

# Liberty to scrutinise brokers

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LIBERTY Life said it would scrutinise brokers before engaging them to sell its products, in a bid to achieve less lapse rates in the future.

This is after the insurer rooted out over 1 000 unprofitable broker contracts and 60 call-centre agents for poor-quality business deals with radical lapse rates last year.

Liberty said this year it would roll out new, innovative products to boost sales and focus on quality business rather than chasing volumes.

Liberty Retail head Steven Braudo said there was a big pipeline of innovative products covering risk and investments and the company would use quality staff to work on the products.

"We want good, innovative financial advisers. For each guy we work with we will look at how long his customers stay. We want to get another 800 supportive brokers. We are going to give them the support in terms of productivity; administration and making sure their claims are paid faster. We are also looking at creating our own call centres," Braudo said after the company's full-year results presentation.

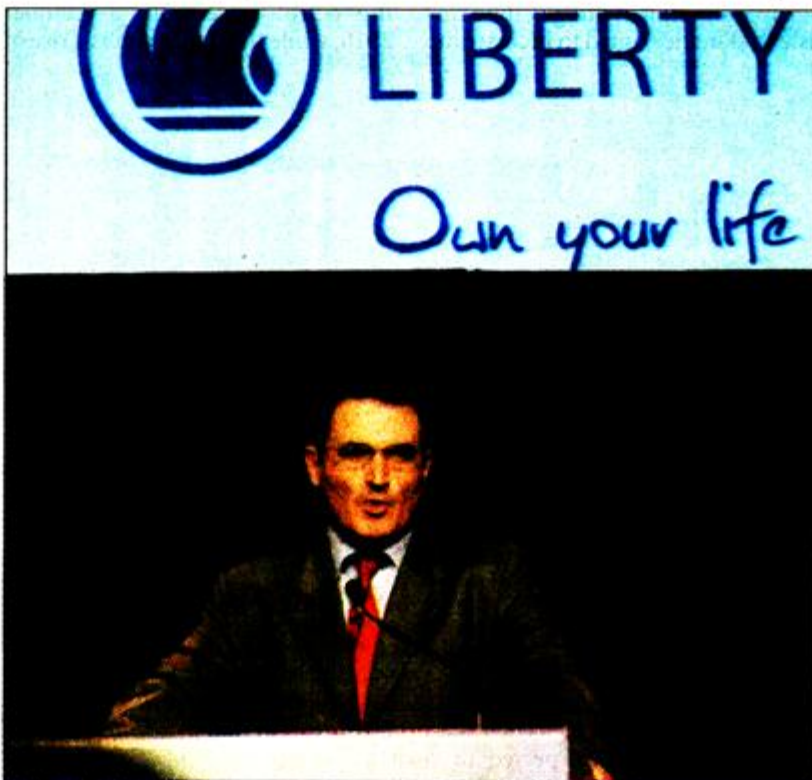
Liberty spent some time last year deploying customer defence practices against aggressive competition

## **CHANGES:** *Insurer seeks less lapse rates*

and remedying problems in the entry-level market business as a base to building future competitiveness.

The 60 third-party call centres

whose contracts were terminated serviced the entry-level market. In excess of 1 200 unprofitable broker contracts were terminated last year.



Liberty posted BEE normalised headline earnings of R2,5 billion for the full year to end December 2010 versus R135 million in 2009 and 907c for BEE normalised headline earnings per share compared to 47,2c 2009. The final dividend was maintained at 291c. On the issue of the dividend, which has been maintained for three years, CEO Bruce Hemphill said that going forward the company needed to consider the uncertainty around capital requirements for insurers before making changes to the dividend.

Hemphill hoped this new approach would help increase new business margins. Indexed new business sales fell 2% to R4,3 billion. He said he was confident that the quality of business would result in improved shareholder value in the longer term despite the short-term impact on sales.

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**BOOST.** Life insurer Liberty reported a surging rebound in full-year profit yesterday, as the economic recovery caused fewer customers to lapse on their policies and higher stock prices boosted investments. *Picture: Desiree Swart.*