

BrightRock - THE OUT OF THE BOX INSURER

You need your wits about you to launch a successful business in the saturated life insurance market. FNews spoke to Sean Hanlon, Executive Director: Sales and Distribution at BrightRock Insurance to find out how the company went about it...



BrightRock was launched with much fanfare in 2011. The company operates under mandate from Lombard Life and is proud to be part of South Africa's life insurance landscape as an underwriting management agency (UMA). The group believes that it will win market share on the back of innovative products that appeal to both the consumer and financial adviser.

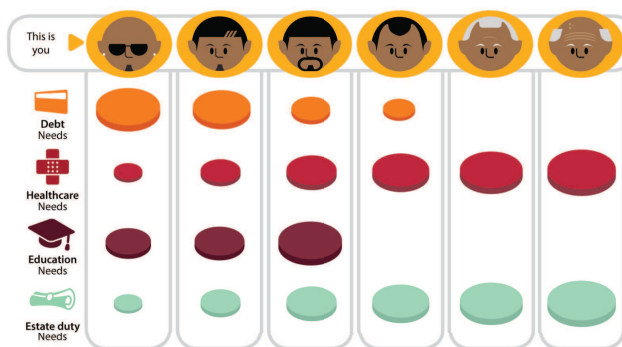
A study of stakeholder needs

In the months prior to its launch the group spent many hours determining what industry stakeholders wanted. "We spoke to financial advisers, consumers and the people working in the industry to understand their needs – to discover what they love about the industry and what frustrates them," says Hanlon.

The result is an insurance offering with "back to basics" entrenched as its fundamental principle. "We arrived at the concept of needs-matched cover by looking at the reasons why people take out life insurance, namely to protect specific financial needs and obligations," he says. The next step was to consider how traditional products catered to these needs. BrightRock's investigations flagged disconnects between the

Your needs change over time

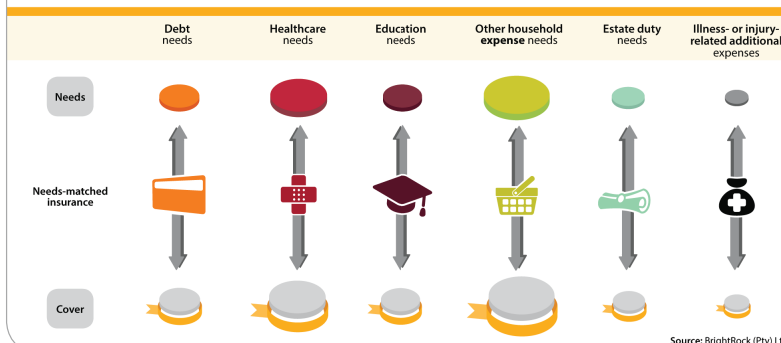
Your cover grows and changes with your needs throughout your life.



Once your bond is paid off and your children graduate, your education and debt needs will fall away - and so will your cover for those needs. But your healthcare needs - and cover for it - will grow steadily over your lifetime.

Source: BrightRock (Pty) Ltd

A needs-matched life insurance policy



Source: BrightRock (Pty) Ltd

needs (of both consumers and adviser) and the available insurance solutions.

Meeting consumers' needs

"Existing products were structured around insurable events rather than financial needs," explains Hanlon. "The fundamental mismatch between needs and products made it extremely difficult for financial advisers to service their clients."

Another key insight is that consumers do not know what they are buying, despite advisers' best efforts to educate them. The solution – and perhaps the motivation for introducing another insurer to the domestic market – lies in linking insurance products to the clients' specific needs.

"BrightRock will make it easier for advisers to provide their clients with a detailed understanding of what they have bought and how it matches their needs," says Hanlon. "This approach holds benefits for the financial adviser

too, by facilitating best advice and making it possible to tailor the right cover solution for each client."

Unrivalled experience

A key differentiator in the life insurance cluster is experience. BrightRock was fortunate to enter the market with a strong, multi-skilled team with years of experience in the insurance industry.

Schalk Malan, Executive Director: Actuarial and Product Development, has 10-years experience in product development; Leopold Malan, Executive Director: Processing, has twice that in the systems infrastructure space; and Suzanne Stevens, Executive Director: Marketing, has launched several financial services brands in her 16-year career. Hanlon is a 23-year veteran in the financial services distribution space.

The group's leadership philosophy will ensure an edge in today's competitive environment. "We work together as a collective and find that

the resultant robust debate and broad thinking leads to new ideas and perspectives," he says. BrightRock's executive team also benefits from the ongoing support and involvement of its investor, the Lombard Insurance Group, and its non-executive chair, Miles Japhet.

Success hinges on underwriting

The underwriting process is integral to the success or failure of an insurer. To trade profitably the risks at underwriting stage must be accurately assessed, premiums correctly set and administrative outcomes communicated to both client and adviser with the minimum delay. The bottom line is that accurate underwriting cuts down uncertainty and reduces repudiations at claims stage.

BrightRock has a simple approach in determining a client's risk profile. Hanlon explains: "We believe in using a modern, evidence-based approach supported by clinical best practice and state-of-the-art underwriting tools to arrive at fair and consistent decisions that offer clients the best price."

Getting "risk" right

To guarantee underwriting integrity, BrightRock partnered with one of the world's leading reinsurers, with a presence in 150 countries around the world and treaties with more than 4 000 insurance companies internationally. The group uses an interactive risk management calculator developed by its reinsurance partner to ensure accurate and objective risk decisions.

BrightRock's new business and underwriting process has four distinct phases, namely proposal, final capture, processing and policy activation. Each of the underwriting activities takes place during the processing stage.

After accepting their cover proposal, clients complete a proposal form. The form contains health, lifestyle and medical questions that are

assessed for underwriting purposes. But clients can skip this step during the proposal form stage and opt instead for telephonic underwriting.

Welcome relief for advisers

In this case a BrightRock clinical consultant will contact the client and arrange to ask the questions in a confidential setting at a time that suits the client. Financial advisers have welcomed this innovation as they no longer have to spend hours going over "personal and sensitive" medical details with clients.

Another important feature of BrightRock's underwriting approach is flexibility. An innovative insurance solution must take account of changing requirement linked to a clients' life stage. The insurer accommodates such changes with limited underwriting requirements.

Simple life insurance

The result is a "keep it simple" approach to life insurance. "It is difficult to deliver a simple product given the complexity inherent in our industry," says Hanlon. This complexity is one of the reasons the company opted for an intermediated distribution model. Whether the product is simple or not, clients need an experienced hand to ensure their portfolio of insurance products covers any death or disability event.

An advantage of being a new entrant to the domestic insurance market is that systems can be developed to comply with the tough regulatory and compliance environment from day one. BrightRock has built fairness and transparency into its business processes so that clients know what they are covered for and what not.

Managing expectations

"We want to avoid the disappointment that clients experience when they discover too late that their life policy is not all it was made out to be," he says. To this end the insurer communicates clearly and simply with its clients – only

sharing information that is relevant to their individual circumstances.

BrightRock places a high value on financial advice and is selling exclusively through the independent financial adviser channel at present. But the group has not ruled out going the direct route. "Our product lends itself to other distribution models and we are open to exploring additional models as soon as the timing and the opportunity is right – and provided that we can do so without undermining our broker channel," says Hanlon.

Independent brokers who sign up to distribute products for the insurer will attend product training sessions and receive a wealth of technical support material to help unpack and explain the product. The company spends a great deal of time ensuring that advisers have detailed and practical knowledge of the BrightRock Flint online quoting application and adviser toolset.

Purchasing hi-tech cover

This application can automatically translate the financial information the adviser enters into a custom-made BrightRock cover proposal designed to exactly match the client's needs. Advisers can then dial up or dial down cover and premiums based on additional feedback from the client.

The application provides clear and concise detail on the extent of coverage against the clients' needs and is a good starting point for an informed discussion about any gaps in coverage. BrightRock's product philosophy is "hard coded" into BrightRock Flint and advisers will understand and correctly apply the group's products by using the tool.

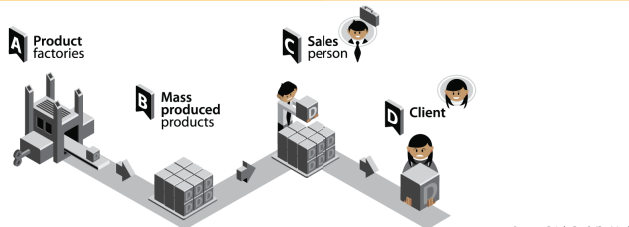
BrightRock has been well received. To date the insurer has received contract applications from 2 500 corporate and independent intermediaries. "The response from both clients and financial advisers has exceeded our expectations and, on the whole, has been very positive," says Hanlon. Advisers are excited about level of pre- and post-claim flexibility and feel the product is relevant to their clients.

The brighter side of life

The insurer's innovation is also visible online through its interactive and entertaining website. Hanlon mentions BrightSide, BrightLives, BrightIdeas, BrightLists and BrightSpots as part of the BrightSide of Life, an area of their website dedicated to providing interesting and colourful content.

"Too often, people in our industry talk about things like cover projections, lapse rates, morbidity and mortality statistics – at the expense of what really matters – the people we are covering," concludes Hanlon. The group has dedicated a section of its website to celebrate life, celebrate change and to acknowledge the humanity of the people whose lives they cover. ●

How traditional life insurance policies are made



How needs-matched life insurance policies are made

