

# BRIAN JOHNSON

HEAD: BROKER DISTRIBUTION | OLD MUTUAL INSURE



18 August 2017

Dear broker

## New premium structure for Personal Lines

We have completed our annual premium review for our Personal Lines products. The new premium structure will take effect on Tuesday, 22 August 2017. This relates to new business, from 1 September 2017 and to renewals, from 1 November 2017.

Please select 1 September 2017 as the effective date for any new business quotes done from 22 August 2017, so that the risk attracts the new rates.

### Rates, premiums and excess structures

To be more competitive in the Personal Lines segment, we have not made any significant changes to our new business rates. These rates, on average, will remain flat across the portfolio.

We have done extensive work around the method of calculating premiums and have remodelled all the rating factors on the Motor, Motorcycle, Contents, Personal Computers and Bereavement sections. This makes premiums more reflective of the recent claims experience on the particular risk selection and customer profiles. Our standard excess structures will remain the same.

We are introducing the following additional categories under our All Risks section, to get better data quality and to improve the correctness of the premiums:

- A new category for CDs and DVDs – previously under Car Sound Equipment
- A new category for Baby Prams, Car Seats and Baby Accessories
- The Caravan Contents category splits into Caravan Unspecified Contents and Caravan Specified Contents (limits have been increased).

There are only two minor changes to our excess structures:

- The excess under the Loss of Money category in All Risks, is reduced to R100
- A new standard excess structure for vehicles with a value over R1, 5 million (that cannot be reduced without a referral).

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## New additions

We will now provide subsidence and landslip cover in dolomite areas, without a requirement to provide geotechnical reports.

To comply with the changes to the demarcation regulation (Hospital Cash Plan and the Medical Expenses category under the Personal Accident section) no new business will be available from 1 September 2017. Further communication will explain how we are planning to exit from the existing business between now and the end of the year.

We introduced 'Bundle and Save' in our previous rate review. This has proven to be a compelling proposition for customers with multiple assets or items under a comprehensive policy.

We are very competitive in this segment and encourage you to put us to the test to make sure your customers get the best value for money. Remember, the more you insure, the less you pay.

We have taken a balanced approach to our premium changes and will rely heavily on our claims initiatives to reduce our average cost per claim. We are confident that we will realise these benefits over the next few months and that our approach will make us more competitive in the Personal Lines segment.

Thank you for your continued support. I look forward to strengthening our partnership as we continue to do great things for our mutual customers.

Regards

**Brian**