March 2024

COVER

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YOUR 'FACTORY SETTINGS' MAY BE AN IMPORTANT PART OF YOUR RETIREMENT SUCCESS

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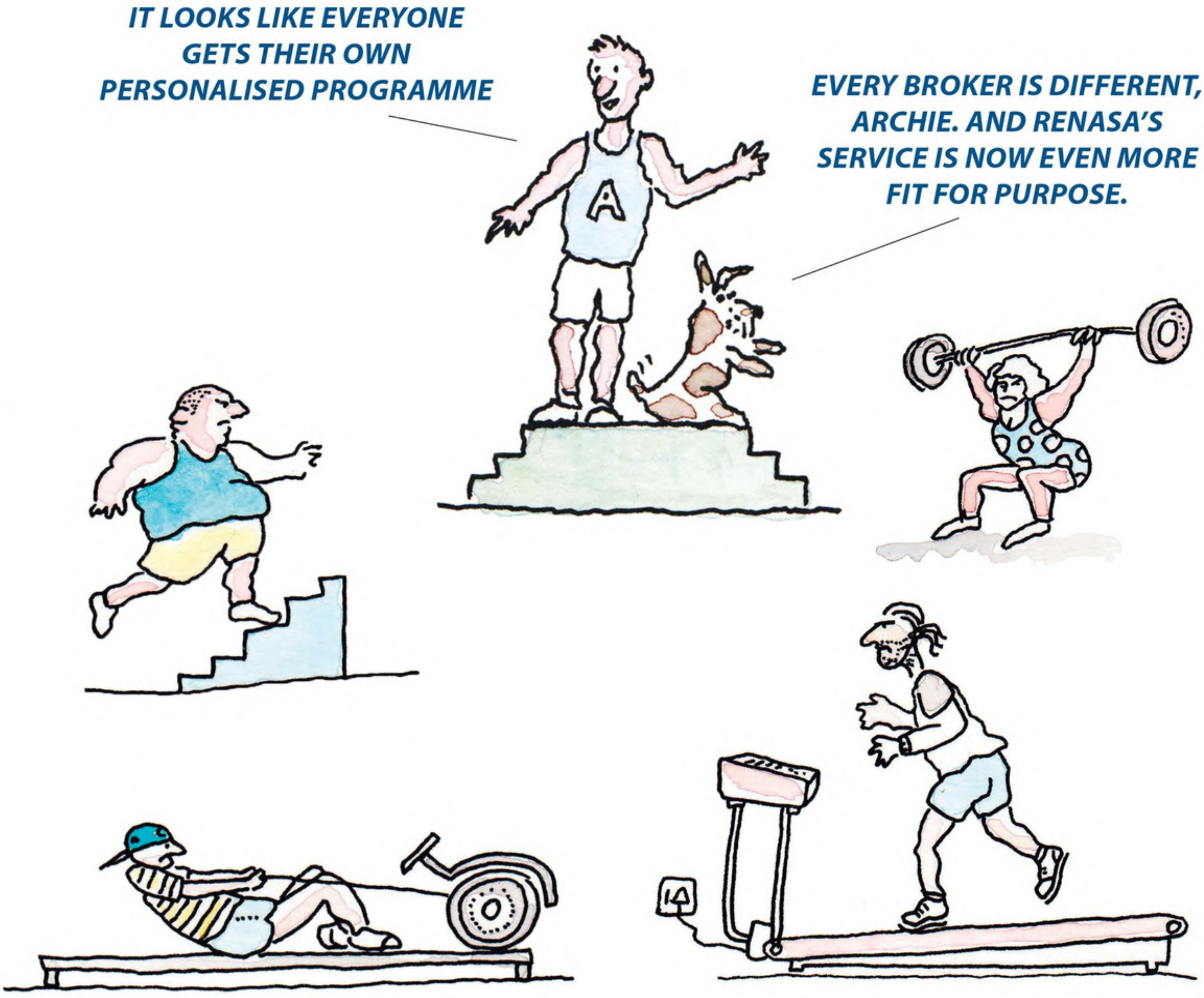
IT LOOKS LIKE EVERYONE GETS THEIR OWN PERSONALISED PROGRAMME
EVERY BROKER IS DIFFERENT, ARCHIE. AND RENASA'S SERVICE IS NOW EVEN MORE FIT FOR PURPOSE.
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MAIN STORIES

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RISK MITIGATION: THE NEXT BATTLEFIELD

For decades, we have been pushing the need to move away from selling your ability to sell, I.e. earning a commission on a sale.

The financial planning industry was the first to move into a fee-based environment, with the industry clearly splitting into advisers and sales people. Advisers started moving away from commission about 15 years ago, and it has been a hard road, with most operating on a hybrid, commission and fees basis.

The challenge we face in the short-term space is that charging fees for risk management/mitigation, has largely been the domain of the very big corporate brokers. Smaller, general brokerage staff are mostly focused on administrative services, with very limited risk management, risk surveying skills.

In the future world of risk mitigation services, these latter skills will have to become the focus. How this is done will determine competitiveness in the small to mid brokerage environment.

Read the article by Fanus Coetzee, CEO of Santam Broker Solutions in this edition.

COVER has much more lined up in this space, Take our 10 minute Broker Survey here to add your thoughts.

Tony Van Niekerk, Editor & Chief at COVER Magazine

FINANCIAL

PLANNING ARTICLES

"In today's digitally-savvy world, financial advisers have never had so many tools available to them to structure cover for clients in a way that covers them sufficiently and covers only what they need for as long as they need it."

- CLYDE PARSONS, CHIEF INNOVATION OFFICER AT BRIGHTROCK

HOW TO SUCCEED AT SUCCESSION

Erica Roux, Masthead Practice Management & Projects Specialist

Regardless of the circumstances – be it retirement, unforeseen events like illness or death or personal responsibilities – everyone will eventually exit the financial services industry.

As the owner of a financial advisory business, it's imperative for you to identify a successor who can seamlessly take over the reins one day. This will safeguard your interests, as well as those of your clients and staff. Succession planning involves a comprehensive strategy that aims to transfer business ownership to a successor, either someone within your company or an outside individual or business. This strategic approach ensures the business can continue its operations even when the owner steps down. Beyond continuity, succession planning also ensures the value owners have accumulated in their businesses after years of diligent work is realised when they exit, either as valuable retirement capital for themselves or an inheritance for their beneficiaries.

How planning ahead benefits your business

Planning helps to maintain client relationships. A well-thought-out succession plan instils confidence in customers, suppliers, investors and other stakeholders by demonstrating that the business is prepared for the future and has a plan in place for ensuring stability and growth. Secondly, planning mitigates risks. Life is unpredictable. If an owner needs to step down earlier than expected due to health problems or an accident, a well-thought-out succession plan can ensure a smooth transition, minimising risks and ensuring compliance. Moreover, the owner won't be forced into a quick sell to cover medical or other costs.

Planning adds value to a business. A succession plan will enhance a business's value, making it more attractive to potential buyers or investors. Planning also adds an element of sustainability to businesses. Through succession planning, a business can identify and develop talent within itself, ensuring the business can continue to operate effectively even after key employees retire.

Finally, planning involves the transfer of knowledge. Documenting critical information and knowledge held by key employees is an integral part of succession planning, and this retains and transfers the business's intellectual capital to the next generation of advisors, ensuring that clients continue to receive high-quality advice and service.

Navigating the complexities of succession planning

There is no denying that succession planning is a complex, intricate endeavour. By taking the necessary steps, however, you can implement a plan that will benefit all role players.

By taking the following steps, you can ensure your succession plan is practically implementable:

- Consider the legal structure of your business and whether it exists as a separate legal entity. For example, a sole proprietorship – a business that is owned and operated by a natural person – will cease to exist when the owner steps down or dies. In other words, a successor won't be able to take over the FSP's licence or business. On the other hand, if your business is, for example, registered as a private company, also known as a (Pty) Ltd, it is a separate legal entity. It can continue in your absence, and its licence can continue under the oversight of an alternative Key Individual.
- Identify a successor – either from within your business or bring one into your business.
- Include your succession plan in your will.
- Specify in your succession plan how the purchase should be paid, for example as a lump sum or in instalments.
- Clearly specify in your succession plan the amount your successor should pay you or your beneficiaries when you exit, as well as any other terms, such as arrangements in terms of existing staff, etc.

Choosing from within – or should you look elsewhere?

In deciding whether to sell your business to an outside FSP or train an internal successor, there is no one-size-fits-all solution. However, in general, if there's someone in your business who could potentially take over, training an internal successor is often easier. Selling your business to an outsider is a complicated process that involves various role players and factors. Ensuring everyone is aligned and plays their part in successfully executing the plan can be arduous, potentially leaving successors and beneficiaries out in the cold. For instance, if the successor lacks broking contracts with your product providers, securing these contracts can become a challenge. Instead of granting the contracts to a successor, providers may choose to redirect clients to their tied agents. In addition, the decision to sell is strongly influenced by market conditions, which can vary and have a substantial impact on the ease of finding a suitable buyer.

On the other hand, training an internal successor facilitates a seamless transfer of knowledge, ensuring continuity of business practices and client relationships. Furthermore, a successor who is familiar with the business and has established client relationships may inspire a greater sense of comfort and confidence among clients. As a result of this familiarity, clients may be more likely to remain with the business during the transition period. In addition, promoting an internal successor will be more likely to maintain the existing culture and values of the business, ensuring continuity in service delivery and management of the organisation. Despite its benefits, the training of an internal successor demands significant time and resources, which many FSP owners may lack.

However, there are online programmes and courses that can assist with preparing potential successors. Masthead's Key Individual Programme©, for example, is a 12-month online course that provides an in-depth understanding of a Key Individual's responsibilities, allowing potential successors to complete it at their own pace. While this course covers theoretical aspects, plus the practical implementation of legislative requirements and Treating Customers Fairly (TCF) principles, owners can focus on mentoring successors in other business aspects. Even though training a successor takes time, streamlining the process and investing in a well-prepared internal successor can outweigh initial challenges. Another alternative for those averse to external successors or bringing someone in is joining an FSP like Masthead Financial Planning – an ideal solution for solo practitioners and those without a successor.

Beware the pitfalls

Whether you choose an internal employee or an outside partner, succession planning comes with several challenges. Be sure to avoid the common mistakes:

Choose your successor wisely: Owners often appoint a friend or family member as their successor only to discover the person is unsuitable. When assessing successors, rather focus on their skills and leadership fit. Consider their previous experience, competencies, leadership style and fit with the business's culture.

Consider competencies, not just seniority: Seniority alone does not guarantee leadership effectiveness. Owners may need to extend their search beyond the business's top management to find a suitable successor. This underscores the importance of planning for succession in advance. If a mid-level or more junior staff member shows potential as a successor, owners must allocate enough time for proper training and gaining experience.

Prioritise transparency and communication: Effective succession planning requires clear communication to avoid confusion. Ensure everyone understands the process, criteria for selecting successors and their roles.

Align with business strategy: Succession planning should align with the business's strategic goals to develop leaders who contribute to overall success. Continuous evaluation: It is not enough to establish a succession plan once and then move on. Regularly monitor and evaluate its effectiveness, adjusting as needed. While delaying succession planning is common among business owners – as it's unpleasant to consider a future where you're no longer around. Yet, in an ideal world, your succession plan should be part of your business plan from the start. You can also think of it this way: just as you ensure your clients' assets are protected and their families are provided for financially when they're no longer around, you need to make provisions for your future and that of your beneficiaries and clients when you retire.

PROTECTED INHERITANCES

KEEPING IT IN THE FAMILY

"Inheritances are automatically excluded from the accrual calculation for marriages concluded out of community of property."

It's that time of year, when we are urged to make resolutions that we often don't fulfil. To be fair, we have the best intentions and even achieving one goal is progress. Interestingly, this year, almost half of the world's population will go to the polls, while we have our local elections. A good resolution would be to register as a voter. Resolving to make a last will and testament (or revising your current will) and ensuring your estate fees are covered, is also a good thing to do and is not overly complicated.

A will can save you a lot of worry and make matters easier for your loved ones when you ultimately pass away. There are a few things that are worth considering when it comes to estate planning. The concept of "protected inheritances" is a prime example. Is it possible to exclude someone's current or future spouse from an inheritance you wish to leave them?

Inheritances are automatically excluded from the accrual calculation for marriages concluded out of community of property.

It is common practice to include a stipulation in a will that an asset (or assets) is to be excluded (protected) from the joint estate of a marriage that an heir may enter into. So, for example, a mother might bequeath her farm to daughter on condition that the farm shall not form part of the joint estate of the daughter's marriage in community of property, whether she is already married or will marry in future.

Remember, by virtue of the Matrimonial Property Act 88/1984, the default regime for all civil marriages in South Africa (including customary marriages) is in community of property, unless the parties to the marriage have concluded a 'prenup' (known as an ante-nuptial contract), where the parties agree to marry out of community of property.

The default marriage regime creates a joint undivided estate where profit and loss are shared equally.

This means that in the example above, if the daughter doesn't have a 'prenup' and the mother doesn't stipulate that what she's bequeathing to her daughter should be excluded from her daughter's joint estate, the daughter's husband would be entitled to half the said inheritance on death or divorce, and the farm would be at risk if he were to be declared bankrupt or have a court judgement taken against him.

On the other hand, inheritances are automatically excluded from the accrual calculation for marriages concluded out of community of property. Note that persons living together in a permanent relationship may by law be regarded as 'spouses' for certain purposes, but there is no joint estate created between them – as the law currently stands. Each of them retains their own separate estate.

David Thomson, Senior Legal Adviser, Sanlam Trust

Case in point

A recent matter reminds us of the importance that the heir remains vigilant about protecting their inheritance. Using the above example, the daughter – married in community of property – who inherited the farm from her mother, sells the farm and sometime later borrows funds from a bank and purchases a townhouse, utilising her entire inheritance (proceeds of farm sale) to part-fund the purchase in the process.

Her husband dies and his executor includes the full value of the townhouse in the joint estate. Daughter (spouse) objects. She is not his sole heir so potentially half of the townhouse will pass to his two children (from a previous marriage) in terms of his will. She argues that all (or at least) part of the value of the townhouse must be excluded from the estate as she used her inheritance monies to purchase it.

The case is referred to attorneys & conveyancers for an opinion.

The title deed to the townhouse makes no reference at all to her mother's will and simply refers to the purchaser as married in community of property. Unlike other title deeds we have seen, the deed does not record that the property falls outside the joint estate by virtue of inherited funds and the provisions of a will. Furthermore, her late mother's will did not say that the proceeds of the disposal of the farm, nor that a property purchased to 'replace' the farm, would similarly be excluded from the daughter's in-community marriage.

Her protection appears to be lost unless she can convince a court otherwise. Prospects of that appear slim. Proper instructions to the conveyancers and proper estate planning by her could have prevented this situation. In hindsight, it might have been better to amplify the exclusion details in the mother's will or leave the farm to a trust for the daughter. To conclude, take time to attend to your last will and testament, and, even if you already have a will, make sure it's valid, up to date and that your family knows where to find it when the time comes.

HEALTHCARE: THE NEXT FRONTIER OF TRENDS AND PREDICTIONS EMERGES

Aleesha Reddy, Head of Product Development at NetcarePlus

As we journey further into 2024, the healthcare landscape is evolving at an unprecedented pace, shaped by a confluence of factors ranging from technological advancements to the profound impact of climate change. Understanding and adapting to these trends is crucial for both healthcare providers and consumers.

Here, we delve into five key healthcare trends for the 2024 and beyond

1. Empowering choices: Out-of-Pocket expenditure

It is apparent that medical scheme members opting for flexibility in their selection of specialists and hospitals will persist in facing substantial out-of-pocket claims expenditure. Navigating this financial terrain, the significance of having comprehensive gap cover cannot be overstated. It plays an important role in providing members with a financial safety net, addressing unexpected hospital co-payments, and bridging shortfalls in specialist costs. In this era of evolving healthcare dynamics, ensuring a balance between flexibility of choice and financial preparedness becomes paramount, placing gap cover as an indispensable ally in the pursuit of optimal and sustainable healthcare outcomes.

2. Streamlining resources: Day-to-day benefit limits

In a strategic move aimed at curbing unnecessary day-to-day healthcare spending and mitigating the potential misuse of benefits, a multitude of medical schemes and primary healthcare providers have instituted mandatory pre-authorisations upon reaching specified benefit limits.

Simultaneously, they've tightened controls surrounding network utilisation, focusing notably on GP and dental benefits. While these measures seek to enhance the sustainability of healthcare systems, it's important to acknowledge that such additional controls may inadvertently lead to treatment delays or heightened claim rejections, particularly when members deviate from the prescribed scheme rules. As we navigate this delicate balance between fiscal responsibility and optimal patient care, it becomes imperative to foster a nuanced understanding of these evolving dynamics within the healthcare ecosystem.

3. Virtual care: A catalyst for transformation

The prevalence of virtual care is set to surge across diverse disciplines. While its adoption has historically been prominent in nurse-led and GP consultations, a transformative shift is underway as virtual care gains traction among healthcare professionals such as dentists, dermatologists, and allied healthcare practitioners. This extends beyond conventional use, encompassing tasks like patient diagnosis, treatment plan formulation, and seamlessly complementing in-person care. The cost-effectiveness inherent in virtual care positions it as a proactive tool, poised to be leveraged by individuals for the effective management of their day-to-day benefits. As the synergy between technology and healthcare deepens, virtual care emerges as a cornerstone in fostering accessibility, efficiency, and patient-centricity in the evolving landscape of healthcare services.

4. Climate change and healthcare: Preparing for the unforeseen

According to Council for Scientific and Industrial Research (CSIR)[1] we're facing the global onset of an El Niño period, a pivotal juncture unfolds, amplifying the risk of heatwaves and wildfires. This climatic shift heralds a significant implication for healthcare, with projections indicating a potential upswing in hospital admissions throughout 2024. Anticipated repercussions include an elevated incidence of cases related to smoke inhalation, burns, and heat-related illnesses, notably heat stroke. As we navigate this intersection of climate and healthcare, a proactive approach to managing and mitigating the health impacts of environmental shifts becomes paramount in ensuring the resilience and well-being of communities.

5. Precision and progress: Robotic assisted procedures

The year 2023 witnessed a notable surge in the upgrading of robotic surgery systems across numerous hospitals. These advanced systems, surpassing their predecessors in versatility, are now capable of assisting with a broader spectrum of medical procedures. This signals a new era in surgical interventions, epitomising the commitment of healthcare to embrace cutting-edge technologies for the betterment of patient care and recovery. The transformative impact of robotic-assisted procedures extends to enhanced patient outcomes, characterised by heightened precision and reduced invasiveness, translating to shorter recovery times. The momentum gained in the previous year sets the stage for a continued ascent in 2024 and beyond, with the anticipated rise in the occurrence of robotic-assisted procedures.

A YEAR OF SELECTIVE OPPORTUNITIES THAT REQUIRE TAKING CONTROL

Kenny Rabson, CEO of Discovery Invest

Two years ago, Discovery Invest and its partners cautioned that the world was entering a new market regime, requiring a new investment playbook. In 2023, we witnessed the shift in stock-bond correlation in the face of a 27- year high global inflation rate. As we head into 2024, it's clear that something has changed, and it's structural in nature. Today's regime of slower growth, higher inflation and interest rates, and greater volatility, will define 2024 as a year of selective opportunity for global investors. This volatile new normal will demand skilful active management supported by globally present and experienced research teams.

While global equity markets showed surprising resilience in 2023, with notable forecast-beating performance in the United States, this rally was led by a small handful of mega-cap tech stocks. For the rest, global equities remained volatile and unpredictable. Locally, the prospect of a positive outcome for the global economy helped lift South African equity and bond market sentiment towards the end of the year, although both asset classes closed well behind their global counterparts.

In 2024 global fragmentation presents selective opportunities

As geopolitical tensions multiply, and as many countries hold elections in 2024, this is set to be a year of selective opportunities characterised by dispersion of growth across regions, industries, assets and individual counters. In BlackRock's view, the debate around whether the world is in for a 'hard' or 'soft' landing might be missing the point. Of greater relevance are structural changes, such as ageing populations, decarbonisation, and global fragmentation. These shifts are preventing economies from growing at their pre-pandemic levels without stoking inflation. It is against this background that interest rates are expected to remain at the current elevated levels and may not come down as quickly as initially anticipated.

In the aftermath of the pandemic, we knew that inflation would increase and, to cool prices down, interest rates would do the same. Given persistent structural pressures, however, it now looks like a reduction in interest might be delayed and will be more gradual. RisCura also believes that, in South Africa, local rates will decline gradually over 2024 because they have already peaked, unless there are any unforeseen shocks. This slower-than-expected rate of monetary policy relaxing is seeing the consensus among Discovery's partners coalesce around muted prospects for growth in most of the world's developed economies. When, however, central banks eventually begin relaxing monetary policy, sentiment is likely to improve, buoying both local and global equity markets and delivering decent returns.

While BlackRock maintains a broad preference for emerging over developed market assets, selectivity is key. Adopting a mega force lens, for example, India's system of digital payments bodes well for the future of finance there. Low-carbon transition presents opportunities in Latin America, especially for countries with large reserves of copper and lithium. United States companies near-shoring operations and production closer to home could also benefit countries like Mexico. What is going to be crucial for the next year is deciding the right time for those conservative clients to rotate into equities. There is a risk that when interest rates start coming down, you miss the boat. From an after-tax point of view, staying in the market for the long-term remains the better tactic.

Geopolitical tensions and elections

Adding to the uncertainty and volatility that has come to characterise the new market regime, are geopolitical tensions, and major elections. Although the world was already dealing with geopolitical conflicts, a year ago no one could have anticipated how rapidly the world would become polarised between the East and West, and increasingly North and South. 2024 may see geopolitical uncertainty amplified by elections as roughly 40% of the global population – including in South Africa – holds elections.
Both RisCura and Ninety One agree that political uncertainty often begets market volatility, increasing unpredictability. One certainty that Discovery Invest and all its partners agree on, however, is that increased uncertainty demands more active, as opposed to passive, investment management. Today's regime of greater macro and market volatility and uncertainty, along with the dispersed nature of returns demands that we abandon autopilot and actively take control of investment.

Digital disruption and artificial intelligence will also continue to advance exponentially as innovation snowballs. Beyond tech, investors also need to adapt to demographic divergence, the future of finance as private credit grows in popularity, the low-carbon transition, and to an increasingly multipolar world. As such, in addition to investment style and asset class, sector and geography, active management is better suited to taking advantage of the global mega-trends that are set to define economies. I anticipate that even within economies, this will drive dispersed returns over the longer term. This new normal demands expert, globally-literate managers working full time to allocate your money to the right countries, currencies and asset classes at the right time.

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EQUITIES CRUCIAL TO GROW RETIREMENT SAVINGS IN EXCESS OF INFLATION

Adriaan Pask, Chief Investment Officer, PSG Wealth

The rise in life expectancy poses a significant challenge for individuals planning for retirement, necessitating a shift in the approach to financial preparedness. As people live longer, the duration of retirement increases, and with it, the financial demands. Longer lifespans imply more years of healthcare expenses, potential long-term care needs, and sustained financial support during retirement. To ensure a comfortable and secure lifestyle during retirement, individuals must be diligent and strategic in how they save.

The goal of retirement savings is to generate long-term real returns

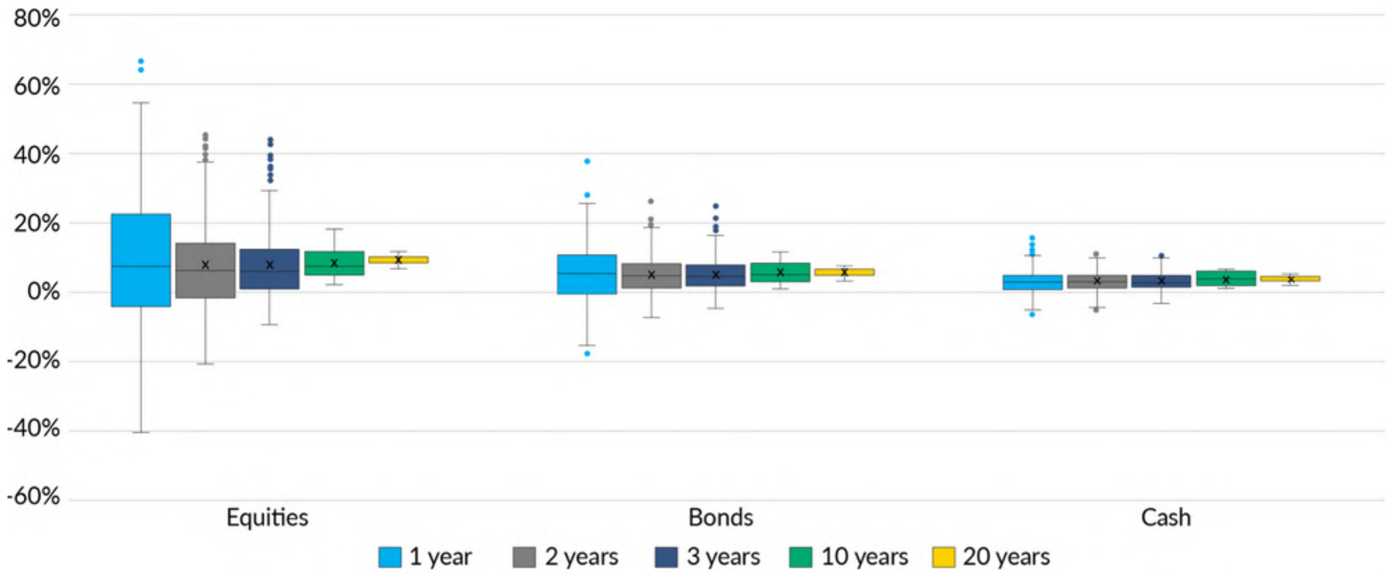
Saving for retirement is fundamentally a long-term financial strategy, and its success hinges on the ability to generate real returns over time. Generating real returns (or returns adjusted for inflation) ensures that the purchasing power of savings is preserved. In the context of retirement planning, the emphasis on real returns becomes crucial because it reflects the actual increase in wealth that outpaces the erosion caused by inflation. Unlike shorter-term financial goals, retirement planning therefore requires exposure to equities, as it is the asset class that delivers the best protection against inflation over longer periods.

The value in embracing equities

Embracing equities is a strategic approach that not only diversifies risk but also serves as a powerful tool for maximising wealth creation. This is especially true if investments are responsibly managed by a skilled and experienced manager as part of a diverse portfolio. While equities are often misunderstood and are notorious for displaying the most volatility over the short term, returns over the long term are not as unpredictable as commonly believed.

By allocating a portion of their investment portfolios to a diverse range of stocks, investors can spread risk across different industries, sectors, and geographic regions. This diversification helps mitigate the impact of deficient performance in any single investment, as gains in one area may offset losses in another. While equities inherently carry more volatility than other investment instruments, they also offer potential for long-term capital appreciation, and dividends can contribute significantly to overall wealth accumulation.

As seen in Graph 1, the actual returns on cash have been in a very limited range since 1985, as one would expect. However, while equities have a wider range in the short term, real returns from equity exposure have a narrower range in the long term. The longer the investment period, the more certainty that the asset class will deliver superior returns.



Graph 1: Real returns from 1985 to 2023

Note: Annualised, real returns from 31 December 1985 to 31 January 2023, indicating the maximum, minimum, upper quartile, lower quartile and median returns. Past performance is not a guarantee of future success.
Source: IRESS

Have a long-term mindset

To beat inflation over the long term, seasoned investors often turn to equities as an asset class, given their historical potential for higher returns. However, the stock market is inherently subject to fluctuations influenced by a range of factors, including economic indicators, market sentiment, and geopolitical events.

While short-term volatility may lead to fluctuations in the value of equity investments, the long-term trajectory has shown a capacity to outpace inflation. Thus, investors with an investment horizon that spans several decades can benefit from the compounding effect and the overall growth potential of equities, even as they navigate temporary difficulties in the market. A balanced and diversified portfolio that considers both risk and return can be a prudent strategy for investors aiming to beat inflation over the long term.

Did you know?

- Over a 40-year investment horizon, it is possible that the US economy could go through approximately eight recessions, although the timing and severity would be subject to various economic and geopolitical dynamics.
- Since the S&P 500's inception in 1957, there have been twelve bear markets, one of which occurred in 1990 and saw a 19.90% decline in the benchmark index.
- Nevertheless, the index has returned more than 65 000% overall since 1957, despite these frequent losses. The latest cycle ended in 2022 and lasted eight months, and the index fell by 25%. Markets have recovered since then.
- Just like every season ends, and we welcome a new one, bull markets follow bear markets. Bull markets typically last three times longer than bear markets on average. The average bull market gain is about 111%.
- About 42% of the S&P 500 Index's strongest days in the last 20 years occurred during a bear market. Another 36% of the market's best days took place in the first two months of a bull market before it was clear that a bull market had begun.

Staying the course

Maintaining a disciplined approach and adhering to your established plan and asset allocation is a key principle in achieving long-term wealth-creation goals. Unfortunately, many investors tend to move away from equities into less risky, more conservative investments when market volatility increases, which comes with a long-term opportunity cost. It is important to understand that markets naturally experience difficulties, but attempting to time these movements can be challenging and often counterproductive.

Emotional reactions to market fluctuations or short-term uncertainties can lead to impulsive decision-making that may undermine the overall investment strategy and jeopardise the outcome of the long-term financial plan. Opting for a balanced mix of growth and conservative investments instead is often a more prudent approach for long-term investors. Regularly reviewing and rebalancing portfolios in consultation with a financial adviser ensures that investment strategies remain aligned with evolving financial objectives while minimising emotional responses to short-term market fluctuations. The best way to weather uncertainty is to stay invested. Accept the short-term volatility and be rewarded for your patience in the long term.

YOUR 'FACTORY SETTINGS' MAY BE AN IMPORTANT PART OF YOUR RETIREMENT SUCCESS (OR LACK THEREOF)

Paul Nixon, head of behavioural finance at Momentum Investments

Making an investment decision – like switching between different investment funds – at the wrong time can cost you money. We call this the 'behaviour tax'. Often when markets become turbulent (both up as well as down), we struggle to make the right decision and instead make the comfortable one of moving to what we think is a place of safety. This 'comfortable' decision cost investors in retirement nearly R500 million in 'tax' during the COVID-19 pandemic, as they sold out after the market crash and then tried to get back into markets after it recovered*. During the pandemic, 75% of value destroyed was from those in retirement and after the pandemic in 2023, 65% of value eroded was from investors in retirement.

Using machine learning algorithms, we confirmed that both age and the size of the investment portfolio are two of the biggest predictors of switching behaviour. Our reaction to market movements is part of our personality or 'factory settings' because of how market behaviour makes us feel. Our personality is a collection of thoughts and beliefs about the way the world of investing works. We call these factory settings as research shows that approximately half of our personality can be directly traced to our inherited genetic code. Two important personality traits or thought patterns determine these factory settings for investing and may be linked to the behaviour tax.

The first is our preference for now compared to later

In the Stanford marshmallow experiment, kids were offered the choice to eat one marshmallow now or hold out for 10 minutes to receive a second marshmallow. This doesn't seem long, but 10 minutes is a lifetime to a five-year-old waiting for a sugary treat. Some kids were just better than others at this game because some had different factory settings. Subsequent replications of the marshmallow experiment showed that successful kids were able to shift their attention away from the treats (like staring at the corner of the room) or distract themselves by thinking of other things. Interestingly, this refers indirectly to the concept of 'flow', or rather our perception of time when we are doing or thinking about things we like. The personality trait of conscientiousness refers to those of us who are naturally good at focusing on the future and reaching our goals.

The second personality trait or thought pattern is our general level of anxiety or neuroticism.

Some of us are wired to worry a little more than others. Being more anxious can result in an investment choice which makes us feel better now by acting and moving our money to 'safer' asset classes during market turbulence. This is referred to as the action-oriented bias (just 'do something'). This behaviour often results in the behaviour tax because inevitably, we miss the market recovery and get stuck in the wrong place at the right time when markets recover, and they always do. Having low levels of neuroticism makes us more composed in the face of uncertainty. It is important to note that no set of personality traits is deemed better or worse. There are, however, better and worse settings for any given situation.

For example, having a spontaneous and impulsive partner can mean fascinating life experiences but left unchecked (without the right plans and strategies) these same traits also may result in poor investment outcomes. This is where self-awareness can make a difference. Incorporating the Guaranteed Annuity Portfolio (GAP) as an investment component in your retirement portfolio can improve retirement outcomes by adding much needed certainty to retirement income planning and in fact even enhance these outcomes in given circumstances. Knowing your factory settings and implementing investment strategies (like using the GAP) can be the difference between a behaviour dividend and behaviour tax.

NEEDS-MATCHED COVER GIVES THE BEST POSSIBLE LIFE INSURANCE COVER TO CLIENTS

Clyde Parsons -Chief Innovation Officer at BrightRock

In today's digitally-savvy world, financial advisers have never had so many tools available to them to structure cover for clients in a way that covers them sufficiently & covers only what they need for as long as they need it.

Financial advisers can also help their clients take advantage of added features that can assist them financially at life's biggest change moments. A perfect example of this is BrightRock's needs-matched life insurance, which allows independent financial advisers and their clients to co-create cover solutions based on each client's specific needs.

For example, a client with children wants to ensure that they can provide for their children financially while they're still studying and dependent on them. They want to make sure that their life insurance policy will pay-out and assist if for any reason they, as the parent, aren't able to take care of their children.

This client will also not want to pay for this cover when their children are out of house and standing firmly on their own financial feet, so at BrightRock we structure cover only until this point. And when the parent doesn't need that cover anymore, they can use that premium to buy cover that they may need more of at the time, such as critical illness cover.

What's more, they can do this without having to undergo medical underwriting. Structuring cover for clients like this makes sense from a cover and a premium perspective. But BrightRock does even more for clients who use our needs-matched cover.

"All clients have to do is structure their cover efficiently, and they'll be in a for a pleasant financial surprise when their childcare needs cover ends, and at retirement. "

We automatically include change moment pay-outs on their policy, on retirement and when children are expected to become financially independent, depending on the cover that they've bought. This feature doesn't get added to the policy only when the financial adviser remembers to do so, and there's no premium that needs to be paid to have access. All clients have to do is structure their cover efficiently, and they'll be in a for a pleasant financial surprise when their childcare needs cover ends, and at retirement.

The retirement change moment pay-out pays out a monthly amount for 10 years from the policy anniversary after the client reaches their selected retirement age. It will also increase each year, maintaining the purchasing power of those monthly payments in relation to inflation. For simply protecting their needs efficiently, clients could get a welcome boost during the early years of their retirement, easing financial concerns during that time.

The child change moment pay-outs are made for each child that's listed for childcare needs cover – itpays out when each child gets to the selected cease age. This means that many clients would get multiple payments in addition to the retirement change moment pay-out. BrightRock's needs-matched cover and change moment pay-outs give our clients tailored financial solutions, with a firm focus on protecting them when they have financial dependants and providing additional payments at the end of the relevant cover.

EMPOWERING BLUE-COLLAR WORKFORCES THROUGH TAILORED MEDICAL INSURANCE

Reo Botes, Managing Executive of Essential Employee Benefits

In a country where access to private healthcare is often seen as a privilege, empowering blue-collar workers with tailored health insurance is a purposeful step towards equality and social justice. The South African Constitution asserts the right to appropriate healthcare for every citizen, irrespective of their financial status. However, the reality is that lower-income individuals, particularly those in physically demanding blue-collar jobs, struggle to afford medical aid or inclusion in medical aids due to financial constraints, leaving them dependent on a strained public healthcare system. This challenge calls for a deliberate effort to extend affordable comprehensive medical insurance options to this market segment, aligning with constitutional principles and promoting financial inclusion.

Prioritising the well-being of our nation's backbone

The foundation of this initiative lies in recognising the substantial contributions of blue-collar workers to the nation's development. These individuals work to build industries and infrastructure and often face hazardous working environments and health issues. Blue-collar workers are exposed to physical risks daily. They endure the hardships of hazardous conditions, long working hours, and the constant threat to their health. Their work is the backbone of our society, making it imperative to prioritise their well-being.

Bridging access to medical care

Tailored medical insurance products designed for blue-collar workers and offered as employment benefits can help address the specific health challenges they face. These plans provide affordable options, offering access to private healthcare at a fraction of the cost when compared to traditional medical aids. By doing so, these products bridge the healthcare gap and provide the peace of mind needed to function effectively in their demanding roles. The aim is to ensure that blue-collar workers and their families can access quality healthcare such as private doctors, specialist and private hospitals. Securing their income, enhancing productivity, and making it possible to achieve a better work-life balance.

Working toward equitable inclusivity

Importantly, offering such insurance products as employee benefits effectively levels the healthcare playing field, diminishing disparities in access to medical services. This levelling of access reinforces a sense of control and empowerment, contributing to a more balanced society. Brokers play a vital role in this paradigm shift, acting as intermediaries, and providing guidance in navigating the technicalities of insurance products. Brokers can leverage their existing relationships with corporate companies to advocate for the inclusion of blue-collar staff in comprehensive healthcare solutions. By extending their employee benefit service offerings to include these underserved segments, brokers play a pivotal role in contributing to a fairer, more inclusive healthcare landscape.

Tangible business benefits

From an employer's perspective, offering health insurance as an employment benefit reaps substantial advantages. These tailored insurance plans have options to prioritise preventive care and early intervention which result in healthier employees and, consequently, reduced absenteeism. By assisting individuals in effectively managing chronic illnesses, they contribute to maintaining a productive workforce while reducing overall medical costs. Furthermore, the inclusion of emergency benefits in these insurance packages provides an added layer of financial security during unexpected health crises, demonstrating a company's commitment to the well-being of its employees and their families.

Equity, empowerment and success

Access to customised health insurance for blue-collar workers is ultimately a moral and strategic business imperative. It aligns with constitutional rights, promotes financial inclusion, and levels the playing field in terms of access to private healthcare. Empowering blue-collar workers with affordable healthcare options not only safeguards their well-being but also contributes to a healthier, more productive society. It is a win-win scenario that balances business success and social responsibility, setting a precedent for a more equitable future.

SHORT TERM

ARTICLES

"Insurers and brokers must learn to balance the tightrope between economic viability and providing effective value-driven cover to ensure the sustainable growth of the insurance industry."

- FANUS COETZEE, CEO: SANTAM BROKER SOLUTIONS

BROKERS TO LEAD A SHIFT IN FOCUS FROM RISK TRANSFER TO RISK MITIGATION

Fanus Coetzee, CEO: Santam Broker Solutions

Brokers advising businesses and individuals on their short-term insurance cover have a tough job navigating the ever-changing risk environment, and constraints – such as policy exclusions and cover limits – that go hand in hand with the shifting environment. This complex risk landscape does, however, present an opportunity for brokers to differentiate themselves with a unique value proposition.

Insurers and brokers must learn to balance the tightrope between economic viability and providing effective value-driven cover to ensure the sustainable growth of the insurance industry. To do this, more emphasis is needed on risk management – shifting focus from 'repair and replace' to 'predict and prevent' with a move from commoditised risk transfer to collaborative risk mitigation as the cornerstone of sustainable, affordable insurance.

Without a meaningful change in our approach to risk, brokers and insurers will end up perpetuating the cycle of double-digit premium increases as the industry response to the ever-increasing risk curve. This inflation-plus annual premium increase cycle will only be stopped by making clients more risk aware, investing in risk management, and redirecting premium savings to improve an insured's risk resilience.

According to the latest Santam Insurance Barometer Report, 52% of brokers rate the track record in claim settlement as among the most important considerations when choosing an insurer. I couldn't agree more, in fact, this number should probably be higher. Price, somewhat surprisingly, only featured 10th on the list. While price is important, the "best price" should not be confused with the best value policy – it is the quality of the cover that should be emphasised.

The research further showed that 40% of brokers surveyed had changed their insurer recommendations due to price. This is understandable in the current constrained economic market, but brokers should not sell policies based on price alone because clients who go the broker route are generally accepting of a higher premium in return for personalised advice and tailored risk solutions. They recognise that brokers are best equipped to solve the 'risk management plus risk mitigation plus risk transfer equals price' equation. If we sell on price alone, we risk our clients being better served by the cheaper direct and digital channels.

But tech has its place in the broker model too; greater use of digital platforms and technology in the broker segment is critical for driving business growth and enhancing efficiencies. The Insurance Barometer found that more than 30% of brokers planned to invest in IT infrastructure over the coming year. Although this was a positive finding, that number should perhaps be higher if we compare it with the almost 80% of commercial and corporate survey respondents who said they wanted more applications and tech-based services from their brokers. The goal is, however, to accelerate the use of technology in the risk management space; this is where insurers should invest more in innovation.

It's common knowledge that direct and FinTech channels pose a perceived threat to brokers. But the reality is that the barrier to entry for these models is very high and this will buffer their growth in the shorter term; and digitised commercial solutions are still some way off. It's important to note that these new solutions can be used by brokers too. By way of example, Santam has invested in Ctrl, which is best described as a multi-quote digital adviser for low-value, high-volume books such as motor insurance. It's still a broker model but is backed by artificial intelligence (AI) and digital technology.

The innovation is aimed at offering advice-led insurance and easier quote integration to, for example, motor dealers at the point of sale. Undoubtedly, the competition between direct channels and brokers will continue. Brokers add significant value in both the commercial and personal lines insurance space, but they cannot lose sight of why clients choose to transact through a broker, and how they deliver against those expectations.

We hope to see more independent brokers professionalising their practices to offer risk management in addition to product advice. This would be a major win for an industry where the cost of claims to insurers, and premiums to insureds, is directly correlated to risk. When dividing their time, brokers must now place greater focus on guiding their clients through the complex risk environment by conducting site visits and providing expert risk management advice. A more granular view of risk allows for accurate pricing and the structuring of hyper-sensitised, hyper-tailored solutions, further enhancing the value of broker-client interactions.

By way of example, if a broker is converting on average 40% of their engagements, it means they're getting a 60% discount on the advice they provide. There are significant benefits to changing this model over time. Santam has for some time now talked about the importance of monetizing advice so that brokers can invest in their practices to add value to clients through an advice-led offering. We are now starting to see a shift in this area. Some of South Africa's large national brokerages are investing in expertise by bringing on engineers as they build out their Risk Management Practices (RMPs). These RMPs have developed strong risk management interventions and advice capabilities and are competing in the corporate space with the likes of management consulting firms PwC, EY and Deloitte.

For smaller brokers without the resources to invest in an RMP, there is another advice-led model actively emerging. In this model, the broker works with large commercial and corporate risk committees, and for a fee, develops a risk management programme to help identify and understand risk exposures. As part of the risk management service, they review existing insurance policies to see if they are well-structured and to detect potential gaps in cover.

Going forward, technology, skill and expertise will be critical for future sustainability. Brokers who help clients prevent and manage risks and assist with restructuring policies, will add the most value by moving the inflection point from risk transfer to risk management and prevention. Brokers who upskill and differentiate themselves with a clear value proposition will ultimately triumph in this complex landscape. The shift in focus to risk management is non-negotiable to ensure the sustainability of the insurance industry – and to keep the wheels of the global economy turning.

THREE GOLDEN E'S OF RISK MITIGATION

From pyramids to mathematical equations, football formations, bridges and roofing structures, the strength of 'triangulations' is tried, tested and proven through time.

Craig Kent, head of risk consulting at Aon South Africa.

From pyramids to mathematical equations, football formations, bridges and roofing structures, the strength of 'triangulations' is tried, tested and proven through time. The same principle applies in risk management in implementing and maintaining effective, resilient and efficient risk mitigation solutions to the evolving exposures that threaten businesses. Risk management pivots around three considerations about the business and the potential risks it could face.

First, you need to know what risks from the likely to the highly unlikely can threaten the business, second you need to understand the various potential impacts/outcomes such an event can have (gather data to substantiate the quantum of loss), finally, you need to elect, implement and manage suitable risk mitigation strategies to best counter the particular exposures.

From inception, the risk management process is essentially a trilogy process that is repetitive in the formation of a triangulation of:

- **Risk exposure identification:** risk awareness.
- **Risk exposure quantification:** potential risk cost, inherent exposure.
- **Risk exposure mitigation:** risk treatment to lead to residual risk exposure.

Risk Exposure Mitigation

Once the risks are identified and you have quantified the inherent exposure value, you can make an informed decision on the preferred risk mitigation strategies to deploy:

- Self-retention of the exposure, with varying degrees of risk prevention or reduction strategies.
- Risk transfer (insurance) strategy - coupled with expected degrees of risk prevention and reduction.
- Get rid of the risk, which is easier said than done.

Risk Mitigation doesn't end here. While these three risk mitigation tools, alone or in combination, are the mechanisms to mitigate all the risks of the business, these tools are only sustainable where we seek to constantly manage the treatment thereof.

To achieve the best efficiency for the management of each risk, you need to look at the Three Es of treatment, namely:

- Engineer the solution in part or whole.
- Educate on the risk treatment solution.
- Enforce the application to maintain the engineering and education of the solution.

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- Enforce the application to maintain the engineering and education of the solution.

While many assume that engineering can only be applied to tangible risks, let's explore some examples and link in the education and enforcement thereof:

Example 1

Sprinkler systems are useful to avoid the human element for detection and control of fire – which makes it a tangible solution that is essential for the risk carrier where risk values and legal compliance dictate. However, without education, the engineered solution's effectiveness can be compromised. Sprinkler systems are designed based on many dynamics, ranging from fire commodity to fire load and are even affected by roof heights and slopes. If these are in any way changed or compromised, so too is the effectiveness of the sprinkler system – hence the absolute need for continual education/training, self-inspections, checklists and maintenance. In turn, it leads to the enforcement of the treatment, by way of strict maintenance and third-party inspection regimes.

Example 2

Protocols for consistent and reliable financial reporting centres around the implementation of International Financial Reporting Standards (IFRS) and individuals who have completed a Chartered Accountant degree in education, which lays the foundation for a combination of internal and external audit mechanisms for enforcement.

Example 3

Antivirus software or password protection is not a tangible solution, but if an employee does not follow protocol, then the process and or engineered software can be compromised and the risk met in full force. Thus, both continual education and enforcement are required to realise the value of the mitigation strategy.

Example 4

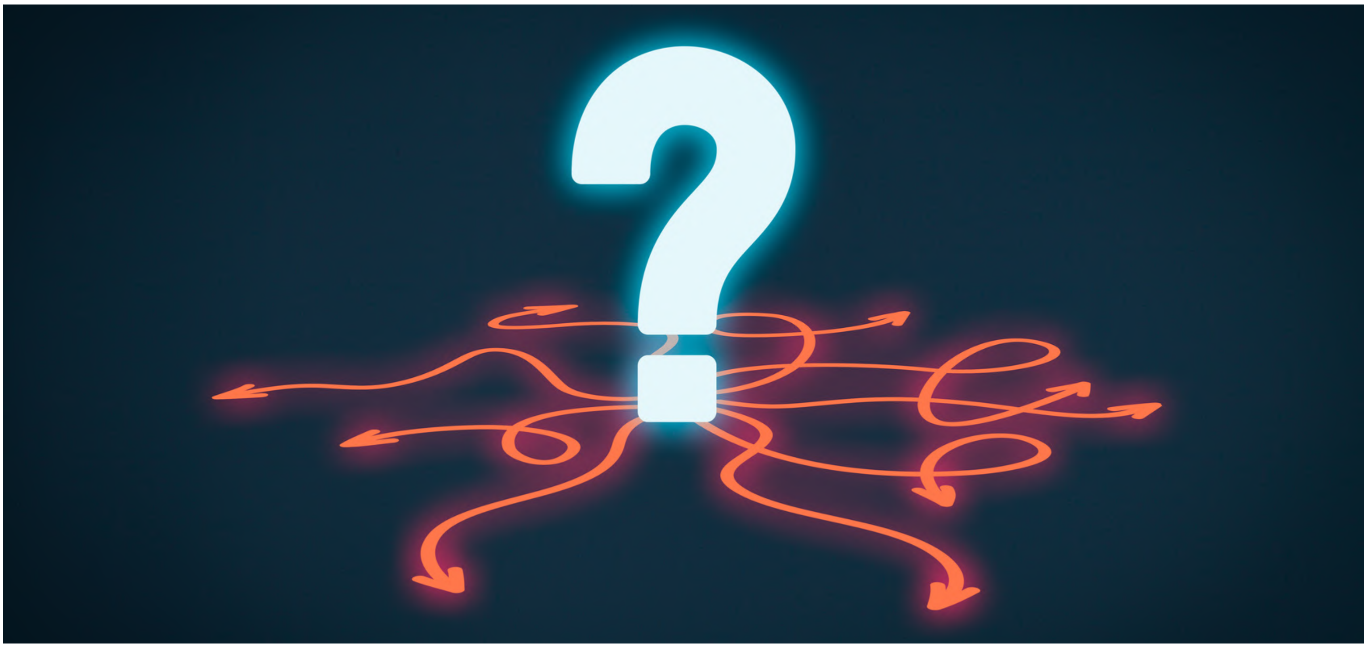
Buying insurance as a mitigation strategy serves to transfer the risk. But if you don't observe and maintain the terms of the contract with the risk carrier, a claim can be repudiated or the risk can become uninsurable, which for high catastrophe risks could be debilitating for any organisation. In this scenario the insurance product is the engine, the training of the Insured the education, and escalating rates, repudiations, punitive deductibles and so on serve as the enforcement. It is interesting to note that in all four examples, a failure of any one of the three E's, can lead to a failure of the risk mitigation strategy and in turn, the predicted residual risk that was anticipated based on the mitigation plan, is far greater.

There are many other examples which can be cited where the same principles apply, to make sure the treatment is:

- Equitable/viable to the Inherent value at risk - don't spend R1 to protect R1.
- The cost to mitigate is viable to achieve.
- The resultant residual value of the risk is sustainable.

There is little point in spending R1mil on the treatment of a R5mil potential loss exposure unless there is a legal requirement, of course. Similarly, there is little point in spending R1mil on treatment to protect an R100mil exposure. If the rules for the application of the three E's treatment are broken, then you may have wasted R1mil and still have a potential R100mil loss exposure. In conclusion, it stands to reason that if we do not follow the various trilogies continually, it will not be possible to argue that an effective and efficient risk management program is in place. One of the biggest failures is the seemingly cheaper' 'DIY' approach, rather than consulting a professional risk manager and investing in the process, to ultimately effectively and efficiently manage the organisation's risks.

"Having regular, thorough risk assessments of your business is a good exercise to identify any possible red flags that need to be addressed before they have negative impacts on the business' risk transfer requirements. It will also direct a business that has already fallen into a state of distress, on how to best address the existing concerns and identify potential other risks, that can be addressed to efficiently get the business back on track. A professional broker and their risk advisors will be able to provide your organisation with aligned services and solutions that businesses may need to identify and address any gaps in their risk management program, mediate a solution and provide the clarity and confidence to make better decisions when it comes to the risks that your business is faced with. Get good risk management practices in early and strive to improve continually.



WHAT ARE THE INSURANCE IMPLICATIONS OF PRODUCT RECALLS?

Molebatsi Langa, head of strategic retail accounts at Old Mutual Insure

Peanut butter, a consumer favourite, is making South African headlines after a product recall was issued recently. This week the National Consumer Commission (NCC) announced an investigation into five peanut butter brands it recalled for having higher levels of Aflatoxin, a potentially harmful compound. In addition, Woolworths is investigating an incident involving its juice, following an image circulating on social media of what appeared to be alleged foreign substances in it, raising concerns about product quality and safety.

There are significant risks facing businesses and brands in today's environment, given the introduction of regulations like the Consumer Protection Act, increased vigilance by regulatory bodies such as the National Consumer Commission (NCC), and consumers and policyholders being more aware of their legal rights. Product recalls can be costly to a company. Against the heightened risks in today's climate, any company that manufactures, distributes, or supplies consumer products should strongly consider obtaining both Product Liability and Recall Insurance.

In addition, product liability insurance covers the cost of compensating anyone who is injured by a faulty product that the business designs, manufactures or supplies, and product liability cover does not always include cover for product recalls. Product recall insurance is triggered when a product poses severe health risks and/or death to users of the product, and that costs involving shipping, warehouse, disposal, and restocking can quickly add up. Product recall insurance covers expenses related to recalling a product once it has been released to the public, so it can help pay for the cost to collect and dispose of a contaminated product. A policyholder cannot extend a normal General Liability policy or Section to cover the risk of recalls, and that cover may vary depending on the provider.

Typically, it covers the loss arising out of the recall of a product as a result of accidental contamination, malicious product tampering, accidental omission or substitution of a substance, intentional or malicious damage by an employee, and error in design, storage or labelling. While Public Liability insurance is relatively inexpensive, not having this type of cover is a running a large risk. While not compulsory in South Africa, it is good business practice to have Public Liability including Products Liability insurance where applicable covering all your risk exposures if you are a business owner with a warehouse, mall, restaurant or shop, manufacturing plant, or if you are providing a professional service.

THE IMPORTANCE OF ADHERING TO INSURANCE POLICY T&C'S

Karen Rimmer, Head of Distribution at PSG Insure

The COVID-19 pandemic, a series of natural disasters, social instability and volatile market forces have all contributed to the development of a 'hard' insurance market.

The hard market has necessitated stricter underwriting processes and criteria for insurers and has resulted in it being more important than ever for South Africans to understand the terms and conditions of their insurance policies to remain compliant and covered. Understanding the terms and conditions of an insurance policy is important for several reasons. Primarily, it allows policyholders to make informed decisions about their insurance cover based on a clear overview of what is included and excluded.

Secondly, it helps the insured to identify any potential coverage gaps and to take the appropriate measures to prevent unnecessary losses. Most importantly, knowing and understanding the fine print can go a long way in streamlining the claims process, and preventing challenges at claims stage. It's imperative for advisers to ensure clients are fully aware of how their policy works. This is an important part of good financial planning and a vital part of futureproofing them against unforeseen issues and events.

Commonly overlooked policy conditions

Insurance policies are legally binding contracts, typically tailored to each client's unique risk profile and circumstances. There are however a few standard terms and conditions that are important to note and that outline the rights, responsibilities, and obligations of both the insurance company and the policyholder. One of the most overlooked conditions is that if a client misrepresents or withholds relevant information when applying for insurance, it may not only lead to claims being repudiated, but it could also result in the policy being voided.

Insured parties also need to pay close attention to the monthly cost of the premium and on which day of the month payment becomes due. Failure to pay timeously every month, could lead to complications during the claims process. For this reason, if the insured anticipates that they may default on a future payment, it's important for them to inform their insurer of this ahead of time to avoid unnecessary issues.

Apart from the cover that an insurance policy provides, the agreement may also require the insured to put certain additional safety measures in place and to take reasonable steps to safeguard their property to prevent a claim from being repudiated. This could include warranties or endorsements on certain assets that apply in the event of a claim.

For example, a warranty in a home insurance policy might require the installation of a security system such as CCTV cameras, electric fencing and a fully operational alarm system. In the event of a burglary, if the policyholder has neglected to install the system or failed to ensure that it always remained fully operational, the insurer may reject the claim due to the breach of the warranty.

Another important concept is for clients to be aware of the condition of average or the 'average clause,' which comes into play if assets, such as a building or household contents are underinsured. If a policyholder under-declares the replacement value of their household contents, in the event of a claim, the condition of average may be applied. Consider a hypothetical scenario where the declared value of household contents policy is R100 000, but the actual value is found to be R200 000.

The client in this case is underinsured by 50%. Should a fire result in the destruction of the household's contents and a claim is submitted, the payout will be calculated on the value of the sum Insured, which was only 50%. This means that the client will only be paid out R100 000 for the total value of R200 000. These calculations will be worked out differently, depending by how much a client is underinsured by – and if they are claiming for a partial or total loss.

Talk to the experts

In future, with the impact of global phenomena such as climate change becoming more apparent, as well as the ongoing effects of load shedding, insurers will be compelled to institute more detailed terms and conditions for insurable risks. This is where insurance advisers can play an important role in demystifying the complexities of insurance policies for their clients.

Advisers are experts at breaking down intricate terms and conditions, ensuring that clients fully understand what they are covered for and what their responsibilities are in managing select risks. The expertise of advisers goes beyond just extensive product knowledge. They can also foster an ongoing dialogue and relationship, encouraging clients to ask questions and get clarification as their lives evolve and their insurance needs change.

SASRIA'S VIEWS ON STAKEHOLDER ENGAGEMENT & ADAPTIVE STRATEGIES

A discussion with Muzi Dladla, Executive for Stakeholder Management, Sasria

Sasria, is a unique insurance company in South Africa, which is particularly evident in its response to unforeseen events like the 2021 July riots. Muzi Dladla provided a comprehensive overview of Sasria's stakeholder management framework, emphasising its evolution and growing significance over time. With a diverse range of stakeholders, including regulators, clients, distribution partners, and media, Sasria's stakeholder engagement efforts play a pivotal role in shaping corporate identity and fostering mutually beneficial relationships. By understanding the unique needs and expectations of each stakeholder group, Sasria can tailor its strategies to effectively address their concerns while advancing its own objectives. Our discussion delved into the crucial role of brokers within Sasria's ecosystem. Brokers serve as intermediaries providing essential services such as risk management, administration, and client communication, that also benefit Sasria.

Muzi emphasised the importance of brokers in providing holistic coverage to clients and highlighted Sasria's efforts to bridge the knowledge gap and forge closer ties with brokers to enhance client understanding of Sasria's offerings. Through ongoing collaboration and communication, Sasria aims to empower brokers with the necessary tools and information to effectively advise their clients on risk management strategies and insurance solutions. The conversation then turned to the transformative impact of the 2021 July riots on Sasria's operations and outlook. Muzi outlined key lessons learned from the riots, including the importance of testing scenario plans and understanding the psychology of protests to enhance risk management strategies effectively.

Sasria's proactive approach to engaging with communities and understanding the underlying dynamics of protests underscores its commitment to mitigating risks and fostering resilience in the face of uncertainty. By leveraging insights gained from past events, Sasria can better anticipate and respond to future challenges, ensuring the continued protection of its clients and stakeholders. Of particular interest was Sasria's collaboration with authorities in managing crises such as riots. Muzi highlighted Sasria's role in advocating for integrated escalation mechanisms and bolstering policing strategies to effectively manage crowds.

By working closely with law enforcement agencies and local authorities, Sasria can contribute to the development of more robust crisis management protocols, ultimately enhancing the resilience of communities and businesses against unforeseen events. Moreover, Sasria's commitment to data-driven decision-making was underscored throughout the conversation. By leveraging data and intelligence, Sasria seeks to identify exposure areas and proactively respond to emerging threats. Through advanced analytics and predictive modelling, Sasria can anticipate changes in risk profiles and tailor its insurance products and services accordingly, ensuring that clients receive optimal coverage and protection.

Ultimately, our conversation underscored the symbiotic relationship between Sasria and its stakeholders, emphasising the importance of collaboration and adaptive strategies in navigating complex challenges. As Sasria continues to innovate and evolve, its unwavering commitment to stakeholder engagement and proactive risk management remains integral to fostering resilience and ensuring the industry's long-term sustainability. Sasria's multifaceted approach to stakeholder management and its adaptive responses to emerging risks is bolstered by fostering strong relationships with stakeholders, embracing innovative strategies, and leveraging data-driven insights.

Sasria is poised to navigate uncertain terrain and emerge stronger in an ever-changing landscape, safeguarding the interests of its clients, stakeholders, and the broader community.

The Evolution of Automotive Glass Services

In our highly competitive motor insurance market, automotive glass providers and installers can easily be seen as unsung heroes. In my recent conversation with Gary Stieger, the CEO of My Glass, we explored the vital role of glass in the insurance and motor industries. Gary highlighted the significance of two crucial factors in windshield installation: the quality of the glass and the precision of its fitment. While glass may seem inconspicuous, its quality is paramount for safety and security on the road. My Glass prides itself on selecting only accredited glass brands, ensuring compliance with international safety standards and OEM specifications.

However, quality alone is not enough. Proper fitment is equally critical. Gary underscores the importance of correct installation, highlighting the potential dangers of improperly fitted windshields, particularly concerning airbag deployment. My Glass maintains rigorous Standard Operating Procedures (SOPs) to ensure consistent, high-quality fitment, complemented by comprehensive testing protocols to mitigate the risk of leaks or defects. From a broker's perspective, ensuring the competence of windshield installers is crucial.

Gary reassures us that My Glass's commitment to excellence is reflected in their Service Level Agreements (SLAs), comprehensive auditing processes, and stellar Customer Service Ratings (CSR), providing brokers with confidence in their services. Training plays a pivotal role in maintaining standards. They invest in extensive on-the-job training for apprentices, emphasising practical experience and mentorship to ensure proficiency in windshield installation. Regular assessments and evaluations further guarantee adherence to best practices, resulting in certified, skilled technicians.

One of My Glass's competitive advantages lies in its fully mobile fitment solution. Recognising the demand for convenience in today's fast-paced world, they have adapted to meet the needs of modern consumers. By bringing their services directly to clients, they embrace the ethos of customer-centricity, catering to the preferences of Generation CX – the demanding yet discerning consumer. While mobile fitment presents its challenges, including weather constraints and logistical complexities, My Glass remains committed to overcoming them.

Through continuous evolution and refinement of processes, they strive to deliver the same high-quality service synonymous with their brand, regardless of location or circumstance. In a world where time is money, convenience reigns supreme. My Glass understands this paradigm shift and endeavors to stay ahead of the curve by offering innovative solutions that align with global trends.

By embracing mobile services, they assist brokers to exceed customer expectations, setting a new standard for excellence in the automotive glass industry. The future of automotive services lies in adaptability and innovation. By learning from global trends and applying best practices, companies can remain at the forefront of an ever-evolving landscape, providing clients with the convenience and quality they deserve.

Gary Stieger, the CEO of My Glass

ALL THINGS

WHEELS ARTICLES

“This is a great space from a broker perspective because there's sometimes an overlap between short term and the motor non-motor space and a broker is critical in advising clients what to put together for the offering.”

- MIKE MGODELI, THE MD AT RTUSA

NAVIGATING THE DYNAMIC LANDSCAPE OF TAXI INSURANCE

In the world of taxi insurance, where risks loom large and operational complexities abound, Mike Mgodeli, Managing Director at RTUSA, steers the company through the ever-evolving landscape of transportation with in-depth knowledge of the industry.

With a multifaceted approach and a keen focus on innovation, Mike sheds light on RTUSA's journey into the taxi industry and the intricacies of risk management in an era defined by digital disruption. Reflecting on RTUSA's evolution, Mike traces the company's trajectory from its inception as Renasa Taxi Underwriters in 2008 to its transformation into RTUSA—a testament to its adaptability in response to emerging market demands.

With the advent of e-hailing platforms like Uber and Bolt, RTUSA recognised a burgeoning need for insurance coverage in the evolving transportation landscape, prompting a strategic pivot to encompass a broader spectrum of services, from minibus taxis to last-mile deliveries. In the realm of risk management, Mike underscores the pivotal role of brokers as custodians of compliance and advisors to clients.

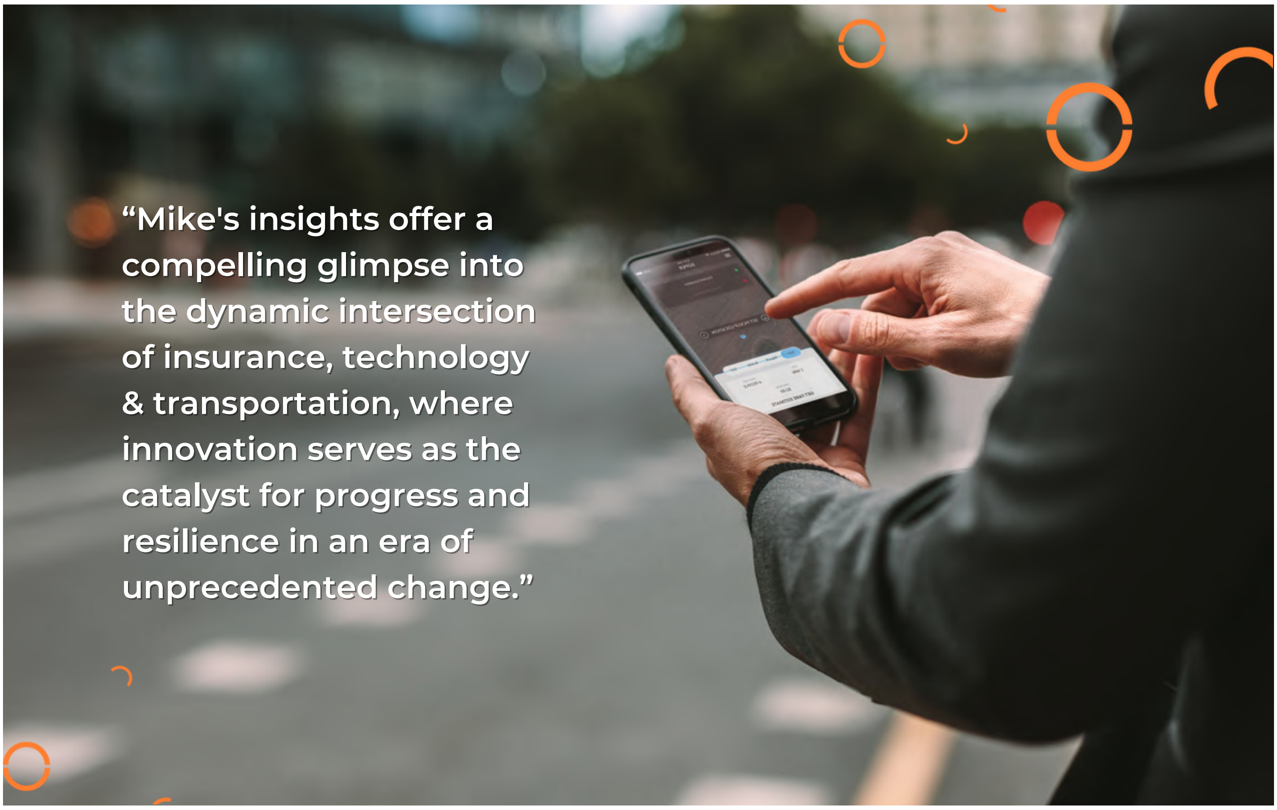
While traditional insurance models focus on mitigating risks through comprehensive coverage, the advent of e-hailing has ushered in a paradigm shift, necessitating a more nuanced approach to risk assessment and management. As operational costs escalate and income streams remain constrained for drivers, RTUSA collaborates closely with brokers and clients to craft bespoke solutions aimed at reducing operational overheads and enhancing efficiency.

Central to RTUSA's risk management strategy is the integration of real-time data and technology, empowering fleet owners with actionable insights to optimise vehicle maintenance schedules and minimise exposure to risk. By leveraging technology as a force multiplier, RTUSA transcends the confines of traditional insurance, offering value-added services that extend beyond mere coverage.
Drawing a distinction between the e-hailing and traditional taxi sectors, Mike underscores the divergent risk profiles and operational dynamics inherent in each domain.

While e-hailing platforms offer greater visibility and control over driver behaviour through digital platforms, traditional taxis face unique challenges associated with onboarding drivers and managing fleet operations. By tailoring risk management strategies to suit the specific needs of each sector, RTUSA ensures comprehensive coverage that aligns with the evolving demands of the market.

In the realm of distribution channels, Mike emphasises the pivotal role of brokers as architects of bespoke solutions tailored to the unique needs of clients. With a growing emphasis on customer-centricity and solution-driven approaches, brokers play a critical role in bridging the gap between client expectations and insurance offerings, driving sustainable growth and market penetration.

Looking ahead, Mike envisions a future marked by continued innovation and collaboration, as RTUSA navigates the complexities of a rapidly evolving transportation landscape. By embracing technology, fostering strategic partnerships, and prioritising customer-centricity, RTUSA remains at the forefront of transformation, poised to redefine the contours of taxi insurance and transportation solutions.



ENHANCING VALUE AND PROTECTION: RISE OF THE INCEPTION VALUE POLICY

In anticipation of our focus on motor insurance, I had an interesting conversation with Austin Mpandawana, Manager of Specialist Classes at Renasa Insurance Company, the spotlight shines on the often overlooked yet invaluable Inception Value Policy (IVP).

Rooted in the growing domain of specialist insurance, the IVP emerges as an essential tool in safeguarding assets and mitigating risks across various sectors. As Mpandawana explains, the specialist insurance arena is witnessing exponential growth, propelled by the escalating complexity of risks in today's economy. Among the array of specialized products, the Inception Value Policy stands out as a beacon of protection, particularly within the motor industry. At its core, the IVP is designed to shield the value of assets and curtail exposure through a dual-pronged approach. By pegging asset valuation at policy inception, Renasa Insurance offers policyholders unparalleled protection against depreciation-induced losses.

Unlike conventional policies tied to depreciating retail values, the IVP ensures that policyholders receive payouts based on the asset's inception value, thereby bridging the gap between actual and depreciated worth in the event of loss or theft. One of the hallmark features of the IVP lies in its ability to address credit shortfalls—a common pitfall for individuals financing their vehicles. By settling outstanding loan amounts directly with financial institutions, Renasa Insurance alleviates the financial burden on policyholders, providing peace of mind amidst unforeseen adversities.

From a procedural standpoint, integrating the IVP into existing comprehensive motor insurance policies is seamless, leveraging electronic systems for swift and hassle-free implementation. Despite its robust coverage and myriad benefits, the IVP remains remarkably affordable, with premiums starting at a modest R150 per month—a testament to its exceptional value proposition. While the intrinsic value of the IVP is undeniable, Mpandawana acknowledges the challenges of market awareness and adoption. Despite its profound impact on asset protection and financial security, widespread recognition of the IVP remains elusive, primarily due to limited exposure and educational outreach within the brokerage community.

However, the tide is turning, buoyed by Renasa Insurance's strategic alliance with Telesure Investment Holdings—a partnership poised to elevate the profile of the IVP through targeted marketing initiatives and digital outreach campaigns. With a growing roster of broker partners and a robust marketing infrastructure, Renasa Insurance is poised to unlock the full potential of the IVP, bridging the gap between product innovation and market penetration. As Mpandawana underscores, the enduring appeal of the IVP lies in its ability to deliver tangible value to policyholders, transcending the conventional norms of insurance. Unlike traditional policies that are often perceived as obligatory purchases, the IVP resonates with clients as a proactive measure to safeguard their financial interests—a rare feat in an industry dominated by risk mitigation.

Moreover, the IVP serves as a powerful retention tool for brokers, fostering long-term client relationships grounded in mutual trust and shared value. By offering a product that transcends transactional interactions, brokers can deepen client engagement and enhance brand loyalty, driving sustainable growth in an increasingly competitive landscape.

In essence, the Inception Value Policy epitomises the convergence of innovation and necessity in the realm of insurance and promises to redefine the contours of asset protection.

Digital transformation has real-time benefits for insurers and policyholders alike

Erik Redelinghuys, Partner: Predictive Analytics at King Price Insurance

'Digital transformation' is one of the biggest buzzwords in business. But amidst the hype, we often lose sight of what it is, and why it's important. Basically, digital transformation is the rewiring of an organisation, with the goal of fundamentally changing how you operate and deliver value to your customers by continuously deploying technology that can scale. Most companies are doing this to some extent, but we're seeing that a range of existing technologies is maturing and converging – and it's driving a step-change in how technology is improving business imperatives. We're seeing mobile connectivity, capability and bandwidth increasing rapidly, with projects like Starlink (satellite internet) and the ever shrinking processing chip by companies like NVIDIA leapfrogging us into the future.

Cloud computing has become mainstream, and allows businesses to scale standardised services and drive down costs. Advanced quantum computing means we'll be able to process vast numbers of transactions at a fraction of traditional speeds, which allows businesses to deal with ever-increasing amounts of data, and in turn to transform this data into AI-driven solutions to business challenges. But in the insurance industry, especially, transformation isn't just about the technology. It's about what the technology can do for our business and our clients.

Usage-based insurance models

Usage-based insurance is a growing global trend. People don't want to pay full premiums for assets that are used infrequently – and rightly so. In South Africa, a growing number of companies are bringing usage-based products to market, basing car premiums on the number of kilometres that clients drive per month, the value of their cars and their personal risk profiles. And this is where technology is playing an increasingly important role. For example, the pay-as-you-drive product we developed when car usage was so much less than normal during the Covid lockdown, used car odometer photo uploads which we pushed through image recognition algorithms to confirm the kilometres travelled, as well as the authenticity of the photos. Usage-based insurance is also extending into areas like agriculture, with King Price seeing a steady uptake of our 'pay as you farm' agri insurance product, which offers farmers comprehensive cover for their agri vehicles all year round, linked to an annual rebate based on the time that the vehicles are actually used.

Total value-chain solutions

In the community insurance world, King Price's award-winning Felix platform brings brokers, managing agents, service providers, and trustees and homeowners in community schemes like sectional title developments, estates and retirement villages, along with King Price's community insurance claims and underwriting departments, all together in one place. While Felix manages all the claims for the 75,000+ assets that King Price community insurance covers, it fast-tracks claims for things like geysers and broken glass, which account for up to 70% of all the community insurance claims we receive. These claims are logged electronically, authorised instantly, and scheduled for immediate repair by an approved service provider – with no human interaction. This means that a plumber or electrician can be with our client within 90 minutes of logging an incident. As a result, body corporates and managing agents are seeing more effective claims cost control, and shorter claims cycles and incident reporting lag times.

The detail is in the data

As an insurer with many different business lines, consolidating data into a single view is a complex exercise, especially given the fact that the business processes across the different areas of the business aren't exactly the same. Increasing data accuracy in an insights-driven industry like insurance demands that tech teams have close relationships with the business and are entrenched in daily activities. But when the balance is right, the results are clear. King Price recently implemented a data-driven write-off model, which predicts whether a car that was in an accident should be written off or not, with the idea being to make the process simpler for our clients and to utilise our own resources more efficiently. By looking at the accident conditions and the damage, as well as the potential salvage value we can recover, the model predicts whether it's smarter, faster and more cost-effective to write off a car sooner. Speeding up the process makes it easier for our client to move on from an accident and look for a new car sooner, if necessary.

AI is an answer but humans are still the solution

Everyone's talking about AI, but opinion on AI is divided. One group thinks AI is still only a buzzword; others believe that it's somewhere between the 'innovation trigger' and 'trough of disillusionment' phases on the Gartner hype cycle, where the ability to add actual commercial value within an organisation hasn't been harnessed. The sweet spot lies in keeping the human in your AI loop – also known as HITL (human-in-the-loop). With HITL, the human is still effectively making the decisions, with the machine providing recommendations, context and supporting evidence to save time. Let's take a practical example of the image generating engine, DALL-E. This is scarily creative with digital art, but it has some way to go with authentic life images. So, if someone was to use DALL-E to create an image of a staged car accident to support a fake insurance claim, a human would pick up the anomalies instantly. Recent deepfake video scandals also necessitate the need for HITL systems. For now, let's watch this space. The biggest outcome of any digital transformation has to be giving organisations the ability to deliver better client experiences and earn lasting loyalty in a world of change. True transformation means rebuilding businesses from the inside to ensure that their people, processes and technology all work together to put their clients first.

DRIVING INNOVATION IN MOTOR INSURANCE AT RENASA

Motor insurance is a complex arena within the insurance industry, often underestimated for its intricacies.

I had the opportunity to sit down with Francis Nyaungwa, the Head of Motor and Non-Motor Claims at Renasa, to discuss the significant changes and innovations happening in the motor insurance space, particularly after the merger with TIH. One of the most notable transformations highlighted by Francis is the revamping of the claims assessment process. Renasa has introduced a more client-friendly approach, eliminating the need for physical assessments in many cases. Clients can now simply send photos of the damaged vehicle, and for non-drivable vehicles, Renasa dispatches assessors to inspect the vehicle on-site.

This streamlined process not only enhances the overall service delivery but also positions Renasa as a more broker-friendly entity, strengthening their relationships with brokers. Another pivotal change involves the incorporation of TIH’s MBR (Motor Body Repair) panel into Renasa's motor repair process. The vetting process implemented by TIH ensures a higher quality of service providers, elevating the standard of panel beating services. This strategic collaboration has proven to be a game-changer, positively impacting Renasa's motor repair procedures.

The positive impact of these changes is reflected in reduced turnaround times and enhanced client experiences. Francis mentions that client feedback has been overwhelmingly positive, emphasising the convenience of the new assessment process. The elimination of the need for clients to physically visit panel beaters has streamlined the entire claims process, making it more efficient and client-centric. However, as with any significant change, integrating processes and aligning the two companies—Renasa and TIH—was not without its challenges. Francis acknowledges the initial resistance from some in the market, who were accustomed to their established ways of doing things. Through effective communication, education, and demonstrating the benefits of the changes, Renasa successfully navigated the challenges, reaching a point where most brokers have embraced the new processes.

Francis Nyaungwa, the Head of Motor & Non-Motor Claims at Renasa

Looking ahead to 2024, Francis envisions further innovations for Renasa in the motor insurance space. The company aims to consolidate its position by ensuring that most motor repairs go through the TIH panel. By offering discounts and lifetime guarantees on repairs through this panel, Renasa seeks to not only control repair quality but also provide financial benefits to both brokers and clients.

One particularly innovative aspect is Renasa's commitment to resolving any issues with repairs promptly. The company guarantees the workmanship and, in case of problems, provides a vehicle on hire at its own expense. This commitment underscores Renasa's confidence in the quality of service provided by their MBR panel, offering clients an added layer of assurance.

RENASA

Moreover, Renasa has expanded its engagement with TIH to include motor glass services. Partnering with Glassfit, a TIH service provider, Renasa has experienced improved service delivery and reduced costs in the motor glass claims sector.

Renasa is gearing up for a promising 2024, leveraging the synergies from the TIH merger. The focus on innovation, efficiency, and customer satisfaction positions them as a leading player in the motor insurance landscape, poised for continued success in the years to come.

REVOLUTIONIZING MOTOR INSURANCE: THE ROLE OF TECHNOLOGY IN CLAIMS PROCESSING


Bruce Ceprnich Senior Manager, Hollard Motor Assessing & Claims Operations

Motor insurance is a high-performance environment: it has one of the highest claims frequency ratios, compared with other lines of insurance. On top of this, customers' service delivery expectations are considerable. The Motor claims value chain thus needs to be efficient and on point, which is not always possible using traditional approaches.

In advancing service delivery while becoming more efficient and ensuring sustainability, technology becomes key. Hollard Insure has embraced the need for technology by developing, harnessing and implementing artificial intelligence (AI) into our driveable motor vehicle assessment processes.

When they submit a claim, our customer receives a link taking them to a platform where they are prompted to provide claim information and upload photographs. Thereafter, the AI detects damage and the "golden ticket" to achieve all economies of scale; the AI is also able to assess and quantify the repair cost.

With this process, Hollard Insure can quantify the loss within 15 minutes. Such exciting technology keeps Hollard Insure relevant with customers, who prefer transacting online, and allowed the insurer to also explore straight-through processing for driveable motor accident claims.

This will include all key facets of the Motor claims process in a seamless end-to-end process. However, a question arises when explaining the key objectives Hollard aims to achieve through these process, system and technological enhancements: what happens to our human capital?

"Through embracing new technologies, Hollard Insure has found that it is able to fulfil its business purpose of creating and securing better futures for its people, by opening up exciting career opportunities for them. With technology lifting much of the load, our Motor assessing team members can now fulfil a more intrinsic role during the claims process. "

Through embracing new technologies, Hollard Insure has found that it is able to fulfil its business purpose of creating and securing better futures for its people, by opening up exciting career opportunities for them. With technology lifting much of the load, our Motor assessing team members can now fulfil a more intrinsic role during the claims process.

They are now more present within our external supply chain markets, such as motor body repairers. This stimulates better collaboration, and quicker and more effective decision-making. This benefits the customer through better communication on the repair status of their vehicle, and improved repair turnaround times.

By introducing cutting-edge technology to enhance processes, Hollard Insure has also been able to maintain its win-win-win philosophy for customers, brokers and itself. Using AI has aided the customer journey through a formal onboarding to Hollard's Motor claims processes, and sharpened turnaround times.

Our supplier network, especially motor body repairers, receive greater support from Hollard Motor assessors, who have increased capacity thanks to AI performing initial assessments.

Through embedding AI technology into our Motor claims processes, we demonstrate how Hollard and our broker partners are moving with the times, and providing cutting-edge technological means to perform Motor claims processing.

BUILDING A CARING, RESILIENT, AND ADAPTIVE INSURANCE INDUSTRY

A discussion with Auto and General

In the dynamic landscape of the insurance industry, the role of consistent innovation and technological integration has emerged as a defining factor distinguishing service providers. Beyond the traditional objectives of risk mitigation and streamlined claims processing, insurers now recognize the imperative of fostering genuine connections with their clientele.

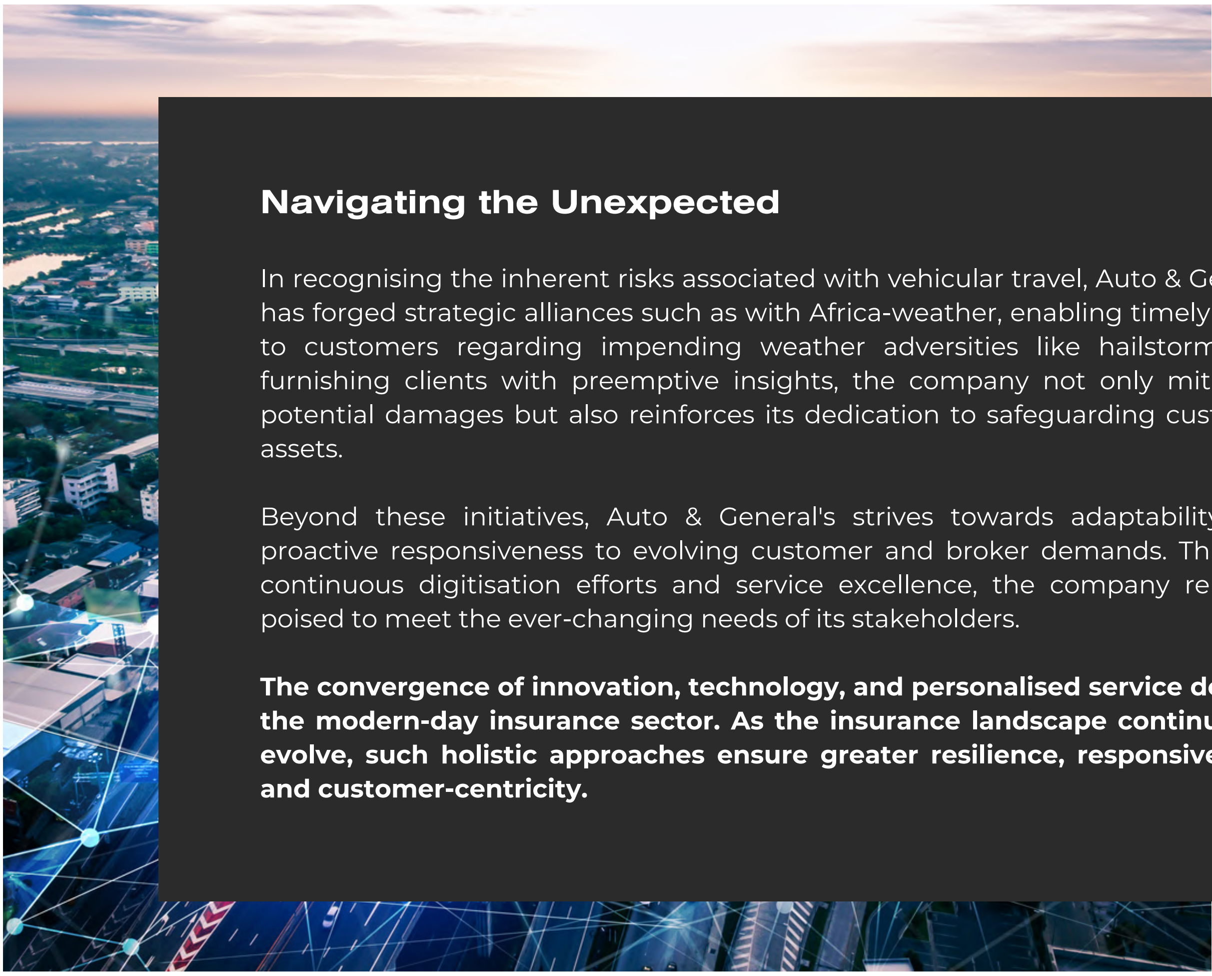
In this context, the narrative shifts from treating customers as mere statistics to ensuring they feel genuinely acknowledged, understood, and supported throughout their insurance journey. For example, Auto & General, in its pursuit of this ethos, seamlessly merges technological advancements with a human-centric approach at every interaction point.

The Essence of Presence

Central to the insurance experience lies the pivotal moment of claims processing—a juncture that can profoundly influence customer perceptions and loyalties. Auto & General underscores this reality by creating a smooth customer journey right from the start of the interaction.

Take, for instance, the implementation of AutoSOS—an interesting smartphone-based service designed to automatically detect and assess vehicular accidents using a sophisticated algorithm. In cases of severe accidents where drivers may be incapacitated, AutoSOS swiftly alerts emergency services, epitomisng the fusion of technology with life-saving intervention.

Moreover, by streamlining the claims initiation process through digital platforms, Auto & General not only expedites assistance for non-drivable vehicles but also empowers customers to submit claims conveniently via mobile applications or phone calls. This digital prowess extends to vehicle assessments, demonstrating a commitment to efficiency and customer-centricity.



Navigating the Unexpected

In recognising the inherent risks associated with vehicular travel, Auto & General has forged strategic alliances such as with Africa-weather, enabling timely alerts to customers regarding impending weather adversities like hailstorms. By furnishing clients with preemptive insights, the company not only mitigates potential damages but also reinforces its dedication to safeguarding customer assets.

Beyond these initiatives, Auto & General's strives towards adaptability and proactive responsiveness to evolving customer and broker demands. Through continuous digitisation efforts and service excellence, the company remains poised to meet the ever-changing needs of its stakeholders.

The convergence of innovation, technology, and personalised service defines the modern-day insurance sector. As the insurance landscape continues to evolve, such holistic approaches ensure greater resilience, responsiveness, and customer-centricity.

PIONEERING THE ADVENTURE INSURANCE INDUSTRY

In a conversation with Ian Georgeson, the founder of Cross Country Insurance, a journey through the company's evolution and its vision for the future unfolds.

Established in 1998, Cross Country Insurance began with a focus on catering to the adventurous spirits traversing borders in their 4x4 vehicles, motorcycles, and marine crafts. Georgeson, reflecting on the company's inception, reminisces about the nascent days of providing repatriation benefits to travellers stranded in remote corners of the globe. The core ethos of Cross-Country Insurance has always been centred around facilitating the safe exploration of the great outdoors. Initially targeting the leisure lifestyle market, particularly the 4x4 enthusiasts, the company quickly found its niche in offering comprehensive coverage that extended beyond national borders.

This unique proposition garnered rapid traction, with the company boasting a substantial clientele within its first year of operation. A pivotal moment in Cross Country Insurance's trajectory arrived in the late 2000s when the dynamics of cross-border travel underwent a significant shift. With a decline in international excursions, the company adeptly pivoted to cater to the burgeoning domestic market. Embracing diversity, Cross Country Insurance expanded its portfolio to include classic cars, motorcycles, and various other lifestyle assets, thus broadening its appeal to a wider audience.

> Looking ahead, Cross Country Insurance remains focused on sustainability and profitability. The company's strategic partnerships and data-driven approach, exemplified by its collaboration with Insight, underscores its commitment to innovation and efficiency.

While 4x4 insurance remains a cornerstone, the company has diversified its services to include commercial and personal accident insurance, underscoring its commitment to adaptability and responsiveness to market needs. Georgeson elaborates on the evolving landscape of cross-border travel, acknowledging the current economic climate's impact on consumer behaviour. While international excursions persist, there has been a noticeable decline attributed to financial constraints. Nevertheless, opportunities abound, particularly with discerning clientele such as tour operators and seasoned travellers who prioritize safety and reliability.

Looking ahead, Cross Country Insurance remains focused on sustainability and profitability. The company's strategic partnerships and data-driven approach, exemplified by its collaboration with Insight, underscores its commitment to innovation and efficiency. By leveraging decades of accumulated data as well as telemetry data collected over the past 7 years, Cross Country Insurance can tailor its offerings, mitigate risks, and enhance the profitability of its motor portfolio and thereby reward policyholders accordingly while ensuring a robust foundation for future growth.

The conversation also sheds light on the pivotal role of brokers in Cross Country Insurance's ecosystem. With a vast network of brokers deeply rooted in the outdoor lifestyle community, the company enjoys symbiotic relationships built on trust and shared values. As the industry evolves, brokers are increasingly recognised as indispensable allies in driving business growth and fostering customer loyalty. Georgeson's vision for the future is imbued with optimism and pragmatism. He envisions a landscape where data-driven insights empower informed decision-making, where innovation drives competitiveness, and where collaboration fosters resilience.

As Cross Country Insurance continues to navigate the ever-changing currents of the insurance industry, one thing remains certain: its unwavering commitment to enabling adventurers to pursue their passions with confidence and peace of mind. Cross Country Insurance supports the spirit of adventure and the resilience of entrepreneurship as a trailblazer in the adventure insurance industry, exemplifying the transformative power of vision, adaptability, and unwavering dedication to customer satisfaction.

As the journey continues, Cross Country Insurance remains steadfast in its mission to safeguard the dreams and aspirations of adventurers around the globe.

TECHNOLOGY

AND INNOVATIONS ARTICLES

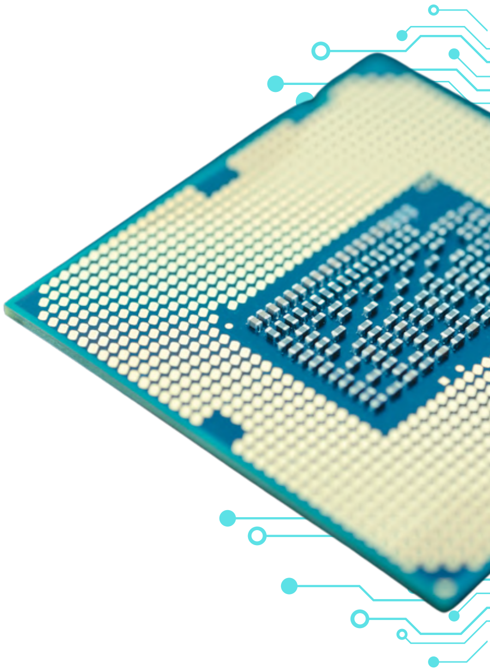
“From a business perspective, it is imperative that you encourage the use of new tech and not be afraid of this new way of coming forward as it's not going to disappear. ”

- ARCHANA ARAKKAL, PRACTICE LEAD AT SYNTHESIS

TECHNOLOGY TRENDS 2024: TAPPING INTO THE DEVELOPMENTS OF GEN AI

Archana Arakkal, Practice Lead at Synthesis

As we launch into 2024, the business landscape will be shaped by transformative tech advances. From AI to cybersecurity, companies' ability to adapt to these changes will become a strategic imperative allowing them to achieve what was once science fiction but is now unimaginable opportunities. As a thought leader and practice lead in the AI and data space, Synthesis Technologies' Archana (Archie) Arakkal, gives some insight into the technology trends to look out for in 2024.



Large Language Models (LLMs) available at your disposal

Some of the biggest trends that I'm seeing are specifically around the large language models (LLMs) that are being adopted globally. Chat GPT has distributed new models and has released new versions. But what this means is that we have even more powerful foundational models that AI practitioners can work with. All the research and development that has been going on behind the scenes is now accessible and democratised to normal developers, explains Archie. Typically, when trying to at least train models that can understand human language, it would take millions and millions of data records and data sets to go about curating that.

But now, by having these LLMs available at our disposal, it means all the data sets and resources, computation, and money that has been invested into developing these large language model LLMs are now accessible to normal developers. This opens quite a few avenues and trends within the market with very powerful models that are being pushed out into the world, such as open AI models, the MISTRAL models, and the Llama 2 models. These are extremely powerful models that are available at our disposal. Having the ability to quickly iterate on these models is now making it even more challenging because people are going about building different systems without having the correct guardrails and experience to back it all up.

Knowledge sharing through Generative AI (Gen AI)

Normal developers can leverage other developers' coding standards instead of having to learn or practice their craft over five to six years before they can become quite proficient in their coding abilities. When you have more Gen AI models that can assist you, you are ingesting all the experience from all the developers out there rather than having to learn and take time to practice your craft. So, it's shortening the window that it requires for people to become more proficient in their coding abilities and shortening the time it takes to have more systems available in the environment. Similarly, within the creative space, having these models at your disposal makes it easier to create content quickly resulting in speed to delivery increasing significantly over time.

With these trends coming into the ether, the next question to be asked is "How can I go about evaluating whether a model or a system that is being developed is ethical and responsible?" says Archie. In South Africa, these trends have enabled us to have entry to more international standards and ideas, which means that we're getting closer to countries that we previously didn't have access to. In the past, America would lead the trend, and South Africa would follow maybe three or four years later if we were lucky, explains Archie. But now because of all these technologies available to us and having models that are distributing the knowledge, we're closing that gap and getting closer to the global trends that are happening around us.

Often you have all these individuals who are highly motivated to start leveraging off the new tech trends, but they almost must go backwards to do their normal day-to-day work. What ends up happening is people lose interest in this domain and leave to go somewhere else. Unfortunately, there is a huge vacuum in terms of skills due to this nature.

From a business perspective, it is imperative that you encourage the use of new tech and not be afraid of this new way of coming forward as it's not going to disappear. Individuals need to be encouraged within different enterprises and organisations to constantly foster, both on a theoretical aspect and training aspect, as well as being able to develop and change systems that can work with a new way of doing things. This is the best bet to ensure that organisations don't lose their existing skill set and can adapt to necessary future tech advances, advises Archie.

As for the most exciting tech trends for 2024, Archie believes that Gen AI is where it is booming. "GPT started with GPT 3 and now it's been progressed into several versions of it, so we've seen the benefit of it from a POC perspective. I'm quite excited that people have started understanding the reality of what this can bring to our forum, Gen AI specifically. There is also a new Llama version coming out and seeing all these new models being released and all the new partnerships that are happening both with Amazon Web Services South Africa, Google Cloud Platform (GCP), and on the Microsoft Azure side of things is very exciting for 2024", says Archie.

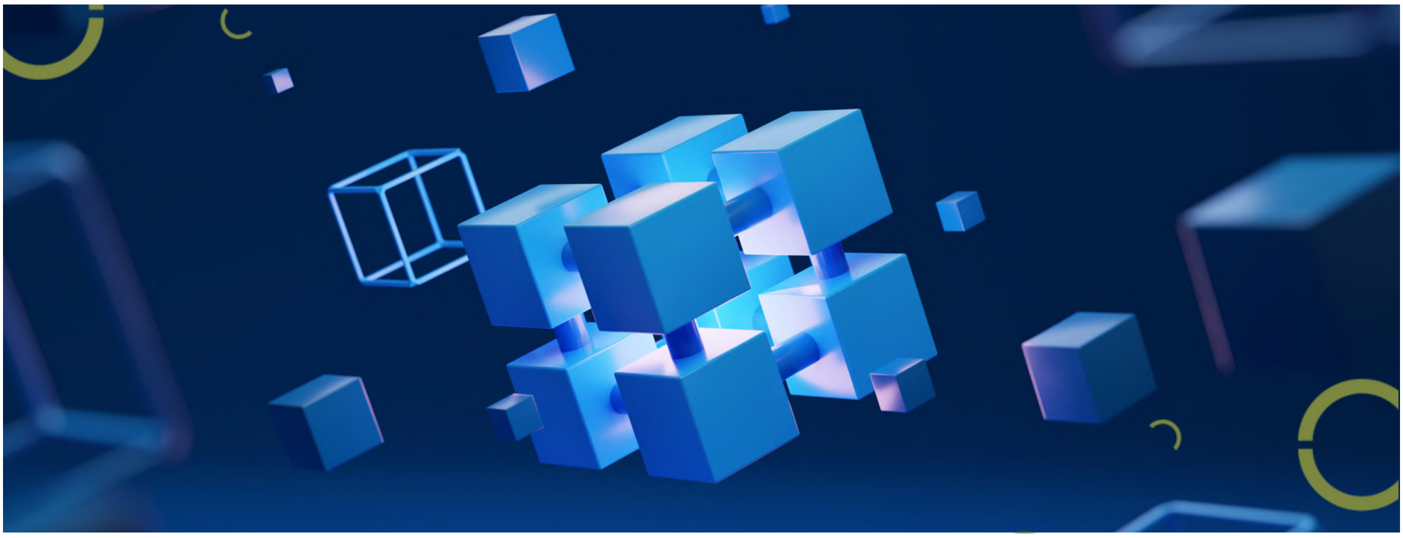
At Synthesis Software Technologies, our culture encourages working within new spheres, and tech trends and constantly evaluating what's out there because it's the nature of the business. Find out more...

Three key things a modular insurance ecosystem should provide

Charlotte Koep, COO of Root platform

In the insurance industry, staying ahead of the curve and meeting the evolving needs of customers is a continual challenge. Insurers want new, accessible, and affordable products that optimise customer experiences. Their biggest hurdle tends to be inflexible and limited legacy IT systems. These systems remain business-critical in most insurance companies, yet restrict the ability to innovate rapidly. But there is no need to raze legacy platforms to the ground and start from scratch. Modular systems provide insurers with the flexibility to design custom, modern customer journeys which speak directly to their customers' needs. With access to a core system connected to an ecosystem of add-on services, anything is possible.

Let's use a retailer selling mobile phones as an example. When a customer purchases a phone, the retailer may offer them an insurance product at the same time. A modular system provides a workbench of tools and offerings that insurers can use to assemble a suite of services throughout the insurance lifecycle, from the moment the customer buys their phone, to their first premium payment, to the claims process should the phone ever get lost or stolen. The 2023 Deloitte Africa Insurance Outlook report makes it clear that "digital and technological investment enables all domains of competitive advantage. Insurers must also carefully consider how to invest in meaningful partnerships with insurtechs and the non-insurance market".



There are three key things a modular system should provide:

1. Simplicity

If you think of software systems as colleagues working on two different floors, Application Programming Interfaces (APIs) are the instant messaging service that allows them to communicate and share data without having to get up from their desks each time. Because of the multitude of touchpoints in the insurance value chain, there are likely to be one or more legacy systems at work.

APIs have made it much faster and easier to create and integrate these to deliver new insurance products and enhanced customer experiences. Modules provide core features and functionality, such as APIs and data access, which can then be further enhanced with add-ons.

2. Flexibility

The insurance life-cycle involves a complex set of systems but a modular system provides a series of add-ons from trusted, third party providers that allows insurers to provide services to their customers at every step of this lifecycle. Adding modules if and when the insurer or retailer needs them, allows far more flexibility.

So, in the example of the phone retailer, they might want to improve the customer experience by tapping into add-on services for sales, integrations with Stripe or Peach Payments to collect premiums or process credit card payments and Clickatell for client SMS communication, allowing them to take a client through the whole process seamlessly.

3. A client-centric approach

The Deloitte report also highlights that “purchasing insurance products can be simplified, saving customers time while simultaneously providing value-add and market access”. This is a challenge when legacy systems have to be retrofitted with new technologies. However, modular systems allow insurers to cherry-pick features and systems customers want, and leave out the ones they don’t need. Gone are the days of a one-size fits all approach to insurance. Customers want purpose-built insurance systems and insurers want to provide clients with the best possible experience. A modular approach, with a pick of easy to access third party functionality, ticks all of these boxes.

REVOLUTIONISING INSURANCE

In an insightful conversation with Vis Govender, the Co-founder of Everything.Insure and Group CEO of FirstEquity Group, we delve into the transformative journey of digitisation within the insurance industry.

Everything.Insure can be seen as a pioneering digital marketplace, offering an array of insurance products with a streamlined, advice-driven approach. FirstEquity Group's inception traces back to the early 2000s as a traditional insurance and distribution business. With a footprint spanning across South Africa, Southern Africa, Mauritius, and India, the group's evolution into a Lloyd's cover holder underscores its adaptability to changing market landscapes.

The genesis of Everything.Insure stemmed from the realisation that the future of insurance lay in digitalisation. Initially conceived as an internal solution to streamline processes, it swiftly metamorphosed into a distinct entity. Govender explains that Everything.Insure isn't merely a broker with a polished technological facade but a licensed digital broker facilitating automated and digitised advice.

The conversation turned towards the seismic impact of technology on the insurance landscape, echoing McKinsey's assertion of imminent transformation across all facets of the industry. Drawing parallels with the banking sector's digital revolution, Govender emphasises the imperative for comprehensive digitisation encompassing the entire insurance spectrum.

While acknowledging the trial-and-error phase of insurtech ventures globally, Govender contrasts Everything.Insure's holistic approach with niche-specific counterparts like Lemonade. He advocates for addressing the entire spectrum of insurance needs within a unified platform, envisioning a seamless purchasing journey akin to shopping at a supermarket.

Regarding the competitive landscape and potential concerns about the dominance of incumbents with deep pockets, Govender acknowledges the inherent advantage but highlights how technological advancements have levelled the playing field, enabling agile startups to challenge industry behemoths.

Emphasising the vital role of advice-driven intermediaries, Govender elucidates Everything.Insure's commitment to providing tailored guidance throughout the customer journey. Leveraging AI integration, the platform facilitates real-time recommendations, disrupting conventional broker models reliant on single insurer affiliations.

Furthermore, Govender sheds light on Everything.Insure's global expansion strategy, underpinned by adaptable platform architecture. While regulatory nuances dictate territorial licensing, the platform's modular design expedites localisation, facilitating seamless entry into new markets.

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