GENERALI

VELOCITY

The digital revolution has rewritten the rules of competition. The velocity of markets and services has relativized our sense of time: consumers don't care whether it's five o'clock in the afternoon or two in the morning. The behaviors, needs and habits of the so-called millennials, the generation aged between 18 and 35, are profoundly changing the market, pushing companies to accelerate their digital rhythm. At the same time, Internet has lowered the barriers for market entry, allowing access to new competitors who are smaller and able to grow quickly. In other words, today the real challenge is the velocity of change that transforms the strategic context and the competition landscape, virtually in real time. —AK.

The speed of change

" Velocity is transforming the face of the world's industries and services."

by Simone Bemporad
Editor in Chief

How fast is the speed of change and how are various industrial sectors reacting to it? In this issue of *il bollettino* devoted to Velocity we aim to find out.

One certain fact is that velocity, or the speed of change, is transforming the face of the world's industries and services. Every management group is challenged to 'think outside the box' as predictability in their area of expertise becomes a thing of the past.

Velocity is affected by the rapid growth of technology, how that technology is being used by our industry client groups, and how technological growth is changing consumer expectations.

One customer downloads an app from Apple every millisecond. The firm sells 1,000 iPhones, iPads or Macs every couple of minutes. It goes through its entire inventory in four days and launches a new product every four weeks.

Now add Facebook, Amazon, Netflix and Google to the mix and we are talking about a combined market capitalization of $2.45 trillion. That is a number so big that it exceeds the GDP of 97% of the world's 196 countries, and many of its biggest - including France, Italy, Canada, Russia, Spain, and Switzerland. So technology, of itself, is a profound, powerful and impactful force. It has enormous reach through big data, artificial intelligence, fuzzy logic and machine learning.

However, technology is not the same as innovation but rather one part of it. At Generali, innovation is about the creativity of our offerings, the smooth operation of our processes, our way of working, each department contributing to the whole.

A case in point, today there are 51 million expats worldwide – and the number of expatriate workers is growing at 6% a year. All of them are looking for health insurance without borders, an innovative service offered by Generali Global Health – a department that didn't even exist three years ago.

We have to adapt and to innovate continuously. The 'Millennials', currently 35 years of age and under, are a prime example of how technology and social change go hand in hand. With access to information, there has been a rise in awareness, in education and in transparency.

Millennials have grown up with supercomputers in their pockets. They expect immediate answers and the ability to buy whatever they want online. They expect this to be true for services as well as for products. They bypass intermediaries and prefer digital communication to face-to-face contact. Obviously this effects how we offer and sell all insurance be it automotive, health or home.

At Generali we stand ready. We know that organizational culture is paramount to the success of change and that powerful teamwork is at the heart of achieving its objectives.

Some may lament the rapidity of change, but it was ever thus. Joseph Schumpeter, the Austrian economist, defined capitalism as 'gales of creative destruction' and that was 70 years ago long before technology or velocity had moved to center stage.
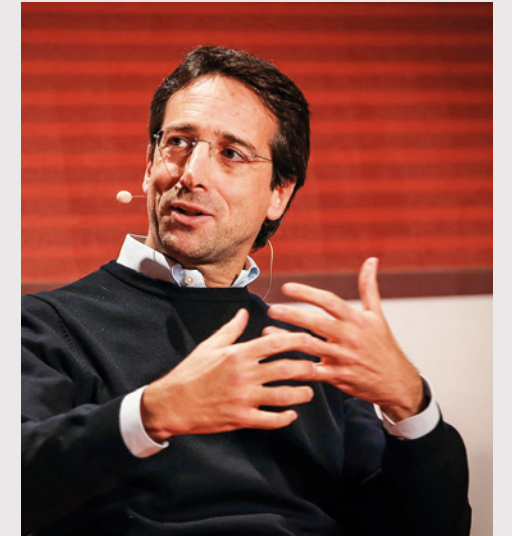
It's raining awards

In the last issue we celebrated in the pages of *il bollettino* the five 'Marcom Awards' won by our corporate magazine in the print media category.

We have now set aside this space because in the last few months *il bollettino* has received five more prestigious accolades:
- **1 Hermes Creative Award Platinum** in the Magazine category;
- **2 Hermes Creative Awards Gold** in the Publication Interior and Employee Relations categories;
- **1 Communicator Award** in the Employee Publication category;
- **1 Mercury Excellence Award,** the independent award that recognizes public relations excellence.

Hard work, achieved with everybody's help and supported by Generali with a clear vision and strategy, is the path that leads to these accolades.

For this reason we want to share these awards with everyone who works on *il bollettino*, proposing and writing content, introducing interesting authors and sending suggestions to *editorial.communication@generali.com*

Our last thanks you goes to you, the reader.

We are growing together, day after day, issue after issue.

The Editorial Office

HERMES CREATIVE AWARDS
PLATINUM PREMIUM

HERMES CREATIVE AWARDS
GOLD PREMIUM

COMMUNICATOR AWARD
GOLD PREMIUM

MERCURY EXCELLENCE
AWARD

Brief summary

Velocity, particularly when appplied to the swiftness of an operation has become a major focal point of management. Timeliness can become a key success factor in developing sustainable competitive advantage. More so in a world facing the growing need to think, react and, if possible, anticipate the unpredictable. In our first feature Carlo Alberto Carnevale Maffè, professor of strategy at Bocconi University School of Management, unravels the time challenge of velocity. The structure of a company on the whole, the strategic thinking and actions need to change, he says, to incorporate the notion of time and make it a source of sustainable competitive advantage.

Who would have forecast that Information Technology, so beloved by management, would change the very foundations of business by fostering expectations of immediacy? The generation that has grown up with technology has become accustomed to and expects, in all areas, a rapidity of response – and that means within two 'clicks'. Instant insurance policies are offered by travel websites. The younger generations expect the same from life and health insurance as well. Federico Casalegno, founder of the MIT Design Lab, is our guide to the Millennial world.

Pressure from these and the next group of challenges promise to make it even more critical that the insurance industry reinvent itself. A more collaborative style of management is needed, writes Ludo Van der Heyden, INSEAD's Professor of Corporate Governance. Fair Process Leadership will lead to more effective collaboration not just among departments but also with suppliers, customers and shareholders.

The trouble is, said Buddha, we all think we have time. Perhaps after reading these articles you may change your mind.

by the Editorial Office

Community First

PART 1   **Community First**   CONTEMPORARY SCENARIOS

Fast & Furious? The temporal challenge of *Velocity*   CONTEMPORARY SCENARIOS

Fast & Furious? The temporal challenge of *Velocity*

by Carlo Alberto Carnevale Maffè

—Professor of strategy at Bocconi University School of Management

PREFACE   **Time has become a key success factor in developing competitive advantage.**

Velocity is the temporal concept that dominates management studies. Competitive advantage, on the other hand, is based on the multidimensionality of time.

We only need 20 cents to understand velocity. On the back of the euro coins released in Italy we find engraved the fluid and elusive masterpiece of Umberto Boccioni, *Unique Forms of Continuity in Space*, rather than reassuringly static symbols like the Brandenburg Gate or Bratislava Castle. The genial artist of the Italian Futurism movement aimed to translate the concept of velocity and dynamism into art, in contrast with the static approach of neoclassicism. The work represents a 'synthetic continuum' of movement, unlike the 'analytical discontinuity' proposed by other artists. Boccioni's sculpture is a man-machine hybrid, a discontinuous, fragmented sequence of hollows and reliefs, of fullness and emptiness, a chiaroscuro of light and shadows.

Today velocity remains an obsession from a management and organizational point of view, if not an artistic one, which is exacerbated by the end of predictability and by the consequent need to think, react and, if possible, anticipate the unpredictable. Hence the key competitive challenge lies in the capacity to face time constraints in a market that more and more appears to impose the surreal law of 'real time' each day. Even the insurance sector, which has the reputation of being among the most resistant to innovations, is developing an obsession for time and velocity: for example, the 'instant insurance policies' offered by travel websites, the 'black boxes' installed on vehicles to monitor precise real-time processes (and, coincidentally, actual speed), the 'pay-as-you-go' insurance products for intermittent services like car sharing. Instant reactivity, reducing time wasting in data analysis, in planning new products, in production cycles and in logistics, as well

Futurist painter and sculptor Umberto Boccioni, the artist of velocity, visually celebrates strength, dynamism and movement. The depiction of mundane work activities becomes the celebration of the unstoppable advance of industrial progress.

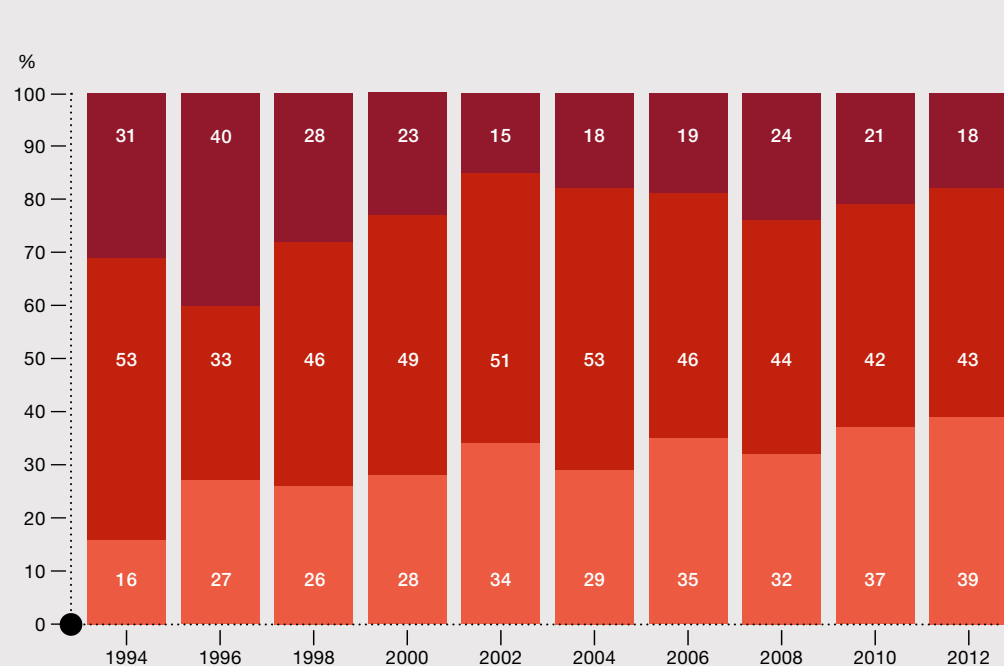*The City Rises*, oil on canvas, Umberto Boccioni, 1910-1911

The Cost of Being Late

For business leaders, the decision to embark on a large-scale IT initiative (that is, one with an investment of more than $10 million) is often fraught with angst. Their worries are justified. According to one large study, the chances of delivering such a project successfully—on time, on budget, and with the desired technical objectives met—are roughly one in ten. And the cost of failure can be quite large: we estimate that the potential lost value from a major project delay, for example, can range from 100 to 170 percent of the investment cost.
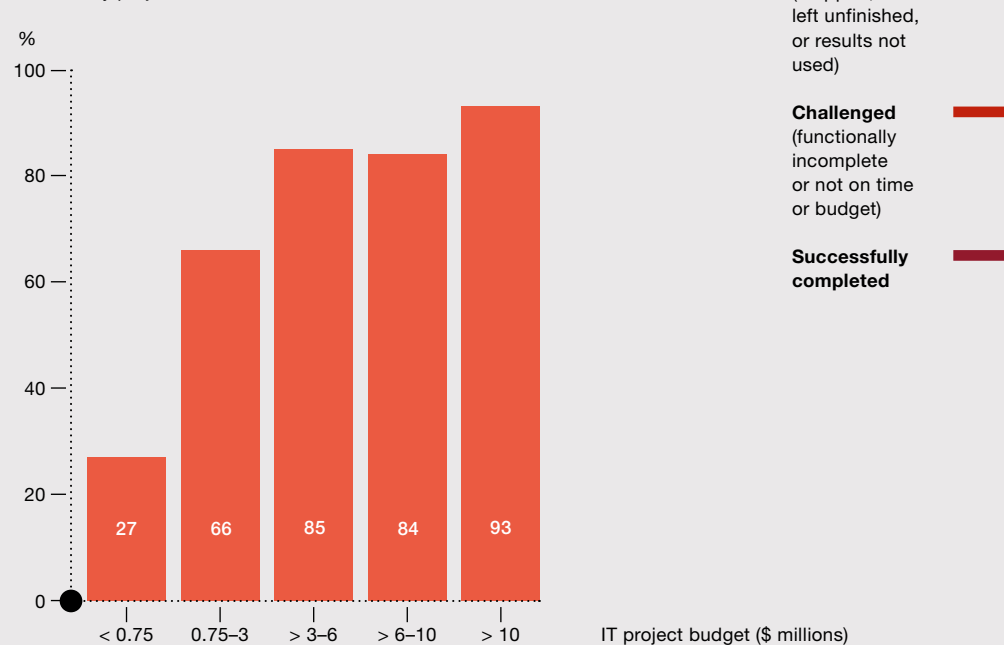
Companies cannot run from the challenge, however. IT underpins an increasing percentage of essential business transformation initiatives, such as the establishment of digital business models and big-data capabilities. The need for substantial IT investments can also arise when large supplier contracts expire or legacy IT systems reach the end of their lives. Large-scale IT investments are therefore unavoidable.

Can steps be taken to materially improve a large IT project's chances of success? The answer is an emphatic yes—assuming that executives know where to focus their efforts.

A majority of IT projects are unsuccessful...

%

	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012
Challenged	31	40	28	23	15	18	19	24	21	18
Failed	53	33	46	49	51	53	46	44	42	43
Successfully completed	16	27	26	28	34	29	35	32	37	39

...and the risk is particularly high for larger projects.
Failures by project size

%

	< 0.75	0.75–3	> 3–6	> 6–10	> 10
	27	66	85	84	93

IT project budget ($ millions)

Failed
(stopped, left unfinished, or results not used)

Challenged
(functionally incomplete or not on time or budget)

Successfully completed

Source: The Stardish Group's CHAOS Report / Note: Based on data for more than 50,000 projects. Number of projects are average project size per year are unavailable

Unique Forms of Continuity in Space is a famous sculpture realized in 1913 by Futurist sculptor Umberto Boccioni. It is a symbolic representation of movement and fluidity. Boccioni rejected traditional sculpture to create this work, considered one of the masterpieces of Futurism. The sculpture is found on the recto of the 20 cents euro coins released in Italy.

time it takes to launch process innovations or products.

In operational practice, instead, these concepts have been often used differently, almost as if they were synonyms, leading to misunderstandings. Almost inevitably production has long been the place where time-focused strategies are implemented. The prevailing logic has often centered on productivity, focusing on what enters and leaves the factory and guided by the imperative of time compression. As a result, time itself isn't a source of competitive advantage, even though it has been heavily touted as such (for example by the so-called Time-based Competition): it's often reduced to a mere performance metric, whose compression allows it to achieve other competitive effects on cost and differentiation. Paradoxically, 'time' has therefore become a synonym for inefficiency, slowness, something to compress or eliminate at any cost.

as the anticipation of market trends are seen as the inescapable characteristics of best-in-class companies in a world that is marked by high structural uncertainty. Time, in its different declinations, becomes a key success factor to developing sustainable competitive advantages.

There has been a proliferation of conceptual approaches that leverage the concepts of time reduction, acceleration and velocity. However, they are mistakenly interpreted as synonyms: they are not. Understanding their differences is an essential part of the competitive challenge.

Until a few years ago, it was possible to analyze social and economic phenomena in terms of temporal and dynamic evolution: namely in terms of the first derivative of time, i.e. velocity. In the last few years, the contraction of time and space (supported also by the crucial role of information technology) has ensured that the first derivative has partly made

way for the second derivative: the analysis of acceleration is gradually growing more important.

Time, velocity and acceleration are therefore concepts that have very different meanings, even though they refer to the same reality. They should be treated as such, particularly from a strategic point of view. Competing over time doesn't necessarily or exclusively mean being fast: it could mean, for example, making a precise and informed choice to be the last to enter a specific market in order to capitalize on the experiences of other competitors ('fast follower' or 'late comer advantage'). On the other hand, focusing our competitive advantage on velocity isn't the same as basing it on acceleration: being the fastest in the sourcing-production-delivery cycle is a different advantage when compared with being the players who impart a strong acceleration to their sector thanks to the progressive and constant reduction in the

Velocity has to be the result of a precise strategic choice and shouldn't be seen as a sort of external, essential obligation

Carlo Alberto Carnevale Maffè

Carlo Alberto Carnevale Maffè is professor of strategy at Bocconi University School of Management, where he is the founder and coordinator of the Business Strategy master's program.

He's a commentator for MF-Milano Finanza and is a regular contributor to several print and television news outlets at national and international level, such as CNBC International/ Class CNBC and Il Sole 24 Ore.

He's a strategic advisor for major national and international companies.

He has published numerous articles, books and company reports and he's regularly cited in interviews and comments on major financial news publications such as The Economist, Time, Harvard Business Review Italy, Business Week, Wall Street Journal, Financial Times.

As if this was not enough, it has led to the perception that striving for velocity in every aspect of any business action has become inevitable: a sort of obsession that is configured in a pathological situation of time compression, acutely described by C.F. Von Braun (Von Braun, 1991) as acceleration trap. In practice, instead, it's advisable to learn to move quickly, but not at the wrong time: velocity (and all the other multiple time dimensions) has to be the result of a precise strategic choice and shouldn't be seen as a sort of external, essential obligation.

A classification of the different meanings attributed to time, proposed by Taylor, identifies five different time categories or concepts:
• **Rate:** referring to those problems that require faster action, particularly in relation to the idea of velocity;
• **Sequence:** referring to those problems where the order itself or the order in which certain events or actions should take place is crucial;
• **Duration:** referring to the duration of a certain event;
• **Deadlines:** the use of time as a marker to determine a limit by which a certain action should be completed;
• **Timing:** focusing on the moment of action, on when to act.

In light of these multiple nuances that can be applied to the concept of 'time,' the limitations of a one-dimensional vision of the time variable emerge even more forcefully.

It's easy to guess that winning strategic choices can go beyond the search for maximum velocity: they can be connected to the choice of a specific sequence of actions, to their duration or the choice of the time when they should be stopped.

Sometimes, instead, the competitive advantage is connected to the existence of a single, temporary fit between enterprise and market, which needs to be reached through a correct, thoughtful timing.

In summary, the concepts of time show they are crucially important in every

strategic context. Success can be achieved only through the conscious use of a prudent mix of different concepts of time. In reality it means connecting the logic of 'timing' (i.e. the first mover advantages) to that of 'sequence' (i.e. second/late mover advantages), as well as the 'rate' dimension of velocity, without forgetting the issues relating to 'deadlines' and 'duration.' The structure of a company on the whole, the strategic thinking and actions need to change to incorporate the notion of time and make it a source of sustainable competitive advantage.

Finally, the concept of 'Right time enterprise', recaptures and valorizes the principle of 'real time.' It becomes the strategic attribute of a new type of enterprise that needs to be considered at least in a bi-dimensional sense in order to be fully harnessed: time, above all, needs to be 'real' because we need to eliminate any waste of time during the implementation phase. In addition, 'real' should also mean 'actual' or 'right' time, not necessarily the use of the least possible amount of time. And not even '… any time. Exactly all the time that is needed.'

Global Leadership Group 3-5/07/2017 —Budapest

" Today's children could live to 120 and work to 100. This generation may need to prepare themselves to work in 40 or more different jobs in a fast-changing world where the boundaries between what humans and machines do will continue to shift."

—Rohit Talwar

Rohit Talwar, speaker at the GLG Event in Budapest.

Rohit Talwar is a global futurist, keynote speaker and the CEO of Fast Future where he is applying the principles of exponential thinking to create a new model for publishing. Rohit works with clients around the world to help them understand, anticipate and respond to the forces of change reshaping business and the global economy. He has a particular interest in Artificial Intelligence and is the editor and contributing author for The Future of Business, editor of Technology vs. Humanity and co-editor of The Future of AI Business.

Millennial's expectations and the redesign of the insurance experience

PREFACE   **Technologically-experienced Millennial's expectations of immediacy will change the way insurance is arranged and delivered.**

by Federico Casalegno
—Associate Professor of the Practice
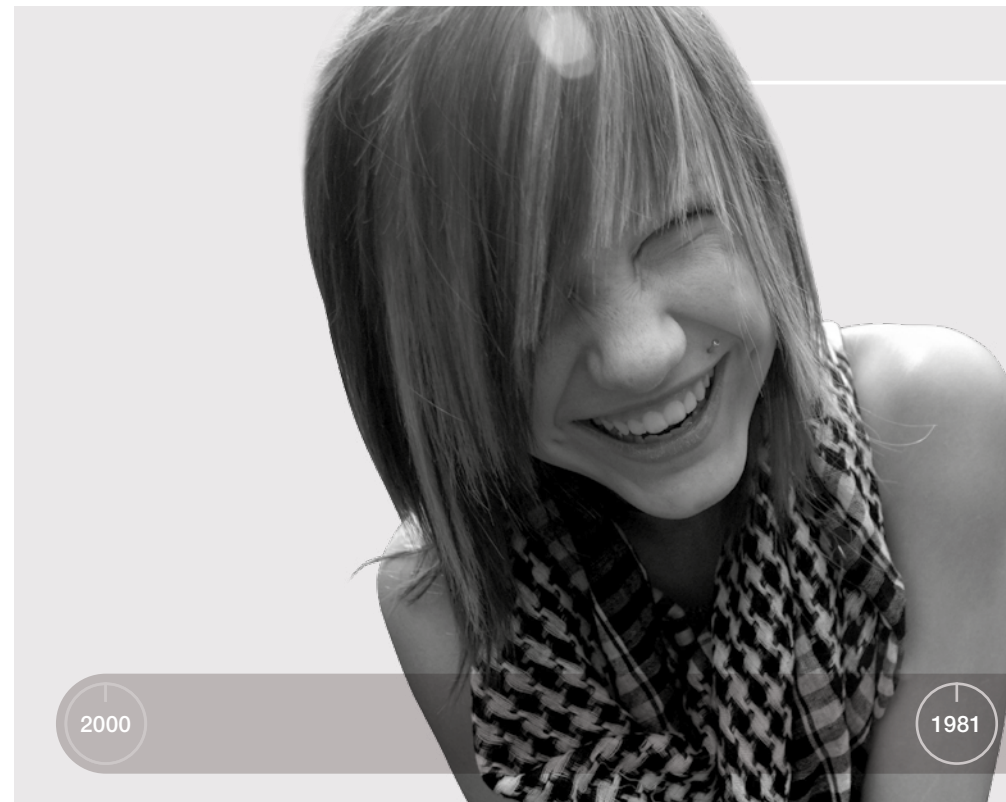
Two cars collide in a busy intersection. Fortunately, no one is hurt. As the drivers get out of their cars to survey the damage and the police arrive to direct traffic, a tow truck also pulls up to the scene.

The smartphone of one driver—the woman with the insurance coverage of the not-so-distant future—buzzes with an alert. Her insurance company has sent her several pieces of information: the name of the towing company whose truck is already on the scene; details about a nearby repair shop that is already expecting her car; specifics about a loaner vehicle that will arrive shortly; and claim details, including a dollar figure, a link that confirms a deposit into her bank account. The alert also asks her to participate in a one-question survey from her insurer: 'Did we handle your accident in an acceptable amount of time? Please click 'yes' or 'no'.'

All of this has happened within only a few minutes of the accident. It may sound like science fiction, but already bits and pieces of this scenario are happening thanks to a combination of advanced technology in cars and insurance providers who do business in new ways. Before long, in a world with far fewer automobile accidents thanks to technology, the entire scenario will be increasingly typical.

This sort of near future, driven by tremendous, rapid technological change, is not about technology alone. It is also a reflection of a number of trends emerging from the generation of millennials that has grown up with technologies many of us could once have only imagined. These trends reveal an evolution in human behavior and expectations.

Millennials, who are 'digital natives,' have grown so accustomed to certain types and levels of service provided by the information and communication technologies they use that it has become the lens through which they view—and judge—many of their experiences in the world. There are four main consequences of this.

Millennials

Born: 1981–2000
Pros: Enthusiastic, tech-savvy, entrepreneurial, opportunistic
Cons: Lazy, unproductive, self-obsessed

Generation X

Born: 1963–1980
Pros: Managerial skills, revenue generation, problem solving
Cons: Less cost-effective, less executive presence

Baby Boomers

Born: < 1963
Pros: Productive, hardworking, team players, mentors
Cons: Less adaptable, less collaborative

2000   1981   1963   1945
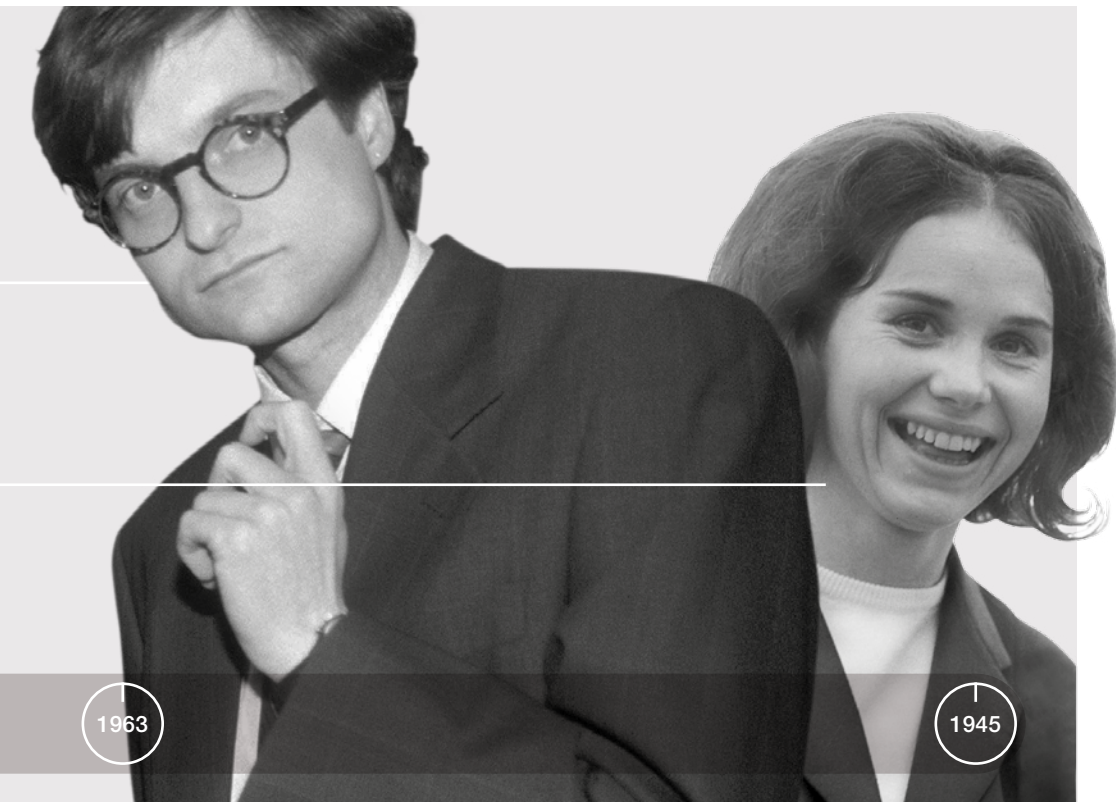
Millennials: the 3 C's generation

C + C + C

Connected
always connected
to the network
and the world

Open to Change
always open to change

Confident
have a lot of confidence
and want to be noticed

1   Melissa Hoffman, "Here Is Everything You Need to Know About the Millennial Consumer," *Adweek,* August 13, 2014, at http://www.adweek.com/digital/here-everything-you-need-know-about-millennial-consumer-159139/. See also Dan Schawbel, "10 New Findings About The Millennial Consumer," *Forbes,* January 20, 2015, at https://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennialconsumer/#22b58cc6c8f4; and "Why Millennials Are So Trusting of Consumer Reviews," *No Time for Social,* Blog Post, March 21, 2016, at http://www.notimeforsocial.com/millennials-trusting-user-reviews/
2   Norihiko Shirouzu, "Millennials are shifting car ownership model; ask Toyota," Reuters, February 9, 2016, at http://www.reuters.com/article/us-autos-toyota-millennials-idUSKCN0VI295

Millennials expect immediacy. In a world where it takes only two clicks on a pocket-size 'supercomputer' to summon an Uber car in minutes, it should come as no surprise that this generation expects products and services to be available on demand anywhere and at any time.

Millennials bypass intermediaries. At least two thirds of millennials are said to make most purchases directly, online. This is as true for products as it is for services.

Millennials prefer digital communication. This is the generation of texting, not talking. They choose whichever communication channel they deem to be fastest and most direct.

Millennials transfer their expectations to everything. They expect the same immediate, high-quality, direct (no intermediary) service and experience regardless of the circumstances. If it takes an Uber car only two minutes to arrive, then a bank should be able to provide an answer to a question even quicker (since there's no driving involved).

A city government ought to provide the same seamless and immediate user experience, too, when municipal services are needed.

Some of the implications of these consequences for insurance companies ought to be clear. For instance, these millennial expectations leave no room for traditional insurance agents or claims adjusters, and no tolerance for waiting for a claim check to arrive in the mail.

None of this should be misconstrued to mean that millennials are strictly transactional. Indeed, they may be the least transactional generation ever. Millennials embrace storytelling, both as recipients and creators, but they do so in the context of the technologies they use. Millennials eating out at restaurants or even cooking at home are very likely to take pictures of their food and post them on Facebook, Instagram, or elsewhere—with comments and expecting comments back. This is part of the peer-to-peer communication that is so much a

component of millennial behavior, and is key to how millennials understand products and services and evaluate their potential buying decisions. According to Adweek, 93 percent of millennial consumers 'usually read reviews before making a purchase,' 77 percent trust consumer reviews they read on brand websites, and 89 percent 'trust … recommendations [from a family member or friend] more than claims by the brand.'[1] They do not want to be sold to. In other words, stories are an important component of the consumer role millennials play.

As consumers, they look at products from a relational point of view, rather then transactional.

They expect the brands to which they exhibit tremendous loyalty to tell stories as well, but they also want to be the storytellers and tell the stories of the products they consume, thus taking an active part in creating a brand's story. These stories, to millennials, add intangible value to a product. Millennials set their own terms for buying, and they see the companies with which they do business as delivering relationships through their products and services.

These trends, however, are only a part of the shifting terrain. Some others trends have to do with millennials as potential consumers of insurance products specifically. For instance, there is the fact that young people have long been the least likely to purchase life and health insurance because their youth makes them less likely to perceive personal risk. More important may be the growing research that shows the millennial generation does not seem to feel an imperative to own things. Access is more important then ownership, because the value of access trumps the cost of ownership. Even more important still may be the emergence of the 'sharing economy.'

The millennial generation shares resources through, for instance, ZipCar (www.zipcar.com) and Airbnb (www.airbnb.com). Rather than own their own automobiles, they are likely to use mobility services or, in a growing number of cases, co-own cars with roommates and others. If '[f]aced with the demographics of a 'sharing economy' … the auto industry is having to shift gear to

respond,'[2] shouldn't the insurance industry expect to have to shift gears, too?

The millennial generation shares experiences through BlaBlaCar (www.blablacar.com), Meetup (www.meetup.com), and Eatwith (www.eatwith.com); knowledge via Wikipedia (www.wikipedia.org) and GitHub (www.github.com); content with lists on Spotify (www.spotify.com) and Netflix (www.netflix.com); and even money through Kiva (www.kiva.org) and the economy through Kickstarter (www.kickstarter.com).

Millennials collaborate with people around the world, crowdsource ideas, and—while they are sharing resources—comfortably interact with strangers in ways that to many older people seem unconventional at best.

It is important to note that these trends both drive technological advances and are reinforced by technological advances. A closer look at the technologies that enable the accident scenario above reveal how far our technical capabilities have advanced and will continue to do so.

These are times characterized by the integration of ever-more-powerful information and communication technologies into every thing and every aspect of our lives. In the accident story, first consider the car itself. We are moving rapidly to cars that are capable of autonomously assessing all damages from an accident. Already, Tesla collects some 1.6 million kilometers of driving data every 10 hours of every day from its automobiles,[3] and other automakers are increasingly doing the same. Cars with digital capabilities can keep in constant contact with the places they are driven through an ever-increasing network of sensors. As the Internet of Things becomes broader and wider, and cars themselves become 'smarter,' all these data can be combined not only to reduce accidents—U.S. government regulators report that Tesla's crash rate dropped 40 percent after it installed its semi-Autonomous Autopilot software[4]—but to deal with them autonomously when they do happen.

It means a car can be programmed to infer behavior, and that the opportunity to look for behavioral patterns can make it possible to prevent accidents and protect

Millennial marketing and behavioral trends both drive technological advances and are reinforced by them

³ Tom Simonite, "Tesla Tests Self-Driving Functions with Secret Updates to Its Customers' Cars," *MIT Technology Review,* May 24, 2016, at https://www.technologyreview.com/s/601567/tesla-tests-self-driving-functions-withsecret-updates-to-its-customers-cars/
⁴ Andrew J. Hawkins, "Tesla's crash rate dropped 40 percent after Autopilot was installed, Feds say," *The Verge,* January 19, 2017, at http://www.theverge.com/2017/1/19/14326258/teslas-crash-rate-dropped-40-percent-afterautopilot-was-installed-feds-say
⁵ "Lemonade Insurance Launches in New York: Lower Premiums, More Heart, No Paperwork," PR Newswire, September 21, 2016, at http://www.prnewswire.com/news-releases/lemonade-insurance-launches-in-new-yorklower-premiums-more-heart-no-paperwork-300331112.html
⁶ Daniel Schreiber, "Lemonade Sets New World Record," Blog Post, at https://www.lemonade.com/blog/lemonadesets-new-world-record/

drivers. Tesla's Autopilot understands how drivers operate their vehicles and predicts accidents so they can be stopped before they happen. The ability to collect and compute data, and make sense of it by transforming data into actionable knowledge, is what differentiates good product and services versus bad products and services.

Technology of this sort has an enormous influence on the insurance industry to shift its own business model from cure (fixing the car after an accident) to care, from treat to prevent.

This is consequential not only for automobile insurance, but also for health insurance.

Artificial intelligence is changing medicine from reactive to proactive. Sensors and wearable devices can alter the traditional 'flow' of healthcare-related activity, and will soon allow for detection of symptoms before they are felt and activation of a preventive treatment before anyone goes to a doctor.

The same goes for cars. What is being called 'Industry 4.0'— automation and data exchange in manufacturing technologies through the Internet of Things, cloud computing, and cyber-physical systems—means, for instance, that a car can communicate that a part needs to be changed before it breaks. This does not replace human intervention; rather, it augments human intervention, recognizing that there are more data than we can possibly analyze and that artificial intelligence can help.

These sorts of technological advances put tremendous pressure on auto insurers and also on health insurers. As medicine becomes more personal and more about fine-tuning individual humans through the design of tools specific to, say, a patient's personal version of a disease, the nature of health insurance products will have to change as well. Insurers will likely find that a better emphasis will be on preventing rather than paying for cures.

Daily, we get closer to an ecosystem that shares information and makes decisions without human intervention

Imagine the healthcare version of the car accident story. Researchers are creating clothing that very soon will not only protect us from the elements but also will serve as sensors that help us monitor our own health and wellbeing and alert us to problems. Such clothing could be just what people who have a difficult time keeping to an exercise regimen or eating the right foods need to keep them on track. An insurer might offer coverage based on how well we do, shifting focus from paying for procedures to paying first for prevention.

Home insurance, too, faces pressure from technological advances. We are rapidly approaching the era of the 'smart' home that generates and communicates data about cracks in the foundation before they are visible, unseen wood rot inside walls, the presence of termites (without needing an exterminator to confirm the problem), as well as whether the washing machine is going to need a part replaced soon or the refrigerator is getting 'ill'. The implications are significant.

The widespread application of these kinds of technologies may be less than ten years away. Each day, we get closer to having a global ecosystem in which objects share information and engage in 'dialogue' that enables calculation and computation and that leads to decision making that requires no human intervention.

This brings us back to millennial behavior and millennial expectations. Humans will still purchase insurance coverage in the future world. But the industry winners will be those who sell it to them the way they want, and who can demonstrate the benefits will be realized seamlessly.

The question is whether the insurance industry is ready, or at least getting ready, to serve such customers.

Already, some 'upstart' companies founded and run by millennials have created new insurance products that speak directly to the trends discussed here. For instance, pay-per-mile insurance from Metromile (www.metromile.com), through an app, works for co-owned cars; there is a special version for Uber and Lyft drivers. Australia's Trov (www.

trov.com), which will be available in United States later in 2017, provides on-demand insurance for personal items; coverage can be turned on and off through an app, and there is an easy interface for simple claims filing. The self-described 'peer-to-peer' insurer Lemonade (www.lemonade.com) treats premiums not as its property but as belonging to those it insures, so customer own leftover money—which gets paid back in the form of donations, in the name of customers, to various social causes customers choose.⁵ Recently, Lemonade won praise for paying a claim in just 3 seconds!⁶

Could insurers like these do to incumbent giants in the insurance industry what Uber and Lyft have done to medallion taxis?

Pressure from these and the next group of challengers, along with the evolution of human behavior, promise to make it even more critical that the insurance industry reinvent itself. New media and technology advances, especially artificial intelligence, are taking us into an era of proactive engagement in which cars talk to 'claims adjustors' with neither a phone nor people involved, and in which clothing helps patients anticipate a symptom and 'cure' themselves.

Insurers need to start taking action now to survive as businesses in a new world.

Federico Casalegno

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Fair Play Leadership

A brief introduction with comments on 'natural' behaviors, having a management philosophy and implementing a common management framework.

by Ludo Van der Heyden
— Chaired Professor of Corporate Governance INSEAD

ABSTRACT   In this article, we introduce a management framework for supporting collaboration in an organization. This framework, called Fair Process Leadership and abbreviated FPL, is relatively simple and remarkably effective. It also makes interactions fairer.

We start by contrasting two management philosophies, the 'command and control' one and the FPL one. We then review some of the main Darwinian traits that all cultures possess but to different degrees. These Darwinian behaviors largely condition us and often lead us to violate the FPL management philosophy, which needs to be learned and is not a natural one for anyone.

Then we present the framework, which is defined in a very operational manner. Before presenting our conclusions, we illustrate the framework using a number of applications.

Which of the following two descriptions describes your organization's management philosophy?

Philosophy A.   The big organizational goals are set by 'top' leadership, in strategy meetings that occur on the 'top' floor. We are then told what results have been set for us, and that our priority and our focus must be to achieve those results. It is management's job to 'stretch' us and they do this by setting high targets. However, they also, with the input of consultants, provide us with the tools needed to achieve these 'stretch' targets and incentivize and reward us for meeting and perhaps even exceeding these targets (but this is rarely the case as targets are set at very high level). The outside consultants provide us with 'best practices' which they tell us apply in the best organizations around the globe. Above all, we should not disappoint our shareholders, who are key to our future. Shareholders are not satisfied with us for we regularly do not meet the expectations our finance director announces to the market at the beginning of the year , and which we often discover at that time.

Philosophy B.   The key managerial responsibility is to frame the goals for our teams and explain how these fit the organizational vision. Once our teams have understood the organizational vision and goals, considerable latitude and autonomy is given to the target setting, which is discussed with our leaders, who insist that targets are important for alignment within our corporation – so that we do not let down our colleagues in other departments. Our culture celebrates performance, which is to go beyond these targets (which are set at reasonable levels, and which we seek to exceed). We work with outsiders for objectivity and for facilitating these discussions. Once our leaders have made a decision, they explain why a particular course of action has been chosen and what

their expectations are (including for rewards), and why sometimes our input was followed, and why on other topics of our input could not be followed. Debate then stops and we all focus on implementing the decision. We always conduct a full evaluation of achieved outcomes, acknowledge mistakes and make the changes necessary to avoid repeating the same mistakes in the future, including on performance measures and incentives.

If your answer is 'A', members in your organization regularly have to admit that things haven't gone to plan. The more things have not gone to plan, the more managers repeat and insist that one has to 'manage for results' … the more elusive these results seem to become. Examples abound of companies whose managers follow philosophy A.

At the same time, managers often appear to have an instinctive dislike for the approach outlined in philosophy 'B'. It seems to be a bit vague in terms of control and clear directions from the top, and indeed managers adopting it risk appearing not fully in control. Yet, there is growing evidence that the second style of management is both more executive and sustainable. We also start understanding why this is so.

Fair Process Leadership, or FPL in short, is a framework that operationalizes these insights for managerial application on a day-to-day basis. This article is devoted to explaining what FPL is and how to build an organization whose managerial philosophy is B.

Darwin on 'natural' behaviors and implications for management

Darwin's theory of evolution is based on the principle of natural selection: nature selects those traits that give individuals and their tribes (the ancestors of our organizations and societies) the greatest chance of surviving in their natural environment. This selection has led us humans to possess a number of instinctive behaviors that are inherited from our ancestors and helped them – and us - survive.

Men had to survive first in a contest with animals hunting for their own food. One could describe things then as 'be lunch or have lunch'. Hunting men brought in the food for the tribe (until agriculture set in where work could be shared, though at that time hunting habits were often set). Men also defended the tribe from aggression by other tribes who would be happy to kill the men, take survivors as slaves, and women as prisoners allowing the tribe to grow bigger, and thus more resistant to outside aggression. This created the instinctive feeling that 'bigger is safer'. Hunters that risked too much would typically not survive, which is why we all are risk-averse, and do not easily leave known hunting grounds for unknown and ambiguous territories. We do so when we have to.

Men got trained and selected to hunt and fight, early training benefiting all. The recipe was a mixture of selective mimetism (copying from the elders with the best hunting scores) and self-determination (using natural talents to adapt other people's methods to your own talents and thus improve upon the 'better practices' of others). This still is a recipe that many managers follow in organizations today.

A big question at the end of the hunt was the sharing of the proceeds: it was important that each got a fair share, which was a combination of merit (individual performance) and needs of each hunter's family (as even great hunters could come up 'dry' or be hurt, hence some

form of fraternal sharing was the norm). To limit fights amongst fighters, hierarchy was useful – leading the young men to listen to the elders. The same is still the case in organizations.

For men, would learn that fair play with animals was not an overriding the concern, as trickery allowed men to catch more. Up to a limit, when over-hunting risked killing the animal herds altogether, and amounted to collective suicide. Respect for the natural environment was in their self-interest.

When the environment became menacing for the tribe, a share was reserved for the 'big buffalo in the sky' so that he might stop being upset (and preserve future hunts). Should the latter be upset, it was important The appeasement of the 'big buffalo' watching over the tribe was often done (in good hunting tradition) by sacrificing one's own (often the girls, as with the Incas and the Romans of Antiquity).

Women managed the village, protected by their men, sheltering the smaller ones and taking care of each other. Girls learned from elder women, mimetism and reciprocity being the principles. Some entrepreneurship was useful as well, as not all girls had equal talents and personalities. But the most important was a sense of fair play in the village, to have harmony inside when the outside was so tough. To this day, every statue of justice is a woman, with a balance, and finally a sword (as reward or sanction). Knowing that one can impress others by looks and threats, justice is also blind.

We have tried to apply this to the male/female dichotomy, to indicate that there are Darwinian reasons why men differ from women. Having said that, let us be very clear: we are the product of both our fathers and mothers, and inherit traits from both of them.

Then there is the environment: in tough climates (unforgiving winters, jungles, or forests), solo play is a good recipe to die, so challenging

climates have selected more collective cultures (think eskimo or Scandinavian); in milder, more bountiful climates, one can risk it alone (think mediterranean).

To summarize, we have 'basic' or intuitive responses that have been programmed in us. These are: reciprocity and mimetism, self-determination, aversion to risk and thus change, a respect for hierarchy and for elders, and a sense (for men) for fair share and (for women) of fair play. These are quite common, but do differ depending on the climate, milder climates favoring more individualistic behaviors, and tribes would be smaller and become nomadic if the environment did not easily provide food for a large number. So the Nordic people facing harsh weather and unforgiving forests became more collective than the Italians in their fertile plains, but also grew less numerous.

Managers, without training, rely on acquired competences and on the talents that they inherit at birth. Some of them are useful in today's organizations, others less so. This may depend on whether one is hunting (e.g. sales) or managing the village (e.g. HR). Women can do both, so can men; however it remains a statistical fact that most HR directors are women.

Humans are instinctive. And our instinctive reactions can make us ineffective managers.

Trust, Performance and Fair Play

Our previous paragraph aimed to make the argument that Darwinian roots of management and organization may lie more in the village than in the hunt. Women managed the village, their children and each other, for harmony and sustainability. Men were 'doers' and liked to 'execute' (preferably animals, but also enemies when needed). Fairness concerns mattered to both: fair play in the village, fair share for the division of the hunt.

Fairness is not simply a matter of socialization – keeping to certain social norms or customs. Fairness is 'hardwired' into how our brains work. For example, there is an area of the brain called the striatum which is activated when we get a monetary reward. It is also activated when we punish (or execute) somebody for a previous transgression. When somebody shows trust in us (e. g. through a gift), the levels of oxytocin – a pleasure-inducing polypeptide that's active in mammalian brains – rises. When we repay them, thereby proving ourselves trustworthy, these oxytocin levels rise even higher. Trusting and proving trustworthy literally makes (most of) us feel good. Sociopaths cannot trust other people and are not trustworthy themselves. They have abnormally low levels of oxytocin in their brains. When experimental subjects are given extra oxytocin, their propensity to trust doubles.

It is the presence of fair play in the organizational culture that generates collective trust and commitment. Reciprocity in trust and fair play leads to team spirit and collective commitment, which are the pillars of high performance teams. These inextricable links between reciprocity, fairness and trust are important economically because they have a strong influence on

human collaboration and performance. We feel safe in trusting relationships and are then prepared to risk, commit and invest more, thereby usually leading to better outcomes. In untrusting relationships we tend to withdraw, withhold or perhaps even sabotage to end our displeasure, if not revulsion.

Fair play is thus key to sustainable performance of organizations. Unfair play organizations do not sustain themselves too long, as social harmony suffers and energies lead to destruction: they have to keep producing more goods for the tribe, and at some point other more performing tribes will take them over and they will restore harmony (though in the process men may die, or be taken prisoner, and their families taken away from them).

When one focuses excessively on fair share only, one tends to unfairly represent one's contribution, and be driven to cheat in order to claim a bigger share. In many ways, this is the behavior that was at the root of Wall Street financial crisis, which nearly killed our global village (it certainly killed a number of organizations including Lehman Brothers and Fortis, and led others such as AIG and RBS having to be rescued). Fair play is the virtue that limits or contains this cheating. There wasn't much containment in these organizations.

Management is primarily language: to make fair play operational for managers, we need to define it more precisely (that is without reference to fairness). This is where we can invoke the academic work of one of the major figures in modern sociology, Professor Gerald Leventhal (1980). He identified fair play through five characteristics: They are:
—*consistency:* when persons and issues are treated in the same uniform way, without bias;
—*clarity:* when decisions are transparent and fully explained

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—*communication without fear of retaliation:* all parties' views are considered, listened to and expressed without fear of being punished for what they say;

—*changeability:* corrections can be made as a result of new information and evidence (not just opinion), through, e.g., appeal procedures or review;

—*culture of ethicality:* compatibility of decision-making procedures with prevailing moral values and authentic commitment to integrity and truth.

What is important here is first that fair play requires all five characteristics to be fulfilled, which is very hard. We are rarely good in all five dimensions at any given time: therein lies the challenge. And some of our basic instincts do not serve us well here: e.g. respect for elders and seniors might inhibit honest feedback, we have preferences and have biases, there are some in our team we prefer to others. These 'natural' reactions however lead us to be perceived by others as not playing fairly, generating reduced commitment, trust and motivation going forward.

In general fair play is critical for sustained collective performance. It is important to note that this applies to individuals, teams, organizations, and nations.

But possibly the most important point is that when one asks someone what are the characteristics of a desirable leader, people often say fair play characteristics. For these leaders are the most engaging, provide the most autonomy for team members, communicate well, and are willing to admit mistakes and learn from them. This real answer is quite at variance with leadership theories that advocate personality traits such as charisma, or physical traits like being large and attractive (which work in the short run, but fail in the long run if not supported by fair play behaviors).

> People are attracted by fairness and reciprocate when encountering it. They also respond to unfairness with fear, if not hostility. Fairness is thus critical not only for justice, but also for organizational and managerial performance.

From Fair Play to Fair Process Leadership

The issue of fairness has sparked a great deal of interest among organizational researchers. In the early 1970s, J. Thibaut and L. Walker showed that the (perceived) fairness of judicial proceedings was key to the acceptance or refusal of decisions and sentences reached in court. G. S. Leventhal (1980) extended this work to organizations.

Leading authors Chan Kim and Renee Mauborgne (1991) highlighted this research and its implications for strategic management. Their contribution was fundamental and included the critical role of fair process for strategic innovation and how unfair relationships between corporate HQ and subsidiaries leads to performance shortfalls. It led to their best-selling book, entitled *Blue Ocean Strategy* (2004). One of their key findings was that outcome failures are only symptoms, being the consequence of fair process failures. This link works in unexpected ways: people are much more prepared to accept personally negative outcomes if they view the process that generated these outcomes as fair. Perhaps even more surprisingly, people are far more likely to reject favorable outcomes if they feel that the process that generated these outcomes was unfair. And, finally, we are all biased: we tend to view outcomes that are favorable as the result of fair process, and vice-versa for negative outcomes.

Fair process is therefore very important in organizational life, where managers regularly have to make decisions that are negative for particular individuals, functions, or entire business units. Kim and Mauborgne, in their research, identified three regular fair process shortcomings: lack of engagement of those affected by the decision, lack of clear explanations of particular decisions, and also insufficient expectations setting of the implications of decisions on others.

These findings generated a subsequent question: how should a manager behave so that they are perceived as fair by the people

The Fair Process framework

elaborated by Van der Heyden, Blondel and Carlock (2005).

Generating & **Exploring** & Eliminating Options

Engaging
& Seeing & Framing

Communication/ voice
Clarity/ trasparency
Consistency/ with evidence
Culture/ authenticy

Deciding & **Explaining**
& Expectations Setting

Evaluating
& Learning & Adapting

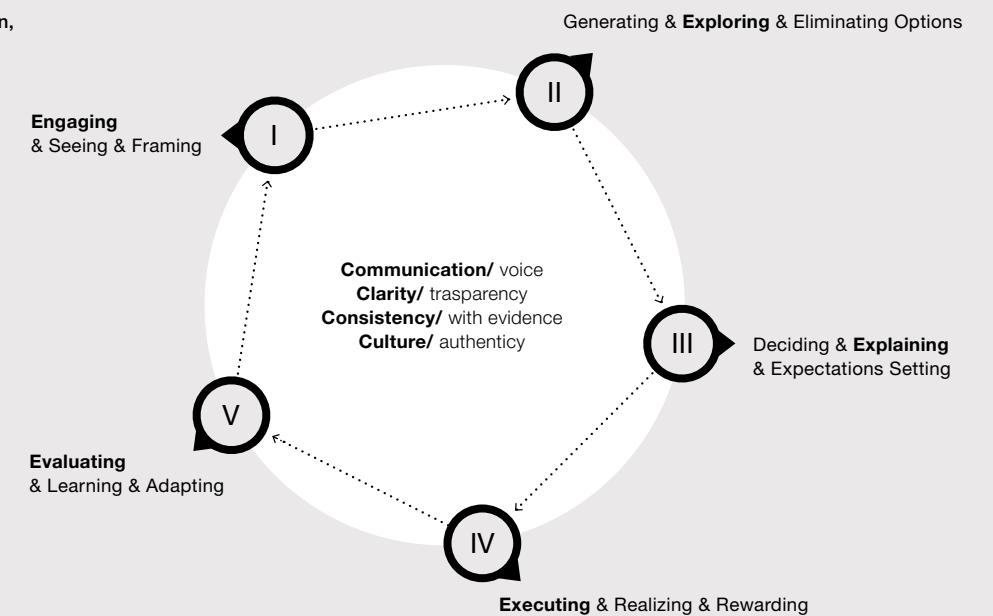**Executing** & Realizing & Rewarding

Table 1 © Ludo Van der Heyden (2016)

they manage or by their supervisors? Can we translate the theoretical insights into an operational framework that can support and generalize fair process behavior within an organization?

These are the questions we addressed in our research, which enriched fair process with a number of learnings from other fields and resulted in a further operationalization of Fair Process, as exhibited in Table 1. One fundamental input was Kaizen, practiced in all industrial factories around the world (and typically associated with Toyota) and also known as PDCA: Plan for an improvement, Do carry out an experiment that validates the improvement idea, Check whether the experiment produces the desired improvement, and, if so, Act, which amounts to generalize the idea throughout the factory. This framework exhibits a process consisting of a clear number of steps which can guide the fair process manager or team.

The latter two steps of the framework were emphasized by Russo and Schoemaker (2002) in their book summarizing substantial recent progress in decision-making literature. One major input consists of the first step (#1- Engaging, Seeing and Framing). Russo and Schoemaker underlined that many wrong decisions result from having framed the question wrongly. For example, a firm might not do well financially, face insufficient revenues, and be obliged to initiate a cost cutting move… that actually makes things worse (as revenues will fall further). Another common error in framing is that of mountaineers who wish to go to the top (of Everest), when they should be framing the journey as one that primarily has to be guided by a spirit of safety (most accidents occurring when people come down from the top). Kaizen factory workers do not need this step, for the framing is the same for all: it is about productivity improvement (as measured by cost, quality, speed). But in

management outside the factory, framing is of the prime essence: get this wrong, and you are executing on the wrong frame … and likely to destroy value. The US wished to 'change the map of the Middle East' in the Iraq 2 war; well, they did, but not for the better. The framing of this operation has never been clear and lies at the root of many of the difficulties we still face and are confronted with today, none more than Italy and Greece.

The second major input adapted from Russo and Schoemaker consists in identifying the last step (#5- Evaluating, Learning and Adapting). The absence of a thorough review from past experience is often at the root of future mistakes. BP had a poor safety record containing a great many near misses and several real accidents in North America. Yet, they were insufficiently analyzed for their root cause: a pressure to produce oil from its wells, combined with a lacking safety culture (even though BP was known for it). The result was the explosion of the Macondo platform in the Gulf of Mexico. Beyond preventing mistakes, there also is the need for all of us to recognize our mistakes, which allows the team to recommit to the leader or the members, after such mistakes have occurred (which is common).

There are two additions that were made when generating the FPL framework. The first one was to move from a decision-making context to a managerial framework. That led to the introduction of the step devoted to #4- Execution, realization of decisions, and rewarding, as announced at the previous step 3, according to the expectations announced and committed to in the previous step.

The final addition consists in a realization that processes only live well if they have capable leaders, and that a change in leadership typically affects the process. A new CEO typically changes the strategy process, or the process of growth of the company.

Though Mandela was a fair process leader, his successors certainly were not, and South Africa therefore today is in difficulty. That led us to coin the term Fair Process Leadership (or FPL), as the three aspects matter and are interrelated.

While factories make products, fair processes generate trust and commitment which is the heart of effective collaboration.

The link between FPL and performance, as illustrated by Limberg (2007) in his dissertation that compares 15 German factories in the automotive and electronic sectors. The process evaluated is strategic product planning (SPP).
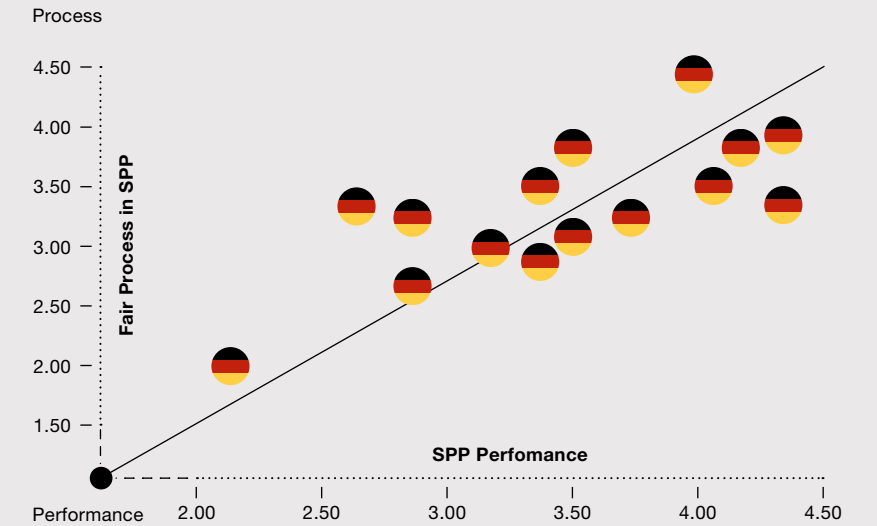
Table 2 © Ludo Van der Heyden (2016)

Feedback from managers attending INSEAD programs asked to identify the FPL step that their superiors manage least effectively.

	Senior Managers July 8 & Nov 4 2014	Middle Managers Oct 3 2014	Senior & Middle Managers of an Entrepreneurial Bank Oct 10 2014	R&D Managers Oct 3 2014	Total
Engage	51,2	50	3	32	41,4
Explore	31,8	18	7	20	24,6
Explain	7	9	74	30	20,1
Execute	3,2	0	3	0	2,3
Evaluate	6,8	23	13	18	11,6

Table 3 © Ludo Van der Heyden (2016)   Measure in %

Illustrating Fair and Un-Fair Process Leadership

Managers who commit to 'delivering the numbers no matter what' also end up not being perceived as fair, leading the numbers to become lower than they could have been.

The recent news has given us a great illustration of the workings of unfair process leadership. The occasion was the executive order signed in January 2017 by President Trump against immigrants entering the US. Regardless of the merit of the decision, it was an embarrassing moment for the newly elected President. The Deputy Attorney General, Sally Yates, soon went on TV declaring the order illegal. The order was poorly born, and has since been repealed, and slightly rewritten, and is now again under review. The failure to engage Mrs Yates was a basic management error by the White House of deciding and announcing without engaging those informed about the issue and affected by it. Not doing so often leads to insufficiently informed decision-making, demotivation or, worse as in this case, it legitimizes and fuels resistance. FPL is not democracy, it is about using one's authority wisely.

Thomas Limberg, in his dissertation, studied production planning processes in 15 German manufacturing plants, and contrasted the quality of these processes with the quality of the results produced. The relation is remarkably consistent, as shown in Table 2: there is a positive linear relation between the quality of FPL and the quality of the output. In the bottom left corner, most decisions were made by management without engaging the workers. Commitment was resultingly low, and so was performance.

I often ask the students in my management courses to comment on the extent by which their superiors are managing the teams they are members of, by identifying the FPL step they wish their superiors would do much better. The result varies amongst groups, as shown in Table 3. However, the overall result is telling: on average, managers wish that their superiors would engage them more in discussing the f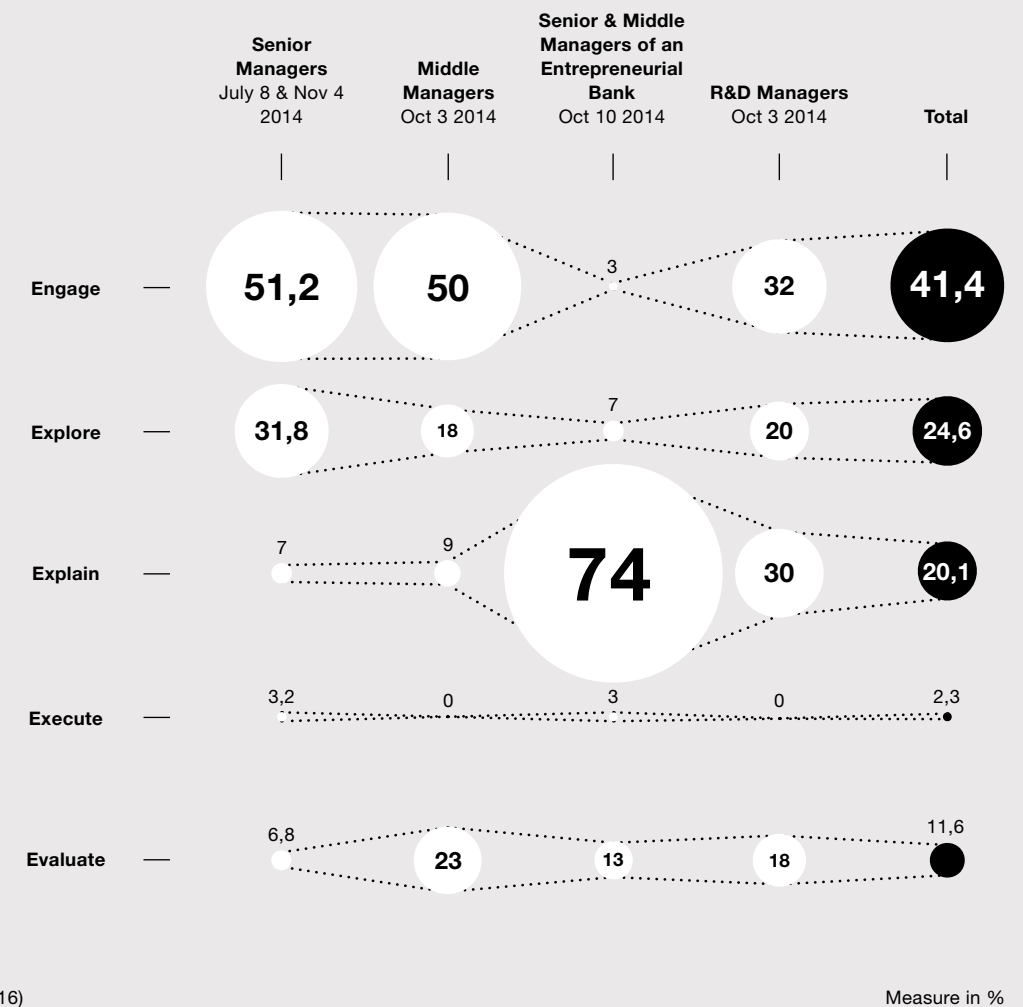raming of the question they are addressing, how they see the problem, and that they do so before deciding, and even before they explore possible answers or solutions. Execution is typically not seen by them to be a big issue, which is in deep contrast with the opinion of their superiors who typically identify the execution step as the issue (with bias, because that step is delegated to the team, and hence blaming the team for poor performance, and not themselves, leaves them both content … and delusional, hardly a good managerial state of affairs).

We conclude with our best application so far, which concerned a Canadian mobile telecommunications company. Wishing to make a breakthrough in customer centricity (which requires lateral collaboration between the 'silos'), they adopted FPL as a collective practice, including manuals, training and FPL indicators for each manager. Those that fared poorly on their scores, were sent to the 'penalty box': a one day training on FPL. Those that did not learn had several visits. A couple of years later, FPL had become part of the organizational culture. And the result was unexpectedly positive: not only did customer engagement and employee motivation go up considerably, so did the performance of the teams in a number of areas such as work processes, performance management, career planning, and even satisfaction with job pay! To this day, the company is leading its industry.

Conclusions

In this article, we have focused on collaboration inside the organization, suggesting that a fair process framework goes a long way to answering the question 'how to lead and collaborate effectively?'

The principle of Fair Process Leadership applies both to intra-company collaborations - such as new product development and strategic planning - and to inter-company relationships - such as those occurring between a company and its suppliers, or a company and its customers and shareholders. If collaboration is to work sustainably, fair processes will most likely lie at the heart of it.

At first sight, FPL issues often appear to be of marginal importance to managers. When first presented with the FPL framework, many managers react by saying something like: 'Oh, you mean good communication is very important. Yes. I understand that. So, I will communicate more in the future. Now, what's next?'

But 'better communication' is just a first step in engaging others. FPL leads to a radically new view of leadership that goes way beyond communication. It starts from the principle that leadership itself must continuously be tested and others continuously engaged, and then in a fair play manner. Fair Process Leadership presents a structured way of doing so.

The result of FPL is that leadership becomes more widely shared throughout the organization. Fair process then generates a deep and new level of effective collaboration that answers critical questions facing all organizations: How can we build trust? How can we keep engaging our people for ever more effective solutions and value add? And how can we learn, adapt and continuously improve our commitment and our results?

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Further Reading

A good place to start is to review the classic article by Kim & Mauborgne (1997). This is the article that inspired our work, which aims to provide a normative answer to the question 'how do I need to work if I wish to work fairly?' Of course, for a fuller treatment, we recommend Kim and Mauborgne's seminal Blue Ocean Strategy.

The article by Brockel (2006) reviews the many reasons why fair process is not a natural practice. Finally, a superb must read for every manager is the book by Cialdini (2001). The author explores behavioral and emotional aspects of social relationships, such as altruism and reciprocity, which fair process addresses and integrates very effectively.

Thanks

G

We, Generali

Brief summary

Faced with the speed of change, how does a company stay ahead in a fast moving world? Ever in the forefront, Generali is already setting the example in the field of telematics and is continously looking for innovative ways to advance in order to meet new expectations and new technologies. The Group's work in the area of big data is daily changing how insurance is perceived.

'I believe that technology, connectivity and, above all, new client behaviors will transform the insurance sector' says Frédéric de Courtois in the article below which outlines the steps that the Group is taking to fine-tune its strategy.

Generali believes that innovation is a key lever for our long-term success. In India our joint venture Future Generali India Life Insurance is using an innovative approach to deliver 'Simpler, Smarter. Faster' life insurance products to Indian consumers to wean them away from their usual investments in real-estate and gold. Mukesh Takur tells us how.

The increased velocity of communication has enabled us to acquire valuable information and find resources with ease and speed via the web. However there can be the risk of legal consequences from improper use even if involuntary writes Furio Curri and Alberto Ces. In their essay 'Law on the web' they explain the ramifications.

by the Editorial Office

Insurance in a fast-moving world
— Interview with Frédéric de Courtois

by Leonardo Meoli
—Group Strategy Manager, Generali

Innovation whether based on mobile and app-based approaches or automation of processes, AI and machine learning has to meet the needs of clients and distribution networks, particularly agents.

Q1—The evolution of the insurance world is gaining pace. Among some of the trends and challenges: ever more demanding clients; volatile capital markets; new risks; the growing importance of technology. Frédéric, in your view what are the trends and the most important challenges in the next few years and how is Generali acting in this respect?

Clients' new expectations, the *Internet of things*, new technologies and the use of big data have already changed the insurance business.

Other retail companies have shown us the archetypes of change, for example Amazon, which allows us to have access to any object from anywhere in the world; Uber, Airbnb and Tripadvisor, which provide chauffeurs, lodgings or restaurants on demand.

The growing quantity and quality of connected devices (in cars and houses, but also on people like smartphones and wearable devices) create an enormous quantity of data that can be used to benefit clients and develop ad hoc solutions.

The insurance sector has already begun to change with advanced products like *Pay-How-You-Drive* in the Auto business and *Pay-How-You-Live* in the Home and Health business.

Innovation has to meet the needs of clients and distribution networks, particularly agents, but we can already observe the establishment of new methods along the entire value chain, for example:
• in distribution, with the use of mobile and app-based approaches to meet the needs of clients when they need it, or for remote assistance;
• in operational activities, with the automation of processes and platforms (which are increasingly cloud based) with the aim to increase efficiency;
• in the use of artificial intelligence and machine learning during the underwriting process to spot fraud and manage accidents with a high level of efficiency.

Generali is a cutting-edge company on this front: we are the auto telematics leader in Europe; we were the first to launch Connected Home products in Germany, Spain, France and Italy; we launched Generali Vitality in Germany and France, and we are exploring other opportunities like RoboAdvisory

and Robo-for-Advisor solutions to launch new, innovative products in the Life business.

In addition, Generali is trying to systematically import new competencies through the collaboration with startups or other more established partners to promote innovation within the Group (i.e. Microsoft, Progressive).

Turning to market uncertainties, which are linked, for example, to the expected low growth levels in the Eurozone and political events, I think that in the future they will continue to significantly affect the insurance business.

For these reasons, a key element in the strategy of Generali is to keep our portfolio balanced to ensure both the top and bottom lines remain resilient against market volatility, for example by increasing the weight of our Life 'capital light' products, the Damage business, asset management and protection.

Q2—The world of insurance is evolving faster and faster, but it's undeniable that there are different speeds depending on whether we refer to Europe, Asia or the rest of the world. Frédéric, how can Generali, which operates in different regions,

successfully manage this complexity?

As we announced at the Investor Day in November, one of the pillars of the Group's strategy is the optimization of our geographical presence.

To clarify this concept it's important to underscore one of the principles that guide our strategic choices: we don't aim to be present everywhere, but we want to be in those markets where we can excel.

The Group wants to keep a global diversified presence and benefit from the undeniable advantages it brings. We want to strengthen our leadership position where we are already strong and use discipline to invest in the markets that present long-term growth perspectives.

Europe, the world's largest insurance market, is our main source of profitability, but we also pay a lot of attention to emerging markets such as Asia and South America.

For example, it is forecast that Asia will become the largest insurance market in 2025 and Generali doesn't want to miss the opportunity to turn this market into a second driver of growth and profit.

" We are halfway through our industrial strengthening plan after completing the first phase, the financial turnaround. Today my aim is to successfully complete the second phase. I want the entire company to focus on this. Its purpose is to accomplish the solid foundations that will underpin our development."

—Philippe Donnet
(interview with La Stampa newspaper, 10 May 2017)

For this purpose, our board recently approved a new strategy that on the one hand optimizes the investments already planned (more focus and discipline) and on the other identifies new growth opportunities, for example the creation of digital ecosystems with external partners (in healthcare, lifestyle, protection, etc.), the evolution of the agent sales force as well as that of products and services.

Q3—Having the right strategy is essential, yet, as our Group CEO often reminds us, the execution makes the difference. Frédéric, in a world that continues to turn faster and faster, what are the reference points that will help us hold a straight course and reassure us that we are achieving our objectives?

Excellence is the reference point for the Group: we want to be the best in what we do. The proof is the results we achieved in 2016, despite challenging markets.

Our focus on excellence is reflected in the Combined Ratio of the Group, which is the best among competitors, and in the indicators for operational efficiency, which place us in a position of leadership.

In order to continue to obtain excellent results, we need to leverage our most precious resource: our people.

People are the main driver of the Group's results. To continue our success, we need to involve them, promote a culture that values performance and give them opportunities to excel. To this end we also encourage a culture of performance feedback and we

Frédéric de Courtois
at the Investor Day
2016, London –
November 23, 2016

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strongly believe in people empowerment. From this point of view Generali has strong governance and a simple structure that can provide effective help: local business decisions with guidance from the Group and expertise centers (i.e. telematics, big data, etc.).

Moreover, together with all the CEOs of the Group, we have launched a tool that will allow us to constantly monitor the achievement of our objectives and evaluate the progress made for each of our six strategic pillars.

This instrument is called FastBoard. Many among those reading this interview will be aware to what I am referring.

FastBoard is a monitoring tool that identifies the key indicators of our strategy and checks its progress. It's a transparency, sharing and dialogue instrument to make sure every Group unit knows all the time how the business is evolving and how to react.

Q4—Frédéric, I would like you to talk about some of the new trends and business models. In recent years we have seen the success of startups that have ridden the wave of new technologies. We are talking about examples like 'P2P insurance' of players like

Lemonade, or 'smart online brokers' like Knip. In your view, how should an insurance company like ours react to these developments?

I believe that technology, connectivity and, above all, new client behaviors will substantially transform the insurance sector.

We believe that innovation is a key lever for our long-term success, but also an opportunity for Generali to guide this change process as a leader in the sector.

We resort to new ideas and technologies to improve customer experience, to transform our business model and provide our distribution networks, agents and clients with better insurance solutions and better services. Innovating is easy, but it's more difficult to innovate in a way that is relevant to our customers and distribution network and can also be used by our colleagues internally in a relevant way.
For this reason we have adopted an approach that relies on internal and external resources:
• Internally, we are focused on promoting innovative projects and solutions for all aspects of the Group's operations and we have developed a process to share the best

success stories with our businesses (for example innovation hub, success stories). In this context, empowerment means that innovation has to come from the companies and the Group, and have the ability to export the best ideas from one company to another. As we interpret and define innovation, we have to remember the strong element of speed that goes with it. In the Silicon Valley everyone knows the expression 'fail, but fail fast,' which means making mistakes is part of the process but we need to learn quickly from them and start again.
· Externally, we cooperate with partners and startups around the world, which are able to develop new products and high-potential services that can be scaled up within the Group.

Q5—Let's talk about people, our main resource. The improvement of our organizational capability to adapt to this 'new world' is an enabling factor for a company like ours. What are in your view the characteristics that should be strengthened or developed? How can we increase the speed and the agility to adapt also from a cultural and behavioral point of view?

First of all, I am convinced that we have excellent people at Generali. That said, we need to continuously bolster our competences and knowledge in order to maintain and strengthen our excellence. In addition, we need to promote smart workspaces to keep up with the mobility and flexibility needs of our colleagues.

For example, we have launched a number of pilot programs to define the smart workspaces, particularly smart working initiatives. We are testing and introducing smart working initiatives in more than 15 companies within the Group and they are being integrated with the work-life balance solutions that are already available: flexible hours, part-time work, parental leave and crèches.

Diversity and inclusion, for which I am the Group sponsor, are elements that we particularly aim to develop. On this subject, we are engaged in promoting the uniqueness of people and diversity of thought, especially in terms of age, sex, geographical origin, while at the same time creating a culture focused on merit, which must be the real opportunity driver for your people. We want to increase diversity and improve inclusion to make our organization even more innovative and able to understand and anticipate the ongoing changes and transform

them into business opportunities. We have already launched several activities to improve inclusion: the creation of an international colleague network to facilitate a coherent diversity approach as well as the promotion of a concrete initiative plan within the Group. We have signed up to a school-work project for youth aged 16 and 17, we have sponsored the Imagine Bocconi project, which aims to generate innovative ideas for Generali thanks to competing teams of Bocconi University students in addition to many other projects, and we are committed to do even more.

Finally, we want to promote a culture of change and entrepreneurship because the best ideas are generated from our people. We need to increasingly promote a culture that rewards initiative and that motivates our people to look for solutions that help us innovate and create value. An example of initiative that includes this philosophy is the 'simplify hackaton' organized by Generali Italia, during which teams of colleagues challenged each other with the aim to come up with solutions that can be innovative and technologically advance the insurance sector in areas of strategic importance.

Frédéric de Courtois —Global Business Lines & International

Frédéric de Courtois is a graduate of Ecole Nationale Supérieure des Télécommunications de Paris and Institut des Actuaires and the Collège des Ingenieurs in Engineering and Ecole Nationale des Ponts et Chaussées in Management.

He began his career with CGI Informatique in 1990, before moving to UAP in 1993, which was later merged with AXA in 1996, working within the Finance Department before moving to the Group Controlling Department in 1997.

In September 2016, he joined the Generali Group as Chief Executive Officer of Global Business Lines; International with responsibility for their Global Business Lines (Europ Assistance, Generali Employee Benefits, Global Corporate; Commercial and Generali Global Health), the EMEA, Asia and Americas regions and the Group's Bancassurance.

ISTOCK / KJBHOREJ

Simpler, Smarter. Faster

PREFACE   Encouraging Indian consumers to invest in simpler and smarter life insurance rather than the habitual real estate and gold.

by Mukesh Takur

—Future Generali India Life Insurance Company Limited

Indian consumers are known to have a high tendency towards savings to safeguard their future. Although, the gross domestic savings rate in India is quite high, 66%[1] of consumers' preferred investment options are still focused on fixed assets like – real estate and gold – which have a high resale value.

The life insurance sector recorded a new premium income of Rs. 1.38 trillion in a year, i.e. April 2015 to March 2016. It is expected to cross compound annual growth rate of 12 to 15% in the next five years and will quadruple in size over the next 10 years[2]. Life insurance, for safeguarding the future, is still not widely accepted since it is perceived to be

complicated and does not have high returns. A typical perception revolves around life insurance that, there are a lot of rules, conditions and litigations involved in a policy along with a complicated return on investment option. Consumers often avoid it since the insurance policy documents are not easy to understand and are not easily accessible.

Identifying this as a major challenge in market penetration, Future Generali India Life Insurance – a joint venture between India's leading retail firm Future Group and the Generali Group – in 2015, decided to give its consumers in India a 'Simpler, Smarter. Faster' approach thereby making life insurance a preferred

The Indian megalopolis of Mumbai

Indian consumers, who have a reputation for savings and the safeguard of their future, prefer fixed assets like real estate investments.

[1] *So Why Do Indian Households Invest So Much In Gold?* – Forbes India
[2] *A Brief On The Indian Insurance Industry 2016-17* – Report issued by FinSMEs

savings option for them. Under this philosophy of 'Simpler, Smarter. Faster', Future Generali Life Insurance has made its insurance policies:
• **Simpler –** for easy understanding of its simple yet unique insurance products
• **Smarter –** custom made products depending on the consumer's requirement with good returns
• **Faster –** in the age of digitalization, consumers prefer a quicker turn-around time in processing of documents and approvals

With these three major pillars of communication, Future Generali Life

Insurance decided to overhaul its communication pattern towards it customers. The brand then looked at its first point of interaction with customers – the policy document. Future Generali India Life Insurance learnt that –
1. The policy document had too much text, including a large number of jargon which was not easy for the consumers to comprehend
2. The document was low on visual appeal and lacked illustrations and infographics, thereby making it less interesting for consumers to read
3. The terms and conditions pertaining to the policy were too complicated

With this feedback that was received from a customer's point of view, Future Generali Life Insurance then hired a copywriter from an external agency to understand all the policy related documents from a common man's perspective. The intention here was to make each and every policy document easy for existing and potential customers to comprehend. Here below are the changes that were brought about as a part of the 'Simpler, Smarter. Faster' implementation in the brand's philosophy:
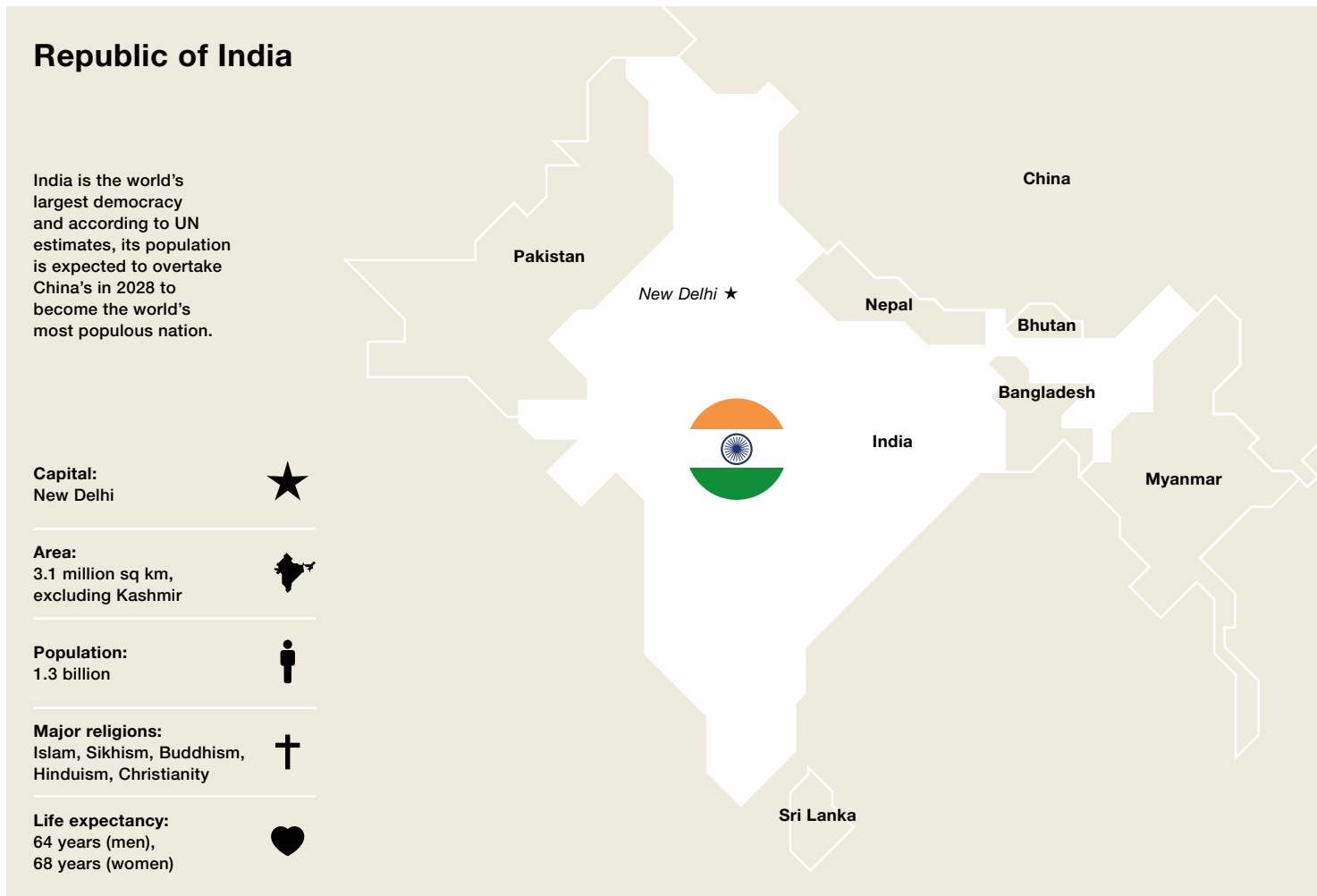•   The language and the diction used in the policy documents were devoid of jargon and simplified keeping in mind that customers receive all the relevant information with regard to their policy, benefits, payment options and grievance redressal.
•   The document were also made visually appealing with relevant illustrations and infographics to make it interesting for the customers to read and understand.
•   **Talking policy document:** This is an industry - first initiative where all key features and benefits of the policy are communicated to customers with the help of a pre-recorded audio chip which plays as soon as the policy document is opened and a welcome letter greets the customer.
•   **Availability of the Policy Document on the Website:** In line with the philosophy to

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Future Generali hired a copywriter to understand all the policy related documents from a common man's perspective

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Republic of India

India is the world's largest democracy and according to UN estimates, its population is expected to overtake China's in 2028 to become the world's most populous nation.

Capital:
New Delhi   ★

Area:
3.1 million sq km,
excluding Kashmir

Population:
1.3 billion

Major religions:
Islam, Sikhism, Buddhism,
Hinduism, Christianity

Life expectancy:
64 years (men),
68 years (women)

China
Pakistan
New Delhi ★
Nepal
Bhutan
Bangladesh
India
Myanmar
Sri Lanka

Source: BBC, 2017

◉ Giving as a rule for every business

India was the first country in the world to require by law that large companies operating in the country, whether Indian or foreign, undertake corporate social investments.

The new 2013 Companies Act has introduced a number of corporate social responsibility obligations including:
•   every company with a net worth of 500 crore rupees ($83 million) or more, or a turnover of 1,000 crore rupees ($160 million) or more, or net income of 5 crore rupees ($830 million) or more will have to set up a Corporate Social Responsibility Committee within the board for the duration of every financial year;
•   the companies that reach these thresholds will have to set aside at least 2% of the average net income in the previous three years for charity. They can choose from a wide range of causes such as programs that target hunger and poverty, or environmental protection.

leverage technology to turn around faster to customers and to ensure ease of access, the policy document was made available on the Company's website in PDF format. Customers simply need to input their policy number and date of birth to download the document to ensure data privacy.
•   Availability on the Customer Portal: This is the go-to section the minute a customer faces an issue/query with his/her insurance policy. The Customer Portal is an extension of the policy document. Customers can log-in to find the same simplified content via a secured log-in. The same simplistic design architecture was kept at the forefront because it was imperative to have an easy and intuitive User Interface. The portal also acts as a digital branch with an integrated front and back end process offering customers self-servicing capabilities almost 90% of services of a fully functioning branch. The portal also acts as a platform for consumers to submit claims and update customer details.

The Process: *Losing a few battles but winning the war*

After incorporating the above mentioned changes, the policy documents were then

shared with the internal Legal and Compliance Team for a sign-off. This was done to ensure that all the rules and regulations formulated by the governing body, Insurance Regulatory Development Authority of India, (IRDAI) were being systematically adhered to, by the brand. The initial feedback didn't go down too well with the Legal and Compliance Team. The reason, everything looked simple to understand without the use of jargon. The lack of legally worded terms made the team believe that important legal paraphrases had been left out. Sit down meetings followed with detailed reading to assure the legal team that complex words were left out but the spirit and essence of legal implication were left intact. But, as the saying goes, you have to lose some battles to win the war, a few non-negotiable terms were reinstated. These accounted for less than 12% of overall content. After multiple iterative meetings, a final draft was vetted and approved to be sent to the regulator.

Finally the applause

The document was shared with IRDAI for an approval before being successfully launched in the market. With a simpler and smarter

approach, the policy document was truly well appreciated and endorsed by the IRDAI in the Indian insurance industry. This entire journey starting from an in-depth research on the voids faced by Future Generali India Life Insurance in its communication to the consumers, to developing a simple yet comprehensive policy document, to implementing it in the market, it took the brand almost nine months to integrate the 'Simpler, Smarter. Faster' philosophy in its DNA. Since then, Future Generali India Life Insurance has seen a sharp fall in its consumer complaints with regard to the policy document which is reflected in the driver question on the policy document that received an average rating of 9.3 in November 2016 within the Purchase Touch Point.
    With this feather in the cap, the foundations of the 'Simpler, Smarter. Faster' philosophy have just been laid, a lot more ground needs to be covered and new frontiers won.

Law on the web

by Furio Curri
— *Head of Group Intellectual Property, Antitrust and Labour Legal Affairs*

and Alberto Ces
— *Group Intellectual Property, Antitrust and Labour Legal Affairs*

Without doubt, today's means of communication allow us to acquire information and find resources with ease and speed: texts, photos, videos and music of every kind and from anywhere in the world are just a click away. Moreover, we have the added benefit that they are updated constantly, often even in real time. Another equally important aspect is the fact that they are free: resources we had to pay for in the past are now accessible to everyone at no cost thanks to the web. All this, however, hasn't just widened the range of possibilities available to everyone, but has also raised expectations – particularly in the workplace – that everyone should be able to understand and use all these resources. In other words, what used to be an opportunity has now become necessity: thinking that we can avoid using modern technology is an anachronism at this point. For this reason, it's important to understand and adopt a number of steps that can reduce the risk of legal consequences arising from an (involuntary) improper use of web resources.

In this respect, the free availability of resources on the web could mislead us into thinking that they can be freely copied, reworked or otherwise used in other documents. We often come across a photo or video on the web that could be perfect for a company presentation we are working on, or could be the starting point for an external communication campaign. The steps that connect that idea to its actual implementation are extremely easy thanks to the way Internet works. But is it really that simple?

As we know, the law (and not just in Italy) protects creative works, whether they are literature, visual arts, music or photography, among others. In some cases, a number of 'lesser' forms of creative expression – such as the execution or interpretation of a creative work, or simple photos without any particular creative attributes – are also protected.

In general, the copyright of a creative work belongs entirely to the author, who is free to use it, decide how to use it, allow third parties to use it or acquire all the rights, or just part of them. For

example, even the translation of a literary work into another language is a form of exploitation, as is the synchronization of a musical piece with images.

This legal protection framework applies to works published on the web. What does it mean? Without getting into too many details, in principle it means that the Internet publication of a creative work represents, unless it's in breach of the law, a form of exploitation conceived and realized by the author or by authorized third parties, but cannot be considered an implicit authorization for others to use it further – not unlike book publishing. Therefore, before using something published on the web in any form, it's important to verify whether we need any necessary authorizations (in the case of photos of people, save in exceptional cases, it is essential to obtain the permission of the subject in the photo before publication).

Finally, we should mention those types of resource sharing on the web called hyperlinks (or, more simply, links) and embedded

hyperlinks: links from an Internet page to documents published on another without having to actually insert the material. The fact that nothing is included could lead us to think that there's no liability in the eventuality that the linked material breaches the rights of third parties. Instead, we should check the linked resources, particularly when the link is added as part of business activities. In any case, the link cannot make the material accessible to an audience that is different to the public that has access to the linked site.

Ultimately, we can say that the web represents an extraordinary resource that quickly helps us find reference material, but on condition that we proceed carefully and keep in mind that copyright law also applies to the web.

B

Business & Strategy

Brief summary

Velocity brings with it rapid advances in society and consequent changes in the requirements that need fulfilling. New technologies and connectivity are the main movers in this fast evolving scenario which will not only reshape and transform different industries but also insurance as well.

Steve Hales and Luigi Barcarolo guide readers through the revolution that is changing the automotive industry. In this difficult and uncertain context, they write, the Generali Group is ready to accept the challenge of velocity and ride the connectivity wave to a transformation of the insurance industry as it reshapes its business approach from a reactive to proactive paradigm.

Technology, innovation in health treatment and digitization of processes are also powerful shapers of the future of health insurance states Marco Giacomelli in his interview about the role Generali Global Health. This relatively new business division is winning a reputation for speeding-up the delivery of comprehensive international health and wellness care.

Both areas are examples of how Generali is seizing the opportunities that occur within a more complex and diversified industrial landscape. Increased connectivity, massive data growth and rising customer expectations make the insurance market ripe for disruption. Generali lessens the impact by repositioning itself to embrace these trends. The Group is moving from a reactive approach of claims payer to that of a proactive protector, both for well-known risks and also the emerging ones in our customers' physical and digital lives.

by the Editorial Office

Automotive Velocity

PREFACE   The automotive industry is changing fast to meet the needs of an aging population, increased urbanisation, inner city closures, soft mobility and car sharing. How does that effect Generali?

by **Steve Hales**
—*Head of Connected Insurance Products*

and **Luigi Barcarolo**
—*Head of Products Roll-Out*

The automotive industry is a major contributor to the global economy and the total annual turnover of the manufacturing of passenger cars, light trucks, light commercial vehicles, trucks and coaches is about € 1.9 trillion worldwide.

Europe and North America represent the largest markets in terms of vehicles in use (around 0,8 billion in total) even if they are outperformed by Asia-Pacific in terms of new car registrations, driven by China which has been the largest market for new passenger car sales since 2010.

Different researches underlines that in parallel to the growth in emerging markets, mature markets such as Western Europe and North America will witness a decrease in the total vehicle fleet after 2020 (forecasts suggest almost -11% by 2030), mainly due to:
• A stagnating or even decreasing population
• Increased urbanization and difficult traffic conditions

Mobility behavior is changing, perhaps one out of ten cars sold in 2030 could be a shared vehicle with the market turning to fit-for-purpose mobility solutions

This forecast forces the automotive industry to rethink its model to improve performance and to find new revenue pools. Main areas of attention are:

Shifting markets and revenue pools

Shared mobility, connectivity services, and feature upgrades all create new business models for car manufacturers that could expand automotive revenue pools by ~30 percent, adding up to ~USD 1.5 trillion.

Changes in mobility behavior

Consumer mobility behavior is changing, leading to up to one out of ten cars sold in 2030 potentially being a shared vehicle and the subsequent rise of a market for fit-for-purpose mobility solutions.

Dissemination of advanced technologies

Once technological and regulatory issues have been resolved, up to 15 percent of new cars sold in 2030 could be fully autonomous.

New competition and cooperation

Within a more complex and diversified mobility industry landscape, incumbent players will be forced to simultaneously compete on multiple fronts and cooperate with competitors. New market entrants are expected to initially target only specific, economically attractive segments and activities along the value chain before potentially exploring further fields.

In this fast evolving scenario new technologies and connectivity are the main key words that could reshape and transform different industries and insurance as well. In fact available forecasts underline that gross motor insurance premiums in Europe will keep growing until 2020 and may then decrease by an aggregate 25% between 2020 and 2030.

Several trends will negatively impact on premiums:
• Advance Driver Assistance Systems (ADAS) and autonomous cars
• A slow but marked decrease in car ownership - replaced by Car-As-A-Service

• The launch of urban tolls or closure of inner cities to car traffic
• The development of public transportation and 'soft' mobility solutions
• The increased importance of car sharing models

and car sharing models - which will imply a smaller size of the vehicle fleet;
• A decrease in vehicle mileage, due to traffic congestion, non-sustainable pollution levels, alternative working models, alternative mobility models and increasingly variable costs (including insurance but also vehicle leasing and tolling)
• Tech giants: a player such as Google, Facebook, Apple or Amazon for instance could push targeted, highly customized insurance offers to customers via their smartphones. Selection, underwriting and pricing would leverage customer data from the use of navigation services and apps, such as Google Maps and Waze
• OEMs: car manufacturers could push tailored insurance offers to connected car drivers via the car dashboard. Pricing would be informed by driving data collected from the car, with analytics possibly sourced from partners
• TELCOs: telecom companies could leverage their direct access to smartphone customers, along with the customer data they collect – partnering with third parties for pricing and underwriting

In this difficult and uncertain context, Generali Group is ready to accept the velocity challenge and to ride the connectivity wave and transform the insurance industry reshaping its business approach: from a reactive to proactive paradigm.

Main underlying trends: connectivity

Recent research shows that by 2020 approximately 140 million cars sold worldwide will have some form of connectivity. From the insurance perspective, different sources highlight that telematics policies exceeded 2.3% of global motor insurance volumes in 2016 (with Italy and US in a leading position) and that it will reach 10.4% in 2020. In particular we expect UBI (Usage Based Insurance) to represent the majority of new motor insurance policies in Italy, US, UK and Canada by 2030, and we also expect an accelerated development in all the others European markets.

The Generali Group is already well positioned in this field, with more than 1.3 million telematics policies in force; we can boast a leading position in Italy and a diversified experience and variety of product propositions across the Group.

New activities are under way in order to improve our product offering and customer experience. An example is our partnership with Progressive, where our goal is to bring our behavioural profiling systems to the next level of sophistication. This will enable a new generation of customized car telematics solutions, rewarding good drivers and helping them to improve their safety on the road

through tailor-made customer feedback. Steve Hales, Head of Connected Insurance Products, said: 'Starting from our leading position in telematics we have the opportunity to stay at the forefront of this exciting area. The key will be to develop products with a compelling value proposition for the client. To do this, we have to focus our attention on four main areas:
• Accelerate telematics business and expand our current geographical positioning to build up our experience and positioning
• Make a further step in sophistication of our product offering, improving the behavioral profiling algorithm and how

How many new cars may be fully autonomous by 2030?

¹ Conditionally autonomous car: the driver may take occasional control
² Fully autonomous car: the vehicle is in full control
³ Original Equipment Manufacturers
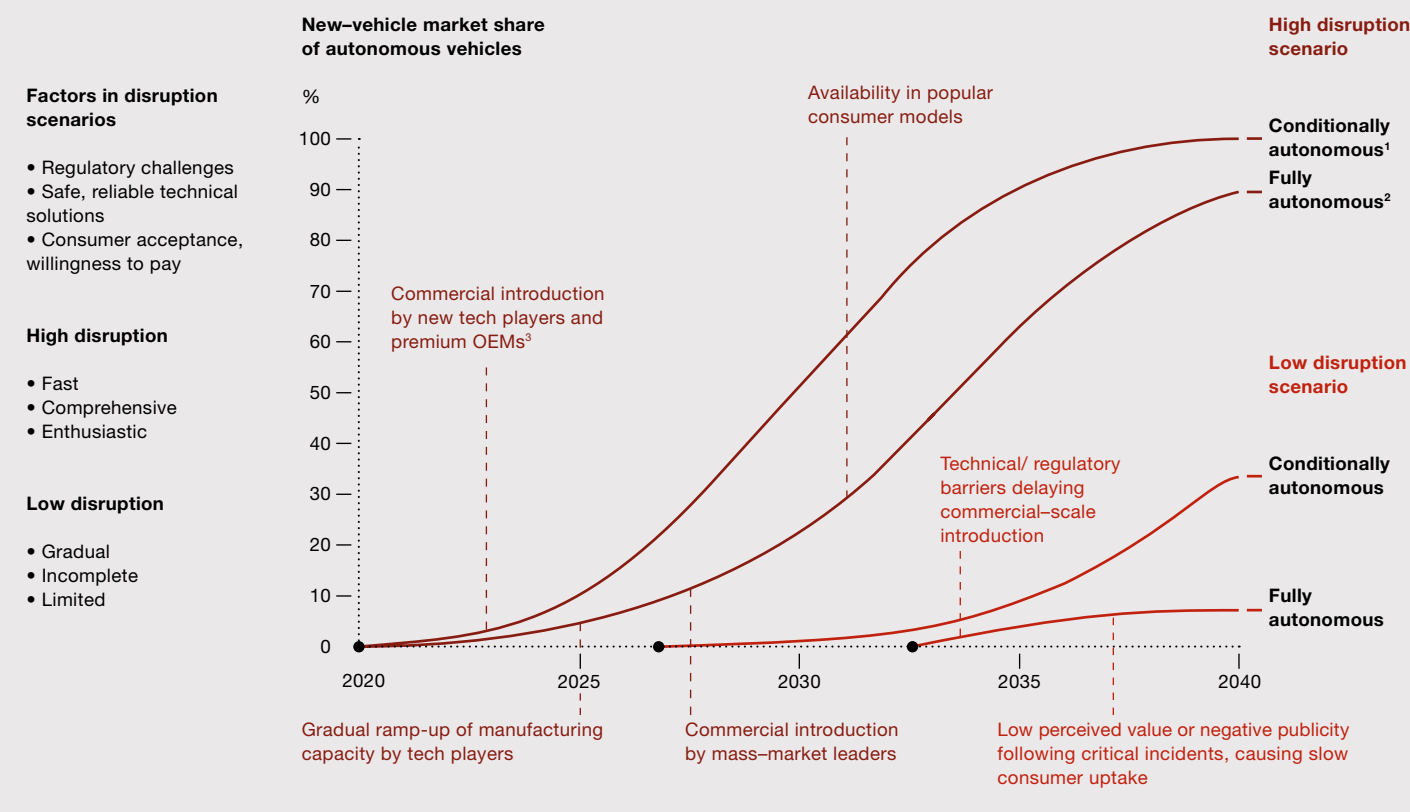
Source: McKinsey&Company, 2016

GO SLOW

we then apply it in our pricing and retention strategies

• Improve our product proposition with additional services and coverages (shift from a traditional loss & refund model to a prevention & protection oriented one) to make the benefits of telematics products more tangible to our clients

• Develop new partnerships and business collaborations with car makers

Main underlying trends: ADAS and autonomous vehicles

Another area being addressed by the Group is ADAS (Advance Driver Assistance Systems), systems that will gradually develop, first assisting and later replacing human capabilities.

Today, a remarkable 95% of all road accidents involve some human error, and in three quarters of cases, the human is solely to blame, caused primarily by misjudgement, distraction, alcohol, inexperience or tiredness. With these errors in mind, car makers are introducing new technologies and sensors (ADAS) developed to adapt vehicles for safer and better driving.

Different studies highlighted that by 2030 there will be 380 million vehicles in use with

some autonomous functions, accounting for 25% of global vehicles in use.

Implications for insurers could be huge: installing driver assistance systems in every single vehicle will imply a radical reduction in claims frequency and lower bodily injury severity. At the same time we face higher repair costs due to the more expensive components installed onboard. Overall we expect increased claims costs in the short term and then a significant reduction of losses in the mid-term.

This will imply a similar (but not equal) reduction in premiums; there could be a temporary boost in profitability in markets with limited premium adjustments, but it is expected a profit decline in line with the reduced risk in the mid and long run.

Luigi Barcarolo, Head of Products Roll-Out within Connected Insurance Products, said: 'ADAS systems are already on the market and their penetration and sophistication level are increasing quickly. These technologies will have a significant impact on the insurance risk.

We are addressing this challenge with a two-fold approach. In the short-term, we are analyzing portfolio data, augmented with external information about ADAS presence onboard, to understand what is the quantitative impact of these technologies on

Driver assistance systems in every vehicle will lead to a radical reduction in claims frequency and lower bodily injury severity

claims frequency and severity; this information could be used to improve pricing and UW sophistication.

In the mid-term, specific product propositions for autonomous cars may be studied and launched to market.'

Main underlying trends: shared mobility

Shared mobility also requires deep attention because technological development has facilitated the sharing economy and various new shared mobility models are emerging in the motor space, from ride hailing to free-float car sharing. This has resulted in an increasing switch from private to shared miles, and exponential growth in alternative mobility users.

One of the underlying causes of this trend is the wave of investments by Car OEMs ('Original Equipment Manufacturers') in shared mobility start-ups operating in all key markets, which could accelerate the adoption of shared miles and potentially develop a fleet of autonomous (electric) vehicles, owned by corporations and rented by the mile/minute.

By 2020, it is estimated that 35 million drivers will use car sharing services globally. At the same time, worldwide vehicle sales are expected to decline by approximately 550,000 units: a small impact in absolute terms but significant in terms of trends.

The expected direct impact of shared mobility on insurance premiums is not significant in the short to medium term. However, there is a possible impact on business models due to the shift from private TPL to commercial insurance, covering the car sharing provider, and new insurance schemes which may evolve towards covering the person and no longer the car (if regulatory adaptation happens).

In this respect as a Group we have started to develop relationships with car sharing companies/car makers to start learning and designing possible approaches for car sharing with propositions linked to behavioral profiling. At the same time we're assessing new mobility opportunities, designing insurance propositions that give peace of mind to the customer along his multi-modal mobility journeys.

In conclusion, increasing connectivity, exponential data growth and demanding customer expectations make the Insurance market an area ripe for disruption. But disruption does not need to come from the outside: here in Generali we have a unique opportunity to reposition ourselves by embracing these trends. We can move from a reactive approach of claims payer to that of a proactive protector, both for well-known risks and also the emerging ones in our customers' physical and digital lives.

This is why we have created the connected insurance team, to prepare

Generali to grow the business in a connected world. Our aim is to be a transformation agent, helping our people to apply an analytics and data driven approach, to both protect our core business and to build the future.

An ADAS system can distinguish a police car from a taxi, an ambulance from a courier or van and a parked vehicle as opposed to one that is about to move into the traffic. The system can virtually identify everything from cyclists on the sidewalk to distracted pedestrians

STOP

POLICE
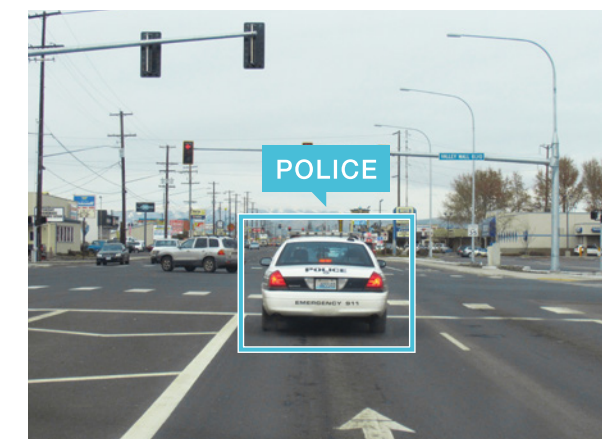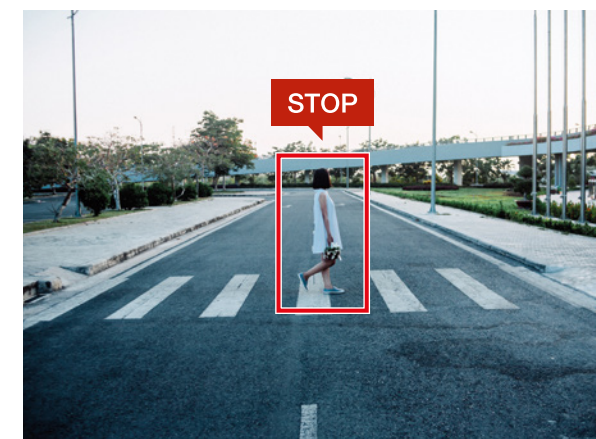
Driving for Velocity in international healthcare
— Interview with Marco Giacomelli

by Alex Conabeare
—Head of Marketing & Communications for Generali Global Health

PREFACE   Marco Giacomelli, Head of Generali Global Health (GGH), outlines how innovations are speeding up the delivery of international health insurance and wellness care to globally mobile people.

Q1—Who is Generali Global Health and what is the company's mission?

The future of health insurance is health insurance without borders. The Generali Group is meeting this future trend by developing a business unit providing this solution.

I was given the responsibility for creating Generali Global Health in 2014, building the team and developing an international private medical insurance (IPMI) proposition.

Generali took a strategic decision to create a single brand specifically focused on the IPMI market, bringing together a core insurance unit (based in London), with a redesigned international medical network and services business (GGHS – based in Canada) and gradually building a growing network of regional offices (today in Dubai, Hong Kong, London and Madrid). As part of Generali International & Global Business Lines, Generali Global Health is the sole provider of international medical insurance solutions as well as a centre of expertise in health insurance for the Generali Group. Generali Global Health's mission is to be the first choice for anyone needing access to the best medical treatment in the world, with no geographic restrictions. This applies whether the person is travelling on business or leisure, or deciding to seek the best treatment outside of their home country.

GGH is a corporate start-up, in a growing, profitable market, with the ambition of becoming a market leader.

IPMI was traditionally considered an exclusive health insurance plan for expatriates. Nowadays, the definition of an expatriate is obsolete because more and more people, including local nationals and expats alike, regularly travel internationally, due to their lifestyle, income and careers. These people need international medical insurance irrespective of their national status or residency. So local nationals, expats, global nomads, or however people define themselves, are driving the demand for IPMI products well beyond any a priori residency classification.

Being covered by IPMI is more about living globally than status.

This demand is also driven by trends such as the regionalisation of health centres of excellence: a good example is the Proton Therapy

Centre in the Czech Republic, which is a recognised centre of excellence worldwide for the treatment of certain types of cancer, and which is being accessed by patients of several nationalities, who in turn have a need for their health insurance to include access and coverage of such health facilities.

Q2—How does GGH quickly help members get access to the best healthcare?

We aim to make our member experience convenient and frictionless by providing easy access to qualified personnel. Our insured members can speak and receive assistance in their own language, by GGH's own medically-trained staff, in our global customer service centre, available 24/7 from anywhere in the world.

GGH was designed from the ground up to be a vertically integrated business unit, by leveraging on a deep business transformation of some existing capabilities in the Generali group, as well as creating new functions.

We established Generali Global Health Services as our dedicated servicing company managing a

> 👁 **Strong business potential**
>
> Globally the IPMI market is worth around €10 billion in premium. The market's annual growth rate is approximately 12% with an average profit margin ranging from 8-12%, when compared to a typical local health insurance market, where the net profit margin rarely exceeds 3-4%. The IPMI sector is the sixth largest health insurance market in the world, and bigger than local PMI markets in the likes of the UK and China.

global network of 700,000 doctors, hospitals and clinics. Almost all of these providers are linked to us via a direct billing arrangement, both for in-patient and out-patient treatment, so there is no out of pocket expense for members' treatment. The network is built with an 'open architecture', as it includes directly contracted providers, leverages existing local Generali networks, and utilises third party independent networks in countries where Generali is not present. Through GGHS's network, our members have access to the best health treatment options anywhere they are or travel to.

Our relationship with our hospitals and doctors is proactively

managed to ensure quality of treatment and efficiency in controlling the cost and duration of any medical intervention. This is done through utilization-based contracting with the hospitals and doctors, cost containment initiatives, and careful pricing of medical treatment.

At Generali Global Health Services we take care of our customers worldwide, perform case management (managing medical

occurrences with our hospitals and doctors) and we handle and settle all claims. We provide all these services in house, to ensure the highest possible quality of service and cost efficiency.

We also leverage on our business partners, such as Europ Assistance, to provide our members with emergency assistance, evacuation and repatriation services.

GGHS's core mission is to serve GGH and our IPMI portfolio,

Generali Global Health's office in London

and it is quickly establishing itself as an example of best practice in the provision of health network management, customer service, administration and claims management.

An efficient, lean, digitally enabled service company with a global reach, GGHS is an important asset for the Generali Group, and we are keen on offering our services to other Generali companies, should they need them, as well as external clients.

Q3—Is prevention the best cure?

Yes, prevention is the best cure. We are Generali, and live by our 200 years of history at the forefront of the insurance industry; therefore providing reliable financial security to our members in the event of a medical occurrence is paramount.

Nevertheless, we are striving to evolve the old paradigm of a health insurer as a claim payer: GGH is a health and wellbeing company, a partner that actively works with our members to support their health and wellbeing long before they might actually get sick.

This guiding principle, i.e. our focus on being a health insurer rather than a sickness insurer, also has a very tangible and direct financial repercussion: managing a healthy population is more financially viable and socially responsible than to simply pay for a sick one.

We contribute to the wellbeing of the globally mobile population through a number of lifestyle assessment tools available to members anytime through their digital portal, which help them identify risk factors and modify their behavior.
We offer an independent medical consulting service, accessible anywhere in the world, 24/7. Members can have a telephone or video consultation with an internationally certified doctor at the touch of a button. This fast and convenient access allows for earlier intervention, reducing severity of illness, absence and costs.

We also offer a confidential second medical opinion service, through GGH's worldwide agreement with Best Doctors, the world's leader in such services. In case of a serious health condition, when a potentially severe diagnosis must be confirmed, or when the best possible treatment available

worldwide must be recommended, our second medical opinion service can save a life, by enabling immediate access to an independent specialist to undertake a detailed review of a member's case. This specialist could be located anywhere in the world and is a recognised leader in their field. Where the initial treatment plan cannot be verified, an alternative is recommended.

Prevention also means making the most advanced pre-diagnostic tools available to our customers: genome profiling is a good example of services that are in line with this thinking. Designed to support members diagnosed with cancer, this innovative swab-test identifies which course of treatment is most suitable based on analysis of the member's genetic profile. This means the member and their medical practitioner can have greater confidence in their chosen treatment plan and delivers cutting edge tactics for our members.

A further layer of both preventative care and intervention is provided by our sophisticated Employee Assistance Programme, tailored to globally mobile populations where issues such as

stress are very different compared to local populations. Our products can be among the most emotive in financial services, particularly when a member's family is included. Add to this the stress of moving overseas, into a new culture, or remote location, and the level and type of specialised support a member may need has to be very focussed.

We partner with leading suppliers around the world to provide these and other services, which are all designed to help our members to stay healthy. Our members often already know and are comfortable with these providers. The fact they are independent also demonstrates how we are focussed on providing the fastest and best quality service, rather than simply focussing on the bottom line.

Q4—What are the biggest challenges for globally mobile employees' vs locally located workers in getting the best medical care swiftly?

Fast access to care is one of the biggest challenges, especially in remote locations. But we're able to efficiently guide members to the best hospitals and doctors, support

The best destinations for those who choose to live abroad

From the left:
<u>Singapore</u>
The top spot goes to Singapore, according to the 2016 Expat Explorer Survey ranking. The metropolis offers an excellent quality of life, is a multicultural hub and one of the world's cleanest and safest cities

<u>New Zealand</u>
New Zealand takes second place in the

ranking of expats' favorite destinations: the country's natural beauty and the great outdoors attract people from all over the world in search of a more balanced lifestyle

<u>Canada</u>
Canada is the third favorite destination for expats thanks to a strong economy, a magnificent landscape and an excellent social security system. Despite complex visa requirements and harsh winters, job opportunities remain very attractive

that's particularly useful for those in remote locations. And we'll make the whole experience convenient, frictionless and comfortable.

Linked to this personalised support are the cards we issue to members, which they can use to access medical facilities wherever they are. We call this 'flashing the card'. The member visits a doctor or hospital, flashes their GGH card and receives treatment. With facilities that don't subscribe to the 'flash the card' approach, members simply call us for treatment preauthorisation and then are able to focus on getting the treatment itself.

Compliance with local regulations is also important. Whilst this might not affect our individual insured

members directly, it is a growing concern for any insurer which operates beyond its national borders, and it has become a fundamental requirement for all employers purchasing international health insurance for their employees.

The so-called 'non-admitted' insurance model is being challenged across all lines of risk, by most regulators worldwide, and especially with respect to health insurance. A sustainable health insurance offer today must comply with local laws and regulations which differ considerably from country to country. GGH has navigated this by establishing a network of insurance companies within the Generali Group and independent partners where

Generali is not present, which act as fronting partners, giving us access to a local health insurance license in order to enable our policyholder to have a policy that is fully compliant with the local laws and regulations.

Another challenge of living globally is currency, which can incur both time and financial expense. An insurance premium may be in one currency, a salary paid in another, and medical expenses incurred in a third. So we have created a multi-currency system which minimises these cross-exchange rates and reduces delays for our members. Finally, GGH's telemedicine services are particularly valuable for members in remote locations looking to access care quickly and where adequate

local healthcare is not available. This is often the preferred access to healthcare, for example, for employees in the oil and gas industry where consultations with doctors can be carried out digitally using a mobile device or computer.

Q5—When someone has a health emergency or needs urgent treatment how can GGH help?

As mentioned earlier, our medical emergency, evacuation and repatriation services are provided by Europ Assistance, the second largest assistance company in the world and a Generali-owned company. Europ Assistance is a key stakeholder for GGH, and their services are fully

integrated into our products: managing such emergencies is a seamless experience for our members, as they contact GGHS directly in emergencies and we dispatch and coordinate the necessary response services for them. Our members do not need to call any number except the one on their member card.

The second medical opinion I referred to earlier in the article is also appropriate to mention in this context. We know this service saves lives by confirming or challenging a diagnosis and recommending alternative treatment where appropriate.

Q6—What's the future for IPMI? Can we work even faster and do more when it comes to healthcare?

I believe that IPMI is the future of health insurance. Health insurance without borders is in line with current trends we see in the evolution of health treatment and population health management.

Technology, innovation in health treatment and digitisation of processes are also powerful shapers of the future of health insurance. As a corporate start-up, unencumbered by legacy processes or infrastructure, we are digitally 'native' and our solutions are digitally enabled. Our system uses online applications which are available on any kind of platform be it computer or mobile devices.

The foundation of GGH's digital strategy lies in the implementation of our new, sophisticated end-to- end IT platform, which will make both our client-facing operations and internal processes more efficient. For example, our technology will allow our sales and distribution specialists to underwrite the insurance risk directly at the point of sale. This will minimise the turn-around time to issue quotation and policy.

Our back office processes are gradually becoming paperless, and we are embedding digital imaging and electronic acquisition of health evidence and diagnostic data.

Another important trend in IPMI is the need to smartly invest in big data management and analytics. The ability to collect and analyse huge sets of structured and unstructured data, to take into account IPMI-specific trends such as members' migratory patterns, correlate them with healthcare expenditure and draw meaningful conclusions will help us to better understand how our clients are behaving and how this should impact our provision of insurance.

Wearable devices to monitor health, activity, and heart and sleep functions will continue to evolve as a member-centred health data ecosystem. With advancement in technologies the possibilities are truly endless. For example, we are cooperating with health technology leaders to test the reliability of digestibles, the next step in miniaturised health sensor technology.

Anticipating the future of health insurance means also an opportunity for us to partner with the world's most innovative health technology and pharmaceutical companies. Generali Global Health has also started working with organisations like the Roche Group, a company at the cutting edge of medical research in diagnostic technology. In cooperation with Roche, we are designing innovative health insurance specifically for cancer. This type of insurance marries together modern insurance techniques, such as analysing oncologic morbidity and clinical data with Roche's ground-breaking cancer diagnostics and liquid biopsy technology.

In conclusion, we believe that IPMI can be the future of health insurance, and that health insurers themselves must evolve to become trusted partners for today and tomorrow's healthy population.

Generali Global Health is committed to investing in the wellbeing of our members and to share our vision and services within the Generali group and in the global marketplace.

**Marco Giacomelli
—Head of Generali Global Health**

After graduating in Statistics & Actuarial Science and completing his national service as a navy officer, in 1994 Marco began his career with Generali at the company's HO in the group life department, before undertaking assignments around the world.

In New York Marco led actuarial support for Latin America, and then as VP of Generali's Life company in the Philippines he launched its Bancassurance joint venture. Marco returned to New York to establish Generali's employee benefits network in Latin America, then became Director of Generali UK's Life & Employee Benefits operation and in Belgium he was Chief Insurance Officer of the Generali Employee Benefits network.

Since 2014 Marco has led the successful launch and growth of Generali Global Health (GGH).

Marco is the current Chairman of the International Employee Benefits Association (IEBA) and a Fellow of the UK Institute of Directors.

Brief summary

The speed of change we are living through today is far-reaching. Our interaction with friends, potential partners and the suppliers of the goods we purchase is now within a digital space that has fundamentally altered how we view the world.

It has also challenged the economic model on which our societies have been built. Online sales are booming, but retail trade in many countries, especially in the shopping mall sector, is close to collapse. Throughout the western world postal services are constantly complaining that no one sends letters anymore.

The foundations laid in the first great industrial revolution have developed and softened over time but we are now facing a situation where technology could again revolutionise our lives, how we live and where we live to the same extent as 200 years ago.

Not everyone is happy about that. Many people deplore the internet, its effect on society and its encouragement of self-centered narcissism. Yet even today, there is still a cultural reaction against those who stand against the progress of technology.

In this section, our contributors tackle these difficult questions. Gianluca Diegoli, an expert on the boundary between online and offline, asks whether the digitization of memories is making us lose our own memory, just like a limb that wastes away because it is no longer exercised regularly.

Jonathan Heywood from the Group Academy discusses the societal costs of keeping pace with change while historian Gaetano Dato traces change of another type – Generali's growth from 1831 onwards.

Another type of change that we cover is the restoration of the Royal Gardens in Venice. In our opening article Adele Re Rebaudengo updates us on the progress made. The garden restoration was made possible thanks to the sponsorship of Assicurazioni Generali, with which the Foundation signed a partnership agreement in 2016.

by the Editorial Office

Twist

A dream in Venice.
First step,
the Royal Gardens

MARTINO LOMBEZZI

Opposite:
**The Coffee House of the
Royal Gardens, Venice,
2016**

PREFACE   The garden restoration was made possible thanks to the key support of Assicurazioni Generali, with which the Foundation signed a partnership agreement in 2016.

by Adele Re Rebaudengo
—President Venice Gardens Foundation Onlus

The restoration of the Royal Gardens in Venice, which are linked to St Mark's Square via a drawbridge, was born out of a dream to rediscover the harmony of knowledge in nature's depths and revelations. Born in Turin, but forever enamored with Venice, where I now live, after collaborating with photographer Gabriele Basilico in the pavilions and gardens of the Venice Biennale (the work was exhibited at the 13th International Architecture Exhibition), I devoted myself with passion and tenacity to the idea of restoring the long-neglected gardens in the Marciana area.

Together with eight 'visionary patron' friends, in 2014 we created the Venice Gardens Foundation – which I chair – headquartered in Venice with the aim to restore, maintain and manage historic gardens and sites. The Foundation is also involved in the development of programs for the sustainable management of natural

The origins of Venice's Royal Gardens

The Royal Gardens were created at the beginning of the 19th century by order of Napoleon, who decided to house the Royal Palace inside the Procuratie Nuove as part of the Marciana area renovation project.

They are located in the heart of Venice between St Mark's Square and the Grand Canal, covering an area of around 5,500 square meters. Surrounded by water, they were linked to the Procuratie Nuove and St Mark's Square by a drawbridge.

In 1815, during the Austrian rule, architect Lorenzo Santi completed the gardens with a greenhouse and a neoclassical pavilion, the Coffee House, which still exists.

In the late 19th century the formal, geometric layout was replaced by a sinuous plan inspired by the then-fashionable 'English style' and the wrought-iron pergola, one of the key elements of the Gardens' architecture, was built.

The Royal Gardens were opened to the public in their entirety on December 23, 1920 and handed over to the municipal government. A radical renovation between 1939 and 1940 replaced the original 19th century layout with the regular, geometric one of 'Italian-style' gardens.

Today the original design is barely legible in terms of layout and placement of trees and shrubs. Lorenzo Santi's neoclassical pavilion and the 19th century pergola are badly damaged; the historical drawbridge is unusable while the railings and the street furniture are covered in rust.

Restoration project

- 5,500 m2 surface
- 386 shrubs
- 45 climbing plants
- 4,648 flowering plants
- 1,188 green plants
- 21 trees
- 250 bamboo plants
- Restoration of the pergola
- Refurbishment of the drawbridge to again link the Gardens to St Mark's Square
- Renovation of the old Coffee House, which will be reopened

> " The time has come to rediscover our roots and revitalize our presence in this city, in common with other places where we boast an equally historical presence, starting from Trieste, where it all started. The Gardens are the first step."
>
> —**Philippe Donnet**

Above:
Paolo Pejrone, responsible for the botanical restoration, the president of Venice Gardens Foundation Onlus, Adele Re Rebaudengo, Generali CEO Philippe Donnet and architect Alberto Torsello, responsible for the architectural restoration, at the press conference organized inside the Santi Pavilion, the historical Coffee House of the Royal Gardens

Pages 70-71:
View of the Royal Gardens from the windows of the Correr Museum, Venice. Watercolor, Anna Regge, 2017

View of the Royal Gardens from the Piazza San Marco, Venice, 2016

Page 72:
The drawbridge of the Royal Gardens, Venice, 2016

The drawbridge of the Royal Gardens, Venice. Watercolor, Anna Regge, 2017

heritage. As members of the Association of International Private Committees for the Safeguarding of Venice, our first project focused on the restoration of the Royal Gardens, whose original layout and plant combinations have almost disappeared today. Isolated from the historic Marciana Library area, of which they were once an integral part, they have been through a progressive deterioration that has deeply obfuscated and altered their historical, urban, social and landscape significance.

The concession agreement signed in December 2014 with the State Property Office for the City of Venice granted to the Venice Gardens Foundation Onlus the management of the Venice Royal Gardens and the 19th century pavilion designed by Lorenzo Santi. We immediately began planning the restoration by entrusting the landscape design to celebrated gardener and landscape architect Paolo Pejrone, who studied with Russell Page and Roberto Burle Marx. The architectural project and the restoration of the greenhouse were granted to architect Alberto Torsello, using plans drawn up by the architectural firm headed by Carlo Aymonino and Gabriella Barbini.

It's a project meant for Venetians and the world, which reconstructs the principles, the urban and architectural themes that

gave life to the garden. The project has been made possible thanks to the key support of Assicurazioni Generali, with which the Foundation signed a partnership agreement in 2016. In the past year we have shared with them objectives and values, the same values that see Generali Group actively involved in promoting initiatives toward the conservation of the artistic and cultural heritage of the communities where it operates. Generali is specifically involved in St Mark's Square with a number of initiatives whose aim is to honor the past and safeguard the future, interpreting its role as a patron of the arts in an innovative way, with the confidence that safeguarding and honoring culture will stimulate growth and development.

At the end of the restoration work, which began in May 2017, the Foundation will continue its involvement with the Royal Gardens and will be directly in charge of their management with the collaboration of specialized professionals and specific maintenance programs that combine ancient knowledge with new techniques.

Focusing on culture and art, the Venice Gardens Foundation brings together nature, artistic expression and gardening in all it does. Once restored, the Royal Gardens will be formal and rigorous, in keeping with their 19th century design, but at the same time will be

enriched with the unexpected, for example an oasis for the small birds of the lagoon and migratory birds, which will find a place to rest before resuming their voyage. They will become a meeting place open to the arts where artists and scholars will seek to widen the vast metaphorical concept of 'garden,' sowing new ideas, visions and sounds, creating work that is intemporal and outside the flow of time.

A place of contemplation, a silent entry into a world where there is space for harmony, reflection and productivity. A garden that will be discovered under the shade of the historical long wisteria pergola and between the thick evergreen screens, along an intimate, timeless path that across the restored drawbridge will lead to the Correr Museum, renewing the dialog with St Mark's Square and the Marciana area, which also includes Generali's Procuratie Vecchie building on the opposite side of the square.

FRANCESCO NERI

FRANCESCO NERI

Adele
Re Rebaudengo

Adele Re Rebaudengo.
A Turin-born Venetian
with a law degree, has
after practicing the legal
profession for a number
of years, switched first
to theatre and then
photography, working
with international
photography maestros
on several exhibitions
and art publications
in cooperation with
major museums and
institutions.

Since 2014 she has
been the president of
the non-profit Venice
Gardens Foundation,
headquartered in
Venice, which she
founded aiming to
restore, maintain
and manage historic
gardens and sites.
Listed in the National
Register of the Ministry
of Education, University
and Research, the
Foundation is also
involved in the study,
development and
application of programs
for the sustainable
management of places
of outstanding natural
beauty and related
training programs. The
restoration of the Royal
Gardens in Venice is
the Foundation's first
project.

Gardener and landscape architect
—Interview with Paolo Pejrone

by Deborah Zamaro
— Generali External Communications & Corporate Identity

Q1— **You have worked on the most beautiful gardens in the world – over 700 – starting from the idea that plants are more important than design. 'Spontaneity and the unexpected are the key to green happiness' [quote]. How did you apply this philosophy during the Royal Gardens restoration?**

Given that it was a historic restoration, which doesn't allow for a lot of freedom, this philosophy was applied with the aim of creating total happiness for the plants. The garden was conceived by choosing the plants with care, so that they could keep maintenance low and provide a lot of satisfaction, and by taking into account the climate in Venice, which is not easy on plants.

Q2— **The garden that surrounds your house in Revello near Saluzzo, in the province of Cuneo, showcases your approach to landscape architecture. Can you talk about it?**

I place plants where they can thrive. The sustainability of the garden is at the heart of it all: very little work, no shortcuts, no watering in summer (except for a few trees). The plants are spread out throughout the year; every moment of the year has its vegetation, yet we shouldn't be afraid of pauses. We shouldn't be afraid of not having flowers. Leaves are important, they have to be strong and long lasting. Flowers are beautiful even if their existence is ephemeral. The ephemeral garden is one of the qualities of the entire garden, as are its freshness and immediacy.

We planned the Royal Gardens with water plants that originate from nearby and afar, so that they can represent a worthy meeting between the East and the West. There is a sizable presence of important 'immigrants,' as it has been historically the case on the territories of San Marco.

Q3— **The restoration of the Royal Gardens originated from an in-depth knowledge of the place and a deep respect for its history, taking into consideration what the garden suggests to us and what the future will dictate, so that it can become a place of thoughtful harmony between the past, the present and a possible future, a living place that is being lived in once again. Can you talk about this concept?**

It's a very simple concept. The choice was guided by sustainability: easy growth and easy coexistence. We shouldn't forget that compared with private gardens, public gardens have different functions: we need to feel safe, calm, welcomed. That's why we have envisaged an exaggerated number of benches. It's important to be able to sit down and enjoy the atmosphere of an enclosed garden that has been separated from large open areas on purpose, to counterbalance the chaos of the square and of the lagoon.

Q4— **Working on historical gardens requires specific competences and thoughtful care. How do you see the development of your profession in the future and what are your hopes for this fascinating occupation?**

Young people are our future and specialized gardeners are the future of gardens. Being a gardener is a true vocation: it's difficult, sophisticated and complicated; it requires competence and intelligence, because in addition to being knowledgeable, you need to be able to predict. Above all, you shouldn't fight the nature of the garden, but go along with it: not against, but for.

Paolo
Pejrone

Paolo Pejrone was
born in Turin. An
architecture graduate
from the Polytechnic
University of Turin,
he has studied with
renowned landscape
architects Russell Page
and Roberto Burle Marx.
Since 1970 he has
worked as a landscape
architect in Italy,
France, Switzerland,
Saudi Arabia, Greece,
England, Germany,
Spain, Belgium, Monaco
and Austria, focusing
mostly on private
gardens (about 800).
Among his several
roles, since 1979 he
has been a founding
member of AIAPP, the
Italian association of
landscape architects,
and has been deputy
chairman of the
Italian branch of the
International Dendrology
Society, London. He
regularly contributes
to publications and is
the author of numerous
books.

The paradox of memory

PREFACE   Why do more and more people seem to slow down their public accumulation of digital memories, even resorting to new platforms that erase photos and videos after 24 hours? They want to take back their analog memories.

by Gianluca Diegoli
—Temporary Manager & Consultant

In his novel *Super Sad True Love Story*, Gary Shteyngart described a dystopian, unspecified future where humans are constantly connected thanks to post-smartphones. They are called Apparat, which through an omnipresent social network (GlobalTeens) repeatedly exhort users to 'switch to images' and abandon outmoded text messages. 'Switch to images today! Less words = more fun!'

The similarities between this 2010 book and daily life in 2017 are rather disquieting. The number of images created and exchanged daily keeps rising. Around the world, 200 million photos are published every day on Facebook, 80 million are shared on Instagram and 250 million are sent via Whatsapp.

There was a moment in recent history when SMS (i.e. pure text) shifted the center of gravity of human communication from voice to writing: telecom operators realized that phone calls were no longer the most desirable service, and that users found messages irresistible. Even the first Internet connections were meant to send text emails. And the first examples of social networks were predominantly text based: the first blogs,

forums, Twitter (which didn't have images at the time) and communities. Even Facebook in its early days contained photos to such a limited extent that we would struggle to recognize it today. In 2017 every chat is peppered with images and videos, and livened up with emoticons that often outnumber words: emojis, as they are called, are the digital ideograms of a type of communication that is getting more and more visual. The core of personal communication has shifted from the keyboard to the smartphone camera.

Today every smartphone is far more capable of containing photos and videos than any camera produced just a few years ago, and with better quality. The cost of storing 100 gigabytes, which can contain more than 30,000 photos, on the cloud is just a few tens of euros a years.

The ease, ubiquity and quality of the images that can be snapped by any smartphone has made humans fond of capturing moments, sharing emotions, recording memories 'forever.' We are accumulating billions of billions of high-definition pixels every single minute.

Something unexpected is taking place: the paradox is that the enormous number

of photos and videos that we accumulate, receive and send makes the past we try to capture via videos, photos and chats even more fleeting. The faster we snap and accumulate photos, the less we remember. As Douglas Coupland wrote in Polaroids from the Dead in 1997, when the digital world was in its infancy: 'at the end there's a feeling that what happened only last week was something that happened ten years ago.'

Is the digitization of memories making us lose our own memory, just like when a limb wastes away because it's no longer exercised regularly?

In addition, being connected – which has become constant – pushes us to continuously display our existence, but with the burden

of proof inverted: 'I haven't seen you online since yesterday. Are you ok?' And the digital places where we display our existence are all different: they can be public, private or semiprivate. Each and every one has its own rules, privacy protection procedures or, on the other hand, degrees of public access to our personal brand.

At the same time, managing the life in the digital world has become complex. Finding something often becomes impossible. We have saved photos in Dropbox, Google Drive and, before that, in the hard disk. But the quantity is overwhelming and we feel like giving up at the thought of just attempting to look for old photos because the flux in the last 24 hours, or even just now, is simply too

In 2017 every chat is peppered with images and videos, and livened up with emoticons that often outnumber words

How many pictures are shared each day?

Every day all over the world 200 million photos are published on Facebook, 80 million on Instagram, and 250 million on Whatsapp. The current leader is Snapchat with over 350 million photos that stay for just 24 hours.

200 mln

350 mln

80 mln

250 mln
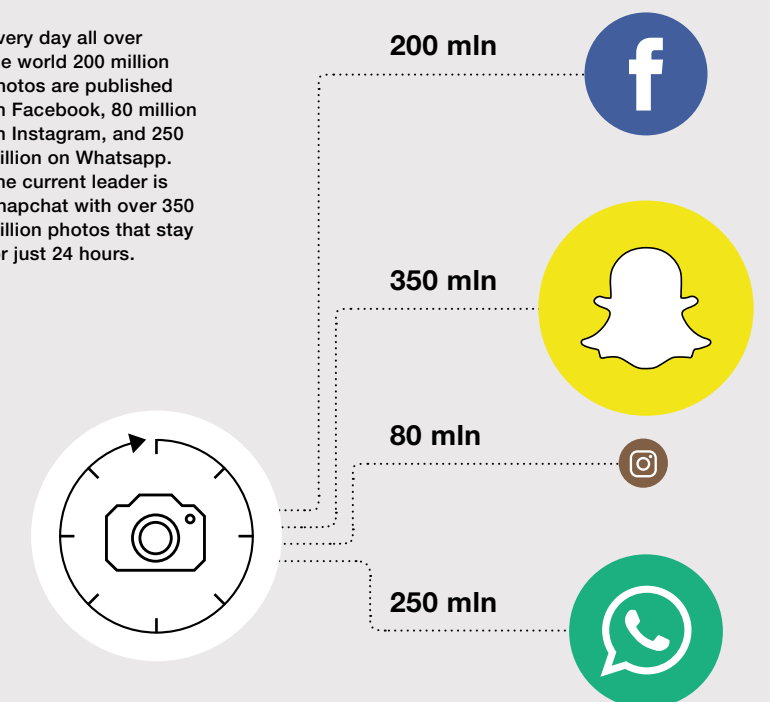
Gianluca Diegoli

Since his days at Bocconi University he has been observing emerging trends from the faint boundary between online and offline. During the day he deals with e-commerce and digital, while at night he has written the volumes *Mobile Marketing* (Hoepli), *Selling Online* (Il Sole 24 Ore) and *Social Commerce* (Apogeo). He is a contract faculty member at IULM University, Milan. He contributes to periodicals Nòva and Link and has been writing the minimarketing.it blog since 2004.

much. We no longer have the time to sort our photos like we did with color slides in the old days. Or maybe we don't want to, because what we are snapping now is more appealing, and addictive.

Humans feel divided as they face this digital transformation. Some have realized that the continuous flux of images and videos contributes to keeping our memory alive among our friends, who in turn become followers and fans. Those who have created a reputation and an online audience cannot help broadcasting their life in a sort of disintermediated, personalized and voluntary reimaging just like *Big Brother* on TV. Influencers, who live by providing online visibility to products, need an uninterrupted, multi-medial public projection of their life where they can insert a product placement. But other people, perhaps the majority, have decided to share within more private and protected spaces. It means sharing

platforms where images disappear the following day. Digitization continues to shape our real-world life, but it's also modeling itself on it. Permanent communication doesn't belong to the analog world. We used to say 'verba volant' (spoken words fly away, *Ed.*). Even the memory in the human brain is selective and limited. It filters, selects, modifies. It doesn't accumulate, it doesn't keep everything.

Yesterday I chatted with a barista while sipping my coffee, but I cannot remember what we talked about. I erased it and, even more so, he probably did the same. Snapchat has introduced the so-called Stories, life images, emojis, text, drawings, funny filters that change our appearance. Everything is ephemeral and destined to disappear after 24 hours. Adding to the 100 million Snapchat daily users there are now 200 million people who use Instagram Stories every day, which many see as a better version of the original.

The arrival of Snapchat and its imitators was the response to a certain necessity, not the origin of a new trend

«at the end there is a feeling that what happened only last week was something that happened ten years ago»

—Douglas Coupland

media with smaller groups or individuals without running the risk a few years later of someone demanding an explanation of the embarrassing moments immortalized on one's Facebook or Twitter profile.

The explosion of Whatsapp and Messenger was the initial confirmation of the desire to go back communicating in a spontaneous way, devoid of stage fright.

The second confirmation of this countertrend was the birth of several

The arrival of Snapchat and its imitators was the response to a certain necessity, not the origin of a new trend. An app famous primarily for sexting (exchanging sexually explicit photographs or messages), has become the favorite tool of those who don't want to keep moments forever, whether these are socially acceptable or not. The dizzying growth of such apps is due to the need to communicate without the burden of engraving our own moments in history. They are called Stories, but they are rather 'stories,' just like the daily situations we tend to forget about, but that as a whole make up most of our lives.

Perhaps, if we share part of our time in the digital world using an ephemeral tool, we can handle the quantity of memories and images available on the net, and make more vivid what we can remember without aid. Even Mark Zuckerberg, the ultimate supervisor of our Internet life, seems to

have realized that the accumulation of a detailed past is not for everyone or for every circumstance, and may even end up looking like an episode of *Black Mirror* (a science fiction TV series, *Ed.*). Facebook, Instagram, Messenger, Whatsapp have now included the option to forget. Even Gary Shteyngart has a character say in his novel: 'you need to develop a sense of (analog) nostalgia for something, otherwise you'll never understand how important it is.'

A scene from the third season of *Black Mirror*, the British TV series which deals with the theme of new technologies and their impact on society.

PATRICIA WONG

Why millennials love Snapchat so much
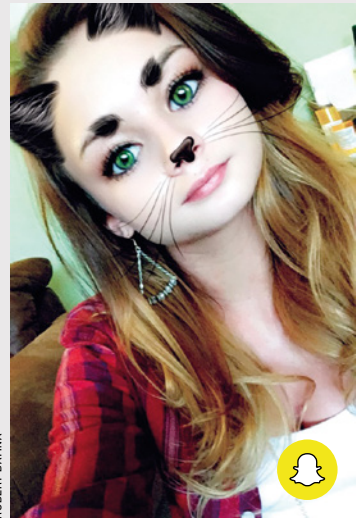
Some of Snapchat's
most popular filters
that have won over
millennials with
the possibility to
personalize selfies

ROBERT BATINA

by the Editorial Office

[1] For a discussion of how
we calculated DAUs prior to June
2015, see "Market, Industry, and Other
Data"
[2] North America includes Mexico
and the Caribbean
[3] Europe includes Russia and Turkey

Every day 166 million people use Snapchat.
In 2016 the instant messaging app grew 48%
compared with the previous year, however,
growth in the first quarter of 2017 slowed
down to 36%. Back in 2011, two Stanford
students, **Evan Spiegel, born in 1990, and
Bobby Murphy, born in 1988,** founded
Snapchat. Today they are among the world's
youngest billionaires, to the point that in
2013 they nonchalantly declined a $3 billion
takeover offer from Facebook.

   It's especially popular among young
people, who use it to send images, or 'snaps,'
that automatically self delete once they
have been viewed. **Users are mostly aged
between 18 and 24,** a demographic that is
anything but growing among Facebook users.
According to *Time,* **daily Snapchat users
open the app 18 times a day for a total
of 30 minutes.** The temporary nature of the
content pushes users to keep connecting to
avoid the chance of missing out on something
relevant.

   Like Instagram, which has almost twice
as much the number of users (300 million),
Snapchat **has shifted the focus from the
keyboard to the smartphone camera.** But

unlike its competitor, it has chosen to cater
to millennials' desire for authenticity and
spontaneity. As well as its ephemeral content,
**the app has indeed become famous for
its frivolous and amusing photo filters.**
How can you resist the temptation to see
**your face with dog-ears, a crown and face
paint, speaking in a modified voice?** Front-
camera videos and **special-effect filters like
breathing fire, vomiting rainbows or an
extra-long tongue** are also all the rage.
   **Snapchat has called the filters that
add stickers or special effects to videos
'Lenses,'** and constantly updates them. In
the last two years it has added several other
functions, such as chat, 'Stories', which
allows users to record their daily activities and
self erases after 24 hours. This has enticed
major media groups (such as The Economist),
which publish entertainment and news
content aimed at a younger public. It recently
launched **'Spectacles', the first wirelessly
connected sunglasses fitted with a camera
that allows taking videos and sharing them
directly on Snapchat.** The webcam uses a
115-degree lens that is **exactly like the field
of view of the human eye,** providing a sort

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of experience within the experience, as Evan
Spiegel noted.
   On May 11 **Snap Inc.,** Snapchat's holding
company, **reported its maiden quarterly
results.** It didn't quite go that well: **shares
lost 21.02% of their value, dropping to
$18.15 a share.** This reflected a disappointing
set of results, with **first-quarter losses of
$2.2 billion** and revenues up to $149.6 million
from $38.8 million in 2016, but below market
expectations of $158 million.
   Among the problems, the **fierce
competition from Mark Zuckerberg,** who,
after being spurned in 2013, has shamelessly
cloned Snapchat's main features and has
made them available on his on platforms
(Whatsapp, Messenger and Instagram, in
addition to Facebook).
   In the near future we will be able to judge
whether Snapchat's continual innovations
will increasingly push social networks toward
videos or whether Facebook will gain the
upper hand.
   For the time being, it appears that
millennials are attracted by the search of
a safer means of communication. Unlike
Facebook, users don't leave behind a digital
reputation with embarrassing images:
**contents are ephemeral and aren't archived
anywhere.**

**Quarterly Average Daily
Active Users[1]**

Millions

Global

Q1 2014	Q2	Q3	Q4	Q1 2015	Q2	Q3	Q4	Q1 2016	Q2	Q3	Q4	Q1 2017
46	57	62	71	80	86	94	107	122	143	153	158	166
472	225	142	104	73	51	52	50	52	65	62	48	36

YOY Growth in %

North America[2]   Europe[3]   Rest of World

Q1 2016	Q2	Q3	Q4	Q1 2017	Q1 2016	Q2	Q3	Q4	Q1 2017	Q1 2016	Q2	Q3	Q4	Q1 2017
54	61	65	68	71	39	46	49	52	55	29	36	39	39	40
43	54	47	40	32	47	80	83	53	41	83	99	88	58	38

YOY Growth in %
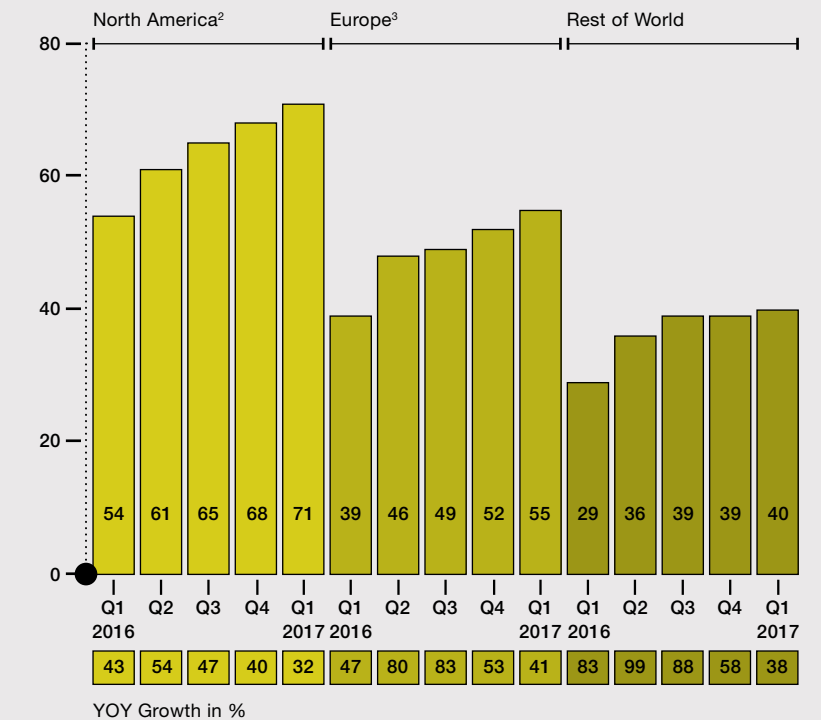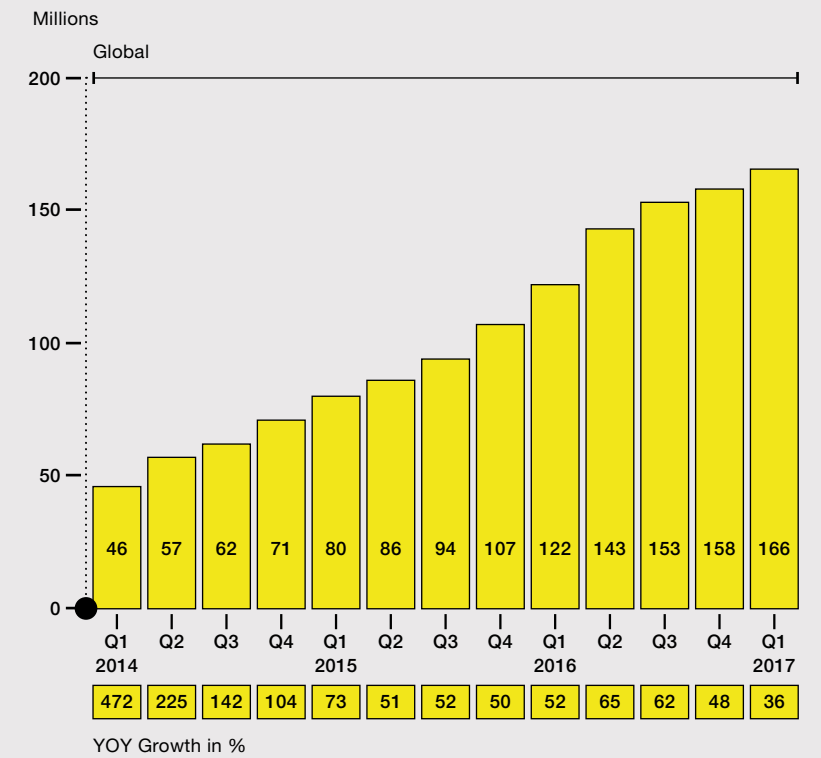
Source: Snap Inc. 2017

Keeping pace with change

PREFACE The change we are living through is profound. Most of our interactions now exist in a digital space that has fundamentally altered how we view the world.

by Jonathan Heywood
—Leadership Development & Group Academy

In 200 years, it has come and gone. The wide meanders of England's longest river form a dramatic and picturesque high point in what was once known as the Severn Gorge. Today it goes by a different name, the symbol that has made this now quiet and unassuming part of Shropshire a world heritage site.

It is hard to imagine that the Ironbridge Gorge was once anything but serene, but if you were to venture through its very recent history you would find a sky full of flames lined with deepest black. Furnaces, which were pioneering smelting iron ore with coke to produce pots and kettles and most famously, the world's first Iron Bridge. As the century

moved on the iron became rails for the railway, steam trains and ultimately decorative gates for royal parks.

This was the industrial revolution and the world was never going to be the same again. The practises developed across the UK spread throughout Europe, gradually throughout the world and it fuelled an era of economic, political and social upheaval that still stands as the foundations of the world we live in today. It was in this era that Generali was born and began its process of international expansion from Trieste to its native Austro-Hungarian, across the fragmented Italian peninsula and beyond.

How big are social networks?
Number of monthly active users compared to country population sizes

Facebook	1,860,000,000	
China	1,373,000,000	
India	1,266,000,000	
Whatsapp	1,200,000,000	
Instagram	600,000,000	
USA	324,000,000	
Twitter	317,000,000	
Snapchat	301,000,000	
Indonesia	258,000,000	
Brazil	205,000,000	
Pakistan	201,000,000	
Nigeria	186,000,000	
Bangladesh	156,000,000	
Russia	142,000,000	
Japan	126,000,000	
Linkedin	106,000,000	

Source:
Social user data from Statista (fig. as of 2016). Country data from CIA World Factbook

This was a time that cemented urbanisation, corporations, nation states and welfare. The political dynamics moved along with the social upheaval to define political ideologies, the concept of time allocation between work and leisure and ultimately our interactions with others. Many of the world's most popular sports were codified and expanded across the globe, General Electric, Bayer AG and Coca Cola were established.

This world is now starting to feel distant. Just like in the era of the industrial revolution, the speed of change we are living through today is profound. Our interaction with friends, our search for potential partners and the goods we purchase now exist in a digital space that has fundamentally altered how we view the world. On the surface, it seems that we are adapting, we can now comfortably maintain friendships over thousand mile distances, have dog food personally brought to our house at 10pm with a click of a button and connect with as many potential lovers in an evening as our parents did in a lifetime. It is also challenging the economic model on which our societies have been built. The foundations laid in the era of steel and coal have developed over time but we are now facing a horizon where technology could revolutionise our lives, how we live and where we live to the extent experienced 200 years ago.

Today's most successful companies don't make anything, they connect people and they empower them to generate wealth. They are companies that are trusted for excellence, companies that make people's lives simpler. Social media puts content generation increasingly into the hands of the user and the development of localised, individually focused marketing and products are starting to revolutionise the service that companies provide.

The 21st Century Luddite

As the industrial revolution accelerated, it is fair to say that there was not universal celebration. The well documented conditions of workers have formed a collective memory across Western Europe, as captured in the rebellious romantic poems of Blake, the downtrodden tales of Dickens and as Stendhal put eloquently, if crassly: 'the excessive and crushing toil of the English workman avenges us for Waterloo … We for our part have buried our dead and our survivors are happier than the English.'

While the harsh realities of working life during this period are well documented, it shouldn't be forgotten that many also fought against technology to preserve their own livelihoods. The Luddites were a band of 19th century men would group together in forests at night, entering into the cities and smash machines under the twilight. The word has become a synonym in English as somebody who stands against technology, and while the punishment is no longer death, there is still a cultural reaction against those who stand against the progress of technology.

Even today, there is still a cultural reaction against those who stand against the progress of technology

On the right:
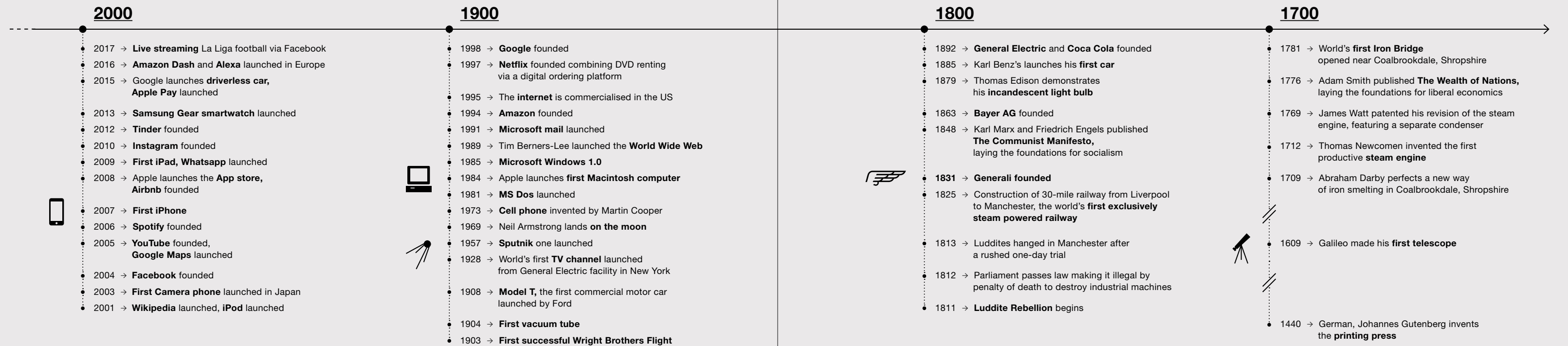Frame-breakers,
or Luddites, smashing
a loom
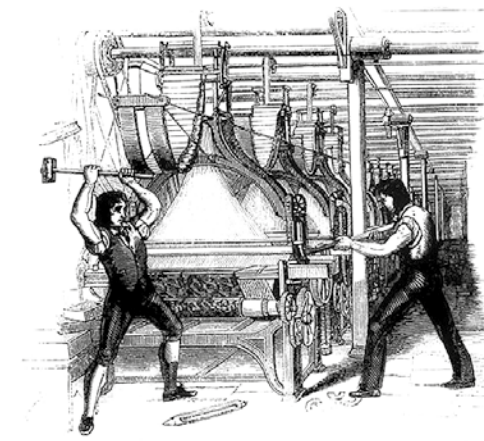
Yet this rebellion brings us to 2016, a rather peculiar year for world politics thanks to the triumphs of President Donald Trump and Brexit. The British Prime Minister, Theresa May, has objected to the 'citizens of world' branding them 'citizens of nowhere' and Donald Trump's verbose cries of 'Make America Great Again!' have questioned the support for the interconnectivity that technology has brought us.

Apple, Google, Microsoft and Amazon are the largest companies by market capitalization; they have clashed with states and regional economic regulators; from data privacy to tax. Their value, generated by its global user base and the subsequent data provided that is commercially sold on; gives them equivalent populations and value that casts a shadow over major states and their GDP creation. Many former industrial towns still smarting from the globalisation of labour and production have seen standards of living stagnating and the political tremors felt in London, Brussels and Washington are opening up the biggest political and economic challenges we have seen since the second world war. Governments and intellectuals still struggle for a consistent

A look back from today

2000

2017 → **Live streaming** La Liga football via Facebook
2016 → **Amazon Dash** and **Alexa** launched in Europe
2015 → Google launches **driverless car, Apple Pay** launched
2013 → **Samsung Gear smartwatch** launched
2012 → **Tinder** founded
2010 → **Instagram** founded
2009 → **First iPad, Whatsapp** launched
2008 → Apple launches the **App store, Airbnb** founded
2007 → **First iPhone**
2006 → **Spotify** founded
2005 → **YouTube** founded, **Google Maps** launched
2004 → **Facebook** founded
2003 → **First Camera phone** launched in Japan
2001 → **Wikipedia** launched, **iPod** launched

1900

1998 → **Google** founded
1997 → **Netflix** founded combining DVD renting via a digital ordering platform
1995 → The **internet** is commercialised in the US
1994 → **Amazon** founded
1991 → **Microsoft mail** launched
1989 → Tim Berners-Lee launched the **World Wide Web**
1985 → **Microsoft Windows 1.0**
1984 → Apple launches **first Macintosh computer**
1981 → **MS Dos** launched
1973 → **Cell phone** invented by Martin Cooper
1969 → Neil Armstrong lands **on the moon**
1957 → **Sputnik** one launched
1928 → World's first **TV channel** launched from General Electric facility in New York
1908 → **Model T,** the first commercial motor car launched by Ford
1904 → **First vacuum tube**
1903 → **First successful Wright Brothers Flight**

1800

1892 → **General Electric** and **Coca Cola** founded
1885 → Karl Benz's launches his **first car**
1879 → Thomas Edison demonstrates his **incandescent light bulb**
1863 → **Bayer AG** founded
1848 → Karl Marx and Friedrich Engels published **The Communist Manifesto,** laying the foundations for socialism
1831 → **Generali** founded
1825 → Construction of 30-mile railway from Liverpool to Manchester, the world's **first exclusively steam powered railway**
1813 → Luddites hanged in Manchester after a rushed one-day trial
1812 → Parliament passes law making it illegal by penalty of death to destroy industrial machines
1811 → **Luddite Rebellion** begins

1700

1781 → World's **first Iron Bridge** opened near Coalbrookdale, Shropshire
1776 → Adam Smith published **The Wealth of Nations,** laying the foundations for liberal economics
1769 → James Watt patented his revision of the steam engine, featuring a separate condenser
1712 → Thomas Newcomen invented the first productive **steam engine**
1709 → Abraham Darby perfects a new way of iron smelting in Coalbrookdale, Shropshire
1609 → Galileo made his **first telescope**
1440 → German, Johannes Gutenberg invents the **printing press**

Opposite:
Coalbrookdale by Night
is an 1801 oil painting
by Philip James
de Loutherbourg

The painting depicts
the Madeley Wood
(or Bedlam) Furnaces,
which belonged to
the Coalbrookdale
Company from 1776
to 1796. The picture
has come to symbolize
the birth of the
Industrial Revolution in
the Ironbridge Gorge,
Shropshire, England.
It is held in the
collections of the
Science Museum in
London.

innovate and lead a wider understanding for employees, and importantly for the public of the benefits that technology can bring, for their day-to-day life and for wealth creation. In Generali, we will begin to look at Blockchain technology – the potential that this offers to fundamentally alter our economic model is vast. Peer-to-peer transactions, clarity and common understanding of data, ownership and value could help revolutionise many sectors of our economy.

We are piloting smart working across many companies. Why should we see increased urbanisation of major core cities and accelerated brain drains in 2017? Given the advance in technology, do we need offices based in hub cities? Employees of all generations wish to see more flexibility of working hours and locations. We are becoming a people that expect, because we

have become accustomed to a world where we get what we want, and fast. If we don't, we increasingly have a vehicle to voice our dissatisfaction.

This era of opportunity should also offer time to reflect on how fast the speed of change can accelerate and consign what was once innovative to obsolete. In 200 years, it had come and gone. The speed of change that struck Ironbridge eventually returned the pleasant valley to serenity. Industry is now a relic there with visitors flocking to visit the museums, the old furnaces, to stand on the symbolic bridge as the once flaming skies long returned to blue. It stands as a reminder to what today may seem an unmovable accelerator of progress may become tomorrow's monument to the past.

message to define how the progress that technology has brought can be transformed into a wider good for all. Urbanisation has begun to re-accelerate in the West as the once major industrial cities have lived through a modern renaissance while the provincial secondary towns suffer a crippling brain drain and shortage of opportunity.

Making technology work

Apple, currently the most valuable company in the world, is associated with products that 'just work'. It's true, many people feel that way about their iPhone, they feel that way when they purchase from Amazon. We know this very well in the insurance sector where customer expectations will demand that we fundamentally change to become 'Simpler, Smarter. Faster'. It is now widely expected that the individual consumer should get what they want. But what about the employee?

About a partner who could help grow your business with their idea for mutual benefit?

Research by the Head Foundation, INSEAD Business School and the Emerging Markets Institute suggests 65% of young new hires feel that rigid hierarchies and outdated management styles fail to make the most of new recruits. 46% feel that managers don't understand how they want to use technology.
The rise of social media, user generated content and opinion validation through Twitter, Facebook and Trip Advisor means everyone now has a megaphone in their pockets and, given the expectations from a consumer perspective, why should the workplace lag behind? Employees of many companies are already leaving their view on Glassdoor for the world to see, including ranking the top management.

It is not just Google or Amazon that will shape the 21st century, it will also fall to companies such as ours, to react,

It is not just Google or Amazon that will shape the 21st century, it will also be companies such as Generali that highlight the benefits of technology

On this page:
View of the Iron Bridge,
is an 1780 oil painting
by William Williams

The Iron Bridge is a
bridge that crosses
the River Severn in
Shropshire, England.
Opened in 1781, it was
the first major bridge in
the world to be made
of cast iron, and was
greatly celebrated after
construction owing
to its use of the new
material.

Areas where technology has revolutionised the past ten years:

HOW WE SHOP

Amazon has launched dash buttons that allow you to order a number of household items with the push of a button. From washing up liquid to biscuits, you would never need to shopping again!

HOW WE PARENT

Thanks to support from service providers and parental settings inside apps, parents can decide to limit access to parts of the internet for their children.

HOW WE SHARE

Once upon a time in the digital world, we would share a video on our Myspace wall. It was only visible to friends who happen to be passing by your page. Now with share buttons, content streams, the Whatsapp group chat, a video shared with whoever you want with a tap.

"?#$;*
(^%!£),,

HOW WE CONSUME TV & MUSIC

Thanks to Netflix and Spotify we now have thousands of songs, films and TV shows available on demand, anytime on any device.

HOW WE READ

The Amazon Kindle, together with downloading a book from the App Store or Google Play has transformed how we consume books. Social media, dedicated apps and pay walls have re-defined journalism as print newspapers continue to decline.

HOW WE DATE

Combining gamification with the one of our basic human desires has proved to be a success for Tinder. As the Pokemon Go of dating, users receive hits of the rather addictive dopamine from the brain as a reward for a match.

Areas where technology could revolutionise your life the next ten years:

HOW WE DISCOVER MUSIC

Fresh from music streaming services, Blockchain technology could cut out the middle man, record labels, and create a clear, accountable and stronger direct relationship with the creator and the consumer which would increase profit for the musician and reduce price for the consumer.

HOW WE WATCH SPORT

Once upon a time in the digital world, we would share a video on our Myspace wall. It was only visible to friends who happen to be passing by your page. Now with share buttons, content streams, the Whatsapp group chat, a video shared with whoever you want with a tap.

HOW WE TALK

With the rapid advancement in the field of Artificial intelligence, translation, both on your device or in person can be wiped away with automatic translation; making our conversations across borders, easier, clearer and more genuine as people express themselves in their native tongue.

HOW WE LIVE

Smart working, better enabling technology into how we work could open up the possibility to study, work and live in your location of choosing. Virtual technology and holograms could add a further personal touch.

"路邊的
樹屋,,

HOW WE LOOK

Biotechnology offers the potential to have parts of the body, lost or damaged due to illness or accident replaced with artificial, fully functioning limbs complete with skin.

HOW WE SEE

Wearable technology, such as the piloted Google Glass could offer the possibility to have the internet integrated into objects that surround us. Imagine looking at a building and knowing automatically its history, or a waste bin with when the next pick up date would be?

Generali going global. Strategies and data in the Habsburg era

by Gaetano Dato
—Historian

PREFACE   Generali's growth has seamlessly followed the ever-faster rhythm of human history. But only because of constant analyses, plans, investments and risk management.

Next page:
Czechoslovakian branch
Bollettino cover
(Generali-Nachrichten),
n.1 1936

In the beginning, the aim was to support the rebirth of commerce after the upheavals of the Napoleonic era; then, it meant remaining steadfast while Austria, Italy, France and Germany fought against each other. After that, it was crucial to be part of the second industrial revolution as well as get through two world wars and the Cold War. Today the challenge is to be part of a world about to become multipolar and taken over by artificial intelligence.

From afar, Generali's multi-secular growth appears to have seamlessly followed the ever-faster rhythm of human history upheavals. Yet, all this has been possible

because since 1831 analyses, plans, investments and risk management have been undertaken time and time again.

In these pages we turn our attention to the period between the beginnings and World War I to understand how Assicurazioni Generali responded to the transformations of that era.

In 1831 the company founders knew the maritime insurance market in Trieste inside out, as well as the advantages of small players: these were agile and perhaps quick to propose deeper discounts to beat competitors, hunt for good deals, come up with more appealing clauses.

They built a strong structure to channel into the company the great insurance heritage of Italy, Austria, Germany, Britain and Greece

But they could not routinely underwrite on their own the risks of more important trading routes and systematically gather information about the true reliability of the ships, the captains and the companies they dealt with. This meant that they couldn't create a comprehensive market condition database and were unable to dilute risks with a larger client base.

The founders knew that only a wide, deeply connected network of branches and agents – scattered between the Mediterranean and the North Sea, the Danube and the Baltic Sea – would hit the nail on the head and would allow them to follow the path of rapid globalization, which in Trieste meant the success of maritime commerce and growing population. They knew they had to go beyond the old-fashioned brokers' narrow views, invest with adequate capital and rapidly achieve their project, because outside competition was already eyeing the routes toward the Habsburgs' port.

They needed to build ties that were stronger than those of the brokers' associations because copying the Lloyd's of London example wasn't enough: they were aware of this also because George Moore, a businessman, consul of the United States and Lloyd's representative in Trieste, was on their side and remained so for 40 years.

The answer was a strong structure that would hold together people from different backgrounds. They would help channel into the company the great insurance heritage of Italy, Austria. Germany, Britain and Greece, as well as smoothly integrate with a number of Jews, some from Trieste and some from elsewhere, who had good commercial and financial network connections at international levels.

The founders were mostly maritime merchants and insurers because maritime insurance was still the main insurance market. The opening of the first branches in Europe was the bridgehead toward the remotest global connections of the port of Trieste at the time, as it emerges from the comparison of the two maps published here. The opening of the Suez Canal in 1869 and the connections with Asia supported the group's expansion in Egypt and the Far East,

while its presence in the Americas grew stronger.

Nevertheless, the founders were aware that the maritime insurance sector was already rather mature and that other paths could lead into virgin territories. The choice of the Generali name was itself a program for the future. They had understood that beyond the political evolution and the whirlwind regime changes between the 18th and the 19th century, the modern world was defined not just by the fluctuating growth of what today we know as Gross Domestic Product, but – above all – by the unstoppable improvement of the quality of life. It meant a greater number of industrial products, enhanced scientific knowledge and better means of communication. They knew that this trend was here to stay, supported by steam technology and other discoveries and inventions, and was bound to evolve in a society that needed to reduce risk in order to unlock the progressive forces of growth.

The agent guidelines at the Archivio Storico Assicurazioni Generali are an extremely rich source for understanding the day-to-day role of insurers . This passage, from the transport segment guidelines published in Venice in 1878, gives us a glimpse of the huge limitations that maritime insurance had on the future of the company: *'It is certain that in no other sector like the maritime one the insurer has to rely on the good faith of the insured […]. Indeed, most of the time shipwrecks have no other witnesses beyond the sky and the sea, and insurers don't have the right to expect further proof other that the depositions of the captain and the crew. If these are in order, the insurers are obliged to pay even if they suspect fraud or corruption'.*

In addition, maritime transport was influenced by the unstable financial and economic system of the time. The global crisis in 1873 and the lengthy depression that followed had a lethal effect on the Habsburg territories. The crash of the Vienna stock exchange was one of the triggers. Several companies that had been granted excessive credit went bankrupt, while many individual investors, who as never before had invested in the stock market, took a huge hit.

• Generali Locations Settled in 1832

Ports of origin and destination of ships that left the quays of Trieste between November 1837 and October 1838. Information taken from: Directions on Navigation in the Austrian controlled ports over the administrative years 1838-1945, Typography Weis, Trieste 1845

Praga
Vienna   Pest
Szeged
Trieste
Karlowac
Parma   Milano
Venezia
Genova   Firenze
Bordeaux
Marsiglia
Napoli
Messina

Members of the Veneto region management team (1896-1907). Archivio Storico Assicurazioni Generali, from left to right: Nicolò Papadopoli, deputy director; Carlo Ara, deputy secretary; Marco Besso, director; Arturo Kellner, secretary, and Giacomo Levi, deputy director

At Generali, too, it was time for reflection. In addition, some sectors that had been in focus during the previous decade were not living up to expectations, for example hail damage and, in life insurance, the tontine sector, which had been mostly backed by Piedmontese politics rather than by management in Trieste.

The crisis became an opportunity for reorganization. At Generali, the period that followed had the imprint of secretary general Marco Besso, who between 1877 and 1885 prepared the groundwork for taking advantage of the big opportunities offered by the subsequent economic cycle, which would be marked by the second industrial revolution and the emergence of mass society.

Accounts at the time show how the portfolio was de-risked: exposure to stocks was reduced, shrinking from around 25% in 1876 to between 5 and 10% in a matter of few years, and remained at this level until the Great War. Preference was given to corporate bonds issued by large railway and bancassurance companies in Italy and German-speaking areas, in addition to government bonds from these same countries. There were sizable investments in real estate, particularly new buildings in prestigious neighborhoods, which housed company headquarters in the major capitals.

From an operational point of view, there was a switch toward a group structure by setting up affiliated, yet independent companies to better adapt to the various international markets. Building a stronger presence in the Anglo-Saxon world became a priority and there was a renewed focus on the fire insurance sector. In particular, it was decided to prioritize the life sector and have it based on new technical and scientific data. Besso asked Vitale Laudi and Wilhelm Lazarus to draft a new mortality table: the LL table, which allowed to base premiums on more realistic calculations. At his Hamburg

The changing world was defined not just by the growth of GDP but – above all – by the unstoppable improvement of the quality of life

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headquarters, Lazarus had built a database containing thousands of demographic data he had collected in Germany. Together with Trieste-based Laudi, he analyzed the largest life database available at the time, that of British insurers, which comprised more than 40,000 individuals. Until then, prices had been calculated with a limited set of data gathered from the French population 100 years earlier, using a far less sophisticated math model. This is even more interesting once we realize that neither Laudi nor Lazarus were academics, but company executives. Although Lazarus was completely self-taught, the two were able to see their studies published in the major scientific publications of the time.

The result rewarded their efforts. The life sector grew exponentially, as shown by the two charts below, which are based on a logarithmic scale.

A few considerations are required. The 1873 crisis hit the entire company, but in particular the transport sector. This had generated at least half of the revenues during the 1850s, but after a gradual decline in the next 20 years, when it stabilized at 30% before 1873, in the immediate aftermath of the crisis it slumped to less than 5% of total insurance premiums, remaining unchanged until the rest of the period. On the other hand, other sectors kept growing as total company revenues tracked the constant growth of the average salary. This shows how Generali had understood its times and had pursued a suitable strategy that was in tune with the overall improvement of people's life quality.

The first 80 years of the company were marked by remarkable growth, despite political and economic instability, military crises and epidemics.


Gaetano Dato

Gaetano Dato is a historian who currently works with the engineering department at the University of Bristol on the development of quantitative research in text databases. He obtained his postgraduate doctoral degree at the University of Trieste in 2013. During his studies he focused on the history of the Venezia Giulia region in the 1900s, which became the subject of two essays books and several articles.

He then studied the British community in Trieste between the 18th and the 20th century, which spurred his interest in insurance history. He has also been studying the integration of historiography with the complexity theory since his stint at the Santa Fe Institute in New Mexico, USA, during which he analyzed Generali's accounts and the traffic data of Trieste's port together with a group of colleagues. Among them, Simon Carrignon of the Barcelona Supercomputing Center, who has created the map and the charts on these pages.

Generali Group poster, G.L. Sormani, 1910. Generali Group collection

Table 1

Table 2
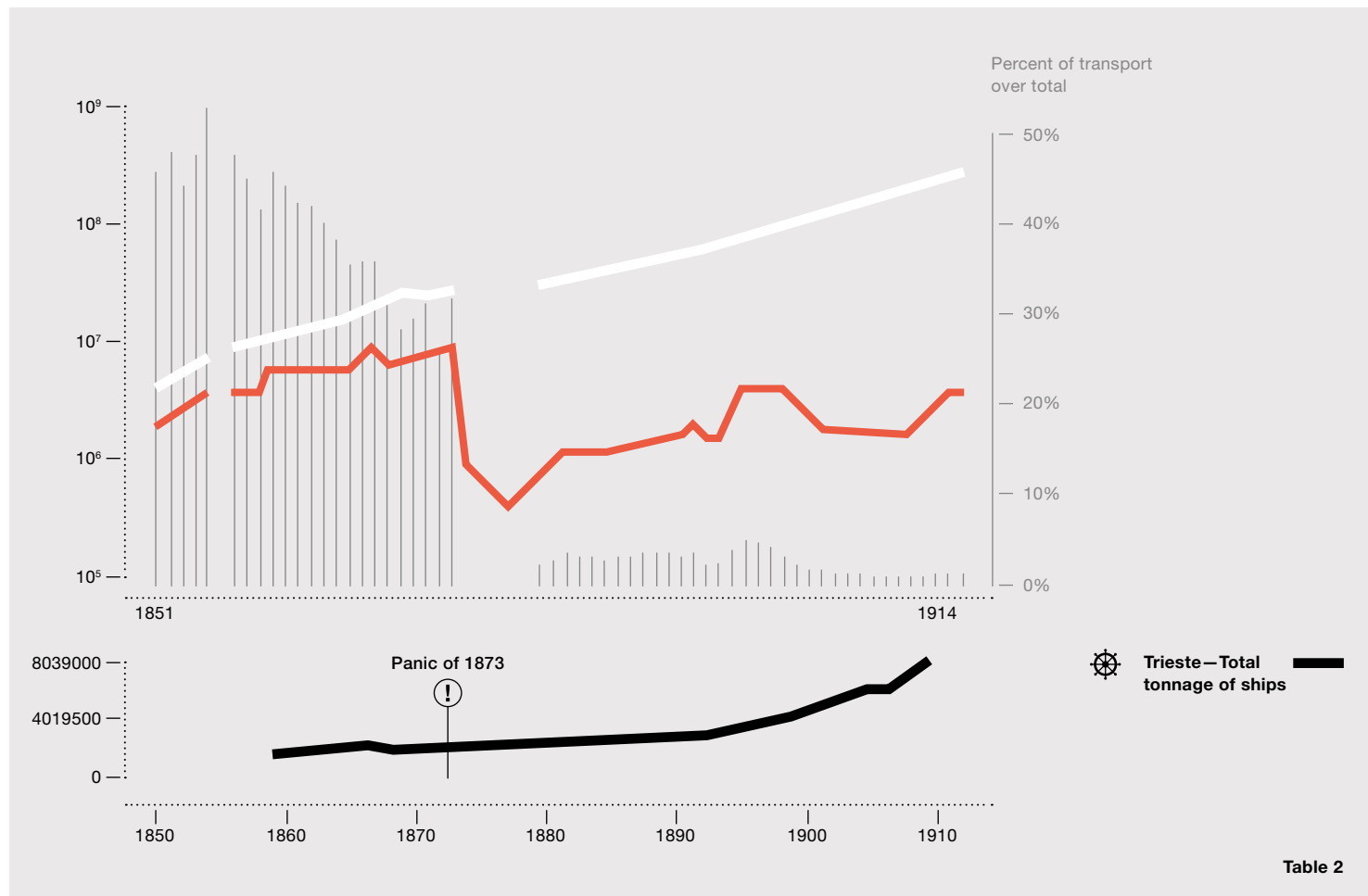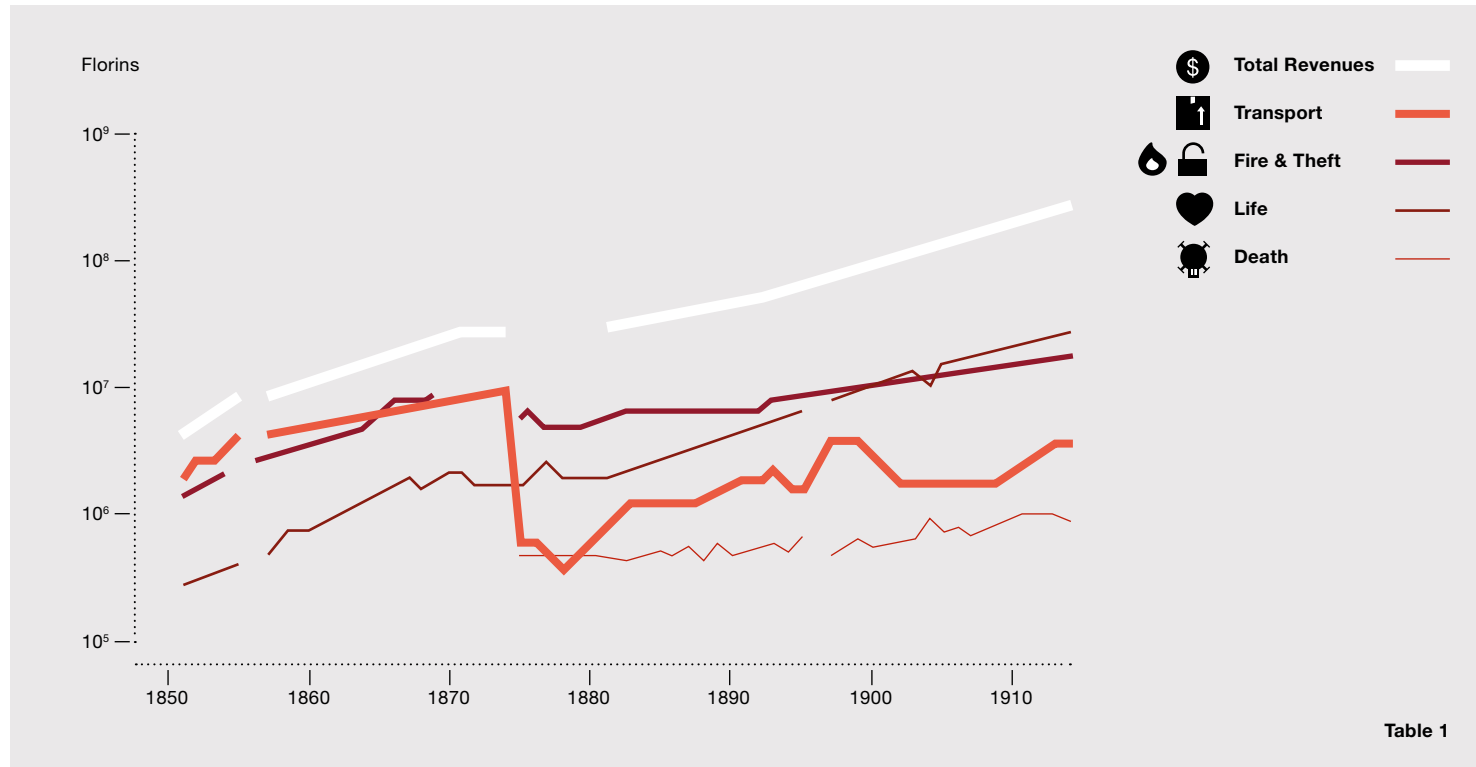
A group structure was set up of affiliated, yet independent companies to better adapt to the various international markets

The possibility of a 'Black Swan' event remained, but Assicurazioni Generali had understood the existence of long-term trends that could influence and transform society and that commercial strategies should be built on them.

Investing in research, whether it was actuarial science or studying the nature of markets – i.e. the collection of information that today we call big data – brought its rewards. Today data remain, as back then, one of the major resources of a big company with such a long and prestigious history. A resource that can offer a discernible advantage over small players in the market.

Table 1:
Total revenue per branchof Assicurazioni Generali from 1850 to1914, according to the budgets published by Company and deposited at the Historical Archive
© S. Carrignon- BSC

Table 2:
Total revenues and Transport branch revenues of Assicurazioni Generali from 1850 to 1914, compared to the trend of total tonnage of ships transiting in Trieste from 1859 to 1910. Data on revenues taken from the balance sheets published by Company and deposited at the Archivio Storico while those on port traffic were taken from the annual publications of the Chamber of Commerce of Trieste from 1860 to 1911.
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Table 3:
Total revenues of Assicurazioni Generali from 1850 to 1914 compared with the trend of average wages in grams of Silver in the Austrian Litoral coastline region (the region of Trieste in the Habsburg Empire) between 1850 and 1914. Data on revenues are taken from the balance sheets published by Company and deposited at the Archivio Storico while those on wages come from T. Cvrcek, "Wages, Prices and Living Standards in The Habsburg Empire, 1827-1910", Journal of Economic History 73, 1 (March 2013), p. 1-37

Table 3

The Team

Thank you

Awards

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