



Momentum Metropolitan Non-life Insurance cluster Our long-term GROWTH story

Herman Schoeman
CEO Guardrisk

Brand Pretorius
CEO MSTI & MI

Lourens Botha
Financial Director, Guardrisk



Agenda

1

Momentum Metropolitan Non-life Insurance

- Key aspects | Guardrisk and Momentum

2

Reinvent and grow

- Guardrisk | Reinvent and grow
- Guardrisk | Right to win

3

Reinvent and grow

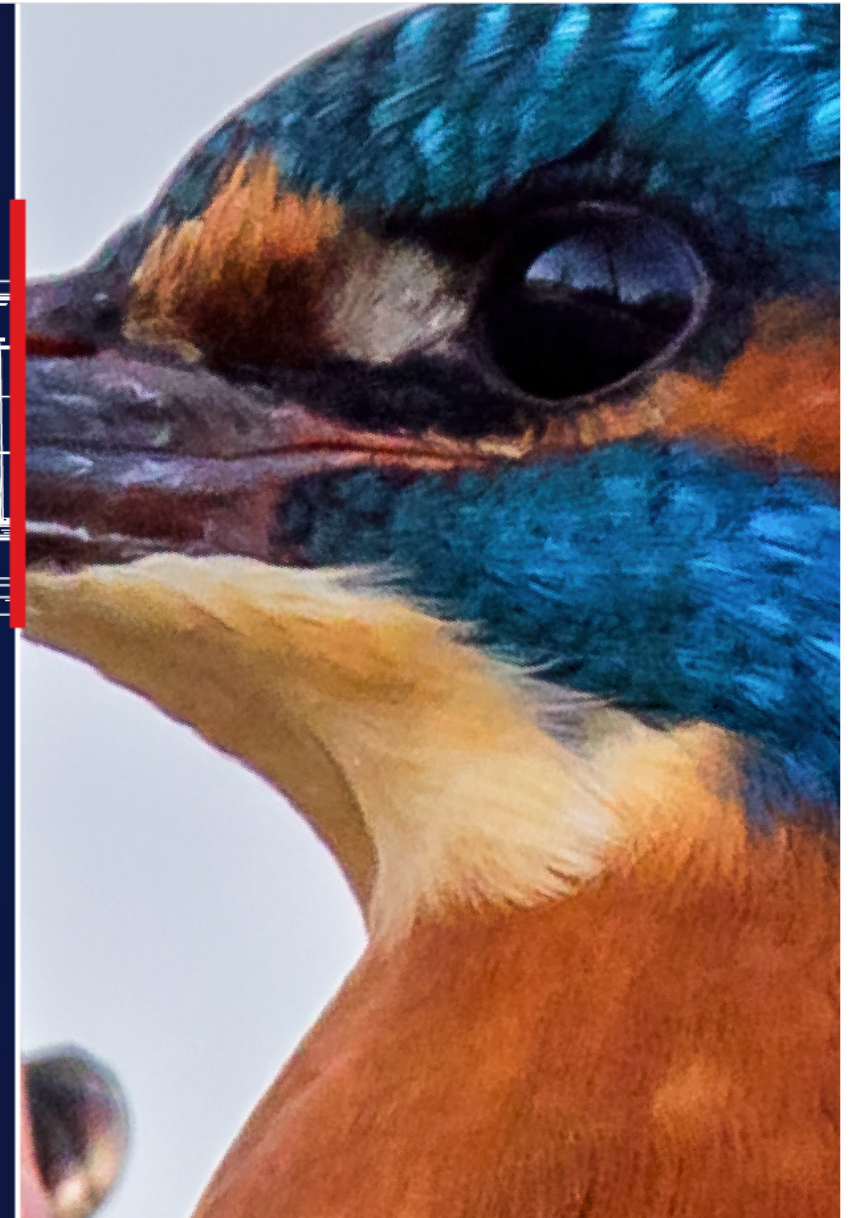
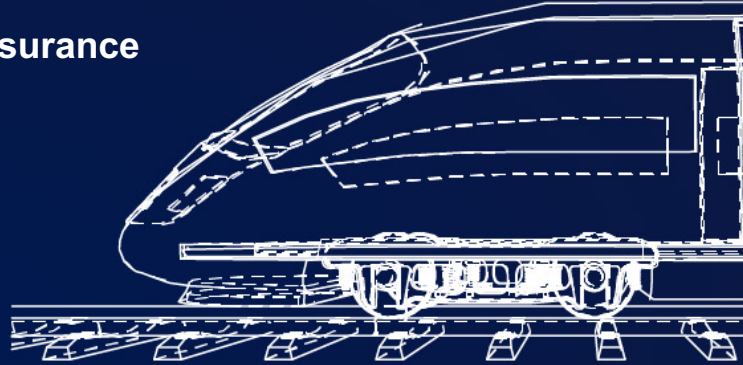
- Momentum Short-term Insurance
- Momentum Insurance (AFI)

4

Financial projections

5

Conclusion



Part
01

Momentum Metropolitan Non-life Insurance

Momentum Metropolitan Non-life Insurance | June 2020

GWP | R27bn
Earnings | R405m
Market share | 10%
Employees | 1280

Momentum Metropolitan Non-life Insurance | At June 2020

GUARDRISK

GWP | R24.5bn
Earnings | R335m

momentum

GWP | R2.8bn
Earnings | R70m
Policy count | 158k

**Cell
Captive**
Life & non-life

GWP | R21.8bn
Earnings | R232m
Cells | 276

**General |
GGI**

GWP | R2.7bn
Earnings | R103m
Margin | 9%

Micro

New

MSTI

GWP | R982m
Earnings | (R18m)

**Momentum
Insurance
(AFI)**

GWP | R1.8bn
Earnings | R88m (5 months)

How do we differ?

- Distribution & market segments
- Product range
- Governance structures
- Line of business systems
- Strategic drivers

What is the same?

- Dynamic and innovative
- Organic and in-organic growth strategies
- Stretched growth objectives

Synergies

- Limited
- Knowledge sharing
- Procurement
- Leadership

Part

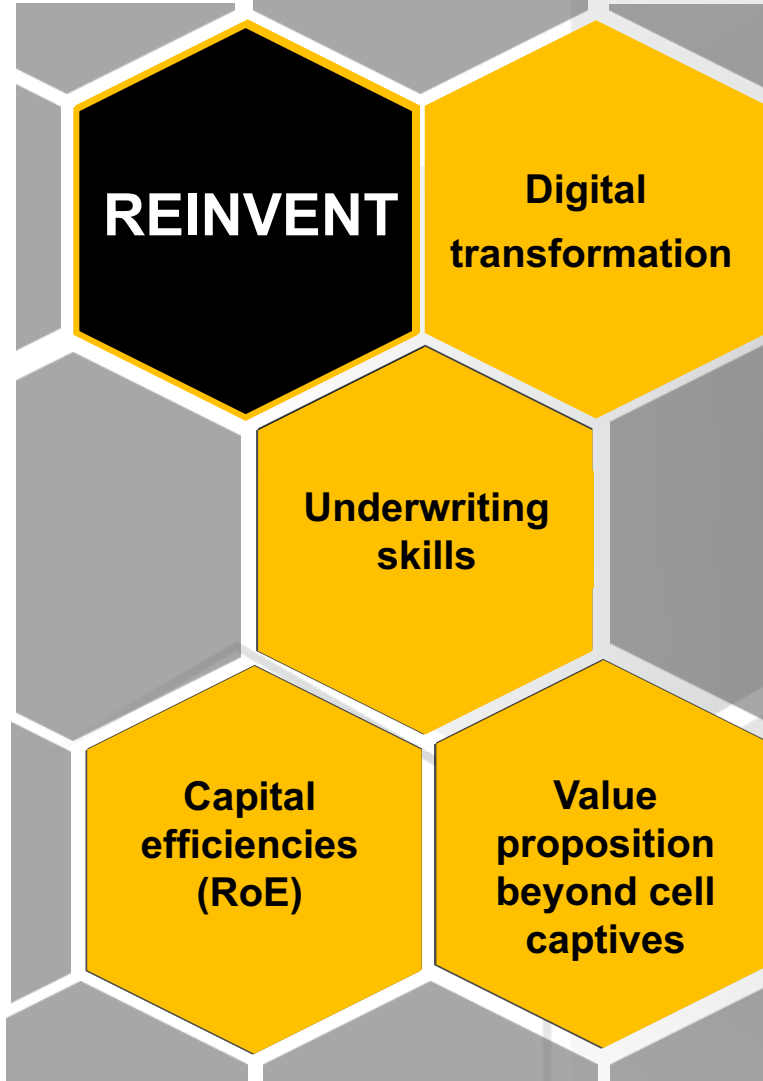
02

Reinvent AND Grow

Guardrisk

Reinvent and Grow





Guardrisk | Right to win | Differentiators

Future competitive advantage | Reinvent



Capital efficiencies
(RoE)



Holistic client value
beyond cell captives
(digital)



Monetise data assets
through advanced analytics

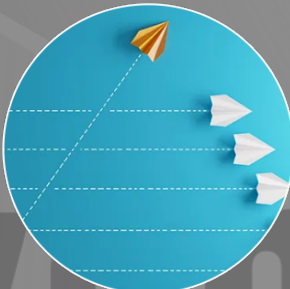


Improved technical
underwriting skills

Current competitive advantage | Grow



Revenue
diversification



Ability to
innovate



Superior cell
captive capabilities



Deep client and
broker relationships

Momentum Short-term Insurance
Momentum Insurance (AFI)

Reinvent and Grow

Reinvent and Grow

Where have we come from?

Momentum Short-term Insurance (MSTI)

- ✓ **Full** value chain
- ✓ **SA focus only**
- ✓ **Exit** unprofitable portfolios
- ✓ **Enhance** pricing & underwriting capability

but

- Sub-scale with muted growth prospects
- Sustainable profitability not yet achieved

Reset successfully concluded

But some challenges remain



Momentum Insurance (MI) (formerly Alexander Forbes Insurance)

- ✓ **Profitable** business
- ✓ **Sizeable** in terms of premium income
- ✓ Excellent and complementary **products and personalised service offering**

but

- Old systems and manual processes
- No digital capabilities

Reinvent and Grow

What does the reinvented business look like?

A sustainably profitable insurer, leading the way in keeping South Africans safe, beyond insurance

One combined & integrated business – stronger together

Momentum brand, with clear & distinct positioning, with safety at its core

Broader set of product & service solutions, aimed at clearly defined client segments

Fully integrated, at scale, front and back office, utilising MSTI systems & digital capabilities

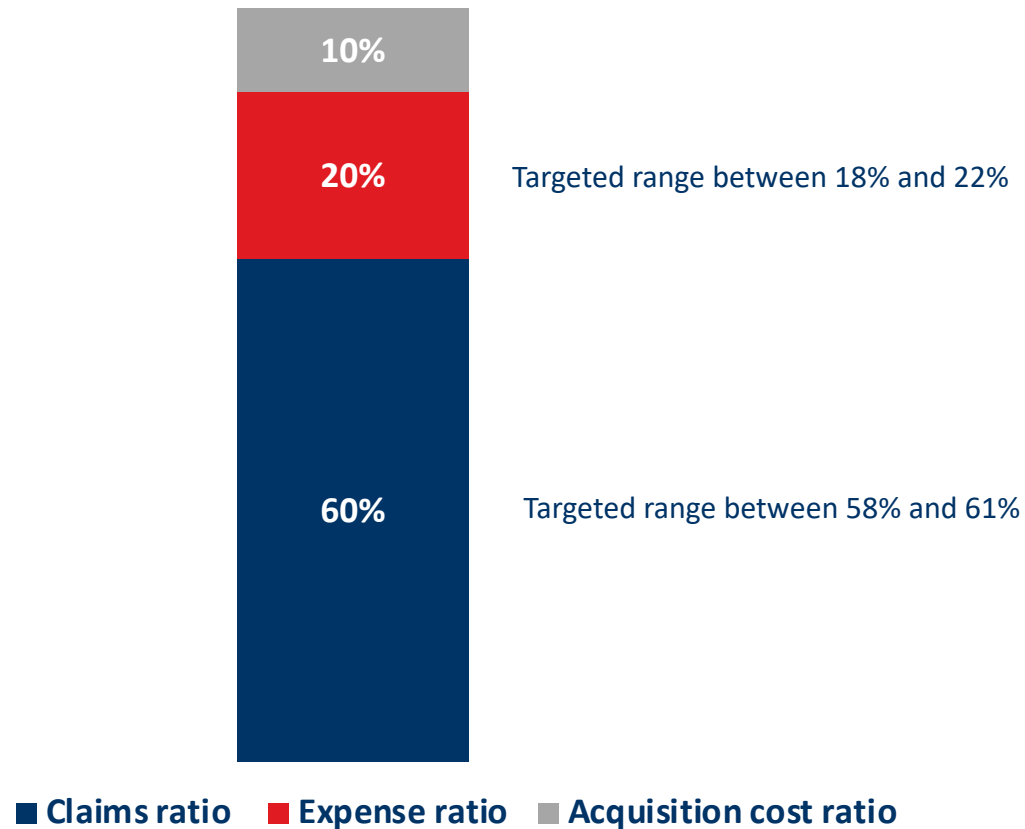
Diversified distribution and sales capabilities



Reinvent and Grow

What does the reinvented business look like?

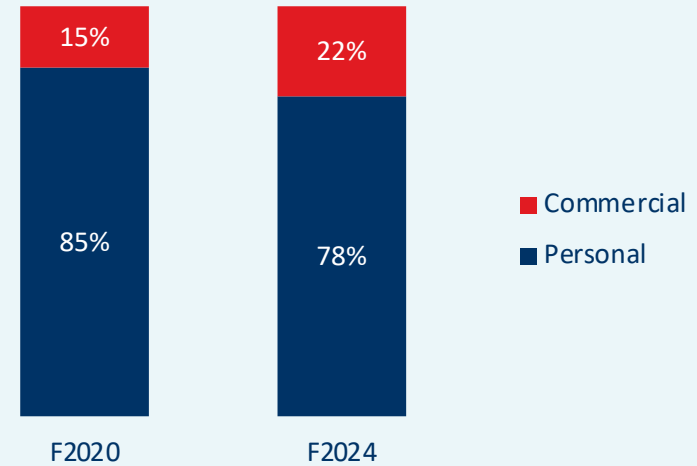
Targeted medium-term combined ratio



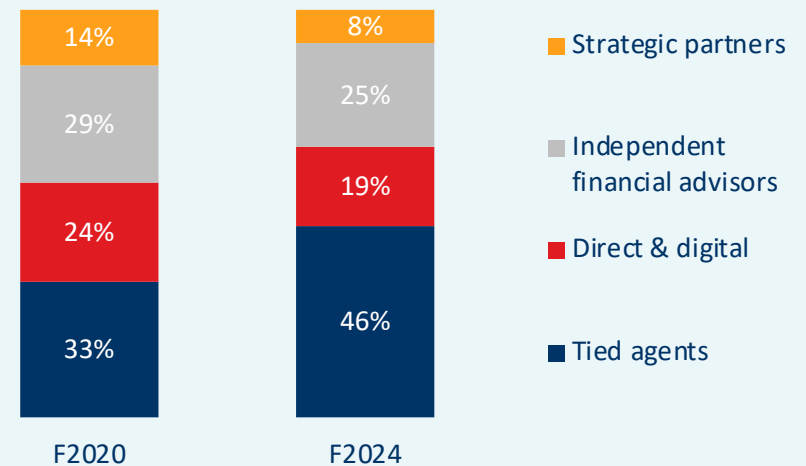
Product and distribution channel mix Improved new business diversification



By product



By distribution channel

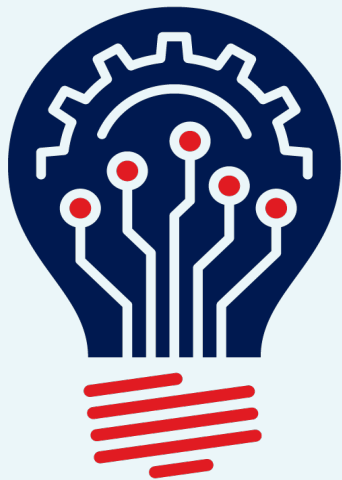


Reinvent and Grow

Focus areas



Sustainable profitability through scale and value beyond traditional insurance



Reinvent

- 1** Deliver integrated business by F2022
- 2** Own Safety as distinctive customer value proposition
- 3** Shift towards a market-led business, with leading product and service solutions for targeted segments
- 4** Focused digital transformation



Grow

- 1** Grow gross premium income to R3.6bn – R4bn by F2024
 - Tied agency force
 - Direct & digital
 - Commercial
- 2** Double earnings by F2024

Sustainable profitability through scale and value beyond traditional insurance

1

Deliver an integrated business by F2022

- Implementation done in two phases, to be concluded by 30 June 2022
- Financial results tracking well against key business case metrics
- All key management, as well as sales & distribution staff retained
- Client lapses better than expected and in line with historical trends
- Strategic business partnerships remain in place

2

Own Safety as a distinctive customer value proposition

- Process to expose all clients to Safety value proposition commenced, uptake improving
 - Mobile panic button
 - Safe Dayz (telematics)
 - Safety Score
 - Safety bonus
- Engaged clients displaying improved behaviour
 - ✓ Claims frequency
 - ✓ Persistency

Sustainable profitability through scale and value beyond traditional insurance

3

Shift towards a market-led business philosophy

- Enhanced, more comprehensive product and service offering in key targeted segments, based on deeper client insights

High net worth / Upper

Middle

Specific (women, retired)

Digital savvy

SMME

- New products and solutions in pipeline, with specific focus on digital and commercial lines

4

Digital transformation

- Utilisation of digital channels increased due to impact of Covid-19 pandemic

- Expose all clients to existing (MSTI) digital capabilities

Online quote

Online & web self service

Chatbot

Straight through claims processing

- Medium-term focus on enabling other strategic choices

Reinvent and Grow

Growing the business

Focused solutions, providing more choice, across more channels

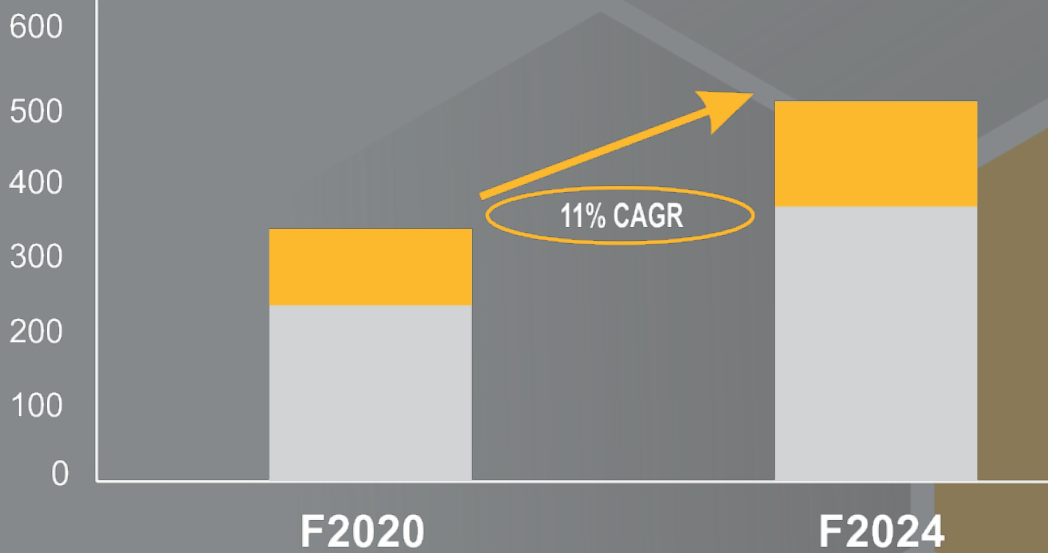
Tied agents	<ul style="list-style-type: none">• Increase headcount• Improve productivity• Higher average premium values
Direct & Digital	<ul style="list-style-type: none">• Distinctive positioning• Increased marketing investment• Digitally native solutions
Commercial	<ul style="list-style-type: none">• Improve ease of doing business• Focused distribution• Product enhancements
Independent Financial Advisors & Strategic partners	<ul style="list-style-type: none">• Combined distribution footprint• Access to wider solution set• Improved system integration



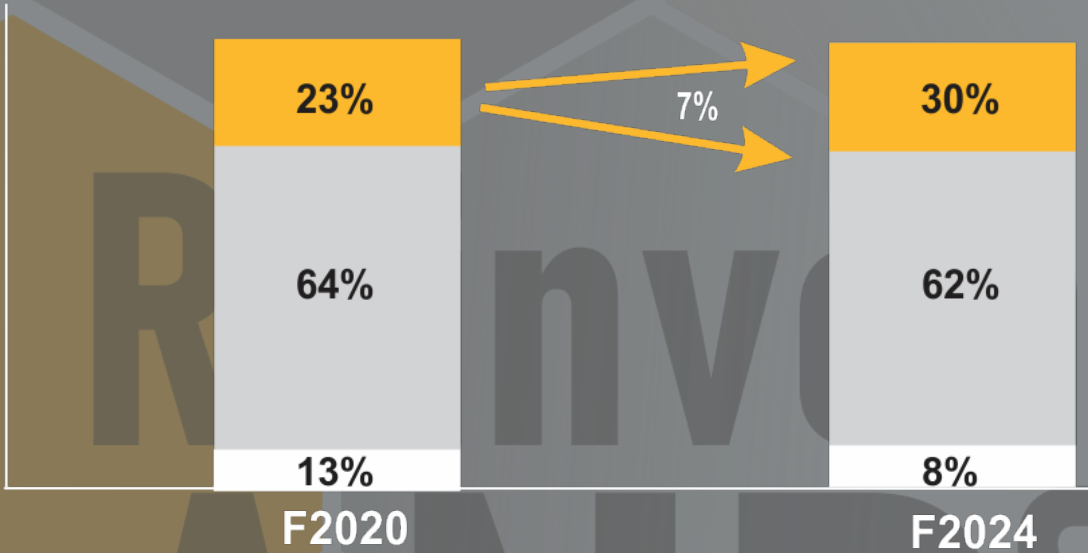
Part
04

Financial perspective

Normalised headline earnings (R Million)



Revenue Composition



Guardrisk Cell Captive

GGI

Investment income

Fees

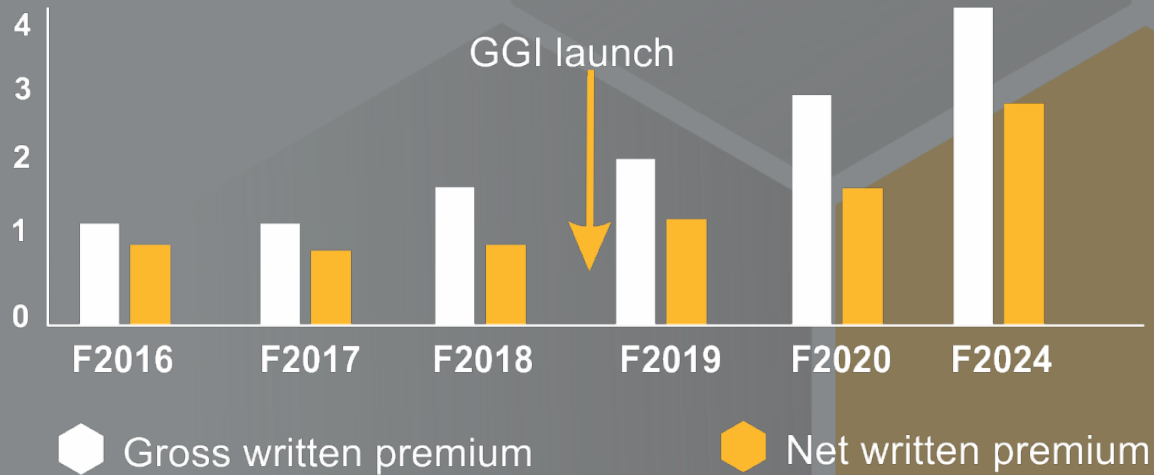
UW Profits



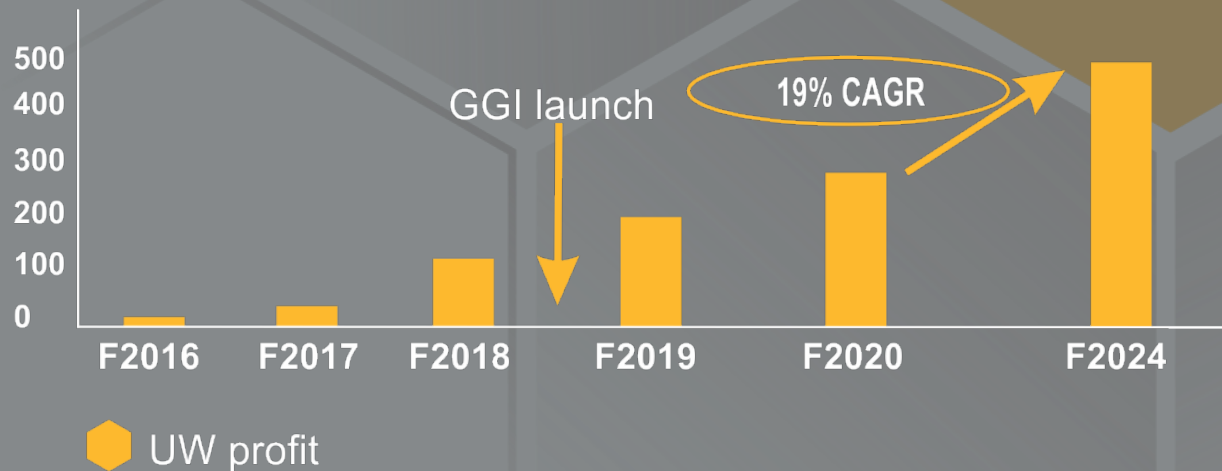
- Projected annual growth rate of 11% p.a.
- Biggest driver – increase in general insurance through GGI
- Foundation still earnings from cell captive management fees

Guardrisk General Insurance

GGI build up of results (R Billion)



Underwriting profit (R Million)

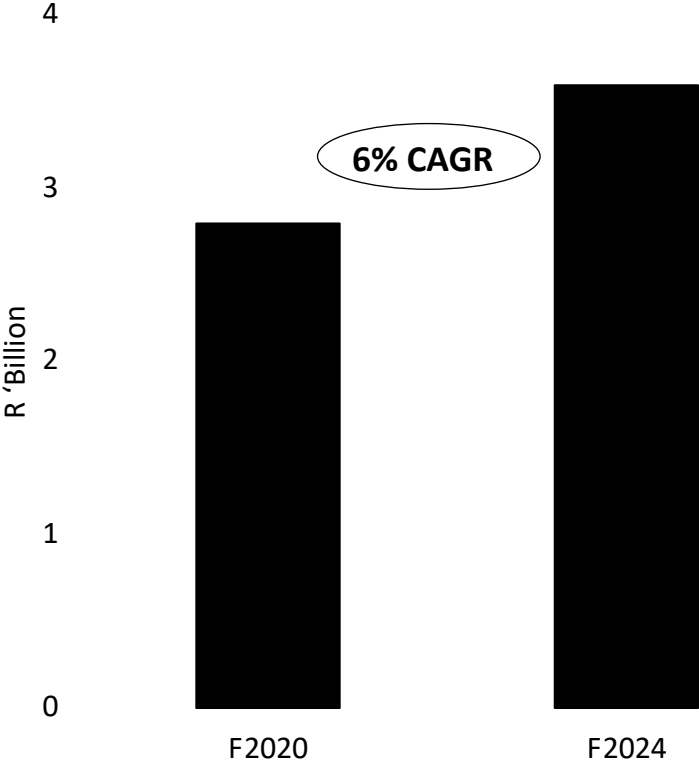


Underwriting profit contribution

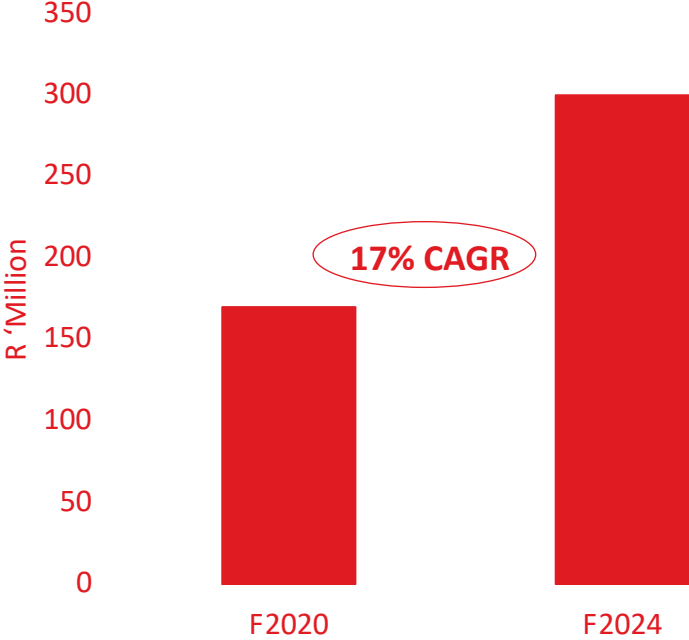
Medical (Gap cover)	37%
Assets	31%
Motor	11%
Construction & Engineering	10%
Marine	6%
Liability	2%
Personal Accident	2%
Miscellaneous	1%

MSTI & MI combined

Integrated financial perspective

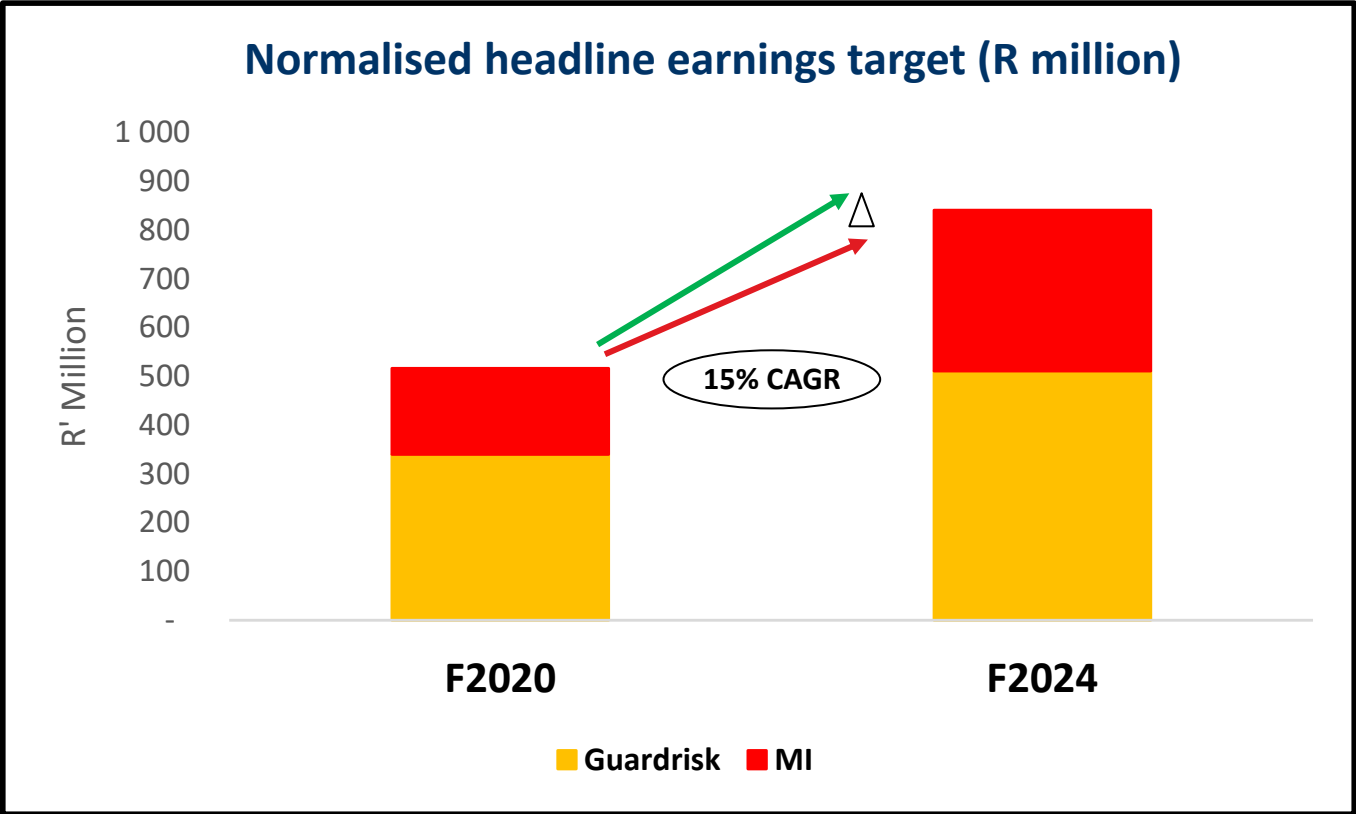


Gross written premium



Normalised headline earnings

Momentum Metropolitan Non-life Insurance cluster



High road

- Positive market growth
- Quick Covid-19 recovery
- Bolt-on transactions

Low road

- Prolonged Covid-19 impact
- Macroeconomic impact
- New business not materialising

Risks in achieving growth targets



Slow rate of economic recovery



Prolonged Covid-19 impact due to challenges with vaccination programme



Attraction, retention and cost associated with key talent / skills



Hardening reinsurance markets



New business targets not being met

Conclusion

Non-life insurance a growth area



Organic growth



Inorganic growth

Business well positioned to achieve growth targets

Continue to improve risk and earnings diversification

**Thank you
for joining us**

