



Q4 | November 2022

**Finding opportunities
in the intermediary
environment**

SUBSCRIBE

1Life

Changing Lives



Contents

FROM OUR ANGLE

Bring on a stellar 2023	4 - 5
-------------------------	-------

LOOKING AT IT FROM ALL ANGLES

A best-of-both-worlds life cover solution for your clients	6 - 7
Client-centricity a sure 'win' under the looming COFI conduct framework	9 - 10
Adopt or flounder... Digital platforms can help advice practices to triple new business in 2023	12 - 14

Introduction

by Kobus Wenzel – Executive: Distribution and Sales



Those of you who thought inflation, interest rates and unprecedented market volatility would make the year drag by will be sorely disappointed as 2022 has simply whistled by.

It has been a year during which those financial advisers who embraced innovation and technology have stood out 'head and shoulders' above the crowd, thanks to your ability to write business and service clients on the platforms and terms that they choose.

It has been fantastic to see how many of you have benefitted from digitalisation versus two-, three- or even five-years ago.

The industry remains ripe for innovative solutions that assist you in growing your practices, and we will continue to offer new products and potential cross-and up-sells that will resonate with your clients, whether in the mass or affluent markets.

The 1Life business has exceeded all expectations this year, growing significantly in the client universes serviced by traditional CAT C financial

advisers as well as in the mass market segment where those of you with CAT A and B licenses operate.

This growth confirms two things: first, that our focus on creating products that resonate with households across the income spectrum is spot on; and second, that our ongoing focus on digitalisation is bearing fruits, as measured by your productivity and throughput.

This experience makes me super excited about 2023 and beyond, and I fully expect 1Life to continue establishing itself as a key player in the life insurance and wealth management market.

With hindsight one might conclude that the launch of the Vantage platform in 2019 was a fortuitous event, because it gave us a definite edge over our competitors when the pandemic struck.



In reality, Vantage was the culmination of a multi-year effort to innovate and shift our business into the digital world – it not only gave us an edge through the tough 2020-21 period, but makes it much easier for us to evolve and pivot in the coming years.

Our early foray into digitalisation and remote onboarding helped some of your practices to achieve triple digit gains in new business, despite trading through some of the most difficult socioeconomic conditions South Africa has ever experienced. And you can be sure there is much more to come through 2023, 2024 and beyond.

As you prepare for year-end and the New Year, remember that each interaction with a client does not have to yield another sale – it is another opportunity to reassure your client and ensure that they are remain comfortable in their portfolio of risk and wealth products.

Life plus funeral

A best-of-both-worlds life cover solution for your clients

By Barry Shrosbree, Senior Manager: Life & Wealth Distribution



South Africa's financial service regulators have a love-hate relationship with funeral policies. On the one hand, they love them for improving access to financial products, especially in low- to mid-income households.

On the other, they hate the damage caused by market abuses by unlicensed operators; by households buying multiple funeral policies, and due to the premium charged on funeral policies being relatively more expensive than that on life policies.

As a player in the both the life and funeral market, we go to great lengths to distribute needs-appropriate and affordable solutions to our intermediated clients.

More recently, our attention has turned to promoting a best-of-both worlds product solution that allows you, our financial adviser partners, to offer a combination of life and funeral cover through a single product called Pure Life Plus.

At the outset, we acknowledge that each of these products has a place in the market. If your client is only worried about providing for the costs associated with a funeral, then the standalone funeral policy makes sense. However, evidence suggests that many low- to mid-income households are buying multiple funeral policies with the intention of using the payouts to cover living expenses in addition to funeral costs. If that is the case, your clients should, additionally, be buying the more

appropriate and 'bang for premium' life policy.

The combo product concept was born out of market research which showed that breadwinners needed both life insurance (to protect their family in the event of their death or disability) and funeral cover to make up for cash shortfalls for an ever-expanding number of dependants. The need was further highlighted by a significant base of our independent financial advisers (IFAs) who reported a trend where clients in the mass market segment were asking questions about entering the life insurance market while still being able to cover funeral costs.

By combining life and funeral cover in a single policy, you can pass over significant cost benefits to your client. Not only will the monthly premium on a combo policy be lower on a rate per mille basis, but the sums insured will, on aggregate, be far higher. And most importantly, the funeral component of this cover is treated in the same way as an ordinary funeral claim would be, so your clients enjoy a pay-now funeral accelerator benefit on their primary life policy.



So, for those of you still obsessed with the 'checkbox' approach to financial planning, we have higher sum insured, check; immediate funeral pay-out, check; lower fees, check; lower monthly premium, check; and product better aligned to client's needs, check.

The resistance we often encounter when proposing a funeral product as part of an affluent solution is that funeral cover belongs in the mass market segment.

Our response is that the life product remains the primary or 'lead' product on the combined policy. In addition, we note that all clients across South Africa's widely divergent income curve will benefit from the longer-term lifestyle protection this policy offers. The funeral add-in addresses the short-term financial burden that your client's family experiences immediately following his or her passing, which burden is felt by affluent families too.

We want to change the status quo where the affluent market purchases life policies with high sum insured, now exceeding ZAR1 million, and the poor take out two or three funeral policies for a mere ZAR90 000 to ZAR150 000,00.

We hope that integrating an immediate pay-out for funeral costs alongside the life policy lump sum pay-out will change financial behaviours in these market segments. And we want you, our financial adviser partners, to lead the way in driving this change.

Vantage, our digital solution gives us an edge in underwriting life cover, making it possible to offer competitive premiums with limited underwriting.

Complaints about underwriting versus the guaranteed acceptance offered by insurers on funeral only products are easily dealt with, because in practice, the limited underwriting required on a life and funeral combo product is worthwhile given that the risk rate per million on cover will be significantly lower.

Finally, all our processes are digitalised. 1Life Vantage provides straight-through processing enabling immediate acceptance in 97% of cases as opposed to traditional manual underwriting delays.

Generational Wealth, powered by 1Life Vantage

You are in the business of creating generational wealth. Let us help you optimise your financial planning process with life and investment options. This is accelerated through one of the first comprehensive financial adviser digital solutions in South Africa, 1Life Vantage.

The old way

- Lengthy process could take up to 3-weeks for a life policy to be issued
- Requires face-to-face interaction between financial adviser and the client
- Excessive paperwork to be completed by client and financial adviser
- Record of advice and additional documents to be completed

The Vantage way

- Real-time underwriting, straight through processing and policy acceptance
- Remote acceptance via electronic signatures and OTP functionality
- Digital financial solution with no paperwork to be completed, that includes the record of advice
- Financial adviser onboarding via a one-page application form

Contact us at brokers@1life.co.za to arrange your complimentary demo.
Wealthport LISP, now incorporated.

1life.co.za/fa

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



Client-centricity

a sure 'win' under the looming COFI conduct framework

by Eben Steyn, Senior Manager: Group Compliance at Telesure Investment Holdings



The Conduct of Financial Institutions (COFI) Bill has been in the wings for so long that one might be excused for putting it on the proverbial back-burner and focusing on more pressing operational issues.

The FSCA has however continued to promote the delivery of fair customer outcomes using the current legislative instruments.

As we power into the end of 2022 it seems that the Bill will only be enacted in 2023, if not 2024, with transitional provisions to allow financial services providers (FSPs) to comply with its provisions. The exact timelines remain anyone's guess; but we hope to receive a detailed update and next steps by year-end.

As a quick refresher, the COFI Bill is part of the Twin Peaks regulatory reforms contained in the Financial Sector Regulation (FSR) Act. The FSR Act created a regulatory framework in which prudential matters are overseen by the Prudential Authority, which is housed within the South African Reserve Bank, and conduct matters are overseen by the Financial Sector Conduct Authority (FSCA). The COFI Bill contains the mechanisms needed to allow the FSCA to carry out its mandate of conduct supervision over all financial institutions.

Our message to financial advisers has been that advice businesses that base their conduct around the six treating

customers fairly (TCF) principles have little to fear from COFI. There are, however, some big administrative hurdles that all stakeholders will have to overcome following the Bill's enactment, starting with licensing. As currently proposed, the COFI Bill requires the FSCA to publish a licensing framework within three months of the Bill's enactment, allowing three years for all FSPs to convert their licenses. This could present challenges given the sheer volume of license applications the authority will have to process over the period.

The license conversion process will have a significant impact on financial advisers and independent financial advisers (IFAs). Remember, licenses will be issued on an activity-based regime, meaning if you give financial advice, you apply for an advice license; if you distribute financial products, you apply for that activity, etc.

There will be significant work upfront for financial advisers and IFAs to categorise their businesses and financial product classes correctly.

Commenting on the exact operational changes that the COFI Bill will demand from FSPs or product suppliers is tricky, because the Bill is just a framework –



the heart of the legislation will be set out in Conduct Standards issued and published by the FSCA. These standards will no doubt focus on fair customer outcomes – because that is what the COFI Bill aims to achieve.

Financial advisers that offer a client-centric experience solution, beginning to end, will therefore stand up pretty well to this pending regulation.

1Life Insurance does not expect COFI to introduce major changes to our financial adviser, or customer interactions. We remain committed to integrating TCF across our workforce, from the sales desk to our executive suite, and believe this gives us a head start in complying with the Conduct Standards that will eventually be issued under COFI.

The looming COFI Bill, the Omni Conduct of Business Report (Omni CBR), and other compliance requirements will place huge stress on your time and resources. We intend to be proactive, and keep you informed of evolving compliance requirements as soon as reasonably possible.

A proactive approach to compliance is among the best disciplines you can build into your practice.

For example, you should proactively engage your compliance officer to assist in getting through the ever-expanding compliance load.

In closing, harmonising the different pieces of conduct legislation into the COFI Act is going to take a long time. In this context, you must carefully assess your partnerships and make sure that the partners you choose will remain by your side for the full journey.

We look forward to ongoing engagements with you on all matters compliance and regulatory, to ensure a collaborative and prosperous future, built around valued financial and risk advice.

PURE LIFE PLUS IS LIFE AND FUNERAL COVER IN 1

The client receives **up to R10 million** Life cover, (with the option to include Disability- and Dread Disease cover) and **Funeral cover** for up to 16 family members of up to R50 000 each, all on 1 policy.

Policy acceptance is accelerated through our remote acceptance solution on 1Life Vantage, enabling policy onboarding in under 35 minutes, no paperwork, no medicals.

**SAVE YOUR CLIENT
28% PER MONTH**

Let's talk 1-to-1™ at brokers@1life.co.za
www.1life.co.za/fa



1Life

Changing Lives

Premiums are risk profile dependent and subject to annual review. 1Life is a Licensed Life Insurer & FSP. Ts & Cs online.

Adopt or flounder...

Digital platforms can help advice practices to triple new business in 2023

by Kobus Wenzel - Executive: Distribution and Sales



So much has been written about how the 2020-21 COVID-19 accelerated digitalisation among South Africa's financial services firms, that we risk losing sight of the head-start that 1Life Insurance had in this area.

We identified a gap in the market for digitalised processes supported by business intelligence before the pandemic broke – and, in fact, had already launched a solution, Vantage, in 2019 that made administering and writing new business easier for both client and intermediary.

We have been harvesting the fruits of being an early digital adopter ever since.

The Holy Grail in the life insurance policy sales environment is to enable your distribution force to achieve straight-through processing with the least possible medical underwriting. Vantage contains the necessary intelligence to align the underwriting process (through comprehensive questions in the onboarding form) with the unique needs attaching to each of your clients. We packaged the solution in such a way that our financial adviser partners can complete a basic financial needs analysis (FNA) and underwriting 'fact finding' with

clients during their first interaction, with the acceptance of a policy in 35 minutes compared to the five or more that traditional advice and underwriting processes still take.

Yes, many insurers 'embraced' digitalisation during the pandemic; but few were as far along the curve as 1Life. When the pandemic hit in March 2020, instead of dealing with how to automate our processes, we only needed to figure out how to add remote acceptances to a functioning virtual solution. Those of you who use Vantage already know that the future of life insurance policy sales is here, because you can conduct business via an MS Teams call and Vantage to include the FNA, underwriting questionnaire, and remote policy acceptance without you or your client leaving the comfort of your respective home or office. Vantage is ahead of the curve, enabling our financial adviser partners to deal with clients seamlessly and online.



The next step in our innovation journey is to give you similar ease-of-business access to our Linked Investment Services Provider (LISP) platform, though WealthPort, which administers 1Life's investment product offering.

We have already digitalised the entire LISP platform process, mirroring the traditional FNA processes that we just described in the life insurance context. and your clients benefit from a comprehensive digitalised financial planning process that completes the advice journey beginning-to-end, including the take-up of selected financial products.

The capability-matching of life and wealth product solutions is part of 1Life's vision to offer a one-stop-shop for financial advisers. We can now offer your clients a comprehensive life and wealth solution that contains risk products (death, disability and dread disease and funeral cover) alongside a range of investment solutions on a single platform.

The next step is to integrate healthcare and short-term insurance products that will allow you to address every financial need your client may have, with the convenience of straight-through processing on a digital platform.

It could take time for all stakeholders in the financial advice industry to buy into the solutions enabled by new technology.

This is because for digitalisation to reach full market adoption a gradual breakdown of old habits and objections is required. While we gradually address these legacy issues, Vantage is enjoying phenomenal support from intermediaries that want a different way of doing things.

The feedback that we have received from those financial adviser partners who have fully embraced our digital solutions has been absolutely phenomenal, and we encourage you to reach out to us to explore ways in which digitalisation can improve your operational efficiencies and policy throughput. Those of you who have bought into our digital platform offering is increasingly singling it out as your preferred advice platform; and in most cases are benefiting from sales growth thanks to the time efficiencies that you enjoy out of the process. As proof: some of our intermediary partners have grown new business volumes by as much as 200% despite the hard lockdowns during COVID-19.

We rely on continuous feedback from you to ensure a bottom up approach to product design.

Whether in the mass market or the affluent segment, we always go to our financial advisers to gauge what we should consider when designing products to potentially address a need or gap in the market. Product suppliers that insist on the traditional method of telling their distribution partners what is good for their clients are making a huge mistake!

During the early stages of lockdown, we read a wonderful piece by a trade journalist that raised awareness of the impact that innovative, tech-savvy and predominantly direct product suppliers would have when they fully leveraged the broker financial adviser distribution channel. This is because we are agile, dynamic and flexible and can convert the experience gained from decades of direct interactions with customers, and your clients, into faster advice-led client servicing.

This explains why we have made, and continue to make, significant strides in the intermediated distribution channel in both the life and wealth product space. We will continue to work with you to improve client outcomes, because financial adviser engagement with clients is a key component for financial services success.



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 from a financial adviser is so 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

www.1life.co.za/fa