



SA·EAGLE

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PERSPECTIVE

Eagle flies in to investigate

By Meryl David, Internal Communications Manager, Zurich Australia

Nick Beyers, Managing Director of SA Eagle visited Sydney in October to continue “the search for horizontal synergy”, which started when Chief Executive Tom Brown attended “the IBD meeting in South Africa earlier this year.

Nick Beyers, accompanied by Mark Neille, General Manager Information Technology, spent Tuesday 3 and Wednesday 4 October in discussions with Tom Brown and senior managers from various business units. He also visited the St Leonards Data Centre and Mount Street, attended demonstrations of Z.stream and the Ezi platform and was briefed on 2 x 2Ten! growth initiatives.

Dinner with the Executive team, sunset drinks on the Level 5 terrace and a harbour cruise gave the visitors a good taste of Australian hospitality. One Zurich Express took advantage of the opportunity to talk informally with Nick, as he took in the evening skyline from the Level 5 terrace at Blue Street... and some good old Australian hospitality. Here are his thoughts on the visit.

What were some highlights of the visit? What similarities and differences do you see?

“One of the most important things that I have discovered is how similar our two businesses actually are and that we do a lot of the same things. That’s what really makes it very exciting for me. I believe using this as a lever going forward we can start doing things together instead of just duplicating things all the time.”

“You are doing a lot of the same kind of workflow as we have been doing – yours with the Life company while we have introduced workflow in the GI company. But you have Z.stream, which interests us. We are also very interested in the Ezicover that you’re using for your Life products because we’ve just acquired a Life licence. It’s being designed for exactly the kind of markets we’re looking to get into – middle to low income. So I think that there are a lot of synergies that actually exist between South Africa and Australia. Of course both being in the Southern Hemisphere, both loving rugby and cricket and all those things, I think there is a wonderful opportunity. We have now found a basis and a foundation to start working together so that we don’t duplicate things and we could also share resources on important projects.”



“I think we have to find a platform going forward that hopefully would suit us both enabling us to work together to the best advantage.”

Are there key differences in the regulatory framework?

“I don’t think so. The regulators are having conferences and getting together now to share ideas so it really is becoming global. We are seeing a lot of the stuff that you have been through already, for example, we’ve just been through regulation of our intermediaries, which you’ve had for some time.”

What’s been happening in SA Eagle and the GI space in South Africa?

“SA Eagle is not Zurich branded yet; we are 73% owned by Zurich and a listed company on the Johannesburg Stock Exchange. We’re in the top three or four companies. Our competition is really two out of the top three: Santam and Mutual & Federal, both local players. The new player – Hollard – is now slightly bigger than us because they made some acquisitions overseas that they’ve incorporated into their numbers now.” [Hollard bills itself as South Africa’s largest private insurance company]. “All of us operate on a very similar basis: we are still very broker orientated in South Africa and our distribution is through our independent intermediaries.”

South African MD visits Australia to continue the search for horizontal synergy

“Over the last 5 or 6 years we’ve seen a lot of consolidation in the market. Many foreign players have left: AXA, Protea and CGU have left, and Royal Sun Alliance sold their stake in Mutual & Federal and have also left.”

“In terms of the GI space, technology plays a big part in driving costs out and in making companies a lot more efficient. We’ve all found ways to standardise things like policy wordings, and commission is regulated. So really the differentiation between companies is around value-add. Unlike Zurich in Australia, we sell personal lines products and the value-adds are things like car hire if you have an accident, medical assistance, being able to phone suppliers after hours, that sort of thing. Our premium is 25% personal lines and 75% commercial.”

“Because we have always been broker-focused, we have put together some ancillary companies that assist brokers like E-Scape. E-Scape stands for Electronic System for Collections and Payments and that’s what that company does. In South Africa brokers are allowed to collect premiums – they are what we call guarantee agents – so if they abscond with the money they are covered with a guarantee. With E-Scape we took over the collections and took away the necessity for them to have those guarantees. So we saved them money and made the whole process very efficient. We currently collect around R218 million a month. We charge the brokers a fee. It’s quite a profitable little company for us and because we collect premiums for other insurers as well we are actually making money from our competition.”

Nick Beyers has overseen a major business transformation since 2000, centralising processing, closing down branch offices and transforming the district offices from mainly administration and processing operations to sales operations.

“I think we have transformed the way insurance companies work in South Africa. Santam and Mutual & Federal still have branches and high expense rates but they have been able to catch up in terms of workflow. Still, we have made things a lot more efficient and speaking to employees they wouldn’t want to go back to the old way of doing things. Everything is electronic, it’s an absolutely paperless environment.”

So what’s next?

“I think we have a foundation for moving forward and perhaps we could start working more closely on product development and the ideas we have around distribution. We can also identify other areas for future co-operation. This is hopefully the start of a long-term partnership. This is The Zurich Way – it’s the sharing of best practices.”

“Australia is a lovely country and I am so glad I have had the opportunity to come. I can see why a lot of South Africans come here. But hopefully we can beat your rugby team!”



Meryl David



New underwriting standards to apply to multinational insurance business

During the last quarter of 2006, Zurich will begin implementing enhanced underwriting processes and structures for our multinational insurance business. The enhancements, which will be rolled out globally across all General Insurance business divisions, will enhance our ability to meet our customers' demands for sustainable multinational insurance programmes quickly and effectively.

Here is more information about the initiative and how it will work.

What is the Multinational Insurance Proposition (MIP)?

The Multinational Insurance Proposition is an important Group-wide response to increasing complexities related to premium tax and licensing rules. It affects how we structure our multinational insurance business to ensure long-term sustainability for this important segment. The proposition will continue to give our customers the global protection they expect while ensuring we are addressing the appropriate compliance obligations.

A Zurich team representing all impacted parts of the business has worked diligently over the past year to develop a set of technical solutions to address these complex requirements. The solutions, which include underwriting structures, processes and tools, are reviewed in a training programme that will be developed for underwriters and other employees in customer-facing functions.

What changes are we making in the way we write multinational insurance business?

In order to support this capability, we will roll out the new Multinational Insurance Application, which is a sophisticated database guiding the authorised user through licensing rules and required premium tax obligations to structure and manage out-of-territory insurance policies. The application will provide information on over 200 territories and cover all lines pertaining to General Insurance business written by Zurich.

Why are we making these changes?

National and international insurance regulations as well as tax laws are constantly changing, and they are not becoming more relaxed.

Producing and receiving insurers, as well as customers and brokers, will have to make efforts to adhere to regulatory and premium tax requirements while minimising the disruption to existing programmes. For example, if a local regulator in a receiving country is not satisfied with the structure of an insurance protection granted within its territory or if taxes are not paid appropriately, such regulators and/or tax authorities will have means to review Zurich's programme structure. Zurich wants to conduct its business so that no regulatory and/or tax penalties can be imposed on the parties involved in its business solutions.

MIP is therefore an effort to create business sustainability for out-of-territory business, which will be respected globally. This strengthens our customer value proposition because it enables us to underwrite multinational policies for our global customers in a sustainable, transparent and compliant business environment. It also demonstrates how we actively evaluate and react to the changing market in which we do business.

When will the Multinational Insurance Proposition be implemented?

The implementation of the enhanced underwriting standards and processes will be completed in phases. The solutions will first apply only to new multinational insurance business presented on or after 1 October 2006, with the exception of applicable business written by the North America Commercial (NAC) division, which will implement the solutions within several months. Multinational business presented before 1 October does not fall under MIP. As the implementation process progresses, the goal will be to utilise the new solutions for all new and renewal multinational business presented on or after 1 January 2007, again with the exception of NAC business, which will follow its implementation schedule.

Who is affected by these changes?

All employees dealing with out-of-territory business will need to attend training on the new processes and systems. This includes employees in underwriting, claims, market management, sales and distribution throughout the General Insurance business divisions.

How will training be conducted?

Training has begun with a select group of subject matter experts, with additional training sessions to follow for the remainder of affected underwriters and claims personnel. In addition, customer-oriented functions and the distribution management network will receive similar training, focusing on how the changes will benefit our customers and producers. Information on the planned training will be communicated to each of these groups soon.

How do our customers and distributors benefit from this?

Our customers and distributors will benefit from the comfort of knowing that their multinational insurance policies are aligned with premium tax and licensing rules. They should also feel reassured by Zurich's continued commitment to regulatory compliance, and increasing transparency in the way we do business.

Will we be talking to the media about it?

Considering that we are still transitioning these underwriting processes and structures, we are not planning to proactively bring attention to our enhancements until we've implemented them for all policies. An initial announcement was published in November and, in January 2007, the media team will begin a higher visibility campaign, which will communicate these enhancements and promote Zurich as a forward-thinking insurer in the marketplace.

MIP is another example of the strides Zurich is taking to focus on customer service, compliant business sustainability and transparent underwriting. As with all our change initiatives, it requires us to be Agile and Engaged as we actively adapt to meet the needs of our customers in a changing world.



Tapologo Hospice

As a result of its partnership with the Royal Bafokeng Nation, SA Eagle is now part of the Tapologo HIV/Aids Programme. Driven by the Catholic Diocese of Rustenburg and its Bishop, Kevin Dowling, this project reaches many communities in the Rustenburg area. Here's some insight into the programme.



NTA Training

Three Palliative Caregivers – Bernard Mputamputa, Goitsewang Majaka and Ikobeng Maleke – are participating in a learner-ship programme to further their education and become Auxiliary Nurses.

They have completed Modules 1 – 4 at the Netcare Nursing Academy and continue to undertake the practical elements of the course at the Ferncrest Hospital in Rustenburg. Informal reports from the Matron have indicated that the students are performing well and that they show more compassion towards patients than those from the formal nursing services.

Service co-ordination

Due to the tireless efforts of our staff, we have succeeded in providing the following services to our patients and staff:

- The Department of Home Affairs has agreed to visit Tapologo to address issues such as birth certificates and ID applications on site.
- Referrals to the Department of Justice for child maintenance have progressed rapidly, legalities around domestic violence have been addressed and educational workshops are being presented to patients and the community to inform them of their rights and options.
- NGO and Governmental Partnership meetings have been scheduled on a bi-monthly basis. This platform has enabled Tapologo to establish good networking and formal referral systems which have assisted us to combine resources and ensure that issues are dealt with timeously and in a more cost effective and efficient manner.
- Quality Improvement activities relating to the Home Based Care Programme have resulted in 90 patients being able to access burial societies, 60 clients have received disability grants due to continuous follow-up with the Department of Social Development, higher attendance was achieved at the community support groups and therefore a greater adherence rate has been achieved.

Capital development works

New skylights and ventilation towers have been installed at the Hospice, a sealing coat has been applied to the dome and the roof, and drip edges have been installed for the gutters.

IPU operations and maintenance requirements

Due to the change of season, the past months have been very busy in the In-patient Unit. Patients have, once again, been accommodated in the Training Hall due to the limited number of beds and the demand for admissions.

Tapologo celebrated World Hospice and Palliative Care Day on 6 October. The theme for the day was "Access to Palliative Care for All" and various organisations including Government departments, other NGOs/CBOs and our corporate donors like the Royal Bafokeng Nation, Impala Platinum and Sun International were invited to join us. We attempted to reflect on the ever-increasing need for a Hospice Care Model and to highlight the need for a joint effort by all health services in our area to achieve success towards this goal.

The day was a great success with approximately 250 people in attendance. Key speakers included the Queen Mother of the Bafokeng Nation, Ms Semane Molotlhegi, Bishop Dowling and testimonials from patients; traditional leaders and healers as well as a representative from Impala Platinum were given.

The funding provided by SA Eagle has ensured that Tapologo's ongoing operational and maintenance costs are taken care of and this enables us to assist the patients who are admitted to the In-patient Unit.

