



Renewing SA Retail

The SA Retail business is the heart of Liberty. In 2018 it generated 79% of the group's operational earnings. It is a business that has the scale and capacity to restore the success of Liberty. It is where we have succeeded in the past and we will operate it in a way that is fully integrated and provides a seamless, single delivery mechanism that supports the needs and expectations of our clients and advisers.

The success of our SA Retail business depends on many value drivers which received intense management focus in 2018. While improving the value of new business (VoNB), reducing complexity and improving financial controls are critical, we also maintained a focus on efficiently managing the in-force book.

In 2018 management continued its focus on the sales volumes and the VoNB challenges, paying specific attention to

Continued redesign of products to improve margins

Aggressively reducing complexity to remove maintenance costs and reduce the number of controls required

Strengthening cost management

Improving the productivity of the sales force

Efficiently managing the in-force book

Restructured to focus on clients and advisers experience

Our redesigned organisational structure enables us to prioritise the business in South Africa where we have a strong and competitive client franchise. Our corporate functions are aligned to support the SA Retail business, while having the capacity to provide leadership, corporate support and enablement to the other parts of our business.



The essence of our SA Retail business





Client and financial adviser experience

Placing the client at the heart of our business and understanding the critical role our financial advisers play

Material matters important to clients are often the same as for advisers. Allowing the adviser to succeed in their role results in **client and adviser value** through product and service sales. There is a clear dependency between client, adviser and Liberty's success.

Key stakeholders	Material matters	Response	Metric
Clients Financial advisers (tied and independent)	Claims and underwriting processes	Connected experience programme Product and pricing initiatives Digitisation focus Alignment of targets, recognition and reward Activity tracker for lower tenure advisers and individual pledges from E advisers RDR preparedness programme Restore brand consideration	Client net promoter score (NPS)
	Client administration service		Client satisfaction index (CSI)
	Competitive product set		Complaint response and resolution
	Utilisation of technology for clients and financial advisers		Client complaints
	Retention of tied financial advisers		Tied adviser turnover
	Productivity of distribution channels		Independent financial adviser perceptions
	Impact of retail distribution review (RDR)		

Engagement

Our financial advisers (both tied agents and independent financial advisers) are often the face of Liberty to our clients. While delivering value to clients by applying their knowledge and expertise to provide responsible and objective financial advice, they also learn clients' needs, wants and expectations.

Liberty's businesses also engage directly with clients and potential clients and identify client needs and concerns. Within the South African operations, there are numerous touchpoints where clients can communicate with Liberty to convey their needs, wants and expectations. In addition to one-on-one adviser relationships, clients have access to a variety of channels to communicate with us directly, including an extensive call centre which deals with complaints, service issues, claims, product sales and advice, social media and web-based platforms.

Following extensive engagement with advisers, we launched Liberty Advisory Partners (a repositioning of the previous "tied channel"). Proactive engagement resulted in significant progress being made regarding the Standard Bank Financial Consultant (SBFC) support model and the independent financial adviser value proposition and segmentation approach.

Our responses to these material matters reflect our commitment to renewing the SA Retail operation, a key goal of Liberty. To achieve this goal, we embarked on a redesign of the SA Retail business to focus on clients and advisers. This is discussed on page 20.

Our redesigned organisational structure allows us to:



Client and financial adviser experience continued

Connected experience (client and financial adviser experience)

Developing, preserving and enhancing relationship capital between clients, advisers and Liberty is fundamental to our ability to deliver on our purpose, the attraction and retention of financial advisers and Liberty's financial success

Insurance has traditionally been a product-centric business, focused on developing the best products for a given risk and delivering those in the most cost-effective manner. Now, because of technology, increased competition from non-traditional players and heightened consumer awareness and connectivity, we need to understand and service our clients better than ever. We need to understand their true needs in order to redefine the products and services we offer and the ways in which we interact and serve them.

Strategic context

The connected experience programme is focused on delivering a simplified, connected and enhanced client experience and also enabling our advisers and employees who ultimately deliver the experience.

This will support the vision of transforming Liberty to be the trusted leader in South Africa and chosen markets by delivering superior value through exceptional client and adviser experiences.

Objectives



Improve client and adviser experience

Reverse the downward trend in client NPS, while improving experience for advisers. Drive more consistent service quality score across channels.



Drive self-service scale and adoption

Drive scale of client self-service, with a focus on transferring "view" and basic "do" transactions from contact centre and email channels to self-service. A key imperative is onboarding clients to self-service.



Reduce costs in service environment

Generate costs savings in the servicing environment through the iterative deployment of self-service and automation related to client and adviser servicing.

Deliverables



Providing a comprehensive and intuitive online self-service portal for clients, with an extended set of "view" and "do" features. Onboarding both new and existing clients to the new self-service portal, while generating insights from digital servicing and engagement.



Enabling employees to efficiently and effectively administer, assess and rehabilitate a claim through a workbench of tools and supporting automation. Empowering claimants to log a claim online with streamlined requirements and communication throughout the journey.



Streamlining the current underwriting/onboarding and disbursements journeys through smart forms and requirements along with optimised client and adviser communication. Providing advisers with the right information at the right time to enable meaningful conversations.

Client experience outcomes

Show me that you know me

Ask me once ...if at all

Connect, empower and enable me

Shield me from complexity

Show me that you care

Keep me in the loop

Products and pricing

The financial transformation initiative aimed to reduce the number of investment portfolio, simplify Liberty's operational processes, create efficiencies, and provide clarity to clients. Other objectives included modernising and improving the financial recording and reporting systems and processes across a wide range of applications and environments.

Simplifying portfolios and products reduces complexity for clients, financial advisers and Liberty. Consolidating products and reducing the number of portfolios allows for more focused advice from advisers and clarity for clients. The first batch of portfolio rationalisation took place in the last quarter of 2017. A quarterly review of portfolio relevance based on adviser and client feedback was performed, leading to the number of portfolios being further reduced.

Much of the work on the Solution Lifecycle Management programme focused on rationalising the systems used for policy administration. The migration from the legacy liability administration system to a consolidated policy administration system is tracking to plan and budget, and is expected to be completed in 2020.

We undertook an extensive review of our risk products. Enhancements were made to benefits (death income, lump sum versus annuity, redundancy periods and medical premium protection), price and risk (rate reviews and rate specials), processes (stop order facility), and distribution and marketing (ADDLIB - Liberty's cash-back programme).

In addition to rationalising our investment products, we launched an off-shore endowment product, increased the minimum premium on our core retirement annuity product and aligned the high watermark guarantee across the Bold and Agile retirement annuity products. Asset management fees were reduced.

Restore brand consideration

Our newly established research and insights office undertook a market study designed to provide a biannual brand health tracking measure for Liberty against competitors within the long-term insurance and investment sectors. The sample of 1 695 individuals was filtered to include the market as defined by Liberty, and both conscious and nonconscious brand awareness was measured. The output from this study provided insights into Liberty's share of brand motivation, the relative split between the drivers of relative edge and default power, and brand imagery. While Liberty's brand recognition remains high, converting this recognition into brand consideration and establishing a relative edge is our immediate challenge.

Performance

The metrics and planning team was tasked with proposing key organisational metrics across our strategic workstreams. This process will continue into 2019 as the selection of primary and secondary metrics and lead and lag metrics is finalised. From previous periods we have a history of metrics used to measure the quality of our relationships with clients. Metrics for financial advisers are more difficult to select and measure effectively and as such, we often use proxy metrics or qualitative feedback.

We use our Voice of the Client survey to measure the quality of our client relationships. Complaint volumes and retentions are considered as indicators of our service quality and therefore our client relationships. Greater analysis of complaints will assist us to understand underlying challenges in our products and services levels.

Our Voice of the Client survey provides insights into our clients' satisfaction. The sample of more than 1 200 Liberty clients across the areas of servicing, new business and claims provided us with their opinion of Liberty and its approach to clients. Client satisfaction index (CSI) scores ranged between 68,5% and 78,2% and net promoter scores (NPS) ranged between 14% and 43% across the three areas. Clearly there are areas in which Liberty performs well and others that require significant improvement. We also measure the number of problems experienced by our clients in each area and how their complaints were handled.

Client servicing scored lowest. The handling of claims also fell short of target. Our advisers continue to provide a high level of service to clients and represent the brand in an exemplary manner.

COMPLAINTS RECEIVED THROUGH DIRECT LIBERTY CHANNELS



AVERAGE TURNAROUND TO RESOLVE DIRECT COMPLAINTS



VOLUNTARY CONCESSIONS PAID



Refer to page 55 for more details regarding complaints, adverse findings and the value of concessions.

Client and financial adviser experience continued

MyLiberty

Track your financial future in your own time

We launched our new client portal to employee clients in October 2018 and began advising external clients of its availability from November. Already live on Liberty's website, we continue to send up to 10 000 emails each day to clients on a tiered basis, encouraging them to make use of this self-service portal. This online portal is designed to empower clients, allowing them direct access to documentation, real-time information and the ability to change key profile information in a secure environment using one-time pin numbers and activity logs. Linked financial advisers are informed of clients' activities on the portal, keeping them up to date with client details, saving time for the adviser and the client, and enabling the advisers to focus on their core responsibility of providing advice. Web-based at present, we hope that this portal will develop into an application, providing clients and advisers with a single point of entry to Liberty, including the initiation of claims and full view for financial advisers.

Financial advisers

The quality of our relationships with both tied and independent advisers is measured using three measurement tools:

- 1 Ongoing dipstick surveys which are aggregated periodically
- 2 The Voice of the Financial Adviser (VoFA) survey
- 3 The independent NMG Group survey of financial advisers

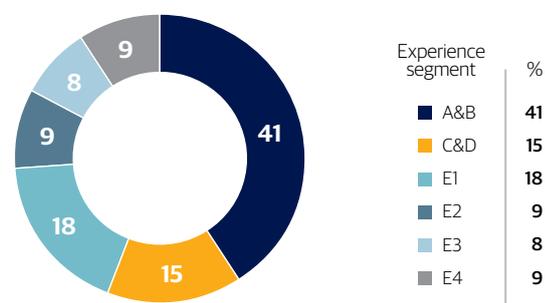
Liberty monitors the success of its financial adviser value proposition by measuring the number of advisers who have achieved E-adviser status (having an affiliation with Liberty for over five years) and the percentage who progress from pre-contract training to become E-advisers. This latter number is benchmarked against international norms.

The independently conducted NMG Group survey ranks financial services companies against a variety of performance drivers including service, product, brand and price. Liberty performs satisfactorily from an overall perspective. However, we have set ourselves targets to improve our performance in several areas, including product and technology.

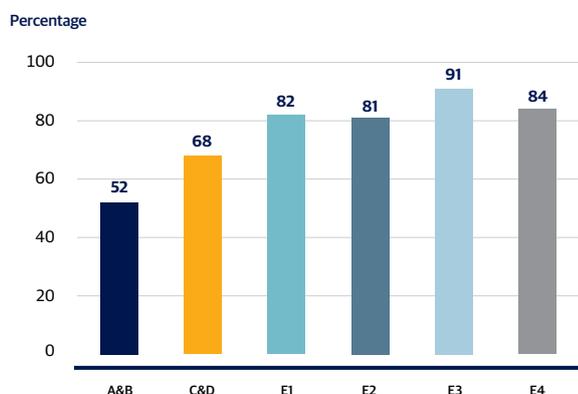
Gap forums continue to provide a feedback loop to Liberty and adviser groups share best practice experiences with one another.

Following our work on storage and processing platforms in 2017, Liberty responded to adviser concerns regarding accessibility and availability of its adviser web-based platforms by addressing network capacity and establishing a second data centre.

Financial adviser - experience segments



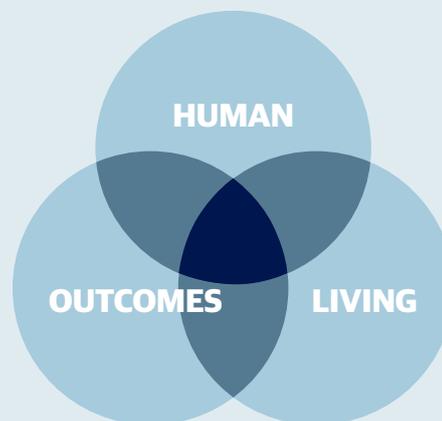
Financial adviser retention rates



Experience segment

■ A&B < 2 years	■ C&D > 2 years	■ E1 > 5 years
■ E2 > 10 years	■ E3 > 15 years	■ E4 > 20 years

Our advice philosophy



DELIVERED THROUGH

Best advisers

Advisory partners	Independent advisers	Bank advisers	Robo advisers
-------------------	----------------------	---------------	---------------

SMART ENABLEMENT

ADVICE CULTURE

An advice philosophy that places a client at the heart and delivers a human, living and outcomes-oriented experience, via the best advisers with smart enablement and an advice culture