Q3 | July 2022

Finding opportunities in the intermediary environment

SUBSCRIBE

1Life
Changing Lives

Contents

FROM OUR ANGLE

A note from our Head of Distribution 4 - 5
Returning to some sort of normal

LOOKING AT IT FROM ALL ANGLES

Digitalisation in a post-pandemic world 6 - 9

Stopping life and income protection lapses in their track 10 - 13

Innovations to give your brokerage an 'ease of doing business' edge 14 - 17

POPI in the age of Cyber Risk 18 - 21

Q3 | July 2022

1Life
Changing Lives

Introduction

by Kobus Wenzel - Executive: Distribution and Sales

As we move past the halfway point of 2022 we are all busy adjusting to life post-pandemic. The two years under COVID-19 and different levels of lockdown were tough, challenging each of us – whether broker, client or employee – on both a personal and professional level.

As we return to some sort of normal – some call it the new normal – **our focus should be on how to build stronger, more resilient businesses that can withstand future shocks**.

More importantly, we should integrate the lessons learned over the years into our advice and financial planning offering, helping clients to improve their personal finances at the same time.

The pandemic taught us many lessons about the importance of life and investment products in protecting consumers from financial catastrophe. By way of example, the Association for Savings and Investment South Africa (ASISA) recently confirmed that **our industry paid out a record R608 billion in claims in 2021**.

This includes claims paid against life, disability, critical illness and income protection policies, as well as retirement annuity and endowment policy benefits. And as sad and shocking as the numbers are, more than 1.5 million death-related claims were paid industrywide in the 18-months to September last year.

Innovation is one of the buzzwords that will repeat across this newsletter, as 1Life believes in leveraging new technology to give you, our brokers and financial advisers, a competitive edge in all areas of administration and distribution – and give your clients confidence that you have placed them in market-leading, technology-backed risk and investment products.

I firmly believe that 1Life's ongoing platform and product innovation will help you to build a resilient practice and enable you to stand out in today's competitive and increasingly professionalised advice landscape.

Always remember that 1Life is here to support you in your journey, from both an emotional and transactional point of view. This newsletter is part of that support, as is our innovative product and solution offering that has lifted our business way beyond its direct insurance roots.

If you are reading this, you already know that we have a compelling risk and investment offering that works as part of an advised, holistic financial plan. And South Africa's consumers, your clients and our policyholders, know this too. Case in point, **1Life was recently named a leading life insurer for customer satisfaction** by the SACSI Index for Life Insurance!

We remain committed to our multi-channel product offering and are confident in our ability to service the individual and mass market from our comprehensive suite of risk and investment products.

Never forget, one of our long-term objectives is to become a significant force in the intermediated distribution segment. As our business expands, and it will, **we hope to take each of you, our trusted adviser and broker partners, along for the experience.**

These are some of my thoughts leading in to our July 2022 newsletter, **which should take you on a wonderful journey through 'big picture' topics** such as the application of innovative technology in broker practices to specific operational and sales 'tips' under the headings 'POPI in the age of cyber risk' and 'Stopping life and income protection lapses in their tracks'. Enjoy the read.

All that remains is for me to do is to wish you well in the second half of 2022 – may it be good to you and your families, and to your clients and their families.

SUBSCRIBE

Digitalisation in a post-pandemic world

by Kobus Wenzel - Executive: Distribution and Sales

The pandemic and lockdown taught us a great deal about the nature of relationships between broker and client. It confirmed that valuable traits such as compassion and empathy can be shared digitally over MS Teams and Zoom.

It also showed us that the adoption of digital platforms and technology, the very process of digitalisation undertaken by both brokerages and product providers, is not equivalent to disintermediation.

Instead, **digitisation allows advisers and brokers to increase the efficiencies and service levels that we offer** to our mutual clients, placing the spotlight firmly on the value of advice.

The 2020-2021 pandemic accelerated digitalisation and disrupted the 'real world' face-to-face method of doing business we were so accustomed to; but it also **enhanced customer experiences and improved broker productivity**.

To illustrate, consider the pandemic-related improvements in new business administration and underwriting in your practice, not to mention the time saving of being able to work remotely and hold virtual meetings.

The question 'top of mind' among many industry stakeholders is whether to return to pre-pandemic 'normal' or to stick with the cost and time savings techniques they adopted and perfected over the past two years? It is tempting to go back to the familiar; but the question needs exploring from the client perspective.

In the past, the idea of getting virtual advice was scorned, especially by the older demographic. Nowadays, clients and potential clients in **the Millennial and subsequent generations are quite happy to transact online**.

We have also seen stats that suggest that 71% of consumers over the age of 55 are comfortable processing a claim via a virtual process.

Just remember, virtual does not equal automated or robotic; there needs to be a human face behind these virtual interactions. In this context we see a post- pandemic advice practice that adopts the best of pre- and post-pandemic practices, built around three pillars.

Pillar 1

Human advice and personalisation

Human advice and personalisation should form the cornerstone of your advice offering.

21st Century advisers and brokers must understand that the human aspect of the advice process can be built into client interactions whether these take place physically or virtually.

As such, the post-pandemic advice practice should focus on integrating the human touch into virtual interactions and ensuring that human assistance is available where digital processes present difficulties. Future-fit consumers are comfortable buying insurance digitally, and you may have to consider giving the more confident among them the leeway to opt-in to human interactions.

Pillar 2

Cost savings and efficiencies from digitalisation

There are many trends that influence consumer behaviour, with cost savings and efficiency standing out across industries. The key to post-pandemic advice practice success is to offer a quick turnaround on insurance and investment products.

Digitalisation allows you to offer this without neglecting the all-important personalisation aspect. In fact, 1Life advocates for a highly personalised and targeted financial planning backend to all the new technologies we introduce.

This personalisation is non-negotiable if you hope to meet client expectations in a part-virtual, post-pandemic world. Subscribe here.

Pillar 3

Choosing partners that straddle both worlds

The product and system providers that advice practices choose can make the world of difference in post-pandemic advice-giving.

Your systems must build stability and trust through each client engagement. And your insurance partner should be able to offer a beginning-to-end generational wealth planning solution that you can implement regardless of how your client chooses to engage with you. Remember: **your client interacts with the front end and does not care how the process plays out behind the scenes.**

The pandemic was tough but there are benefits that came out of it.

First, despite the worst catastrophe any of us have experienced, the life industry stood strong, staying well-capitalised after paying out billions of rand in claims through 2020 and 2021.

Second, the human side of this disaster has elevated the need for life cover among clients and potential clients, and heightened their awareness and trust in the life insurance industry. The result is that advisers and brokers can now interact with clients without first having to 'sell' the value of death, disability and severe illness covers.

The excess deaths during the pandemic have also contributed to heightened fears among clients and potential clients of losing a breadwinner, creating opportunities to have frank and open discussion about holistic financial planning. An enquiry about life cover, or a conversation about increasing sums insured on a policy (or retaining a policy) can easily cross over into aspects such as comprehensive risk cover, estates and wills or wealth planning, to name a few. Loss of life through pandemic is tragic; but loss of life without providing for the family even more so.

To conclude, financial advisers and brokers are in the people business. **You need to embrace digital platforms and technology in ways that enhance your advice offering without eroding your human touch.** You should be using technology post-pandemic in the same way as prior to it: leverage it to improve your productivity, reduce your administrative and compliance burden and free up more time to spend with your clients. That ensures a win for you and for them!
Subscribe here.

Stopping life and income protection lapses in their track

by Mandla Mahlangu - Senior Actuarial Manager

The economic hardship caused by the COVID-19 pandemic – and more recently the financial pressure introduced by food and fuel price inflation, interest rate hikes and rampant unemployment – are stretching household budgetsto the limit, forcing consumers to reconsider their monthly expenses.

These tough conditions pose significant challenges for financial advisers and insurers because our clients and policy-holders often see insurance cover as an easy way to cut costs.

This reality reflects in the latest Association for Savings and Investments South Africa (ASISA) numbers, that show that 10.4 million risk policies (i.e life, disability, dread, or income protection) were lapsed in 2020, and a further 7.4 million in 2021. In other words: a combined 17.8 million individual policyholders, potentially your clients and our insureds, chose to stop paying premiums for their risk cover despite the skyrocketing pandemic-linked mortality claims paid by the industry over the period.

At 1Life, we remain cognisant of the challenge facing intermediaries in achieving book size growth in an environment characterised by high cancellation and lapse rates. This article aims to highlight some positives from the latest life industry statistics as well as reflect on some of the ways that an intermediary might improve the cancellation and lapse experience in his or her business, and ours.

First some good news: last year's lapses were more than offset by around 10.9 million new individual recurring premium risk policies issued in the same year.

These statistics suggest that consumers appreciate and understand the need for life protection under pandemic, and with good reason.

Local life insurers reported a 53% surge in death claims for the six months between 1 April 2021 and 30 September 2021 when compared to the same period in pre-COVID 2019, with the rand value of these claims up by 127%.

The numbers are chilling, with more than 1.5 million death claims totalling R92 billion paid by the life industry between 1 April 2020 and 30 September 2021.

Commenting on the statistics, Hennie de Villiers, deputy chair of the ASISA Life and Risk Board Committee said: "Most of us know at least one person who lost his or her life due to COVID-19; we also know of many people who lost their income during the pandemic, highlight the importance of having access to savings and income protection".

He commended the industry for paying out a record R608 billion in 2021, including claims against life, disability, critical illness and income protection policies as well as retirement annuity and endowment policy benefits.

Financial advisers and planners have an important role to play in preventing lapses in the life protection space. It is our hope that the following three tips will elevate the value of your advice proposition to clients, and assist keeping your in-force policy count intact.

Tip 1

Be proactive by acting before the policy lapses occur

Financial advisers should pay close attention to the health of their book by monitoring unpaid premium reports; investigating any concerning trends; and **taking proactive, preventative action where possible.**

Part of this process should involve reaching out to clients to discuss their premium paying difficulties, because solving the issue could be as simple as changing a debit order date, fixing a service issue or tweaking the household budget slightly.

Tip 2

Use every opportunity to demonstrate the value in your advice

Financial advisers should see the claims and economic environment as **an opportunity to reach out to clients and ensure that their risk portfolio is aligned** to their affordability and protection needs.

Given that many 1Life clients are weathering the current financial storm better than average, this 'consult' could create opportunities to increase the coverage and level of coverage in your client's investment and risk portfolios.

Tip 3

Illustrate the value in having a risk policy

The ongoing pandemic presents opportunities for frank discussion about the value in risk protection policies, and there are two important messages to share with clients.

The first is that a life insurance policy is a valuable financial asset that materialises at a time of crisis; the second, that **the longer one delays** before taking out life cover, the more costly it becomes. Financial advisers should urge clients to resist the temptation of letting go of valuable life and income protection covers, and have them focus on the significant pay-off should the policy be called on to perform versus the relatively small monthly premium.

Tip 4

Think about your business

Finally, it is imperative that you **keep in mind the impact of lapses on the cashflow** in your business. High lapse rates cause disruptions to earnings and result in less favourable commission payment structures, among other issues. So, it remains in your best interest to act quickly and proactively to your client's signals.

The tips mentioned in the preceding paragraphs are **non-negotiable for success in the risk protection market**. Our plea to brokers is to keep lines of communication with 1Life open, and inform us about the financial challenges facing your clients.

Policyholders have a 31-day grace period to pay premiums. Working together on these challenges achieves the goals of preventing lapses, building trust in the industry and ensuring that clients benefit from the cover afforded by the life product universe. **Subscribe here.**

Innovations to give your brokerage an 'ease of doing business' edge

by Kobus Wenzel - Executive: Distribution and Sales

The financial services industry has been a major beneficiary of digitalisation and other technology-backed interventions over the past decade, with digital platforms; real-time quoting and policy administration; and cloud data making it easier than ever for a small, start-up brokerage to write business for an insurer.

These innovations also help new brokers to keep ahead of the compliance and regulatory oversight functions that go hand-in-hand with the regulators' focus on treating customers fairly (TCF).

Adopting new technologies should be a win-win for all stakeholders in the industry, from consumer to financial adviser to insurer, but things are never that simple.

In the early days we had to calm fears over the potential impact of Robo-advisers and robo-advice platforms; nowadays all stakeholders accept that technology will never replace the human touch of a financial adviser.

Instead, technology improves advice outcomes by reducing admin and paperwork and giving advisers **more time to spend with clients.**

One of the major challenges facing life insurers is how to design life and income protection products that resonate across all segments of the market and are fit-for-purpose for today's omi-channel distribution environment. Another is ensuring that the digital support infrastructure that we deploy resonates with new brokers and clients from the Millennial and Generation X age groups without alienating our older and more established brokers and clients.

The best way to strike a balance between established and new advisers seems to be **to design advice and product solutions with the end-consumer in mind**: if it works for the end-consumer, then it should resonate with all advisers. This approach is illustrated in 1Life's ongoing innovation drive that is focused on finding easier, more efficient and simpler ways to conclude life and investment business.

Easy and simple were top of mind when we launched our 1Life Vantage application in 2019. This comprehensive digital solution for life and investment financial advisers enables a better reach to clients alongside improved servicing, thus enabling both established and new brokers to service so-called 'forgotten clients'. **The application offers a fully integrated digital solution backed by the 1Plan FNA tool**; real time underwriting acceptances of around 97% of applications within 35 minutes; paperless and secure remote business conclusion; client interactions and record of advice backed up to the cloud; and paperless self-service. New brokers can thus manage their distribution efforts from a laptop or smartphone, on the move, from anywhere!

It seems counterintuitive that an established brokerage would scoff at digitalisation and platform-based advice that introduces tremendous cost efficiencies as well as expanding their potential client base.

Instead of avoiding tech, **financial advisers should think of automation and platform- based administration as a way to diversify their businesses** and quickly reach new market segments, becoming the first trusted partner during the early stages of an up-and-coming consumer's financial journey.
Presenting a diversified business by product and market segment is also a great value-add in the event an adviser decides to sell his or her practice.

A fully digitalised solution is **non-negotiable for new advisers keen to enter the competitive and fast-paced world of life and income protection insurance**, let alone offer their clients a variety of investment and wealth products.

Brokers should insist on partnering with a product provider that can assist by taking care of policy administration and onboarding and offer the necessary compliance record-keeping without adding complexity or cost.

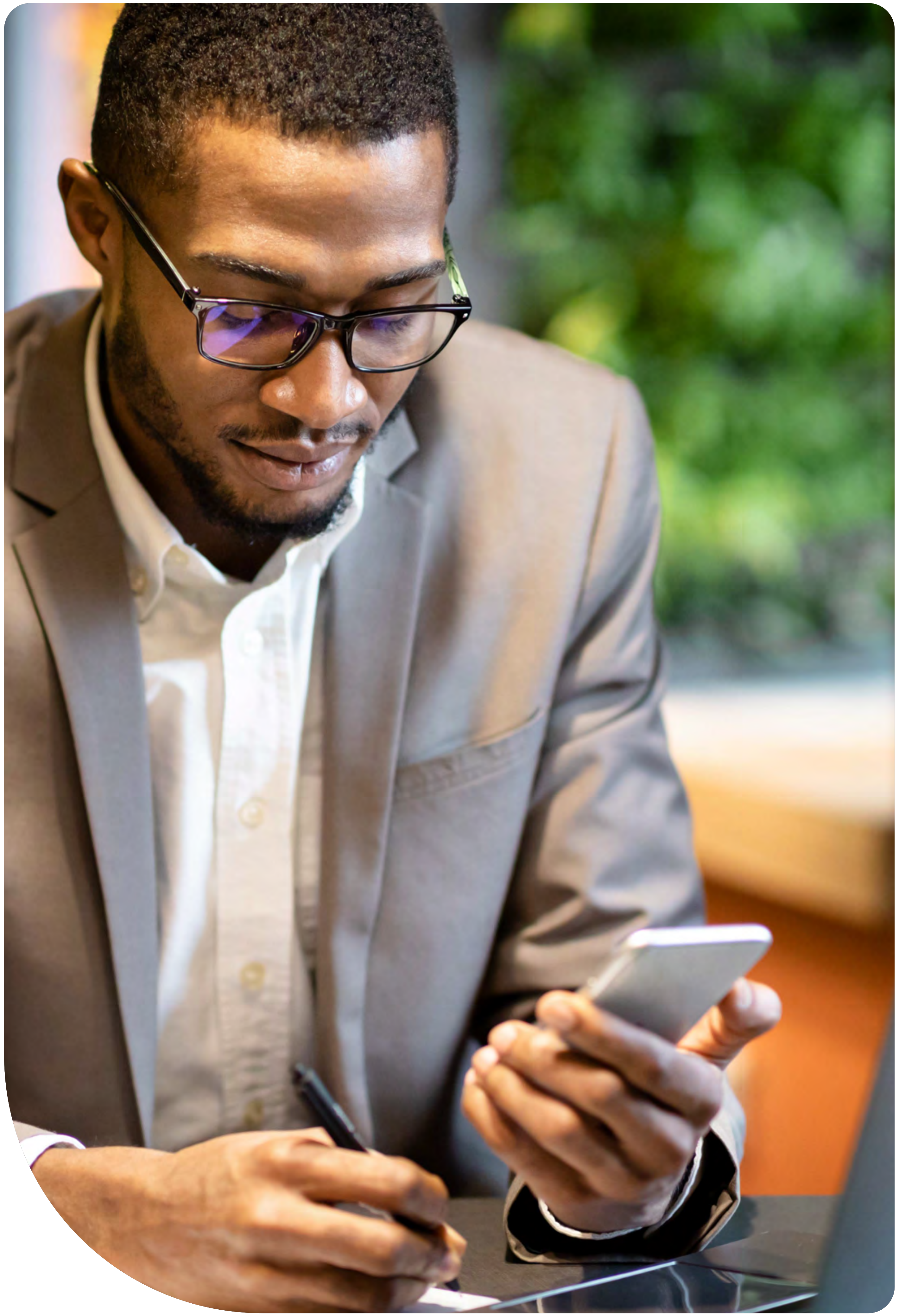
As this brokerage finds its feet it can begin considering the systems that will give it an edge among its mid- and large-size competitors. A CRM system from among Xplan, atWork, Elite Wealth and Avalon is essential; as are practice management and accounting systems.

Advice-specific tools that prove much-needed help include online financial needs analysis (FNA and retirement and living annuity calculators, to name a few.

The good news is that many product providers, including 1Life, have 'baked' FNA and other essential calculators into their advice applications.

To conclude: technology will play a crucial role in improving access and affordability to life and income protection covers, with the end goal being for death, disability and severe illness covers to see similar take-up across the market to that seen in the funeral policy space today.

Subscribe here.



POPI in the Age of Cyber Mix

by Eben Steyn: Head of Compliance

The Protection of Personal Information (POPI) Act, Act No. 3 of 2013, has been with us for so long, that a degree of complacency may have crept in.

For those who need a quick refresher, the Act was first signed into law way back in 2014, but it took until 2018 for the first regulations under the Act to be published and until June 2020 for its promulgation.

Businesses, including financial services providers (FSPs), then had until June 2021 to ensure full compliance.

Midway through 2022, your brokerage should be POPI compliant.

Being POPI compliant is essential in the context of rampant cybercrime and the threat of your brokerage's systems being hacked, and valuable customer data compromised. **Do not think it cannot happen to you**: in the last few months we have seen pharmacy retailer Dis-chem and credit bureau Trans Union fall victim to cyberattacks and related data breaches. The Information Regulator recently commented that in the last year over 330 data breaches have been reported.

Many 1Life financial advisers have expressed concerns over the POPI Act exposures that could arise following a cyberattack and are keen to know the best practice for cybersecurity and post-pandemic digital record keeping.

Before we address these questions, it seems sensible to reflect on why POPI was put in place. In a nutshell, **the regulation aims to encourage data discipline as an underpin for an ethical and profitable business, by putting in place eight conditions for the lawful collection, use and storage of personal data.**

Complying with the regulation requires an understanding of terms like 'personal information'; 'data subject'; 'information officer'; and 'responsible party', which we summarise as:

Personal information:
Any information that you can trace back to an identifiable customer, including address, email, identity number, mobile number, product portfolio and many more.

Data subject:
Any person/entity from which you collect personal information including clients, employees, suppliers, vendors or even visitors to your premises.

Information officer:
The person within your brokerage who is responsible for POPI compliance, usually the CEO, if no one else has been nominated.

Responsible party:
The organisation that will be held accountable by the Information Regulator for any POPI Act compliance breaches, in this case, your brokerage.

There are a number of suggested approaches to ensuring POPIA compliance, with some compliance professionals swearing by a five-step process.

This process is as relevant to financial advice practices or insurance brokerages today as it was then, and includes:

Step 1:

Create an incident response team to define and monitor your brokerage's response to POPI-related incidents.

Step 2:

Conduct a Personal Information Impact Assessment (PIIA) to prevent your brokerage from introducing new personal data risks to the business; it helps to think of this as an extension of your existing risk management function.

Step 3:

Implement strict access controls to your brokerage's physical premises and information technology (IT) infrastructure.

Step 4:

Review your brokerage's forms and make sure you have a clear understanding of why you are requesting personal information and how that information will be used; then only collect information that you need and ensure you have the consent to process it.

Step 5:

Have a plan for collecting, storing and utilising the data that you collect and a plan to discard the data you collect, but do not require.

Prevention is better than cure, and special attention should be given to Step 3 to ensure that your IT systems are secure.

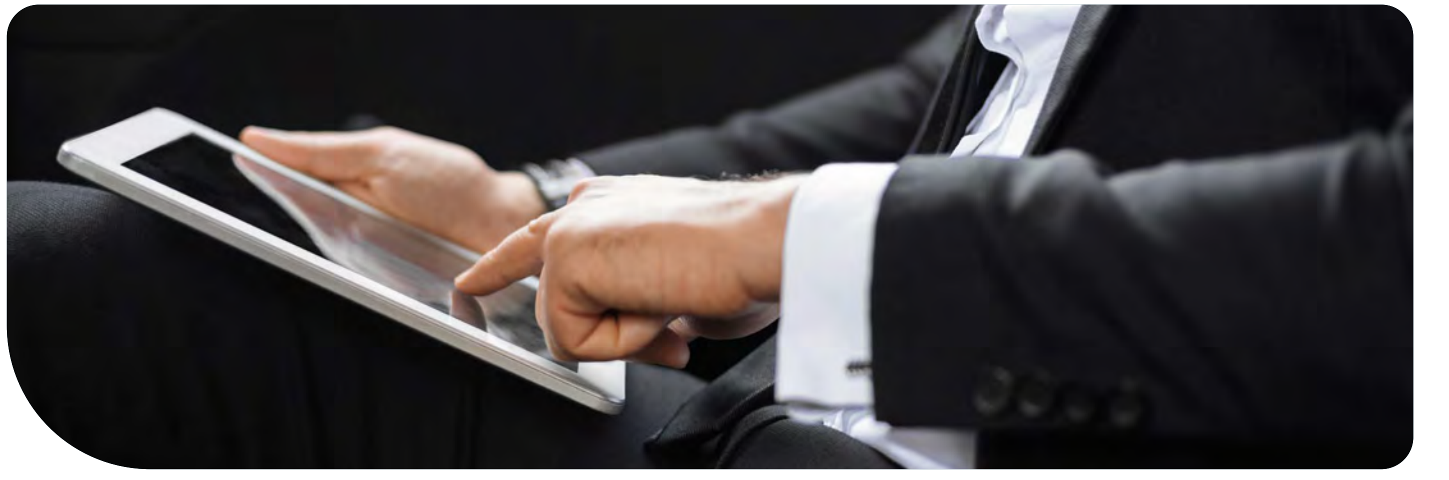
One way of approaching this is to implement an Information Security Management (ISM) framework that incorporates integrity of and access to data. Trend Micro, meanwhile, observes that IT security is just part of a holistic security framework that includes people, information systems, processes, physical surroundings and corporate culture.

Your brokerage must get to grips with how (and by who) data can be accessed and processed, and then implement the necessary physical and systems access restrictions.

Do not forget about curveballs that arise from changes to your post-pandemic home versus office working arrangements; or the responsibility of your brokerage versus your cloud storage services provider insofar data breaches.

It emerges that the cloud storage firm would be responsible for POPI compliance for data that is stored on the cloud, but your brokerage would be responsible for data hiccups that occur while data is being manipulated in the cloud. **It is certainly worth approaching a cyber security firm for help** with developing a POPI-compliant approach to your systems and data.

Sticking with the 'prevention is better than cure' adage, your brokerage should consider solutions that monitor your networks and warn you of attempted cyberattacks in addition to firewalls and other traditional network security tools. You might also consider getting a cyber security firm to conduct network vulnerability tests to identify and plug any gaps that may exist.



If your brokerage is the unfortunate victim of a cyberattack and consequent data breach (which the POPI Act refers to as a security compromise) then your information officer and FSP (the responsible party) can be held responsible under the POPI Act.

The Act requires that you take "appropriate, reasonable technical and organisational measures" to prevent loss or damage to personal information, including unlawful accessing or processing of that information, following a data breach or suspected data breach.

POPI requires you to take the following steps if there are reasonable grounds to believe that personal data has been compromised. These include:

- Your brokerage (the responsible party) must notify the Information Regulator and the affected data subjects as soon as reasonably possible after the breach is discovered.
- Your brokerage must give sufficient information to allow the data subject to take protective steps: tell them what happened, the possible consequences and the measures your brokerage is taking and what they (the data subject) might do to mitigate the risks.
- If the breach is considered serious, the Information Regulator may also require you to issue a public notification of the breach.

To conclude: Best practice would be to formalise your process and procedures to comply with POPI and to draw up a cyber incident response document plus flow diagram so that all employees understand their role following a cyberattack and / or data breach. In this case, prevention really is better than cure, but having a well-considered response plan is critical to safeguard your business and your customers.
Subscribe here.

BUILDING GENERATIONAL WEALTH WITH 1LIFE

We believe that financial planning has the power to change lives with a 1-to-1.

We believe that generational wealth starts with 1 conversation that helps you create a future your loved ones will benefit from.

That's why we believe that advice form a financial adviser is to important.

1Life has been in operation since 2006 and forms part of a broader group of companies under the TIH (Telesure Investment Holdings) umbrella in South Africa. TIH in turn, forms part of our global holding company, BHL, which currently has an international footprint spanning eight countries across four continents.

1Life has evolved over the years from being a direct life insurer to becoming a true multi-distribution insurer.

We are proudly South African and have over the years initiated a number of industry firsts.

We offer affordable, simple and convenient products that meet the needs of all South Africans, through either age-rated or level premiums; or annual contribution increases (ACI) or annual benefit increases (ABI).

LONG-TERM INSURANCE PRODUCTS

- All Woman female-specific, dread disease cover
- Dread disease cover
- Disability cover
- Elevated Pure Life cover
- Expense Protector
- Funeral cover
- Pure Life cover - Limited Underwriting
- Pure Life Plus, life cover combined with funeral cover for extended members
- 1Life Pulse, life cover of the future, with the benefit of earning additional bonus cover

INVESTMENT PRODUCTS

- Fixed Return and Global Growth Protector
- Guaranteed Future Value investment
- Living annuity
- Retirement annuity
- Tax-free savings account

1Life, Life and Wealth is powered by 1Life Vantage.

It's up to you. It starts with you.
Let's talk 1-to-1. brokers@1life.co.za

SUBSCRIBE

www.1life.co.za/fa

1Life Insurance Ltd (Reg No. 2005/027193/06) is a licensed Life Insurer and Financial Services Provider (FSP No. 24769)