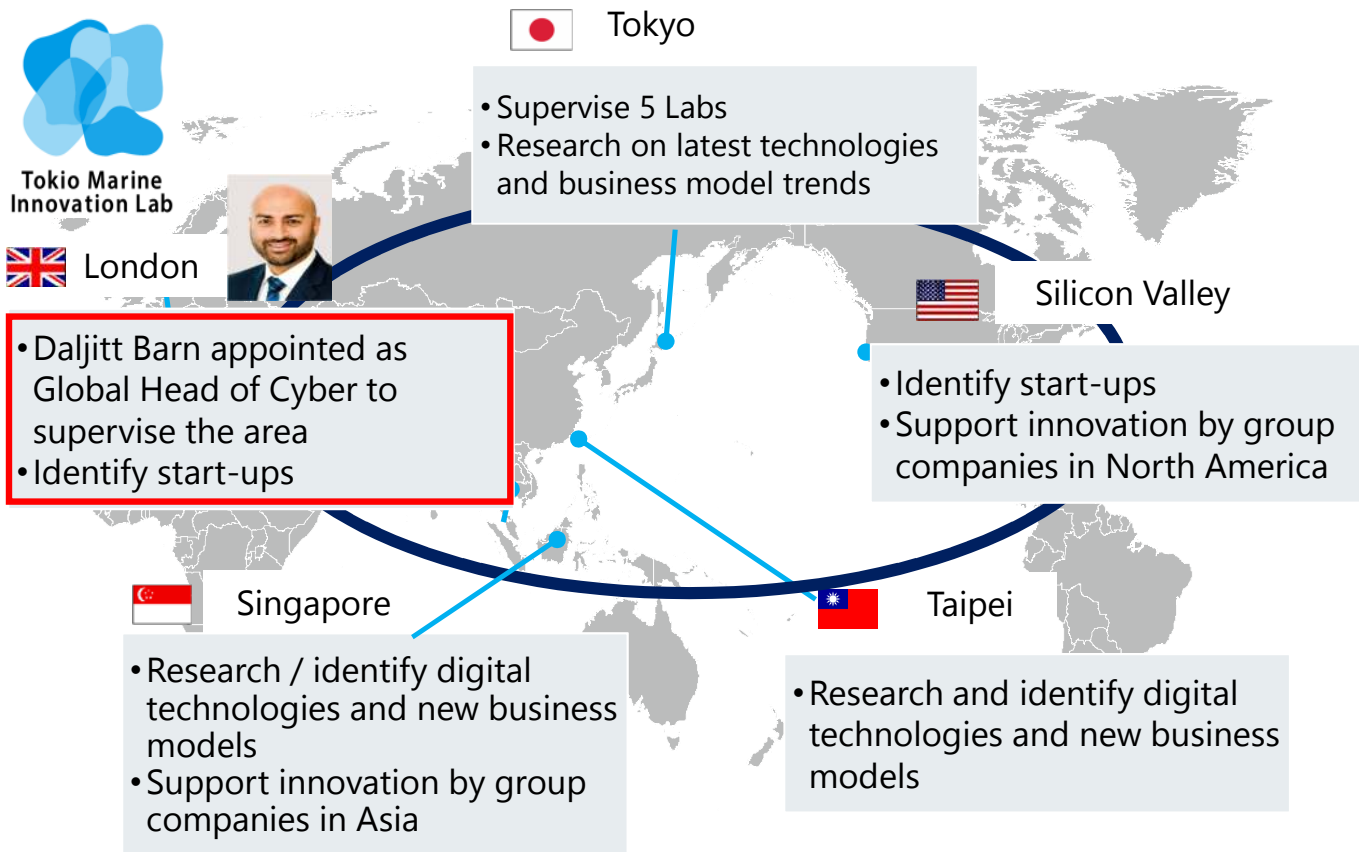
- "Accident reenactment system" **reproduces the accident situation using AI**
  - >> Improved customer convenience, reduced workload for Tokio Marine
- After receiving data from drive recorder, **AI analyzes accident status and liability between parties**
  - >> Early resolution, reduced workload for Tokio Marine



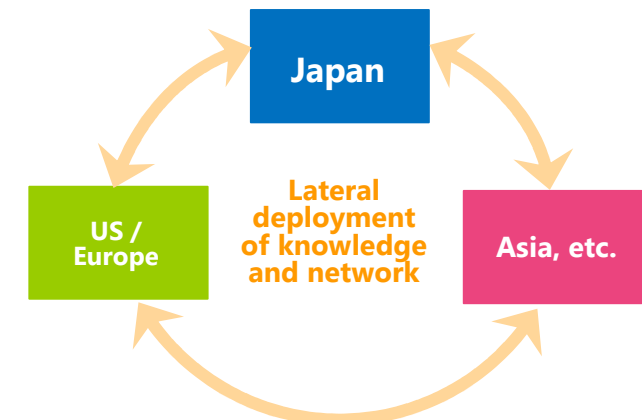
# Build Wide Network Centering on 5 Labs

- Laterally deploy knowledge / network obtained in each region to other regions leveraging on 5 Labs for global digital synergies
- Latest Lab established in London in April 2020 to enhance cyber area initiatives

## 5 Labs



## Global Digital Synergies



<Example>

- Lateral deployment of Japan's strong business efficiency know-how to Asia
- Pilot testing of new models in digitally receptive and quick moving Asia region and deploy to Japan
- Deep cultivation of sophisticated digitalization expertise in the US & Europe for lateral deployment in Japan & Asia

**Periodic Digital Round Table for global knowledge sharing and synergy effect**



# Digital Resource Development

## Utilize external talent, enhance on-going development of data scientists

### Utilization of external talent

- Actively utilize external personnel with diverse career history and strong expertise

### Establishment of Data Science Hill Climb

- Established unique program for data scientist development under supervision by Professor Yutaka Matsuo of the University of Tokyo in FY2019
- Long-term course offering over 260 hours of lectures a year extending over a total of eight months
- Started accepting outside students from FY2020 to contribute to data scientist development for the whole society



### Contents of Data Science Hill Climb 2020

Item	Lecture Hours	Supplementary Lectures
Orientation (Information ethics, etc.)	14 hours	-
Basic maths / applied maths	21 hours	20 hours
Programming (Python, SQL)	35 hours	-
Machine learning / deep learning	72 hours	-
Data science exercise	119 hours	-
Total	261 hours	20 hours

# Initiatives during COVID-19 Pandemic

- Usefulness of digital framework built by Tokio Marine was confirmed during the pandemic
- Accelerate efforts to prepare for post-pandemic world

## Initiatives during COVID-19 pandemic

- Implemented / promoted high value-added sales while avoiding infection risk by using **indirect tools including QR smartphone processing**
- Customers can confirm policy contents and make changes anytime, anywhere in a simple way using **My Page** on the website
- **Multi-location response** using claims system and **use of functions on Mobile Agent smartphone application** expanded remote work customer service
- Improved productivity and reduced travel time by **using Zoom, etc.** for internal and agent meetings
- Overseas group companies **promoted establishment of remote work and systems environment**



# Accelerated Digitalization Triggered by COVID-19

**COVID-19 pandemic is making significant changes to people's behavior, values, and social norms;  
Tokio Marine Group will accelerate digitalization initiatives**

## Key effects of COVID-19

### Change in people's behavior / lifestyle

- Establishment of remote work
- Accelerated business-style digitalization
- Promotion of indirect sales
- Increase in demand for online purchase and growth of e-commerce ...

### Social and economic changes

- Social distancing becomes the new normal
- Spread of robot operations
- Heightened awareness for resilience and health care
- Increased cyber security threats ...

## Emerging changes / issues (example)

Development of **remote and indirect business**



Increased awareness for **physical and mental health** triggered by the pandemic



Enhanced **cyber security** measures in response to quick spread of digitalization

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