At FNB Life, we aim to innovate across the value chain, from channel to the final stage which is claims.

1. Channel Innovation (Digitisation)

FNB Life has been in operation since 2015 and in that time, it has managed to launch 19 products and these products are being sold and serviced on different digital channels and these channels include ATM, Cellphone Banking, Online Banking, & App. FNB Life leverages FNB Bank's already significant distribution channel footprint to create a plethora of contact points outside of regular business hours. This omni channel strategy has allowed FNB Life to create a customer centric way to engage with customers.

In 2016, FNB Life became the first Insurance to sell funeral insurance on ATM channel. There is a vast population within South Africa who live in rural communities and ATMs have become one of the most used channels in these communities. Offering Funeral Insurance on our ATMs was a no-brainer. This solution leverages the bank's big data as there is no need for a customer to re-enter their personal information again making this a seamless sales process. FNB won bronze in the EFMA – Accenture Insurance awards for digitising Funeral Insurance.

In 2017, FNB Life digitised Life Insurance. Life insurance in South Africa has traditionally only been accessible to more elite customers that have access to a Broker. The offering of Life Insurance on the digital channels has enabled an average South African to take up Life Insurance. The offering is available on FNB online and on FNB's award winning and internationally recognized Banking App.

2. Advice Innovation

Access to Life Insurance is limited to a few elite customers, therefore providing financial advice to the different customer segments, especially those in the lower income segments without incurring incremental cost is a business model problem and we identified the need for a different approach to financial advice. Further, the costs associated with the provisioning of this important service act as a barrier to entry and limits access for large parts of the South African consumer base. We launched Robo-Advice Tool which is part of our Artificial Intelligence journey. We launched the Robo-Advice tool in 2018, which the Call Centre channel uses to provide customers with much needed financial advice around their insurance needs. The Robo-Advice tool was a Finalist on the 2018 BAI Global Innovation Awards.

3. Underwriting Innovation

FNB Life felt there was a need for disruption in the underwriting space of long-term insurance. Underwriting is a process that has been around for many decades and those same processes are around today. The normal process is to ask customers numerous amounts of questions and then to validate these questions with medicals.

This brought about the development of the decisioning engine which is a predictive mortality model. It uses big data and machine learning techniques to make proactive decisions about underwriting for customers. The model uses customer's demographics, FNB Bank's

transactional data and home affairs death data to predict the chances of death. The model looks at around 2 500 different factors.

This predictive mortality model is used on our multiple channels such FNB App, Online Banking and Contact Centre. This makes the sales process massively easy and efficient. We can now offer customers pre-approved (can take up to R1.5 million covers with no underwriting questions or medical tests) and pre-qualified offers (can take up to R3 million cover with four underwriting questions and no medical tests).

This innovation is unique and different from the market because:

1. It's a first in the market to use banking transactional data to predict mortality.
2. It enables products to be fully underwritten without requiring questions or medical tests.
3. It leverages big data – it uses multiple data sources from FNB Bank, FNB Life and Home Affairs data. Underwriting happens in the background without the customers knowledge.
4. The underwriting and offering are simple and therefore makes it easy to understand.
5. Simple sales process – we underwrite the customers in the background, pre-approve the product and make the offer to them without requiring anything else, all they must do is agree to take up.

4. Product Innovation

Our focus when it comes to product innovation has been to build the best product that FNB Bank's customers can buy, which meets their needs. The creation of the Pay Protect product was inspired by the desire to provide a complete suite of insurance products typically inaccessible to lower income customers.

This product leverages the FNB bank's big data in the underwriting process. This product is financially underwritten in the background and is proactively offered to the customers without requiring supporting documents (such as Pay slip, ID Copy and proof of address) which would normally delay the process. The take up process is simple, and this simplicity of the product is essential since the target market generally has lower levels of education and financial literacy, and the product must cross vernacular language barriers (South Africa has 11 official languages).

5. Claims Innovation

5.1.   Claims Initiation

The standard practise of claiming from an insurer is always customer-initiated. The customer will typically upon an event occurring, contact the insurer. The claim is thereafter assessed before being paid out. This process creates unnecessary waiting time, is costly and involves a lot of effort on the customer's part during a very difficult period.

Our solution to this predicament involves the use of big data from Home Affairs (the national government organisation which records births and deaths) to pro-actively identify deaths amongst our insured base and to initiate claims on the beneficiaries' behalf. This customer-centric solution reduces time and effort required from the customer in submitting

a claim and aids beneficiaries who are unaware they are entitled to a benefit, to receive the money when they need it most.

5.2.   Straight Through Processing

Previously customers would wait for long periods of time for their claims to be processed, and this generally happened during the time when the customer needed the money the most. Our innovation uses automation to process and pay claims straight through. We have used a proactive decisioning method which evaluates customer data, policy information as well as fraud data to assess whether a claim should be paid or not. If no red flags for fraud are raised, the claim is paid out immediately.

5.3.   Previously Unclaimed Policies

To keep our promise to our customers, we created a process whereby we used data from Home Affairs to identify policies historically not claimed for and paid them out to the beneficiaries. In July 2018 we began a process where we checked all our historically lapsed policies to see if there were any deaths that occurred before lapse date for which we did not receive a claim. From there, we've started to trace the beneficiaries and pay out the claims that were owed to them.

Trust in the insurance industry is really a commodity and through this innovation, we hope we can rebuild this not only with our customers but also within the industry.