



The Workplace of Tomorrow *The “On-Demand” Economy and Implications for Workers Compensation*

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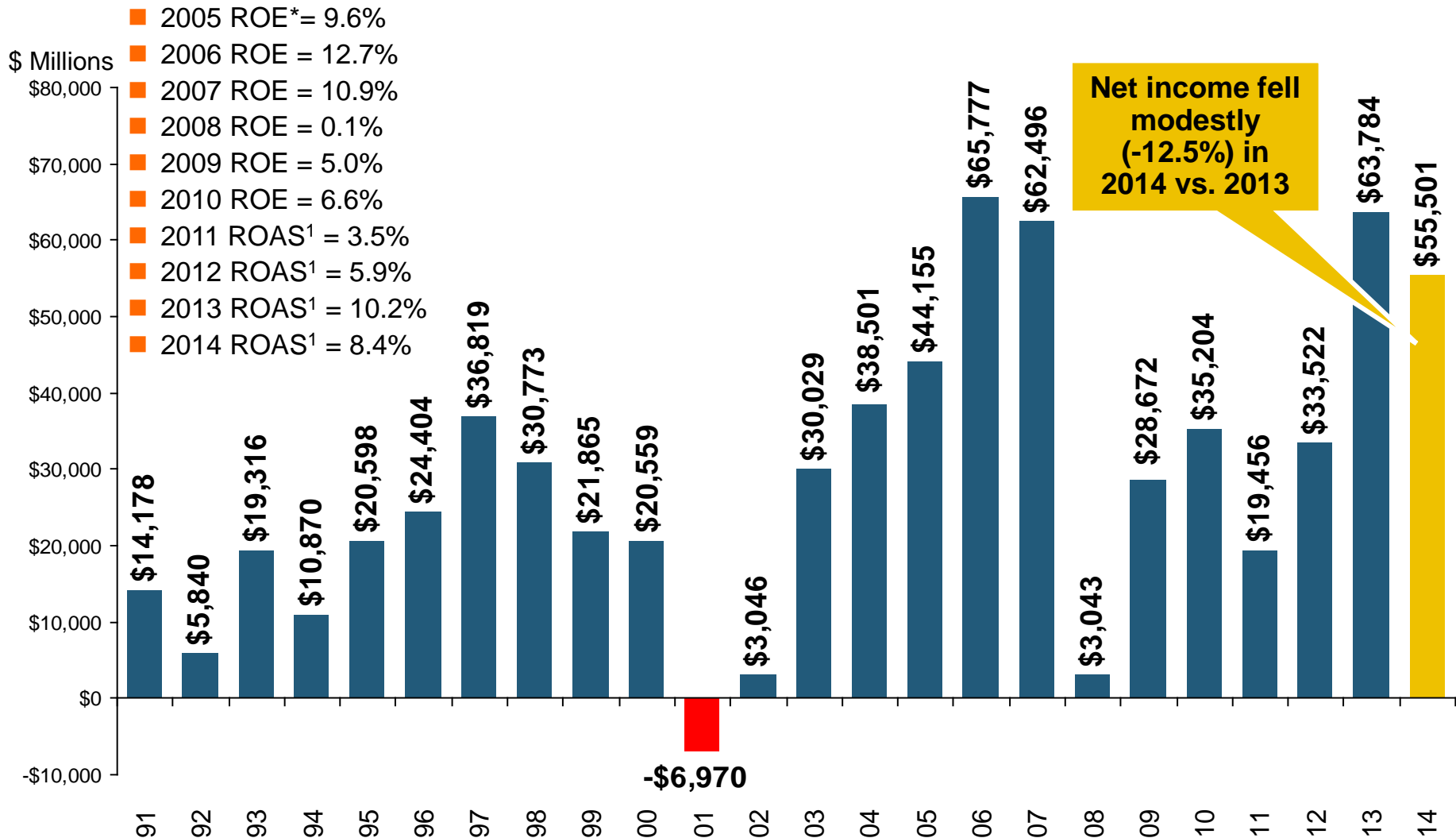
P/C Insurance Industry Financial Overview

**2014: Second-Best Year in the
Post-Crisis Era**

Modest CATs, Strong Markets

***Workers Comp Improvement
Helped Too***

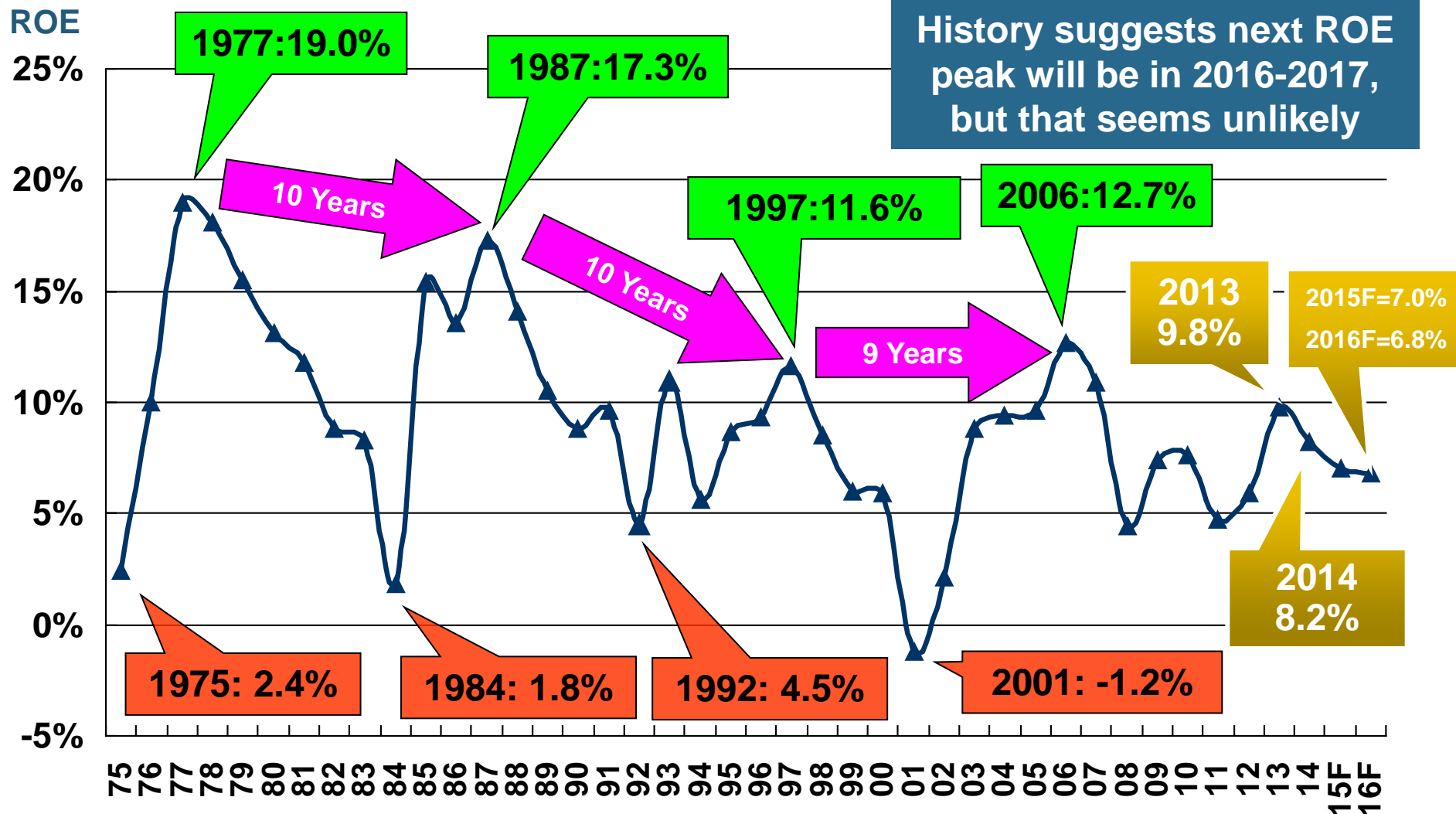
P/C Industry Net Income After Taxes 1991–2014



*ROE figures are GAAP; ¹Return on avg. surplus. Excluding Mortgage & Financial Guaranty insurers yields a 8.2% ROAS in 2014, 9.8% ROAS in 2013, 6.2% ROAS in 2012, 4.7% ROAS for 2011, 7.6% for 2010 and 7.4% for 2009.

Sources: A.M. Best, ISO; Insurance Information Institute

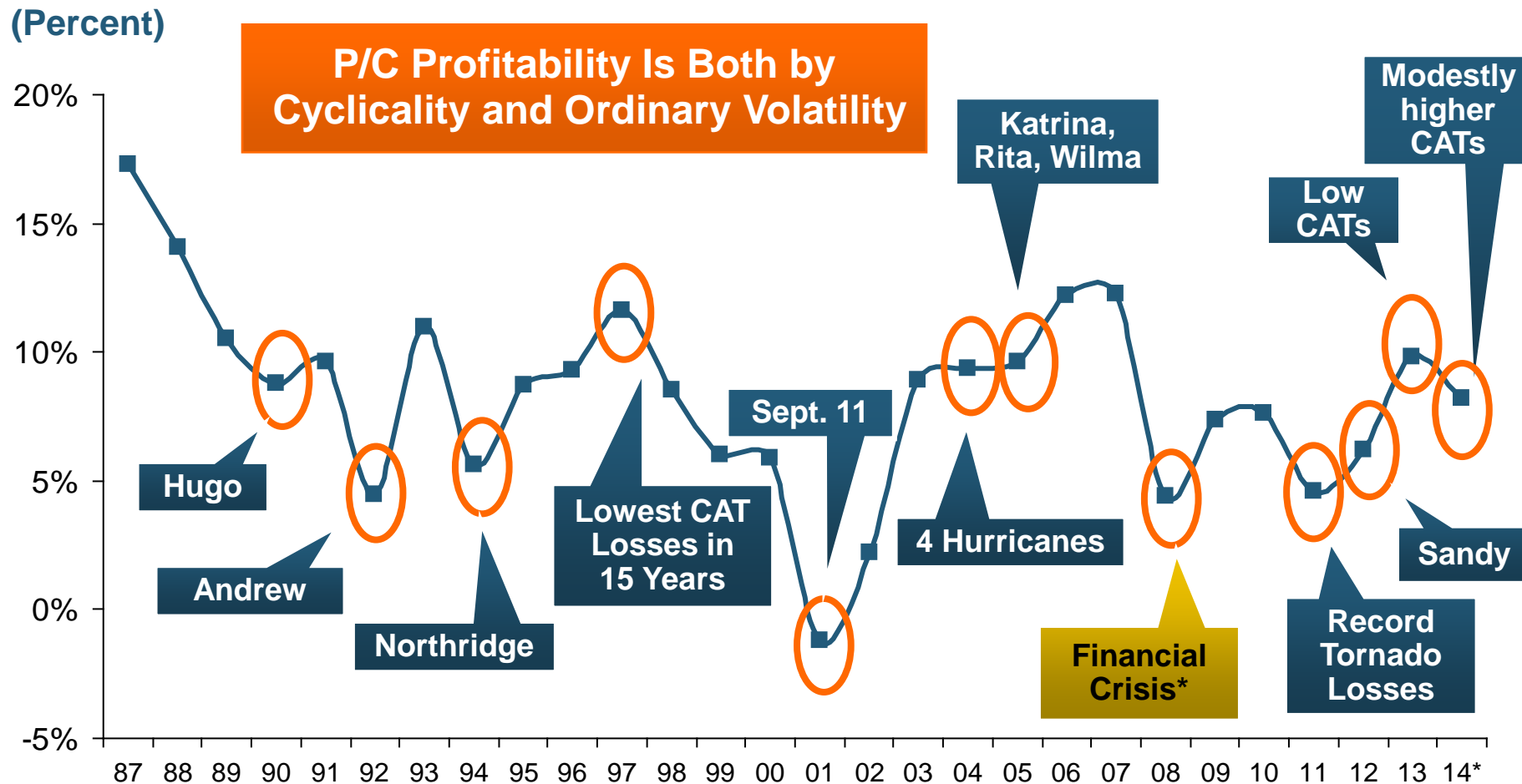
Profitability Peaks & Troughs in the P/C Insurance Industry, 1975 – 2016F



*Profitability = P/C insurer ROEs. 2011-14 figures are estimates based on ROAS data. Note: Data for 2008-2014 exclude mortgage and financial guaranty insurers.

Source: Insurance Information Institute; NAIC, ISO, A.M. Best, Conning

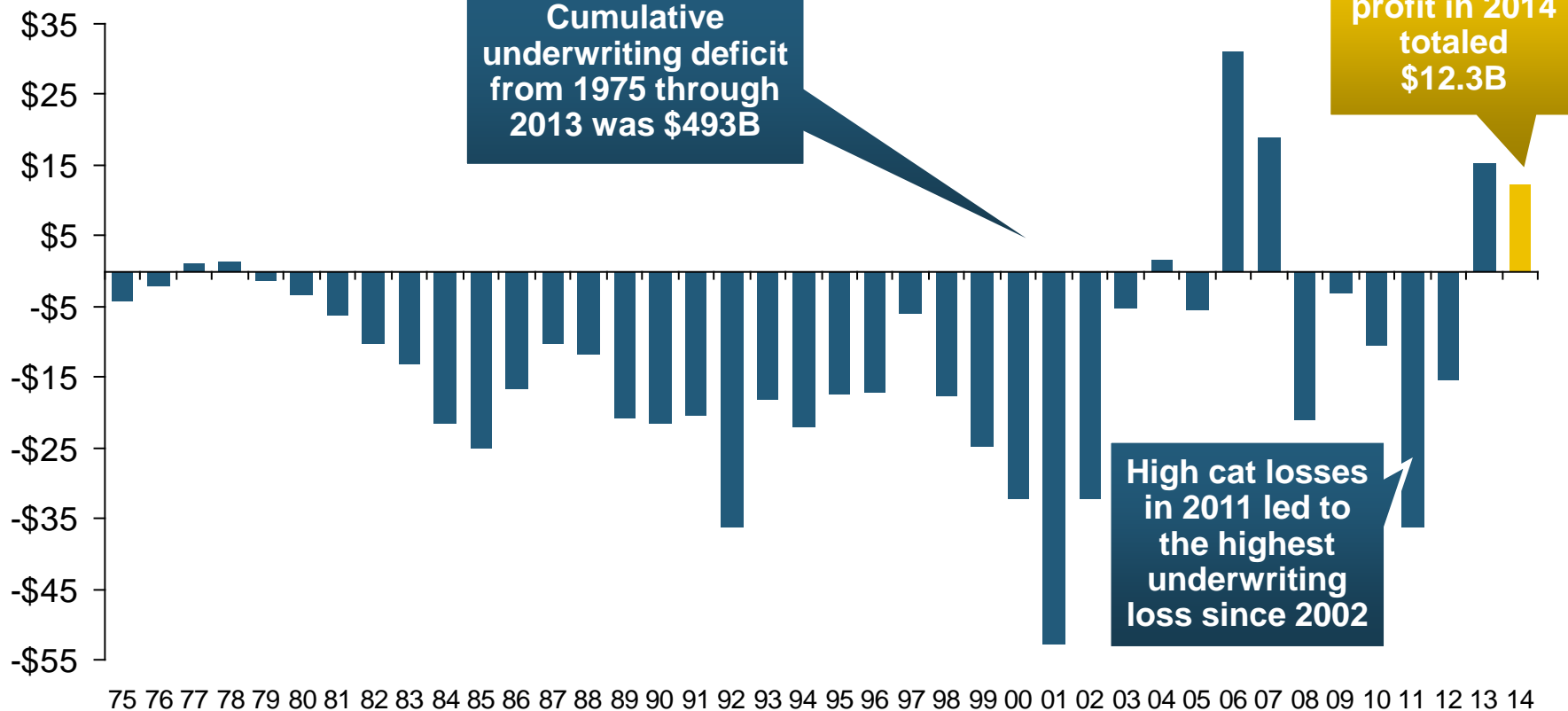
ROE: Property/Casualty Insurance by Major Event, 1987–2014



* Excludes Mortgage & Financial Guarantee in 2008 – 2014.
Sources: ISO, *Fortune*; Insurance Information Institute.

Underwriting Gain (Loss) 1975–2014*

(\$ Billions)

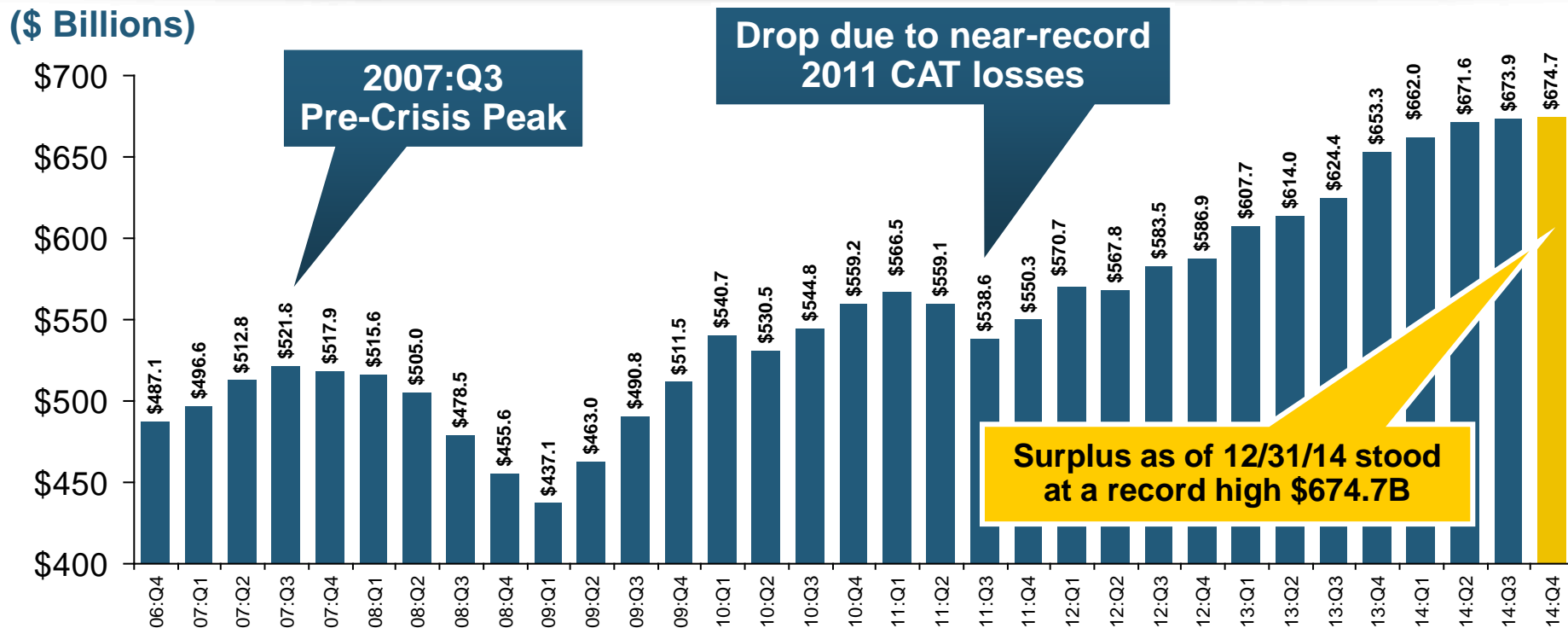


**Large Underwriting Losses Are *NOT* Sustainable
in Current Investment Environment**

* Includes mortgage and financial guaranty insurers in all years.

Sources: A.M. Best, ISO; Insurance Information Institute.

Policyholder Surplus, 2006:Q4–2014:Q4



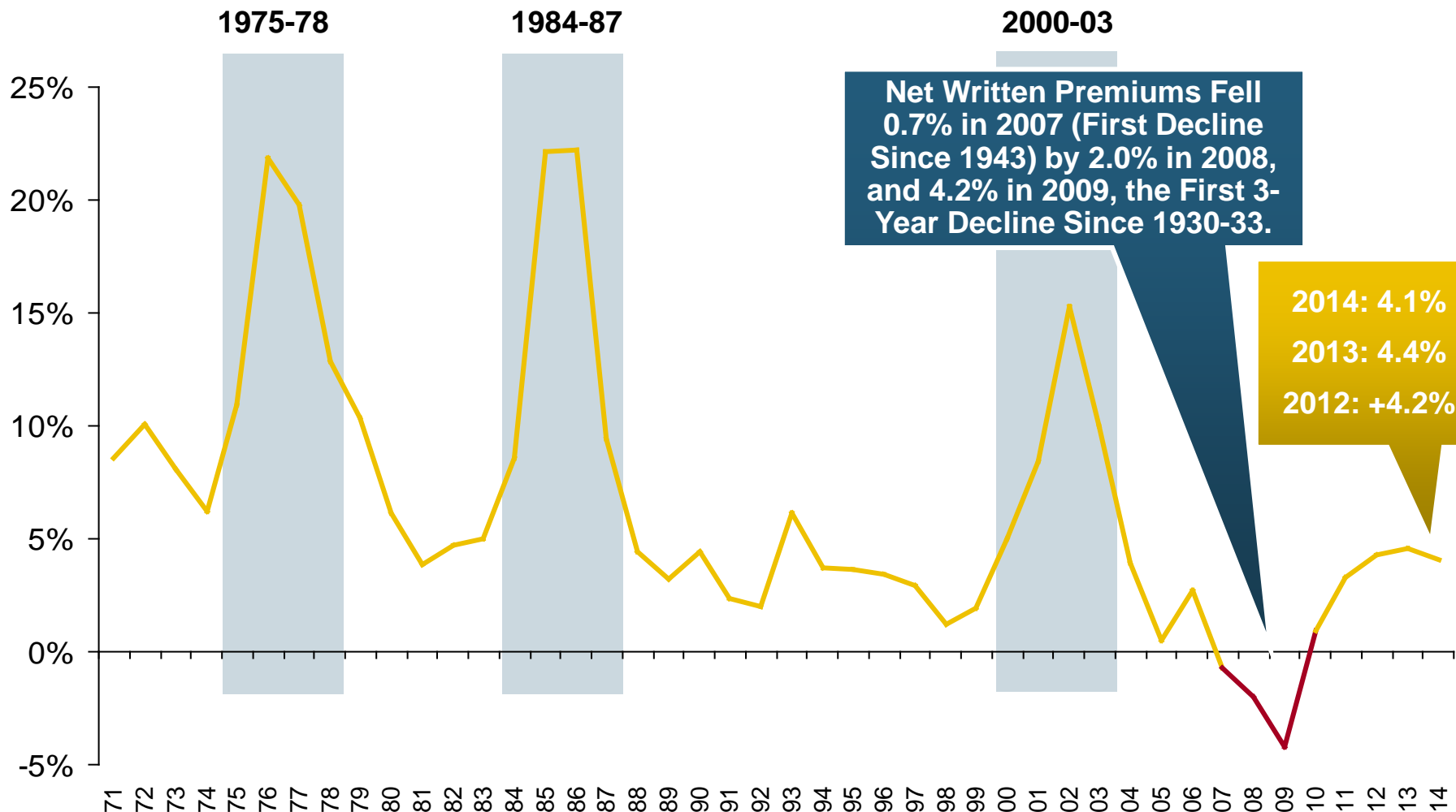
The industry now has \$1 of surplus for every \$0.74 of NPW, close to the strongest claims-paying status in its history.

2010:Q1 data includes \$22.5B of paid-in capital from a holding company parent for one insurer's investment in a non-insurance business.

The P/C insurance industry entered 2015 in very strong financial condition.

Net Premium Growth (All P/C Lines): Annual Change, 1971—2014

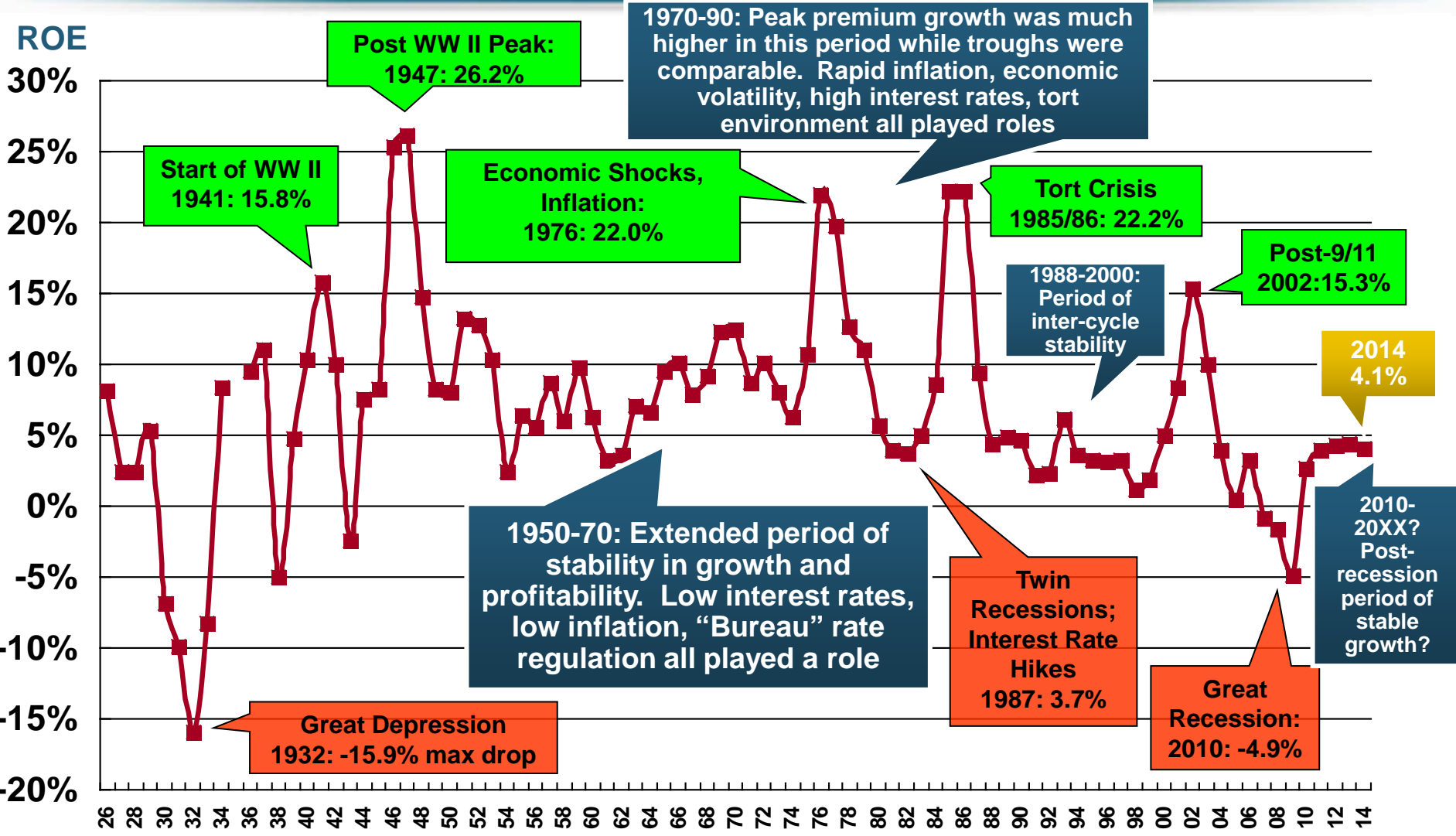
(Percent)



Shaded areas denote "hard market" periods

Sources: A.M. Best (1971-2013), ISO (2014), Insurance Information Institute.

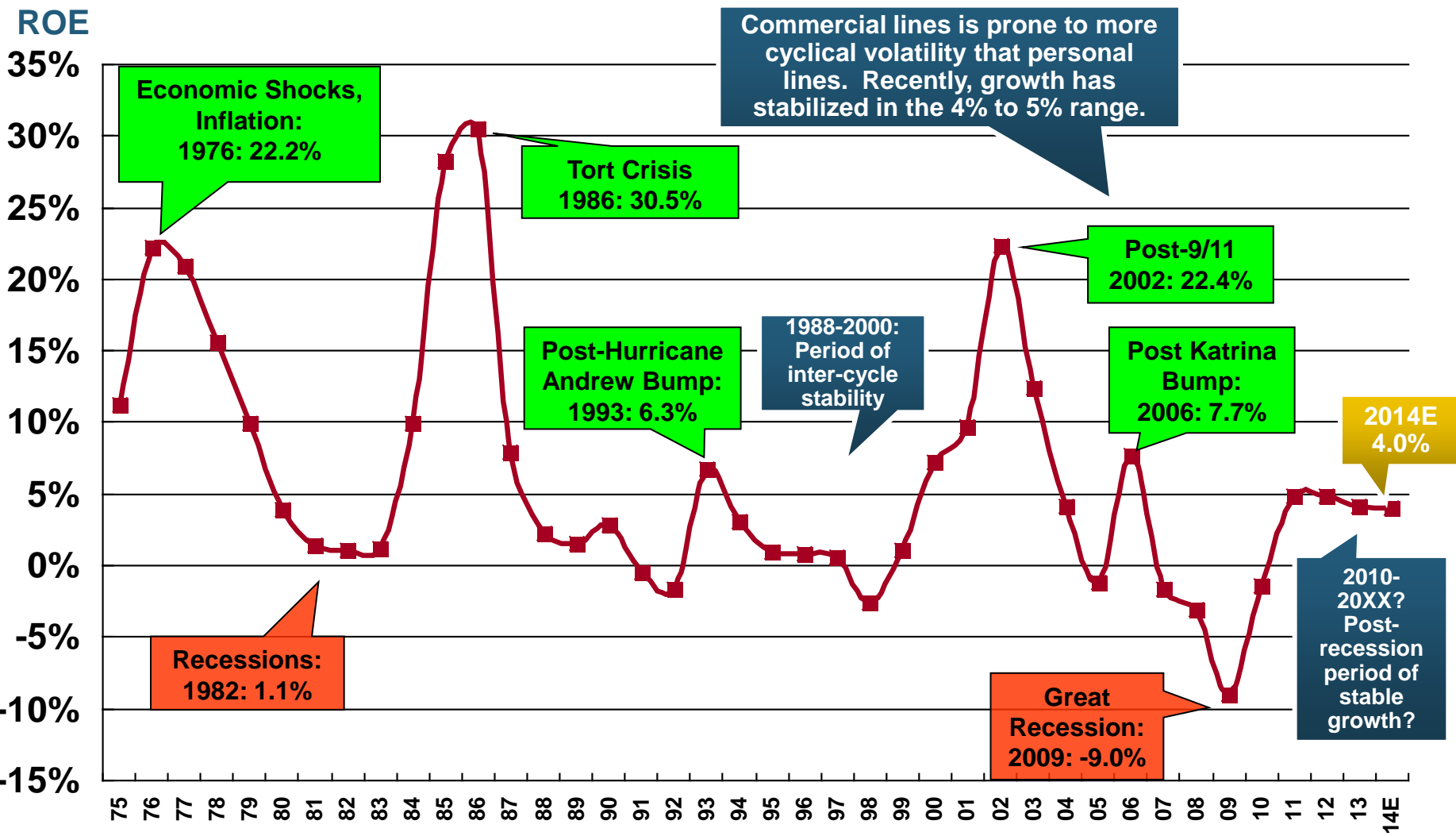
NPW Premium Growth: Peaks & Troughs in the P/C Insurance Industry, 1926 – 2014



Note: Data through 1934 are based on stock companies only. Data include state funds beginning in 1998.

Source: A.M. Best; Insurance Information Institute.

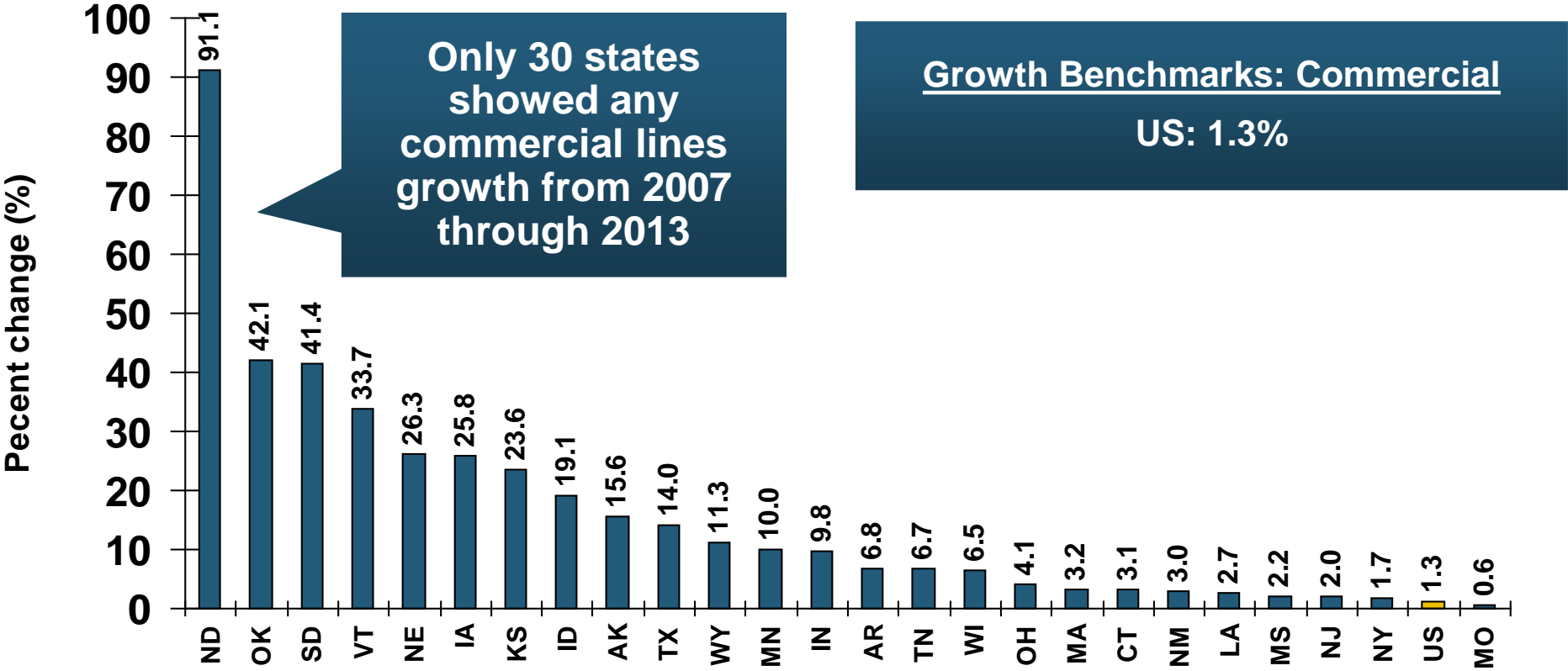
Commercial Lines NPW Premium Growth: 1975 – 2014E



Note: Data include state funds beginning in 1998.
 Source: A.M. Best; Insurance Information Institute.

Direct Premiums Written: Comm. Lines Percent Change by State, 2007-2013

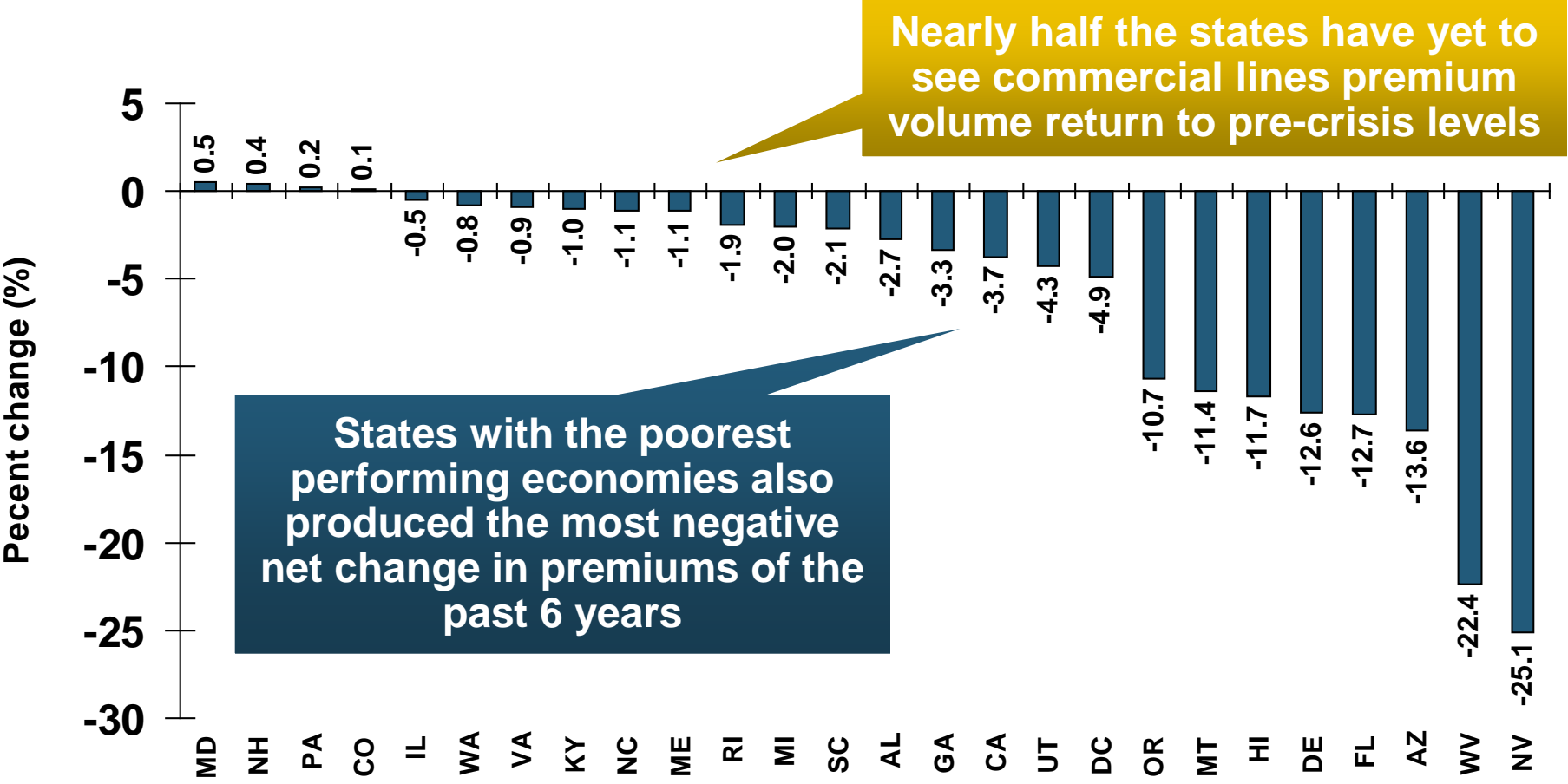
Top 25 States



Sources: SNL Financial LLC.; Insurance Information Institute.

Direct Premiums Written: Comm. Lines Percent Change by State, 2007-2013

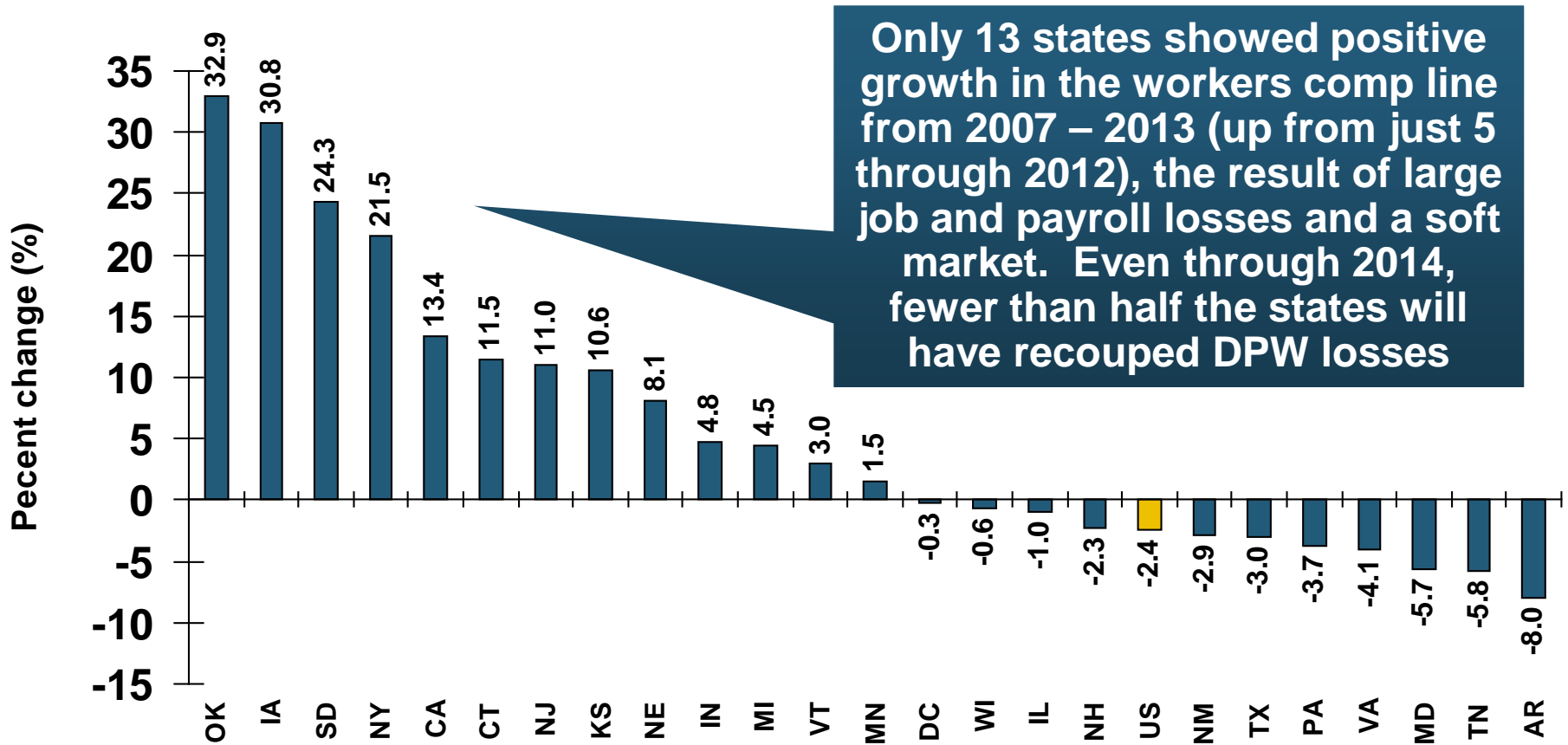
Bottom 25 States



Sources: SNL Financial LLC.; Insurance Information Institute.

Direct Premiums Written: Workers' Comp Percent Change by State, 2007-2013*

Top 25 States

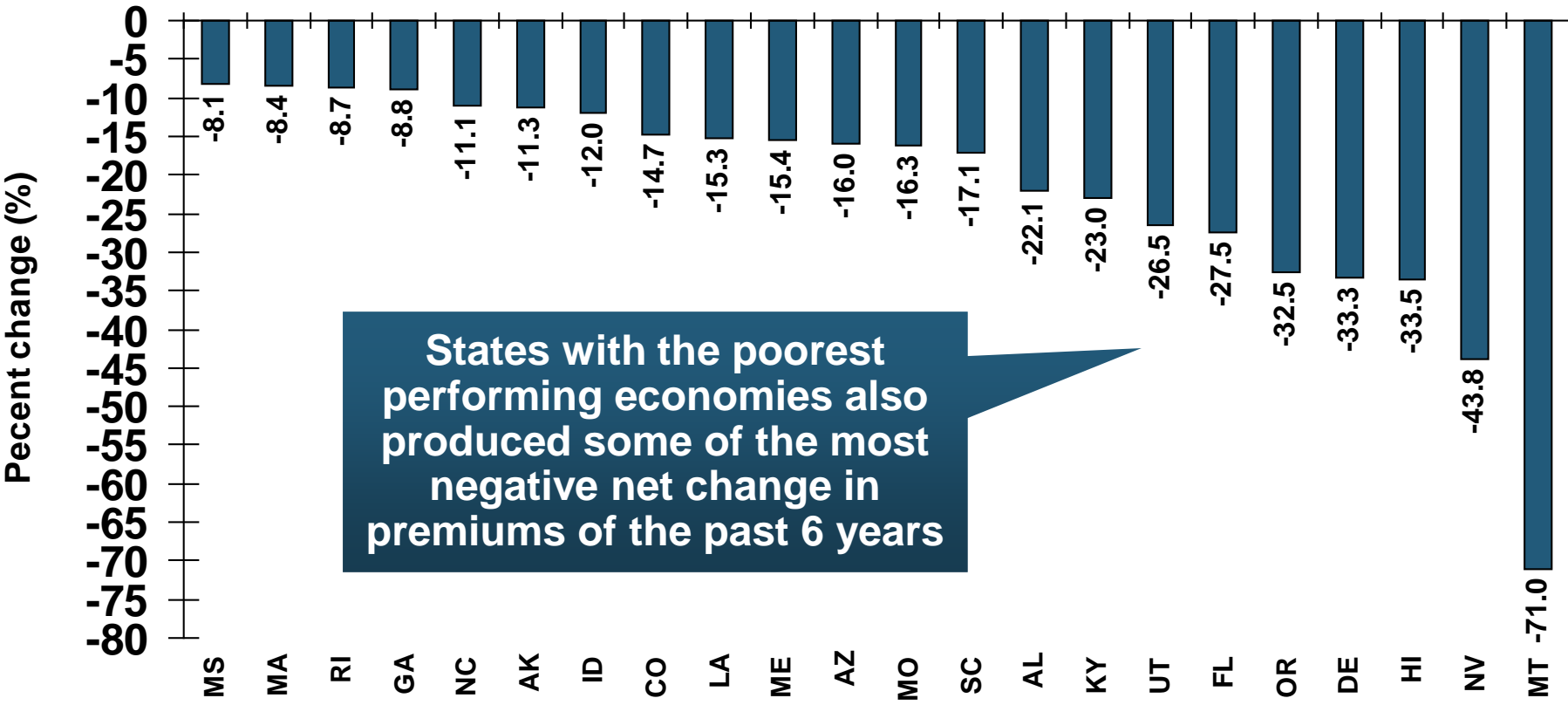


*Excludes monopolistic fund states: ND, OH, WA, WY as well as WV, which transitioned to a competitive structure during this period.

Sources: SNL Financial LC.; Insurance Information Institute.

Direct Premiums Written: Worker's Comp Percent Change by State, 2007-2013*

Bottom 25 States



States with the poorest performing economies also produced some of the most negative net change in premiums of the past 6 years

*Excludes monopolistic fund states: ND, OH, WA, WY as well as WV, which transitioned to a competitive structure during this period.

Sources: SNL Financial LC.; Insurance Information Institute.

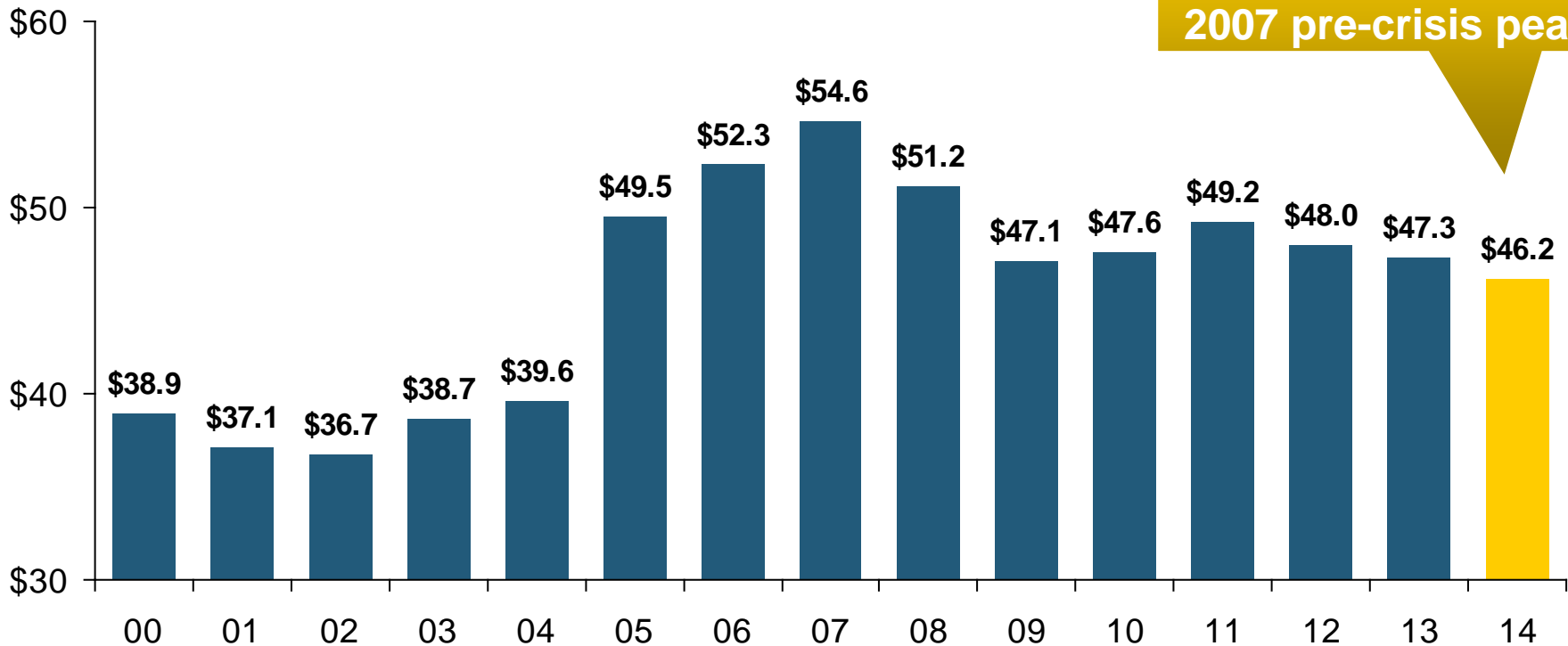
INVESTMENTS: THE NEW REALITY

**Investment Performance is a Key
Driver of Profitability**

***Low Yields Have an Especially
Large Influence on Profitability of
Long-Tailed Lines Like WC***

Property/Casualty Insurance Industry Investment Income: 2000–2014¹

(\$ Billions)



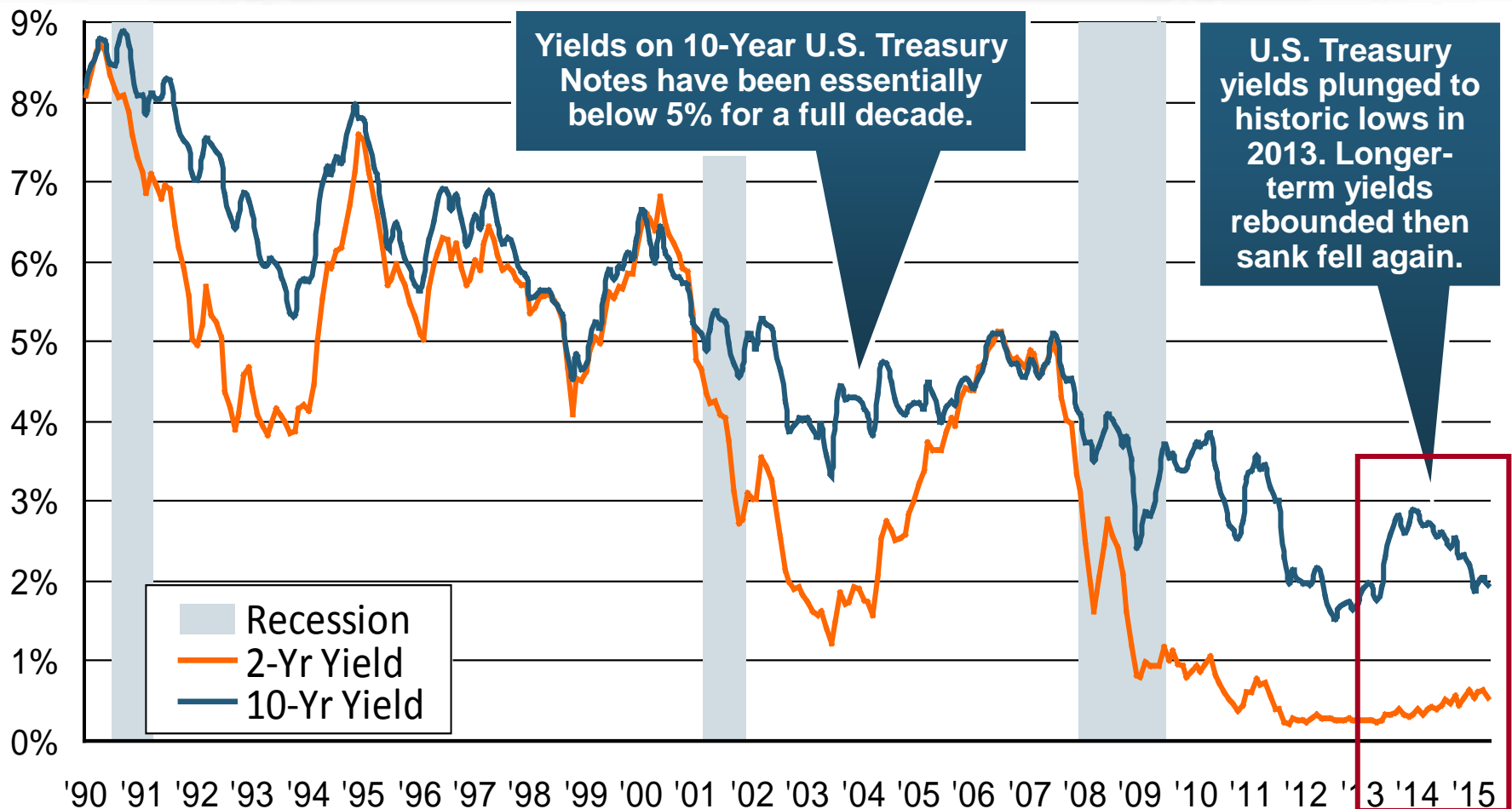
Investment earnings
are still below their
2007 pre-crisis peak

Due to persistently low interest rates,
investment income fell in 2012, 2013 and 2014.

¹ Investment gains consist primarily of interest and stock dividends.

*Sources: ISO; Insurance Information Institute.

U.S. Treasury Security Yields: A Long Downward Trend, 1990–2015*



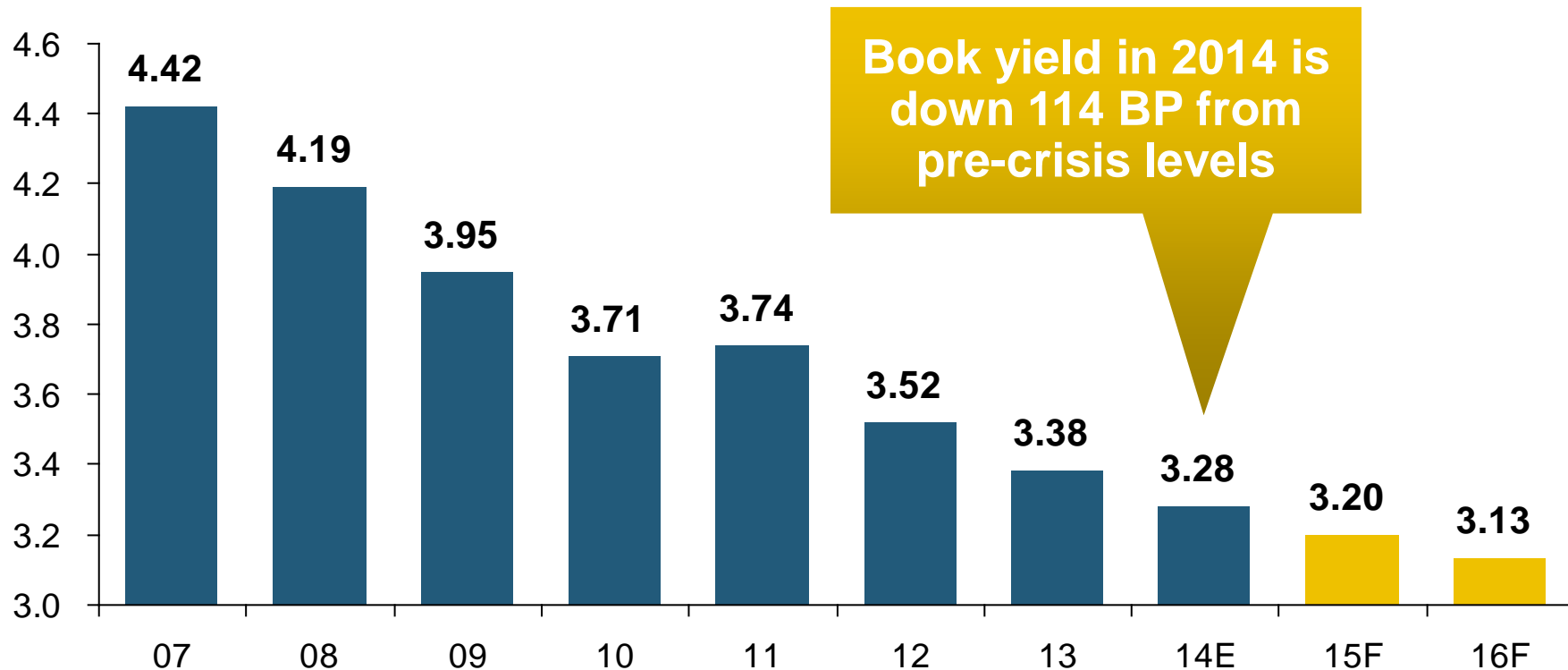
Since roughly 80% of P/C bond/cash investments are in 10-year or shorter durations, most P/C insurer portfolios will have low-yielding bonds for years to come.

*Monthly, constant maturity, nominal rates, through April 2015.

Sources: Federal Reserve Bank at <http://www.federalreserve.gov/releases/h15/data.htm>. National Bureau of Economic Research (recession dates); Insurance Information Institute.

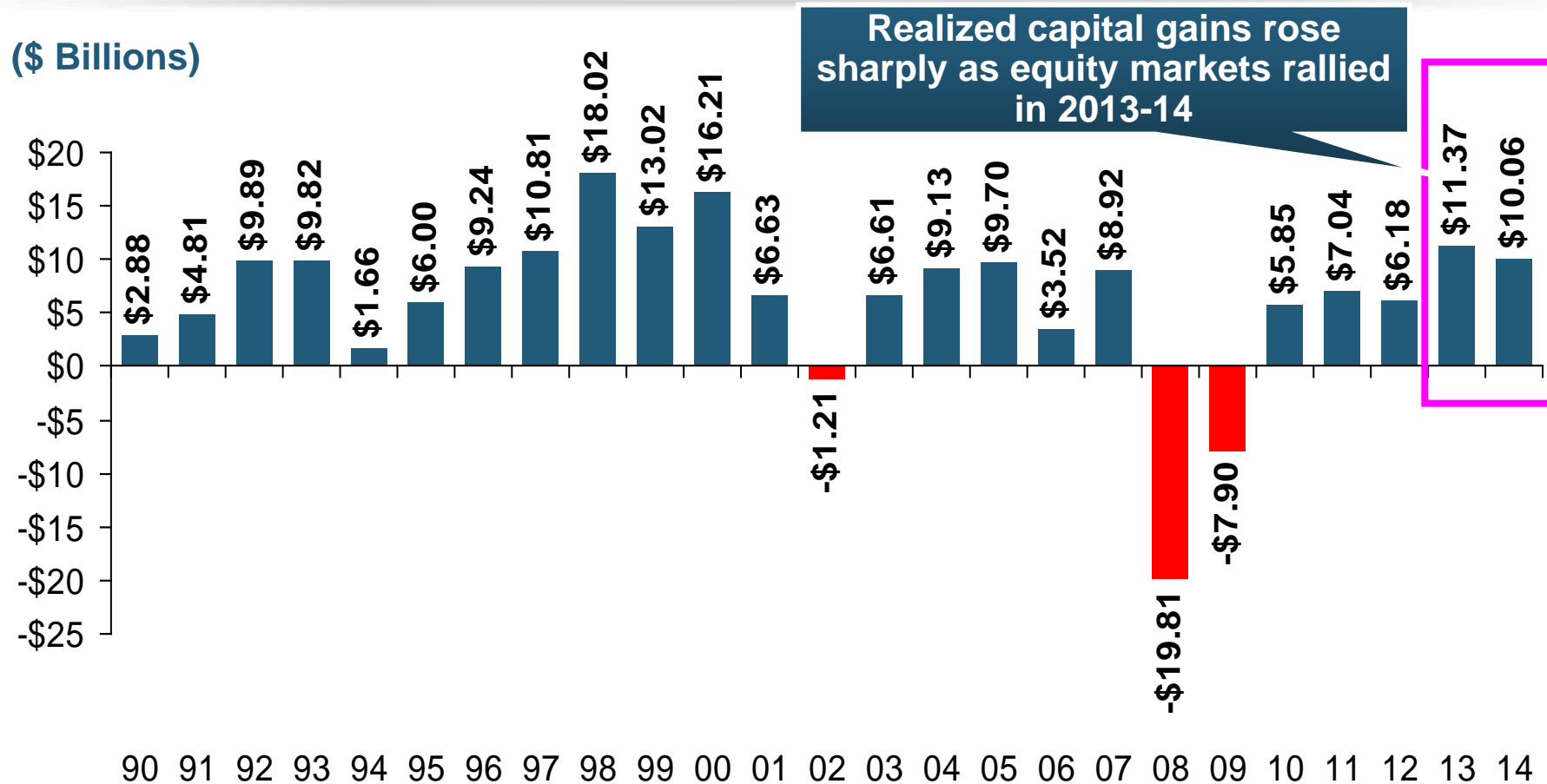
Book Yield on Property/Casualty Insurance Invested Assets, 2007–2016F

(Percent)



The yield on invested assets continues to decline as returns on maturing bonds generally still exceed new money yields. The end of the Fed's QE program in Oct. 2014 should allow some increase in longer maturities while short term interest rate increases are unlikely until mid-to-late 2015

P/C Insurer Net Realized Capital Gains/Losses, 1990-2014



Insurers Posted Net Realized Capital Gains in 2010 - 2014 Following Two Years of Realized Losses During the Financial Crisis. Realized Capital Losses Were a Primary Cause of 2008/2009's Large Drop in Profits and ROE

2015

***Non-Financial Challenges and
Criticisms of Workers Comp***

**A Number of Issues Have Stirred
Interest in Workers Compensation in
the First Part of 2015**

Challenges Raised in the Workers Comp Line

- **Opt Out Legislation:** Coalition of large employers is aggressively pushing for legislation that would allow them to forego purchasing WC coverage in favor of creating their own programs while also seeking to specify the criteria for claiming and the size of benefits
 - ◆ Allowed in TX for many years and passed in OK in 2014
 - ◆ Failed in TN in 2015; Lobbying in AL, FL, GA, NC, SC

- **Challenges to Exclusive Remedy:** Assertion that after reforms in several states the WC “Grand Bargain” has been breached and that benefits are now insufficient
 - ◆ Objective of trial lawyers is to tap into the tort system

Recent Challenges Raised in the Workers Comp Line (continued)

- **ProPublica/NPR Attack Series:** “*The Demolition of Workers Comp*” (Published in March 2015)
- **Thesis:** WC benefits have been hollowed out and that workers were often no longer well served by the system
 - ◆ **Claims 33 states watered down benefits under the guise of reform**
- **Series relied on a number of anecdotal cases of claimants who believed they were adversely impacted**
- **I.I.I. made forceful rebuttal focusing on:**
 - ◆ **Magnitude of insurer payouts to injured workers**
 - ◆ **Material improvements in workplace safety, in part due to WC incentives**
 - ◆ **Benefits of cost controls without compromising outcomes**



Labor Markets Trends:
Recovery Continues in 2015

2014

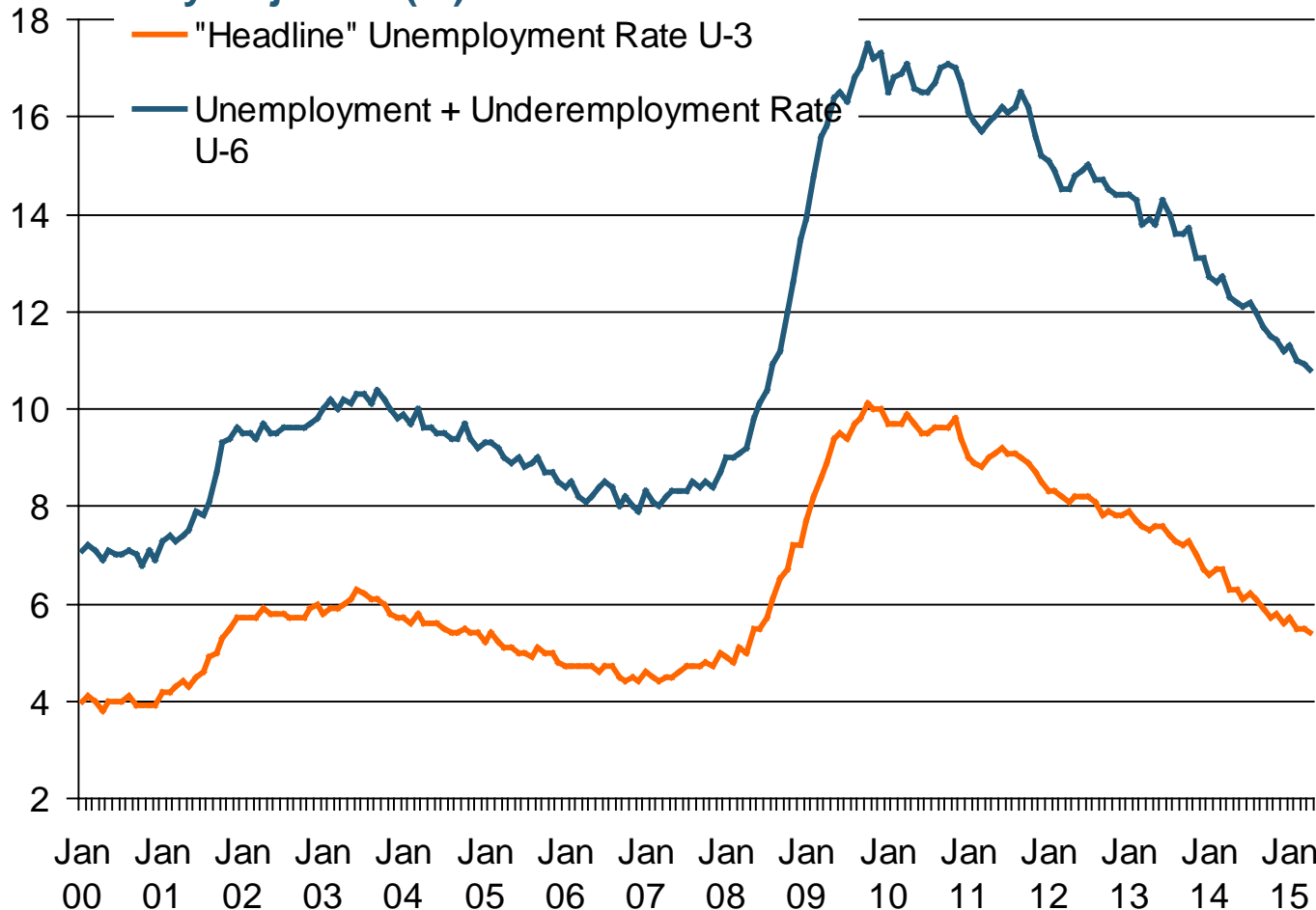
Largest Increase in Jobs Since 1997

**Unemployment Rate Fell to Lowest
Level Since 2008**

Payrolls Expanded to Record High

Unemployment and Underemployment Rates: Still Too High, But Falling

January 2000 through April 2015,
Seasonally Adjusted (%)



U-6 soared from 8.0% in March 2007 to 17.5% in October 2009; Stood at 10.8% in Apr. 2015. 8% to 10% is "normal."

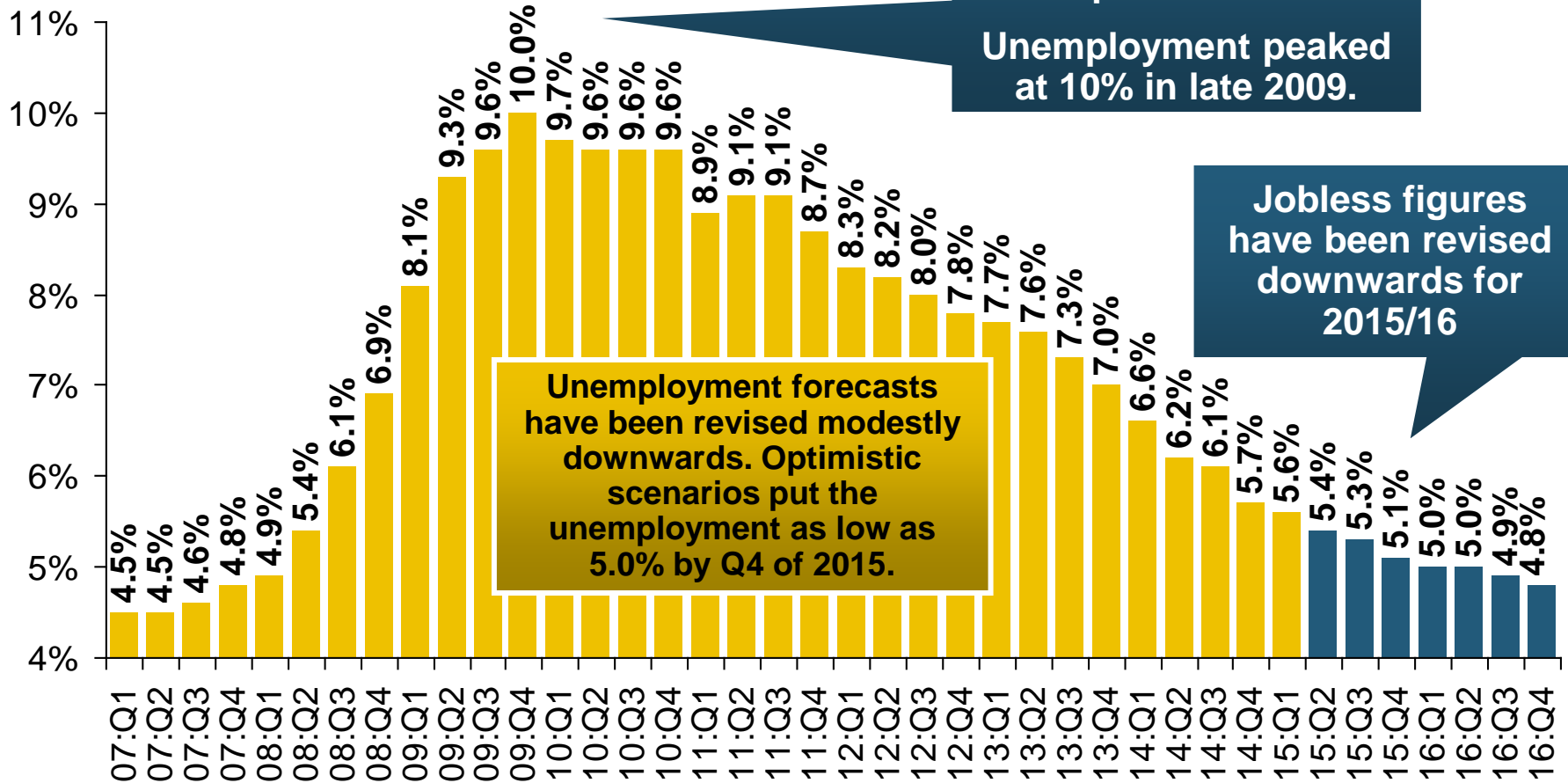
"Headline" unemployment was 5.4% in Apr. 2015. 4.5% to 5.5% is "normal."

Stubbornly high unemployment and underemployment constrain overall economic growth, but the job market is continuing to improve.

Source: US Bureau of Labor Statistics; Insurance Information Institute.

US Unemployment Rate Forecast

2007:Q1 to 2016:Q4F*



Rising unemployment eroded payrolls and WC's exposure base.
Unemployment peaked at 10% in late 2009.

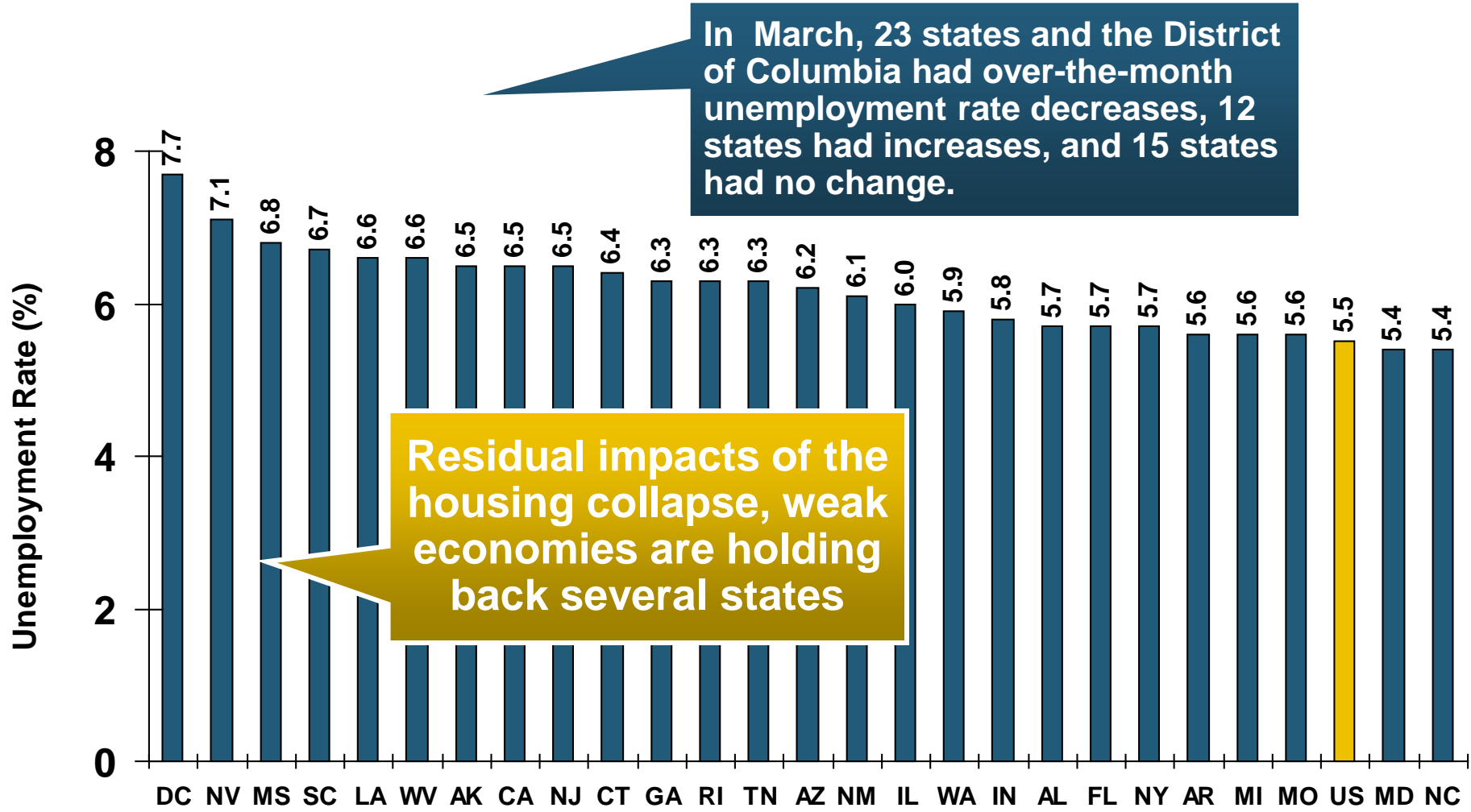
Jobless figures have been revised downwards for 2015/16

Unemployment forecasts have been revised modestly downwards. Optimistic scenarios put the unemployment as low as 5.0% by Q4 of 2015.

* = actual; = forecasts

Sources: US Bureau of Labor Statistics; Blue Chip Economic Indicators (5/15 edition); Insurance Information Institute.

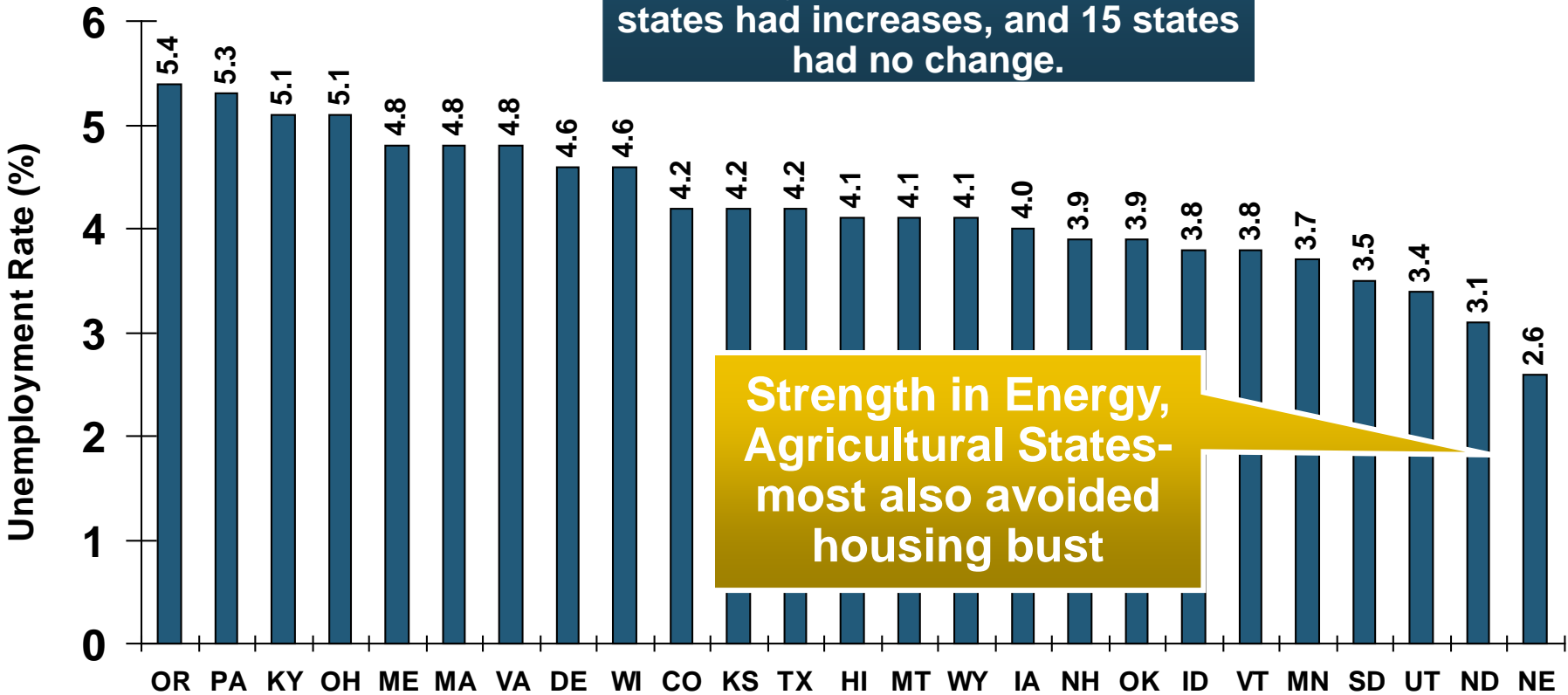
Unemployment Rates by State, March 2015: Highest 25 States*



*Provisional figures for March 2015, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

Unemployment Rates by State, March 2015: Lowest 25 States*

In March, 23 states and the District of Columbia had over-the-month unemployment rate decreases, 12 states had increases, and 15 states had no change.

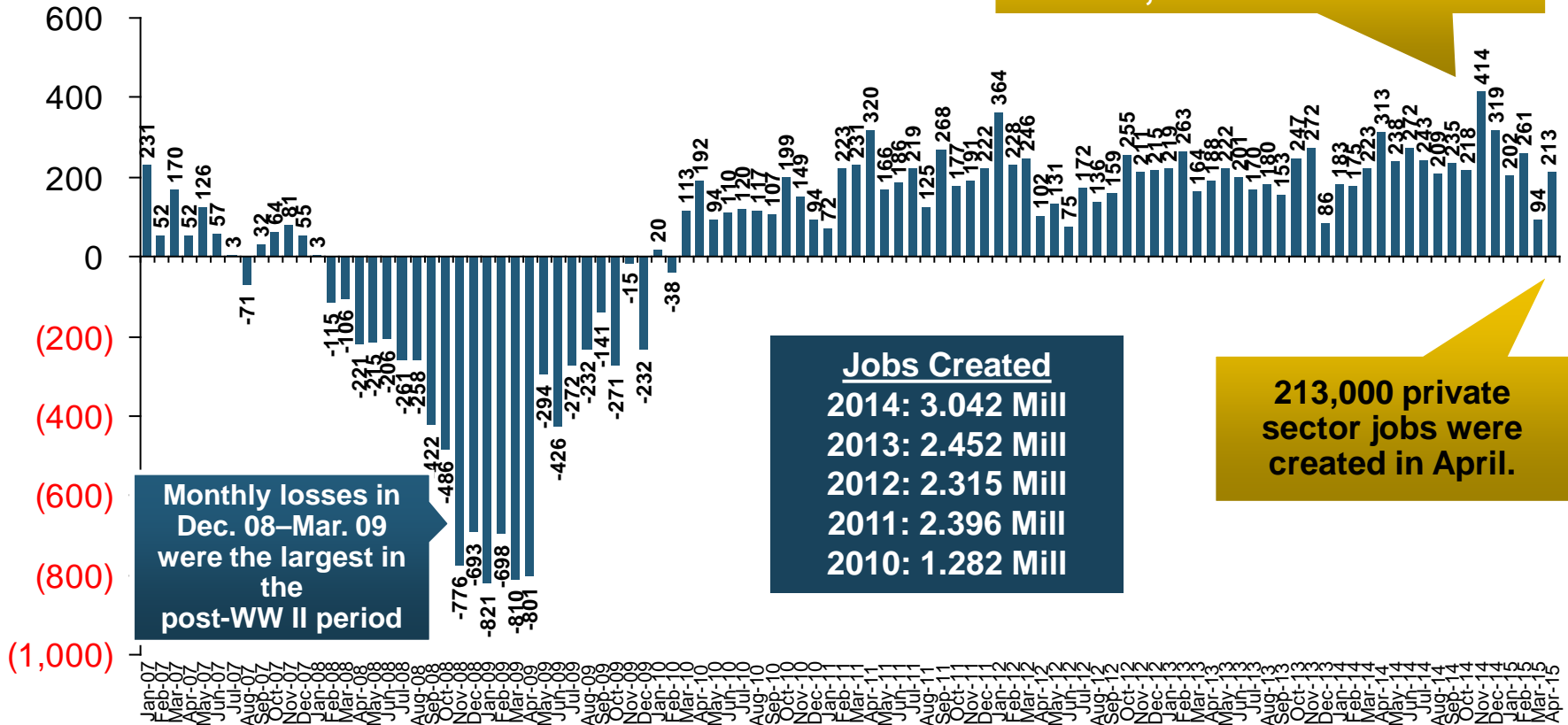


*Provisional figures for March 2015, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

Monthly Change in Private Employment

January 2007 through Apr. 2015 (000s, Seasonally Adj.)

3,042,000 jobs were created in 2014, the most since 1997



Monthly losses in Dec. 08–Mar. 09 were the largest in the post-WW II period

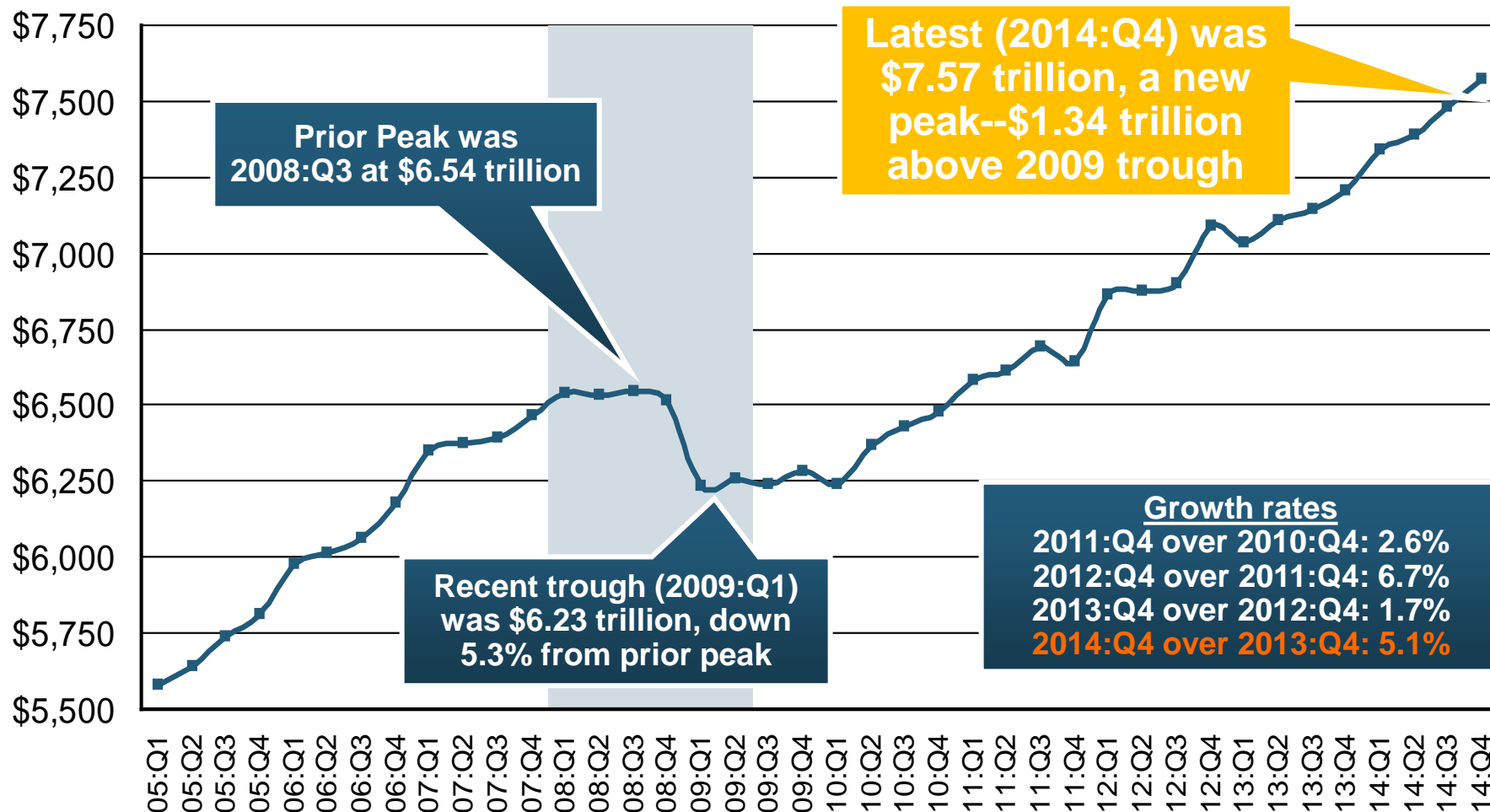
Jobs Created
 2014: 3.042 Mill
 2013: 2.452 Mill
 2012: 2.315 Mill
 2011: 2.396 Mill
 2010: 1.282 Mill

213,000 private sector jobs were created in April.

Private Employers Added 11.97 Million Jobs Since Jan. 2010 After Having Shed 5.01 Million Jobs in 2009 and 3.76 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)

Nonfarm Payroll (Wages and Salaries): Quarterly, 2005–2014:Q4

Billions



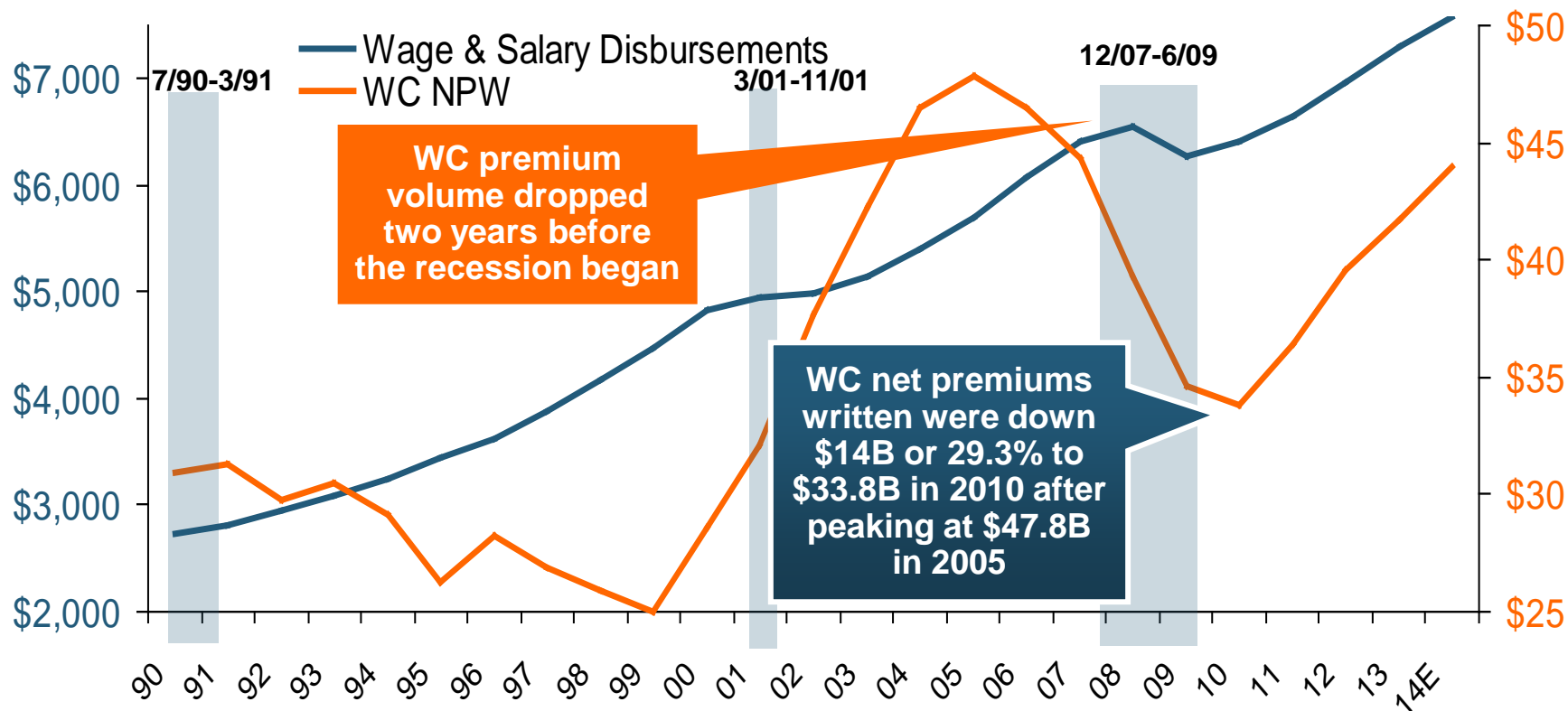
Note: Recession indicated by gray shaded column. Data are seasonally adjusted annual rates.

Sources: <http://research.stlouisfed.org/fred2/series/WASCUR>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

Payroll vs. Workers Comp Net Written Premiums, 1990-2014P

Payroll Base*
\$Billions

WC NWP
\$Billions



Continued Payroll Growth and Rate Gains Suggest WC NWP Will Grow Again in 2015

*Private employment; Shaded areas indicate recessions. WC premiums for 2014 are I.I.I. estimates..

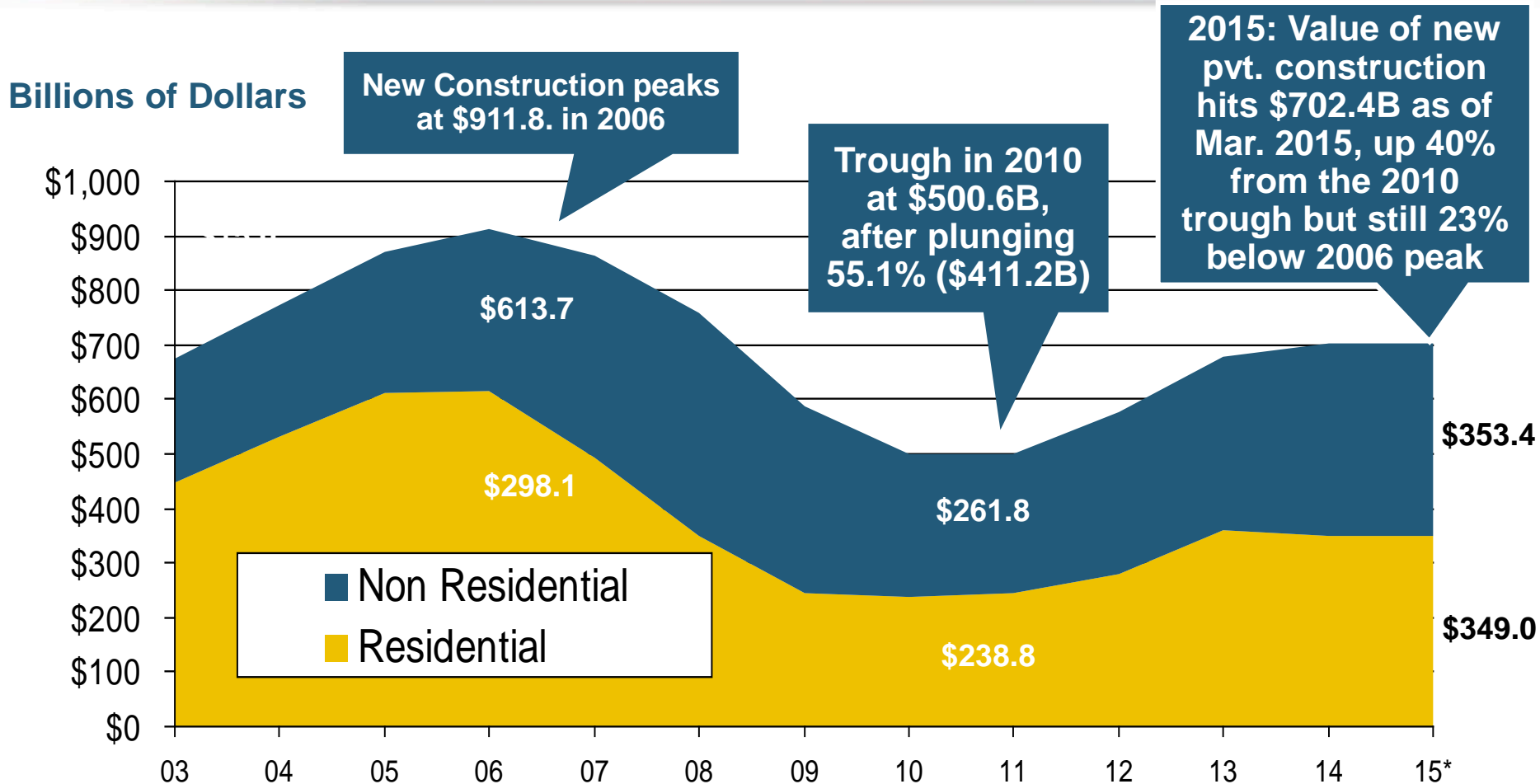
Sources: NBER (recessions); Federal Reserve Bank of St. Louis at <http://research.stlouisfed.org/fred2/series/WASCUR> ; NCCI; I.I.I.



CONSTRUCTION, MANUFACTURING & ENERGY OUTLOOK

**Key Sectors Critical to the
Economy and the P/C
Insurance Industry**

Value of New Private Construction: Residential & Nonresidential, 2003-2015*



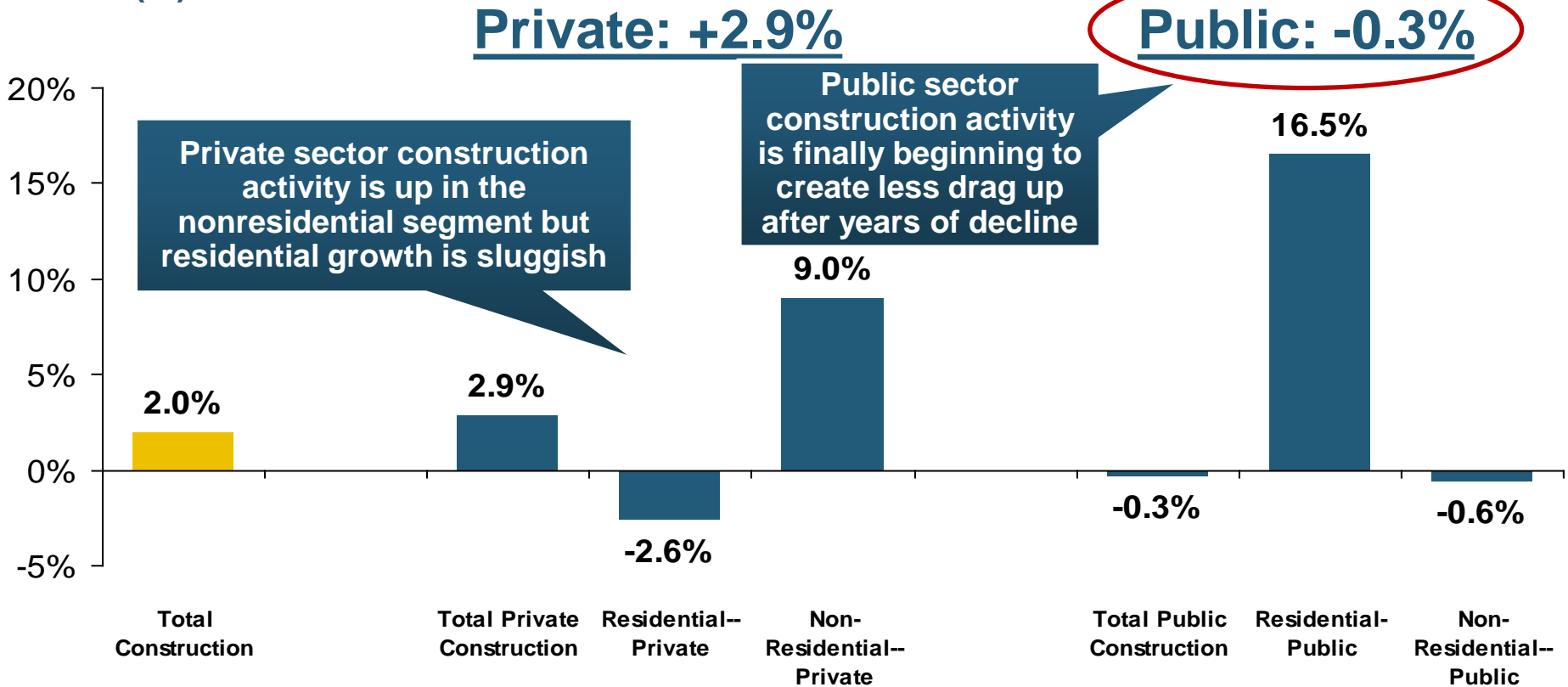
Private Construction Activity Is Moving in a Positive Direction though Remains Well Below Pre-Crisis Peak; Residential Dominates

*2015 figure is a seasonally adjusted annual rate as of March.

Sources: US Department of Commerce <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of Construction Put in Place, March 2015 vs. March 2014*

Growth (%)

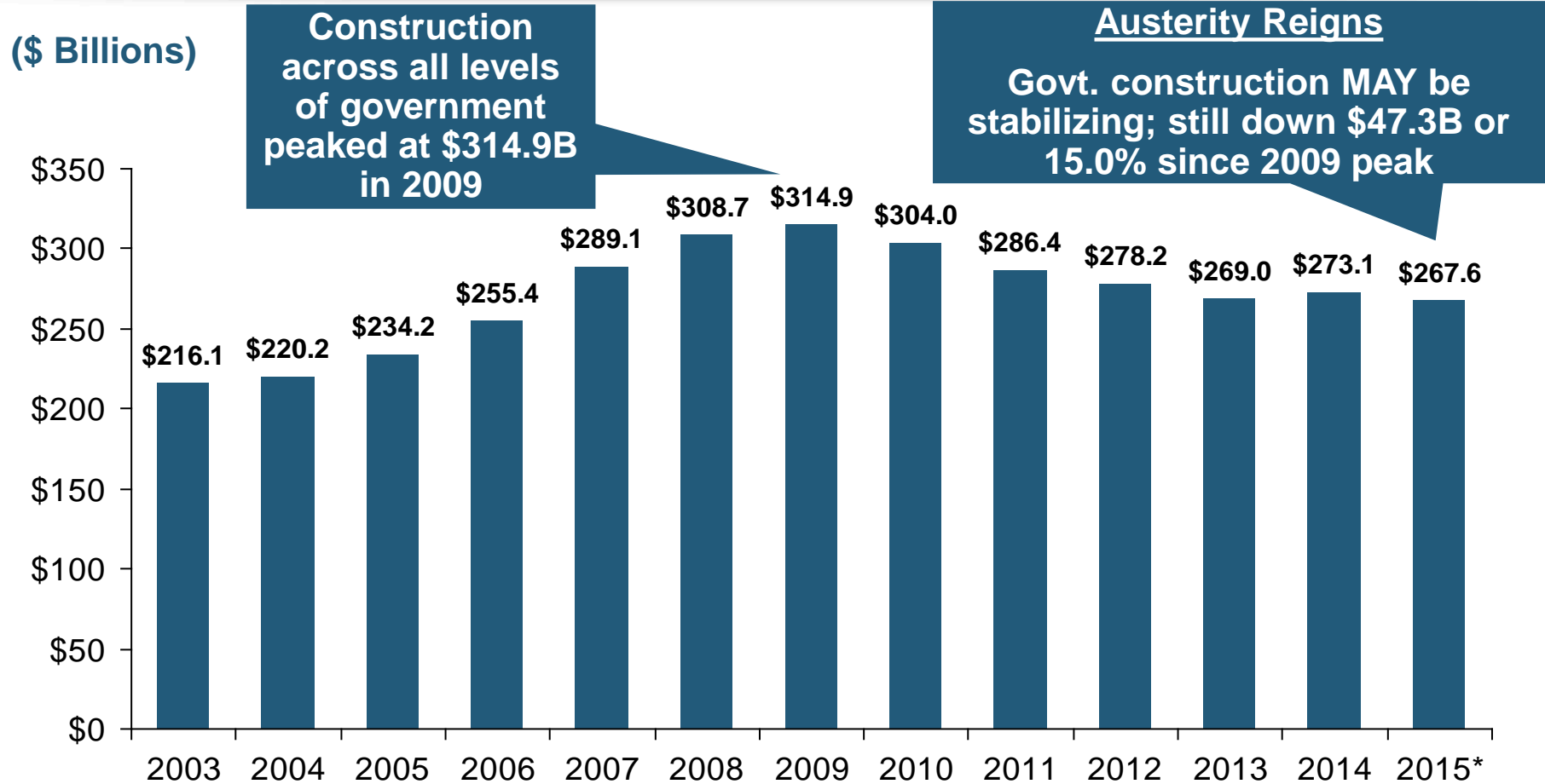


Overall Construction Activity is Up, But Growth In the Private Sector Slowed in Late 2014 While Picking Up in the State/Local Sector Government Sector as Budget Woes Ease in Some Jurisdictions

*seasonally adjusted

Source: U.S. Census Bureau, <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of New Federal, State and Local Government Construction: 2003-2015*



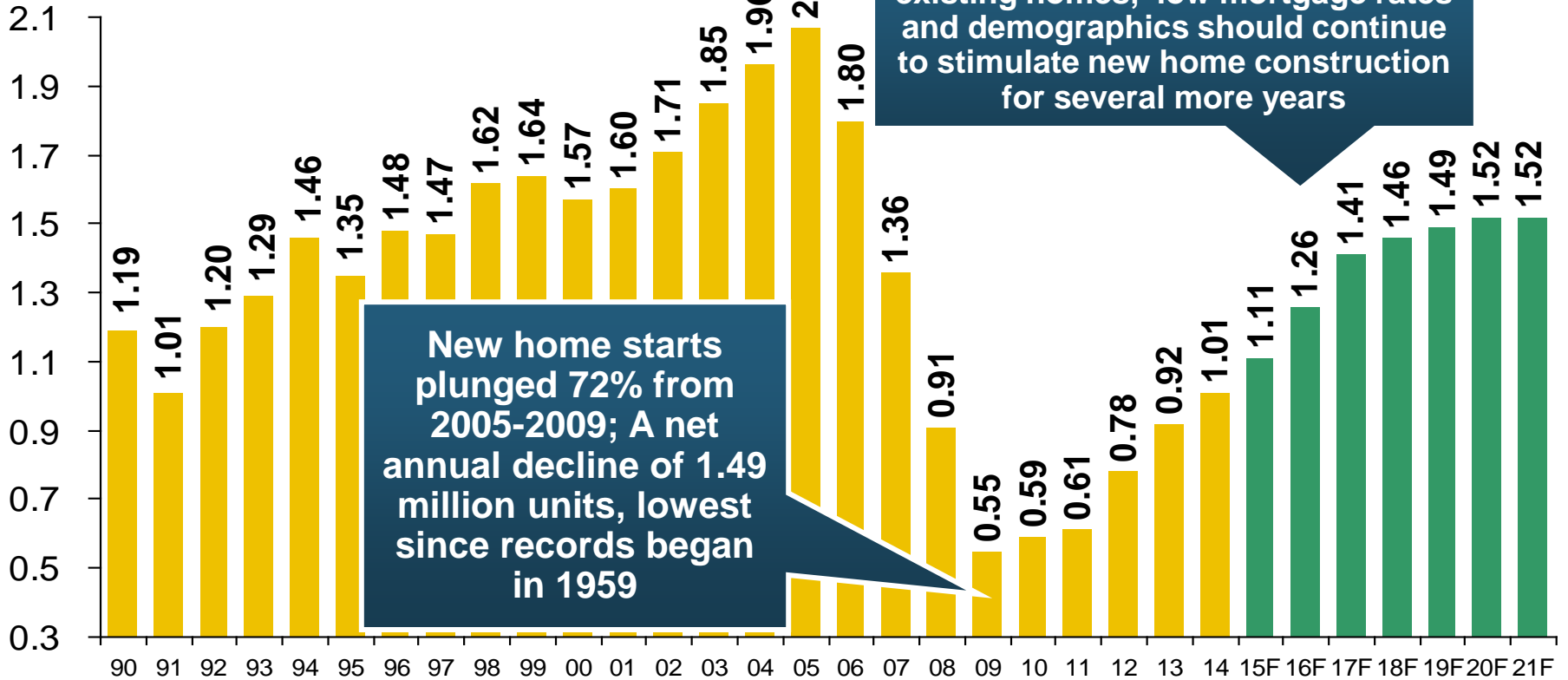
Government Construction Spending Peaked in 2009, Helped by Stimulus Spending, but Contracted As State/Local Governments Grappled with Deficits and Federal Sequestration

*2015 figure is a seasonally adjusted annual rate as of March; http://www.census.gov/construction/c30/historical_data.html

Sources: US Department of Commerce; Insurance Information Institute.

New Private Housing Starts, 1990-2021F

(Millions of Units)



Job growth, low inventories of existing homes, low mortgage rates and demographics should continue to stimulate new home construction for several more years

New home starts plunged 72% from 2005-2009; A net annual decline of 1.49 million units, lowest since records began in 1959

Insurers Are Continue to See Meaningful Exposure Growth in the Wake of the “Great Recession” Associated with Home Construction: Construction Risk Exposure, Surety, Commercial Auto; Potent Driver of Workers Comp Exposure

Source: U.S. Department of Commerce; Blue Chip Economic Indicators (5/15 and 3/15); Insurance Information Institute.

Construction Employment, Jan. 2010—April 2015*

(Thousands)

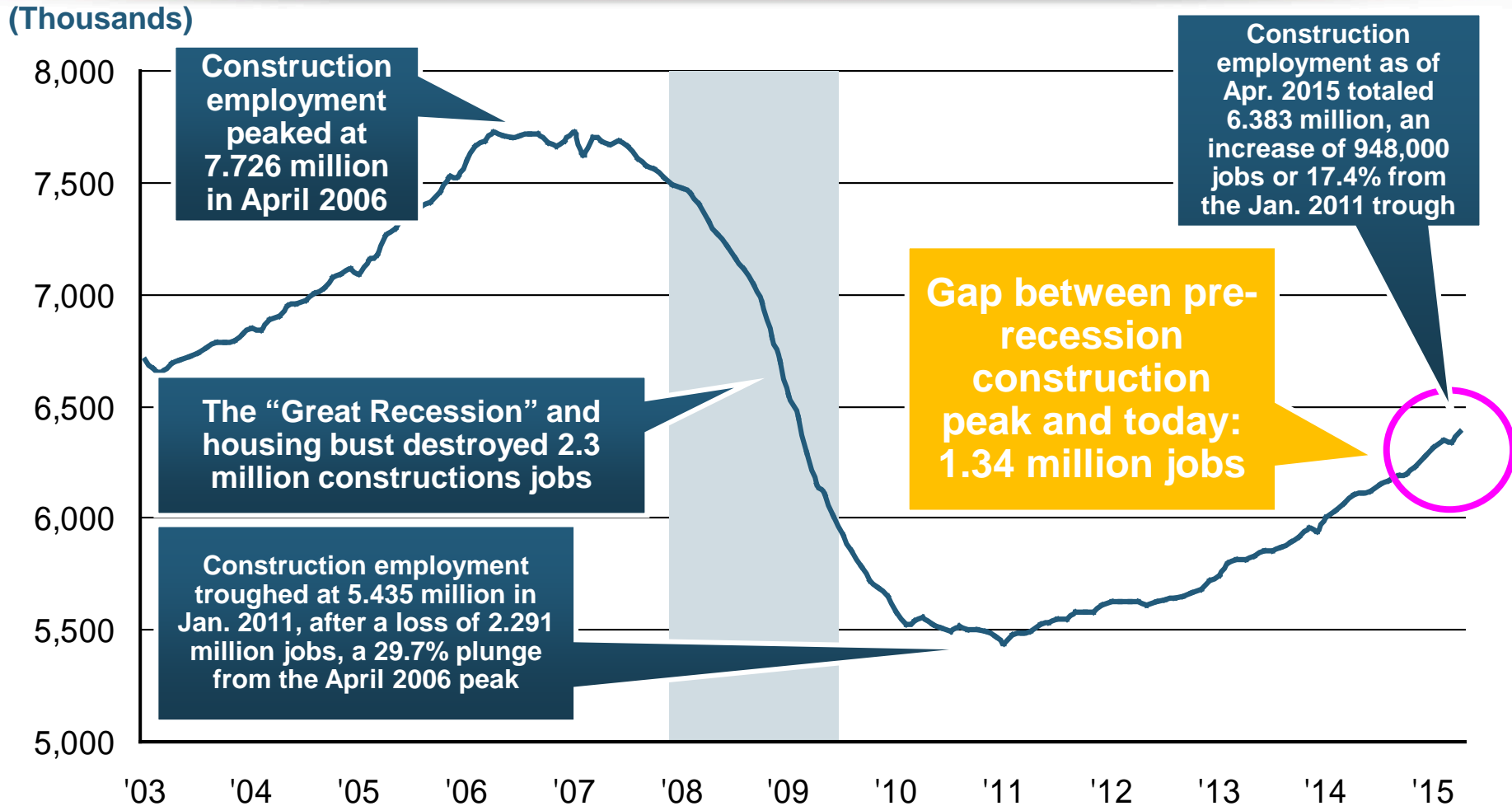


Construction and manufacturing employment constitute 1/3 of all WC payroll exposure.

*Seasonally adjusted.

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

Construction Employment, Jan. 2003–April 2015



The Construction Sector Was a Growth Leader in 2014 as the Housing Market, Private Investment and Govt. Spending Recover. WC Insurers Will Benefit.

Note: Recession indicated by gray shaded column.
Sources: U.S. Bureau of Labor Statistics; Insurance Information Institute.



MANUFACTURING SECTOR

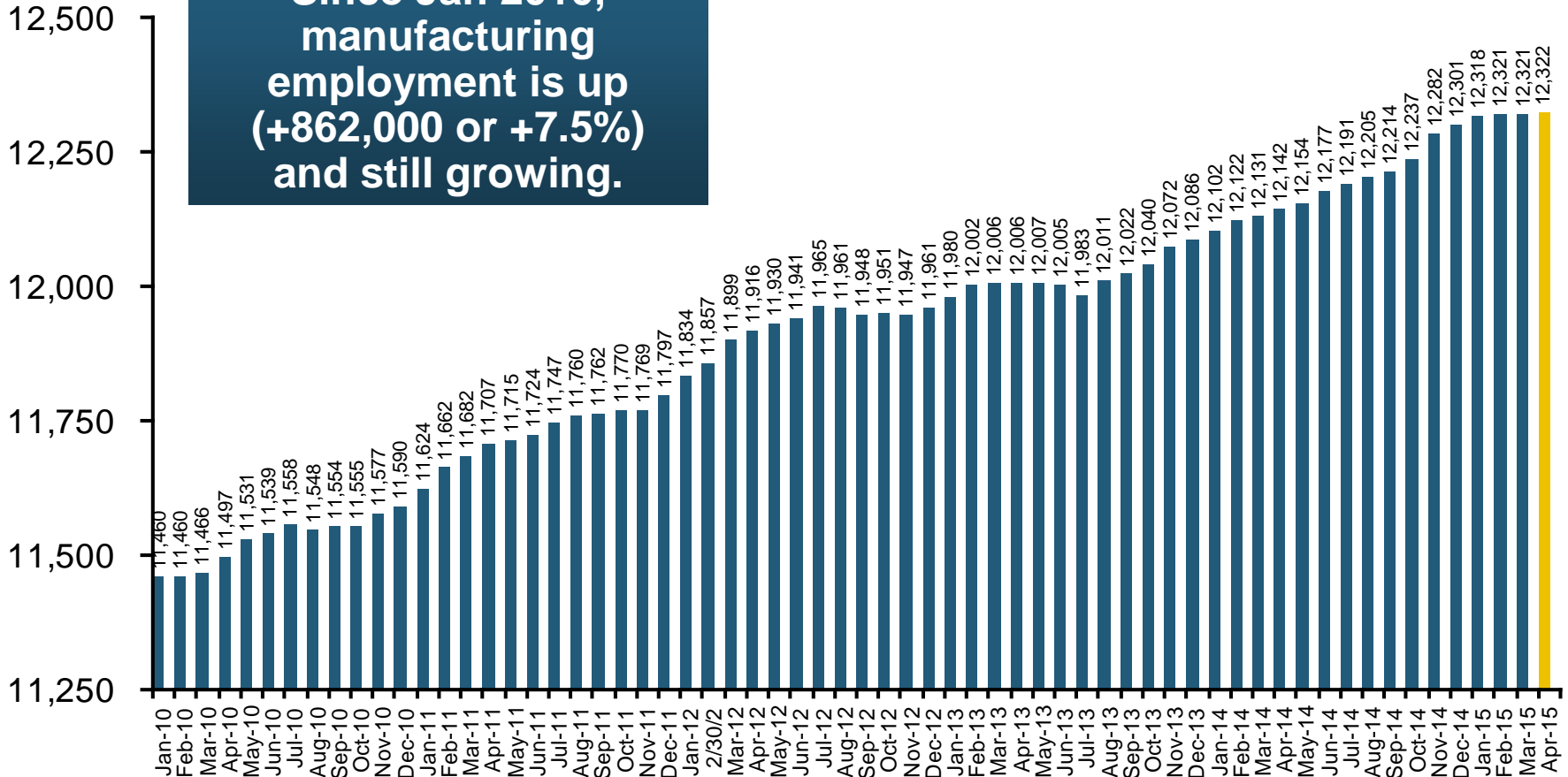
**A Potent Driver of Jobs, Workers Comp
Payroll Exposure**

***America's Manufacturing Renaissance
Has Hit a Rough Patch with the High
Dollar and Collapse in Oil Prices***

Manufacturing Employment, Jan. 2010—April 2015*

(Thousands)

Since Jan 2010, manufacturing employment is up (+862,000 or +7.5%) and still growing.

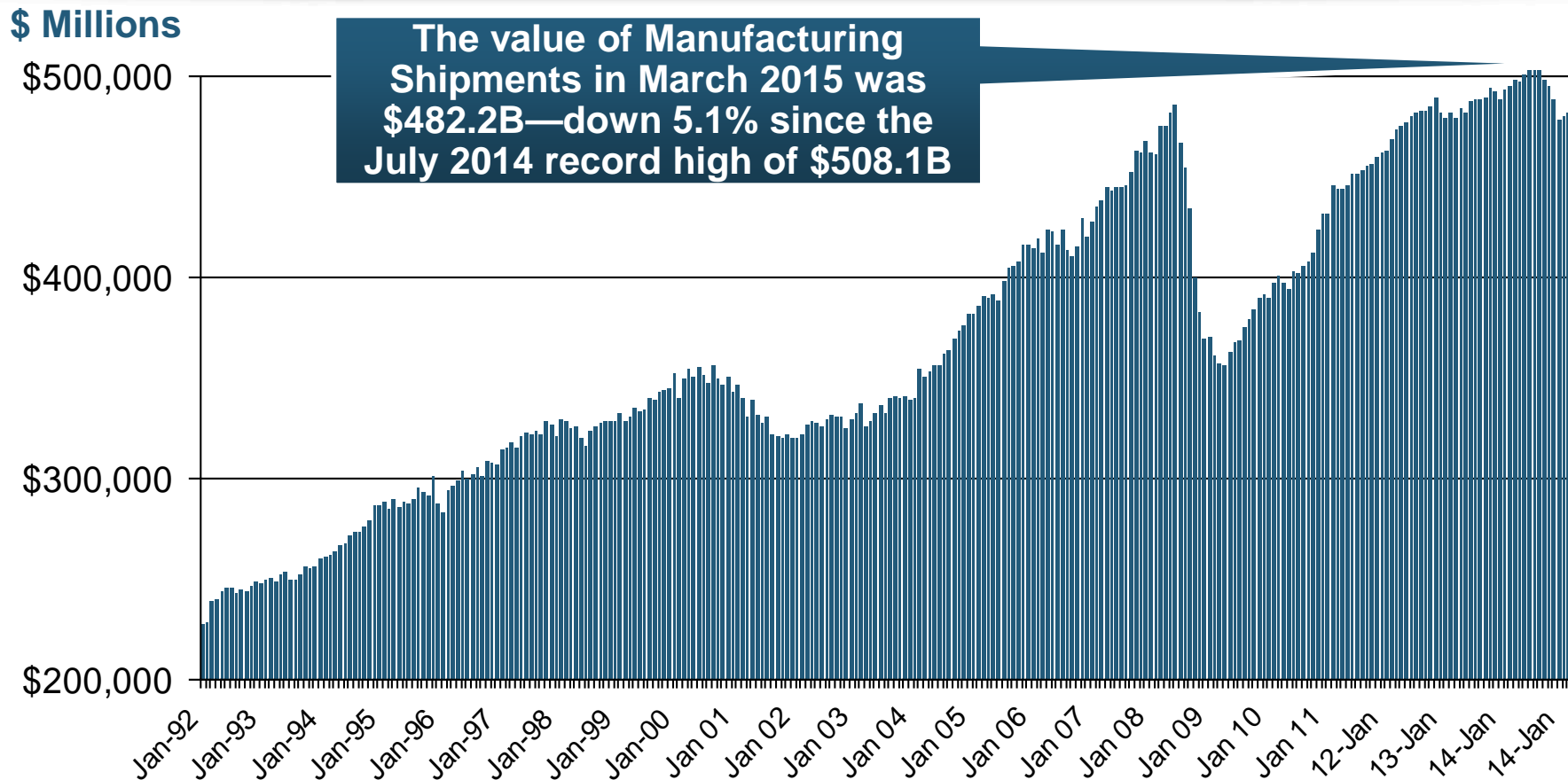


Manufacturing employment is a surprising source of strength in the economy. Employment in the sector is at a multi-year high.

*Seasonally adjusted.

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

Dollar Value* of Manufacturers' Shipments Monthly, Jan. 1992—March 2015



Monthly shipments in March 2015 are similar to pre-crisis (July 2008) peak but has declined in recent months due to the strong US dollar and weakness abroad. Manufacturing is energy-intensive and growth leads to gains in many commercial exposures: WC, Commercial Auto, Marine, Property, and various Liability Coverages.

* Seasonally adjusted; Data published May 4, 2015.

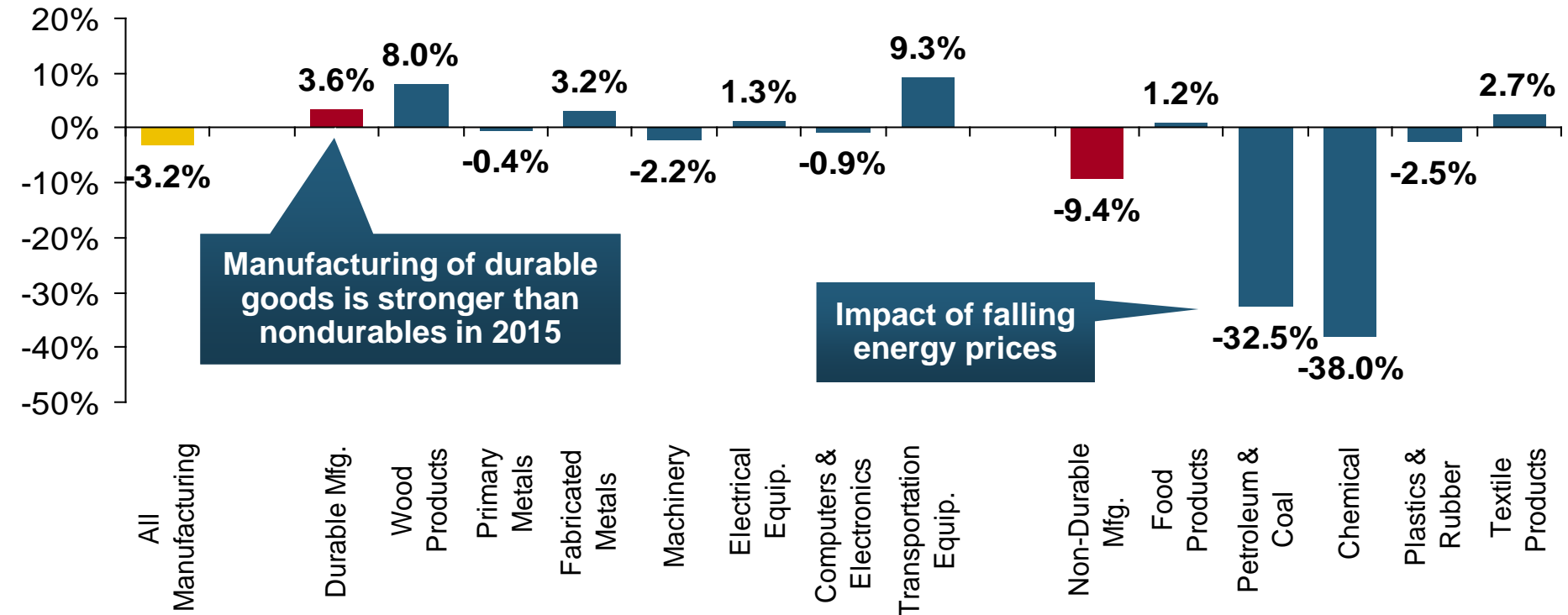
Source: U.S. Census Bureau, *Full Report on Manufacturers' Shipments, Inventories, and Orders*, <http://www.census.gov/manufacturing/m3/>

Manufacturing Growth for Selected Sectors, 2015 vs. 2014*

Growth (%)

Durables: +3.6%

Non-Durables: -9.4%



Manufacturing Is Expanding in Many Sectors But Declining Energy Prices Are Dragging Down Industry Figures. Continued Growth Across a Number of Sectors that Will Contribute to Growth in Insurable Exposures Including: WC, Commercial Property, Commercial Auto and Many Liability Coverages

*Seasonally adjusted; Data are YTD comparing data through March 2015 to the same period in 2014.

Source: U.S. Census Bureau, *Full Report on Manufacturers' Shipments, Inventories, and Orders*, <http://www.census.gov/manufacturing/m3/>

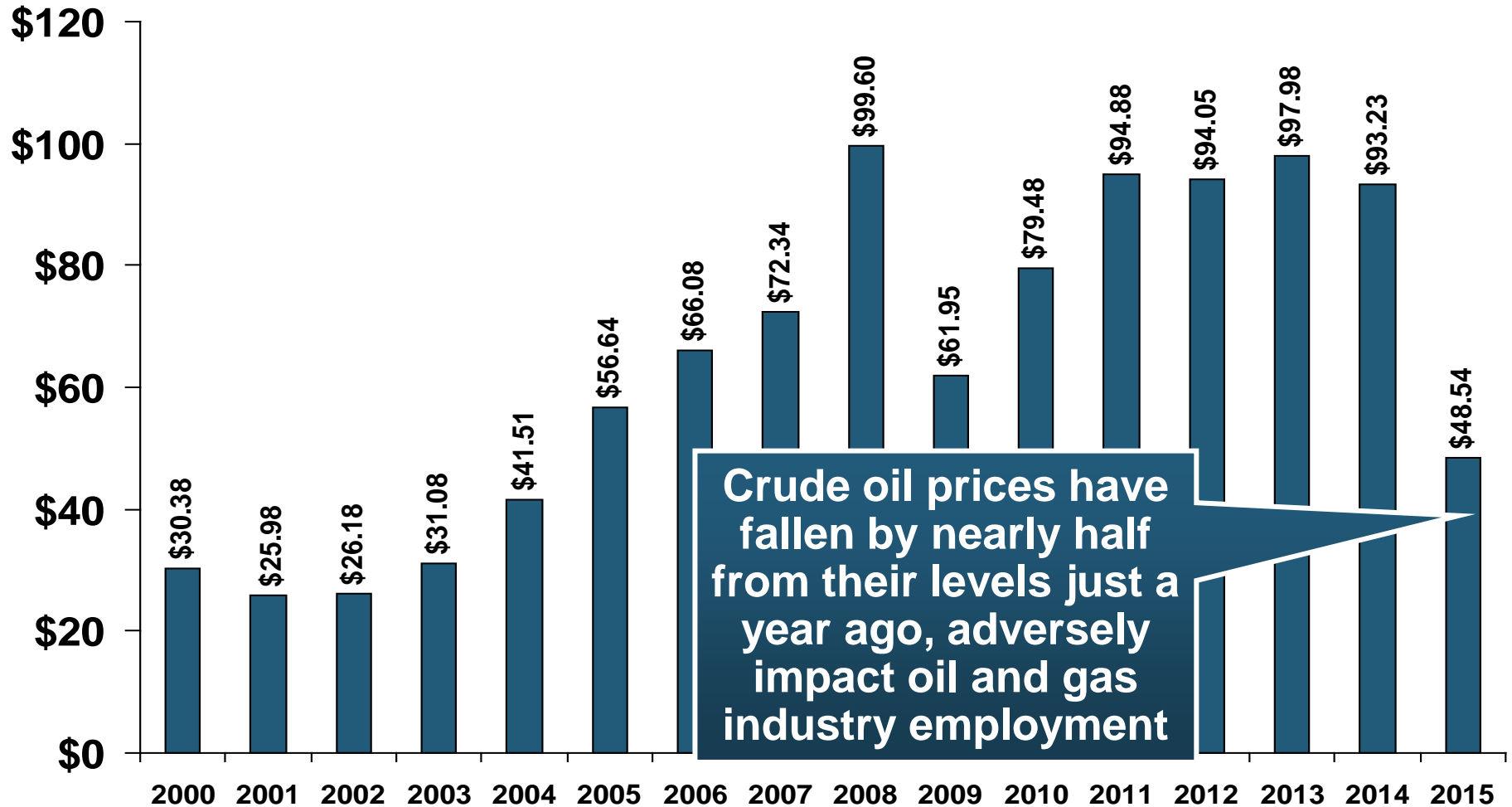
ENERGY SECTOR

**America's Energy Boom Has Been a
Strong Driver of the Economic Recovery,
but Prices Are Falling**

***Workers Comp Have Benefited from the
Energy Boom, But Exposures Will Suffer
as Energy Prices Swoon***

Price of Crude Oil (West Texas Intermediate), 2000 – 2015*

Dollars per Barrel



*Through March 2015.

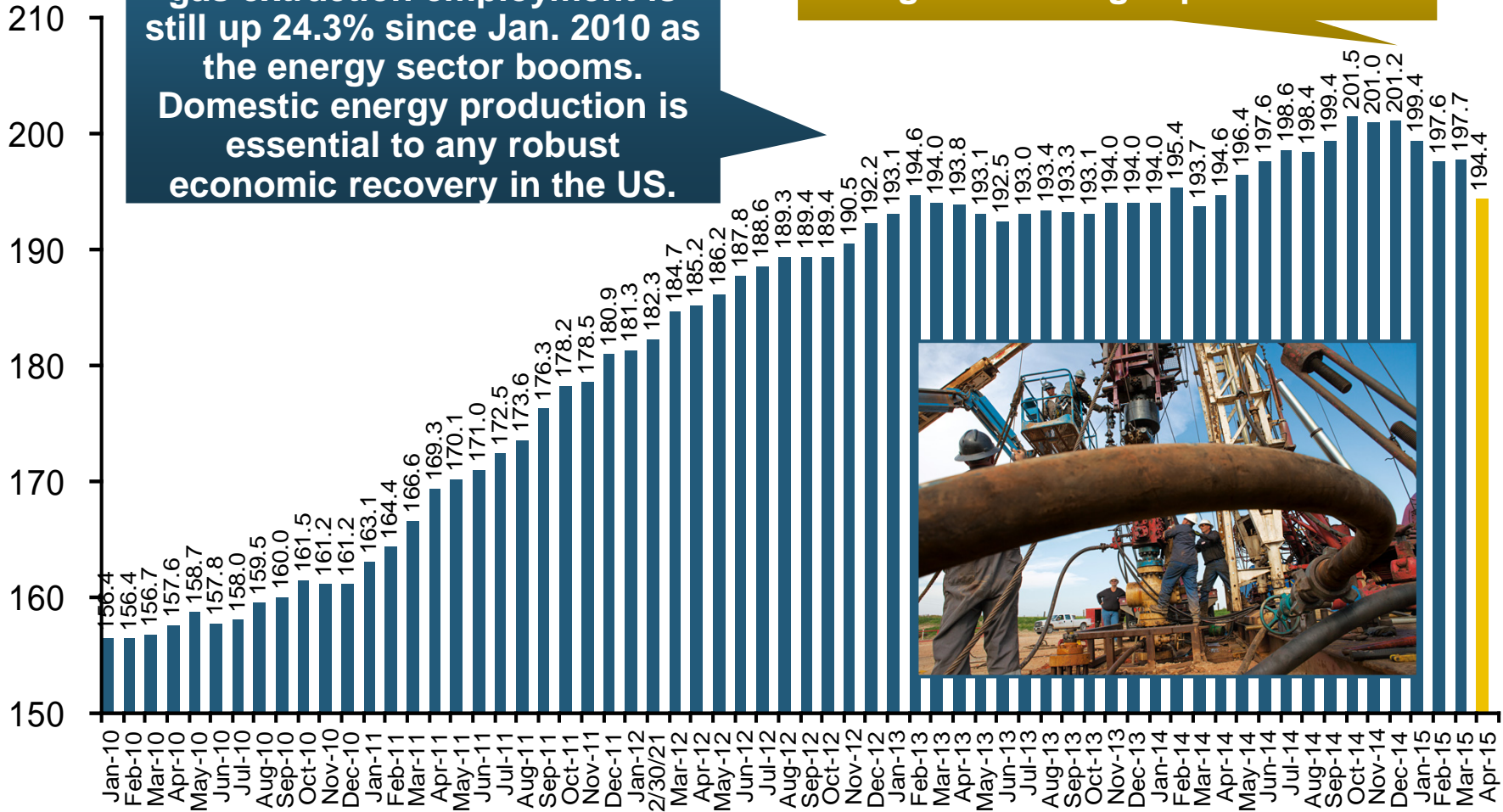
Source: Energy Information Administration; Insurance Information Institute.

Oil & Gas Extraction Employment, Jan. 2010—April 2015*

(Thousands)

Despite recent declines, Oil and gas extraction employment is still up 24.3% since Jan. 2010 as the energy sector booms. Domestic energy production is essential to any robust economic recovery in the US.

After peaking at its highest level since 1986, O&G employment is falling as oil and gas prices decline



*Seasonally adjusted



POSITIVE LABOR MARKET DEVELOPMENTS

Key Factors Driving Workers Compensation Exposure

Average Weekly Hours of All Private Workers, Mar. 2006—April 2015

(Hours Worked)



Hours worked plunged during the recession, impacting payroll exposures

Hours worked totaled 34.5 per week in April, just shy of the 34.6 hours typically worked before the “Great Recession”

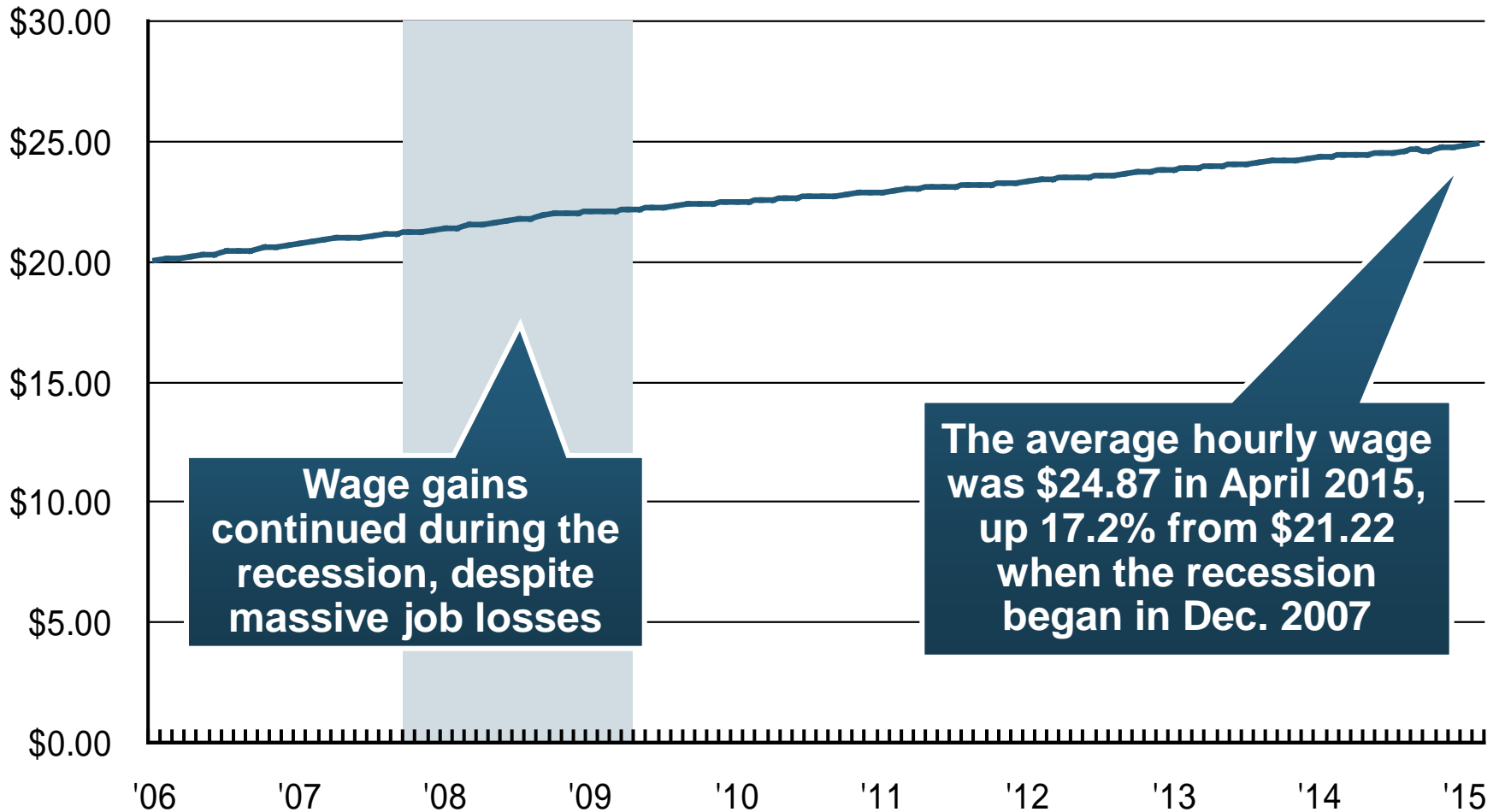
*Seasonally adjusted

Note: Recessions indicated by gray shaded columns.

Sources: US Bureau of Labor Statistics at <http://www.bls.gov/data/#employment>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

Average Hourly Wage of All Private Workers, Mar. 2006—April 2015

(Hourly Wage)



*Seasonally adjusted

Note: Recessions indicated by gray shaded columns.

Sources: US Bureau of Labor Statistics at <http://www.bls.gov/data/#employment>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

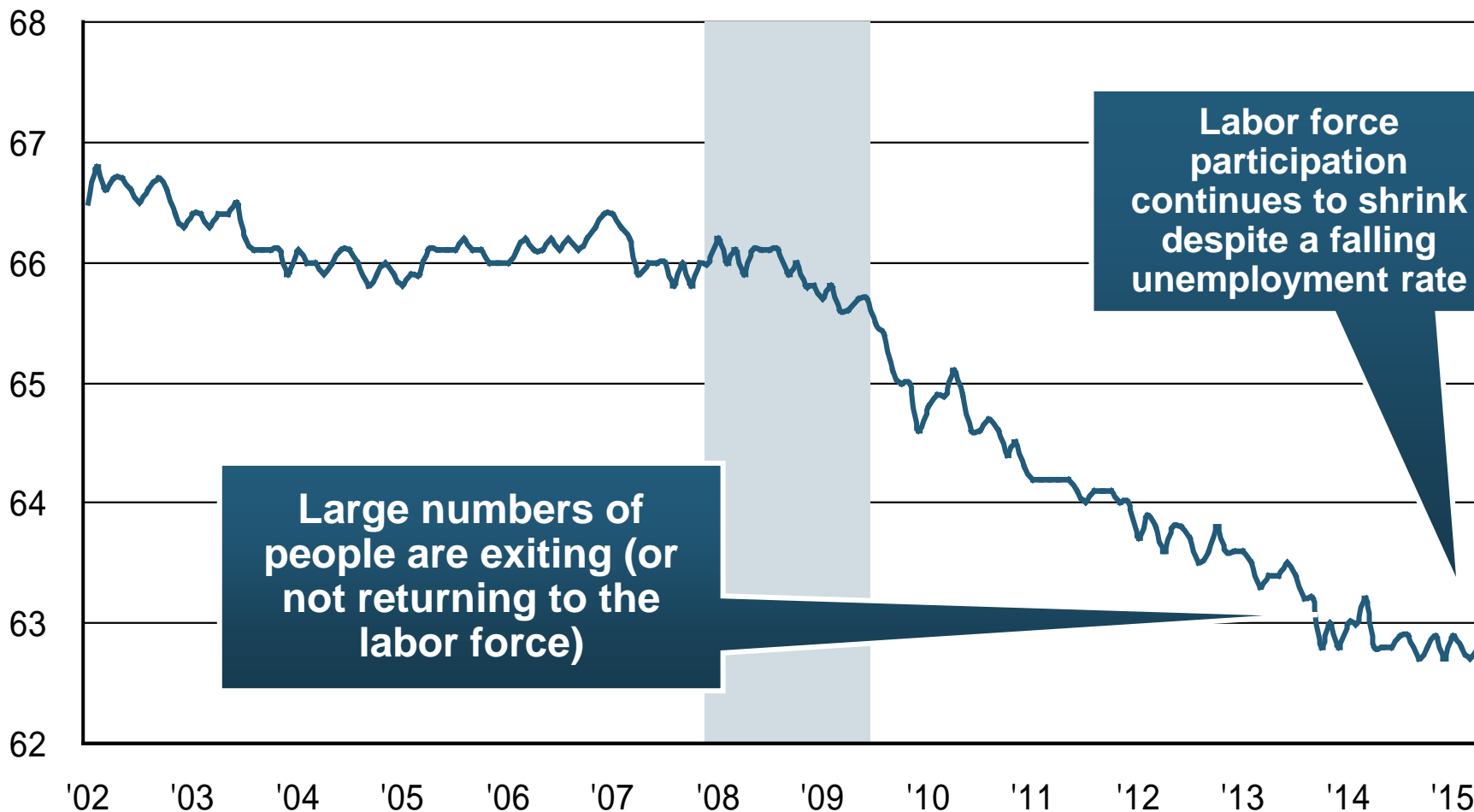


ADVERSE LONG-TERM LABOR MARKET DEVELOPMENTS

**Key Factors Harming Workers
Compensation Exposure and the
Overall Economy**

Labor Force Participation Rate, Jan. 2002—April 2015*

Labor Force Participation as a % of Population



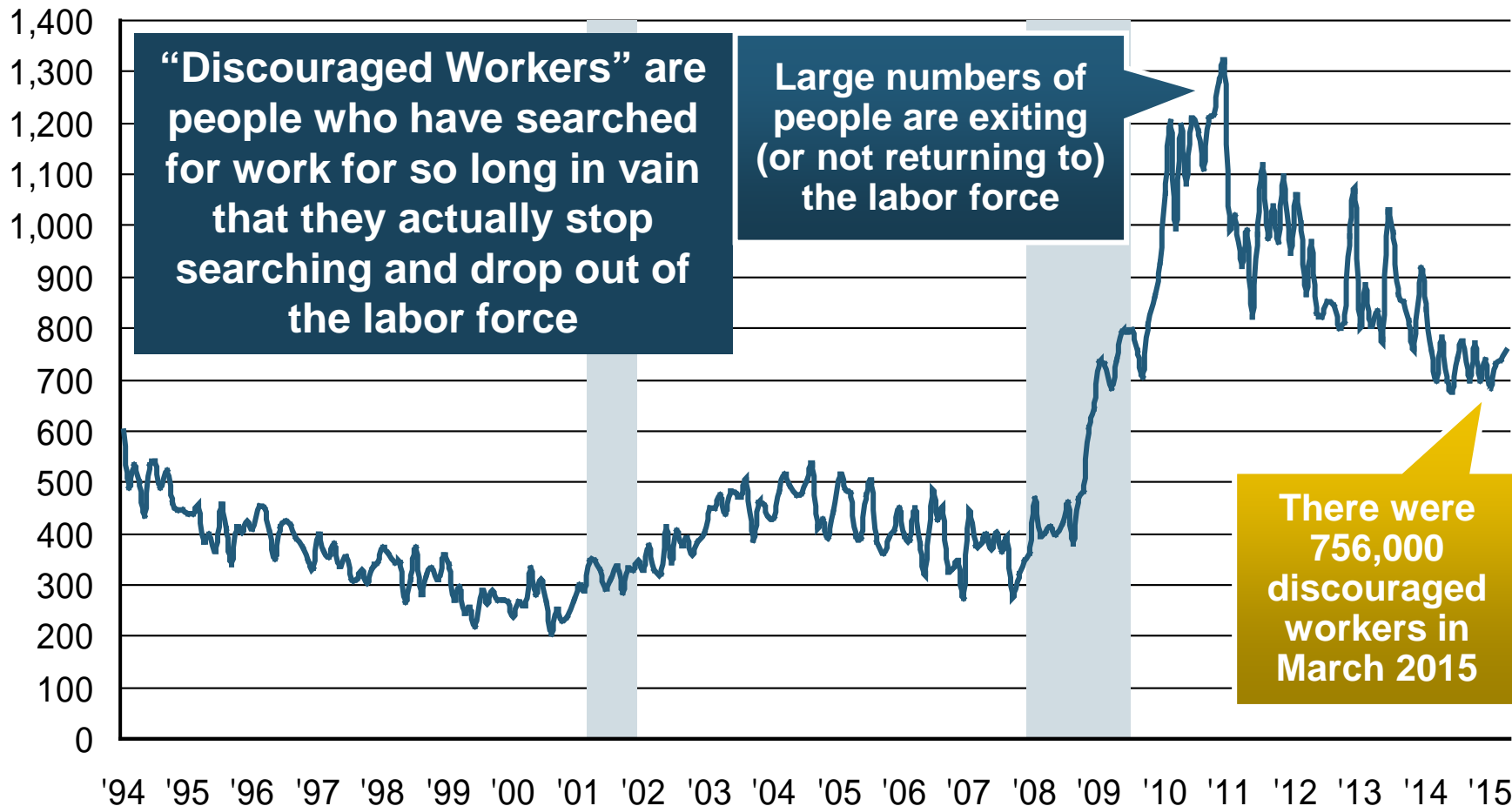
*Defined as the percentage of working age persons in the population who are employed or actively seeking work.

Note: Recessions indicated by gray shaded columns.

Sources: US Bureau of Labor Statistics at <http://www.bls.gov/data/>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

Number of “Discouraged Workers,” Jan. 2002—April 2015

Thousands



In recent good times, the number of discouraged workers ranged from 200,000-400,000 (1995-2000) or from 300,000-500,000 (2002-2007).

Notes: Recessions indicated by gray shaded columns. Data are seasonally adjusted.

Sources: Bureau of Labor Statistics <http://www.bls.gov/news.release/empsit.a.htm> ; NBER (recession dates); Ins. Info. Inst.



The “On-Demand” (Sharing) Economy

**The On-Demand Economy Will
Transform the American
Workforce and the
P/C Insurance Industry Too**

Labor on Demand: Huge Implications for the US Economy, Workers & Insurers

Will YOUR job be reduced to an app?



The “On-Demand” World is Not New...



Companies like
Angie's List
(established in
1995 and going
online in 1999)
have been
around for
decades

The Geek Squad
has been
around since
1994...



Peapod
sprouted way
back in 1989!



...But the “On-Demand” World is Exploding as Is the Demand for “On-Tap” Workers



Need something done around the house...Click on Handy



Hate doing laundry? Washio will do it for you...



Hate doing just about everything? Taskrabbit will take on virtually all your “tasks”...

You Can Live Your Life with the Swipe of a Finger...



Get married...



...Move



...And if it doesn't work out...

Some Players in the On-Demand Economy Have Become Household Names



Rent a place...



...Need a Lyft?



U B E R

...This ride has taken Wall Street to the stratosphere

On-Demand/Sharing/Peer-to-Peer Economy Impacts Many Lines of Insurance

- The “On-Demand” Economy is or will impact many segments of the economy important to P/C insurers
 - ◆ Auto (personal and commercial)
 - ◆ Homeowners/Renters
 - ◆ Many Liability Coverages
 - ◆ Professional Liability
 - ◆ ***Workers Comp***
- Many unanswered insurance questions
- Insurance solutions are increasingly available to fill the many insurance gaps that arise



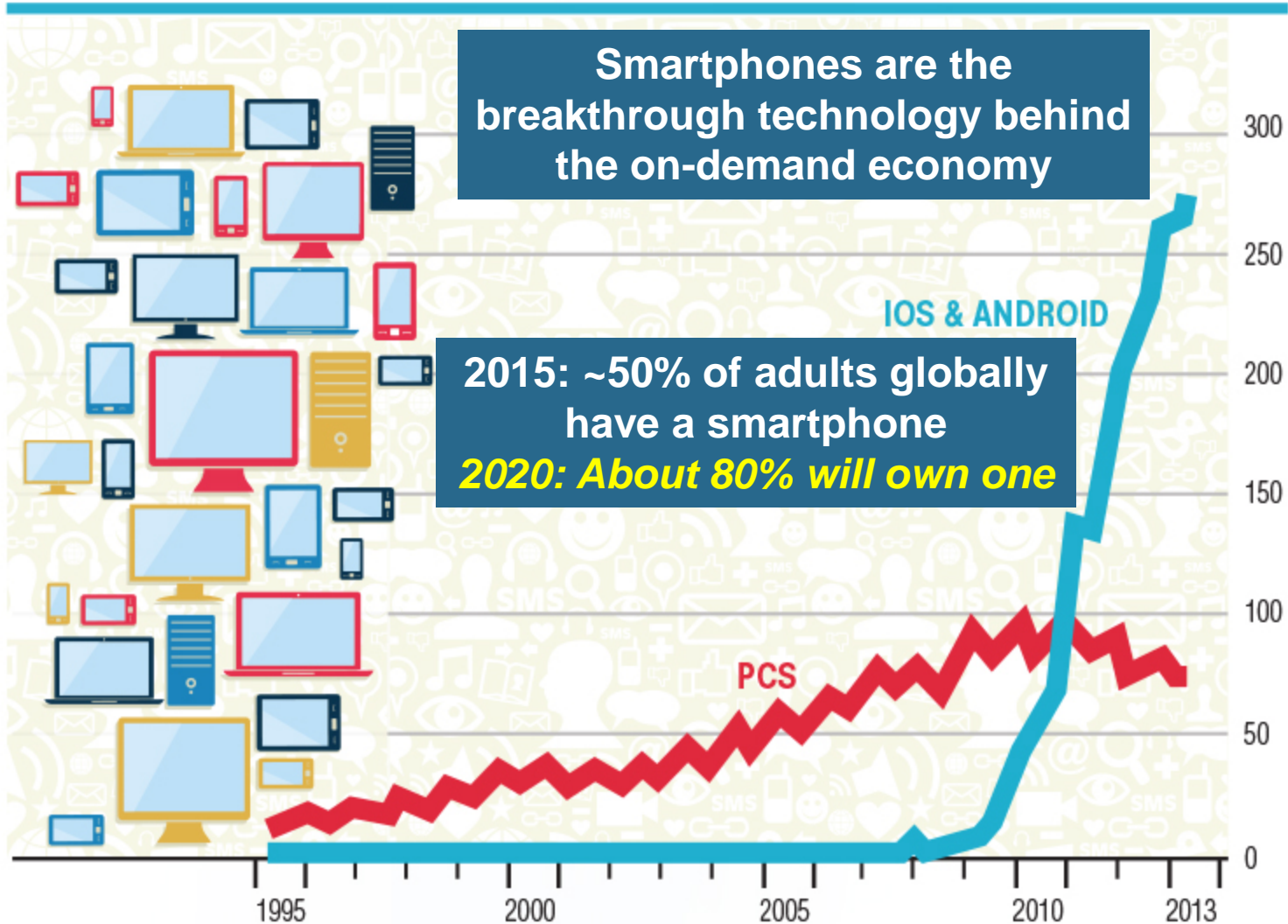
Technology and Employment

**What Makes the On-Demand
Economy Possible?**

Why Does It Matter for Insurers?

CHANGING PLATFORMS:

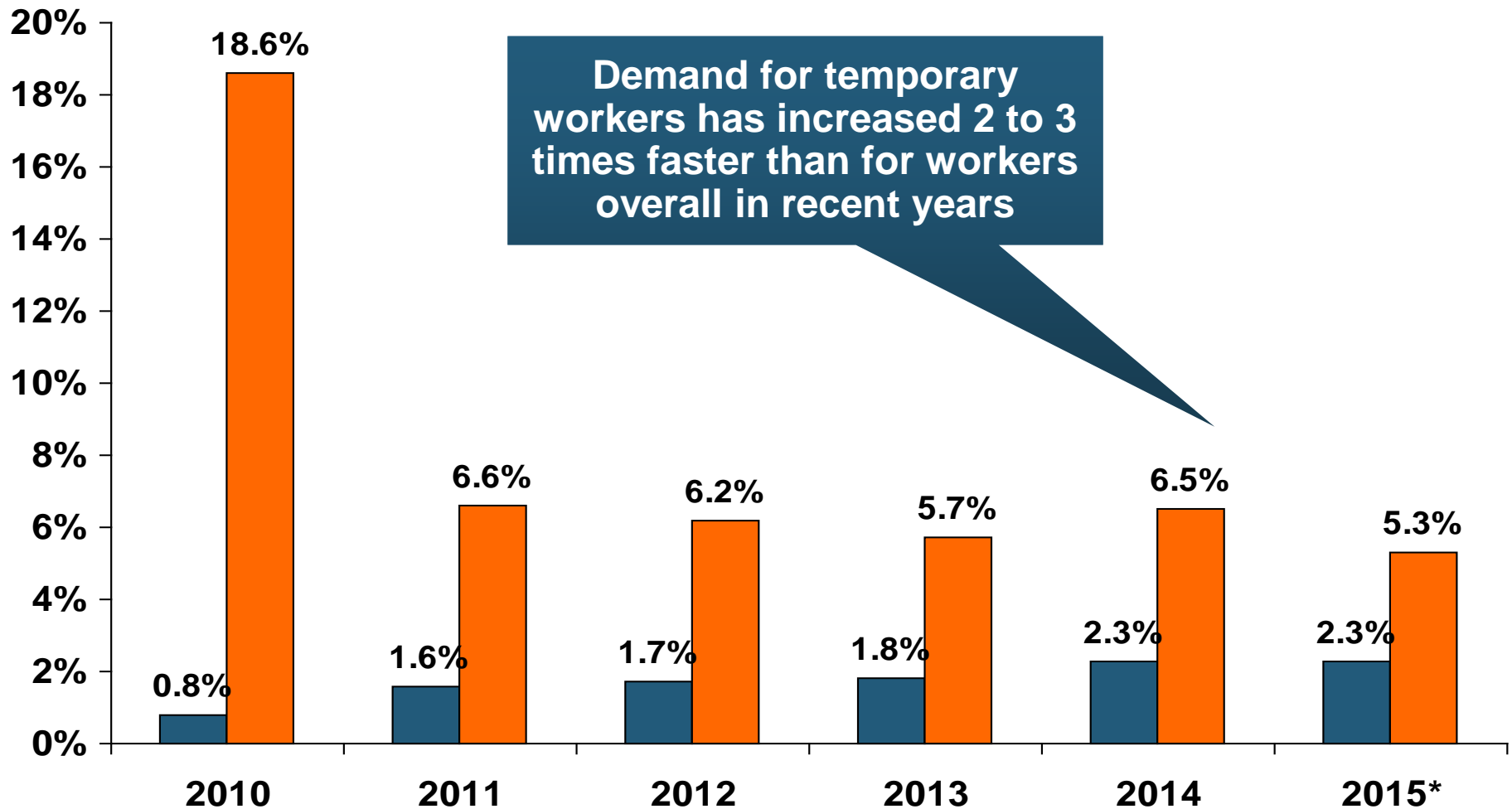
GLOBAL SHIPMENTS OF SMARTPHONES (MILLIONS)



Source: Benedict Evans, Andreessen Horowitz

Growth in Temporary Workers vs. All Nonfarm Employment, 2010-2015*

Annual Percent Change



*Through March 2015.

Source: US Bureau of Labor Statistics , Insurance Information Institute.

THE CASUAL LOOK

UNITED STATES, % OF EMPLOYED

PRIVATE-SECTOR UNION MEMBERSHIP

TEMPORARY WORKERS



Source: Bureau of Labor Statistics

The On-Demand Economy and American Workers: What Is Happening?



- **Technology is Fundamentally Transforming How Resources are Allocated and Used in the Economy**
- **Labor is No Exception to this Transformation**
- **Technology Offers New Opportunities to Match Labor to Jobs**
 - ◆ Owners of spare capacity (workers with time and skill) can be paired at low cost with those with a demand for that time and skill
 - ◆ Bringing together labor and those who employ labor is not new
 - ◆ BUT: Pairing occurs with a speed and breadth never before possible
- **Witnessing the Demise of the Traditional Understanding of What is Meant by a “Good” Job**
 - ◆ Concept born in the Industrial Age (1880-1980), is eroding
 - ◆ Disintermediation of the firm as the place where labor, jobs matched
- **Accelerating Trends that Started with Labor Strife, Globalization and Automation that Began in the 1970s and 1980s**

What's In Store for the American Worker, Labor Force and Workers Comp

THE NEW AMERICAN WORKER: Two Schools of Thought

■ OPTIMISTIC OUTLOOK

- ◆ Technology frees workers from the bonds of centralized, hierarchical institutions (the firm)
- ◆ Enhanced coordination of “haves” with “needs” that bypass firms as intermediaries

■ Who Benefits?

- ◆ **“Flexers”**: People who value or require flexibility in work arrangements (stay-at-home parents, retirees, students, disabled)
- ◆ **Professionals**: People with portable skills that can be offered through online platforms (semi and high-skilled trades, professional services)
- ◆ **Unemployed/Underemployed**: Offers at least some opportunity to offer and utilize skills and generate income

What's In Store for the American Worker, Labor Force and Workers Comp

■ PESSIMISTIC OUTLOOK

- ◆ On-Demand companies are software-driven marketplaces and position themselves as “*platforms*” rather than “*employers*”
- ◆ Enormous valuations (e.g., \$40B for Uber on \$2B in earnings) reflect the extraction of resources that otherwise would go to benefits, investments in safety, training, etc.
 - Uber’s valuation was greater than that of 72% of the S&P500 at YE 2014
 - Valued more than Delta Airlines, Kraft Foods, CBS, Macy’s, Hilton, Aflac...
- ◆ Jobs reduced to freelanced, temporary “gigs”
- ◆ Low skill workers and those who lack flexibility are left further behind
- ◆ Workers treated as independent contractors without intrinsic or basic economic rights

■ What Is Potentially Lost or Compromised?

- ◆ Stability, Retirement Benefits, Sick Pay, Maternity Leave, Overtime
- ◆ Health Insurance, Liability Coverage, Workers Comp Coverage

- **On-Demand Platforms Have Struggled with Concepts of Liability**
- **There Has Been a General Resistance to Assuming Liability or Responsibility Unless Compelled to Do So**
- **Companies Have Sought to Keep as Much Liability as Possible on the Individual Offering their (Contracted) Labor or Resources**
- **Minding the Gap**
 - ◆ **Traditional insurance will often not cover a worker engaged in offering labor or resources through these platforms**
 - ◆ **E.g., Auto ins. generally won't cover you if you while driving for Uber**
 - ◆ **Home ins. won't cover for other than occasional rentals of property**
 - ◆ **Unless self-procured, on-demand worker (independent contactors) will generally have no workers comp recourse if injured on the job**
- **Long Legislative and Court Battles Lie Ahead**
- **Insurance Solutions Becoming More Common**



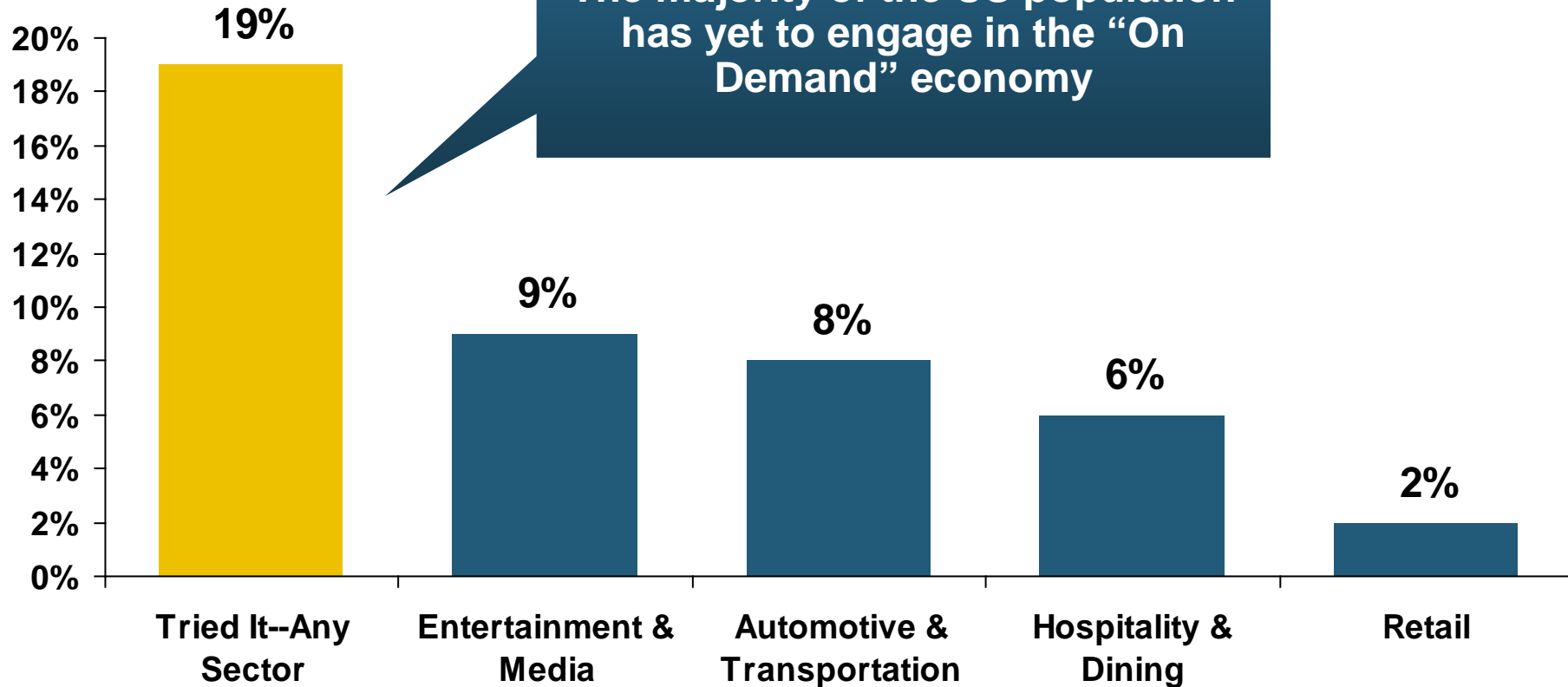
On-Demand Workers

Who Are They?

And Who's Driving Demand for Them?

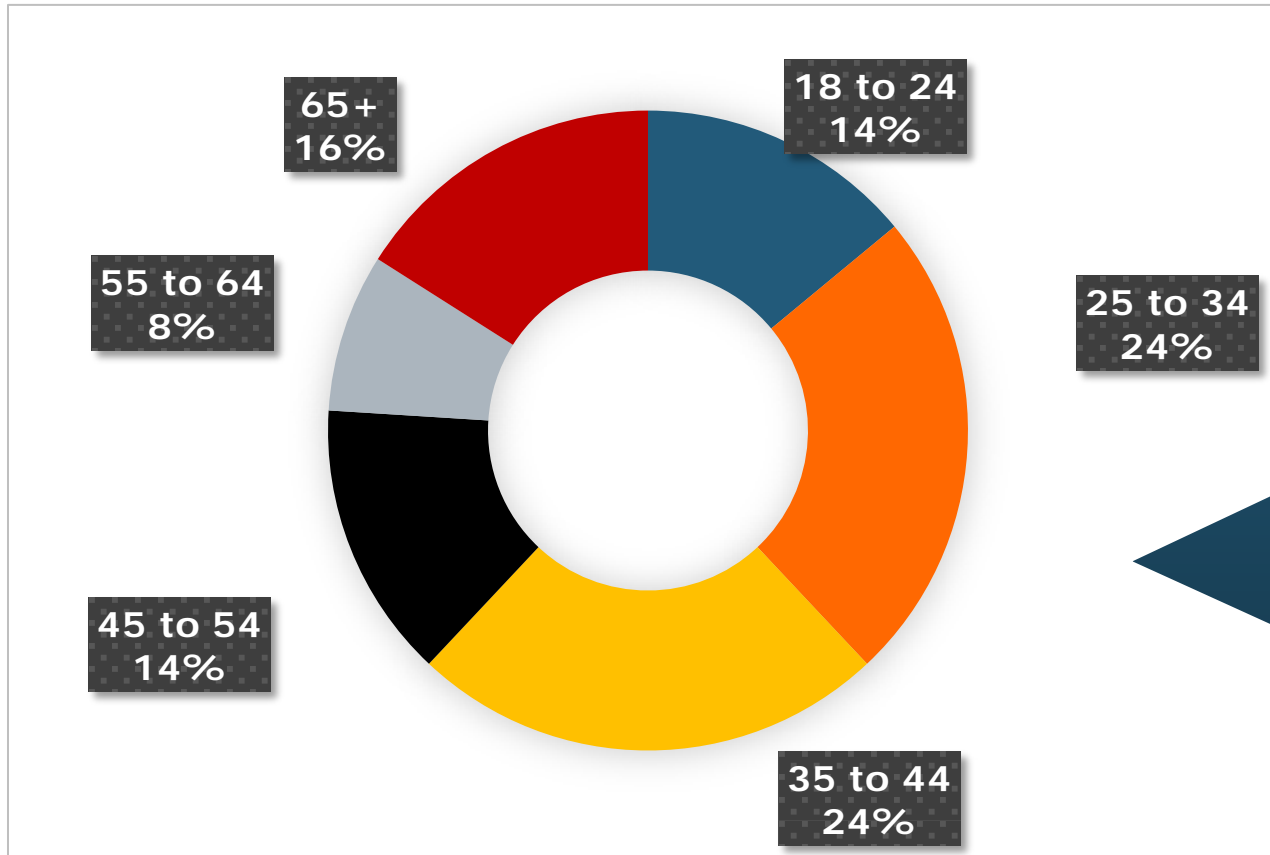
Percent of People Who Have Engaged in an “On Demand/Sharing Economy” Transaction

Percent



About 19% of the US population has engaged in an “On Demand/Sharing Economy” Transaction

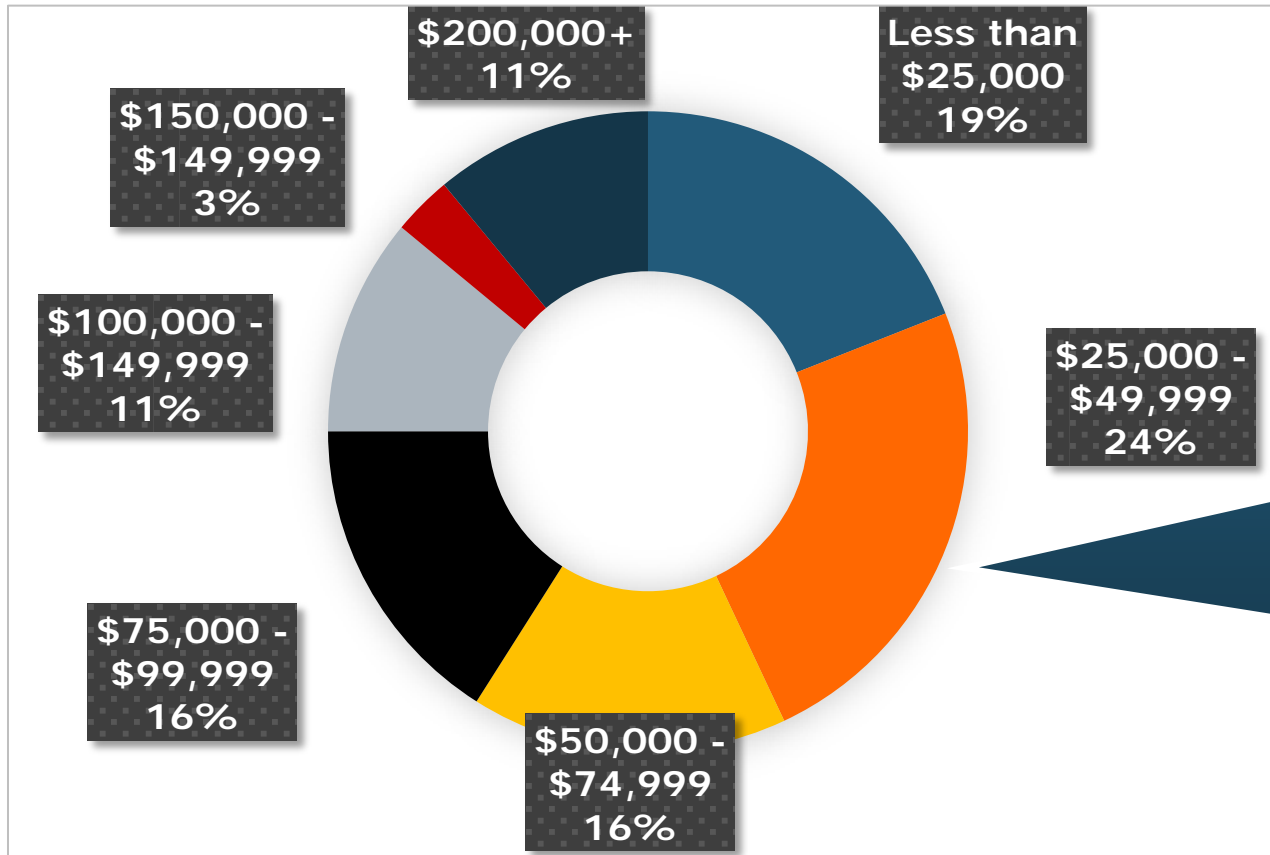
Age of People Who are Providing the Sharing/On-Demand Economy



Being a provider of services in the Sharing/On-Demand Economy is attractive to workers in the 25-44 age range (who want flexibility in raising families) as well as seniors age 65+ who see the offering their services on-demand as a way to augment retirement income

About 7% of US population are providers in the Sharing Economy, cutting across age and incomes; 51% of those familiar with the concept could see themselves as providers within the next two years.

Household Income: Providers of the Sharing/On-Demand Economy



Being a provider of services in the Sharing/On-Demand Economy is particularly attractive to workers with household incomes under \$50,000

About 7% of US population are providers in the Sharing Economy, cutting across age and incomes; 51% of those familiar with the concept could see themselves as providers within the next two years.

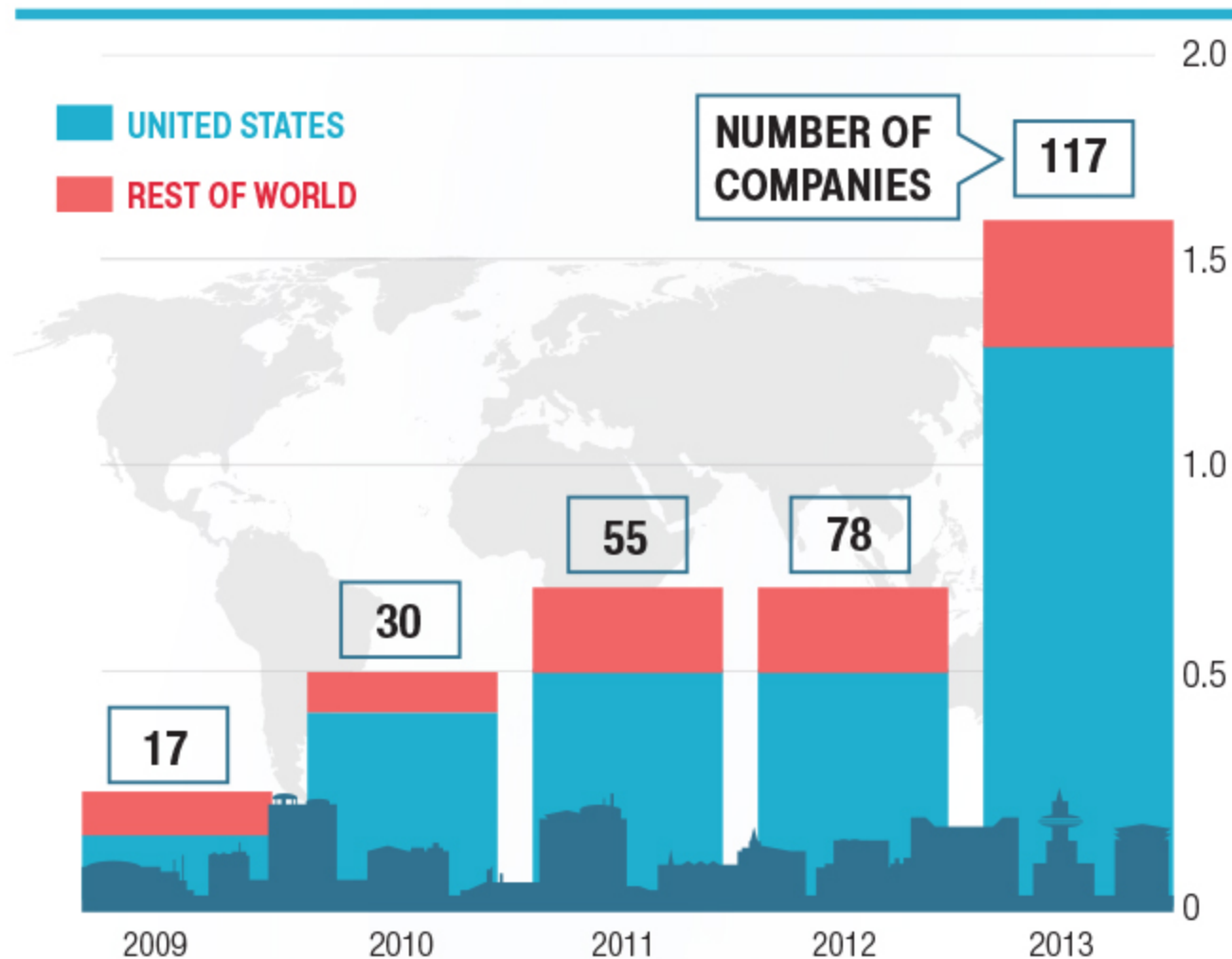
The On-Demand Economy and Wall Street

**Wall Street Loves the On-Demand
Economy**

***Labor Markets, Insurance Markets
Will Be Impacted***

HERE'S AN IDEA

VENTURE-CAPITAL INVESTMENT IN THE ON-DEMAND ECONOMY, \$BN



Source: Crunchbase

An UBER Case Study

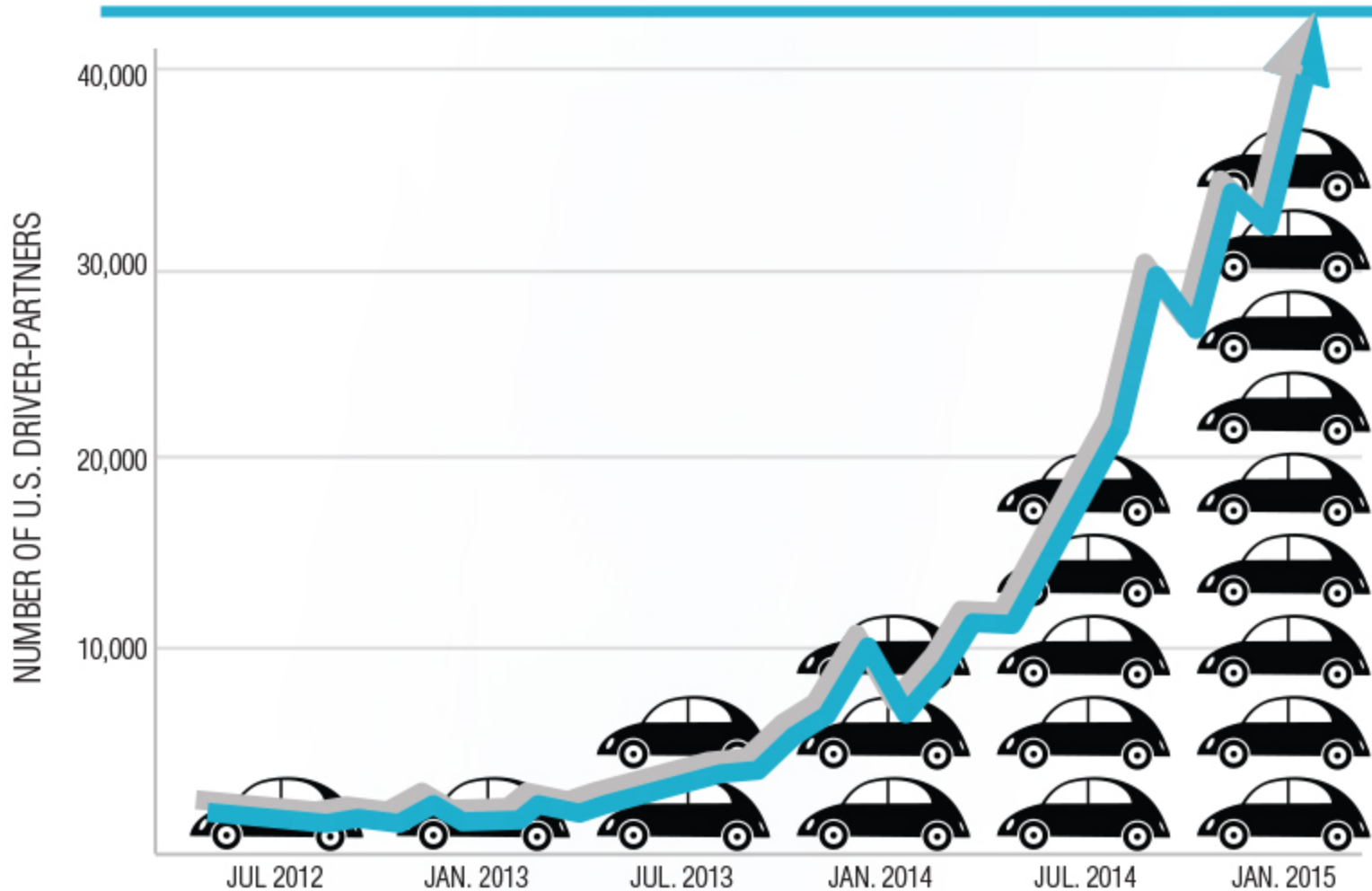
**Uber is the Best Known of the
On-Demand Companies**

Wall Street Loves Uber

Vested Interests Hate Uber

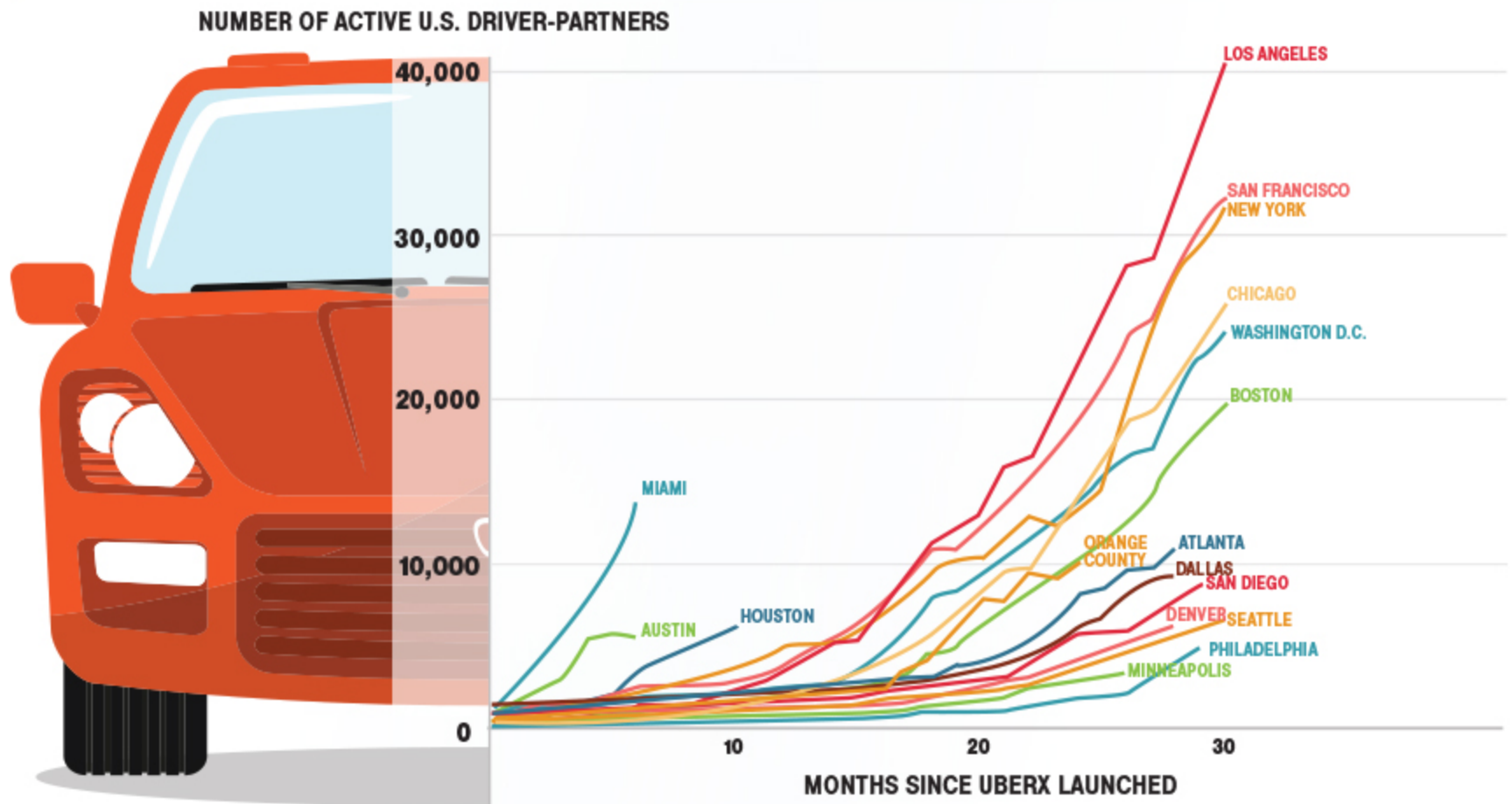


NUMBER OF NEW DRIVER-PARTNERS STARTING EACH MONTH IN THE UNITED STATES



Note: Figure based on U.S. UberBLACK and uberX driver-partners who have joined since June 2012 (303,985 individuals), based on Uber data.

ACTIVE U.S. DRIVER-PARTNERS OVER TIME, BY CITY

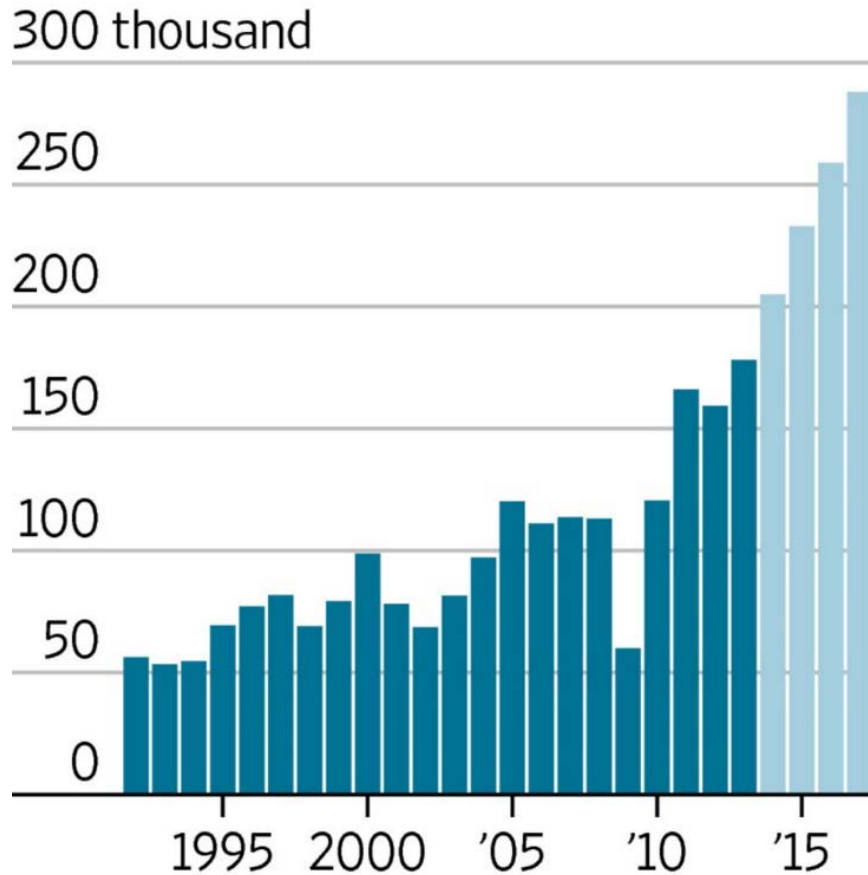


Note: Figure reports the number of U.S. UberBLACK and uberX driver-partners making at least one trip in the specified month, indexed to the number of months since Uber began in the city or June 2012, whichever came later.

**Looking Ahead:
*Disruptive Forces Rule***

**Technology's Impacts on the
Economy, the Workforce and the
Insurance Industry Will Be
Significant**

Worldwide Industrial Robot Installations, 1992-2017F



Worldwide installations of industrial robots exceeded 200,000 in 2014—a new record and will approach 300,000 by 2017

36,000 installations are expected in North America by 2017



*Estimate.

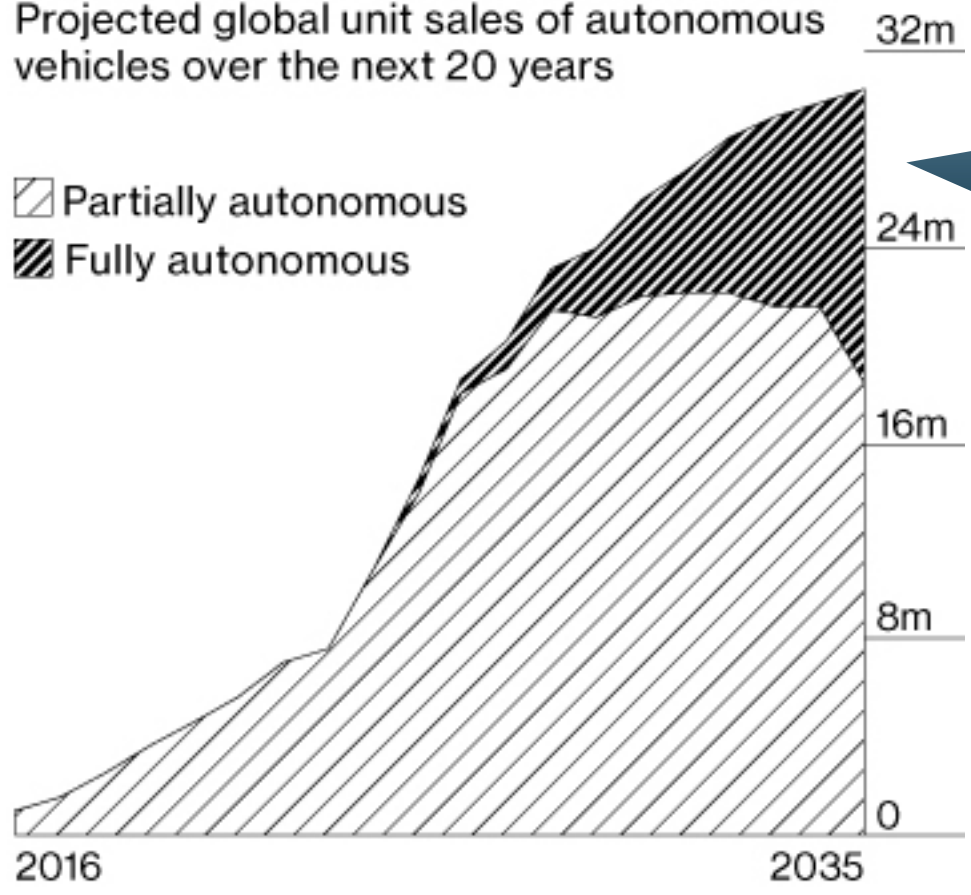
Sources: *Outlook on World Robotics 2014*, International Federation of Robotics; Insurance Information Institute.

Future Shock: Many More Transformative Technologies Are Around the Corner

Hands-Free

Projected global unit sales of autonomous vehicles over the next 20 years

- Partially autonomous
- Fully autonomous



DATA: BOSTON CONSULTING GROUP;
GRAPHIC BY BLOOMBERG BUSINESSWEEK

By 2035, it is estimated that 25% of new vehicle sales could be fully autonomous models (*more than 4 million people work in transportation occupations today*)

Up Next

- Driverless cars
- Driverless trucks, trains, planes and ships
- Wearable devices
- Implantable devices
- Artificial intelligence
- Advanced robotics

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