



## AGENDA

- What does “direct” mean?
- Competitor landscape in SA
- What is the opportunity?
- What are attributes of direct?
- What will differentiate direct competitors?
- Growth of direct via Affinities



## What does “direct” mean?



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### “DIRECT” IN AN SA CONTEXT...

- Generally driven through above the line direct response advertising strategy creating the need for people to call in or go to the website
- Mainly inbound with some cross-sell
- Businesses wanting to create additional value from large client bases through access to insurance – affinities e.g. Standard Bank
- Immediate underwriting directly with the consumer
- Sale and fulfilment directly with the consumer
- Information is provided to the client allowing him to make a decision – no advice



## Competitor landscape in SA?



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- FRANK.NET officially launched in November 2010:
  - Wholly owned by the Liberty Group
  - With an independent brand and identity
  - With independent operations
  - With a hand picked management team brought in externally
- FRANK.NET currently offers:
  - Life cover
  - Salary protection cover
  - Disability cover
  - Serious illness cover
  - Hospital Cash Back Cover



## The Brand: FRANK.NET

### Our Approach:



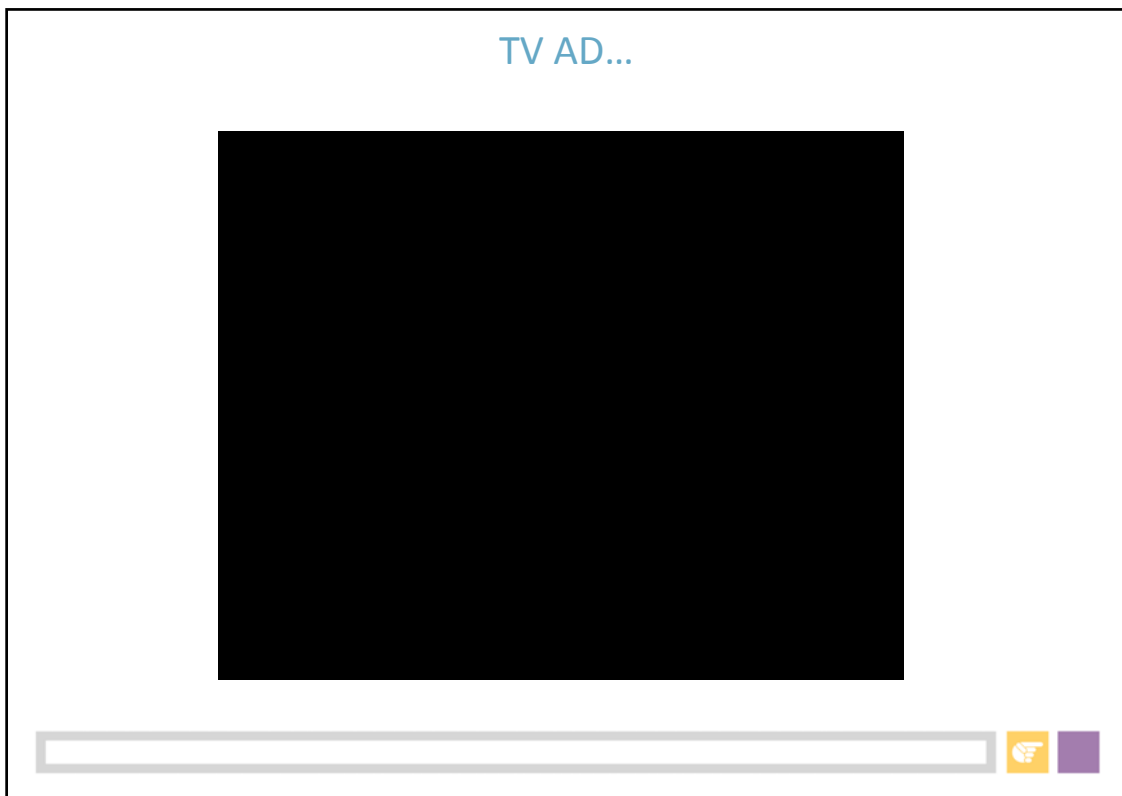
### This is our ethos and is delivered in:

- Language: the way we speak
- Processes: the way we do things
- Documentation: the way we deliver policy information
- Messaging: the way we advertise our products
  
- FRANK tells it like it is
- FRANK doesn't sugar-coat
- FRANK doesn't believe in fine print

### Our marketing and advertising:

- Our tone is unique
- It encapsulates our approach and sets us apart from both the direct players and the more traditional insurers.





## RADIO ADS...

What isn't coming.... 	Death treats everyone the same...  (vegan)
What isn't coming.... 	Death treats everyone the same...  (age)
What isn't coming.... 	Death treats everyone the same...  (yoga)

## What is the opportunity?



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## CHANGES IN BUYING BEHAVIOUR...

Baby Boomers respond to a push strategy 1945-1970 (42-67yrs)		Gen-Xers respond to a pull strategy 1970-1990 (22-42yrs)	
<b>Idealism</b>	Has faith in established institutions	<b>Self-reliance</b>	Trusts own judgement; does not rely on advice from intermediaries
<b>Involvement</b>	Wants to engage thoroughly i.e. face-to-face	<b>Immediate Gratification</b>	Does not wish to engage in a lengthy purchase process
<b>Media Savvy</b>	Can be reached through traditional advertising channels	<b>Techno-literacy</b>	Comfortable transacting online
<b>Optimism</b>	Accepts advice of intermediaries as impartial	<b>Informality</b>	Has a relaxed approach towards important matters
<b>Similarity of belief</b>	Group together along the lines of common beliefs	<b>Diversity</b>	Display a diversity of individualistic opinions May be <b>disillusioned with life industry</b>

Source: Dr. Graeme Codrington, [www.todaytomorrow.biz](http://www.todaytomorrow.biz)



## SO WHAT IS DRIVING THESE CHANGES...

- Fast growing middle market which has not been serviced by brokers
- Regulation drives costs and risk which has the effect of brokers only servicing the top segment
- Access to information and transactional capabilities:
  - 60% growth in internet access between 2008 and 2011
  - An estimated 7.5m people in SA have access to the internet in 2011
  - An estimated 80% of South Africans will have smart phones by 2014
- Psychographics vs. demographics
- Growth in online banking and short term insurance

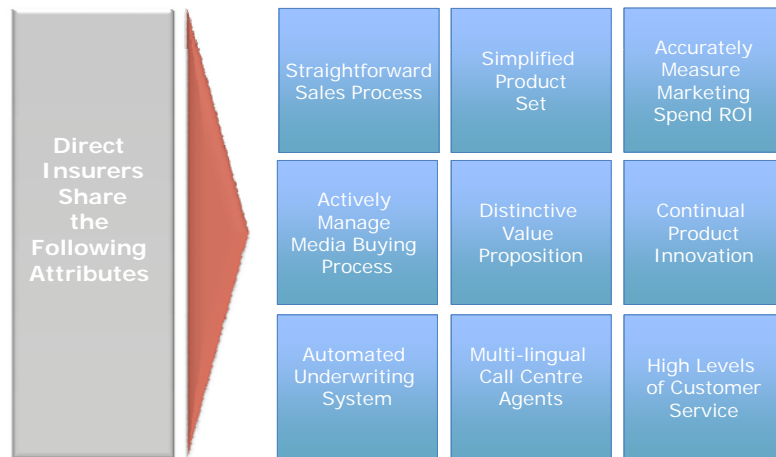
Source: Internet World Stats Market Report



## What are the attributes of direct?



## UNDERSTANDING THE DIRECT CHANNEL



## What will differentiate direct competitors?





## COMPETITIVE ADVANTAGE THROUGH FOCUS ON...

- Ability to track advertising effectiveness:
  - Across media and channels (TV / Online / Mobi / Affiliates)
  - End to end (sales and persistency)
- A technology platform that supports the business objectives:
  - Flexibility on process to support client experience
  - Speed of ability to change and develop systems
  - Robust MI capability
- Underwriting IP
- Business Quality



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## CAMPAIGN MEASUREMENT

The screenshot displays two windows from a software application. The top window, titled 'Campaign: FRANKinsure Campaign Responses', shows a table of responses. The bottom window, titled 'Campaign Response SMS Response', shows the details of a specific response.

Subject	Customer	Received On	Response Code	Status Reason
SMS Response	Johes Van Niekerk	8/25/2010	Interested	Open
SMS Response	Adria Doodat	8/25/2010	Interested	Open
Phone Call Response	Sibulema Bencane	8/30/2010	Interested	Open
Phone Call Response	Shelina Mose	8/31/2010	Interested	Open
Phone Call Response	Sibulema Bencane	9/3/2010	Interested	Open
Phone Call Response	Sibulema Bencane	9/3/2010	Interested	Open
Phone Call Response	Sibulema Bencane	8/27/2010	Interested	Open
Phone Call Response	Sibulema Bencane	8/27/2010	Interested	Open
Phone Call Response	Sibulema Bencane	8/27/2010	Interested	Open
Phone Call Response	Shani Prinsman	8/28/2010	Interested	Open
Phone Call Response	Sandy Endley	8/27/2010	Interested	Open
Phone Call Response	Sandy Endley	8/27/2010	Interested	Open
Phone Call Response	Sandy Endley	8/27/2010	Interested	Open

The bottom window shows the details of a 'SMS Response' for 'Campaign Response: SMS Response'. It includes fields for 'Parent Campaign' (FRANKinsure), 'Response Code' (Interested), and 'Received From Existing Customer' (Johes Van Niekerk).

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## PROCESSES TAILORED TO CLIENT REQUIREMENTS...

Quote: Q00050146

Information

General Quote Notes

Summary

Consent to Blood Test: Yes Consent to Debit Orders: Yes

Product	Initiation Fee	Premium	Total Cover	Bank Account	Debit Order Day	Commencement Date
Serious Illness Cover	107.00	107.00	1,000,000.00	78655499	21	10/1/2010
Life Cover (non natural causes)	295.00	300.00	5,583,846.00	88483856	25	11/1/2010
<b>Totals:</b>	<b>402.00</b>	<b>407.00</b>				

Initiation Fee Waiver Type: ☐ No Waiver ☐ Waive All but highest ☐ Waive All

Beneficiaries / Cessions

Quote Product	Beneficiary	Percentage	Relationship	Cession	Value
Life Cover (non natural causes)	James FRANKLIN	50	Immediate Family		
Life Cover (non natural causes)	Sandy FRANKLIN	50	Spouse		

0 of 0 selected. M Page 1

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## CONFIGURABLE SYSTEMS..

Quote: Q0001848201 - Windows Internet Explorer

Quote: Q0001848201

Information

General Quote Audit Notes

Other in-progress quotes exist for this client. 0 owned by you, 1 owned by others - undefined

Product Selection

Primary Products Underwritten

Product	Status	Interest
As long as your answers to the medical questions are accurate, you will be covered regardless of any future changes to your health. However, the Lifestyle Choices that you make can affect our agreement. So, please tell us if: you change or start any of the following: - You change your occupation; - You start or stop taking part in a dangerous sport or hobby; - You start or stop smoking; or - You plan to travel or live outside of South Africa for more than 60 days.	<input type="checkbox"/>	<input type="checkbox"/>
Disability Cover (injury only)	Available	<input type="checkbox"/>
Life Cover (non natural causes)	Available	<input checked="" type="checkbox"/>
Salary Protection (Retrenchment & Injury Only)	Available	<input type="checkbox"/>

All Declined Products

No products available

Status: Active

Back Next

Done Unknown Zone (Mixed) 100%

## COMPETITIVE ADVANTAGE THROUGH FOCUS ON...

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## TRADITIONAL UNDERWRITING

- Have you lost more than 5 kilograms within the last 12 months?
- Have you ever received treatment or counselling related to alcohol use?
- Have you, within the last 5 years had a sexually transmitted disease?
- Have you ever had Cancer, Tumours or Growths?
- (Have you ever had) Heart problems, Rheumatic fever, Chest pain or Varicose veins?
- (Have you ever had) Diabetes, Gout or Thyroid problems?
- (Have you ever had) a Stroke or have you been diagnosed with High Blood Pressure or High Cholesterol by your doctor?
- (Have you ever had) Depression, Anxiety, Post Traumatic Stress or an attempted Suicide?
- (Have you ever had) Epilepsy, Blackouts, Meningitis or Severe recurrent Headaches?
- (Have you ever had) Asthma, TB, Persistent Cough or any other Respiratory disease or disorder?
- (Have you ever had) Arthritis or problems of the Back, Neck, Joints or Bones?
- (Have you ever had) Ulcer, Hernia, Gall Stone or Irritable Bowel Syndrome?
- (Have you ever had) Blood in the Urine or any other disease or disorder of the Kidney, Bladder or Reproductive organs?
- (Have you ever suffered from) an Ear, Nose, Throat or Eye disorder (not including the use of prescription glasses/lenses)?
- Within the last 10 years have you taken any illegal drugs?



## FRANK'S UNDERWRITING

- Have you ever had **cancer**, **stroke**, **heart attack**, **diabetes** or been treated for **HIV/AIDS**?
- In the last 10 years have you ever been **hospitalised** or had an **operation** or any other kind of **procedure**?
- Have you ever been referred to a **specialist** or had a **test** or **investigation** of any kind?
- Have you ever taken or been prescribed **treatment** for more than **2 weeks** for any health problem?
- Please tell me if you have ever had an illness or disease, other than minor illnesses such as a cold, flu or a stomach bug?

## MAXIMISE UNDERWRITING...

Quote: Q00050146

Information

General Quote Notes

**Product Selection**

**Primary Products Underwritten**

Product	Status	Interest
Serious Illness Cover	Available	<input checked="" type="checkbox"/>
Disability Cover	Available	<input checked="" type="checkbox"/>
Life Cover	Available	<input type="checkbox"/>
Salary Protection	Available	<input type="checkbox"/>

**Secondary Products Underwritten**

Product	Status	Interest
Cancer Cover	Available	<input type="checkbox"/>
Disability Cover (injury only)	Available	<input type="checkbox"/>
Life Cover (non natural causes)	Available	<input checked="" type="checkbox"/>
Salary Protection (injury only)	Available	<input checked="" type="checkbox"/>

**All Declined Products**

No Declines.

**Product Pricing**

Product	UW Type	UW Status	Max Cover Allowed	Existing Cover	Available Cover	Quote Amount	In Premium	In Total	Get Quote	Revert	Quoted Premium	Quoted Total Cover	Result / Status	TCE	Selected
Serious Illness Cover	System	Success	2,000,000.00	0.00	2,000,000.00	1,000,000			Fetch	Revert	0.00	1,000,000.00	Success		<input checked="" type="checkbox"/>
Disability Cover	System	Success	4,000,000.00	0.00	4,000,000.00				Fetch	Revert	0.00	0.00			<input type="checkbox"/>
Life Cover (non natural causes)	System	Success	7,200,000.00	0.00	7,200,000.00	300			Fetch	Revert	300.00	5,583,846.00	Success		<input checked="" type="checkbox"/>
Salary Protection (injury only)	System	Success	30,000.00	0.00	30,000.00				Fetch	Revert	0.00	0.00			<input type="checkbox"/>

## COMPETITIVE ADVANTAGE THROUGH FOCUS ON...

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## RECALL, ASSESS AND RATE...

Quote: Q00052801

Information

SQA Comments

General Quote SQA Phone Calls Notes

Load With Recall Copy UCID More Actions

Type	Created On	Created By	UCID	Activity Status
Phone Call	9/7/2010	SQA Status	1026261283867806	Open

Quote: Q00052784

Information

SQA Comments

General Quote SQA Phone Calls Notes

Consent

Consent to Store Information ☐ No ☒ Yes

Consent to Privacy Waiver ☐ No ☒ Yes

Confirm Customer Info

Title \* Miss Initials \* J

First Name \* Jessica Last Name \* Bel

Preferred Name \* Jessica Home Language \* English

ID Number \* 861110028081 Gender \* Female

Date of Birth \* 11/10/1986 Marital Status \* Single

Province \* Western Cape

Contact Info

Preferred Contact Method \* Mobile Number Preferred Method for Documents \* E-mail

Home Phone \* Mobile Phone \* 0822222222 Work Phone \*

Email \* Jessica@hollywood.com Fax \*

## Growth of direct via Affinities?



## The Affinity Channel



## QUESTIONS



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