



Disability Income Crash

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Where are we?

Core headline earnings also continue to be affected by weak underwriting experience on group disability business.

The underwriting margins recorded are below the longer-term trends with disability claims in particular remaining above the targeted range, largely due to the impact of the current tough economic conditions. We are actively monitoring the disability claims experience and responding accordingly.

High group disability claims, largely linked to the current unfavorable economic conditions, remained high, and resulted in R57 million reduction in earnings relative to prior year.

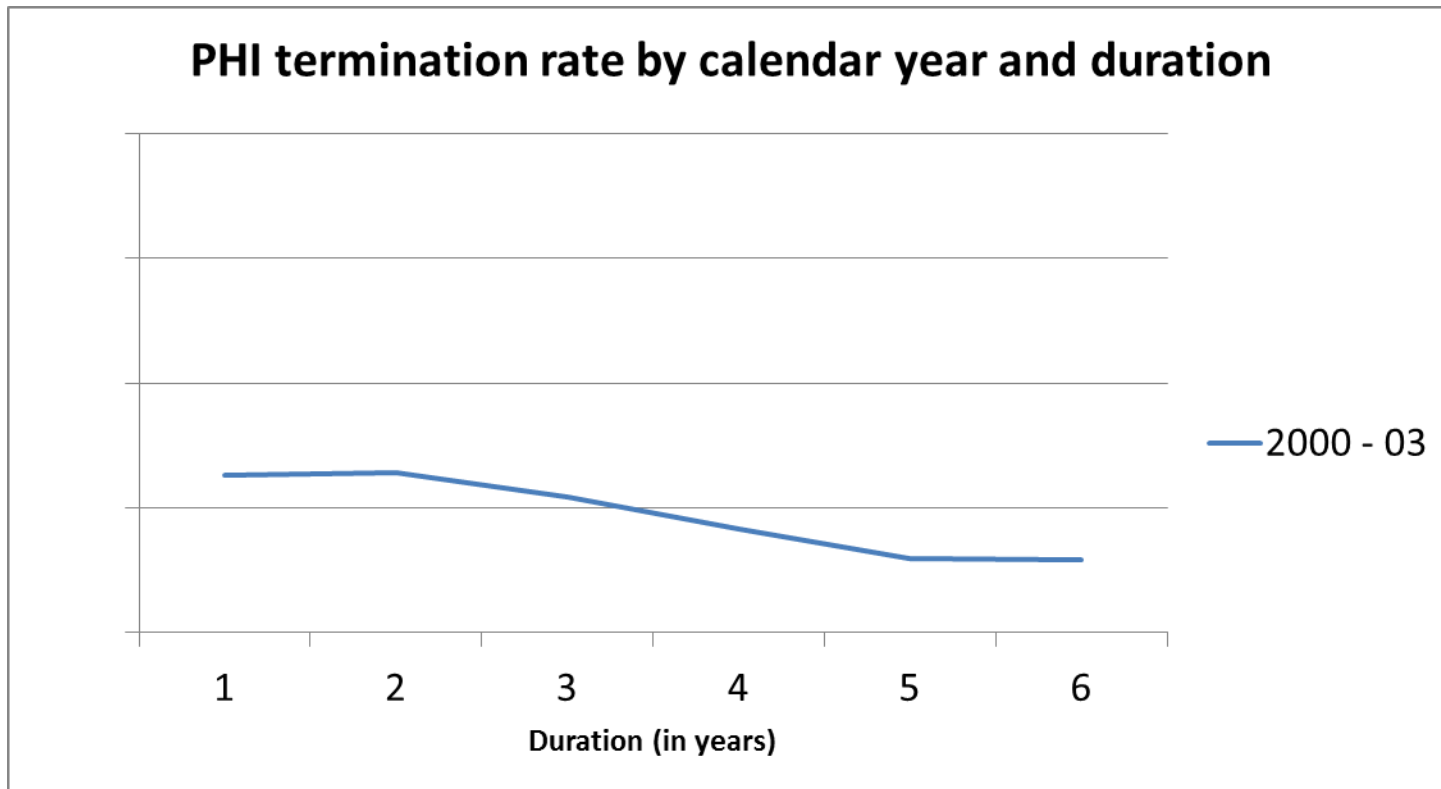
The product

- Important benefit
 - Industry
 - Policyholder
 - Individual and group
- Complex product
 - By definition
 - Claim choice
 - Moving parts
 - External shocks

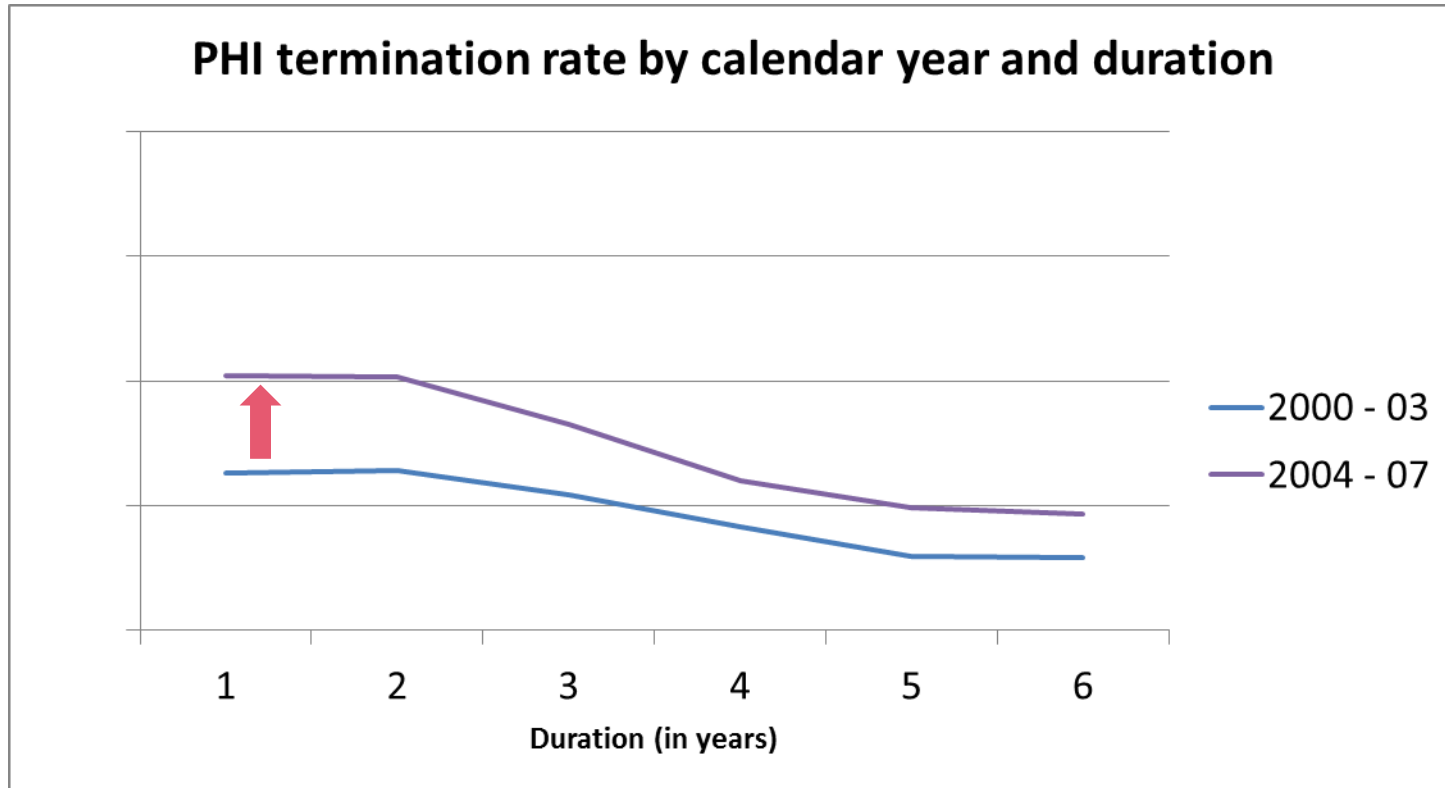
The environment

- Where do we find ourselves
 - Tax changes
 - Economic & political instability
 - Retrenchments & unemployment
 - Pressure on product
- Recent Australian experience
- Emerging experience

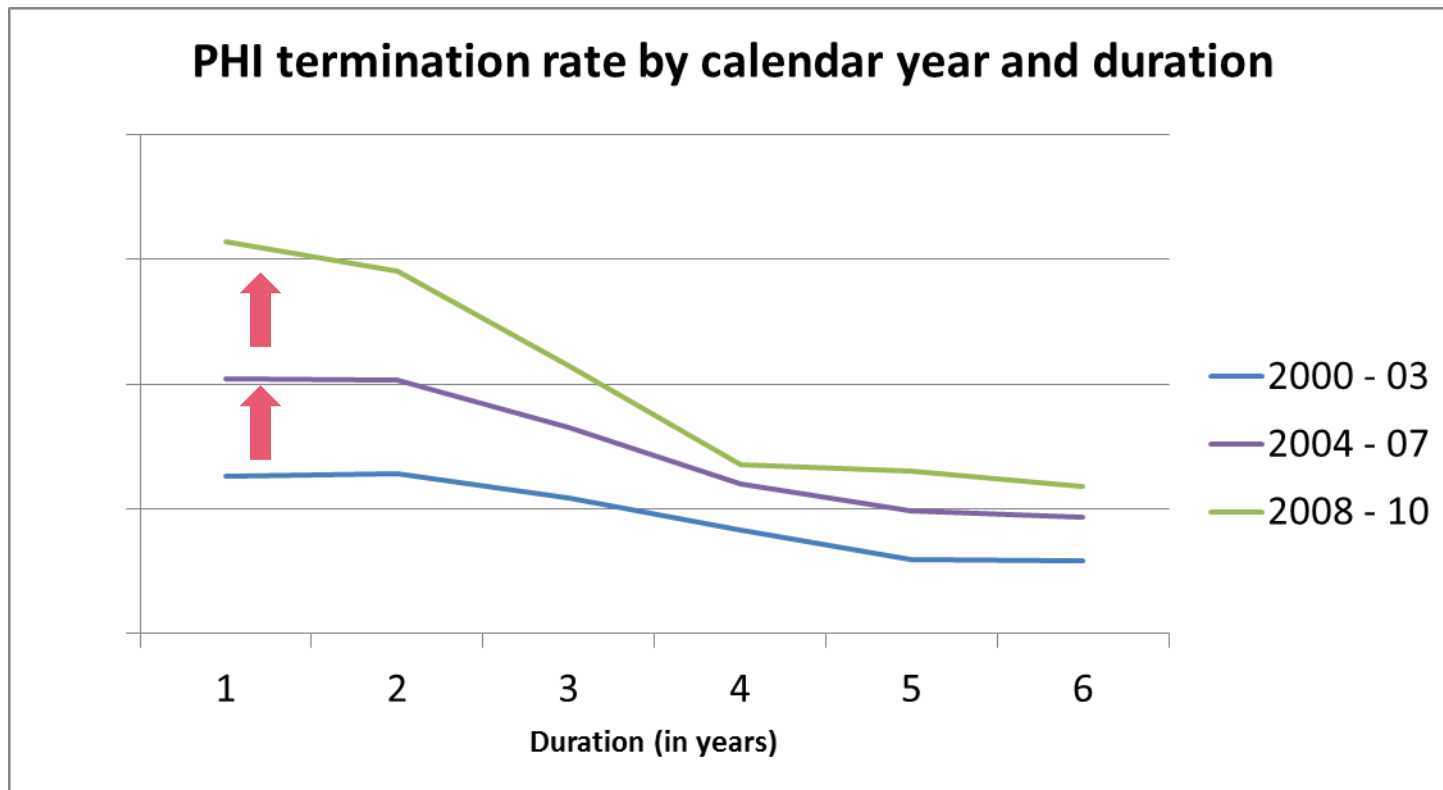
Experience



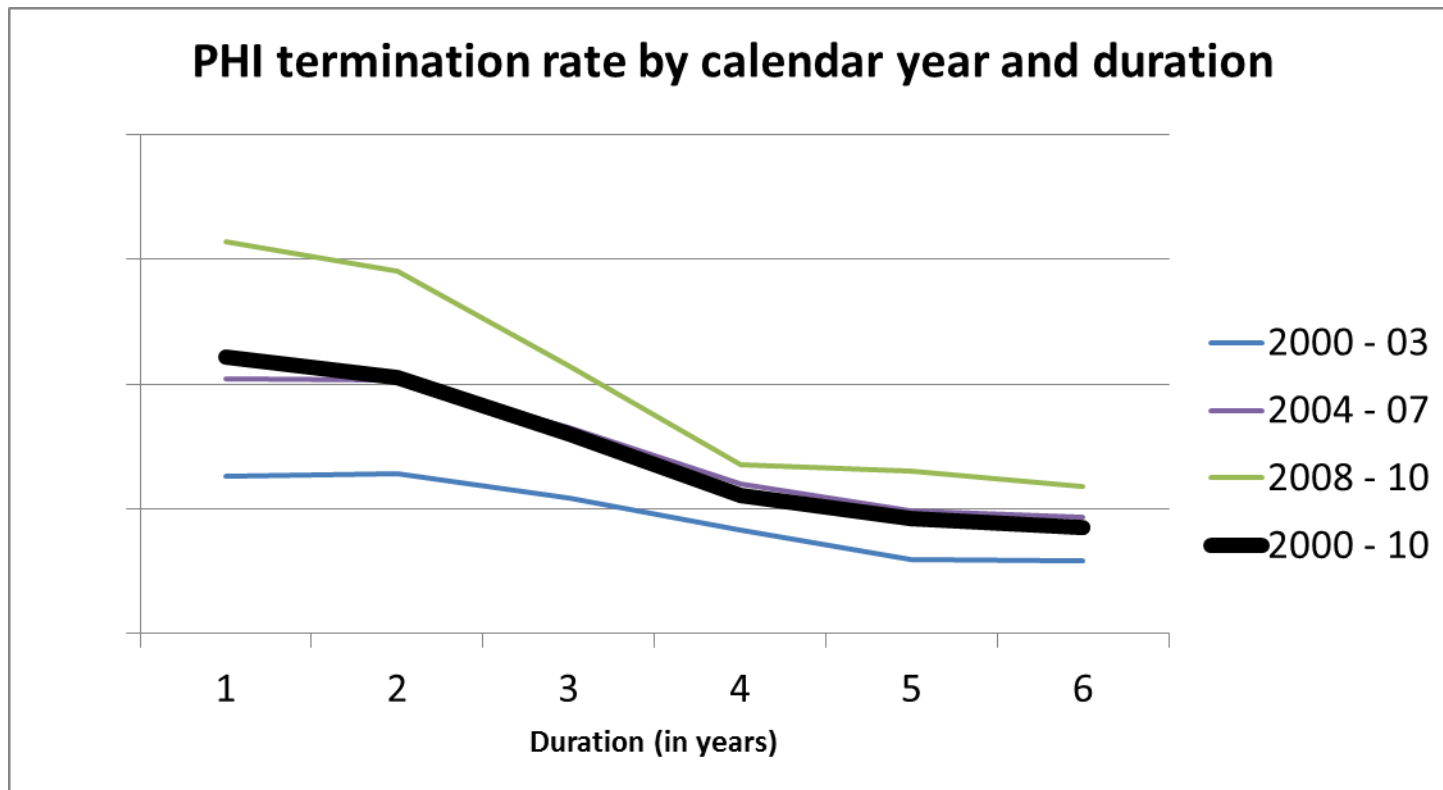
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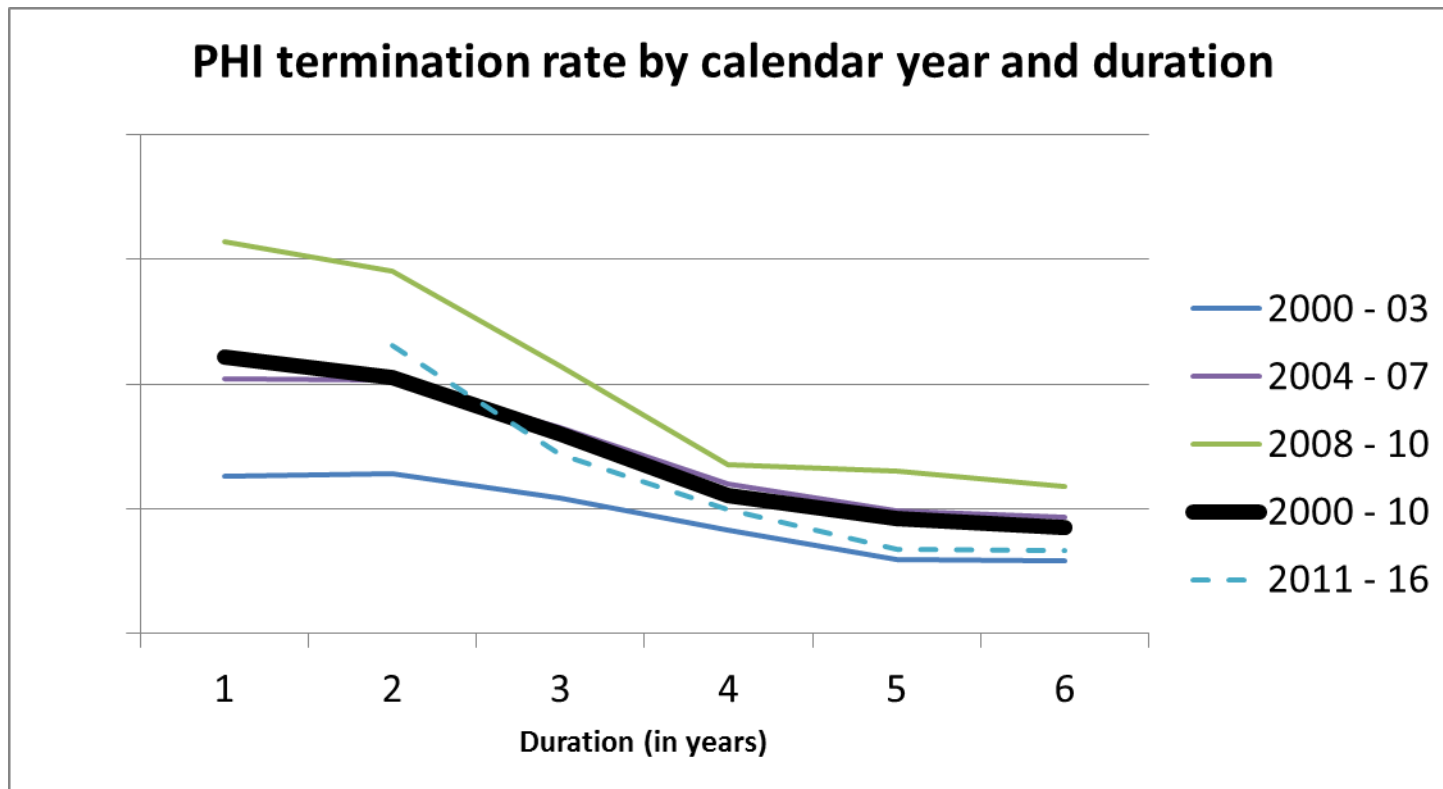
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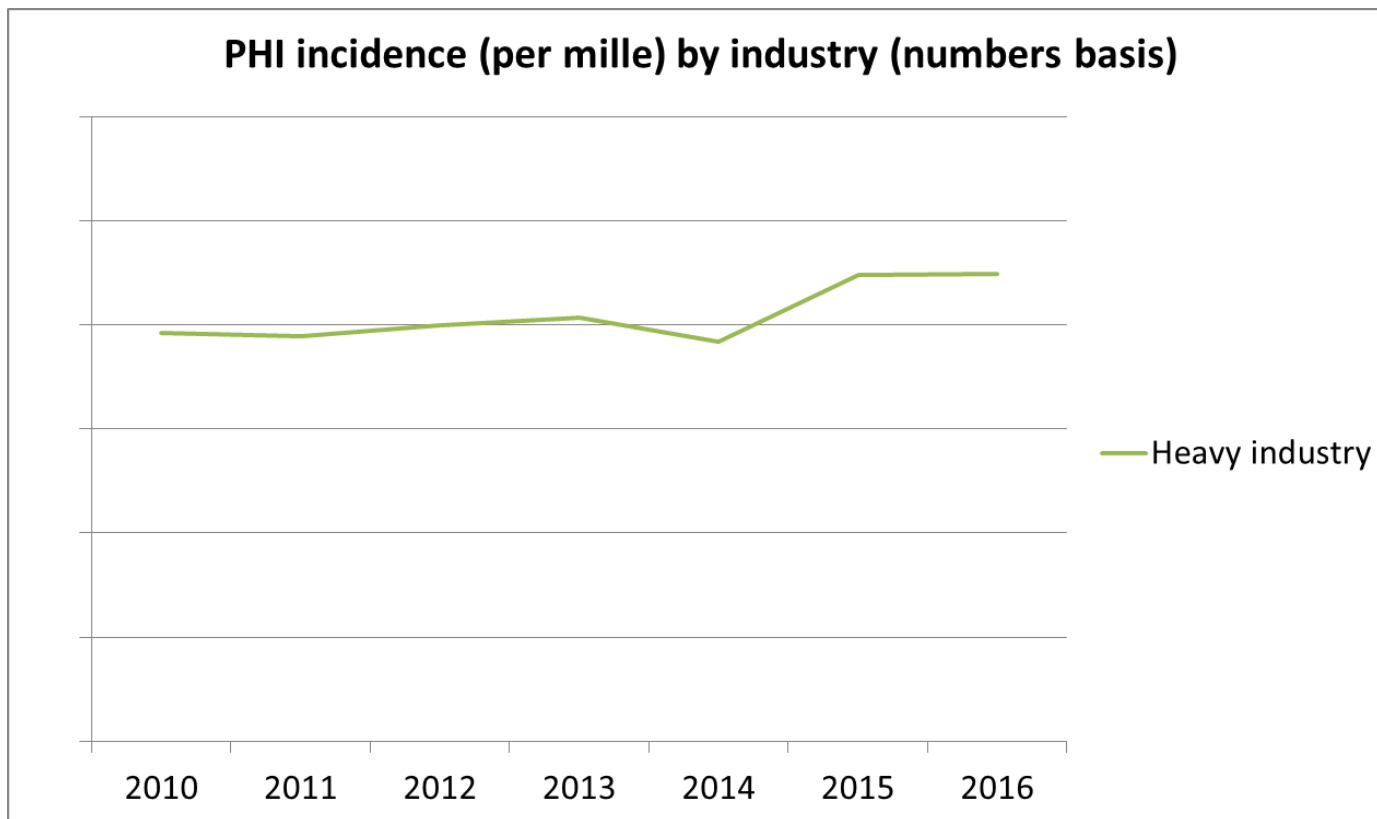
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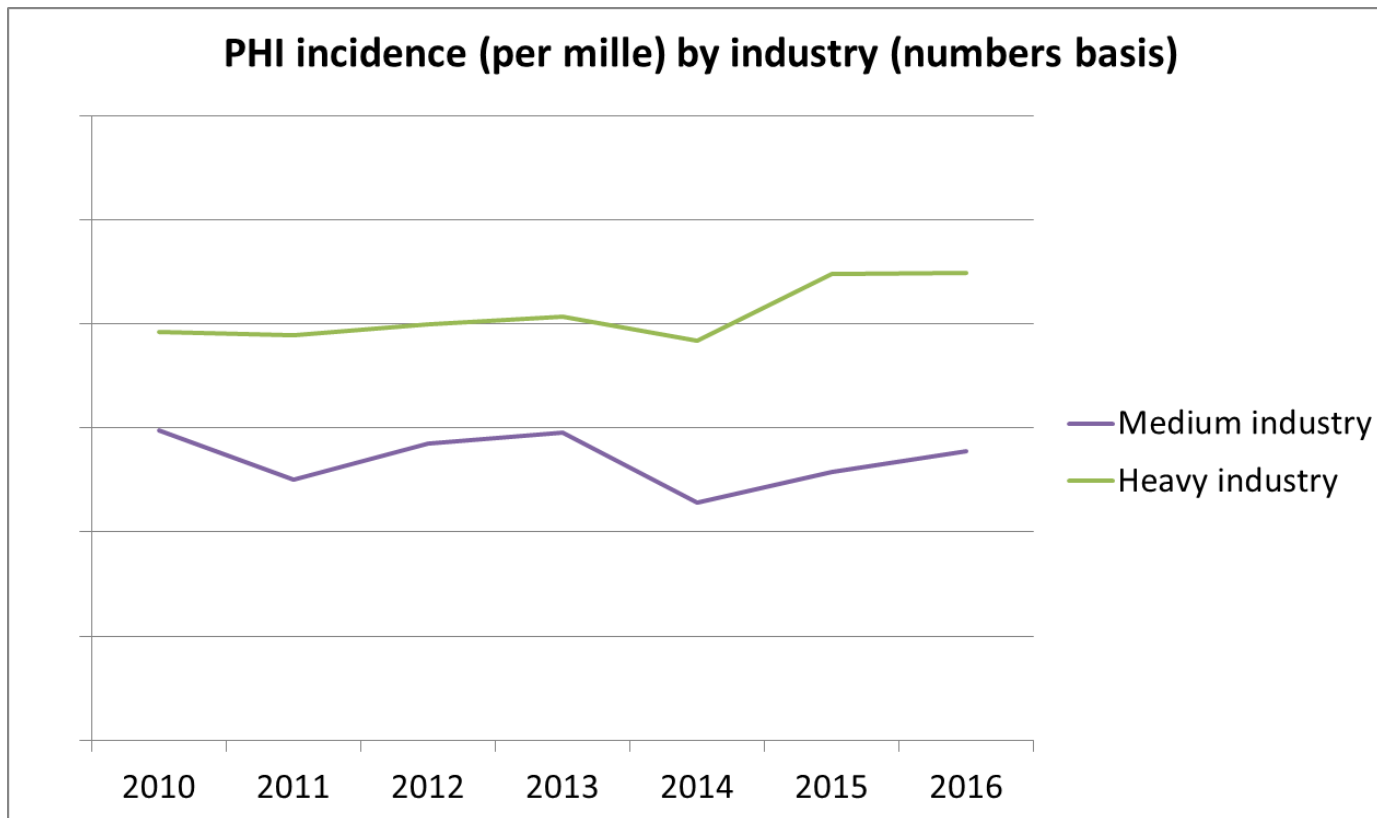
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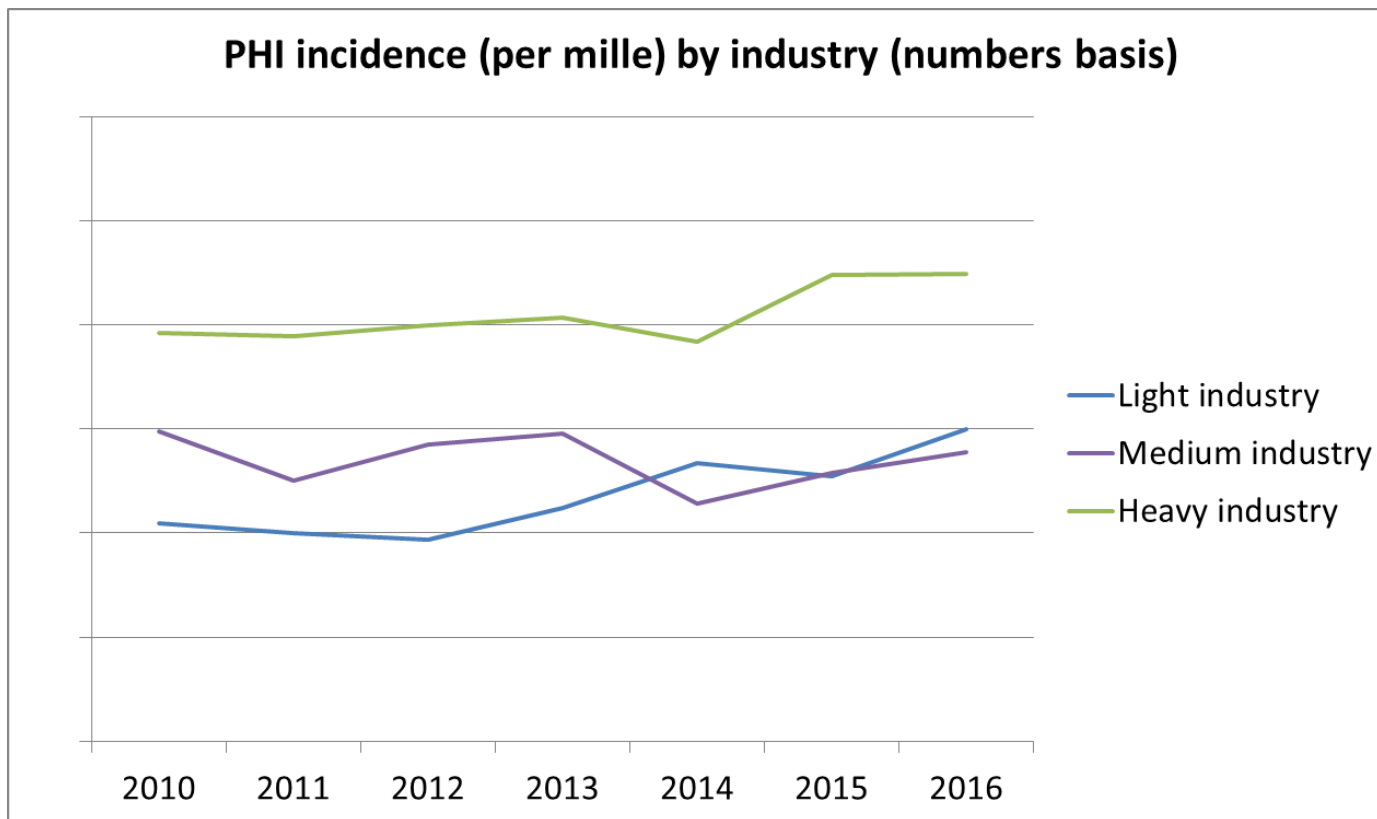
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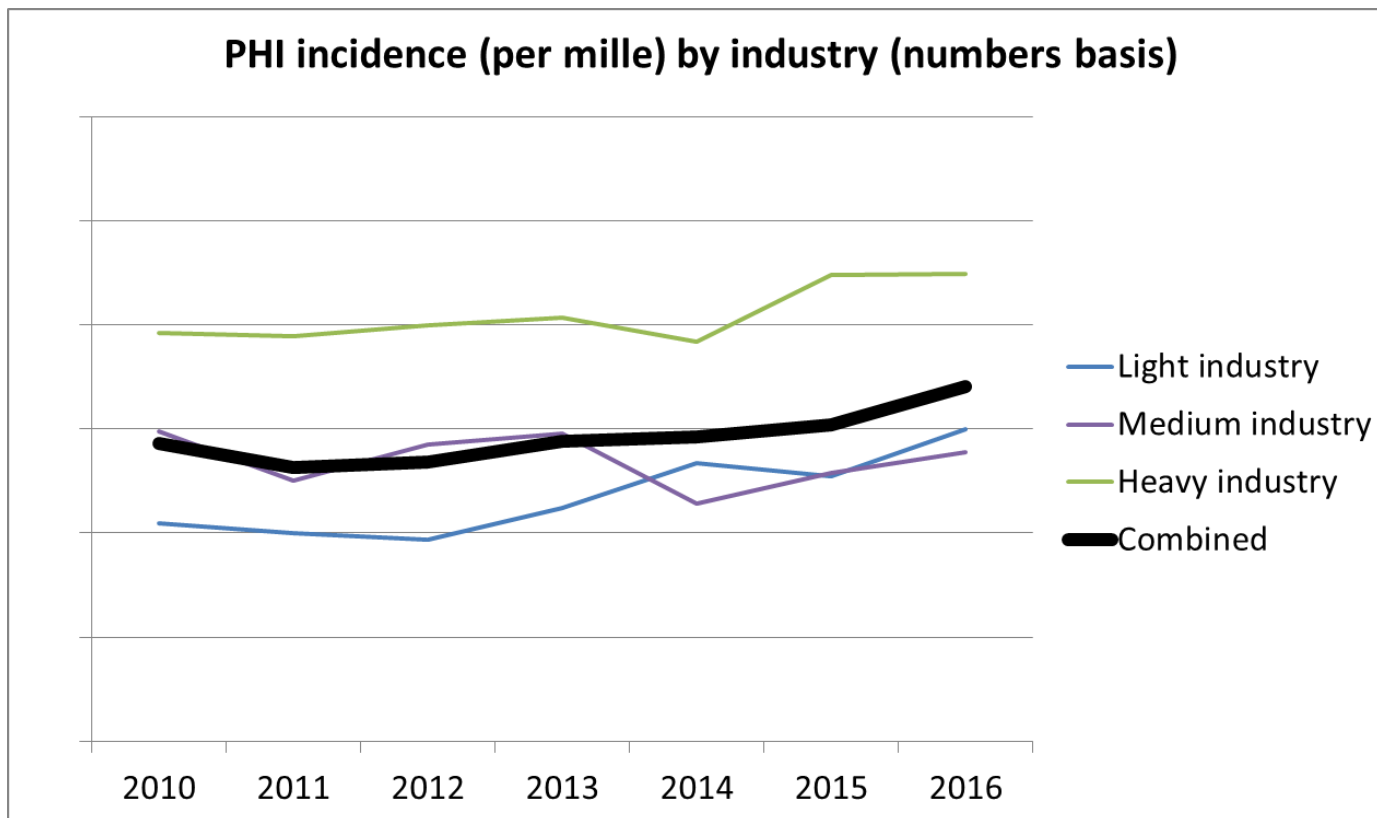
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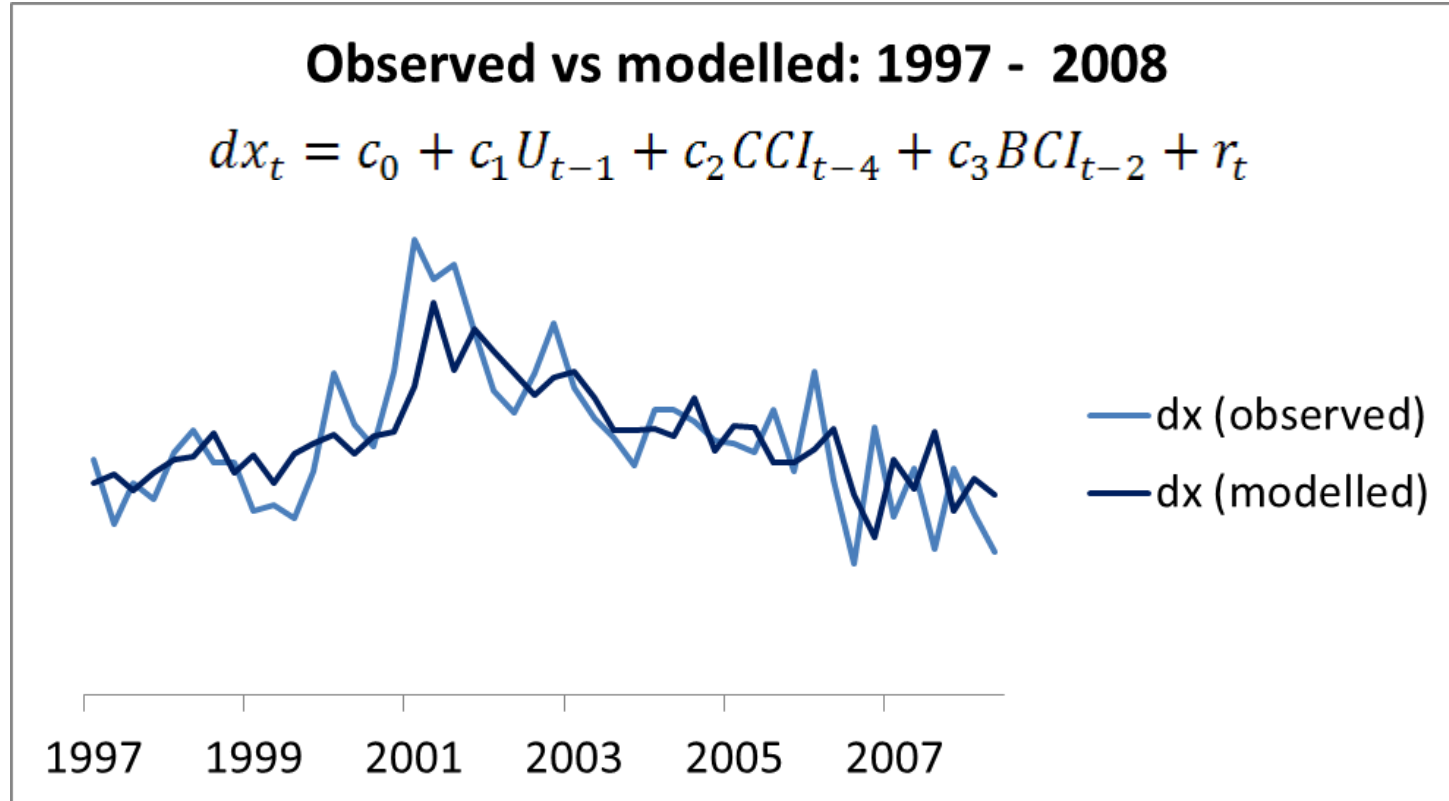
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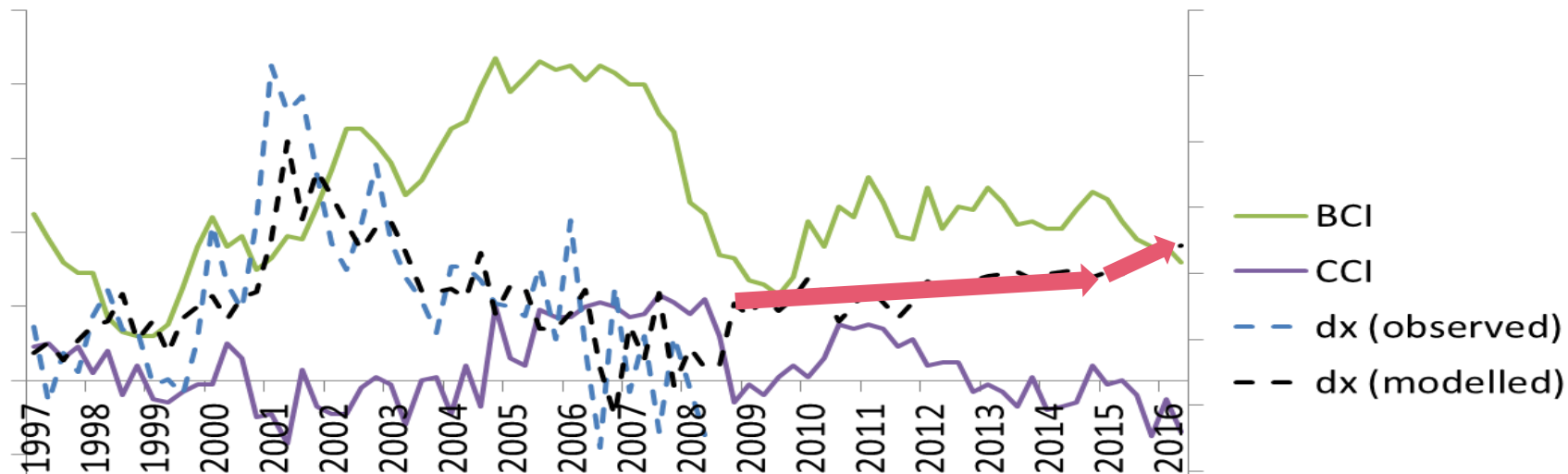


Experience



Experience

Predicted incidence: 2009 - 2016



Are we there yet?

- Experience is worsening, but...
- Industry responding
- Industry resolve
 - Stick to sound risk management
 - Understanding drivers better
 - Pricing risk correctly
- Is experience still moving??

The future?

- New normal or another shock coming?
- What is an occupation?

Slasher or Gigger?

Part of the sharing economy?

- Increasing and across all groupings

**So what happens when the over-educated,
under-skilled knowledge worker enters the
sharing economy?**

**They give us a lift to the airport
or deliver lunch.**



**They get underwritten / priced as
a legal professional...**

Good Work

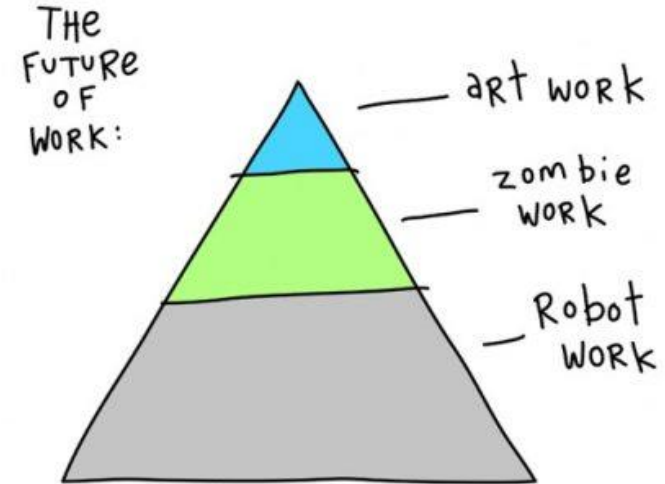
The Taylor Review of Modern
Working Practices

&

**...injured as an
Evening Uber driver
Part-time micro brewer
Weekend diving instructor**

Where to...

- Important product – sustainability
- Real time analysis
- Understand the trends
 - Biometric
 - Economic
 - Regulatory
 - Political
 - Other
- Watch the emerging job space



@gapingvoid