

# Momentum Insure

Impact strategy

*Brand Pretorius*



## Agenda

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- 2 Market dynamics and key considerations
- 3 Ambition and focus areas
- 4 Objectives and measures of success
- 5 Why we will win



# Momentum Insure today

Returning to profitability





# Strategic context

## F2020

- Covid-19
- AFI acquisition



- Significant scale improvement
- Strengthened distribution and sales capability
- Improved profitability

## F2021 – F2023

### The perfect storm

- Complex AFI integration
- Extremely challenging external environment  
Covid-19, riots, extreme weather, inflation, loadshedding, supply chain challenges, hardening reinsurance markets



- Earnings volatility
- Additional capital required
- Inconsistent service outcomes

## F2024

- Continuation of extreme weather events
- Focused, decisive and comprehensive turnaround plan



- Material improvement in core profitability metrics
  - New business pricing
  - Renewal increases
  - Selective unprofitable portfolio cancellation
  - Other underwriting actions
- No capital required

# Momentum Insure today

1HF2024\*

Return on equity

0% – 5%

GWP growth

>7%

Claims ratio

>70%

Combined ratio

>105%

New business product mix

**Personal (80%)**

- HNW offering
- 2x standard products
- 2x segment variations

**Commercial (20%)**

- SMME focused
- No specialist / niche covers

Distribution channels

- Financial advisers (45%)
  - IFA
  - Momentum Advice
  - Strategic partners
- Direct (35%)
- BDC (MI tied agents) (20%)



## Strong capabilities

- Claims and procurement
- Direct sales
- Client and adviser service

## Challenges to address

- Claims ratio not yet within targeted range
- Certain distribution channels have a combined ratio >100%, driven by high cost to serve and/or acquisition cost
- Lack of premium diversification
- Distribution channel and proposition (product) not optimally organised for profitable growth per targeted market segment

# Market dynamics and key considerations



# Market trends



## ***Global & local economic headwinds***

- Depressed new business volumes and GWP growth
- M&A and partnerships for scale, premium diversification and inorganic growth



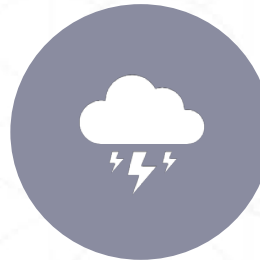
## ***Changing client needs***

- Personal-lines direct & digital distribution expected to grow relative to other channels



## ***Underwriting margin pressure***

- Back-office automation and digital acceleration to reduce costs and enhance CX
- Ongoing repricing to improve margins



## ***Climate Change***

- Better use of data and analytics to improve risk selection, pricing and underwriting



## ***Challenging industry environment***

- Negatively impacting claims experience



# Ambition and strategic focus areas





LONG-TERM

## WINNING ASPIRATION

“ A leading South African insurer, helping our clients *feel safe*, by protecting what matters most to them, *beyond insurance*. ”

“

IMPACT STRATEGY

**AMBITION**

Becoming a ***sustainably profitable*** insurer, consistently delivering predictable returns for Momentum Group through a ***focused core business***, optimised to attract clients effectively and ensure ***sustainable long-term growth***.

”



# Strategic focus areas

*What we will focus on in the next 3 years (F25-F27)*



## Profitability

- Develop a top-tier pricing and underwriting capability
- Scale our direct-to-client capabilities
- Reduce cost to serve in the IFA channel
- Accelerate digitalisation to drive efficiencies and reduce costs



## Operating model

- Better align products and distribution channels with targeted market segments
- Reposition the BDC (tied) distribution channel



## Differentiation

- Focus our Safety client value proposition on improving client attraction
- Leading client experience



## Growth

- Selectively grow commercial-lines (SMME) new business
- Drive growth and collaboration in Momentum Group channels
- Explore digital-only direct personal-lines offering
- Improve premium diversification



# Objectives and measures of success

Building a profitable and  
focused core business





# Objectives and measures of success

| FOCUS AREA             | OBJECTIVES   |
|------------------------|--|
| <b>Profitability</b>   | <ul style="list-style-type: none"> <li>Deliver predictable and acceptable earnings and ROE, in line with Momentum Group's expectations</li> <li>Accelerate digitalisation to drive efficiencies and reduce costs</li> <li>Increase direct sales to become our largest personal-lines distribution channel</li> </ul> |
| <b>Operating model</b> | <ul style="list-style-type: none"> <li>Ensure all distribution channels achieve targeted profitability</li> </ul>  |
| <b>Differentiation</b> | <ul style="list-style-type: none"> <li>Focus our Safety client value proposition on improving client attraction</li> <li>Enhance client experience to build loyalty</li> </ul>   |
| <b>Growth</b>          | <ul style="list-style-type: none"> <li>Increase the share of commercial sales relative to total sales</li> <li>Diversify our premium income</li> </ul>   |

**MEASURES OF SUCCESS**

Combined ratio between **92% – 96%** by F2027

ROE between **15% – 20%** by F2027

Personal direct **>40%** of total new business premium

Safety CVP adoption of **50%** by F2027

NPS of **>55** by F2027

Non-motor portion of NEP up by **3-6 percentage points** by F2027

# Why we will win

Ensuring a sustainably profitable  
business, with a compelling right to win





# Why we will win



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