

## FIA AWARDS

Who won **what** and **why**

The annual FIA awards celebrates those insurers with an exceptional mix of products, service and relationship quality. BY SANDRA JORDAAN

**Anyone who** attended the annual FIA awards, held at the Sandton Convention Centre on Thursday 21 May, would agree that the black-tie function was a success. Not only because the evening was sophisticated fun, but because the awards achieved what they set out to accomplish. “The FIA’s annual research initiative helps develop benchmark best-practice statistics to rate insurance products and services,” says Arnold van der Linde, president of the FIA.

When I arrived at the convention centre the foyer was abuzz with chatter from the 900 or so elegantly attired stakeholders from the insurance industry. People were ushered into the gargantuan dining hall to the thumping of a slow drum beat. The pulsations emanating from the drums could not have been more appropriate; insurance intermediaries are the heartbeat of the insurance industry and this is echoed by the sentiments of Ian Kirk, chief executive of Santam: “If there were no intermediaries we would not have a business; our business comes from intermediaries”.

Kirk told Enterprise Risk: “We made a fundamental decision a few years back that our client is the policy holder, be it a commercial or personal lines client, and the intermediary,

our partner who we work with in delivering product and services to the client”. This seems to be a winning formula because Santam prevailed over their competitors in all three short-term categories, namely personal lines, commercial lines, and corporate lines. It is the second time in a row that Santam has won the personal and commercial lines award. Given the current financial crisis this is a tremendous feat and as Kirk points out: “It is in tough times that you really test your reputation and leadership position as opposed to when the wind is on your back”.

#### CREDIBLE BENCHMARK DELIVERS QUALITY

Over 4 000 contracts were rated according to product quality, service quality, relationship quality and overall satisfaction. The importance of this award is not just the recognition that the winners receive, but the statistical significance of the survey.

Pieter Aucamp, MD of Bluestream Consulting, who conducted the survey, says: “One of the criteria was to keep the survey consistent from year to year. An FIA research committee was established to give input with regards to the practical issues affecting the survey. In



*Ian Kirk (CEO Santam), Barry Taylor (FIA) and Arnold van der Linde (president FIA)*

order to establish the only insurance industry benchmark of its kind and of this magnitude, we formulated the unique execution model together with the FIA in order to safeguard the research by bringing in a triple-layer audit and verification process. The first layer is the exploratory research that was completed four years ago in the design phase and revisited from year to year. The methodology, structure and implementation of the survey, which is done independently by Bluestream, is the second layer. Thirdly, the whole process undergoes an external peer review by doctors of statistics and management. This research process supports the awards so that it can be rolled out as a benchmark and is acknowledged by the industry.”

And acknowledged it is. David Price, MD of Liberty Corporate, winner of the recently introduced employee benefits category states: “To me this is a credible, independent survey of our performance. It is a comprehensive study with statistical significance that we should benchmark and rate ourselves against going forward. One of our internal goals would be to improve our score on the survey.” Kirk also points out that the more credible the test is the more important it is for Santam.

Aucamp says that the benefit of this process is to enhance the overall competitiveness of the industry and to create a spirit of healthy rivalry. Van der Linde agrees: “The FIA awards afford intermediaries the opportunity to rank their interactions with insurance providers and in so doing, encourage healthy competition among providers. Just as intermediaries expect insurers to deliver excellent products and service, so the FIA encourages its members to aspire to high standards of professionalism, integrity and reliability in their dealings with clients.”

Discovery Health won the Health Care Provider of the Year Award for the second time in a row. The other contenders were Fedsure and Medihelp. Neville Cooperwitz, CEO of Discovery Health, said that it was an honour considering the fact that there are 40 open medical schemes in the country and it is a highly competitive market. Liberty Life, Momentum and Old Mutual were the front runners for Investment Product of the Year Award with Momentum taking the top spot. Discovery Life was the best provider in the long-term insurance (risk/life) for the second year in a row over Momentum and Liberty Life.

**AS EASY AS ONE, TWO, THREE**

Kirk attributes Santam’s success down to one thing: their people. “If you haven’t got

**FROM TOP** David Price (MD Liberty Corporate) accepts his award from Leanne van Wyk (FIA), Morris Nthombeni (Momentum), Gavin Came (FIA) and Arnold van der Linde (president FIA), Nevilee Kooperwitz (Discovery Health) Linza van Aswegen (FIA) Arnold van der Linde (president FIA), Hylton Kallner (Discovery Life) and Gavin Came (FIA)

people in the branches and all the locations doing business properly, you’re just not going to win three awards. It’s as simple as that,” he says. The award is not something that Santam set out to win because Santam goes out ‘to do the business’ says Kirk. However, he points out that it is a good test of their capability. “This is a review by the intermediaries who do the business on how we operate.”

With regard to the three pillars – quality of service, product, and relationship – Kirk says that Santam has a process of continuous improvement. A re-engineering of their front office support and the way they handled intermediaries strengthened the relationship that they had with intermediaries. This enabled the introduction of the equivalent of key account managers, moving broker consultants to being relationship managers and making sure that all the Santam services and product lines were available to the national broker groups as well as individual brokers around the country.

On the service side, a back office re-engineering strategic project that ultimately will cost in excess of R400 million has really paid off. It has enabled Santam to improve operational effectiveness and upscale their capability, says Kirk.

“We come up with quite innovative products on a regular basis,” says Kirk, “We get feedback from policy holders and brokers on a national and regional basis as to where we can improve”.

On the other hand, Price attributes Liberty Corporate’s success to their focus over the last 18 months on basic elements of client service and processes, which includes lean six sigma. “From a relationship point of view we segment between new business clients and existing clients and treat them differently. We also have a different segmented approach to large existing clients. We try and partner with larger clients and make sure we get input from them because they are the biggest suppliers of ongoing business,” says Price.

Like Santam, Price said that Liberty Corporate also treats their intermediaries as valued partners: “We try to interact with them as much as possible, get them as much



information as possible, keep them informed and also receive feedback from them on industry developments, new projects, changes in our reporting and our process. They are our biggest critics and greatest resource.”

Price is pleased that employee benefits is now a category in its own right because although Liberty sells life insurance products “there is a huge area of specialisation



Jacques Vorster (FIA), Sandra Jordaan (Enterprise Risk), Justus van Pletzen (FIA) and Mieke Jooste (FIA)

and customisation. There is a higher level of monthly servicing and ongoing client interaction. We have our own rules, regulations and a different legislative framework, for example the pension funds legislation.” It is for these reasons that Liberty Corporate has been created as a separate business.

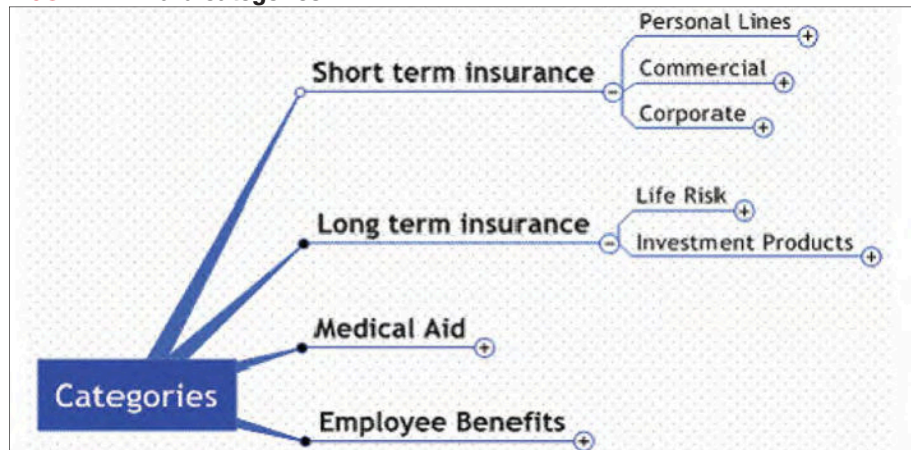
**ONE VOICE**

Last year the FIA was formed from a merger between the former South African Financial

Services Intermediaries Association (SAF-SIA) and the Insurance Brokers Council (IBC), which were both in operation for more than 27 years. The FIA represents more than 16 000 intermediaries, which accounts for 85% of all short-term insurance and 40% of the financial planning business in South Africa. More than 10% were included in the survey. Kirk lauds the FIA merger saying that it allows them to pool resources and puts them in a very strong position of influence with the regulator, insurers and insurance associations.

“As the leading short-term insurance player we listen to what the FIA says,” states Kirk.

**FIGURE 1 Award categories**



**TABLE 1 Winner History**

CATEGORY	2006	2007	2008	2009
Short-term personal lines	Hollard	M&F	Santam	Santam
Short-term commercial lines	Hollard	Hollard	Santam	Santam
Short-term corporate lines	Hollard	M&F	Zurich	Santam
Life/risk	Momentum	Discovery	Discovery	Discovery
Investment products	Allan Gray	Momentum	Momentum	Momentum
Health care	-	-	Discovery	Discovery
Employee benefits	-	-	-	Liberty

Source: Bluestream Consulting

Price says that the single body has more credibility because it represents all intermediaries. “It gives them a bigger voice in terms of industry developments – things like pension reforms, leverage with suppliers, credibility with the government, the FSB, insurance companies and the savings companies,” he says.

Brokers are under enormous pressure from direct channels that spend millions in advertising campaigns and create negative perceptions about intermediaries and counteract the notion that people need professional advice, van der Linde says. This is a precarious situation to perpetuate, given that South Africans have poor financial literacy and little understanding and knowledge about financial services.

It is because of this that when it comes to a complex claim that is not clear cut it is important to talk to someone who knows your profile and is able to negotiate on your behalf.

**WHAT THE FUTURE HOLDS**

Upon further reflection, the FIA awards were indicative of the underlying comradery between intermediaries and insurers. It was not a room full of competitors but rather a gathering of like-minded individuals working together to overcome obstacles and improve the industry as a whole. Despite their achievements, the insurance industry is facing many developments, which could have an effect on both remuneration and compliance. “With so many changes in legislation, it’s not always easy for the financial intermediary to keep his or her head above water, but the support and service of our product providers make the challenge so much easier to meet,” says van der Linde. The support of the FIA as one industry voice could not have come at a better time. **35**

**TABLE 2 2009 Contenders**

Short-term personal lines	Hollard, Santam, Zurich
Short-term commercial lines	Santam, Zurich, Etana
Short-term corporate lines	Mutual & Federal, Zurich, Santam
Life/risk	Momentum, Discovery, Liberty Life
Investment products	Old Mutual, Liberty Life, Momentum
Health care	Discovery Health, Fedsure, Medihelp
Employee benefits	Liberty Corporate, Old Mutual, Momentum