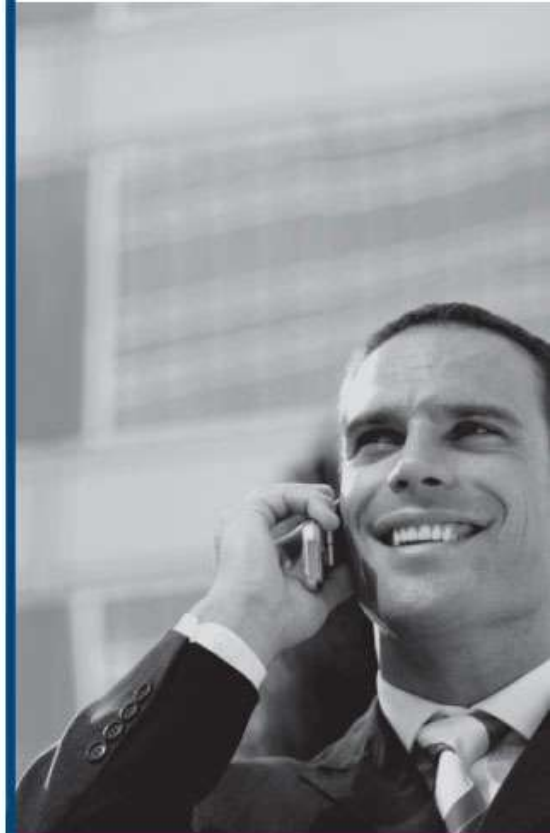
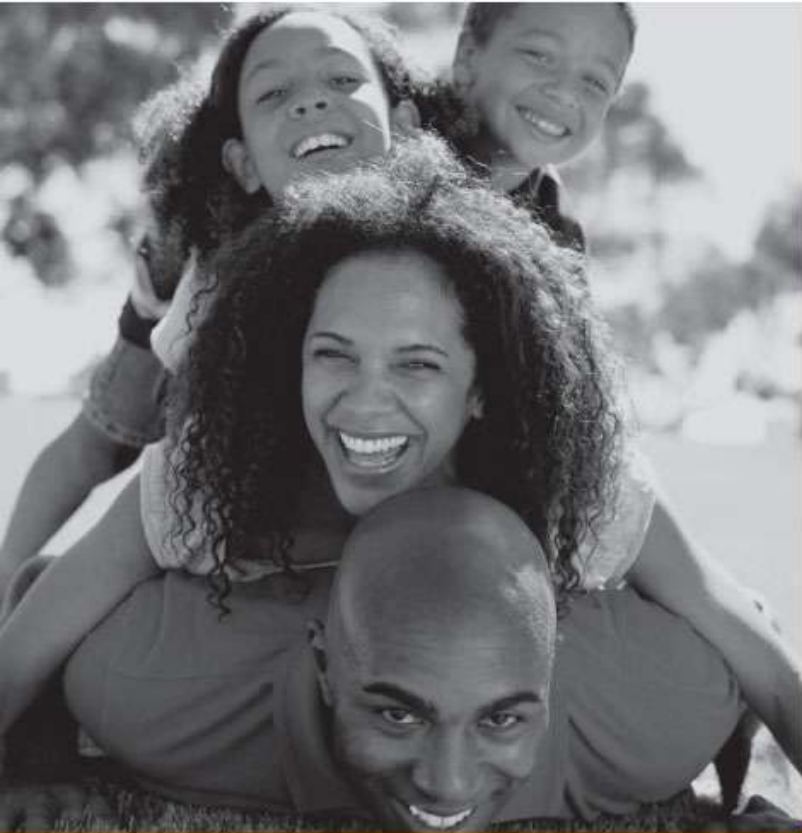


Liberty Group



Ian van Schoor

Marketing and Distribution (MaD)

Marketing and Distribution (MaD)

Strategic Summary

The MaD Challenge

- Sales and Distribution Models have **NOT** evolved despite:
 - Regulatory intervention that has dramatically changed:
 - The product landscape (**Tenure**)
 - The advice and compliance landscape (**FAIS/FICA**)
 - A pricing “**revolution**” brought about through increasing competitiveness stimulated by **demutualisation** and consumer activism

Cost of Asset Acquisition is too expensive in the modern product world

The MaD Mission

To engineer a substantial reduction in Asset Acquisition costs through a structural change in Sales and Distribution Models



“Revolutionizing
Asset Acquisition
Commercially and
in a Client Centric
fashion”

MaD Challenges

- Leverage legacy fixed infrastructure costs across broader product sets
- Align models to consumer environment
- Manage advisory risk to avoid economic impact of mis-selling

- Migrate Sales and Distribution practice to commercially viable models whilst removing remuneration arbitrage across the product suite
- Manage the field or people migration to new models who are highly resistant to change

Structural
Reduction in
Acquisition
Costs

- Continue to build depth and breadth of SA Distribution capability
- Implement projects to systematically improve productivity of field force
- Establish an emerging markets capability to leverage build in other markets

- Deliver sales volumes which are critical to fund the build initiatives to improve Sales and Distribution economics

What do we have to do?

Migrate organisation from Product Push to Solution Centric across full Wealth Product Spectrum

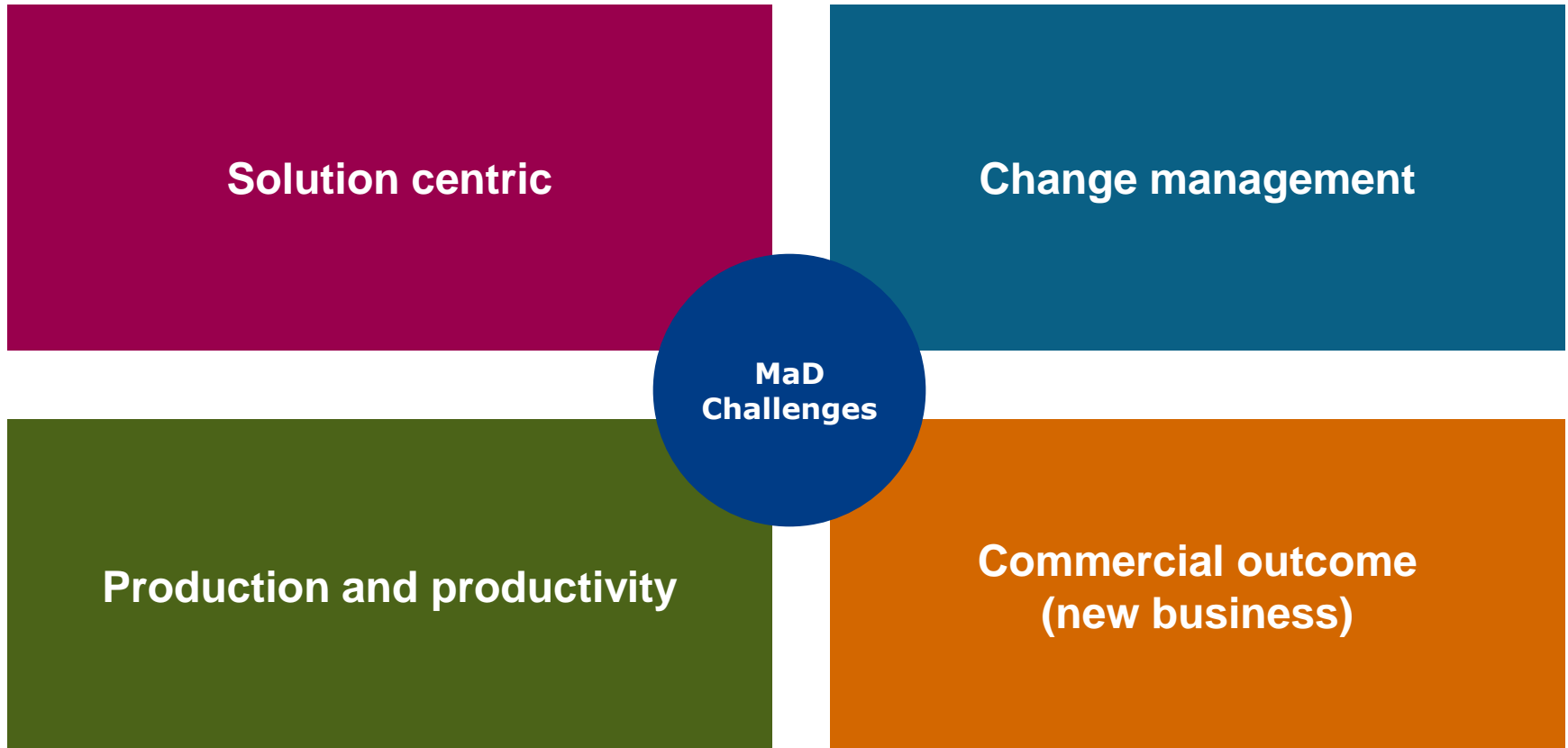
Requirement to migrate current models to sustainable New Era Models whilst still delivering production targets

MaD Challenges

Continue to Build Distribution Capacity through expanding Footprint (manpower) and improving productivity and quality of business (retention)

Desirable commercial outcome is to deliver production volumes to fund the strategic build

MaD Challenges



Work in Progress

MaD metrics

1. Production Metric
2. Efficiency Metric
3. Cost Metric
4. Persistency Metric
5. LibWealth Mix Metric

MaD strategy to 2011

will be built around certain key constructs

	MaD Challenges		
Sustainable Sales Models	Change Managmnt.	Productivity	Commercial outcome
Segmented Service Propositions	Change Managmnt.	Productivity	Commercial outcome
Convenience in Sales Process	Productivity		Commercial outcome
Customer segmentation and Advisory function to migrate to Solution Centric	Solution Centric		Commercial outcome
Distribution models for tomorrow	Productivity		Commercial outcome

Build Barometer for MaD

Operating model modifications



No change in the models



Improve old models



Reconfigure existing models



Introduce new models or approach

Change management risk barometer



Low



Medium



High



Hot

2008 Strategy Build Implementation Dashboard



Implementation on Schedule








Risk of missing strategic build
timeframe



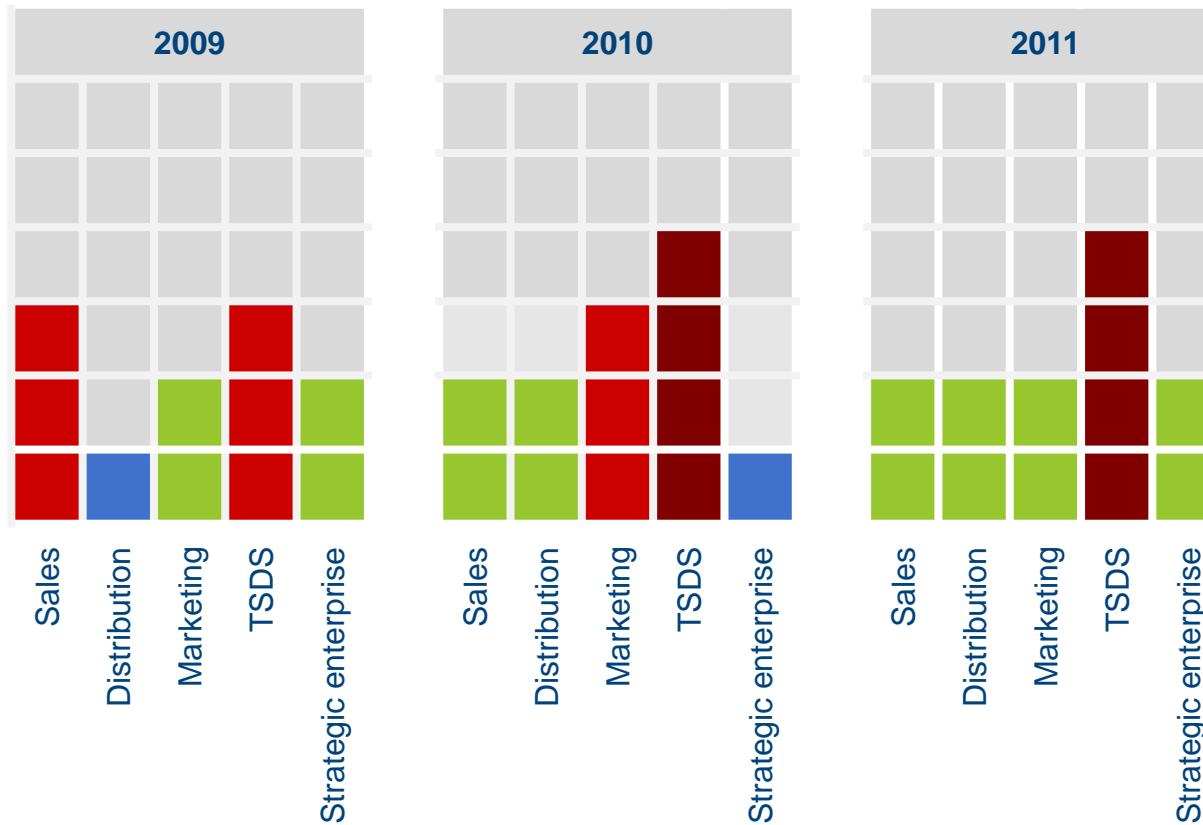
Implementation behind strategy
build

Progress in 2008

	Dashboard	Comment
Sales		<ul style="list-style-type: none"> • Positive from a field engagement and change management perspective
Distribution		<ul style="list-style-type: none"> • Implemented new distribution model and integrated distribution model
Marketing		<ul style="list-style-type: none"> • Implemented advisory and customer segmentation team builds but failed to deliver customer service portal and customer segment executives
TSDS		<ul style="list-style-type: none"> • Transferred Product Development to Business Unit • Reconfigured Risk and Compliance framework • Significant progress on Productivity Projects • Significant progress on Hcapital Framework
Strategic Enterprises		<ul style="list-style-type: none"> • Good progress on strategic alignment in Bancassurance with operational execution remaining a challenge • Board or Exco approval for Strategic Enterprises (Direct and Broker Acquisition Models)

The 3 Year Strategy Map

The build map to 2011



Key themes for 2009

→	Reconfigure Sales Models
→	Stabilise Distribution Models
→	Implement Customer Segmentation Strategy
→	Implement Productivity Projects
→	Create management capabilities for Emerging Market build

Bancassurance

2007

- IBM Strategic Review of Bancassurance relationship
- Establishment of dedicated Bancassurance team to operationalise Bancassurance opportunities
- 7 Workstream Project Teams focussing on execution
- High level reporting/co-ordination forum

2008

- Restructure Bank engagement points to try stimulate execution
- 3 better operational forums: Private Banking, African and SA Operational
- Strategic alignment through Bancassurance Exco
- Good operational execution where dual reporting lines

2009 to 2011

- Execution of strategy and rollout of partnership models into key markets

Strategic enterprises

2007

- Formulate new distribution models
- Integrate distribution management teams
- Build direct business case
- Create acquisition models
- Formulate networks strategy
- Contact new affinities

2008

- Design retail Wealthzones
- Seek Board approval for new Direct business
- Implement acquisitions (distribution)
- Implement networks strategy
- Formulate new sales models
- Design wealth wallet

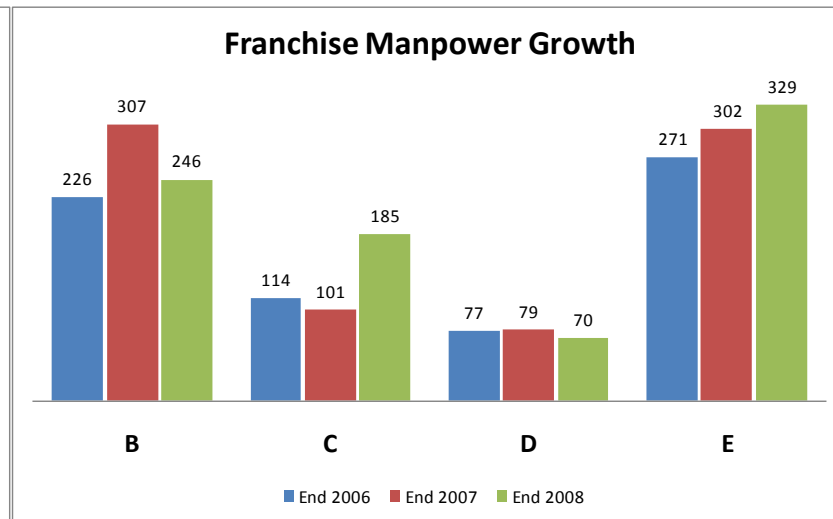
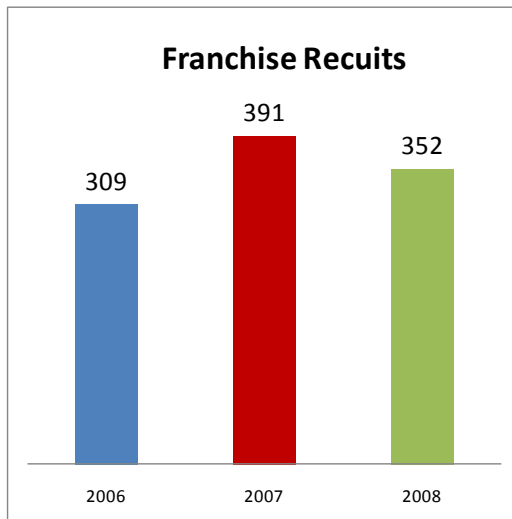
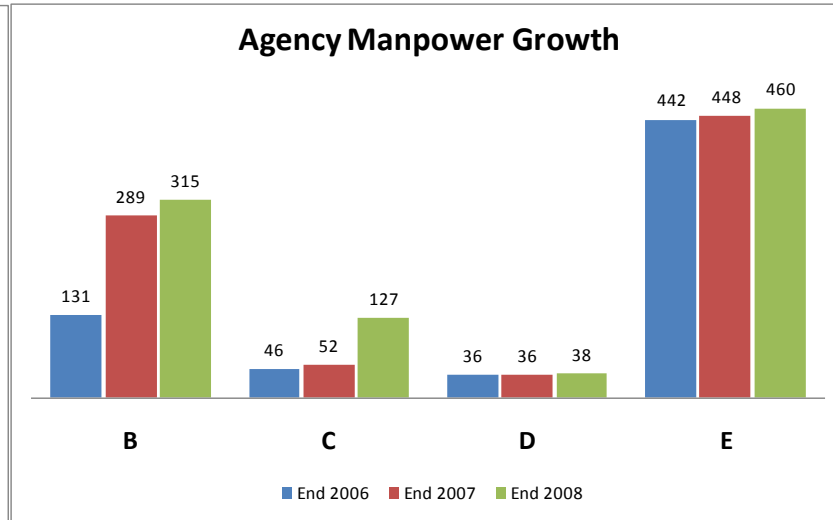
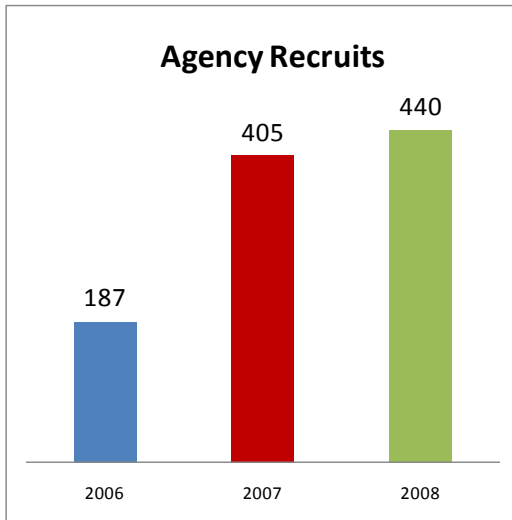
2009/2010+

- Implement sales models
- Launch Direct business
- Launch Independent Advisory Brand
- Effect distribution acquisition
- Implement Libwealth Wallet
- Wealthzone implementation

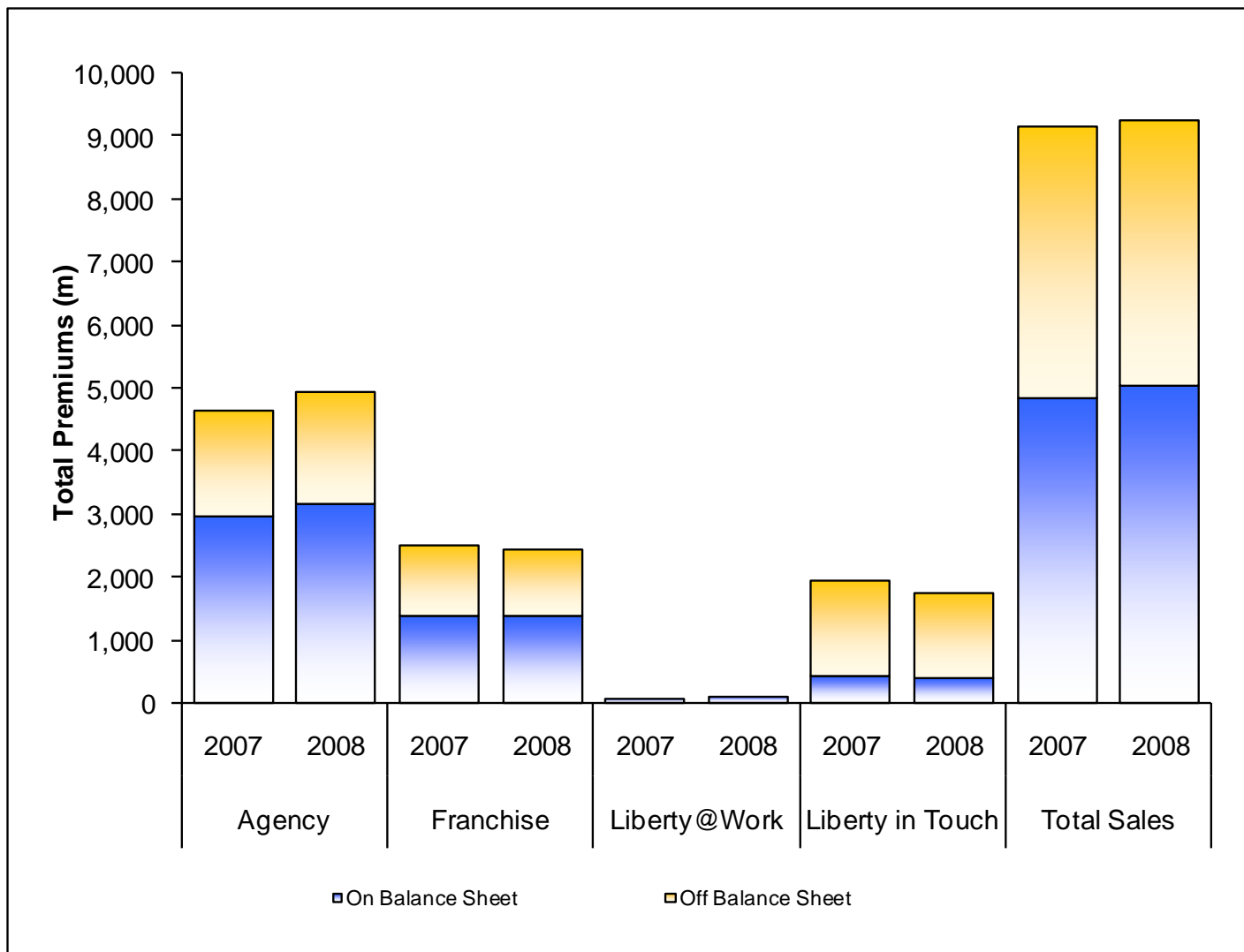
Interesting Operational Facts & Figures

Sales & Distribution

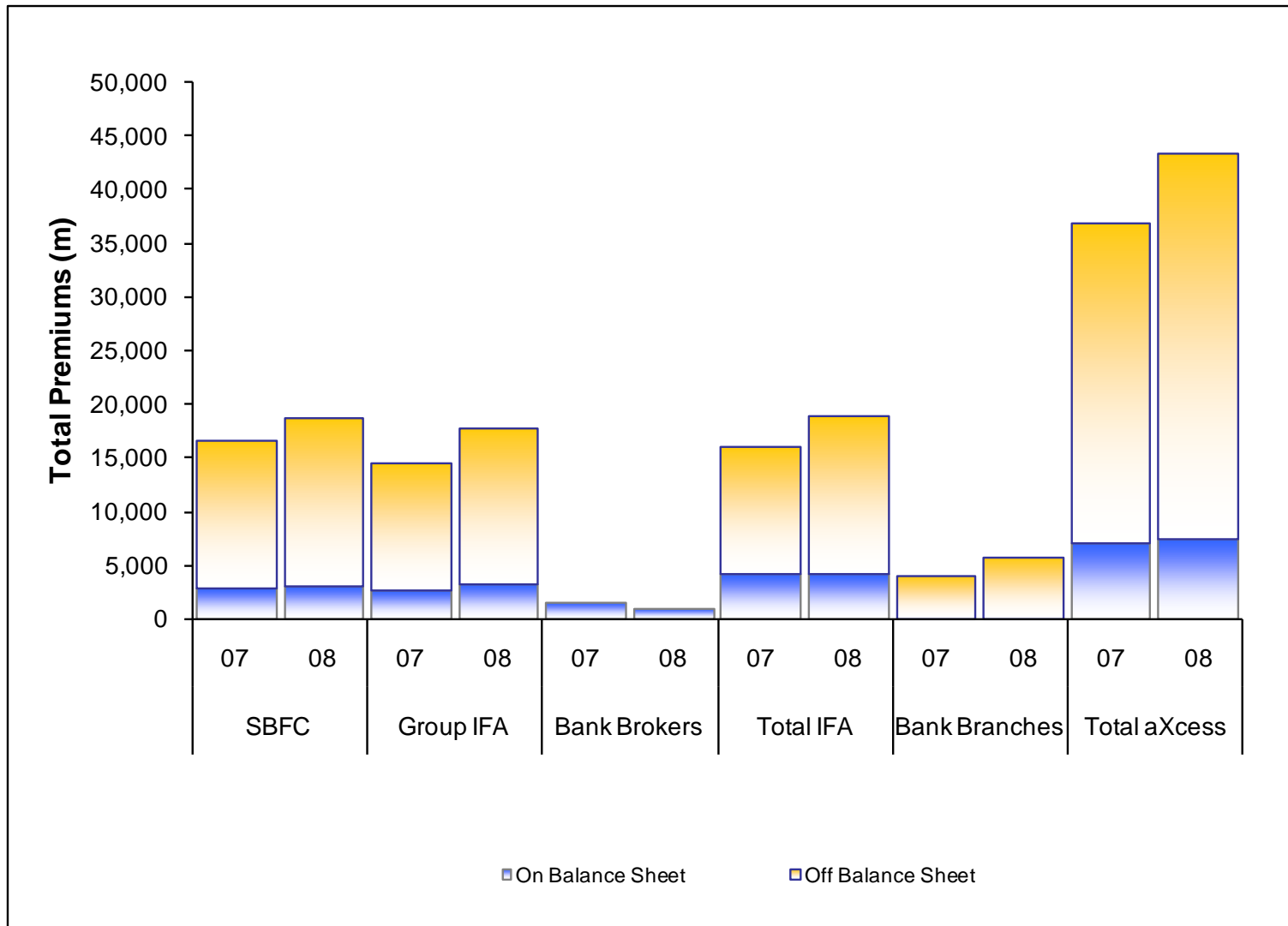
Manpower Growth : Sales Channels



On & Off Balance Sheet : Sales Channels - Sep YTD

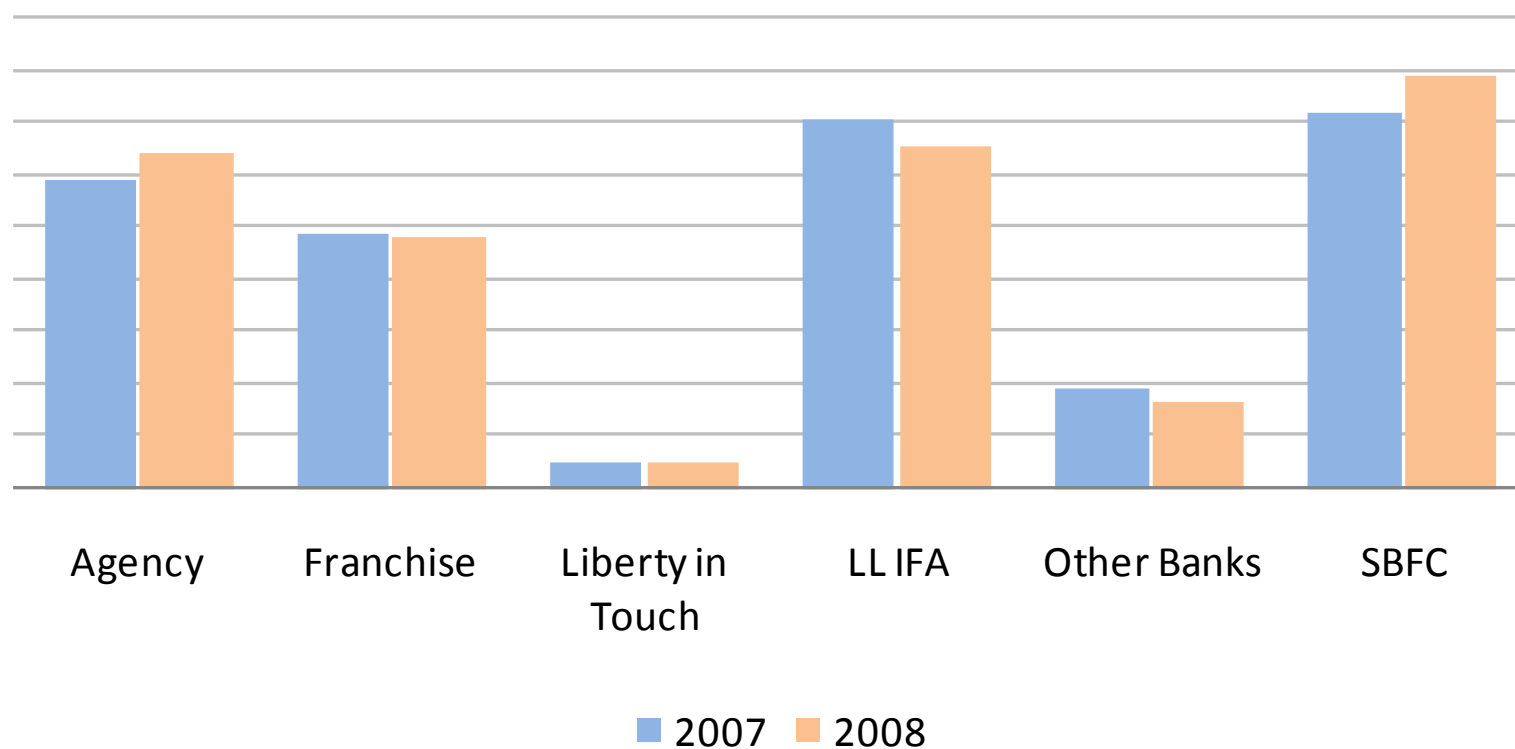


On & Off Balance Sheet : aXcess - Sep YTD



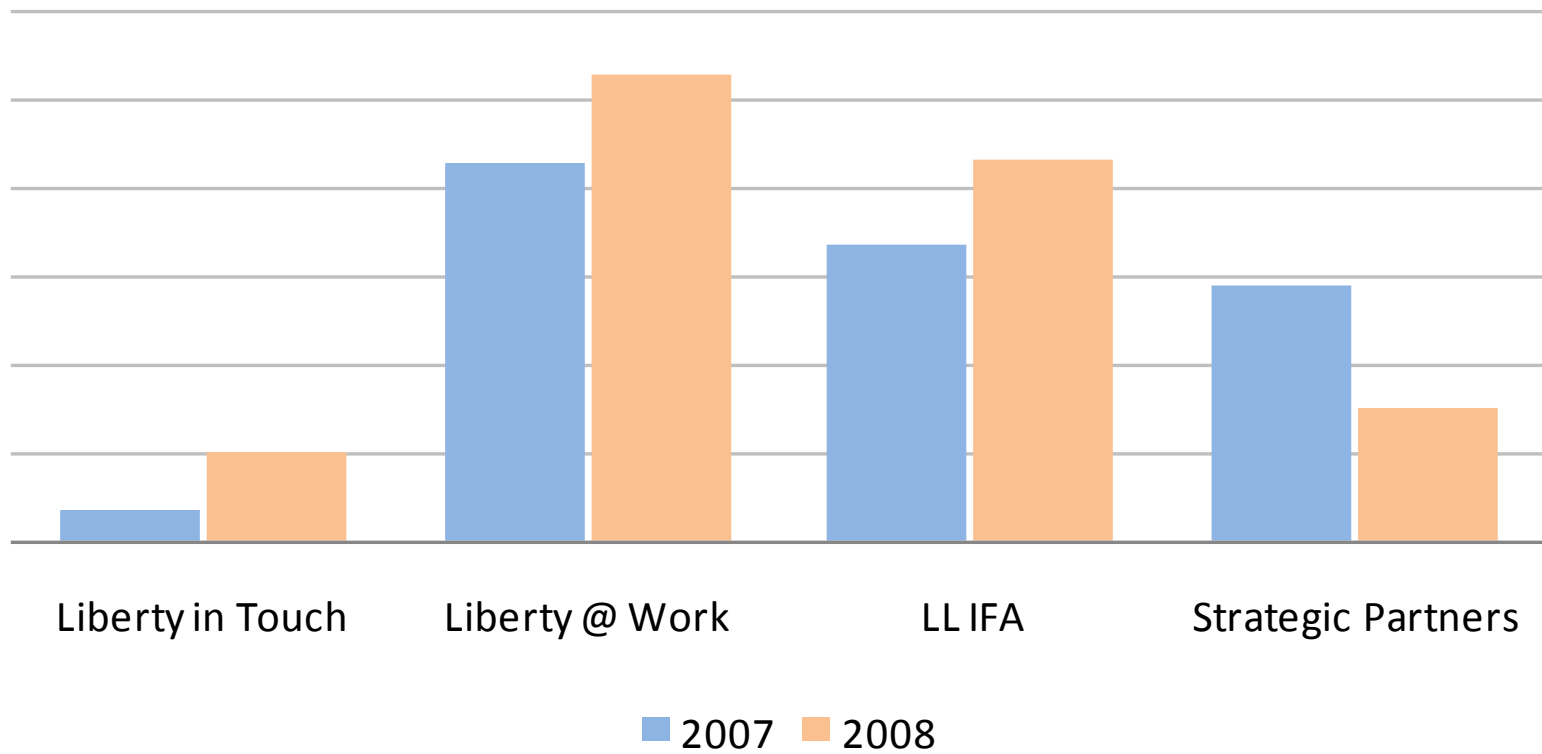
Case Count : Complex Cases - Sep YTD

Complex Cases : 2008 vs 2007



Case Count : ELM Cases - Sep YTD

Simple Cases : 2008 vs 2007

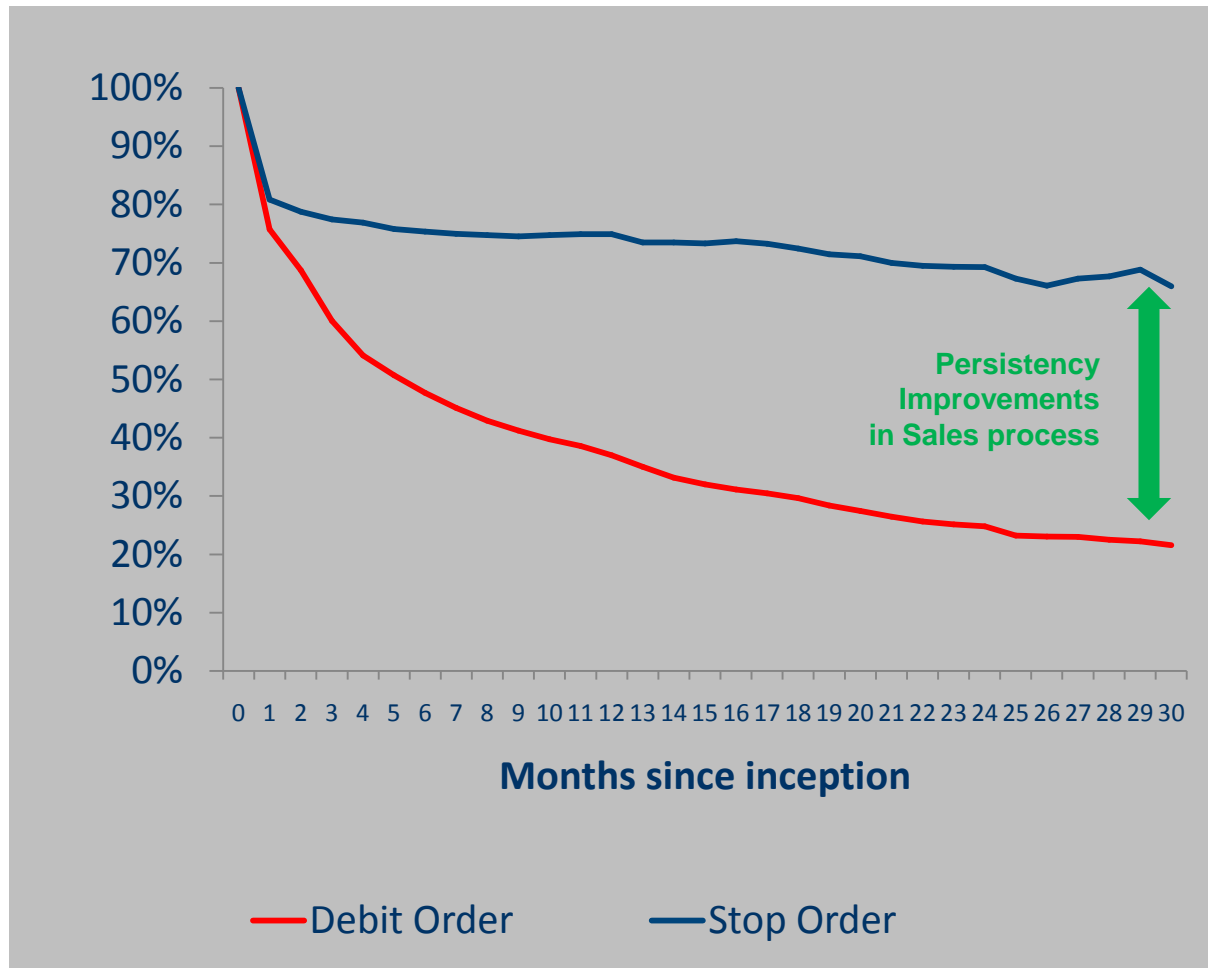


Segmentation in aXcess

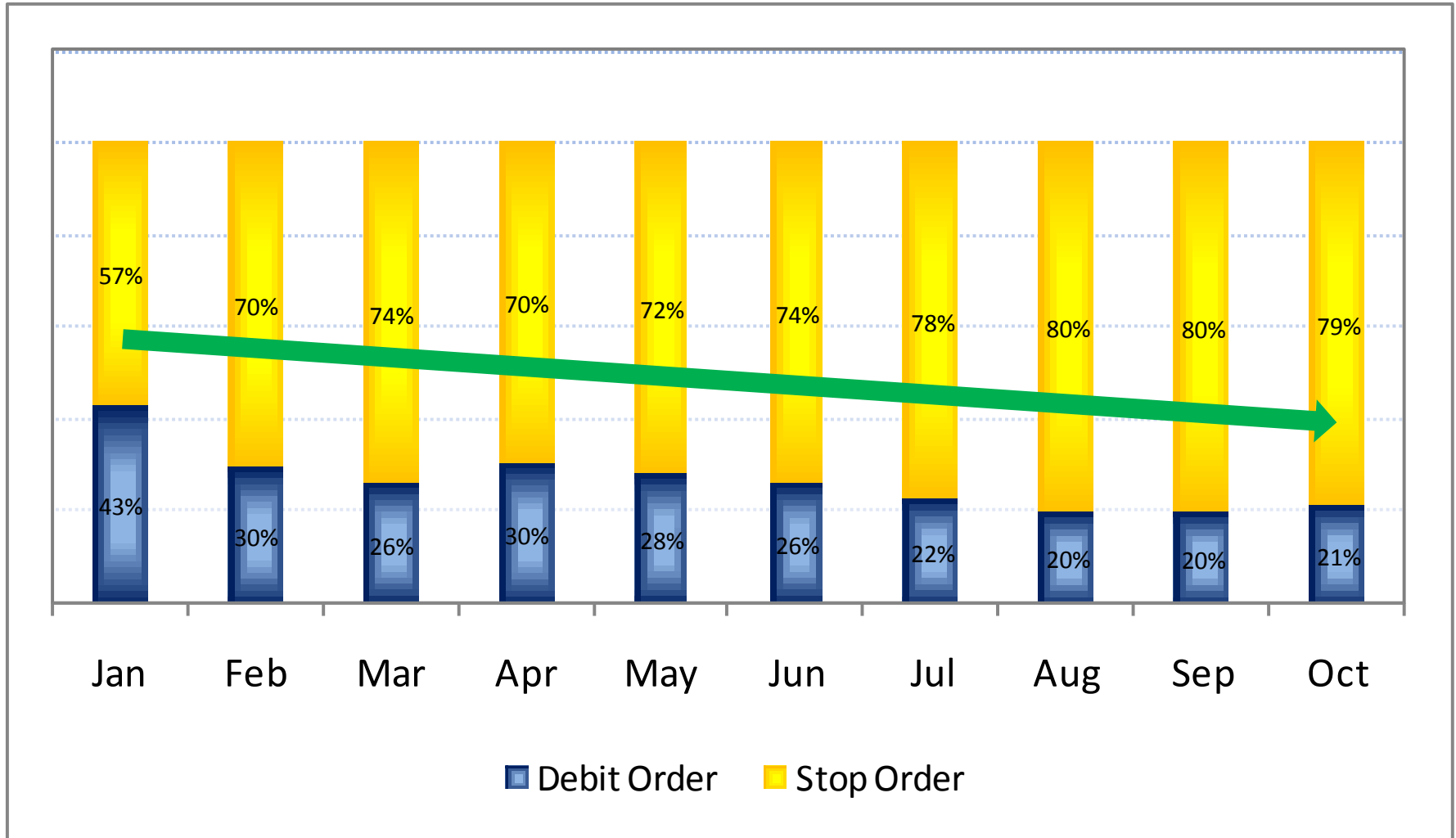
aXcess Channel	Segment
IFA	Priority
	Wealth
	Production
	New/Growth
Multi-Tied	Priority
	Production
	Growth
SBFC	Production
	Development
Tied Distribution	Priority
	Production
	New / Growth

Immediate Impact of Segmentation : Good Performance in IFA Growth Channels , 28% increase in production. Mostly Virgin Business from brokers from whom we never received any business previously

ELM Persistency : Stop Order vs Debit Order

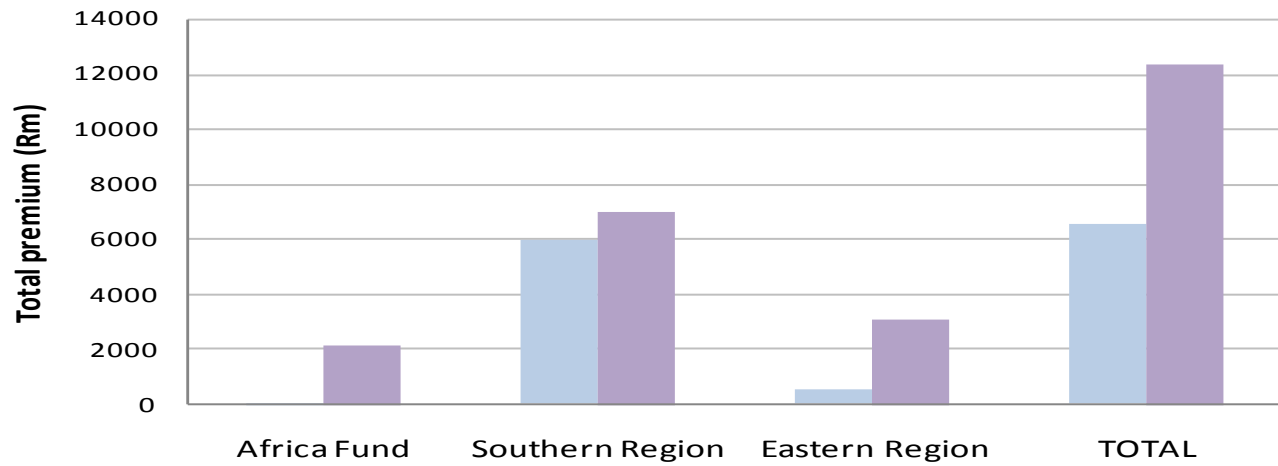


Liberty @ Work : Trend away from Debit Order to Stop Order Business

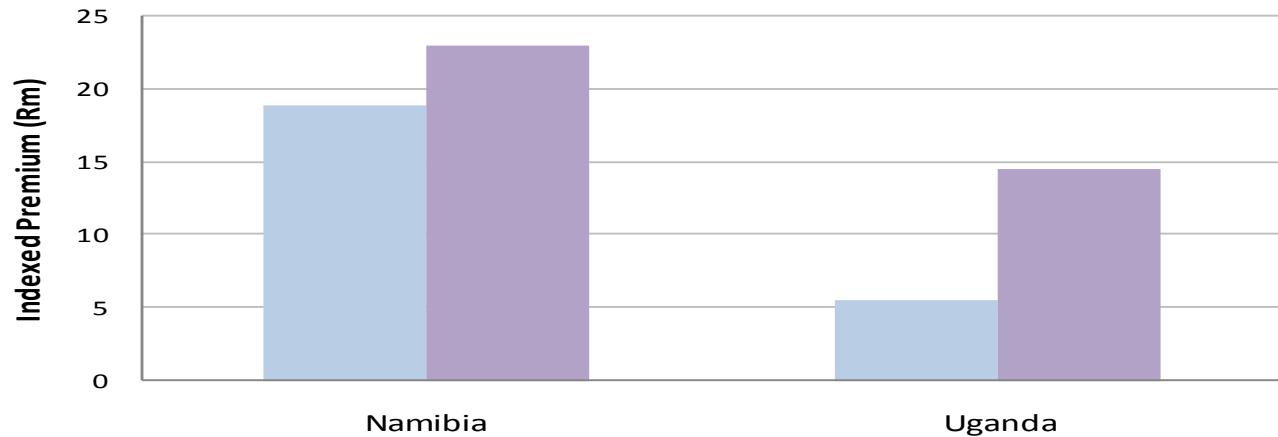


Africa

Africa Investment Sales : Off Balance Sheet



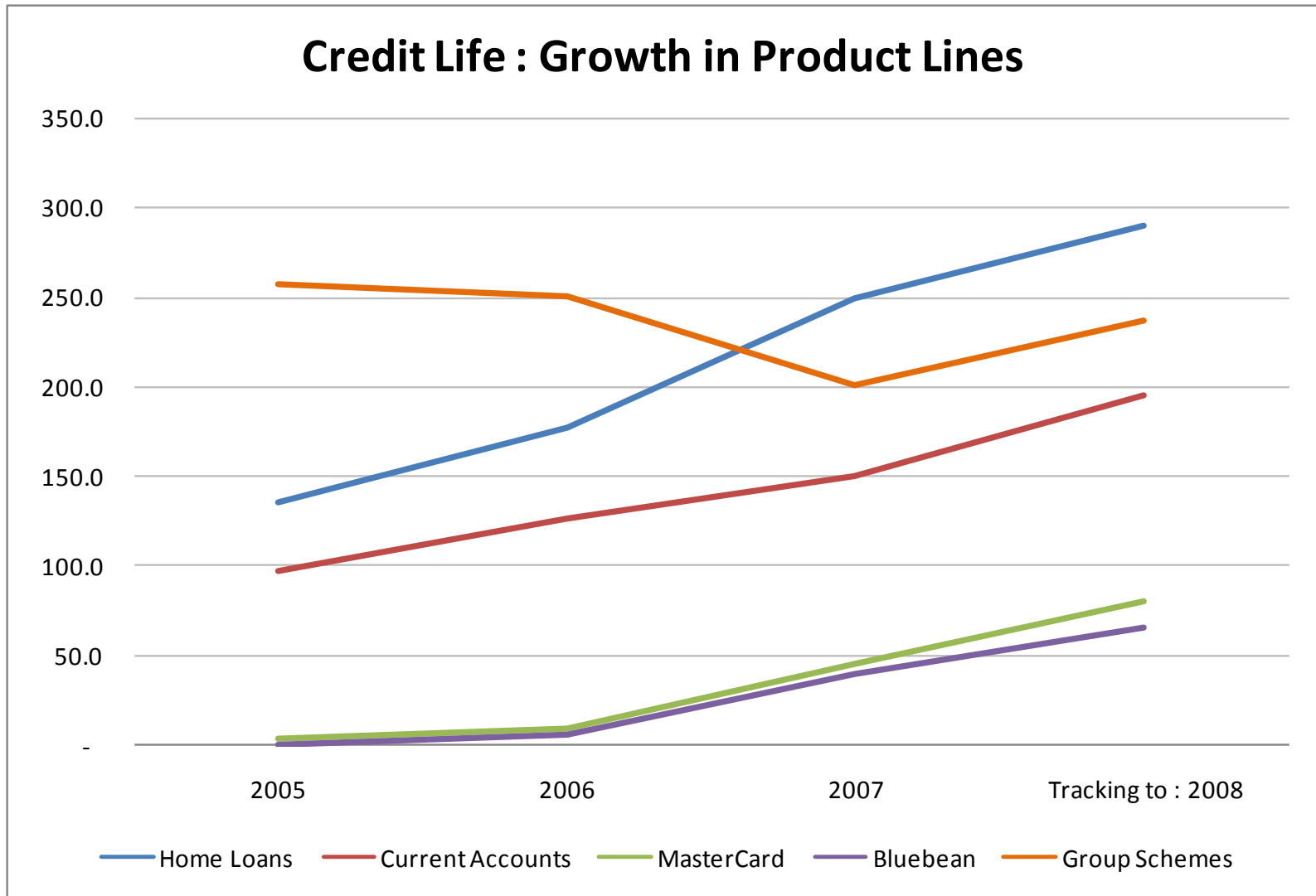
Africa Life Sales : On Balance Sheet



Bancassurance

Embedded Business Lines

Credit Life : Improved Growth Rates



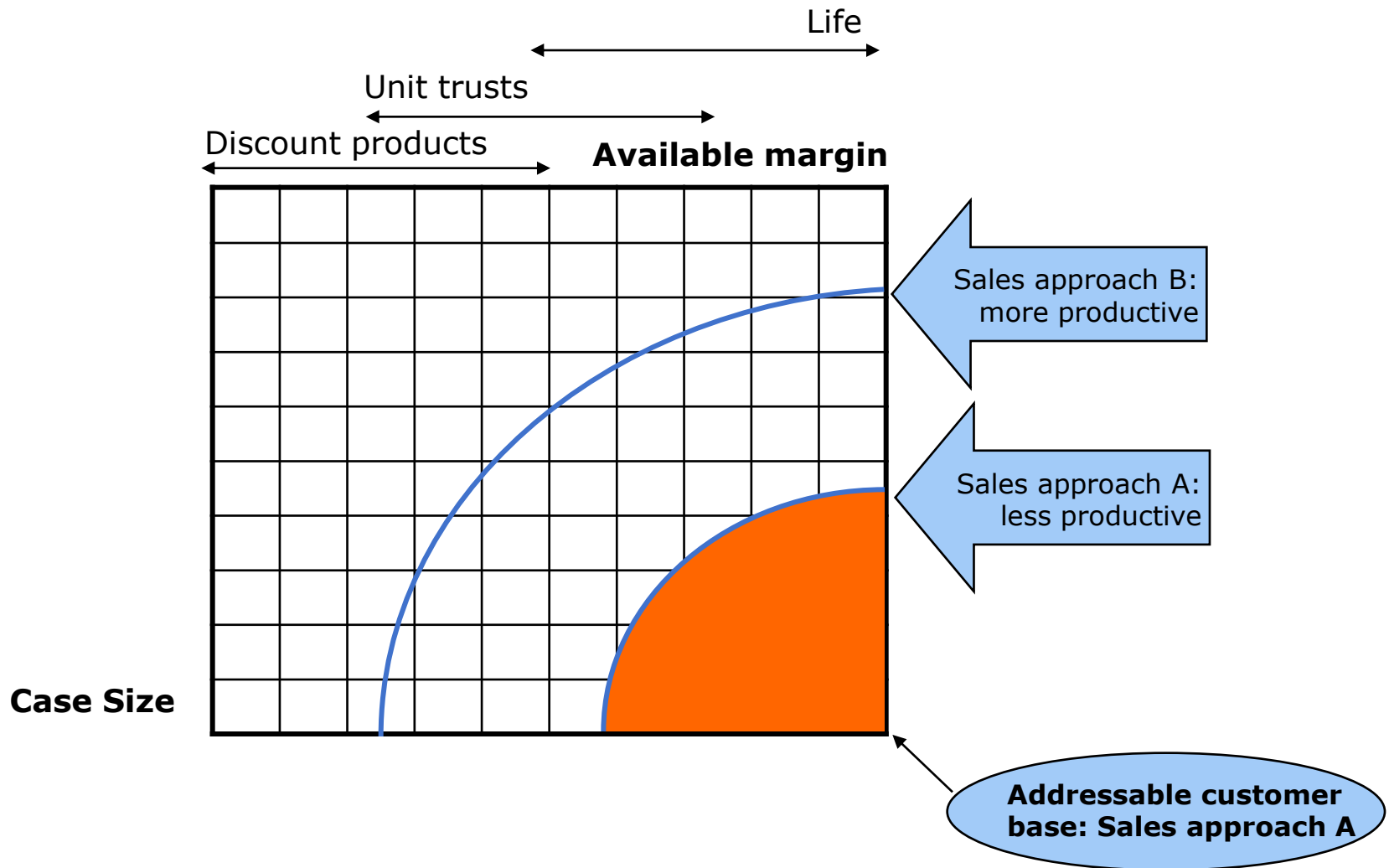
Credit Life : Penetration Rates

Penetration Rates : Credit Life Product Lines

Overdrafts, Loans	64.80%
Blue Bean	35.20%
Mass Market Funeral	28.50%
Home Loans	26.80%
Vehicle Finance	26.40%
MasterCard	19.40%

Productivity Projects

Productivity of the sales approach limits the customer base you can serve profitably



Sales Re-engineering Programme

- Consolidation of front end applications to enable single point of data capture across LibWealth BU's
- Single view of client for the advisor across LibWealth BU's
- Data integration which enables straight through processing (STP)
- Advice process aligned to customer profile and advisor experience and qualifications
- Compliance as an automated outcome of the integrated sale
- Sustainable leads generation and leads management solution

Service Re-engineering project

Objectives of the Servicing Re-engineering project:

- Efficiency servicing processes across decentralized operations, broker consultants and advisors
- Common service process across Libwealth BU's
- All work-in-progress across the LibWealth BU's will be transparent to the advisor
- The advisor decides on which correspondence medium suits his practice. (sms; email; post)

Risk Growth Project

Objectives of the Risk Growth project:

- New business growth
 - Increased productivity through use of tele-underwriting
 - Expansion of risk business to SBFC using tele-underwriting
 - Reduced NTU rates through pro-active requirements management
- Process efficiency reducing costs and increasing scalability
 - Increased automation of underwriting using Magnum
 - Increased process automation
- Improved risk management

New Commission Regulations

New Commission Regulations

- “As & when” commission – payable on payment of premium, at a maximum rate of 5% per premium
- Premium increases and additional premium payments are treated as separate policies
- Makes provision for new termination charges and termination periods
- Amends the claw-back periods on investment policies

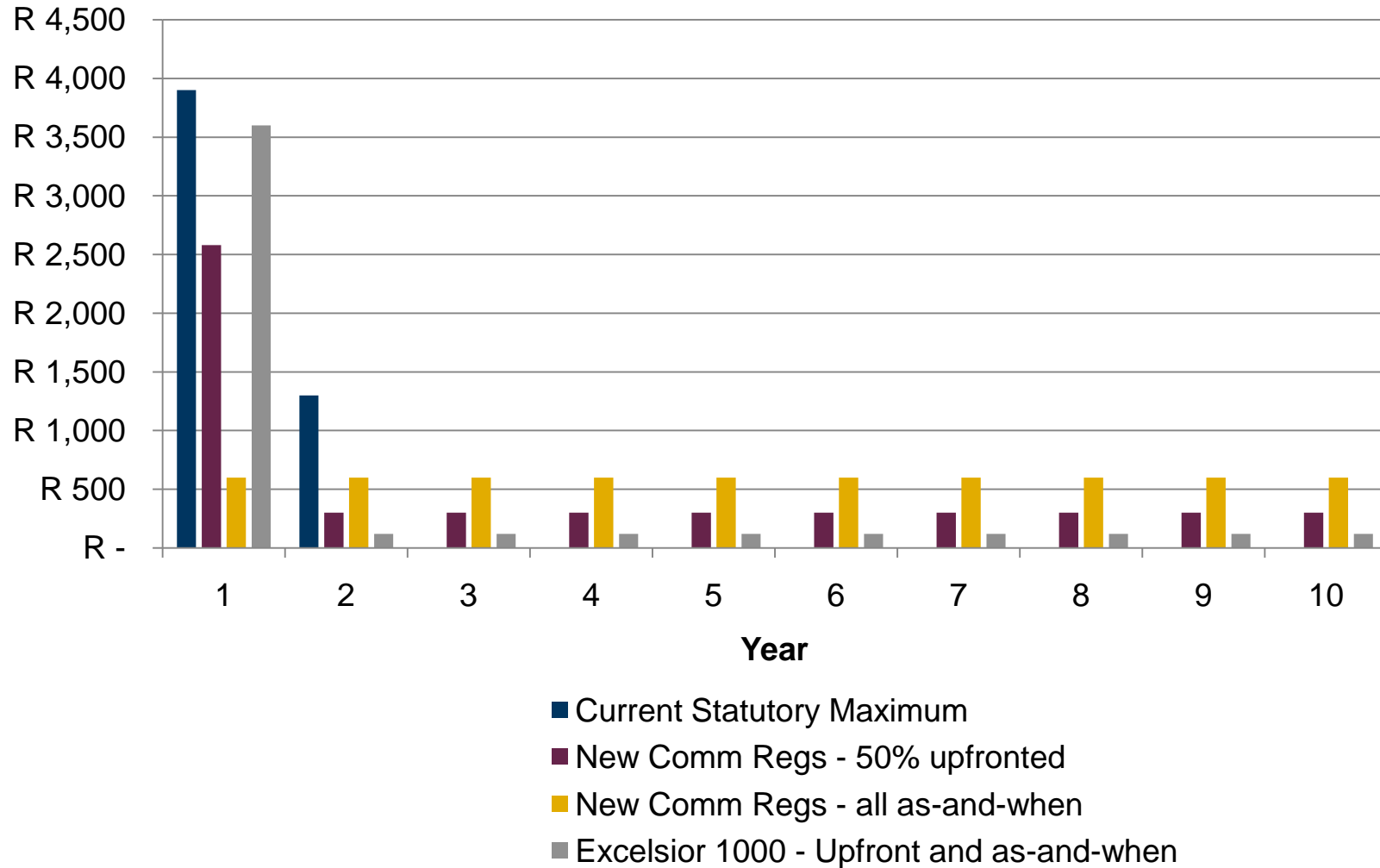
New Commission Regulations

- New product aligned to new commission regulations will be launched
- New regulations aligned to Liberty's view of future advisory models
- Creative solutions to assist FA's through the impact of cash flow strain
- Excelsior 1000 product positions Liberty well in the competitive landscape for the pending change in regulations

New Commission Regulations – Anticipated Impact

- Strain on manpower retention
- Migration to risk product concentration
- Improvement in persistency ratios
- Trend to off balance sheet investment product
- Concerns regarding changes in investment product terms that undermine spirit of regulation

Example: Impact of New Commission Regulations 10-year Endowment with no ACI



Questions