MAGAZINE AUGUST 2024

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WOMEN'S | MONTH

STANDARD BANK INSURANCE BROKERS

The changing face of the insurance industry

THE DIGITAL DECEPTION

The rise of AI insurance fraud

FROM INSIGHT TO INNOVATION

Enhancing income protection

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ENHANCING INCOME PROTECTION FOR ALL WORKING SOUTH AFRICANS

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THE DIGITAL DECEPTION

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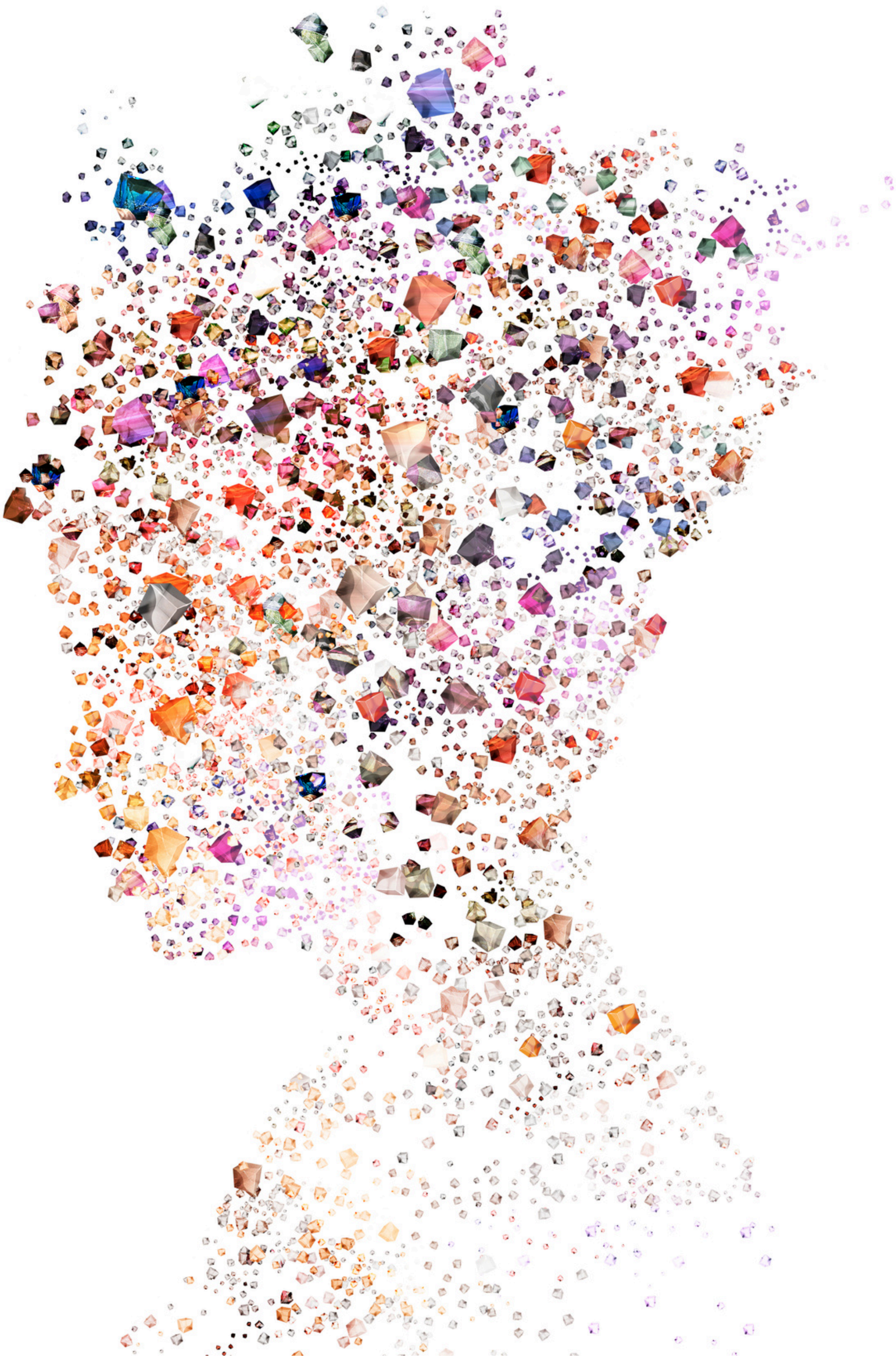


Deputy Editors Note

Navigating Change, Embracing Diversity, and Shaping the Future

By: Dominique Taylor , Deputy Editor, COVER Magazine

August is a month dedicated to honouring the contributions of women across all sectors, I am thrilled to present this special edition of COVER Magazine. Our cover, featuring the formidable team of women from Standard Bank Brokers, perfectly captures the essence of progress and innovation that women bring to the financial services industry. These women are not just professionals; they are trailblazers, setting new standards and leading with purpose in a traditionally male-dominated field.

Our Women's Month feature shines a spotlight on the incredible strides women are making within our industry. From Standard Bank Insurance Brokers' Linah Mabena's exploration of the changing face of insurance, Tanita McDaniel's experience of inclusivity at Cardinal, to Mulalo Moroe's inspiring journey in corporate legal services at Santam, the stories in this feature highlight the diverse talents and perspectives that are shaping the future. These narratives serve as a powerful reminder that women are not just participants—they are leaders, innovators, and changemakers driving the industry forward.

As we celebrate Women's Month, I encourage all our readers to reflect on the invaluable role of women in our industry. Let's continue to support, uplift, and invest in the women around us—whether they are our colleagues, leaders, or future professionals. Together, we can create an industry that not only embraces diversity but also thrives on it.

WOMEN IN INSURANCE

"When women are given a seat at the table, they don't just take part in the conversation—they change the game."

Tanita McDaniel, The Way Things Could Be for Women Leaders in Male-Dominated Industries

The changing face of the Insurance Industry

By: Linah Mabena, Chief Executive at Standard Bank Insurance Brokers

Linah Mabena, Chief Executive at Standard Bank Insurance Brokers

Historically, insurance has relied heavily on technical or mathematically related practices which often coincided with skillsets women were previously not proactively encouraged to foster.

Women's journey in the insurance industry has been a tale of gradual progress against persistent barriers but in recent years, we have started seeing an encouraging trend towards more equitable representation within the sector and the progress is promising.

While much of the progress can be attributed to an increased focus on female representation, the new work opportunities offered by the evolving insurance landscape are also contributing to making the industry attractive to more women.

The convergence of a cultural shift with a new generation joining the workforce and advances in technology spanning automation, AI, and robotics has created more opportunities for women to fill diverse roles in the insurance industry.

However, I do feel that there is still little awareness about the need of specialist skills which would traditionally be outside the insurance industry. It is unlikely that people will consider an industry if they don't know their skills are valuable to its growth and advancement.

I have more than two decades of experience in the insurance sector, encompassing both long-term and short-term aspects. Having witnessed and experienced the industry's gradual evolution, I have noticed that as the sector progresses, the individuals embodying it are also continuously transforming.

This is apparent when observing the evolving workforce, including the past and present women in C-Suite positions, and other leaders in the insurance sector. I see this shift as a recognition of the importance of inclusivity and a willingness to embrace diverse viewpoints within the industry and yet, I would further challenge the industry, as a whole, to improve its representation of women in leadership positions.

The lack of prominent women role models in leadership positions and little awareness about the array of appealing career prospects could be what's hindering young aspiring women professionals from envisioning their success and growth within the insurance industry.

By encouraging women's participation in technological innovation and decision-making, the insurance industry can benefit from diverse points of view. Considering that women play such a critical role in society, representing the women's perspective in research and product development can have enormous benefits.

Research has shown that companies with women in leadership positions see higher profits and greater employee satisfaction. Psychological research further reveals that women leaders improve business performance by effectively driving increased productivity, creating the environment for enhanced collaboration and inspiring organisational dedication amongst employees - all of which can greatly benefit the insurance industry and clients.

This is a seemingly encouraging view of the changes taking place within insurance and the embracing of gender diversity will be essential for the long-term sustainability of the industry. However, while much progress has been made, there remain some barriers to attracting more women to insurance (and retaining them).

In order to increase awareness of the skills needed, the answer lies in getting the message out to different communities, especially teachers, so that they can help familiarise more people, particularly youth, to the insurance industry.

We need to get information about insurance into the classrooms and have people from the sector share their passion for their work with students at an early age.

I encourage all industry leaders to become more intentional about fostering an environment of inclusive opportunities, where women can progress their insurance careers. It is essential to guarantee the fair availability of career prospects for everyone. This involves establishing transparent and fair routes to success and implementing appropriate processes, programmes, and a clearly defined framework to ensure that all team members, regardless of gender, feel supported and unified on their career paths.

While progress may be gradual, a visible shift in the individuals representing the insurance sector is apparent, making the insurance industry an exceptionally captivating environment at present.

ACHIEVING FINANCIAL INDEPENDENCE

By: Jennifer van Oerle, COO of Discovery Invest

I believe financial independence is a multifaceted concept that varies from person to person. It is not merely about wealth accumulation but rather about having the skills and knowledge to manage one's finances confidently and make informed decisions that align with personal life goals.

Jennifer van Oerle, COO of Discovery Invest

Financial independence means different things to different people. For some, it may mean having enough savings and investments to cover living expenses without relying on a paycheck. For others, it's about having the freedom to make life choices without financial constraints. It's important to note that financial independence doesn't necessarily equate to being 'rich'. It's more about having sufficient resources to live comfortably and securely, and to be prepared for unforeseen situations without compromising one's lifestyle.

The Role of Financial Literacy and Advisors - One of the main challenges in achieving financial independence is the lack of financial literacy. Many people don't have a strong grasp of financial concepts, which can hinder their ability to make sound financial decisions. This is where the role of financial advisers or coaches becomes crucial. Having a trusted adviser can help individuals navigate seemingly complex financial landscapes, set realistic financial goals, and plan effectively for the future.

Unfortunately, not everyone has access to these resources, which can be seen as both a luxury and a necessity. Increasing access to financial education and advisory services is something our industry must strive to improve.

In my role at Discovery Invest, I observe several trends and challenges that impact the financial independence of individuals. One major concern is the perceived complexity of the financial services industry. From understanding the various types of investment products to the underlying investments themselves, as well as the regulatory considerations and tax consequences, the investment environment can be difficult for people to navigate.

Additionally, issues like financial fraud and the need for robust security (including cybersecurity) measures are becoming more prominent. As custodians of our clients' financial futures, we have a responsibility to safeguard not only their assets but also their personal information.

A significant development in our industry is the introduction of the two-pot retirement system. This new legislation allows individuals to access a portion of their retirement savings before reaching retirement age. While this provides a crucial safety net for those facing financial emergencies, it also poses risks. It can be tempting to access these funds for non-essential purposes, which could jeopardise long-term financial stability. It's essential to approach this option with caution and ideally, consult with a financial adviser to fully understand the implications of withdrawing from retirement savings early.

Advice for Women Entering the Financial Industry -

As a woman in a leadership role, I often reflect on the unique challenges and opportunities women face in the financial industry. My advice to young women entering this field is to always seek opportunities to learn and grow. Embrace every experience as a learning opportunity, even those that don't go as planned. It's crucial to build confidence in your abilities and to seek out mentors who can provide honest feedback and guidance. Networking is equally important; creating and maintaining professional relationships can provide support and open doors to new opportunities.

Financial independence is a journey that involves ongoing education, careful planning, and sometimes professional guidance. At Discovery Invest, we are committed to helping our clients achieve their financial goals and navigate the complexities of the financial world.

For women, especially, this journey can be empowering and transformative, and I encourage all women to take an active role in managing their finances and planning for a secure future.

THE EQUILIBRIUM EFFECT: WOMEN AT THE HELM OF INDUSTRY

By: Equilibrium

The financial services industry, often perceived as traditional, is transforming. At Equilibrium, this change is being driven by remarkable women in our leadership team who are shaping a more innovative and inclusive future.

The power of diverse thinking is a core belief at Equilibrium, championed by Florbela Yates, managing director. She believes that organisations that grow the fastest are those that are most innovative, with happy staff and clients, and have strategic leaders who surround themselves with teams from varied backgrounds. Her leadership style, continuously evolving through learning from others and embracing diverse perspectives, creates an inclusive environment where every person's contribution is valued.

Reflecting on her role, she expresses gratitude for the opportunity to make a difference in people's financial journeys, working with a team of investment professionals who genuinely care about their clients. Her belief in women's ability to balance multiple responsibilities is reflected in her leadership approach, which encourages debate, exploration, and collaboration.

For Kamini Naidoo, chief investment officer, the motto "Live by design, not by default" has been her guiding principle. This philosophy has steered her career from banking to investment management, providing numerous opportunities to craft her path and empower others. She believes in the transformative power of diversity, highlighting studies that show diverse teams, including women, are more likely to generate innovative ideas and outperform homogenous teams. This is especially crucial in serving an increasingly diverse clientele, where women's financial needs and perspectives are unique. She also emphasises the importance of representation, mentorship, and a human-centric environment to attract and retain more women in the industry. Strong female representation across both leadership and investment roles within an organisation signals to potential candidates that there is a place for them to thrive and advance. The role of mentorship supports women's career development and fosters a sense of belonging and empowerment.

The importance of welcoming female leadership in corporate spaces is emphasised by Pat Magadla, head of distribution. She believes that the more diverse leadership styles an organisation can offer, the more welcoming the space becomes. This approach to gender mainstreaming celebrates the unique attributes and qualities female leaders bring, rather than perceiving them as weaknesses. Her leadership development has been inspired by strong female leaders like Jeanette Marais, the Momentum Group CEO who has shattered the glass ceiling in financial services with immense authenticity. This visibility gives credibility to women entering boardrooms encouraging them to contribute using their uniquely feminine perspectives.

She also believes that women are innately good at building relationships, highly analytical, phenomenal critical thinkers, and great listeners — traits that can benefit any business. Recognising that women make up the majority of South African society, she sees the inclusion of women in leadership as not just a moral imperative but a strategic advantage.

Mersey Booysen, investment operations manager, advocates for embracing one's unique leadership style. She encourages women to "embrace your soft side," emphasising that success does not require conforming to a male leadership blueprint. She highlights the value of empathy and collaboration, which can lead to significant career success. She believes that providing equal opportunities and addressing salary inequalities for women in the workforce is crucial. While there has been much done over the years to provide equal opportunities, there is room for improvement, especially in large corporations where male representation in senior positions remains disproportionately high.

The inclusive approach at Equilibrium ensures that we can effectively meet the diverse needs of our clients and drive continuous innovation in financial services.

Looking ahead, the financial services industry has a critical decision — embrace the power of women or miss out on a brighter future. By dismantling stereotypes, celebrating diverse leadership styles, and fostering inclusive environments, the industry can unlock the full potential of its workforce.

Learn more about how the team can help you in your advice practice, visit eqinvest.co.za.

The value women can add as trustees of beneficiary funds

By Yvonne Makwela, Consulting Manager, Fairheads Benefit Services

Beneficiary funds manage death benefits on behalf of minor children of deceased retirement fund members. The boards of trustees of the retirement fund need to investigate who was financially dependent on the deceased and then use their discretion whether to pay the funds into a beneficiary fund, coming alongside the guardian or caregiver and paying a monthly income amount for the child member to subsist and also to pay capital amounts for example for school fees or medical costs.

Yvonne Makwela, Consulting Manager, Fairheads Benefit Services

Once the funds have been received by a beneficiary fund, the fiduciary duty falls to the boards of trustees of the beneficiary fund. As a beneficiary fund and administrator, Fairheads Benefit Services will liaise with the guardians/caregiver in order to facilitate this ongoing important relationship to the benefit of the child. The guardian can communicate with us in their home language via our contact centre, SMS, or walk-in centres. We also run an annual guardian roadshow. Armed with the right knowledge and skills, guardians and caregivers then can start to manage monies and help grow financial inclusion in South Africa.

So, where do women fit into the above picture?

Firstly, hardly surprisingly, women make up 70-80% of guardians and caregivers in our industry.

It is preferable for guardians to speak with a female in the service provider firm, as the latter will likely have experience of bringing up children, often as a single parent, and they will also know intuitively what challenges the guardian may face and bring empathy and understanding to the communication process.

At Fairheads, by far the majority of our employees are women and our culture is such that women's advancement has been nurtured and encouraged over decades. I can speak personally of the wonderful opportunities I have been given in my career over the past 16 years. We believe the fact that most of our staff are women helps enormously when it comes to dealing with the regular needs of guardians and caregivers.

But what about boards of trustees – both those of the deceased's employer retirement fund and those of the beneficiary fund? To repeat, the trustees of the retirement fund have the task of identifying minor dependants, assessing the guardian's financial literacy and then making the decision whether to pay the death benefit into a beneficiary fund or not.

Navigating the Dynamics of Short-Term Insurance

By: Precious Nduli, Head of Technical Marketing and Marketing at Discovery Insure.

Having experienced developments across various sectors within the financial industry, I realised early in my career that the short-term insurance industry presents unique challenges and opportunities, particularly in the South African context.

Contrasting my nine-year tenure in the short-term insurance sector with my earlier experience in the life and investment industry, the most significant difference lies in the industry's pace. Unlike life insurance, which often involves long-term planning, short-term insurance requires quick responses to rapidly changing conditions. This dynamic nature is driven by many factors, including economic shifts, regulatory changes, and the constant evolution of risk profiles.

A key area of concern within the short-term insurance landscape is road safety. South Africa, unfortunately, has one of the highest rates of road fatalities globally. While road conditions play a role, the primary contributor to accidents is driver behaviour, accounting for over 60% of road incidents. This includes dangerous practices such as distracted driving, particularly the use of mobile phones while driving, which has doubled in prevalence between 2021 and 2023. The impact of these behaviours is significant, with a mere 20 seconds of phone use while driving increasing the risk of an accident by 60%.

Innovations encouraging safer driving -

Discovery Insure has taken proactive steps to address these issues through our Vitality Drive program. This initiative uses telematics technology to monitor driving behaviors, such as acceleration, braking, and phone usage, providing drivers with an objective assessment of their driving habits. The program incentivizes safe driving through rewards, including discounts on fuel, car maintenance, and insurance premiums. It's great to see over 90% of Discovery Insure's clients opting for the program, indicating strong engagement and a collective effort to improve road safety.

I believe that insurers have a critical role to play in promoting safer driving practices. By leveraging data and technology, insurers can provide valuable insights and encourage behavioural changes that lead to safer roads

Precious Nduli, Head of Technical Marketing and Marketing at Discovery Insure.

While Discovery Insure is actively involved in initiatives such as fixing potholes in Johannesburg, broader systemic issues require more comprehensive approaches. This includes nationwide efforts to improve road infrastructure and ongoing education to change driving behaviors.

Advice for Women entering the Industry -

For women entering the financial services industry I need to emphasize the importance of passion and hard work. Identify areas that excite you and seek out mentors early in your career.

The landscape of the industry is evolving fast, with increasing representation of women in leadership roles. I urge women to be proactive in creating opportunities for themselves and to leverage the various supportive networks within the industry.

SHATTERING MYTHS; SAVING LIVES: FEMALE HEART HEALTH

By Dr Nadia Goolam Amod, Senior Medical Officer, PPS Life Solutions

Cardiovascular disease is a silent epidemic affecting women worldwide. Despite misconceptions, it is the leading cause of death for women, claiming more lives each year than all cancers combined. While much attention has historically been directed towards male cardiovascular health, the unique challenges and risks faced by women have often been overlooked. Professional Provident Society (PPS) Life Solutions, a financial services company focused on providing intelligent financial solutions for graduate professionals wants to shed light on this critical issue and empower women to take control of their heart health.

Understanding the Reality

Cardiovascular disease encompasses various conditions such as heart attacks, strokes, and heart failure. Notably, ischaemic heart disease, also known as coronary heart disease (CHD), refers to heart issues resulting from narrowed coronary arteries that supply blood to the heart muscle. This condition stands out as a significant threat to women's health. Alarmingly, women with ischaemic heart disease face a heightened risk of mortality from acute heart attacks compared to men of a similar age[1].

Compounding this issue is the under-diagnosis and under-treatment of cardiovascular disease in women. Misconceptions persist among both patients and healthcare professionals, leading to delayed or missed diagnoses. Studies reveal that young women are particularly vulnerable, often experiencing adverse outcomes following a heart attack due to delayed recognition and treatment.

Recognising Unique Risk Factors

Heart disease risk factors for women extend beyond traditional factors and encompass a range of biological, social, and lifestyle influences:

- **Diabetes:** Women with diabetes are more susceptible to heart disease than men with diabetes, with the added risk of silent heart attacks due to altered pain perception.
- **Emotional Stress and depression:** Stress and depression disproportionately affect women and therefore increase the risk of cardiovascular disease as well as impacting lifestyle choices and treatment adherence.
- **Smoking:** Smoking poses a greater risk factor for heart disease in women compared to men.
- **Inactivity:** Physical inactivity significantly increases the risk of heart disease among women.
- **Menopause:** Decreased oestrogen levels post-menopause elevates the risk of heart disease, particularly in smaller blood vessels.
- **Pregnancy complications:** Conditions like high blood pressure and diabetes during pregnancy heighten the long-term risk of heart disease for women.
- **Inflammation diseases:** Conditions like rheumatoid arthritis and lupus may elevate the risk of heart disease in both men and women.

A Call to Action

Efforts to address the gender disparity in cardiovascular health are gaining momentum. Initiatives like The Lancet Women and Cardiovascular Disease Commission and the American Heart Association's Go Red for Women campaign are driving awareness, research, and support for female-specific cardiovascular issues.

In regions like Africa, where women are underrepresented in research and leadership roles, progress is being made through advocacy and networking. Increasing female representation in healthcare leadership is crucial for addressing disparities in research and healthcare delivery.

Empowering Women Through Education and Advocacy

Education is key to empowering women to prioritise their heart health. By recognising symptoms beyond traditional chest pain, women can advocate for themselves and seek timely medical attention. Additionally, debunking myths surrounding cardiovascular disease is essential, such as the misconception that it only affects older individuals or that being physically fit eliminates all risk factors.

Emphasising Prevention and Early Intervention

Prevention is paramount in combating cardiovascular disease. Regular health check-ups, lifestyle modifications, and early detection of risk factors are critical steps in reducing the burden of disease. Initiating secondary prevention measures early can help slow or halt the progression of cardiovascular conditions, preserving heart function and improving outcomes.

As we strive towards a future where cardiovascular disease no longer claims countless lives, we must prioritise women's heart health. By dispelling myths, advocating for gender-inclusive research and healthcare, and promoting prevention and early intervention, we can save lives and ensure a healthier future for women worldwide. Let us stand together, armed with knowledge and determination, to shatter the barriers to female cardiovascular health to ensure a heart-healthy tomorrow.

STRENGTHS OF WOMEN UNFOLD WHEN WORKING IN PARTNERSHIP AND COLLABORATION

By: Sharon Paterson, CEO of Infiniti Insurance Limited

Globally women striving to become distinguished leaders, face cultural and systemic obstacles that make it difficult for them to advance, such as unconscious bias. The best way to overcome some of these challenges is to learn from women who have been in the same position and who can share their leadership experience.

Women's success is influenced by a certain type of professional network they keep. The Harvard Business Review's research on a network's gender composition and communication pattern shows that more women benefit from having a network of well-connected peers across different industries. However, to attain executive positions with the highest levels of authority and pay, they had to have a close female connection, despite having similar qualifications to men such as education and work experience.

As women, we have the power to change the world. We just need to work together to unleash our potential. The former USA First Lady Eleanor Roosevelt's friendship with the civil and women's rights activist and educator Mary McLeod Bethune was one of the most extraordinary influential relationships, forged to promote the rights and interests of women from all social classes during the era. Bethune and the daring First Lady advocated and pioneered some important policy shifts and advances in race and gender equality in their time. Eleanor was outspoken, particularly on civil rights and issues affecting women from all backgrounds, so her relationship with Bethune fuelled their desire to fight for justice and equality.

In 1937 Bethune fought to end discrimination and lynching. This is an extraordinary story of two women from diverse backgrounds, equally formidable, enthusiastic, and committed to building an equal society. Their singular friendship helped champion women's rights when women were expected to be subordinate. Their relationship helped create new expectations about gender equality. We can all learn from these two incredible women about their friendship that changed the world. Their friendship was a powerful force for good, and it helped to create a more just and equitable society.

Sharon Paterson, CEO of Infiniti Insurance Limited

Adopting policies that empower women

Women from across the world have fought for change and have a history of working together and supporting each other in implementing policies that address the social issues affecting society and communities. As we celebrate Women's Day on August 9, we remember the heroic stance taken by over 20,000 women of all races in South Africa who marched to the Union Buildings in Pretoria to protest the proposed amendments to the Urban Areas Act of 1950, also known as the pass laws.

Following the death of the 22-year-old Iranian Mahsa Amini, who was in detention for violating the Islamic dress code for women, the country has been confronted by nationwide women-led protests in solidarity with her struggle. In 2022, Ketanji Brown Jackson was sworn in as Associate Justice of the US Supreme Court. She made history by becoming the first Black woman to hold the position in the 232-year history of the Court. In another milestone achievement for gender equality, in 2022 the EU Parliament approved the Women on Boards Directive aimed at improving gender balance on corporate boards through quotas. In this post-democratic South Africa, women are still facing a wide range of issues such as domestic violence, unemployment, gender discrimination or inequality as well as poverty.

Women's empowerment is not only a social issue but is also an economic opportunity. According to the World Economic Forum, gender inequality costs the global economy approximately $12 trillion in gross domestic product (GDP) annually, or 16% of the current global GDP. If women, who account for half of the world's workforce, fail to attain their full economic potential, the global economy will decline substantially. Against this background, women have come together to unite women from all social classes to fight for gender equality and social justice.

Our partnership can be a powerful force for good in helping create a more just and equitable society for women. It is high time we start working together to unleash our potential. All women should have the same opportunities as men, and we should all be free from violence and any form of discrimination.

The Evolving Role of Women in Financial Services

By Kashmeera Kanji, Head of Market Analytics and R&D at Discovery Life

My diverse career trajectory, spanning various roles in the worlds of consulting, reinsurance, and now insurance, provided me with a comprehensive understanding of the industry and the evolving role of women within it.

Kashmeera Kanji, Head of Market Analytics and R&D at Discovery Life

My career began at a small actuarial consultancy called 5th Quadrant, which was eventually acquired by Willis Towers Watson. This role was instrumental in shaping my understanding of the industry, providing a broader perspective on the actuarial field beyond number-crunching. Working alongside professionals from diverse backgrounds, including actuaries, doctors, dentists, and lawyers, I gained invaluable insights into the multifaceted nature of the financial services sector. This exposure has been a constant throughout my career, showing me the importance of working within diverse teams to gain a holistic view of the industry.

My passion for research and development (R&D) is evident in my current role. While developing innovative products is crucial, it is equally important to ensure these products are marketable and meet customer needs. This approach ensures that the entire R&D process is centered around distribution and customer engagement, making it a critical component of Discovery Life's strategy. The success of a product is not solely determined by its features but by its ability to resonate with and be accessible to the target market.

I like taking a dual approach: evaluating how existing products are perceived and developing new products that meet emerging needs. A key highlight of my work is the annual release of Discovery Life's claims statistics, which serves as a "report card" for the company. This transparency not only showcases Discovery's commitment to our clients but also provides valuable insights into the effectiveness of our products. Similarly, an exciting recent research project focused on the 10-year anniversary of Discovery International's Dollar Life Plan and explored how external factors like political and economic volatility influence consumer behavior, particularly in the uptake of offshore life insurance products. This research was aimed at creating awareness around offshore life insurance.

Empowering Women in Financial Planning –

A topic of interest to me is the issue of financial inclusion, particularly for women. Women constitute the larger proportion of the unbanked population globally, which limits their access to financial products. I am committed to raising awareness about the importance of financial planning, especially for women and vulnerable groups. There is a great need to plan for the future, whether through insurance or other financial products, to protect wealth and provide for future generations.

For young women entering the financial services industry, I must emphasize the importance of planning for one's financial future, regardless of one's career path or personal circumstances.

> ***The value of diverse thinking and the unique perspectives that women bring to the industry is invaluable and I would like to see greater female representation and participation in financial planning and product development.***

The Way Things Could Be for Women Leaders in Male-Dominated Industries

By: Tanita McDaniel, Executive of Group Professional Services, Cardinal

Cardinal Executive of Group Professional Services Tanita McDaniel gives us an inside view of what a truly inclusive company culture looks like, and shares how, even from the very beginning, she's always had "a seat at the table".

Tanita McDaniel, Executive of Group Professional Services, Cardinal

If you read avidly (like I do), you might hear a lot about how the corporate world and tech industries, among many others, have challenges around bias towards women and their role in the workplace. Whenever I'm asked about what could be done to support women leaders and innovators in the InsurTech industry, I like to cite Cardinal as an inspiring real-life example of what a truly diverse and inclusive company can be. Because truthfully, I can't say that I've ever felt limited at Cardinal. In fact, it's quite the opposite.

It starts early

It starts with a company that sees your potential and invites you to grow. It doesn't matter whether you're a man or a woman, whether you're young and starting out, or if you're older and experienced, Cardinal sees who you are and what you could grow into.

I was one of those fortunate individuals who, at a very young age, when I was just starting my career, was seen for her potential and invited to apply for a position at Cardinal. I began my journey as an admin assistant 11 years ago, and today, I'm Executive of Group Professional Services. I'm not going to lie – it's taken a lot of tenacity and hard work, and it's been a steep learning curve with plenty of my own challenges to overcome, but I've been incredibly supported by Cardinal at every step.

It's about collaboration

Even in my early days at Cardinal, I've always had a seat at the table. In fact, if you reach right back into Cardinal's early history, you'll see that women have always had a seat at the table and this spans over the past 20 years. Lauren Wheeler & Stella Ballantyne, for example, have been at the forefront of client servicing since the beginning and has helped shape Cardinal into the company it is today.

But really, no one individual makes the decisions that everyone else has to follow. We're a very team-oriented business, especially since tech is at the forefront of our business and our industry, In our world IT is not a back-office function, as it typically is, but rather the core of what we do, and everyone needs to understand it and be able to apply it in insurance. This takes all different types and we all run in parallel towards our vision, and we all share lunch at the same big table every day, even if sometimes virtual.

It's about growth

The ongoing support from Cardinal that I mentioned earlier goes far beyond a collaborative and supportive company culture. For example, we are very focused on training. We don't just need to be experts in tech, we need to be experts in insurance and know exactly how the two work together. We never stop learning and growing and adapting and evolving. And so we invest a lot into in-house training, webinars, workshops, and a brains trust that fosters creative thinking. We're constantly sharpening our skills.

It's not just industry-related skills that we build, we also grow and empower our people with leadership skills and self-knowledge programmes like the Enneagram coaching programmes that allow us to bring all our diverse skillsets to the business.

And then there's confidence

If there's one thing that I've noticed about women, however, is that we don't seem to have mastered confidence the way men have. Confidence is such a tricky thing, and I think we all doubt ourselves from time to time. I've learnt that when I project confidence, I really am confident in those moments. But those times when I don't feel confident, I keep quiet and listen. I learn.

You don't always have to be the smartest person in the room. And for as long as you're not the smartest person in the room, keep absorbing the knowledge until you *are* the smartest person in the room. And then it's your turn to pay it forward and share that knowledge with others.

Confidence isn't always being the one in the room to speak up, sometimes confidence is the skill to listen and grow.

When we keep learning, and when more and more companies like Cardinal embrace individuals who are hungry to reach new heights, no matter their age or gender or race, well, imagine the way things could be – not just for women, but for everyone.

Woman at the helm

A chat with Mulalo Moroe – Corporate Legal Services Head at Santam

For Mulalo Moroe, starting her career as part of the insurance litigation team at Norton Rose Fulbright was her “baptism” into the legal sector, after completing an LLB degree at the University of Pretoria. It was during these formative years that she fell in love with the complexity and nuances of insurance law.

Mulalo Moroe – Corporate Legal Services Head at Santam

In 2014, eager to make her mark in the corporate realm, she became Regional Counsel: Africa and Company Secretary at Swiss Re. This was where she discovered her passion for leadership and her natural aptitude for seeing people’s potential and helping them realise it. Mulalo identified a need to become a mentor and coach for black women entering the legal and corporate world.

Eight years later, Mulalo moved to Kenya with her family and was appointed as the Group Legal and Compliance Director at Nairobi-based financial services company, Britam. In this position, she managed a team of over 15 lawyers from different African countries – a task that required her to hone in on her leadership skills and have a bigger focus on implementing the legal & compliance strategy across the group.

A year ago, she returned to South Africa and started as a manager in Santam's corporate legal services team and has recently been promoted to head up the team. Her current role exists at the intersection between her insurance and legal background, and her love for leadership. Mulalo is the kind of leader who walks confidently through an open door but believes steadfastly in holding that door open for others to follow.

In honour of International Women's Day, this is what she had to share about her personal and professional journey.

Q: Tell us a bit about your role at Santam and what it entails?

In my current role, I oversee the group's legal function, ensuring that the group is aligned with all the legislative requirements that it is required to comply with, and to ensure that the group is safeguarded against any legal risks.

Q: Women in senior leadership roles within the corporate world often report having imposter syndrome. Do you relate? And if so, how did you overcome it?

I have struggled with imposter syndrome along the way and I still do to some extent. When I moved to Kenya to fulfil the role of Group Legal and Compliance Director, I wasn't familiar with the Kenyan legal system or the region's corporate culture. I knew, however, that if I didn't grasp the opportunity, there was a big chance that I would end up regretting it, and so I decided to take the risk.

There were days when it felt like my fear would overcome my drive to succeed, but I did it afraid anyway. I believed strongly that I could achieve anything I put my mind to. Over time, the fact that I kept going despite being afraid helped me to move past those feelings of self-doubt and to grow as a leader. You could say that courage has been and continues to be the antidote to my imposter syndrome.

Q: What would you say are the top 3 traits of an effective leader?

The first one would be integrity – consistently being authentic in who you are, whether people are around to see it or not. It also means doing what you say you will do. This in turn, fosters a sense of trustworthiness.

The second trait is servant leadership. When you become a leader, it stops being about you. You need to be prepared to take the fall when things go wrong and to give away the praise when things go right. To embody this philosophy, you need to be willing to support and grow your team.

The third trait is the personal and professional development of your team. Every person on your team is an individual, with a unique set of needs, circumstances, skills, and abilities. To truly invest in each person's professional development journey, you need to gain a deep understanding of these unique aspects of who they are and use that as a foundation for helping them become the best versions of themselves. My leadership approach involves taking an inward stance on the search for talent rather than an outward-facing one. When opportunities arise, I look to the talent pool I already have and have helped to nurture. The right people for the job are often there, right in front of you.

Q: Finally, what advice would you give to your younger self?

I would tell her to trust her instincts. I would say: not everyone is going to understand your journey, but it is just that – *your journey*.

Listen to your inner voice, because it will guide and serve you well in making the tough decisions.

EMBRACING ENTREPRENEURSHIP: MY JOURNEY IN THE INSURANCE INDUSTRY

By: Denise Hattingh, Managing Director, KEU Underwriting Managers

From a young age, I always dreamt of doing something on my own, although I never imagined it would happen at just 28 years old. When the opportunity presented itself, it made perfect sense to jump in and see if I could succeed. With a strong support system and loyal brokers by my side, I took the leap. Being young certainly helped, I feared less, and my mindset was, "Why not?"

The Challenges of Growing a Business

The decision to start my own business came easily, but the reality of it quickly set in. On Monday, April 2, 2001, I found myself in my freshly painted office, which had previously been my children's playroom, armed with nothing but a fax and telephone system. I remember praying that the brokers would remember to call me. Fortunately, our product offering was niche and needed in the market, which helped us get our first policies through the door. However, I soon realized that continuous marketing, development, and hard work were necessary to keep the momentum going. With 90% of our book consisting of once-off policies, it was an ongoing challenge.

Being a Woman in Business

Being a woman in this industry did present some unique challenges. Balancing motherhood and entrepreneurship meant that I couldn't attend every function, play golf, or have leisurely lunches while building my business. It was different being the mom who worked on her own and then had to network. Interestingly, my first six brokers were all women, and they kept their promise to stay with me and give me a chance. This provided me with a sense of comfort, as many of them also ran their own businesses and understood the initial hiccups in getting infrastructure sorted. Moving from working for a big international company to setting up an office in my children's playroom while maintaining the same quality of product and turnaround time was a significant transition—especially with the technology of that time.

My Leadership Style

Today, we have a small team, and my leadership style is a mix of flat structure with specific, defined roles that create boundaries and a safety net. While the final responsibility always ends at my door—whether that's a good or bad outcome—I rely heavily on my team's strengths, vision, and perspectives. Being the owner doesn't mean I have all the answers, and I value the input from different generations. My co-Director, Iola, often brings ideas that scare me, but I've learned to trust her and allow her to implement changes and advances.

Looking Ahead for KEU

Looking ahead, KEU is constantly seeking new technology to improve our service offerings. We're focused on making our products easier to understand and sell, especially to younger generations. As technology in film and events evolves, so do our products, and it's crucial that we stay on top of these advancements, as well as any legislative changes.

Advice for Aspiring Entrepreneurs

To aspiring entrepreneurs in the insurance industry, my advice is simple: if you have a dream, chase it. Yes, it's very different today, with FSP registration and capital requirements posing challenges. But it would be far more disastrous to look back and say, "I should have," than to say, "I did, and it failed."

Running a business is never easy, regardless of who you are. You'll need to dig deep on a personal level to keep going when it feels like everything is against you. But remember, there are many people out there willing to listen, offer advice, lend an ear, and, when needed, share a glass of wine.

Women driving change in the glass industry

By: Mumtaz Moola, Director at My Glass

Determined women are making their mark in the automotive glass industry – with a little help from an innovative company.

Mumtaz Moola, Director at My Glass

The slow but steady advance of women into previously male-dominated industries is a story of individual grit and ambition – but it's also one that shows the power of innovative thinking from established players within that industry. Just such a scenario is currently playing out in the South African automotive glass industry, where My Glass's innovative licensing model is opening up opportunities for women in the sector.

Mumtaz Moola, Director at My Glass, says that the company's licensing model was designed by its founder, Gary Stieger, to make it easier for previously disadvantaged individuals to become successful entrepreneurs and, in the process, create jobs.

"Small, entrepreneurial businesses are the main engines of job creation and economic empowerment globally, but South Africa's small business sector underperforms when it comes to creating jobs and creating sustainable businesses," Moola says. "The My Glass model is an attempt to reverse this trend – and it works!

As of 2024, My Glass licensees are 60% black, and 30-40% female. Via its licensees, employment for around 500 people has been created, with the potential for many more jobs as the licensee businesses grow.

Moola says that the company elected not to go the franchise route to make it easier for entrepreneurs from previously disadvantaged groups to build businesses.

"Because there are no hefty franchise fees and onerous requirements, we make it easier for entrepreneurs to do what they do best," she says. "By building relationships with the big insurers, we provide a steady flow of business for our licensees, backed up by our systems."

An empowering model

Maureen Bezuidenhout is one woman who has benefitted from My Glass's approach. She joined her brother's glass business after a long career in correctional services, becoming one of the first women in chip repair. When her brother decided to immigrate, she bought the business, and has grown it from four fitment teams with two administrators to 12 teams and 10 administrators.

"We only employ two men," Bezuidenhout says proudly. "I'm very focused on helping women to become independent – and to show that they can compete successfully with men."

Kavseena Bhika, who manages the whole northern KwaZulu-Natal area, was initially hesitant about joining My Glass because the brand was relatively unknown. But when she investigated further, she was bowled over by the company's work ethic and the support it offered to licensees.

Rinita Naude, another female mould-breaker, says she entered the automotive glass industry with her husband because she saw it as a good investment. She is inspired to be part of an industry that works together to protect the public.

"Our team is mostly male, as are the suppliers, and in a way I sometimes think I get a bit of special treatment on that account – I have found the men to be welcoming," she says. "As a woman in this industry, it can be daunting to be expected to know a lot about vehicles – you really have to do your homework and then have the confidence to assure the client they are in the best hands."

Nicky McLaren, My Glass licensee, agrees that men typically assume that women don't know too much about vehicles. "We've shown them a thing or two," she laughs.

Bhika says that men tend to feel that women are best suited to doing paperwork. "I've had to learn a lot, and especially how to think like a man," she says. "One can feel undermined, but I've found it's best to pre-empt them by showing I know what I'm talking about."

She calls out the support from the women in the My Glass organisation, who offer support and advice when needed – something her peers confirm. "It's not like you're on your own," she says, "And after running my own business for 18 years and doing it own my own, this makes a big difference."

Some advice for women entering the job market, Bhika says to find your passion and do something that brings you joy. "The highlight of my career so far has been joining My Glass. Working with a team of women who support and encourage me – and then the appreciation from clients when you help them recover from some typically traumatic event creates such joy in the whole experience."

Making it work

As career women, MyGlass licensees have to find ways of striking a balance between work and home. Bezuidenhout says that she tries to ensure that she keeps the two very separate. McLaren agrees, saying that one has to know when (and how) to switch off.

For Bhika, the difficulties inherent in managing a busy work and family life are somewhat reduced because she was raised in a business-oriented, entrepreneurial family. "As a girl, I spent my afternoons in the family business's office, just as my daughter did in mine," she says. "If you want your own business, you have to do what it takes to make it work. Yes there are hard days, but you dry your tears, you get up and you keep moving."

Naude says she still has to find the perfect recipe. "Some days are better than others," she says. "The main thing is not to be too hard on yourself when you don't get it right."

All four women say that achieving success against the odds has been satisfying, and they have benefited from learning important lessons along the way. They are clear about one thing: My Glass is playing a big part in helping them to achieve their goals, now and in the future.

FINANCIAL PLANNING

"Financial independence isn't just about accumulating wealth; it's about empowering individuals with the knowledge and tools to make informed decisions for a secure future."

Jennifer van Oerle, Achieving Financial Independence

FOUR WAYS MEDICAL AID IS GETTING A SHAKE UP

Fedhealth, Advertorial

When it comes to medical aid in South Africa, you may think you have a lot of choice as far as the type of cover and plan you're on is concerned – whether it's a basic hospital plan or a comprehensive family option. But the truth is, when it comes to the actual structure of a medical aid plan, you don't have as much choice as you think.

With this in mind, Fedhealth has shaken things up, by offering unrivalled levels of customisation that affect every part of your cover – from risk to day-to-day savings and optional discounts. After all, the more customisation you have available, the more you can control the cost and quality of your cover as well as your medical aid expenses. So what are the problems with regards to customising medial aid – and what solutions is Fedhealth offering?

1. The problem: Hospital plans aren't backed up with day-to-day savings.

Your day-to-day savings is the portion of money you can access each year as part of your medical aid plan to cover general medical expenses such as visiting the dentist or buying flu medication. If you're on a hospital plan because you have no current health issues, you will have no day-to-day savings at all. That may work well for now, but what if you hurt your back and need regular physiotherapy? Or what if you need reading glasses? In these cases, you may want to upgrade to a more comprehensive plan with day-to-day savings to help cover the unforeseen costs. The problem is, you'll usually have to wait until the following year to upgrade – which doesn't help if you've got medical bills to pay now.

The solution:

Fedhealth's hospital plans have a back-up facility for unforeseen day-to-day expenses. At Fedhealth you can activate your flexible savings should you suddenly find yourself in need of day-to-day savings, and you will only pay for the amount that you have activated over 12 months, interest free. You can also upgrade any time of the year to a higher option – you don't just need to wait for a specific time to do so.

2. The problem: Day-to-day savings is inflexible.

Day-to-day savings is typically around 25% of your monthly medical contribution, and most medical aids give you very little say in how they're structured and how you pay for them. Whether you need more savings than what you're allocated – or less – there's no choice in the matter. And if you don't use all your savings in a given year, you're still paying for this facility via your monthly contribution.

The solution:

Fedhealth offers a flexible savings plan where you have a "line of credit" available to use for day-to-day savings. But until you start using it, you don't pay for it – which puts you in total control. If and when you then use your day-to-day savings, you'll only pay for the amount you use, and that repayment is made over 12 interest-free months. Like a credit card, you repay only what you spend: it's not a fixed amount you're forced to pay for whether you want it or not.

3. The problem: Network hospital options offer limited benefits.

Network-only medical aid plans usually cost less, because you're restricted to only using certain hospitals that are contracted to the medical scheme to which you belong. While being restricted to certain hospitals may sound fair in return for a lower medical aid contribution each month, most network-only options also have reduced benefits. But if you're saving the scheme money by being restricted to using only network hospitals, isn't it unfair to cut your benefits too?

The solution:

When it comes to network hospitals, Fedhealth's GRID options cost 10% less than the non-network equivalent, but you still get exactly the same benefits with absolutely no difference in the quality.

4. The problem: You may not claim as much as others – but you still pay the same.

Medical schemes work by pooling all their member contributions and then using this money to pay for a claim a member makes. But if you're healthy and don't claim often, why does your medical aid still cost the same as an elderly member who may need expensive hospital procedures such as hip and knee replacements? Logically, you should be paying less if you're claiming less, but unfortunately, that's not the case.

The solution:

Fedhealth's Elect options give you the same benefits as the main variant, but you pay 25% less for your monthly contribution. All emergency procedures are still covered in full at any hospital of your choice but if you need a planned hospital procedure, which is unlikely if you're young and healthy, you then pay a fixed excess amount for every procedure – just like the excess you'd pay on a car insurance claim.

South Africa's medical aid industry has been long overdue for change in terms of the flexibility it offers. While some areas of medical aid can't be changed due to regulations, there are others that can. By thinking out of the box, Fedhealth is turning these problems into opportunities and adding more value than ever to the average South African medical aid consumer.

Can the JSE stem the tide of delistings – and what this means for SA investors?

By: Adriaan Pask, Chief Investment Officer at PSG Wealth

The number of listings on the Johannesburg Stock Exchange (JSE) has declined by more than half since the 1990s. Today, many of the larger companies on the JSE are dual-listed on overseas exchanges, such as those in London and New York, to access cheaper finance. This dual-listing trend reduces the free float or the available universe of investible stocks on the JSE

In the 1990s, the JSE had approximately 850 listed companies. This number dropped to around 400 by 2012 and has now fallen below 300. This decline is attributed to several factors such as significant costs associated with compliance, reporting, legal and administrative requirements. Being a listed entity also comes with various obligations that exert short-term pressure on board members and businesses to perform well consistently. Equities are generally a long-term investment and this short-term pressure can disincentivise businesses.

The reality is that while the JSE's world-class regulatory environment ensures investor safety, overregulation can make the market unattractive to businesses due to rigid and significant reporting requirements.

Both investors and businesses weigh the benefits against the drawbacks of listing on the JSE and currently, the balance seems to be out of kilter. Moreover, the reality is that market conditions have not been favourable. The JSE has been struggling and it's not the most obvious place for businesses to seek funding.

This environment has resulted in popular South African companies being acquired by foreign investors and subsequently delisted. Examples include Heineken acquiring Distell, and Pepsi acquiring Pioneer. These acquisitions occurred because foreign investors saw value in these companies and acquired them at favourable prices.

The other reality is that the declining number of listings on the JSE means fewer investment opportunities, leading investors to look abroad for alternatives.

Adriaan Pask, Chief Investment Officer at PSG Wealth

A common misconception is that these delistings are solely due to South Africa's tough economic environment. While the local environment plays a role, delistings are a global phenomenon, affecting many exchanges from Frankfurt to New York. A key reason for this trend, as is the case for the JSE, is the heavy compliance burden, which makes stock exchanges less attractive for funding.

For instance, the London Stock Exchange (LSE) has not only seen several delistings, its aggregate market capitalisation has declined.

In the US, the number of listings dropped from just over 8,000 in 1996 to around 4,000 today, with valuations now concentrated in the mega-cap space.

In the JSE's case, we've seen the number of delistings rise, but that trend has been quite stable over the past 10 years. However, while the trend hasn't accelerated, the reality is that there are no new listings coming through.

The JSE is aware of these challenges and is actively communicating with the broader community and investment space about initiatives to attract investors and make it easier for businesses to list.

It has launched initiatives to simplify processes, such as plain-language documentation and compliance support, to address these issues. The challenge is to simplify without compromising investor safety. While there is no concrete proof that adequate adjustments have been made to reverse the trend, the JSE's efforts are a step in the right direction.

Looking ahead over the medium-term, it's PSG Wealth's view that if interest rates decrease, we might see some appetite for listings. However, improvements to lighten the regulatory burden are necessary.

The global delisting trend has also resulted in increased activity in private markets, due to fewer demands. However, it is our view that there is still significant opportunity on the JSE. One doesn't need thousands of stocks to build a decent portfolio. Simplifying requirements will support the JSE, but the impact will only be known over time.

HOW INVESTMENT PLATFORMS ENHANCE WEALTH CREATION

By Haydn Johns, Head of PSG Life and PSG Invest, PSG Wealth

Investment platforms, which enable investors to save and invest according to their specific needs, are gaining momentum in South Africa. These platforms, accessible online from any location and at any time, present a convenient option for wealth creation.

Where to start?

Many people start their savings journey by using banking products. While this is a good place to start, banking products typically offer a lower risk and return profile which can quickly become unsuitable for investors' needs. Banking products can also introduce risks such as not keeping up with inflation and reducing savings in real terms, which is where the benefits of investment platforms come to the fore.

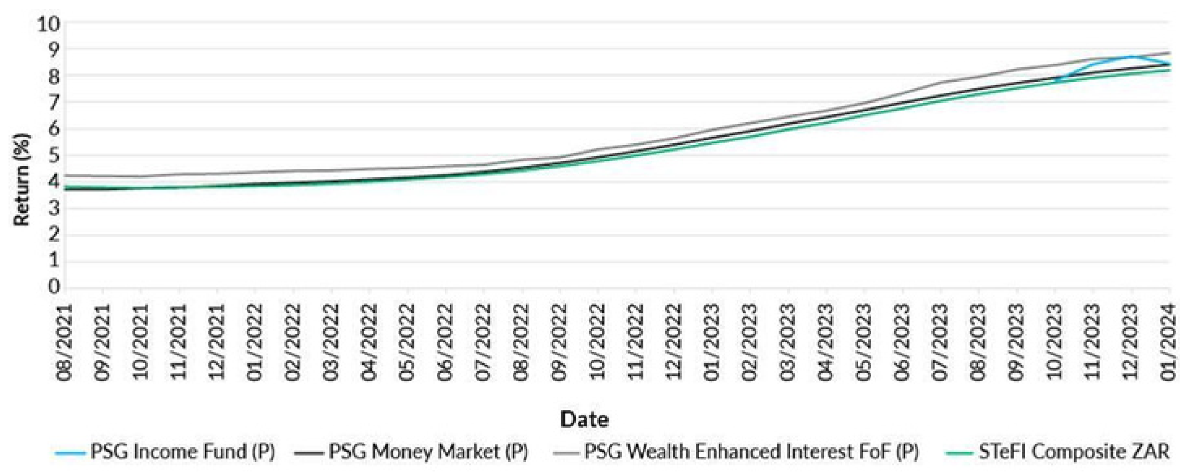
Younger investors, whose investment time horizons are usually longer, need to start taking on equity exposure early in their investment journey. According to a Nataxis Global Survey of Finance Professionals done in 2022, investing too conservatively is one of the top five biggest mistakes that prevent people from retiring comfortably. Investment platforms typically offer conservative solutions similar to those offered by banks, but they also allow investors access to higher equity exposure funds, which are shown to offer investors better returns over time.

What to consider when moving from a banking product to an investment platform

When investors start their financial advice journey, and start to move from banking products to those offered by investment platforms, there are usually two key hurdles which can impede their access to investing, namely:

- high minimum contribution amounts required by many investment platforms, and
- high administration charges on smaller investment amounts.

Once investors have identified platforms with minimum investment amounts they can afford, fees become an important factor, as even a small change in fees can have a material impact on investment returns over time. Investors should consult a financial adviser to help understand the full picture of the impact of any fees on their returns and longer term outcomes.



Sources: PSG, FactSet. Data as at 31 January 2024.

Comparing yields: One-year rolling returns

Money market funds generally publish daily 'annual effective yields'. Keep in mind that these are based on recent daily accruals that are annualised. These published yields thus provide a short-term view of the funds' returns. It is generally more useful to consider one-year rolling returns over extended periods to determine consistent relative performance.

In addressing South Africa's challenges, investment platforms offer enhanced financial access and can be effectively leveraged to accelerate wealth creation. Traditional banking products have many limitations, especially for younger investors, and low-risk investment products offered by investment platforms are a suitable alternative with additional benefits.

Contact a financial adviser today to help guide you on your path to financial security and prosperity.

FUTURE OF DIGITAL CURRENCY IN SA- WILL CASH FINALLY MEET ITS MATCH?

By Roger Eskinazi, Managing Partner, Tickmill

With cold hard cash still accounting for the majority of the total value of transactions, South Africa remains a predominantly cash-based economy. However, the proportion of cash versus digital currency is shrinking – slowly, but nonetheless surely.

With more territories around the world edging closer to the establishment of Central Bank Digital Currencies (CBDCs), it appears that the mainstream adoption of digital currency may not be too far away. South Africa is no exception. There are, however, a few unique obstacles to overcome.

It all began with Bitcoin

The advent of Bitcoin in 2009 was assumed by many to be more of a fleeting fad than an enduring trend. The hype around this novel notion of cryptocurrency however, spread like wildfire and before long, reached South African shores. Early adopters and tech-savvy individuals led the charge and soon after the launch of Bitcoin, South Africans had joined the global fray of people who were eager to line their e-wallets with this promising new currency.

The market for digital currency has since come a long way. Today, according to the Financial Sector Conduct Authority (FSCA), at least 6 million South Africans own a crypto asset. Online trading platforms like Tickmill have made the trade of crypto accessible to a wider audience – now anyone, regardless of their background or economic standing can enter the online trading arena. With ever-increasing levels of mobile penetration, this rate is set to increase exponentially over the next few years.

Most online trading platforms now market their cryptocurrency trading services and options right alongside more traditional market instruments like shares, indices or forex.

For South Africa, this is no small development. It is an indicator that digital currency has become more mainstream than many may be aware. It is a sign of things to come.

A South African CBDC – to be or not to be?

Most recently, the South African Reserve Bank announced that it is looking into the feasibility of a CBDC that can be used domestically by consumers for general retail purposes. Put simply, a CBDC is a digital form of a country's fiat currency that is issued and regulated by the central bank.

Unlike cryptocurrencies such as Bitcoin, which operate on decentralised networks, CBDCs are centrally controlled and backed by the full faith and credit of the government. CBDCs aim to digitise traditional forms of currency, providing a secure and efficient means of payment and financial transactions in the digital age.

South Africa's investigation into a CBDC echoes developments in other countries around the world. Some countries have pioneered the use of CBDCs, including The Bahamas, with its SandDollar, Jamaica with its JAM-DEX, and Nigeria with the eNaira. According to the International Monetary Fund, more than 100 other countries including South Africa, are in the exploration stage, with territories such as Brazil, India, and the United Kingdom leading the pack.

Regardless of the outcome of the SARB's feasibility study, the Reserve Bank's interest in digital currency is illustrative of just how ubiquitous it has become, and of the very real possibility that cash may finally have a worthy contender.

A game-changer in the making

The benefits of wider digital currency adoption in South Africa are myriad. The transition could streamline financial transactions, reduce the costs associated with cash handling, and enhance overall economic efficiency. Digital currencies can also facilitate easier cross-border transactions and boost international trade.

Furthermore, the broader appeal of digital currency lies in its ability to promote greater levels of financial inclusion. In South Africa, where almost a third of the population is unbanked, digital currency has the potential to break through the barriers that prevent many from accessing traditional financial services.

In regard to a CBDC in particular, a currency of this nature would be regulated by the SARB and backed by the government, providing a stable and secure alternative to physical cash. At least in terms of what a digital currency means for personal safety and the reduction of petty theft and armed robbery, the move could be revolutionary.

Many hurdles to clear

Like any other form of digital innovation however, there are a few clear hurdles. South Africa recently become the continent's cybercrime hotspot. The past few years has seen a dramatic spike in phishing attempts, cases of identity theft, digital fraud, malware and ransomware.

Cybersecurity experts have been fast to react to this upsurge, but not before cybercrime put a damper on consumer trust and confidence. The digital currency innovators of the future will need to work hard to win the trust of the mainstream public and employ robust security measures to prevent that trust from being eroded by opportunistic criminals.

There's also the issue of accessibility to consider. While on the one hand, digital currency could bring more people into the fold of economically active citizens, in another sense it could also widen the digital divide.

Digital currencies require robust technological infrastructure, including reliable internet access and digital literacy. In South Africa, where there are significant disparities in access to technology, with rural areas often lacking the necessary infrastructure, this digital divide could hinder widespread adoption and usage.

Leaders and decision-makers will need to make a concerted effort to tackle the country's challenges head-on and provide for the regulatory clarity, infrastructural development and enhanced security measures that will earn South Africa its place in the digital sun. With the country's thriving generation of innovators and digital pioneers, the end results may just surprise the world.

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Assessing the impact: A year since the revisions of the Trust Property Control Act

By: Stacy Rouchos, Managing Director at Bannister Trust and Estate Planning consultant to Hobbs Sinclair

One might recall last year, in an effort to avoid being grey listed by the Financial Action Task Force (FATF), South Africa made significant legislative changes. One major legislative change was the amendment of the Trust Property Control Act, aimed at combating, inter alia, terrorism financing and money laundering.

Stacy Rouchos, Managing Director at Bannister Trust and Estate Planning consultant to Hobbs Sinclair

It seemed almost overnight that South Africans were expected to comply with these new regulations relating to beneficial ownership and the sudden demand for compliance has posed significant challenges for trustees and fiduciary service providers.

Let's rewind...

Since the 1980s, the leading legislation surrounding the governing and management of trusts in South Africa has been the Trust Property Control Act. However, its framework had become increasingly outdated and as a result failed to align with today's FICA requirements and the global financial and legal environment.
This changed significantly with the implementation of the Trust Property Amendment Act in April 2023, marking a shift in trust management and its associated regulations.

These amendments came off the back of the amendments made to the General Law Amendment Act (GLAA) at the end of 2022 with the intent to give anti-money laundering agencies more autonomy and power to counter corruption and money laundering.

Enhancing regulatory control

The main purpose of these amendments has been to tighten regulatory control over Trusts and were released in line with SARS' new compliance requirements for submission of trust annual financial statements. There have always been problems with South Africa's trust framework, in that there was very little transparency in terms of beneficial ownership, including the identity of the beneficiaries, trustees and especially the people behind these entities in the case where they are legal or juristic entities. With a global increase in financial crimes such as money laundering and corruption, the Act amendments seek to allow SARS and law enforcement the ability to scrutinise trust ownership structures more rigorously and more effectively.

Specific amendments to the Act

The two major changes to the Act include the mandate for trustees to maintain up-to-date beneficial ownership registers and to submit them to the Master's Office on a regular basis. Additionally, trustees now have a requirement to disclose to accountable institutions that the transaction or business relationship pertains to trust property.

These changes are significant because trustees must maintain and submit comprehensive records of all beneficiaries and trustees. Additionally, the founder must keep an up-to-date FICA profile for each beneficial owner on file. If a legal entity assumes the role of a beneficial owner in any capacity, the natural persons who ultimately benefit from the trust must also be listed in the records. The onus is on trustees to safeguard the integrity of the trusts operations.

It is important to note that this electronic register of beneficial owners of trusts requires secure protection and is only made accessible to the trustees of the trust. There have been concerns that beneficial owners' personal information might be compromised through leaks in the Department of Justice's systems (especially due to a cyber security breach that took place in 2021). The department has announced, since then that they are beefing up their cyber security, especially given that they were fined R5 million for their non-compliance to cyber security regulations in 2023.

Penalties for non-compliance

Non-compliance with the new regulations now carries severe penalties. Trustees who fail to comply with their obligations can be subjected to fines of up to R10 million and/or imprisonment of up to five years. As such, it is more important than ever that trustees take their duties and responsibilities to the trust seriously and keep on top of the changes in legislation accordingly to ensure that the trust remains compliant.

The current status quo

It has been over a year since these amendments came into effect and there have been many complaints about how they impose significant challenges in terms of reporting, especially in cases where beneficial owners are juristic entities such as companies who are owned by many individuals. Current registers created by the Master's office are not equipped to account for fringe or complex ownership scenarios, and guidelines on the frequency of accountable institutions reporting on changes in beneficial ownership remain unclear.

Surprisingly, many trustees and fiduciary service providers are still unaware of these significant changes to the legislation and the possible consequences for non-compliance. With both SARS and the Master's office going through regulatory updates at present, it is vital that trustees take responsibility for the trusts that they manage into their own hands, and even if there is a fiduciary service or independent trustee handling most of the administrative work, to follow up with these amendments.

The two-pot retirement system: looking beyond 1 September 2024

By John Anderson - Executive Enablement and Solutions at Alexforbes

John Anderson - Executive Enablement and Solutions at Alexforbes

South Africa's retirement sector is undergoing a significant transformation with the introduction of the two-pot retirement system. This new approach to retirement savings, effective 1 September 2024, is designed to strike a balance between long-term financial security and immediate financial needs. This marks a significant shift from the traditional savings model, and requires retirement funds to engage more proactively and directly with fund members.

Preparing for the change

Service providers are gearing up for the transition with enhanced administration processes, digital platforms and member communication strategies. Key aspects include ensuring that funds can handle significant volumes of claims, as well as ensuring that there is sufficient liquidity in the investment portfolios for the anticipated withdrawals.

As we approach the implementation date, it's essential that individuals engage with their service providers, understand the new rules and prepare for a more flexible retirement savings journey.

As we approach the implementation date, it's essential that individuals engage with their service providers, understand the new rules and prepare for a more flexible retirement savings journey.

It is critical to ensure that individuals understand their benefits, whether they qualify for the new system and determine if their funds can properly support them in the new environment.

Exclusions

While everyone is anticipating access to their retirement savings, it is important to note that the following exclusions apply:

- Legacy retirement annuity funds
- Beneficiary funds
- Unclaimed benefit funds
- Pensioners
- Members who were 55 years and older on 1 March 2021 who do not choose to opt in to the two-pot retirement system between 1 September 2024 and 1 September 2025

Enabling a goals-driven approach

While retirement savings is primarily for retirement, there are scenarios where individuals would need access to their savings (for emergencies, such as during the Covid-19 pandemic). The new system aims to provide greater flexibility and individual control over retirement savings. It enables saving with specific goals in mind, which has been shown to increase savings commitments. For low to middle-income earners, this can be a game-changer in managing financial hardships.

The two-pot system challenges the conventional wisdom of not accessing your savings pot before retirement. By allowing withdrawals under certain conditions, it acknowledges the realities of financial needs before retirement. The savings pot can, if other options have been exhausted, be effectively used to assist people to:

- Get out of unsecured debt – short term (personal or micro loans)
- Save for children's education – long term, 18 years and more
- Access cash at retirement

The below table illustrates the various outcomes an individual would experience under certain withdrawal scenarios based on their needs.

Note: The percentages below represent the individuals expected replacement ratio.

Goals driven savings overall impact on members

Illustration

New members joining from 1 September 2024					
Savings at retirement	Scenario 1 (Debt and Varsity)	Scenario 2 (School fees 14 years)	Scenario 3 (Emergency and Varsity)	No withdrawal from savings pot	Annual 100% withdrawing total savings pot
Contribution 15%	65%	63%	65%	75%	50%
Contribution 16%	70%	65%	70%	80%	54%

Standard member, Age 42, Annual salary R450 000, Fund Credit 1 September 2024 - R1 030 000				
	Access vested pot and savings pot	Access total savings pot	Sporadic withdrawals for emergencies	No withdrawals at all
Contribution 15%	21%	50%	56%	61%
Contribution 16%	26%	55%	62%	67%

:alexforbes

Individuals should ensure they get advice prior to taking any action, weighing the pros and cons of their decisions. Members are encouraged to seek holistic financial advice. Strategies should include rebuilding after accessing funds, making additional voluntary contributions and utilising rewards programmes to ease financial burdens.

Update on tax

Understanding the tax specifications issued by SARS, which set the basis for applying tax for savings claims at marginal rates, is crucial. Making a withdrawal may push an individual into a higher tax bracket.

Event	Vested pot	Savings pot	Retirement pot
Withdrawal before retirement	Withdrawal tax table	Marginal tax rate	No cash lumpsum can be taken
Withdrawal at retirement	Retirement tax table	Retirement tax table	No cash lumpsum can be taken

As set out above, savings withdrawal benefits are taxed at marginal rates. Importantly, these claims have no impact on the retirement tax table. In other words, these claims do not erode the R550 000 that can be taken tax free on retirement as has been suggested recently in recent articles.

Payment is not instant

Some individuals may encounter special additional requirements before gaining access to their savings pot. Some of these include:

- Consent being required by a non-member spouse where divorce proceedings are underway
- Where the member has a pension-backed housing loan in place, a check needs to be undertaken to ensure that the member will have sufficient money to cover the loan following the withdrawal

It's important to ensure that administrators have covered all the various scenarios in ensuring the fund is ready for the new environment.

Other issues that could result in the withdrawals being delayed include:

- The fund's set up, which requires additional calculations (such as defined benefit funds)
- Tax issues (depending on an individual's circumstances)
- Additional requirements to mitigate fraudulent claims

Conclusion

The two-pot system represents a pivotal change in how South Africans save for retirement. By encouraging preservation and providing early access to a portion of savings, the reform balances immediate financial needs with long-term retirement security. Until now, most of the focus has been on what happens on 1 September 2024. However, the system is not just about the build-up to the implementation date but also about sustaining a solid and sustainable savings strategy post 1 September 2024. It is therefore imperative that individuals look at this as an opportunity to assist them in meeting their long-term financial goals and get the right support.

MEGA-THEMES FOR INVESTORS: DIGITAL DISRUPTION

By Fazila Manjoo, Portfolio Manager, Mergence Investment Managers

Since early 2023, digital disruption has been a key driver of global equity returns. We have seen increased capital spending at companies that have embraced digital technologies. Technology companies have had new product launches, and cost-savings and efficiency gains have driven significant earnings growth for companies in the AI infrastructure supply chain.

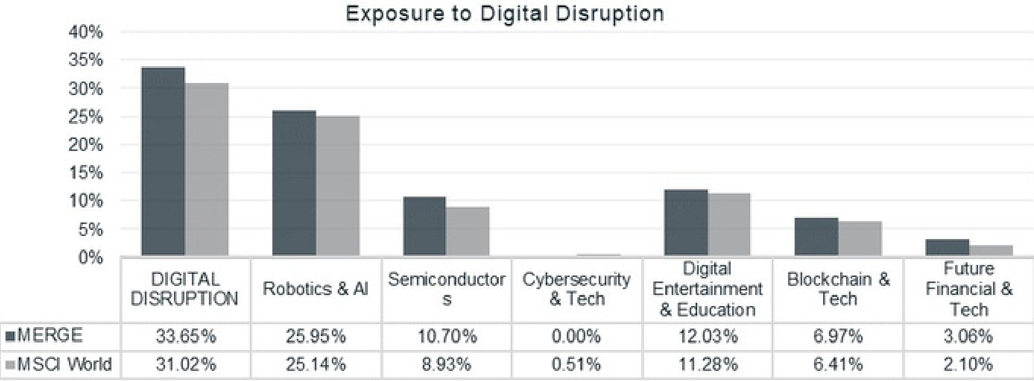
Despite elevated valuations in this segment of the market, it is still early days. We define digital disruption as a mega-theme. That is, it is not a short-term tactical trend but instead a key area of change that is expected to have a profound impact on the future of the global economy.

We expect this theme to continue as technologies improve and progress is made in the application of AI across several industries.

At Mergence, we construct and monitor various screens of global stocks with exposures to several mega themes, including digital disruption, a low-carbon economy, and demographic divergence.

For digital disruption, we currently monitor six areas of interest that we anticipate will be beneficiaries of this theme. They include everything from robotics and AI to semiconductors, cybersecurity, digital entertainment, and blockchain, as well as companies exposed to technology disruption across areas in finance.

The chart below illustrates the exposure of digital disruption stocks in the MSCI World (an index of developed market stocks) versus MERGE, the Mergence Global Quant Equity Portfolio.



	DIGITAL DISRUPTION	Robotics & AI	Semiconductors	Cybersecurity & Tech	Digital Entertainment & Education	Blockchain & Tech	Future Financial & Tech
■MERGE	33.65%	25.95%	10.70%	0.00%	12.03%	6.97%	3.06%
■MSCI World	31.02%	25.14%	8.93%	0.51%	11.28%	6.41%	2.10%

Source: Mergence Investment Managers, Factset data as of July 2024

Key findings:

- About 31% of the market cap of global developed markets now has exposure to digital disruption as a theme.
- More than 25% of the market share of global developed markets now has exposure to the robotics and artificial intelligence theme.
- We are overweight digital disruption stocks in the Mergence Global Quant Equity Portfolio, notably in semiconductors.

Digital disruption has transformed semiconductors from a cyclical industry into a force of earnings growth that has far outpaced the broader equity market. Semiconductors are the hardware and basic building blocks of any application of artificial intelligence.

We believe that the demand for companies that provide semiconductors, data centres, networking, and servers—the underlying infrastructure and utilities of digital disruption—may outstrip supply in the foreseeable future.

We hold a diversified selection of stocks in digital disruption, driven by various quantitative factors. We find that digital disruption stocks look attractive on measures of profitability, earnings quality, price momentum, analyst sentiment, and liquidity. Digital disruption stocks we like include semiconductor stocks like Applied Material, KLA, Qualcomm, and Nvidia, among others. Nvidia has returned 219.8% in USD over the last year and has been our biggest contributor to alpha year-to-date.

Nvidia is a full-stack computing infrastructure company. The company's segments include its data centre accelerated computing platform, networking, graphics segments for gaming platforms, and platforms for virtual computing and infotainment. With a rich and comprehensive set of software and technology products, it features multiple disruptive themes, including robotics and AI, semiconductors, digital entertainment, and blockchain.

INCOME PROTECTION

"The true value of income protection lies in its ability to provide security in uncertain times, ensuring that no matter what happens, financial stability remains within reach."

Nic Smit, From Insight to Innovation: Enhancing Income Protection for All

From insight to innovation:
Enhancing income protection for all working South Africans

By Nic Smit, Chief Product Actuary at Bidvest Life

Nic Smit, Chief Product Actuary at Bidvest Life

Awareness of the need for every working South African to protect their income has seen a remarkable rise. Initially, income protection was reserved for traditionally professional lives, leaving those in non-traditional occupations without a financial safety net. Excluded from this were many of the occupations that have gained recent popularity, like influencers and online fitness instructors for example. Thankfully today, income protection is no longer a niche product and is offered by all the major insurers in some form.

As the nature of work evolves, so too have the product offerings that protect those earning a monthly income from their most likely risks: injury, illness, and critical illness. Bidvest Life's Event Based Cover provides cover to many of the occupations that would otherwise not qualify for income protection. This includes individuals with a high risk of being injured while working, occupations that are highly sensitive to claim and individuals who aren't employed in a traditional structure.

With the importance of income protection now well-accepted, the focus shifts to delivering even more value through small yet impactful enhancements to the existing product. Innovative ideas often arise from unexpected sources, such as casual conversations and anecdotal insights from employees and financial advisers who interact with clients regularly.

Creating a continuous feedback loop that includes everyone in the client-facing value-chain, and then interrogating the results to pinpoint trends, can position life insurers to better meet clients' true needs.

Approaching any product development or product enhancements with an empathetic lens – putting people first when solving problems, developing benefits and building relationships – determines the success of the product at design, implementation and launch stage. Product enhancements are not about adding new features for the sake of it, or purely with the intent of growing bottom-line revenue. When driven by empathy, they solve real problems and make it easy for both advisers and clients to understand and choose the best benefits available to them for their specific needs.

According to Bidvest Life's 2022 Claims Report, 54% of income protection claims lasted less than 30 days.1 This means that choosing a 30-day waiting period instead of a 7-day waiting period would cover you for less than half of the claim events covered by the 7-day waiting period. Given that income protection is usually sold on either a 7- or 30-day waiting period, the choice between these two waiting periods is an important decision.

To address this need, Bidvest Life has removed the "professionals" list that previously determined who qualified for a 7-day waiting period, widening the net to include those with a three-year degree, B-Tech, or advanced diploma. Effectively, anyone with an education equivalent to an NQF Level 7 now qualifies for the 7-day waiting period*.

For financial advisers, having access to income protection products developed around client's real needs can have a material impact in a performance-driven market. It's your competitive edge – meaning better quality cover for your clients, an increased level of trust and loyalty and, in turn, a stronger, more resilient and financially successful business.

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The Importance Of Group Income Protection & Why Responsible Employers Must Have It

By: Jaco Oosthuizen, Co-founder and MD of YuLife South Africa

What would happen if you were suddenly unable to work? How long would you be able to pay school fees, keep up bond repayments or afford groceries? According to a recent study by the Association for Savings and Investments South Africa (ASISA) at least 55% of salary earning South Africans run the risk of not being able to pay their bills if they can't work.

Jaco Oosthuizen, Co-founder and MD of YuLife South Africa

Given the impact financial issues can have on every aspect of employee wellbeing, income protection is one of the most important ways an organisation can safeguard employee wellness. Over the past few years, insurtech firms like YuLife have radically improved standard cover by ensuring employees are not only covered should they need to claim, but rewarded for healthy lifestyle changes via their gamified app to prevent a claim in the first place. This is supported by an extensive package of preventative health benefits that protect the wellbeing of employees and help them return to work when they suffer illness or disability.

Employee wellness is good for business:

The importance of employee wellness has become increasingly important over the last few years and rightfully so. A study by the Society for Human Resource Management found that organisations with wellness initiatives saw a 25% decrease in employee turnover compared to those without them. Workplace consulting and research firm Gallup found that employee wellness programs help boost employee engagement and that companies with highly engaged employees experienced a 21% increase in profitability. In South Africa, a study by YuLife and Iposos found that companies with more workplace benefits are better at retaining talent. 51% of employees are more willing to remain at the companies when there are employee benefits in place, such as income protection that gives employees peace of mind and thus helps stabilise and even boost their mental and physical health.

Lingering misconceptions:

Despite these benefits, there are still several misconceptions about income protection and how it can help improve overall wellness. Around 80% of South Africans rely on unsecured loans to help them get through the month. Yet, many South Africans still think that they do not need income protection because they are young, healthy, single, self-employed, or that it is too expensive.

The truth could not be more different. An estimated 7.5 million South Africans have a disability and according to a study published in 2018, around 3.5% of the population experience severe functional limitations, and the average age of a person with a disability in South Africa is just 47. Employees are also the heart of a business and each of them has a personal life outside of the workplace that needs to be supported. Being an employer of choice that is responsible means caring about the wellbeing of your workforce and that of their loved ones. Moreover, caring about your employees has a direct impact on how your business functions.

Group income protection with a heart:

YuLife's Group income protection helps your people feel secure by providing cover for up to 75% of an employee's income in the event that they're unable to work for a long period of time due to illness or injury. Yulife's approach focuses on holistic wellbeing meaning that its income protection also helps shield mental and physical health through access to their gamified benefits and wellbeing app. All YuLife Income Protection policies are bundled in with a best-in-class Employee Assistance Program that gives its users access to a virtual doctor, enabling employees to easily speak with medical professionals, clinically trained mental health experts and qualified counsellors. YuLife's Income Protection ensures early detection and prompt support that can make a huge difference to their recovery.

For many South Africans it may not seem necessary, but having adequate income protection is like having an alarm system at home or airbags in your car. You hope to never need them, but the realities of living in South Africa mean that it is dangerous to live without them. As employers it is imperative that we be able to provide these safety measures for our employees. The success of your business depends on it.

The Unsung Hero of Financial Planning

By Karen Bongers, Product Actuary at Sanlam Risk and Savings

In today's challenging economic landscape, where rising costs and financial pressures are top of mind, the conversation around income protection is more critical than ever. As brokers and financial advisers, you are on the frontline, helping clients navigate these tough times. It is essential to convey the importance of income protection, even when budgets are tight, and priorities seem to shift.

Karen Bongers, Product Actuary at Sanlam Risk and Savings

Why Income Protection Should Remain a Priority

Many clients are understandably anxious about their finances, with high interest rates and the cost of living putting pressure on household budgets. In such circumstances, insurance premiums might be the first expense they consider cutting.

However, this is where your expertise as an intermediary becomes invaluable. Helping clients understand that while income protection may feel like an additional burden now, it could be their financial lifeline in the future, is key.

It's important to remind clients that losing their income entirely would exacerbate their financial struggles far more than the cost of maintaining their current policy. For those who have little disposable income, the likelihood of having sufficient savings to fall back on is slim. Ensuring they retain some form of income protection, even if only partial, is far better than having no cover at all. This is where you can help them see the true value of what they're paying for.

Addressing Misconceptions

One of the biggest hurdles in selling income protection is overcoming the misconception that it is too expensive. Many clients would however be surprised to learn how affordable it can be once they receive a quote. And when you help them understand that it could replace their salary until retirement in the event of permanent disability, the long-term benefits become clear.

Another misconception revolves around the perceived value of disability lump sum benefits compared to income protection. While lump sum benefits can appear attractive due to their large payout amounts, you can guide clients to see that a monthly income replacement often provides greater financial security, especially in the event of long-term disability. Additionally, income protection's attribute to also cover temporary disabilities—even those as short as seven days—offers a significant advantage that clients may overlook without your guidance.

Income Protection and Critical Illness Cover: A Powerful Combination

It’s beneficial to educate clients on how income protection and critical illness cover complement each other. Rather than being substitutes, these products work together to provide comprehensive financial security. Income protection covers the loss of earnings, helping to maintain a client’s standard of living, while critical illness cover addresses the additional costs that arise from a severe health condition. As an intermediary, highlighting this synergy can help clients appreciate the comprehensive protection these products offer together.

Adapting to Clients' Evolving Needs

The world of work is constantly changing, with side hustles, career changes, and retrenchments becoming more common. This evolution necessitates a shift in how we think about income protection. At Sanlam, we have responded by enhancing our offerings to better meet these changing needs. For instance, we’ve introduced features that continue to cover clients’ occupations even if they temporarily stop working, and added comprehensive impairment cover that pays out independently of a client’s ability to work. And our practice of not requiring clients to let us know if their occupation changes, provides further certainty within this ever changing landscape.

As an intermediary, you play a crucial role in helping clients ensure that their cover remains relevant and robust, no matter how their career paths or personal circumstances change.

Innovations That Expand the Market

Traditionally, income protection has focused on medically insurable individuals, covering loss of income due to illness or injury. While this remains the core need, our latest innovations broaden the scope. For clients who are medically uninsurable, our accidental income benefits provide crucial cover against accidents, ensuring they too can protect their income. Additionally, our death income benefits offer a steady income stream to beneficiaries—an attractive option for clients, especially single mothers, who want to ensure their dependents are financially secure should they pass away. The option to pay this income into the Sanlam Guardian Trust adds another layer of security, giving clients peace of mind that minor beneficiaries’ needs will be met responsibly.

When you actively identify individuals who can benefit from these innovations, you help expand the reach of income protection products and the value they offer.

The Future of Income Protection and Your Role

The future of income protection lies in continuous innovation and, importantly, in client education. While product enhancements are vital, many clients still only buy lump sum disability cover simply because they don’t fully understand the benefits of income protection. This is where your role becomes even more crucial. By actively participating in our ongoing income protection awareness campaigns and taking the time to educate your clients, you can help them understand the role and value of income protection cover. When a client understands that their greatest asset is their ability to earn an income and how an income protection policy can protect it, you are one step closer to safeguarding another financial future.

In conclusion, as an intermediary, you are instrumental in helping clients recognize the unsung hero that is income protection. In these financially challenging times, guiding them to maintain or consider income protection could be the most important advice you offer. While it may seem like a difficult conversation now, ensuring your clients have the right cover in place will protect them from far greater financial hardship down the line.

SHORT TERM

"In a world where severe weather events are becoming the norm, the insurance industry must innovate not just to protect assets, but to safeguard our future."

Volker Von Widdern, Cape Floods Highlight New Norm of Severe Weather

THE DIGITAL DECEPTION: THE RISE OF AI INSURANCE FRAUD THREATENS THE INDUSTRY AND CONSUMERS

By Funeka Ngewu, Executive Head of Claims Operations and Support from Momentum Insure

Across the world, the emergence of AI and deepfake technology has upped the ante in the fight against insurance fraud. AI generated images are being created in droves to trick insurers into processing claims when the items are, in fact, in perfect condition.

From photos of cars doctored to look like they have been in serious accidents to household contents with realistic looking damage plastered on top – the arms race between insurers and fraudsters has escalated.

The issue is on the rise in the South African market as well. This modern technology has drastic consequences for the industry as well as honest consumers. An increase in fraud risk only means claims processing costs are going to rise as we can no longer fully rely on traditional automated claims systems.

These advancements necessitate the development of equally sophisticated AI-driven detection systems. These systems will need to be designed with agility in mind as the advancement in AI and deep-fake technology often outpaces the industry's ability to combat them.

Rapid rise

The use of AI and deepfake technology in short-term insurance fraud is a recent phenomenon, but it has quickly evolved to become a significant concern for the industry. In the early 2010s, insurers began adopting AI for tasks such as risk assessment, customer service, and claims processing.

AI's ability to analyse vast amounts of data quickly and accurately made it a valuable tool for improving efficiency and reducing costs.

This is an industry matter

As an industry, we have no choice but to focus on collaboration, sharing data and insights to strengthen defenses against this evolving threat. However, as the claims process becomes bloated, the cost increases.

The situation worsened as syndicates fully leaned into AI technology to profit from insurers.

These syndicates have been defrauding insurers for decades and all they end up doing is push premiums up for law-abiding policy holders. It is a continuous cycle that affects everyone involved, from the insurers trying to mitigate fraud to the honest consumers who bear the brunt of increased premiums.

We need to heed against the continued rise in AI-generated insurance fraud. We are always in the process of upgrading our defenses, investing in similar AI-driven technology to detect fraud faster.

However, this becomes increasingly difficult when AI technology experiences an exponential rise in complexity and accessibility. The industry, and all its stakeholders, need to remain vigilant in these tech-driven times.
The insurance industry is constantly evolving.

The Rise of Alternative Risk Financing Solutions

By Julie Smith, corporate strategic account manager at Aon South Africa

Julie Smith, corporate strategic account manager at Aon South Africa

Growth in alternative risk transfer as traditional insurance markets harden

We live in a volatile world where geopolitical risks, economic inflation, natural disasters and an increasingly complex regulatory environment are applying pressures on all fronts, including the insurance sector.

Underwriting requirements are becoming stringent, and prospective clients are having to provide far more granular information about their portfolio of risks as well as risk mitigation measures, while reduced capacity and insurer appetite for certain classes of risks remain a real concern.

Businesses may be surprised to find that renewals are much tougher than before, with risks that were previously covered now either being uninsurable or attracting onerous terms, conditions and hefty deductibles.

Securing sufficient insurance capacity from local and global insurers continues to be challenging. Hardening insurance market conditions are the cause of reduced reinsurance capacity and appetite, which means that traditional insurance solutions are becoming unaffordable, or in some cases, the risk has become uninsurable.

The insurance market is, however, more amenable to businesses that take greater ownership of its risk mitigation by deploying proactive risk strategies and risk sharing through increased deductibles that can in turn be funded through alternative risk financing solutions. This is achieved by either incorporating a captive insurance solution or implementing an aggregate fund, or a combination of the two.

Captive insurance defined:

Captive insurance solutions are valuable tools to navigate volatile market conditions in terms of risk financing and filling the widening gaps in coverage, especially in challenging risk markets such as cyber, property, terrorism, sabotage and weather catastrophes.

A captive is effectively an insurance company that is set up by the business primarily to self-insure against its own specific risks, which allows the business to take financial control of its insurance allocations. If the business is running mature risk management programs, hand in hand with risk consulting solutions, it may be able to rather consolidate its premiums instead of simply paying them away on traditional insurance, leveraging it to build scale within a captive.

Adding captives to an organisation's risk financing toolkits starts by assessing the total cost of risk and the optimal program design to strike a balance between risk retention and risk transfer. It allows the business to take on a sizable increase in its risk retention level because the business has ultimately reinsured its own risk. The business is then able to partner with a risk financing partner to lock down an insurance policy with more favourable terms and deductibles.

Having a captive arrangement in place is an attractive drawcard that the business brings to the table in terms of risk retention levels for actuaries to factor into the equation alongside the organisation's past claims history. It makes most sense when the actuarially calculated expected losses are significantly lower than the premiums and deductibles set by a traditional insurer.

Aggregate Funds

An alternative to a captive solution is an aggregate fund, where the business approaches the insurance sector to set up a contingency fund for things that are not necessarily insurable. In this scenario, the business essentially invests in an aggregate excess that puts money into a risk-financing house. An example would be a big fleet company that has an aggregate excess plan with a stop loss attached to it.

- An **aggregate excess** is the overall retention fund for the client. In this example, the fleet operator has put a R10m aggregate excess on a fleet of 1000 trucks. Considering the business' claims history, they would be able to secure a better insurance premium by taking more of the risk on themselves.
- Within the aggregate excess there could be protection for the client by way of a stop loss where the insurers will agree to pay for any one loss over a specified limit. For example, within your R10m aggregate excess, you may have an R500k stop-loss agreement, which means the business will only ever pay for a single insured loss up to an R500k limit – anything above that would be carried by the insurer.

The aggregate fund still forms part of the contract with the insurer and claims to the fund are treated like any other, duly assessed and documented by the insurer. The key benefit of an aggregate fund for the business is its ability to manage its claims better and money left in the aggregate fund, can be transferred to the following year.

Insurers tend to be more amenable to businesses that proactively finance, retain and manage more risks themselves. As a result, businesses require increasingly sophisticated risk modelling solutions to support informed decision-making on risk financing alternatives such as captives and aggregate funds, to optimise the total cost of risk.

Striking the balance between financial analysis and risk engineering is a high-stakes and complex task, best undertaken with the guidance of professional risk consultants who have the capacity and expertise to enable better decisions around alternative risk financing solutions.

CAPE FLOODS HIGHLIGHT NEW NORM OF SEVERE WEATHER SA RISK CONSULTANCY WARNS

By: Volker Von Widdern, Principal of Strategic Risk at Riskonet Africa

Severe storms that have struck the Western Cape underscore the escalating severity and impact of such events, according to South African-based risk consultancy Riskonet.

The organisation is urging businesses across South Africa to grasp the full scope of these dangers and adequately prepare for future extreme weather events.

These severe weather events have now become commonplace as we're seeing a couple a year. It's no surprise that these events are occurring as temperatures reach record highs around the globe as a result of the climate emergency.

The atmosphere now carries 7% more moisture than a few decades ago. Higher ocean and atmospheric temperatures mean that energy levels in our climate have increased substantially. When storm systems develop, they will generate higher wind speeds and much higher concentrations of rainfall.

The consequences of these shifting climate patterns can be dangerous and pose a significant risk to properties. These events are complex and multifaceted, and that's why it can be difficult for businesses to know what to expect.

A broader picture of some of the weather events that organisations should be preparing for. Flash floods, caused by concentrated rain that overwhelms drainage systems, result in water torrents that damage infrastructure and property across all sectors. Excessive, continuous rainfall also leads to water accumulation, rivers breaking their banks, and dam overflows. Severe hail, with large hailstones and high volumes, damages property through impact and overloaded roofs, causing major leaks and internal flooding.

Severe wind poses a significant risk, particularly to informal settlements that are not strong enough to withstand high winds, and pole-based suburban and rural electricity networks, which are likely to be blown down, causing power disruptions and posing risks to communities. Desert-based wind storms can generate huge dust clouds that disrupt solar plants and electronic communications.

Increasing wind speeds can be highly destructive. In principle, as wind speeds double, the related force created is quadrupled. This means that a 100 kph wind exerts 16 times more force than a 25 kph wind. Building and roof specifications, particularly for older properties, should be reviewed.

Extreme weather events have shown a consistent upward trend over recent years, and this trend is expected to continue, emphasising the urgency for proactive measures.

Developing medium to long-term plans is crucial to enhance resilience against severe weather, advocating for initiatives ranging from basic roof integrity improvements to comprehensive flood prevention strategies. The evolving landscape of severe weather also necessitates innovative approaches to financial protection. Current insurance markets are already facing limitations in covering severe weather risks.

We urgently need new forms of financial protection to address these challenges effectively. This call to action underscores the critical need for adaptive strategies and collaborative efforts to mitigate the impacts of severe weather on communities and economies alike.

Peril Paralysis – Building Industry under the magnifying glass

By: Jonathan Kaiser, Manager at SHA Risk Specialists

In George, thirty-four people died when a partially completed five storey residential building collapsed. This event is tragic, and albeit the worst building disaster in South Africa, is by no means an isolated incident of professional incompetence. Whenever disasters of this magnitude unfold, questions are rightly asked around why disasters of this magnitude persist in today's age of technological advancement and education. Are we doomed to repeat history or are we able to distil lessons and learn from them?

The building industry faces a myriad of challenges with well-known companies going into business rescue and some liquidation. It is no secret that developers push for the cheapest designs and engineers are left holding the bag when this gamble falls through. An already distressed built environment is further aggravated by adverse insurance claims, which threatens the sustainability of professional indemnity insurance within the built environment.

Jonathan Kaiser, Claims Manager at SHA Risk Specialists and his team have investigated, by analysing claims data over the last few decades, the proximate cause for prolific and severity claims against professionals in the built industry. In this article, we explore what lessons should have been learnt and ought to be re-emphasized. Insurers are in a unique position where we have a bird's eye view of most claims and therefore can advise on trends and risks within this space.

Build cheap, build twice – design cheap, design again

This expression (borrowed from buy cheap, buy twice) unfortunately finds application in a distressed economic environment. The tender process is already fiercely competitive, leaving professionals provisioning 'bare bones' designs to win contracts and thereafter assigning inexperienced staff to projects with an absolute minimum number of professionals to maintain oversight and review designs. This is a recipe for disaster. Inexperienced professionals being assigned to supervise high-risk, complex construction projects due to insufficient deployment of resources is a worrying trend that has already given rise to high severity losses.

Jonathan Kaiser, Manager at SHA Risk Specialists

An apathetic attitude around supervision often emerges as the root cause for many avoidable errors. Supervision undertaken contractually requires professionals to inspect and ensure that buildings are constructed in accordance with the designs. Supervision does not guarantee that construction errors will be discovered, but arguably if carried out with due care, should mitigate most. Regrettably, we are seeing far too many claims where professionals appear to have, all but abandoned their oversight responsibilities. Insurance covers fortuitous loss, and if risk is courted through professionals deserting their duties, Insurers will be entitled to reject such claims. Egregious conduct of this nature, harms not only the public confidence in the built industry but it also undermines the sustainability of the insurance market to provide affordable insurance cover to professionals.

It remains inexplicable to us why professionals are reluctant to undertake geotechnical investigations. Establishing the true soil conditions is paramount to ensuring that the correct foundation is designed. Often properties move, owing to expanding or contracting soil conditions and where the foundation did not appropriately anticipate this in the design. This leads to cracks forming and structural damage. Countless engineers and building developers appear unwilling to incur the cost (miniscule by comparison to the cost of structural collapse) of a geotechnical report to ensure structural efficacy. This problem is especially rife within the residential housing developments.

Costs exceed the tendered amount

There is an alarming trend gaining traction in South Africa, more especially amongst governmental departments and those special 'recovery' institutions, to sue professionals on the basis that the project cost more than what had been budgeted for. The basis of the claim being, since the professional undertook to bring home the project at a certain cost (irrespective of external factors), any additional or unforeseen costs to bring the project up must be carried by the professional team. This problem is amplified where the professional team conducted only cursory feasibility studies. Fixed price contracts pose the same risk.

Why is it raining indoors?

Time after time, claims are notified owing to water ingress into buildings. The apparent lack of proper consideration and application of waterproofing is extremely concerning. Aesthetic designs should never trump functionality. Tried and tested methods should be preferred over experimental solutions.

The Climate Change effect

Recent studies have shown that human-induced global warming has contributed to increased flooding. Over the last century, and with a specific focus on KZN, catastrophic flood events have risen from an average of 1.1 occurrences per year to an average of 1.7 per year. The April 2022 KZN flood, where over 300mm of rain fell in one day, was the most catastrophic flood event in South Africa in recent years resulting in estimated ZAR 35 billion worth of damages.

Historic data though points to the fact that KZN has habitually been at the receiving end of catastrophic flooding. More than a hundred years ago a similar event occurred which resulted in rainfall of over 1000mm over the span of a few days. So called '*one in a thousand*' year events are becoming all too frequent for that classification to remain relevant. Engineers are often not called upon to design for 1:1000 events. Are modern designs accommodating this risk? To us, it appears not.

One of the biggest problems we see in the built industry relates to construction designs not factoring in the increased levels of water/rainfall and with inadequate drainage systems. We must improve city infrastructure, particularly drainage systems, to better prepare for heavy rainfall and flooding that we now know, not just as a matter of historical perspective but future climate analysis, will happen.

Underwriting to build a sustainable line of insurance
The sustainability of liability cover in the built environment is at risk as insurers can no longer shoulder the exponential cost of claims. Reinsurers have increased rates and applied more cover restrictions and exclusions, making Professional Indemnity (PI) insurance rates for the built environment more and more unaffordable, potentially leaving more professionals exposed.

Casualty insurers and brokers need to collaborate and share learnings with our professional insured clients to mitigate against this high-risk landscape. Applying better risk management measures will result in fewer claims and therefore lower premiums. Underwriting criteria must enforce better risk management to ensure not only the future sustainability of the industry, but safe, quality developments and increased economic activity.

TECHNOLOGY IN INSURANCE

"As AI advances, our greatest challenge is to stay one step ahead of the fraudsters—leveraging technology not just to process claims, but to protect the integrity of our industry."

Funeka Ngewu, The Digital Deception: The Rise of AI Insurance Fraud

Embrace digital and maintain good governance: The way to win in tomorrow's insurance industry

By Christo Davel, Head of Client Enablement at Nedbank Insurance

Christo Davel, Head of Client Enablement at Nedbank Insurance

The digital revolution has transformed countless industries, and the insurance sector is no exception. As client expectations evolve and technology advances, insurers must embrace digital transformation to be competitive and deliver the services that modern consumers demand.

This transformation is not just about adopting new technologies. It's also about fundamentally reshaping the way insurers operate and interact with their clients, ultimately leading to enhanced client experiences and streamlined operations.

We have been on a digital journey that has seen us launch 18 digital solutions across 6 channels in the past 4 years. This commitment to being digital-1st and 1st in digital has been a catalyst for transforming our operations and improving our client experience.

One of our key milestones was the launch of our insurance widget and our always-on static offers on the Nedbank Money app, which have made it easier for our clients to access our products and services with just a few clicks on their mobile devices. The response from clients and the industry has been overwhelmingly positive, with a substantial increase in client engagement and sales across our solutions. For example, since 2020 we have seen an exponential growth in sales of digital policies – having increased from just over 27 000 to more than 320 000 sold last year.

The success achieved is a good example of how the rise of digital – and particularly digital self-service tools – stands to be a game-changer in the insurance industry, enabling clients to access their policies, submit claims, and receive support anytime, anywhere. These tools offer the convenience of 24/7 access from any location, allowing clients to interact with their insurance providers through various communication methods, such as SMSs, digital platforms, mobile applications, emails and push notifications. By integrating digital experiences across client journey touchpoints, insurers have an opportunity to eliminate the need for their clients to repeatedly submit the same time-consuming information, thereby removing a pain point that has historically been a major source of frustration for their clients.

Data analytics is stacking up to be another game changer in the insurance industry, revolutionising the way insurers assess risk and make decisions. As an insurer within a bank, we at Nedbank Insurance are already harnessing this advantage by leveraging vast amounts of data from various sources to gain deep insights into our clients, their behaviours, their needs and, of course, their risk potential. Our vision is to keep building on our understanding of these data-based metrics to massively optimise our claims and management processes. Data will also enable sophisticated fraud detection methods and move insurers past the 1-size-fits-all approach to pricing that still pervades the industry and create dynamic pricing models designed for individual client needs instead.

While Nedbank Insurance recognises the immense potential that digitisation offers the industry, it remains acutely aware of the imperative to balance evolution with stability. So, as we continue to expand our digital capabilities, we deliberately focus on ensuring that our growth is sustainable, never interferes with our commitment to put our clients first, and always aligns with our strong governance framework. We believe this approach must be central to all insurers as they develop their digital capabilities. A robust control environment and stable, stress-tested governance frameworks not only keep us honest, but they are also very effective enablers of change, supporting the achievement of strategic objectives while managing risks and protecting clients.

By embedding governance in our commercial goals, maintaining a positive risk culture, and facilitating positive regulatory engagement, we believe that we can achieve our digital objectives in a responsible and compliant manner.

To thrive in this digital age, insurers must adapt their operating models as well as their products and core processes to the new reality. They will have to let go of entrenched ways of work and embrace new innovative ways to design and distribute fundamentally different products from the traditional commoditised insurance offerings.

AI VS HUMAN

By: Zamani Ngidi, Senior Client Manager for Cyber Solutions at Aon South Africa

Zamani Ngidi, Senior Client Manager for Cyber Solutions at Aon South Africa

The Cyber Risk Paradigm Shift

In Aon's first 2024 Client Trends Report, technology is identified as one of the four megatrends impacting businesses around the globe.

The report found that 86 percent of business leaders around the globe believe generative AI (GenAI) will be transformative for their company and industry,[1] adding the equivalent of \$2.6 trillion to \$4.4 trillion annually to the global economy[2] in unleashing operational efficiencies through AI-powered chatbots, translation tools and office applications.

However, the rapid pace of technological change is creating expanded attack surfaces and exposing massive new cyber vulnerabilities. Organisations may not be fully prepared to tackle the risks associated with digital transformation if they do not also consider the human element in their processes and governance.

Pockets of experimentation and innovation with these new technologies are sometimes occurring outside of established data governance and cyber security practices, in what is coined 'shadow AI', limiting the visibility of an enlarged digital attack surface. As a result, actionable analytics are more critical than ever and will continue to be the cornerstone of informed decision-making in a rapidly evolving technological landscape.

One major concern is the use of AI-powered translation tools, which scammers can exploit to create deepfakes, leading to fraudulent payments, especially affecting financial institutions. Additionally, developing effective AI tools requires vast amounts of relevant and up-to-date data, raising issues about data scraping and the protection of personal information, which exposes organisations to regulatory repercussions.

AI in the Workplace

The implementation of GenAI is set to transform the way that we work by automating repetitive and predictable tasks, freeing up employees to direct their attention to decision-making, strategic planning and creative thinking. A paradigm shift needs to occur where businesses direct their efforts towards training their employees and providing them with the tools needed to take on these new roles. In fact, almost 44 percent of CEOs believe their workforces will have to develop new skills to equip themselves for AI-driven business environments

Training efforts need to create awareness of security protocols and desired data governance when implementing and using AI tools in the workplace. Several drivers are expected to keep cyber-risk top-of-mind for organisations, focusing on:

1. Systemic risks to key strategic industries and infrastructure resulting from the widescale adoption of emerging technology, such as cloud, AI, digital assets and quantum computing.
2. Geopolitical tensions and the use of cyber as a tactic to wage electronic warfare.
3. An increase in regulatory actions from securities, consumer and privacy regulators.

With the advancement of technologies like AI, cyber threats will continue to evolve, posing significant dangers to organisations and their people. Ironically, the human element will remain the weakest link in the cybersecurity frontlines. By 2025, it's expected that more than half of cyber events will be caused by human factors while phishing continues to be the most common method for initial network access.

Unlike some security issues that can be addressed with tools or process changes, there are no quick fixes for transforming the cybersecurity culture within an organisation. The sophisticated tools and methods used by threat actors will continue to evolve. Organisations must adopt a long-term approach to address the human factors that expose them to cyber risk. This approach will involve continuous training, reskilling and upskilling initiatives to enhance engagement and accountability. Both the curriculum and delivery of cyber training need to improve each year, increasing employee knowledge and sophistication regarding cyber risks, rather than treating cybersecurity training as a one-time exercise.

How Businesses Can Prepare for Change

The adoption and integration of AI, the evolving cyber landscape and the role of data and analytics are all intrinsically linked. Finding a balance means that businesses need to prepare for change:

1. **Manage a rapidly evolving risk landscape by using a variety of risk mitigation and risk transfer tools:**

- Use data analysis to gauge cyber risks.
- Quantify cyber exposures tied to new tech.
- Enhance controls to lower cyber incident odds.
- Regularly test defences and simulate attacks.
- Decide whether to retain or transfer risk.

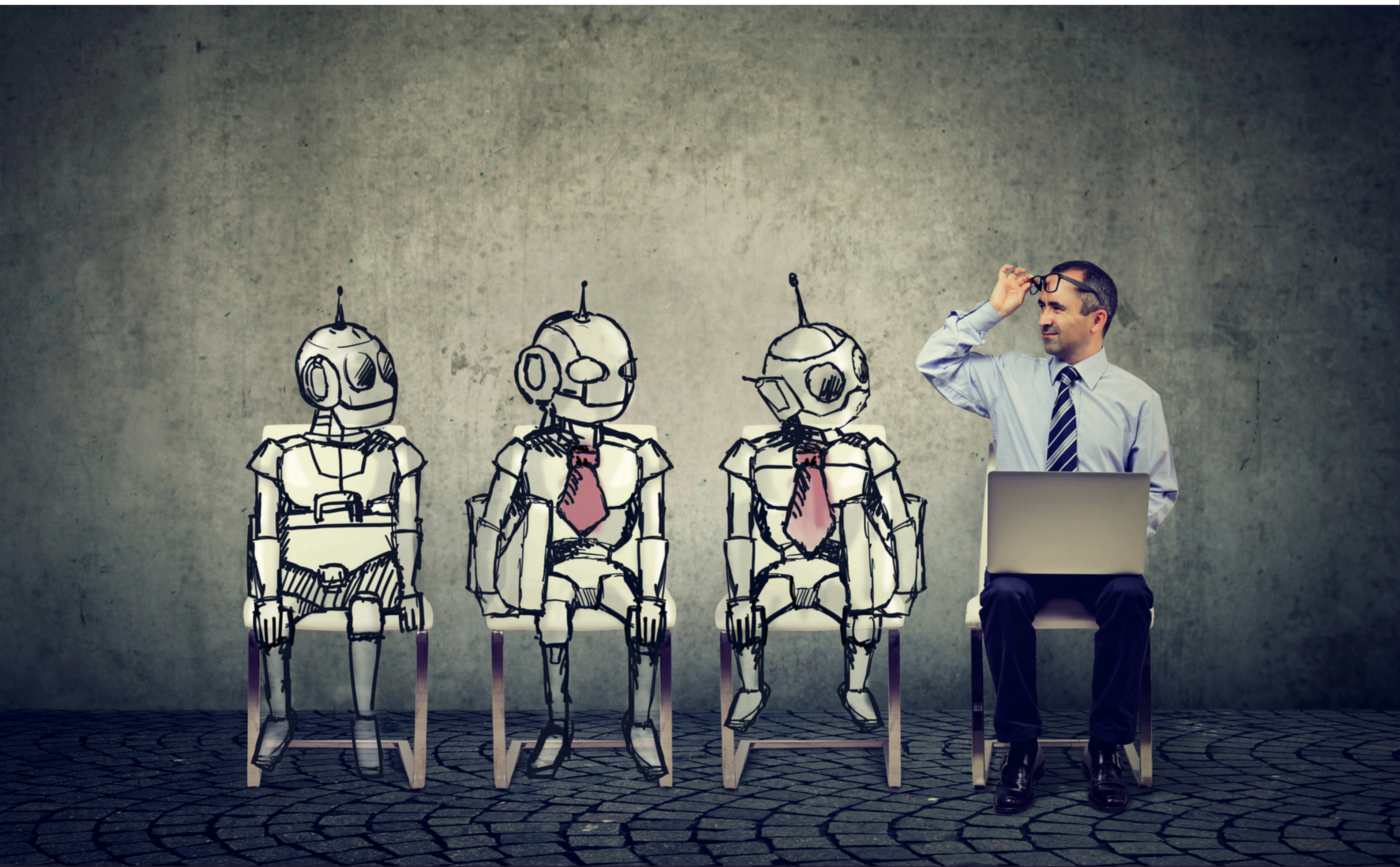
2. **Align capital and talent strategies by providing growth and development opportunities for the workforce to take responsibility for any transitional technological changes that aid in bringing growth initiatives to fruition:**

- Develop workforce skills for tech transitions.
- Foster a change-embracing culture.
- Retain talent crucial for growth initiatives.

3. **The implementation of a new initiative, such as a new tool or a cyber security culture program, needs to be undertaken with clarity and accountability:**

- Define objectives clearly for new initiatives.
- Establish ownership to drive change.
- Utilise technology and data for risk management.

As organisations prepare for the next technology frontier, digital tools and access to sophisticated data and analytics will be critical in helping them stay ahead of the curve on current and future risks. With the pace of change accelerating, technology — if harnessed and managed correctly — can be the catalyst that helps businesses realise their growth goals.



The Transformative Role of WhatsApp Business in South Africa

By Graham Harvey, CEO, Cardinal

Graham Harvey, CEO, Cardinal

The role of WhatsApp Business is evolving, with the platform growing in importance as a tool for business communication and customer engagement, with many companies leveraging WhatsApp to streamline operations and improve customer experiences.

The Journey of WhatsApp Business

WhatsApp started as a simple messaging app, but its evolution into a business tool has been noteworthy. Initially, the service struggled to gain traction when it attempted to charge users. However, after shifting to a free model and focusing on building a community, it was eventually acquired by Facebook for $2.9 billion. The adoption of WhatsApp varies across countries, with South Africa being a leading market in terms of usage and acceptance.

From my experience Safair has been one of the pioneering companies in South Africa, integrating WhatsApp Business. The platform's reception in the country has been overwhelmingly positive, contrasting with more cautious adoption rates in markets like the UK and Australia. South African businesses have embraced WhatsApp not just as a communication tool but as a pivotal component of their customer service strategy.

Implementing WhatsApp Business

The implementation of WhatsApp Business is straightforward and efficient. Cardinal handles the setup for clients, including obtaining a dedicated WhatsApp number and linking it to the company's Facebook page and website—necessary requirements for using the business platform. This setup process, surprisingly swift, allows businesses to become operational within hours. The intuitive nature of WhatsApp means that most users, both businesses, and customers, can easily navigate the system.

Once set up, Cardinal assists businesses in customising the WhatsApp interface to match their corporate identity, ensuring consistency in branding. This includes aligning the visual aspects and integrating specific functionalities that cater to the business's needs. Moreover, Cardinal provides comprehensive training through webinars and training videos, guiding staff through the change management process. This education is crucial, as it shifts traditional processes, like handling claims, towards a more digital and efficient system.

Benefits and Efficiency

One of the standout benefits of WhatsApp Business is its role in improving efficiency. Our integration with WhatsApp for Business simplifies customer interactions, such as claims processing. Instead of sending lengthy PDF forms, brokers can provide a simple WhatsApp link. Customers can click the link, fill out the necessary information, and submit it directly, a process that is not only user-friendly but also secure. This shift reduces the workload for both parties, making the entire process faster and more efficient.

The integration of WhatsApp Business also supports brokers in enhancing their role as risk advisors. With the platform's ability to manage and segment client data, brokers can deliver more personalised and timely advice. Itl allows brokers to connect with their clients more meaningfully, offering tailored advice and updates, such as information about local events or risk factors, which enhances client engagement and satisfaction.

The Future of Business Communication - I believe that WhatsApp Business will continue to transform business communication, especially in industries like insurance. The platform's capabilities extend beyond simple messaging, offering functionalities like document sharing and digital signatures, which streamline various administrative tasks. This technological advancement allows businesses to focus more on advisory roles and less on administrative burdens, ultimately improving client service and satisfaction.

WhatsApp Business is having a transformative impact in South Africa. By simplifying processes, enhancing communication, and supporting personalised customer service, WhatsApp is reshaping how businesses interact with their clients.

As more companies adopt this tool, the potential for improved efficiency and customer satisfaction grows, making it a pivotal component in modern business strategies.

Digitisation and Innovation in African Insurance

By: Gary Tessendorf, Regional Director for Africa at Sapiens.

Gary Tessendorf, Regional Director for Africa at Sapiens.

We are experiencing the rapid digitisation of the insurance sector in Africa and a growing demand for new technologies. This presents exciting opportunities for both Sapiens and the broader market.

When we arrived in Africa market eight years ago, we had a few key customers in the region. We have grown significantly since then, and Sapiens, with its 5,000+ employees and more than 600 insurance customers worldwide, has seen remarkable success in Africa, expanding its reach across the continent and building a strong local presence.

This expansion has been driven by a deep understanding of the unique challenges and opportunities within the African insurance market. We work with a broad spectrum of clients, ranging from bank insurance and funeral policies to short-term insurance. This diversity speaks to the company's ability to adapt its solutions to meet the specific needs of different sectors within the insurance industry.

One of the key themes of the conversation was the changing attitude towards technology adoption within the insurance industry. Several years ago, the conversation around digitisation was very much a "push" effort, with companies needing to be persuaded of the benefits of new technologies. However, in recent years, this dynamic has shifted.

Customers are now much more aware of what's important to them. They are aware of the pressures, the market dynamics, and the new tooling that is out there. This increased awareness has led to a more collaborative approach, with Sapiens working closely with its clients, whom we like to see as partners, to implement technology solutions that are aligned with their strategic goals.

This shift is evident in the way we engage with our clients. With a strong local support team and deep international experience, Sapiens brings a blend of global expertise and local knowledge to its projects. We have found plethora of valued partners and have successfully built close relationships with leading players in the African insurance market.

The Role of AI in Insurance –

Looking to the future of technology in insurance, AI emerges as a central topic. Sapiens is at the forefront of integrating AI into its platforms, thanks in part to its partnership with Microsoft. This collaboration is enabling Sapiens to leverage cutting-edge AI technologies and bring them to the African market.

I am super excited about the potential of AI to transform the insurance industry. We are all eager to understand how this AI concept is going to unfold and its impact on our sector.. Our partnership with Microsoft, a global leader in AI, positions Sapiens to be a top influencer in this transfomative journey. By integrating AI into our platforms and bringing these advancements to Africa, we are opening up opportunities for our existing customers. They will be able to harness the AI capabilities into our platform, unlocking new opportunities as they integrate these innovations into their operations.

I envision a future where AI could drastically simplify customer interactions. , Allowing clients to query their insurance policies in natural language and receive instant, accurate responses is just the beginning of what AI can offer. The potential for AI to improve everything from claims processing to customer service is vast, and Sapiens is committed to exploring these possibilities for the benefit of both the agent and the policy holder.

Exporting African Innovation –

We should not discount the knowledge and expertise that Africa brings to the global stage. Sapiens' African team is not just a recipient of international knowledge but also contributes to global projects. A notable portion of our team was involved in international programs, highlighting the mutual exchange of knowledge between Africa and other markets.

This exchange benefits both the local and international teams, allowing South African employees to gain global exposure and bring back best practices to improve the local market. It also demonstrates the high level of expertise present in South Africa, which is increasingly being recognised on the global stage.

There is a wealth of innovation happening in South Africa, particularly as South African companies expand northward into the rest of the continent. This expansion is not just about disseminating knowledge but also about learning from the unique innovations happening in other South African countries. There is a growing demand for digital solutions across South Africa, with countries like Kenya showing a strong interest in engaging with international vendors like Sapiens to drive their own digital transformations.

While Sapiens has already made significant inroads into South Africa, we are now turning our attention to the broader South African continent, which has the potential to become a key market for us. There is a growing demand for digital insurance platforms in South Africa, making these solutions essential for the expanding market.

Sapiens is not just passively observing this trend, we are actively strategizing expansion into new South African markets. This includes bringing in local expertise and aligning with the needs of the market to deliver tailored solutions that drive growth. We are receiving a lot of interest from countries like Kenya, often initiated by the countries themselves, recognizing the need for digital transformation in their insurance sectors.

The South African insurance market is dynamic and rapidly evolving. Sapiens, with its combination of global expertise and local knowledge, is well-positioned to lead this transformation. The shift towards digitisation, the integration of AI, and the growing exchange of knowledge between South Africa and the rest of the world are all contributing to a vibrant and exciting future for the industry.

As we continue to expand our footprint across South Africa, we focus on not just being a vendor but a true partner to the insurance industry, helping South African insurers navigate the challenges of digital transformation and harness the power of new technologies.

REVOLUTIONISING LIFE INSURANCE

By: Zane Heyl, Senior Actuary, Elevate Life

As an actuary, I'm usually immersed in numbers and risk models, but over the past few years, I've found myself increasingly drawn to the intersection of technology and life insurance. This shift has been both challenging and rewarding, and I'd like to share a bit of that journey.

Zane Heyl, Senior Actuary, Elevate Life

The life insurance industry is steeped in tradition and, often to its detriment, slow to adopt technological innovations. But in our increasingly digital age, the old ways of doing things no longer provide the level of value and service that customers have come to expect. Applying for fully underwritten life insurance is still one of the most cumbersome processes among financial services, with lengthy forms, redundant information requests, and invasive medical testing. For the everyday consumer and their financial advisor, this experience is anything but seamless. Financial advisors spend most of their time administering complex underwriting processes on behalf of their clients instead of on their expertise of providing expert financial advice to support their clients financial needs.

At Elevate Life, we saw this shortcoming as an opportunity to streamline the process of onboarding and servicing fully underwritten risk cover offerings using digital tools and enhanced data on the customer . Our goal was not just to digitise the life insurance application but to revolutionise how it feels to interact with life insurance products—something that is traditionally viewed as dull and complex. We wanted to make the process intuitive and engaging.

One of our key early decisions was to incorporate advisors as vital partners rather than seeing technology as a replacement for them. There's a lot of value in the personalised advice that advisors bring, especially in fulfilling the more comprehensive financial needs of many clients. Clients still appreciate this level of personalised, human attention , especially when making decisions as important and long-term as life insurance. By integrating digital tools that simplify administrative tasks, we free up advisors to do what they do best: offer tailored, expert advice and to be more active in the responding to the client's evolving needs and circumstances.

Our orientation in digital transformation is creating a seamless quoting and application process. This involves leveraging technology to reduce the back-and-forth that typically happens when applying for life insurance. For instance, instead of asking clients for the same information repeatedly or making them navigate confusing forms, our system intelligently pre-fills data, verifies disclosures against third-party healthcare data sources, and guides clients and their advisors through a more streamlined experience. Ultimately, this has allowed Elevate Life to provide real-time fully-underwritten underwriting terms for approximately 75% of our clients in as little as 20 minutes – ready for advisors to activate their clients' cover immediately.

It's interesting because actuaries typically aren't at the forefront of tech conversations. We're usually seen as the people who sit behind spreadsheets and make financial forecasts. But to be involved in reimagining life insurance, from a product and onboarding process that's often seen as unapproachable to something engaging and transparent, is a refreshing change. We are using technology not simply to improve an existing product but to transform the entire journey—from initial interest to policy purchase—into something much more intuitive and enjoyable.

We're still pioneering new approaches and exploring what's possible. The industry is evolving, and so are we. It's not just about making life insurance easier to buy; it's about making it relevant and accessible in a world where consumer expectations are shaped by the instant gratification they get from other sectors.

There's something inherently rewarding in contributing to this change. At Elevate Life, we're showing financial advisors and their clients that life insurance can be engaging, that it doesn't have to be a daunting process where clients feel overwhelmed. Instead, it can be a collaborative, transparent, and even exciting journey—words not often associated with life insurance, but ones we're proud to stand behind.

Ultimately, this is just the beginning. As technology continues to advance, so will the ways we can serve advisors and clients better, making life insurance not only something you buy but something you feel confident and positive about owning. And that's what makes this journey one worth pursuing.

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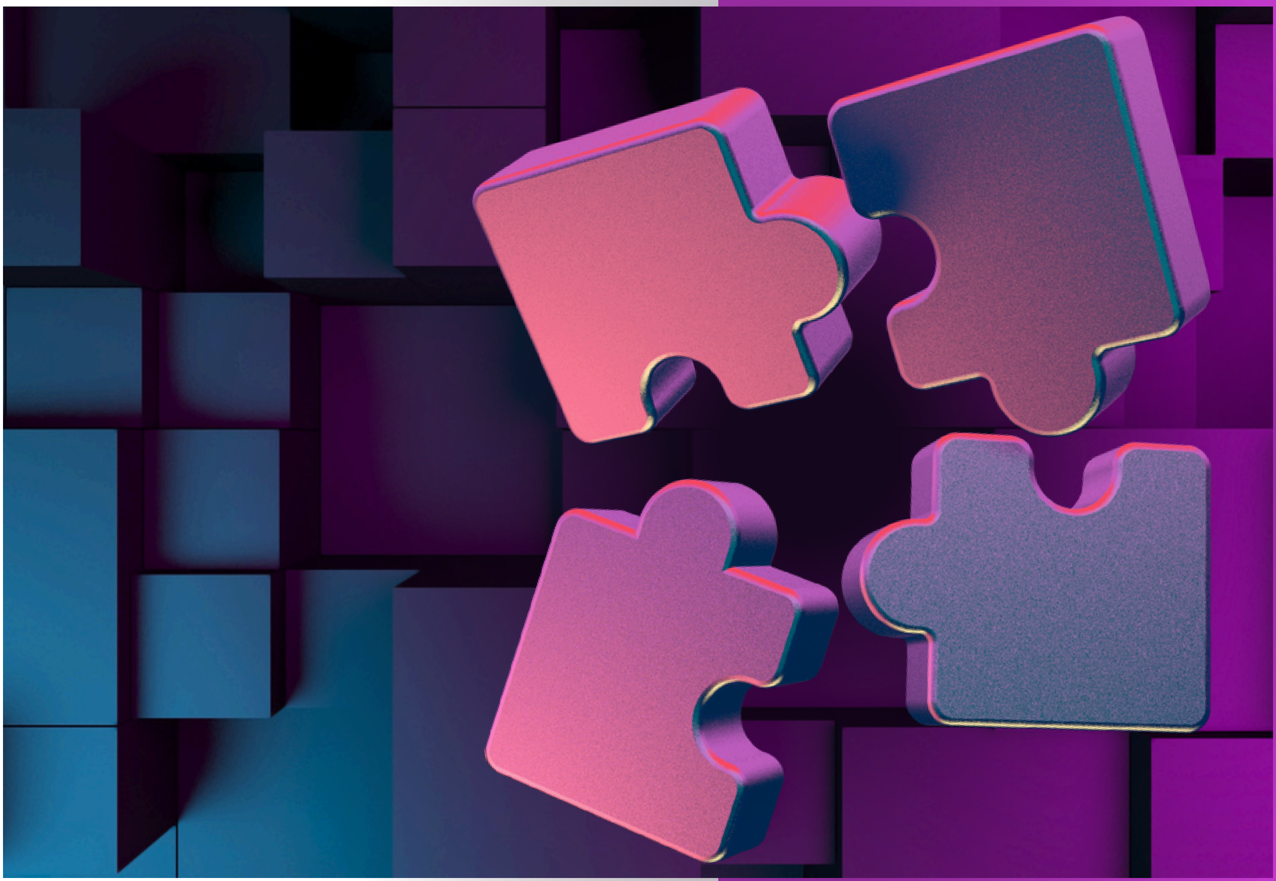

"Innovation thrives where minds are open, unlearning the old and reimagining the future—together, we can lead the industry through disruptive change."

Graeme Codrington, Embracing the Future: IUM's Inaugural Thought Leadership Breakfast

Embracing the Future:
IUM's Inaugural Thought Leadership Breakfast

IUM's Inaugural Thought Leadership Breakfast

Innovating and Anticipating Change in the Insurance Industry

Innovation and critical thinking are vital to the success of any business, but learning to anticipate and successfully manage disruptive change is the bread and butter of the insurance industry. To inspire innovation and improvement, IUM hosted their inaugural Thought Leadership Breakfast, an opportunity for industry leaders to come together and learn how to open the mind, unlearn, and reimagine with renowned futurist Graeme Codrington.

Graeme's strength lies in his skill as a scenario planner and an expert on the future of work. With six best-selling books to his name and clients in over 100 countries, he helps organisations anticipate the forces that will shape their industries in the future and prepare for disruptive change today. His presentation focused on the importance of stretching strategic imaginations by:

- Unlearning: Just because something has been done the same way for decades doesn't mean that we should be bound to it. Innovation comes from unlearning processes that no longer serve the future vision of the industry.
- Becoming Aware of Confirmation Bias: It is easy to see what we believe we should when approaching a problem. True improvement comes when we learn to look beyond our preconceptions and see the evidence that supports and refutes our proposed solutions.
- Looking for the Car, Not the Faster Horse: Henry Ford famously said, 'If I had asked people what they wanted, they would have said faster horses.' This inspires disruptive thinking. When we choose to give people the best possible solution, we must remember that it may not be the solution that they imagined.

IUM's focus on networking was not forgotten, with opportunity for guests to strengthen relationships and share ideas. When it comes to managing broker relationships, IUM adopts a boutique strategy that prioritises quality over quantity – the guestlist for this future-focused event was a testament to that approach. By working with a carefully selected group of around 100 brokers, IUM offers tailored support, and cultivates mutually beneficial partnerships. This personalised approach contrasts with the industry trend of remote interactions, highlighting the importance of face-to-face engagement.
IUM's inaugural Thought Leadership Breakfast was a resounding success, setting the stage for future events that will continue to drive innovation and excellence in the insurance industry.


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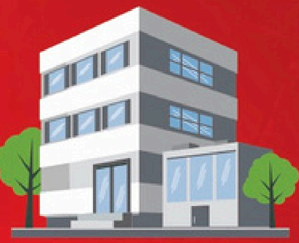

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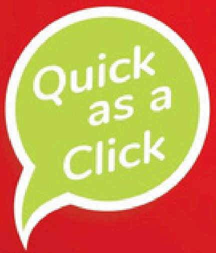

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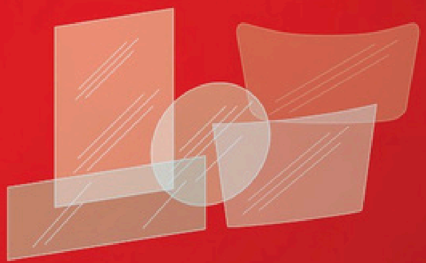

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