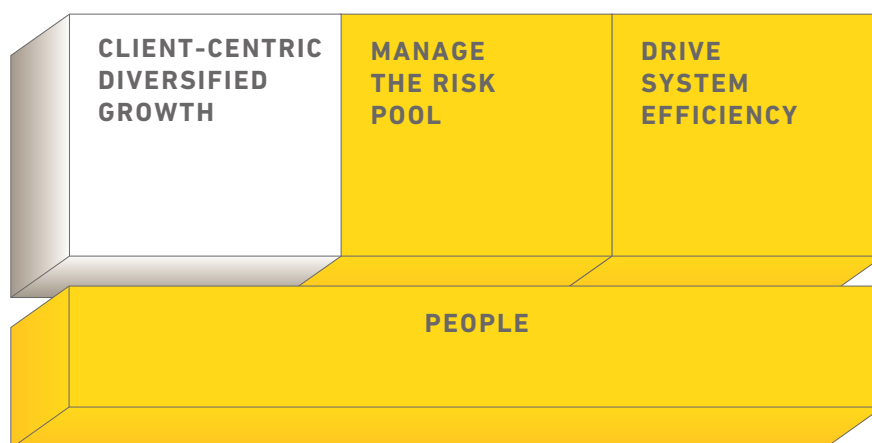


Strategic pillar reports

The following sections report on the group's strategy implementation per pillar, as well as performance according to the sustainability focus areas. We have used case studies to highlight specific initiatives or incidents that illustrate the practical application of strategic decision-making in an operational context.

INSURANCE GOOD AND PROPER



Client-centric diversified growth

Through the client-centric diversified growth pillar we aim to achieve responsible, profitable and sustainable growth

Key performance indicators	2014	2013	Long-term target
Gross written premium growth including cell insurance	10%	6%	Real GDP growth
Gross written premium growth excluding cell insurance	12%	9%	N/A
Gross written premium	R22.7 billion	R20.6 billion	N/A
Total number of intermediaries	>2 700	>2 600	N/A

Increase focus on our clients and new segments

CLIENT INTERACTION

Santam's growth strategy is founded on being client-centric. Satisfied clients have a high retention rate and are more likely to refer new clients.

The group creates value for its clients by offering a range of products and services through intermediated, affinity and direct general insurance models. Mechanisms for interacting with clients range from online and self-service to call centres, face-to-face interactions, branches and drive-in assessment centres.

This year, we increased our focus on clients through a digital strategy to engage with consumers and grow our social media footprint. We aim to generate conversations that improve risk behaviour at home and in the car. Our social media campaigns received positive reaction from clients and the success of media exposure was evidenced by increased social media following and engagement rates – all underlining Santam's position as the leader for the insurance category on social media.

A fast-track client feedback process to manage brand complaints on social media is also contributing towards a positive brand sentiment.

- We have reached more than a million views on YouTube – first general insurer in South Africa to reach this milestone.
- More than 65 000 followers on our social media channels.

CLIENT SATISFACTION

Santam measures client satisfaction on three levels:

- Directly with clients after every interaction from quotation through to the claims process. A benchmarking score of 80% must be achieved on a client satisfaction scale.
- A client diagnostic measure of overall satisfaction.
- Through the use of an external credible independent measure called the South African Customer Satisfaction Index (SAcsi).

SAcsi measures the satisfaction of randomly selected clients of the top short-term and life insurers by market share. South African consumers gave the general insurance industry an overall satisfaction score of 78.8 out of 100. The 2014 index identified Santam as the general insurance industry leader again, scoring 2.2% above the industry average.

The 2014 report from the Ombudsman for short-term insurance (relating to the 2013 financial year) confirmed Santam's leading position in claims payment and dealing fairly with policyholder complaints. The number of complaints dealt with is below the industry results. Santam's share of the total number of complaints received reduced from 9.53% in 2012 to 8.36% in 2013. The Ombudsman upheld 71% of the contested Santam claims in favour of Santam, compared to an industry average of 67%. In the case of MiWay, the Ombudsman upheld 84% of contested claims in favour of MiWay.

During 2014, 313 complaints (2013: 308) were referred to Santam's internal arbitrator. The complaints logged with Client Care represents 0.14% of policyholders and 0.82% of claims registered.

ACCESSING ENTRY LEVEL MARKET

Positioning Santam to penetrate the entry level market with a viable and sustainable product set remains a key focus for the group in its efforts to promote access to financial services. This is within the context of government's drive to combat the challenges of poverty, unemployment and inequality but also the understanding that emerging markets arise with specific needs.

Santam has entered this market through a number of products, including "MiWheels limited", "Multihome", taxi and an asset insurance offering. The 2015 focus remains on developing and driving further penetration into this market.

CONSUMER EDUCATION

The education of clients in the emerging market segment is an important growth and responsibility factor. Santam continues to support industry consumer education initiatives through our contribution to the SAIA consumer education fund and Santam's own consumer education initiatives within Santam, MiWay and Centriq.

Within the Centriq environment, educational booklets have been developed to educate potential and existing clients on the need for household and building insurance. Within VUM (Santam's specialist underwriting manager for taxis) and MiWay, educational radio campaigns are featured on local radio stations. These campaigns focus on educating potential and existing clients on the importance of understanding risk, the role of the intermediary and value of financial planning.

Successfully expand outside of South Africa

Santam achieved gross written premium income from outside of South Africa of R2.1 billion. International diversification is achieved through:

- The partnerships with SEM, which now consists of economic participation in 11 general insurance licences across Africa, India and Southeast Asia.
- Santam Specialist, who leverages off its South African client base that expands internationally and the opportunities to develop specialist lines through the SEM partner businesses.
- Santam Re, who focuses on follow line business in Africa and Asia and the reinsurance programmes of the SEM partners.



Read more...

Business unit overview: Leadership overview
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Growth opportunities in the South African intermediated space

CURRENT DEVELOPMENTS

The environment in which the intermediated model operates has changed rapidly over the past five years, particularly through new regulation and disruptive competitive activity from direct and non-traditional insurers. The intermediated model is experiencing further pressure due to the additional cost burden introduced by binder agreements and the potential effects of the recently published retail distribution review.

Approximately 88% of Santam's gross written premium income is generated by its network of more than 2 700 intermediaries.

Santam remains committed to the future growth and development potential of intermediaries. It aims to create a transformed and cost-effective intermediary network that contributes to growth over the long term.

Santam is focused on creating efficiencies in its business processes and systems that educate, support and monitor intermediary performance and compliance to legislation. Significant investments are made through strategic projects (see leadership overview on page 17) to support and improve the intermediated channel.



DIVERSIFYING THE INTERMEDIARY CHANNEL

Santam is committed to contribute to the growth of the intermediary market and the development of future professionals in the industry through diversity. Therefore, the group developed the Santam Black Broker Development Programme (SBBDP), a few years ago and continues to strengthen this objective by providing training for learners and new entrants into the general insurance industry, of which the majority is from previously disadvantaged communities.

The SBBDP programme has produced 100 black intermediary graduates since its inception in 2008 with 72 graduates in the last three years. More than 80% of the learners on the programme (since 2008) were placed with intermediaries afterwards.

The current programme has delivered new business growth of between 14% and 19% at the 19 intermediaries in the Western Cape and Gauteng where graduates have been placed.

The SBBDP for 2015 commenced in July 2014 with intermediary information sessions. Santam, in partnership with the INSETA and the FIA, reached an agreement to dramatically increase the number of learners on the programme from the current 30 to 130 for the 2015 financial year.

Invest in long-term opportunities and innovation

Santam Specialist launched an innovative Santam Specialist Seamless solution product during 2014 aimed at expanding the group's underwriting capacity in Africa. The product targets large infrastructure projects and is structured through partnerships with niche underwriters to enable potential

clients to cover all bases of insurance through a single touchpoint.

MiWay has identified direct commercial insurance as a viable opportunity for future growth within its direct business offering to complement its personal lines insurance offering and leverage its existing book of business. The product was launched in October 2014.

CASE STUDY: Innovation at MiWay

MiWay launched an innovative Quick Hail Claim that allows a client to register a claim 24/7 online. This has dramatically reduced volumes to the call centre. Clients in hail-affected areas are sent an SMS that contains the link for them to capture the claim with the majority of the information already prepopulated, ensuring a quick and simple process.