



ONLINE ADVERTISING

WHY AND HOW THE INSURANCE INDUSTRY IS OUTSPENDING OTHER INDUSTRIES

November 16, 2010

Canal Partner LLC

About the Speakers

2



- **Jaimie Pickles** is President of Canal Partner LLC, a venture that operates and invests in online insurance marketing companies
- Prior to forming Canal Partner, Jaimie Pickles was President and COO of InsWeb Corporation, an online insurance marketplace for individual consumers
- Before joining InsWeb, Jaimie was Managing Consultant at Tillinghast-Towers Perrin
- Jaimie holds the CPCU and ARM designations
- He has an MBA from the University of Chicago and a B.S. from the University of Tennessee
- Jaimie's direct dial is (302) 766-1125; email is jpickles@canalpartner.com
- More information on Canal Partner is available at www.canalpartner.com

About the Speakers

3



- **Candace Thornton** helps insurers become noticed by prospects both offline and on, tap cross-sell potential, and utilize consumer centric competitive intelligence.
- Candace is the 2011 incoming president for SIR's Board of Directors and is most recently published in April's Best's Review.
- She is SVP, Individual Protection and Property & Casualty for IXL, an Equifax company. IXL is the nation's only provider of solutions based on the interdependencies between spending and credit relative to household demographics, lifestage, and urbanicity. Prior experiences include VP Segmentation at Nielsen Claritas, and marketing coordinator for Aetna.
- Ms. Thornton holds her BSBA, in marketing and anthropology, from the University of Florida, and holds her MBA in Strategic Marketing.
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Discussion Points

4

- Online Advertising Trends
- Offline vs. Online Mix Ratio?
- Audience Who's Out There?
- Benchmarks What's Happening?
- Predictions Expectations for 2011 & Beyond

Online Advertising Opportunities

5

1. Display Ads

- Banner ads that drape the tops, sides, bottoms of web pages.

2. Paid Search

- Consumer types in a search word. Companies bid to show up on top or side of search results page. Companies pay on the click through, if it occurs.

3. Online Leads

- Consumers apply at an aggregator's site, expecting several quotes. Companies buy the leads they want.

4. Online Video

- A video clip advertorial. No rules. No standards.


The Awakening

► **The News:** The insurance industry experienced a first in 2009: Insurer spending exceeded other industries in terms of the percent of total ad dollars allocated to online display advertising.

► **What It Means:** Online display ads not only reinforce branding efforts, but also direct consumers to a specific insurer's Web site for a quote and to buy a policy.

► **Watch For:** Insurers to continue to connect with customers via blogs, online communities and streaming video.

Display	All	P&C*
2007	6%	4%
2008	6%	4%
2009	7%	8%

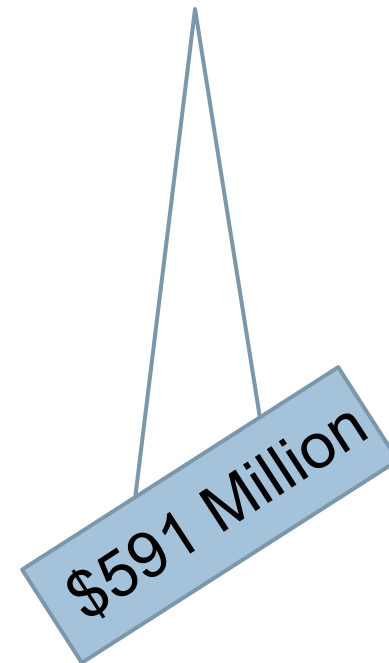


Source: Pickles, Thornton, April 2010, Digital Dash, Best's Review.

Insurers Cross the Digital Divide

7

- In 2009, across the 4 main categories, P&C insurers increased spend by **47% YOY**
 - Online Display
 - Paid Search
 - Online Leads
 - Online Video



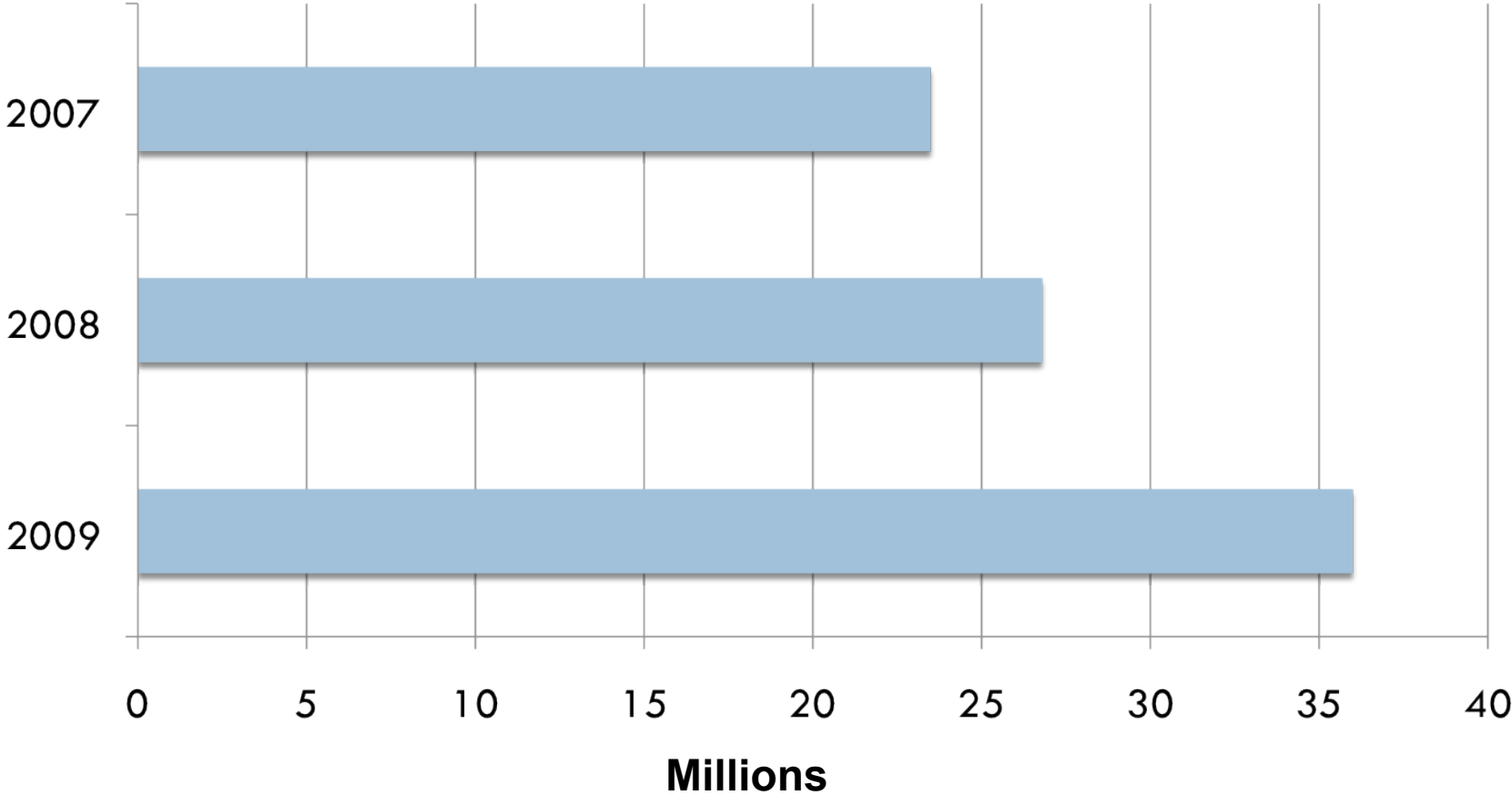
\$591 Million

Consumers Driving Growth



8

Average Monthly Unique Visitors To Insurance Sites



Source: Pickles, Thornton, April 2010, Digital Dash, Best's Review.

Audience: Who's Out There?

9

- 78% of HHs have access to the Internet
- 75% of HHs access the internet for at least one hour from home per week
- 67% of HHs use the internet to shop

Online Display Advertising

10

Online Display Advertisers All and Personal Lines

Estimated Spending	All	Personal Lines P/C*
Y2007	\$9,147,219,500	\$89,746,600
Y2008	\$8,555,697,600	\$108,186,300
Y2009	\$8,568,984,300	\$212,909,700
Y08-Y09: % Change in \$ Spent	0%	97%

Display only!

Online Display Advertising

11

Online Display Advertisers All and Personal Lines

Impressions	All	Personal Lines P/C*
Y2007	2,893,885,130,000	23,222,735,000
Y2008	2,324,317,725,000	27,650,176,000
Y2009	2,034,765,907,000	58,427,210,000
Y08-Y09: % Change in \$ Spent	-12%	111%

Source: Pickles, Thornton, April 2010, Digital Dash, Best's Review.

Trend: Cost Per Thousand

12

Online Display Advertisers Personal Lines, Mix, Direct and Agent

Online Display Advertisers	Personal Lines P/C*	Mix	Direct	Agent	
Y2007	Estimated Spending	\$89,746,600	\$28,477,900	\$28,219,600	\$33,049,100
	Impressions	23,222,735,000	6,077,975,000	11,498,396,000	5,646,364,000
	Cost Per Thousand	\$3.86	\$4.69	\$2.45	\$5.85
Y2008	Estimated Spending	\$108,186,300	\$53,793,100	\$18,383,800	\$36,009,400
	Impressions	27,650,176,000	14,111,896,000	6,752,542,000	6,785,738,000
	Cost Per Thousand	\$3.91	\$3.81	\$2.72	\$5.31
Y2009	Estimated Spending	\$212,909,700	\$129,618,600	\$17,208,200	\$66,082,900
	Impressions	58,427,210,000	35,888,386,000	5,677,974,000	16,860,850,000
	Cost Per Thousand	\$3.64	\$3.61	\$3.03	\$3.92

61%

10%

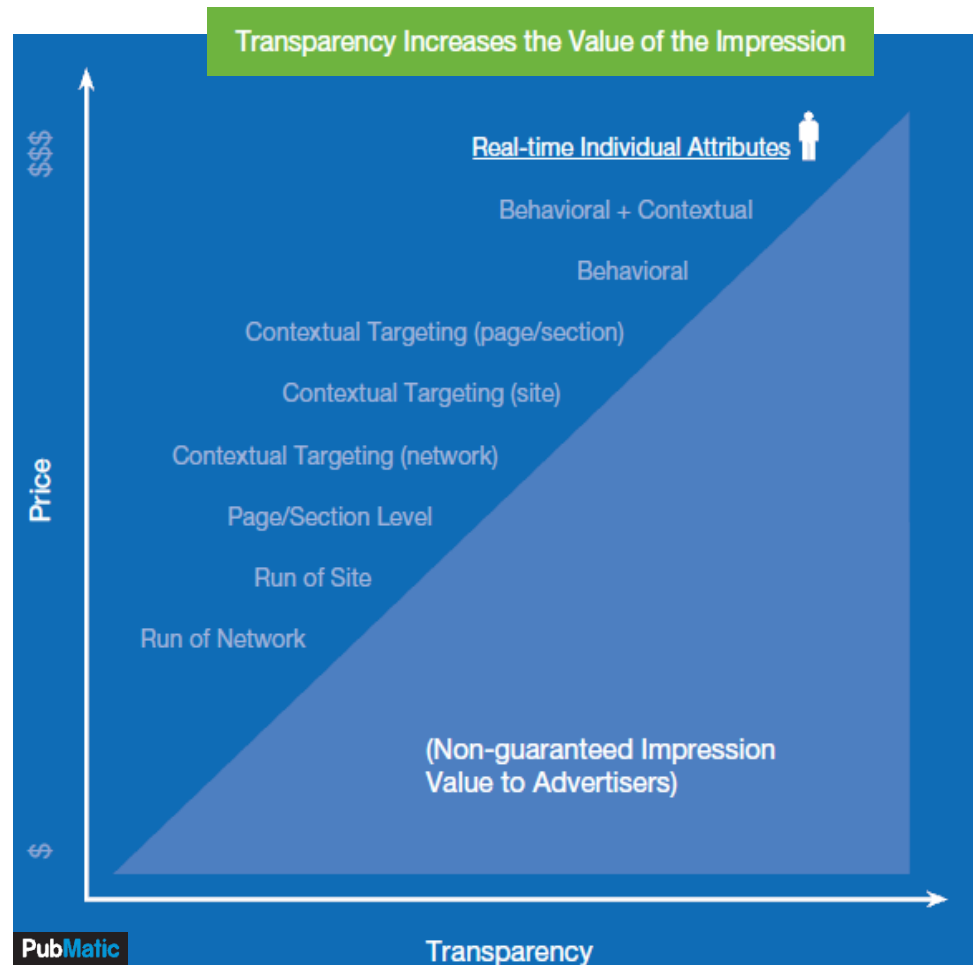
29%

Better Targeting is Driving Growth, Value

13

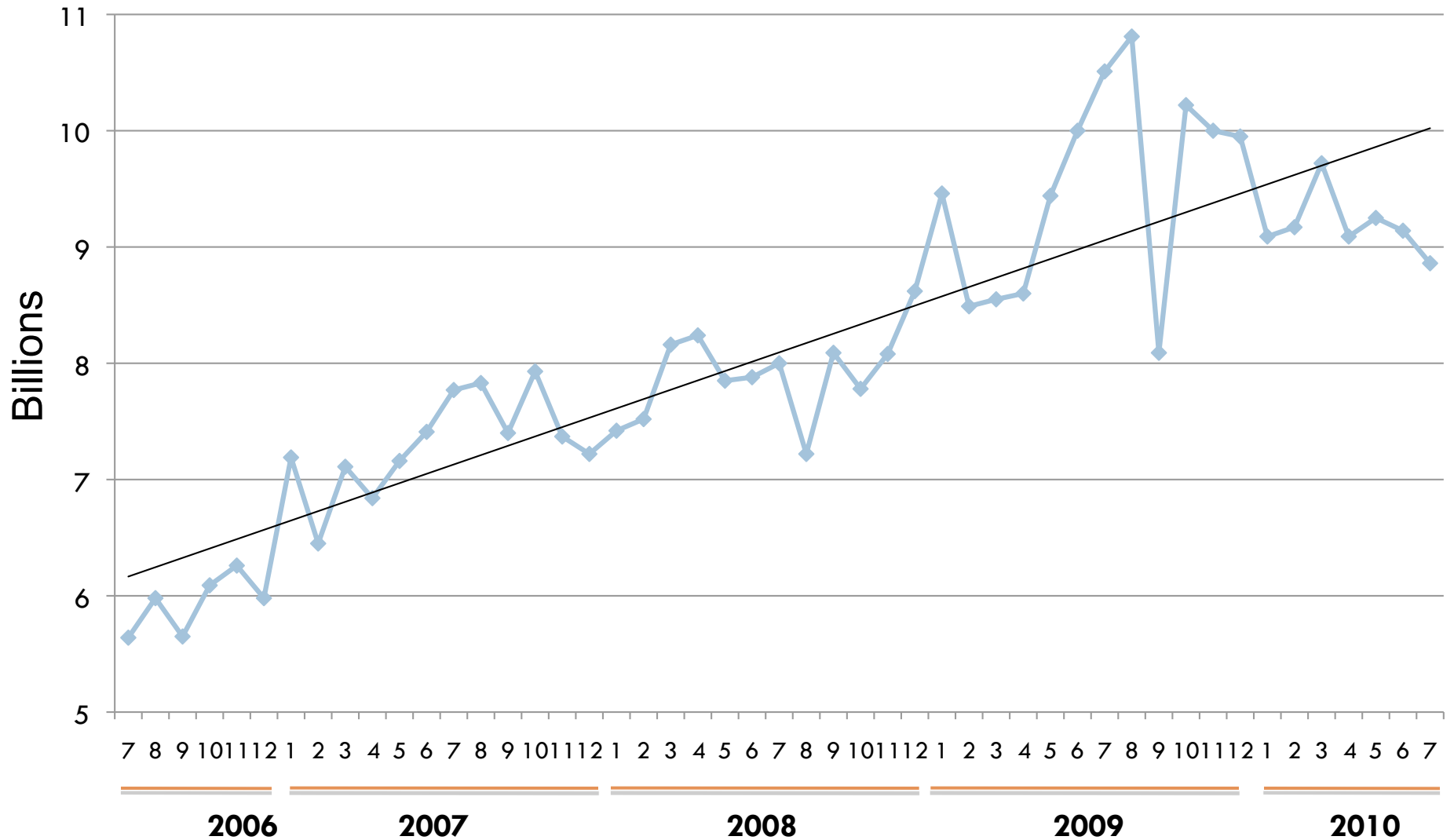
Display Advertising Newest Game Changer

- Eco-system is taking the next leap.
 - ▣ Began 12-18 months ago
 - ▣ 1% 2009, 3-5% in 2010.
- DSP: demand side platform
- RTB: real time bidding
- Buyers are ready; sellers need to ramp up.



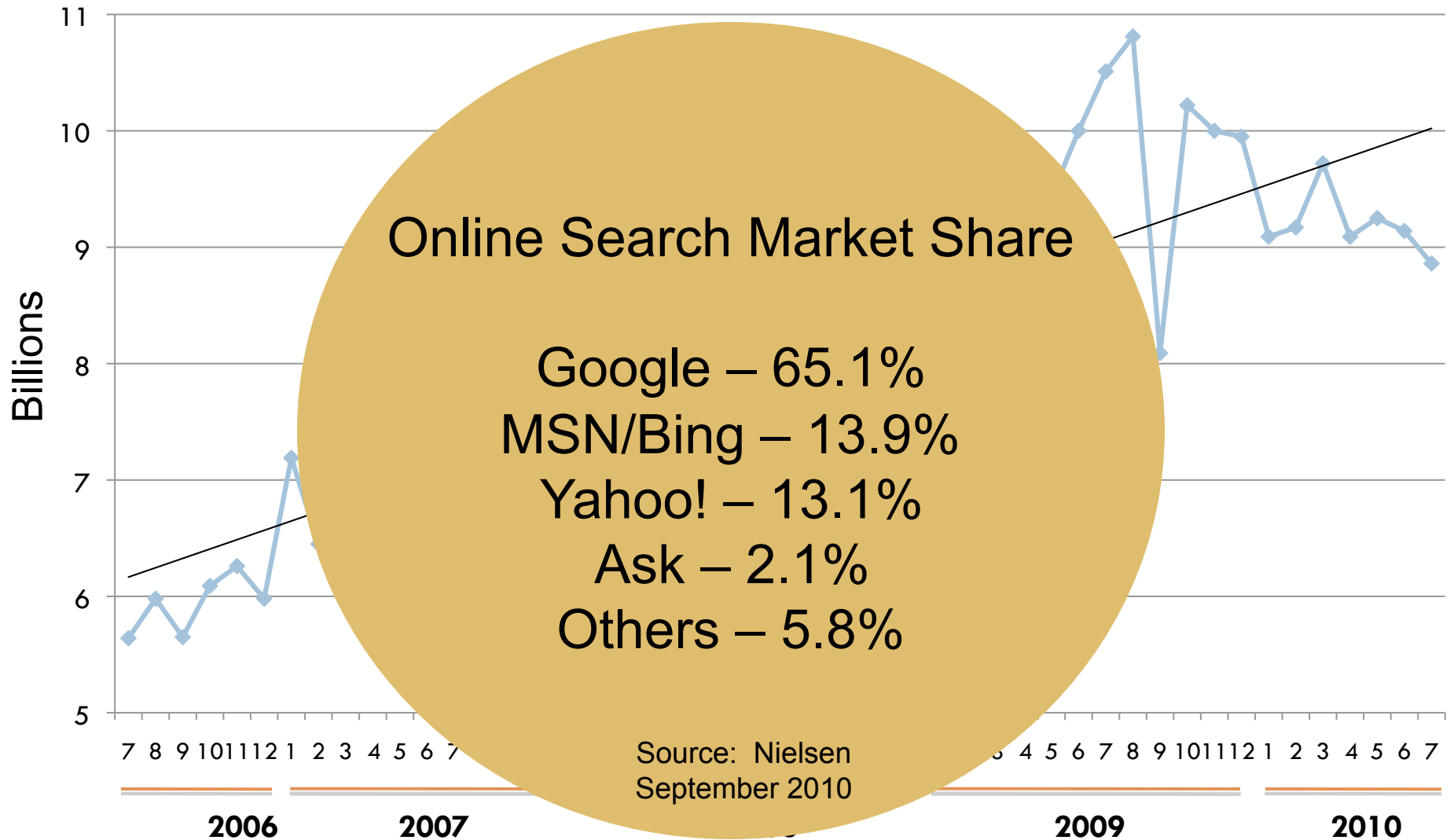
Overall Search Volume Growth

14



Overall Search Volume Growth

15



Strong Growth in Insurance Paid Search

16

- Personal Lines P/C insurers spent roughly \$303 million on paid search in 2009
 - ▣ Spending increased 29% from 2008
 - ▣ Following a 25% increase from 2007 to 2008

The image is a screenshot of a Google search page for the query "auto insurance". The search bar shows the query and a "Search" button. Below the search bar, it indicates "About 99,000,000 results (0.43 seconds)" and "Advanced search". On the left side, there are navigation links for "Everything", "Images", "Videos", "Places", "News", and "More". Below these are filters for "Newport, DE" (with a "Change location" link) and "Any time" (with options for "Latest", "Past 24 hours", and "All results", plus "Related searches" and "Wonder wheel"). The main search results area displays several ads. The first ad is for "Progressive Car Insurance" from www.Progressive.com, with the text "Get Our Rate & Our Top Competitors' Save Hundreds On Auto Insurance!". The second ad is for "Affordable Auto Insurance" from www.LibertyMutual.com/Auto, with the text "Switch to Liberty Mutual Insurance® & See How Much You Could Be Saving". The third ad is for "\$39 Auto Insurance in DE?" from AutoInsurance.Insure.com, with the text "Special Online Rates As Low As \$39 a Month From Top Firms. Free Quotes". The fourth ad is for "Esurance Online Car Insurance — Get Your Quote & Save on Auto..." from www.esurance.com/, with the text "See how much you can save on reliable, affordable car insurance. Get your free quote online or over the phone and compare auto insurance rates in minutes." and "Access Your Account - Contact Us - Claims Info - Compare Rates". At the bottom of the results is a link for "Car Insurance: Auto Insurance & Online Insurance". To the right of the search results is a map of the Wilmington, DE area, showing various locations marked with red pins labeled A through H. Below the map is another ad for "GEICO Auto Insurance" with the text "GEICO could save you over \$500. How much could you save?".

Source: Canal Partner analysis of comScore, Nielsen and Google data

Online Leads

17



- Online lead marketing took off in 2009 for Personal Lines P/C insurers and their agents
- In 2009, carrier spending increased by 23% YOY to approximately \$62 million in online lead marketing
 - ▣ Following a 15% increase from 2007 to 2008

Online Video

18

The YouTube logo, featuring the word "You" in black and "Tube" in white inside a red rounded rectangle.The hulu logo, featuring the word "hulu" in a green, lowercase, sans-serif font.The VEVO logo, featuring the word "VEVO" in a bold, red and black, uppercase, sans-serif font.

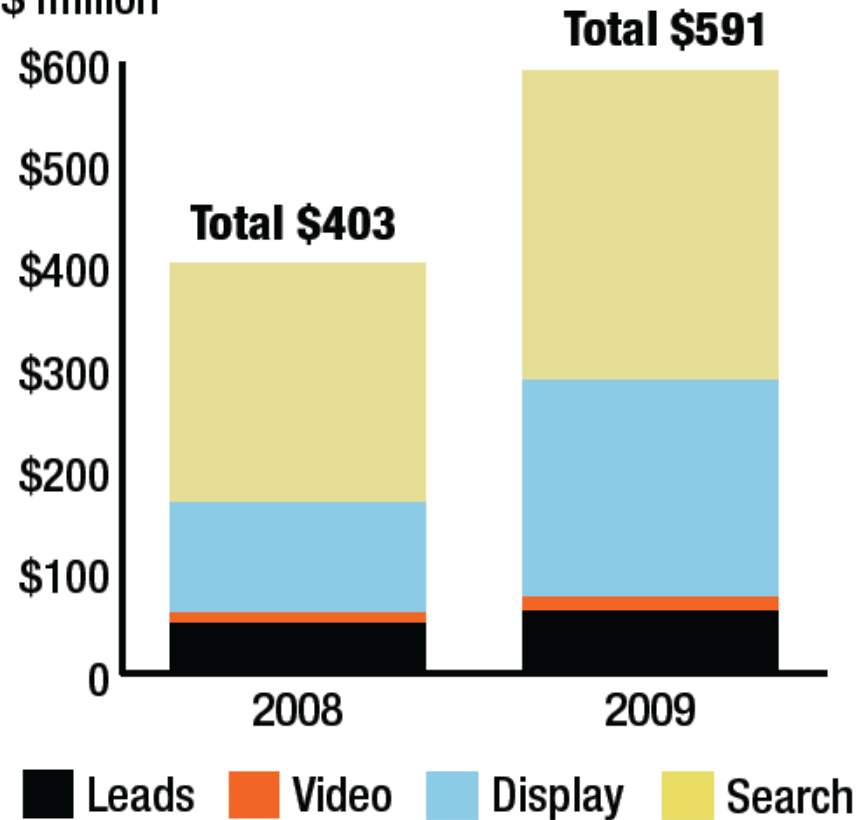
- comScore recently reported 178 million unique U.S. users watched online video content in July 2010
- The insurance industry's Online Video ad spending remained low in 2009
 - ▣ Increased 40% to \$14 million
 - ▣ Remained relatively small due to poor ad quality, limited targeting and no ad standards

Recap

19

2008-2009 Comparison Of Ad Spending

\$ million

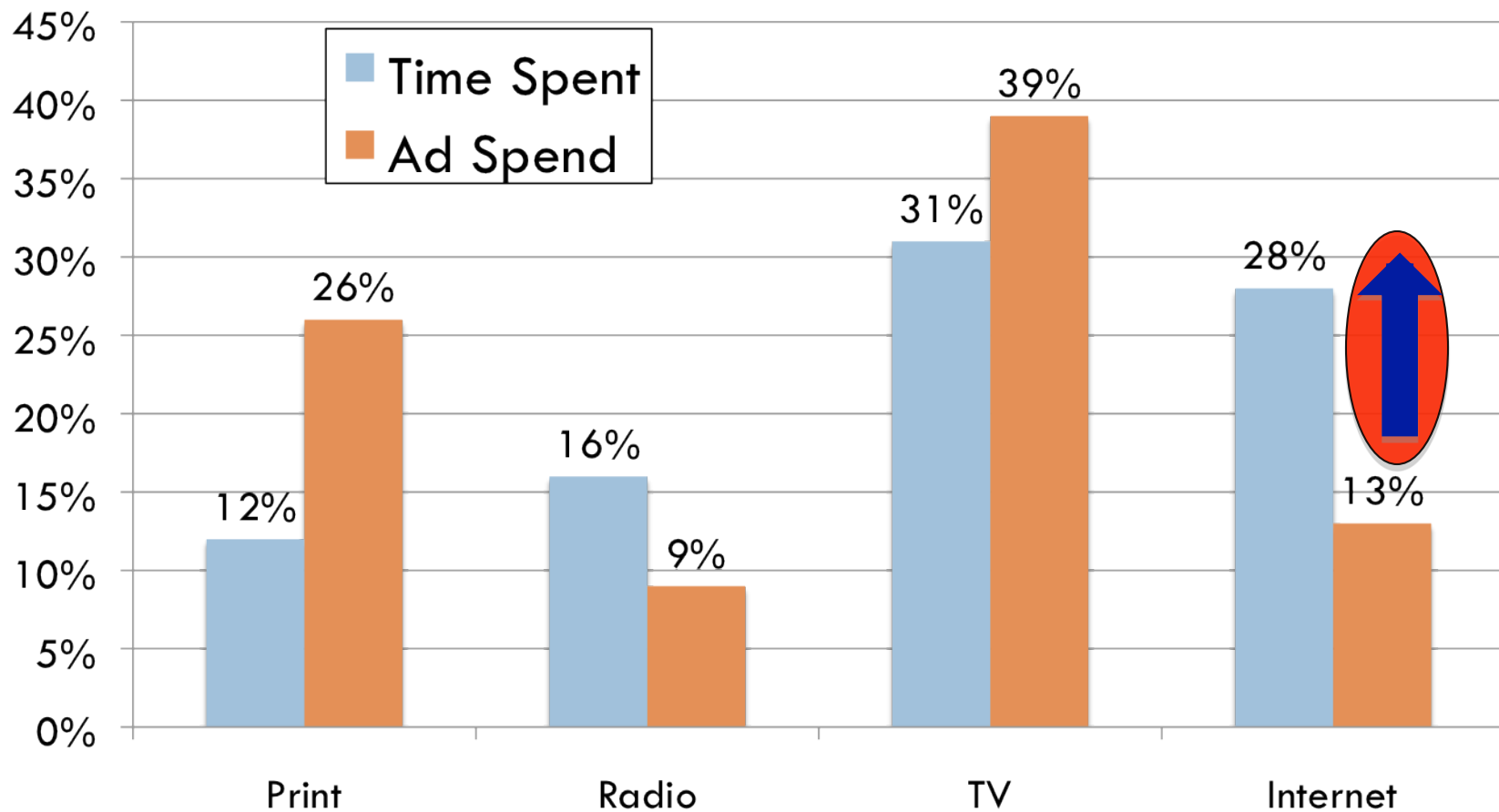


Source: Pickles, Thornton, April 2010, Digital Dash, Best's Review.

Global Spending Imbalance

20

% of Time Spent in Media vs % of Ad Spending (U.S. 2009)



Source: Yahoo! Investor Day – May 2010

Predictions - Consumers and Carrier Demand Drive Continued Growth

21

- Personal Lines P/C insurers spent over \$600 million in online and mobile advertising in 2009
 - ▣ Expect this number to double by 2012 to over \$1.2 billion

Display	<ul style="list-style-type: none">• Continued strong growth• Increased sophistication in segmentation and pricing
Search	<ul style="list-style-type: none">• Remains king of quality• Slower but steady growth
Online Leads	<ul style="list-style-type: none">• Growth slows in 2010 during “Year of Consolidation”• Spending pace surging in 2011 and 2012 with new players
Online Video	<ul style="list-style-type: none">• Remaining small with high growth rates
Mobile	<ul style="list-style-type: none">• The new frontier...where the Internet was 10 years ago



THANK YOU!!

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