COVER

AUGUST 2021 ISSUE

EQUITY VS EQUALITY

TRANSFORMING THE WORK OF WOMAN

WHY RENASA, ROGER?
A
archie

- No excesses
- No indemnity period on business interruption
- First loss basis
- Average condition deleted from all covers
- Limited advice

INTERESTED?

Email Michael Clack

michael.clack@renasa.co.za

RENASA INSURANCE COMPANY LIMITED

THE BROKER'S BEST FRIEND

www.renasa.co.za

MAIN STORIES

POWER OF WOMAN

A collection of insightful commentaries on the world of woman, the world of work and the road to equity. We have made great strides but, as can be seen from the various views we have a long way to go and many opportunities ahead.

PRODUCT CONTAMINATION & RECALL

Product contamination and recalls relating to food and beverages continue to make headlines globally. While the recall of a product can be very costly and logistically complex, the impact on the business as a whole can be far reaching.

WEATHERPROOF INVESTMENTS

No market recovery, or trend, ever moves smoothly in only one direction, and although the long-term trend in the stock market is generally up, there are many corrections, dips and periods of sideways movement along the way. Market weather is just as variable as Cape Town weather. Some tips to combat this.

ANOTHER GREAT BENEFIT FROM DATA

As insurance products become more homogenous and industry competition intensifies, insurers need ways to differentiate themselves and stay relevant. Robin Wagner, Senior Vice President, International Insurance at TransUnion, explores the provision of credit education and protection as a value-added service in the insurance ecosystem.

EDITOR, ADVERTISING
Tony van Niekerk
tony@cover.co.za

DIGITAL MARKETING
Brent Munnik
brent@cover.co.za

ADMIN & SUBSCRIPTIONS
Jeanette Komape
jeanette@cover.co.za

SUB-EDITOR
Dominique Taylor
dominique@cover.co.za

SOCIAL MEDIA MANAGER
Lara Moses
lara@cover.co.za

MULTI-MEDIA DESIGN
Abigail Oliver
abigail@cover.co.za

LAYOUT & DESIGN
Mike Houghton
mike@cover.co.za

Publisher
COVER Publications

Street address
25 Harbour Heights Drive,
Simonstown, Cape Town

Postal address
P O Box 2030
Sun Valley, 7985

Telephone: (083) 567 0757
Fax: (086) 642 6263
E-mail: info@cover.co.za
Website: www.cover.co.za

AUGUST 2021

WOMAN'S MONTH FEATURE

Women In Finance: Speak Out, Drive Change and Proactively Serve Women 11
More women in finance: more stability and better returns 13
Insurance industry behind in gender diversification 15
The boardroom pandemic: Women, not in it for the short-term 16
Bolstering the presence of women in insurance 17
How insurance is evolving to meet women's needs 20
Why women need life insurance at every stage of their lives 22
Taking a leap of faith 23
Women's Month, COVID-19 and returning to work: Can women have it all? 24
Creating an enabling post: pandemic environment for women to rise 26
Overcoming self-doubt and lessons on leadership 28
Why women-led businesses will play a crucial role in South Africa's economic recovery 30
Women in insurance: a story of growth and hope 32
Celebrating women in the ETF universe 33

SHORT TERM

Can a business afford not to have Contaminated Products Insurance Cover? 35
The robots are coming: how AI is taking over insurance 36
Building resilience with Sasria material damage cover 37
Business interruption insurance: what all businesses can learn from the riots 38
Why do Ombudsmen permit misdiagnoses and misreporting of their data? 40
SA riots: limitations on insurance claims 42
The Nation's Dilemma with SASRIA 43
SA riots: limitations on insurance claims 42

FINANCIAL PLANNING

Wealth and wellbeing: supporting your client through retirement 47
A foreign estate require careful planning 48
Why severe illness cover has never been more vital 49
Life insurance: navigating uncertainty 52
Are you ready to run your practice like other professionals? 55

INVESTMENT

Risk: a key component to defining a goal 57
The Importance of a weatherproof investment strategy 58
Inclusive and diverse companies deliver strong investment performance 59
Halftime break 62

TECHNOLOGY

Building an eco-system of value for insurers 66
How will POPIA impact cloud providers? 68
Accelerating Delivery in the Insurance Industry 70
The art of integration 71
Modernising or replatforming 73
Strengthening trust in digital identities 76

INSURANCE ADMIN ENSURED

MORE FEATURES

THAN FEATHERS ON THIS OWL

At **OWLS™ Software** we offer over **8000** insurance software features designed to automate any **Insurers**, **UMAs** or **Brokers** insurance admin.

Book your free demo on our website and take a test flight with **OWLS™** today.

owls software

info@owlssoftware.com | www.owlssoftware.com | +27 82 950 7079 | Johannesburg, South Africa

Gender Equity: long way to go

Tony van Niekerk, Managing Editor, COVER Publications

- Since 1940 there has been 156 female country leaders.
- Muldova, a country in Eastern Europe, has had the most female leaders, numbering 4 since 2008.
- The United States and Japan are the only two countries in the G7 that has never had a female leader.
- The longest serving female country leader has been Angela Merkel, Germany. (15 years and 259 days)
- The shortest serving country female country leader has been Ivy Matsepe-Casaburri, South Africa. (14 hours as Acting President, but with no sitting President at the time).
- Only 8% of Fortune 500 companies have female leaders. That's only 41 companies. (Up from 3 in 2001)
- Karen S. Lynch, President and Chief Executive Officer of CVS Health (4rth largest Fortune 500 company), is considered the most powerful global CEO, leading more than 300 000 colleagues.
- In 2008, Norway obliged listed companies to reserve at least 40% of their director seats for women or face dissolution.
- According to BWASA, only 20.7% of local directors and 29.4% of executive managers are women, with just 11.8% holding chairperson positions. (Signium Intelligence and Intuition)
- Currently, of all the companies listed on the JSE, a mere 3.31% of their CEOs are female. (PwC)
- The female representation at senior management and executive levels in South Africa is still on average only at 20% as reported in PwC's REMchannel® July 2018 publication.
- The above study also showed that 61% of the females are remunerated below the median of the sample in comparison to 39% of males
- Kylie Jenner is the highest paid celebrity in the world in 2021, with Taylor Swift in second place
- The richest actor in the world in Jerry Seinfeld ($1bn) and the richest, self-made actress is Jessica Elba ($350bn)
- A 2018 Sports Illustrated article under the title "Who has won the most Wimbledon titles?, lists Roger Federer with 8 titles. Yet, Martina Navratilova won 9 titles.

Enough said!

This is a man's world

But it wouldn't be nothing, nothing, not one little thing, without a woman or a girl*

He's lost in the wilderness

He's lost in bitterness, he's lost lost

Courtesy of James Brown (It's a man's man's man's world)

WOMEN'S MONTH FEATURE

PG11-33

Women In Finance: Speak Out, Drive Change and Proactively Serve Women

Lindi Monyae, Liberty Divisional Executive for Emerging Consumer Market

Women are pillars of families, carriers of courage and hope for financial freedom. As women, we are the driving force of positive change in all spheres of life but more significantly in the financial sector.

We owe it to ourselves to be persistent and resolute in our convictions to create meaningful change in partnership with our male counterparts.

SOME GREENSHOOTS ARE VISIBLE BUT THERE'S STILL MORE GROUND TO COVER

Globally, [more than ever, women are joining the once male-dominated sector,](https://www.forbes.com/sites/forbesfinancecouncil/2021/03/29/women-in-history-women-in-finance-how-the-industry-is-changing-powered-by-women/?sh=1c5b874dac56) holding positions of power as decision makers, but South Africa is still [trailing behind](https://www.statista.com/statistics/1129825/number-of-female-employees-in-south-africa-by-industry/) this [trend](https://www.africaoutlookmag.com/industry-insights/article/1122-thami-moatshe-women-in-leadership-a-journey-in-finance). However, it is becoming clearer that women are now more interested in securing their financial independence, improving financial literacy and even promoting [sustainable finance](https://www.weforum.org/agenda/2021/03/women-sustainable-finance-capital-markets-covid-recovery-asia-pacific/). While this may translate to more women working in the sector, there are still major gaps in the promotion of female leadership within financial institutions. The required transformation at senior levels is everyone's responsibility with focussed attention and drive towards women development and sponsorship. Women in leadership need to hold their male counterparts accountable, but also each other to fix this imbalance. We must recognise excellence and unapologetically nurture it.

INSURANCE INDUSTRY CAN BE A CONDUIT FOR CHANGE

The world of finance has often been portrayed as a male-dominated space, rarely advertised well to young women, but that does not appear to be stopping the next generation of female professionals. At Harvard Business School, a key global financial learning institution, approximately [42% of the student body were women](https://www.investopedia.com/articles/investing/092315/why-are-so-few-women-finance-its-complicated.asp) in 2019, but two years later, this has increased [to 44% at an MBA level,](https://www.hbs.edu/about/statistics/Pages/default.aspx) with doctoral programs sitting at an exact 50/50 split between men and women. It may be a small jump, but it is an indication that the landscape might be shifting – at least internationally.

In South Africa, the Financial Sector Transformation Council's [Charter](https://www.banking.org.za/consumer-information/consumer-information-legislation/financial-sector-charter-code/) is a policy aimed at changing the current imbalance. We are aware of the historic pay differences, limited opportunities for growth and development and sometimes blatant exclusion of women and even more for women of colour in this country, however, I believe that established leaders have a responsibility to lead the charge with enhanced support from legislation and policies to effect this. The financial sector has an opportune obligation as it owns resources, information, and opportunities to promote women's financial wellbeing.

A prime example of how to do this is through effective networking and financial education. One of the major local support structures, the [Women in Finance Network](https://womeninfinancenetwork.co.za/) has a focus on creating mentor/mentee relationships for all women in the financial services industry. Meeting, sharing experiences and learning from each other is vital to retaining and building talent in the sector. Liberty has also just recently launched the National Women Adviser Community (NWAC) for a similar purpose.

SERVING WOMEN THROUGH INSURANCE

One of the biggest challenges faced by the insurance industry is creating products and solutions that better serve the shifting needs of South African women. Women expect insurers to see them for who they are and not for who society expects them to be. The economic value that women bring to the economy is not only fully recognised, but it's overlooked because of the emotional trait that women associated with.

It's often said that women make emotional decisions, even when it comes to money, but I see this more as a strength than a weakness. As women, we are underserved and undervalued, but that doesn't mean we should be silent. It could be said that some women do have an emotional relationship with money because it enables them to have feelings of happiness, contentment, or even security.

But even so, women are not a homogenic group. They have varying financial needs and financial goals. However, at a general level, women may respond more actively to goal-based products and solutions, versus being dictated to about their financial shortcomings. With the right financial guidance and tools, women's emotional connection to their families and determination to achieve against their goals can be harnessed to strengthen their financial prowess.

Insurers need to invest time and resources behind understanding the female segment with the complex layers they bring and be intentional about providing bespoke solutions that enable their financial freedom.

I believe that it is through finances that women can level the playing field. By always learning, always passing on that knowledge and investing in our communities, we can create a more inclusive financial sector – and a more inclusive country.

THE ROLE OF THE ADVISER IN SERVING WOMEN

A Financial Adviser should form part of a woman's circle of support because a woman who makes good financial decisions is enabled to drive transformation within her family and community. Financial literacy inspires financial confidence and is vital to becoming financially independent.

I would like to challenge Financial Advisers in the industry to create safe spaces for their female clients to speak their financial truth and support them with their aspirations of driving change and be invested in helping them to pursue and achieve their financial freedom.

Liberty Group Ltd is the licensed insurer and an Authorised Financial Services Provider (no. 2409). Terms and Conditions apply

More women in finance: more stability and better returns

Natasha Narsingh, Head of Absolute Return at Sanlam Investments

In 2009, McKinsey published a study post the 2008 global crisis, which found financial organisations with three or more women leaders scored the highest for 'leadership' and 'direction'.

This proved true **during the pandemic** too, with women's transformational leadership coming to the fore, with risk aversion proving key to disaster preparedness. These attributes make women assets to any industry, especially the financial services sector, where they remain grossly underrepresented at leadership levels. Having fewer women representation in key investment and decision-making roles is a risk in itself.

Research by **Catalyst** (2019) found that although women represent more than half the financial services industry in many countries, their global representation on executive committees in major financial firms was just 20% (in 2019), and they accounted for just 13% of CEOs in firms in alternative investments, like hedge funds (2018). This rings true for my journey. I've spent much of my time as a lone lady, especially in my earlier years as an equity analyst.

I specialised in analysing mining, oil and paper companies and headed up the mining team. Back then, women were a 'rare commodity' at the table. And, 20 years on, there are still too few women in the industry, especially in top leadership positions. Since 2009, I've helped to grow Sanlam Investments' Absolute Return unit from a little-known entity to our current setup, where I manage about R40 billion in assets under management, with R36.5 billion in the absolute return space. I also singlehandedly manage the SIM Managed Solution Fund range, a set of low-to-high risk-profiled multi-asset global funds. I've seen other industries make great leaps in terms of progress to parity. But the finance sector seems to remain predominantly the domain of men.

It's difficult for women in this industry. There is this constant pressure to prove oneself. It also has a lot to do with the sheer intensity of the job. I happen to work for an employer that prioritises parity and champions women. But that's not the norm. The same study by [Catalyst](https://www.catalyst.org/research/women-in-financial-services/) shows that women are less likely to be promoted in our industry.

Harvard Business Review (HBR) found that many women tend to leave the world of finance right when their male peers push for promotions. HBR attributes this partly to the work environment and a lack of women role models in top positions.

WHAT WOMEN BRING TO THE TABLE

Thrive Global speaks to the fact that more women in finance catalyse greater financial stability. It references a 2018 story by the **World Economic Forum** that shows that including more women at every touchpoint in the financial system – customer and firm side – makes the banking industry more stable. This means more resilient banks and better returns for all stakeholders.

Many studies show that including women at the top = better return on equity. Women tend to be more risk-averse, which often means improved risk management. [The Guardian](https://www.theguardian.com/world/2011/jun/19/neuroeconomics-women-city-financial-crash) did a series of studies that show that women make better financial decisions based on risk than men do.

Thrive also points out that more than half of investors are women, so having more women in financial firms means a greater alignment with one's client base. This benefits the bottom line. **Warwick Business School's** 2018 study compared 2 800 investors in the FTSE 100 and found female investors outperformed their male counterparts by 1.8%. And the **Peterson Institute for International Economics** found that more women at the C-Suite level means net-profit margin increases of as much as 1%. More diversity of thought means greater creativity and innovation.

And higher levels of motivation. Finally, more women are likely to prioritise environmental, social and governance impact when considering investments.

One study found that 73% of women chose to invest in companies that champion positive social change. This should be a major focus for firms – sustainable investing is certainly on the top of the agenda for Sanlam Investments.

MAKING THE INDUSTRY MORE INVITING TO WOMEN

These are some of the actions that I believe companies should take in their employee value proposition to propel women forward. It's something we at Sanlam Investments are continuously working on.

1. Provide ongoing **mentorship and sponsorship** opportunities.

2. **Create an inclusive culture**. As soon as a woman joins a company, invite her to meetings, brainstorming sessions, and social events. Give her a sense of belonging from the get-go. This ideally should be led from the top.

3. **Give equal opportunities**. That means including women in important projects and deals. Women are highly competitive. Create the space for them to fly and contribute meaningfully.

4. **Bring balance**. Women carry most of the burden of care – whether this is childcare or looking after parents and other family members. The pandemic has amplified this. Flexibility is key.

As is an output-not-hours performance focus that rewards people for the value they deliver, not the time they clock up. Women are natural multi-taskers. Trust them to work efficiently and productively, without being constrained by a 9 am -to-7pm day. And consider how to make it easier.

Could an office include a childcare service, for example? An environment needs to allow people to adapt to the changing phases of their lives.

"Diversity isn't a nice to have, it's a business imperative. And it's long overdue."

5. **Engage female colleagues more**. Ask women what they need to thrive – then listen. Men are better at speaking up and asking for what they want.

6. **Revise hiring practices**. Ensure HR's policies eliminate unconscious bias to hire as fairly as possible.

7. **Promote fairly. S&P Global Market Intelligence's** 2019 study of 6 000 companies in the Russell 3 000 Index, across 17 years, showed that 24 months after hiring a woman as a chief financial officer, companies' profits went up by 6% on average, with stock market returns improving by 8%, compared to their male predecessors. Fair promotions mean better bottom lines.

Insurance industry behind in gender diversification

Thokozile Mahlangu, Chief Executive Officer at the Insurance Institute of South Africa

While South Africa can boast about being one of a few countries in the world that has progressive legislation in place to promote the rights of women in society and in the workplace, gender inequalities still characterise most sectors.

To put this into very broad context, **Statistica** recorded that in 2019, South Africa's female population amounted to approximately 29.7 million, while the male population totalled about 28.86 million.

Yet while women make up some 51% of the country's total population, **Statistics South Africa** reveals that they only accounted for 43.8% of total employment in the second quarter of 2018, and only 32% of managers in South Africa were women. It was also found that 'female gender' representation still falls below the 50% mark for positions that come with a great deal of influence.

Nevertheless, some strides have been made in this area in recent years, and locally, as well as globally, women's socioeconomic status, decision-making ability and power to influence household spending is increasing. Woman are emerging as a unique and powerful demographic in terms of being money earners, consumers and increasingly the main or sole breadwinners in their families.

Considering this, it is thus increasingly important that the insurance industry recognises and acknowledges the specific needs of this growing customer base and takes a hard look at how we market ourselves to and serve female clients.

While the value of the women's insurance market in South Africa is not known, there are benefits in having insurance tailor made for women. One of the benefits of this approach – for both companies and female customers – is that it can offer lower premiums to women because statistical evidence shows that they have a lower risk profile.

This makes a lot of business sense for an industry that is underpinned by risk awareness, yet the concept of tailoring insurance products to specifically cater for the requirements of women is yet to gain proper traction in South Africa.

An **International Finance Corporation report** shows that the global insurance industry will receive up to $1.7 trillion in premiums from women by 2030, driven by improvements in women's socio-economic conditions and more investment in their own safety, protection and security – as well as those of their dependants. The study demonstrates that women's risk-awareness translates into a willingness to prioritise expenditure for peace of mind, saying that women are willing to spend 10% to 20% of their income to protect against future risks, whereas men would only allocate 7% to 10% for similar objectives.

A recent **Forbes Advisor article** alludes to research that women investors consistently fare better than men, which could leave them with hundreds of thousands of dollars more at retirement. It is thus evident that opportunity for growth exists among a demographic that is generally risk-aware and driven by a desire for security and financial stability. It has also been said that the more women invest their money, the more power they will have – which is an effective weapon against gender inequality.

"South African Universities generally produce more female graduates than male, with Universities South Africa CEO Professor Ahmed Bawa saying in 2018 58% of the students at South African universities were women and 42% men."

And to reflect further on this issue, gender inequality is perhaps most acutely on display on boards of JSE-listed companies. A report by the University of Stellenbosch Business School states that only 20.7% of directors of JSE-listed companies are female, highlighting the need for work to be done to equalise the gender imbalance in the top tier of business leadership.

It certainly isn't because women are any less ambitious than their male counterparts. In fact, South African Universities generally produce more female graduates than male, with Universities South Africa CEO Professor Ahmed Bawa saying in 2018 58% of the students at South African universities were women and 42% men.

But while we are pointing fingers at the big corporates, perhaps the issue of female leadership should become an active narrative within the insurance sector. In many ways, we are sadly lacking.

Many women in our industry are still relegated to customer touch points or consigned to sales. Far too few hold leadership positions, and this is something we should give some thought to, especially during Women's Month.

Far too few hold leadership positions, and this is something we should give some thought to, especially during Women's Month.

The boardroom pandemic: Women, not in it for the short-term

Robyn Petersen, Lombard Broker Partners & IIWC Deputy President

The short-term insurance industry in South Africa has yet to find a cure for the age-old male dominated boardroom pandemic. While our industry is seemingly unbiased, navigating our way up the corporate ladder in heels and a skirt has proven challenging to say the least.

Reflecting on my career journey thus far, I have been fortunate to have crossed paths with a few influential female leaders who have become, not only my mentors, but also my friends. The sad reality is that by a few, I mean three. While this is not unique to the local industry, I struggle to understand why this transformation has not evolved at a much quicker rate. This then brings me to the question: Are we doing enough to uplift and support our fellow women in insurance and young females who are looking to break into the industry? And the simple answer is no.

SO HOW DO WE PROCEED TO FIND A CURE?

I believe that the following three quotes provide insights to help build **"immunity"** to the challenges faced by women.

Doubt kills more dreams than failure ever will: Realizing that as a female I sit in the 30% minority in the boardroom, self-doubt immediately rears its ugly head. Fortunately, I am employed by an organization with gender neutral policies and very clear values. One of which is "Make it happen!" Thinking about this value and how I am going to implement it in my routine is exactly what I needed to remind myself as to why I have been placed in a position of leadership. Someone believes that I can make it happen, so best I start believing it too.

GET RID OF THE SELF-DOUBT AND BELIEVE IN YOURSELF. IT STARTS WITH YOU!

Speak up even if your voice shakes: I generally do not have a problem expressing myself and speaking to large groups of people. But yet I find myself intimidated by the male majority around the table. Sitting silently, waiting patiently for my turn is what I have done. That was until I kicked self-doubt to the curb. Ensure that when you speak, it contributes positively to the session and that you have done your homework. Avoid speaking just for the sake of having something to say. Instead, speak with confidence and conviction and be certain that you are able to justify your comments.

3. Women helping each other – coaching, mentoring and providing tips. Is a great way for us to be our own force: Having mentors in my own career has played such an important part in molding who I am as a professional. I cannot begin to express how thankful I am for the valuable tips and lessons they have taught me over the years. I remember my first day on the job as an Underwriter at a large global insurance company. That morning I shared the elevator with the Sales Manager. She was tall, professionally dressed and a well put together lady. I figuratively and literally looked up to her in every way. I greeted shyly and let her lead the way into the office. She was not aware of how I had perceived her at the time and many years later, came to know how she had positively impacted my career and the choices I had made over a period of time.

ALWAYS BE A GOOD EXAMPLE, YOU NEVER KNOW WHO IS WATCHING YOU.

Investing time in our youth and younger people entering this industry is vitally important. This bridges the gap in technical knowledge and skills. In addition to technical mentorship, we also need to share our narratives from a personal perspective. For example, how to be successful at finding the work-life balance. The Insurance Institute of the Western Cape RISE (Redefining Individual Skills & Education) program was birthed from this very passion. The purpose of this program is to uplift and educate the members who are under the age of 35. It aligns itself to the core pillars of the institute which are Getting, Growing and Giving Together.

There is so much more that can be said but I believe that if we start by implementing these three points we will be setting a good foundation to generate some much needed change and eradicate the challenges faced by women in the short term insurance industry. By fighting this boardroom pandemic, we will ensure that women remain covered for the long-term.

Bolstering the presence of women in insurance

Ncumisa Mtshali, Group Head of Human Resources at Bryte

Every Women's Month, in roll the platitudes about the importance of women and the multitude of roles we play in society and industry.

Promises are made to address the issues that plague us, from the corporate world to our interpersonal relationships, often the same ones every year. In 2021, it is time for action, and the insurance industry has a part to play in moving the dial on the advancement of women, both within our industry and in the way we service our women customers.

While the representation of women has increased in the insurance industry, gender disparity in the industry is still prevalent. According to 2019 insights from management consultancy firm McKinsey & Company, women are still not equally represented in leadership positions in the insurance industry. This has an impact on how well the industry's offerings address the specific needs of women.

McKinsey aptly notes that diversity within leadership bolsters the range of perspectives and quality of decision outcomes of an organisation. If our voices are not represented in the spaces where policies are being formulated and decisions are being made, this reflects in what is ultimately offered to the consumer.

However, in the spirit of taking action, rather than lament the under-representation of women in the insurance industry, let us rather focus on what we can do to forge a different future.

- **Push for equity:** organisations need to aggressively drive equity within their organisations, across race, gender, ability, sexuality, and the intersection of those identities, and push to improve the lived realities within the corporate world
- **Spread the word:** make a concerted effort to market the industry to young women at high school and university level and encourage them to go into financial services by communicating the phenomenal opportunities available to them in the industry
- **Change the culture:** alongside bringing more women into the industry, it is imperative that companies ensure their culture is one that respects the immense value women add to the industry, as equals to their male counterparts

While increasing the presence of women in the insurance industry will be a slow, but hopefully steady, progression, there are actions that can be taken now to improve how insurance companies better acknowledge the unique needs of their women customers. There are certain things insurance providers can start taking cognisance of and shifts in policies that can be made now to improve the quality of the cover we offer.

CONTEXT MATTERS

Most insurance offerings exhibit an understanding of the risks present in the South African context, such as crime, environmental, and cyber risks. However, more insurers should take note of and offer cover for risks that disproportionately affect women. For instance, given the prevalence of gender-based violence in South Africa and the higher safety risks faced by women, roadside assistance covers should come with a standard safety offering, where someone arrives promptly to ensure they are not alone while awaiting assistance, across the industry.

Another example would be maternity offerings, which tend to offer great pre- and post-natal healthcare services but could drastically improve on offering cover related to other risk possibilities, such as miscarriages and related mental health support, health-related abortions, or mental health resources to deal with post-partum depression. Addressing the range of unique risks and experiences faced by women should be embedded in insurance products, as an industry standard.

RETHINK 'PINK TAX'-STYLE ADD ONS

Insurance offerings which do include aspects that specifically address women's unique needs are available, however, at times these are at an additional cost. Much in the same way the pink tax – which refers to the tendency for products marketed for women to be more expensive than those marketed for men – is criticised, structuring packages in a way that would cause women customers to disproportionately pay more for cover than their male counterparts should be rethought.

It can be argued that there are instances where women pay less than men on insurance premiums – motor insurance is often cited as an example of this. However, these premiums are calculated based on risk and studies have shown that the behavioural, and not gendered, differences in driving style is what is behind this.

This is different to insurers charging an additional premium for women-centric add-ons. The structuring of insurance offerings and pricing models should be re-developed to ensure that cost parity is not unfairly disrupted on the basis of gender.

Women have made and continue to make great strides in the insurance industry, with the number of women occupying leadership positions growing and the industry becoming more inclusive, however, there is still some way to go in creating a more equitable industry. However, continued progress in this regard is not impossible.

By growing the number of women in insurance, not only will the industry become more diverse but the quality of cover and amount of value we add to our female customers will increase.


An artisanal approach to risk.
Approach risk with purpose.
At Bryte we view managing risk not as a profession, but a craft. Through our hands-on approach and meticulous focus on detail, we work tirelessly to create niche insurance solutions specifically designed for your unique business.
Contact your Bryte representative for more information or visit our website.
brytesa.com
Bryte Insurance Company Limited is a licensed insurer and an authorised FSP (17703)
Bryte

How insurance is evolving to meet women's needs

Lee-Ann Swartz, Unit Manager: Emerging Markets at 1Life

While the sector has a way to go, the insurance industry is recognising that women have their own unique needs and requirements.

The so-called 'glass ceiling' is the traditional measurement of how women struggle for parity in the working world, but it is just one of a myriad of challenges that women in most sectors face. For example, in the long-term insurance business, women have had to deal not only with an industry that has traditionally been very male-dominated - especially in leadership positions - but also with services provided by that sector that have not been properly geared towards them.

Lee-Ann Swartz, Unit Manager: Emerging Markets at 1Life, suggests that although substantial strides have been made, these topics need to remain at the top of every organisation's discussion list, both from an individual and a client -facing perspective.

"It is important that the insurance industry not only recognises existing gender disparities within the sector, but also that it better acknowledges the needs of its customers. For example, do we truly understand the specific needs of a woman when it comes to issues like her individual life and health insurance requirements, let alone how her assets should be insured?" she notes. Yolandi Froomberg, Support Unit Manager at 1Life adds that this is important, because the traditional roles women have played in society in the past have shifted significantly. Today, many women are career-oriented and play a big part in the generation of the overall household income.

MANY DIVERSE ROLES

"What this means is that women today are more independent and are financially stronger than in the past. Thus, women must be viewed as individuals that can take care of themselves and stand on their own two feet. Therefore, it is only natural that life and health insurance products should be tailored to suit these unique needs," she states.

"Collectively, I think our industry has been propelled forward by digital transformation and virtualisation, and now it needs to evolve to meet the needs of women who today play many roles: from executive to wife and mother and - in the current circumstances - even possibly a home-school educator."

Swartz says 1Life has noticed that the broader sector is beginning to diversify to offer products designed specifically for women, adding that the latest string in 1Life's own bow is a dread disease cover that is tailored to the needs of women and children. "Such diversification is vital, given the nature of the world we live in, and the increasingly unique needs women have.

We must acknowledge the strides that insurance companies have taken already to address the ever-changing needs of women, through products designed to adapt to and match their needs."

"While a big shift is still required, the momentum is certainly swinging in the right direction. We are fortunate to be part of an organisation that empowers women, where we have not experienced inequality within the workplace, and there are platforms to provide the right support across everyday life and work."

UNDERSTANDING THE MARKET

Froomberg adds that insurance organisations need to ask the right questions, and in a manner that enables them to gain an in-depth understanding of women and their unique needs, their life stages and the relevant solutions that can best support these - it is important that they understand women as individuals and don't treat them as a homogeneous group. "Remember that many behaviours vary between the sexes, and it is necessary to take into account aspects like the fact that most women take on the role of caregivers and therefore won't have the same risk profile as men."

"insurance organisations need to ask the right questions, and in a manner that enables them to gain an in-depth understanding of women and their unique needs, their life stages and the relevant solutions that can best support these."

"More pointedly, it's about understanding the caregiver role in detail. For example, a woman who has just had a baby requires specific policies and investments that will differ to a woman whose children are already finishing school." Swartz points out that for 1Life, the key is to make a range of options available so that whatever life stage a woman is at, the individual can access a range of choices and find the perfect policy to suit them.

"I believe the industry needs to accept that inequality exists and not shy away from this, and I'm truly glad to see that this is starting to happen across the board.

Ultimately, the sector must embrace a willingness to adapt and change, provide an environment designed with women in mind and should continuously evolve as women and their roles do," she concludes.

Why women need life insurance at every stage of their lives

Suzanne Stevens, Deputy CEO at BrightRock

With August being Women's Month, I thought it a good idea to highlight the importance of women having life insurance.

This is not because women need life cover more than men; the fact is that everyone needs to be adequately covered according to their own unique circumstances. However, industry statistics show that more men have long-term insurance than women. This is also reflected in BrightRock's own figures, with women making up around 41% of our client base. Bearing this figure in mind, here's a reminder of why women need life cover at every stage of their lives.

STARTING OUT

When we're young, we feel like we're invincible. Why would we need life cover when we have few assets, no dependants, and are healthy? To a certain extent, it's true. When entering the workforce, most people only really require enough life insurance to settle their debts and pay for their funeral. But where the real need comes in is with disability insurance. The most important thing women need to protect at this stage is their ability to earn an income; they still have a lifetime of pay cheques ahead of them and they need to safeguard them. While young women may not be as likely to suffer from a critical illness like cancer, they could still be in an accident, for example, which may impact their future earning potential.

SETTLING DOWN

For working women with families, in addition to ensuring they have disability cover, they also need to prioritise death cover. When women have financial dependants, they need to make provisions for those they leave behind should they pass away. Critical illness cover is key here too, as the likelihood of diseases increases with age, and unexpected costs may arise.

Stay-at-home mothers may not think that they need life cover, because they don't earn an income. However, something that is often overlooked is the importance of temporary disability or impairment insurance. Should a stay-at-home mom become ill or injured and be unable to look after her children for a while, it could result in unexpected expenses for the family, such as the cost of day care or a transport service. Temporary cover would help to bridge this gap. As in the case with working moms, cover for critical illness is also key, again for those additional expenses associated with an illness or injury. It's vital that single mothers have comprehensive life insurance, to cover their family for all eventualities. Death, disability, and severe illness are all critical. For working women in their 30s and 40s with no children or significant other, their focus should be on disability and critical illness. While they may think that, because they don't have any dependants, they don't really need life insurance, these women still have to protect their ability to earn an income. An amount of death cover will always be needed as well for those final expenses associated with passing away, like the cost of a funeral and any taxes that may be due.

MOVING ON UP

The general assumption around age and life insurance is that the older you get, the more death cover you need. However, the opposite is true. Usually, as people get older, their financial liabilities tend to decrease. You need less death cover as well as less disability cover as you have fewer pay cheques left to protect. What should go up for women in this life stage, though, is critical illness cover. Good health becomes far less of a certainty and cancers, heart problems and other diseases become more common.

THE GOLDEN YEARS

Once women reach retirement age and start living from their retirement savings, they no longer need disability cover, as they are no longer actively earning an income. Critical illness insurance continues to remain a high priority in the golden years, as declining health becomes more likely. Death cover is only relevant here for funeral costs and death-bed expenses. **From the above, it should be evident that, just like men, women's life insurance needs will keep changing throughout their lives. It is in their best interests, then, to have cover that changes with them, so that they derive the maximum benefit out of what they are paying for their life insurance.**

Taking a leap of faith

Shirley Naidu, Marketing & Events Co-ordinator at Oak Tree Intermediaries (Pty) Ltd

WHAT IS YOUR SECRET TO BALANCING WORK AND LIFE WITH TWO KIDS?

It is never easy to juggle oneself between work and a happy family. I have learnt to prioritise between work and my family demands. I however do believe that women are multi-tasking queens and are flexible enough to keep their feet steady on the ground. With the fast pace and demands that we as woman face, I believe that you need to take time out for yourself. It should be a priority. No matter how overwhelming the day may be, take a walk, watch your favourite show, do "me" time. If you take care of yourself, you will be able to take care of your loved ones and your career.

COVER: You switched careers from Finance to Marketing. What motivated that?

I certainly took a leap of faith to explore the marketing sector. I am fortunate enough to work with one of the most knowledgeable men in the business, Gordon McKean –who saw my potential and mentors me to reach my full potential. I believe every individual has an inner talent and I am certainly embracing mine.

COVER: Where did your confidence to do this come from?

Being confident is nothing more than believing in yourself that you can accomplish whatever you set your mind to. When I accepted my appointment at Oak Tree, the company consisted of 3 employees. I had the opportunity to explore the business and get my hands messy in many sectors of the business. We have expanded over the years, which opened a door to a marketing opportunity, which I took interest in and decided to approach it with a positive and confident attitude.

THE WORLD IS YOUR OYSTER!

COVER: These two career directions are poles apart. What excites you most about the marketing position?

I realised that a career in marketing can steer you in several different directions. What excites me is connecting with people, planning events, thinking out of the box, allowing me to be creative and the list does go on. In a nutshell it "Sparks my inner artist".

However, the COVID-19 pandemic has steered my attention into a different direction. We are leaning towards the social media and webinar platforms which is a challenge when we have always relied on face to face interaction.

COVER: Any suggestions for growing the role of women in the insurance industry.

Woman are strong individuals so we should support each other and grow to reach our full potential. I have realised that there are many women out there willing to teach and help women grow in the industry, and this opportunity should be grabbed by the horns. The insurance industry is very competitive and I believe every lady out there wants to be the best version of themselves. We are naturally competitive, no matter if the role is a wife, mother, or businesswoman, so just stay focused on your goals and take everything in your stride. **We can do this!**

Women's Month, COVID-19 and returning to work: Can women have it all?

Christelle Colman, MD of Elite Risk Acceptances, a subsidiary of Old Mutual Insure

For many women, working from home during the height of the COVID-19 pandemic has given them, a better chance at managing work life balance, but for others, it has only served to highlight the inequalities between men and women when it comes to balancing household chores and work demands.

Now that there is some optimism given the vaccine roll-out, we may see more women heading back to work, but the question is, how will it affect women who value having careers and a balanced home life? Many women want it all. They want a career, while at the same time wanting to be a good partner and mother. While we are by nature great multitaskers, when attempting to juggle so many balls in the air, eventually something has to give.

As the country observes Women's Month this August, it is important to spotlight gender inequality, unequal access to child care, return to in-person work mandates and vaccine access, which are among the many issues surrounding the return to work question for women. Research suggests that the flexible working hours adopted whilst working from home, may increase work/family conflict by increasing the domestic responsibility burden for women, especially those with young children. Whereas the aim of introducing flexible working hours is to improve work/life balance, it did not necessarily result in advancement of women's careers to senior levels. The benefit to organisations was simply the retention of women at lower management levels.

Now, interestingly, across the world, there are signs the pandemic could push more women to the sidelines. Millions of women in the United States alone dropped out of the workforce during the pandemic — often to take care of their kids due to a lack of other options. They could now be facing the possibility of earning less when they return. In fact, in September 2020, 863 000 women decided to quit their jobs compared to 168 000 men, as mothers across the income spectrum were forced to take on additional child care responsibilities as schools and day cares closed.

"It is up to women to ensure that they are not out of sight and out of mind, to embrace technology and ensure connection at the correct level with decision-makers."

Returning to work after time off means incurring new child care costs as well as the very real prospect of a reduction in salary. A double whammy if you will. Already before the pandemic, it was estimated it would to take 150 years to close the gender inequality gap between women and men, according to the World Bank. There are now signs that the Coronavirus pandemic could push more women to the side-lines, exacerbating an already alarming trend of gender inequality.

DOES THIS MEAN THAT WOMEN WILL HAVE TO CHOOSE BETWEEN HAVING A CAREER OR HAVING A WORK/LIFE BALANCE?

No, it does not. Remember, it is important to be realistic in order to be successful, it is possible, even amidst a post-pandemic world, to maintain a healthy work-life balance while in pursuit of breaking through the corporate gender imbalance. Here are a some top tips on how to return to work in light of the added pressure women face in balancing work and life from the kitchen table or home study.

1. HAVE THE DISCUSSION ABOUT WORK, AT WORK

It is important for organisations to have the gender discussions now and to not shy away from doing so. It is up to women to ensure that they are not out of sight and out of mind, to embrace technology and ensure connection at the correct level with decision-makers. If you are concerned about returning to work, speak up.

2. THE POWER OF LEVERAGING YOUR NETWORK

Firstly, make time and effort to join a female networking club. Here you will find likeminded women to network with, who will also understand your unique challenges as a woman in business and they will provide support through trying times. **Secondly**, up your professional social media game by expanding your network by reaching out to people you admire for virtual coffee chats and to engage in the plethora of digital industry events. Make an effort to connect and grow given that so much of our world is now around personal connection online. Doing this may open up new opportunities for you.

3. GET UP, DRESS UP AND SHOW UP!

Being a working mother means that we have no time. If you are clear on your personal fashion style and you keep it simple, your life will be so much easier. But be careful of falling into the trap of working remotely in sweats and hoodies. Never before has appearances been more important. Yes, you can switch the camera off, but as a professional you are losing out on the most fantastic opportunity to build your personal brand. Get up, dress up and show up. In a world where we are disconnected, using the gift of shared screen time is a precious one you should not disregard.

Creating an enabling post: pandemic environment for women to rise

The pandemic may have set gender parity progress back by a generation, according to the World Economic Forum. There's also been an increase in gender-based violence, primarily linked to lockdowns. And there's an increasing financial gap between men and women.

As the global economy slowly recovers and we embrace the new normal, how are women being empowered to live in a post pandemic world? In celebration of Women's Month this year, four of Sanlam's leaders share what the 9th of August means to them, along with their suggestions for navigating uncertainty and how to live with confidence.

YOU DON'T HAVE TO BE 'EVERY WOMAN': BY KANYISA MKHIZE, CEO OF SANLAM CORPORATE

We've spent the better part of the past 18 months being strong, courageous, resilient "all-rounders" and about 100 other adjectives that essentially all amount to being self-sacrificing. And it's enough. We don't have to be "every woman". My wish for my mother, for my sister and every other woman in South Africa is that they entertain even for a second, the idea of taking care of themselves and filling their own cups.

Over this time, I've learnt the importance of being grateful for every moment. Of being more present with family and friends. I'm prioritising my health and wellbeing and that of my colleagues. To keep the spirit of the women who marched in 1956 alive, we need to invest in ourselves – financially, mentally and physically.

Data from **Stats SA** found 41.8 percent of South African households were female-headed, highlighting the significant financial pressure women are under. And of the 3 million job losses during the 2020 lockdowns, 2 million were women. Financial equality is critical and we need to actively increase the opportunities for women (that want to) to earn their own income and accumulate assets.

We need to make it an imperative to remove any structural/socio-economic barrier to this. And where a woman has chosen to work – we should fight to close the gender pay gap such that in each household, there is a level playing field when it comes to earning potential. There is no middle ground. It is either we do something about it and reap the benefits that come with having more of the population economically engaged or we do nothing and allow our socio-economic ills to overcome us a society.

THE POWER OF FINANCIAL CONFIDENCE: BY NATALIE JABANGWE, GROUP DIGITAL EXECUTIVE OFFICER AT SANLAM

Financial inclusion for women means more economic opportunities. More importantly, it represents the opportunity to change the social outcomes of generations of women. If anything, the pandemic has taught me that women need to strive towards financial literacy and build their financial confidence.

My advice to women is to use every opportunity to learn about managing your money and making it work for you. Whether you'd like to learn how to budget, save, set financial goals, etc. – use your connection to the digital world to access the tools that will help you.

For me, living with confidence is having the courage to start something, despite the challenges. It's harnessing our deep experiences and failures, in business and life, to craft solid plans to achieve our goal.

AVOID DWELLING ON THINGS YOU CAN'T CONTROL: BY LIEZL MYBURGH, CEO AT SANLAM COLLECTIVE INVESTMENTS

I believe that now more than ever, women throughout the world are struggling to navigate their identity in the workplace, at home and in social spaces. The realities we face today are different to what our mothers experienced, not to mention the added pressure of social media and trying to keep up with the Khumalo's. However, we need to forgive ourselves for not meeting everyone's expectations and most importantly, our own. We have it in our DNA to support and inspire, but we cannot do it if we don't take care of ourselves.

This Women's Day, I'd like to challenge all the women in South Africa to avoid dwelling on things that are out of their control. Do your research, do the planning and if things don't necessarily go according to plan, learn the lesson and see how you can do things better next time. Living with confidence doesn't mean you'll always have absolute control over how things turn out. But with persistence, and by celebrating the small wins, over time you will have guaranteed success. Take control of what you can, even if it's just scheduling an hour each day to

KANYISA MKHIZE
CEO of Sanlam Corporate

NATALIE JABANGWE
Group Digital Executive Officer at Sanlam

LIEZL MYBURGH
CEO at Sanlam Collective Investments

NATALIE JABANGWE
Group Digital Executive Officer at Sanlam

write down one thing you'd like to achieve. This will give you a sense of comforting structure and accomplishment.

EACH ONE TEACH ONE – WHY WE ALL NEED TO LIFT ONE ANOTHER UP: BY ABIGAIL MUKHUBA, GROUP FINANCIAL DIRECTOR OF SANLAM

The work for women is ongoing. We cannot be truly happy while some of us still face unemployment, poor health, and poverty. I believe we all have a role to play in helping women feel financially confident and fostering greater economic inclusion. This pandemic has shaped how I show up as a leader in the workplace, every decision I make should always have a positive ripple effect. It is important to me that my place of work isn't merely profit-driven but has a greater purpose to advance women- and humankind. My wish this Women's Day is that we all recognise our uniqueness rather than focusing on our weaknesses. Whether it be in the workplace or at home, we need to lead with the purpose of motivating and celebrating each other – an 'each one teach one' approach. We all have a role to play in our respective areas of influence and if anything, the pandemic has taught us the power of coming together to have a greater impact. We urge our corporate contemporaries to join us in finding real, sustainable ways to financially include women, from promoting deserving candidates and paying people fairly to fostering flexibility and providing fair maternity and paternity leave. Importantly, employers can also play a pivotal role in providing regular financial education to employees, even if this is through informal monthly meet-ups or discussion groups. It's these kinds of innovations that move the needle and build financial confidence.

Overcoming self-doubt and lessons on leadership

Besa Ruele, CEO of Hollard Life Solutions

Leadership is a responsibility, and leaders must actively work towards achieving greater diversity and empowerment within their organisations.

A survey conducted by PricewaterhouseCoopers (PwC) has found that women make up only 14% of the 329 Chief Executive Officers (CEOs) of listed companies in South Africa and that there are only 291 Chief Financial Officers (CFOs). This situation is especially glaring in the financial services sector, where only 30% of women hold executive leadership positions. I am among the few women in the country in finance who holds an executive position. I was part of the team involved in overseeing the creation of Hollard Life Solutions out of what were previously two separate business units. This has been the most intense period of my career and continues to be a challenging yet rewarding process.

This year, as the country commemorates 65 years since 20 000 South African women of diverse races, age and religions marched to the Union Buildings in Pretoria to demand the abolition of suppressive pass laws, women continue to face many challenges. These are exacerbated by the Covid-19 pandemic, which has had a devastating effect on women's careers and professional aspirations. **McKinsey** and **LeanIn.Org** found that 25 percent of women are considering downshifting their careers or even leaving the workforcealtogether. Working mothers, women in senior management positions, and black women, in particular, are experiencing pressure. This is particularly prevalent in emerging economies.

There is already a deficit in the number of women participating in leadership roles at executive level, to have more women drop out of work may present other challenges in the future. Companies need to do more to support and retain their female staff, by offering more tailored solutions to support women in managing the different roles they have to play, at home and in the workplace, especially given the pressures that come with working from home. Greater flexibility, assistance with childcare, and normalising time off for family responsibilities is crucial.

Furthermore, there has to be a deliberate strategy across the different industry sectors in South Africa to open opportunities for the participation of women in executive leadership roles for real change to happen. I urge women to be ready to seize opportunities and not to wait until they feel they have earned the step up, a challenge that most women face on their way to the top. We need to be more confident in our abilities and grab these opportunities when they arise. We as women, myself included, tend to doubt ourselves and to put up our hands reluctantly or only when we know we meet 150% of the requirements for the job. Men are the opposite and will grab any opportunity, with a view to challenging themselves and growing into any role.

Both men and women can drive empowerment by providing support and guidance to women who show potential and by providing opportunities to grow female talent into leadership roles. As organisations become more diverse, change will come. Having more female voices around the table will certainly colour the conversations differently. The impact of this will be that businesses will benefit from greater representation and from diverse voices that will make their decision making more robust.

There is no doubt that diversity is a key ingredient of future success and a plausible way to enable the sustainability of businesses. More diverse organisations are able to tap into a more diverse market share. Research conducted by Deloitte on diversity and inclusion found that companies with an inclusive culture are six times more likely to be innovative.

Women leaders have a particularly important role to play in this process as they have a better appreciation of the kind of support required for women to succeed, and so organisations should create environments in which women can flourish.

"There is no doubt that diversity is a key ingredient of future success and a plausible way to enable the sustainability of businesses."

Many a time I've moved forward career-wise only because of an invested boss pushing me, believing in my abilities. I am forever grateful for these bosses, but if I could advise my younger self, it would be to say believe in your abilities. We certainly need more women in leadership roles, more women to encourage one another and younger women to believe in themselves. Fear and self doubt are among the biggest stumbling blocks to achievement. If we can drop them, we will allow ourselves to fly.

I think it may come as a surprise to many that I admit to suffering from self-doubt. I am grateful to engaged leaders for motivating me to take on more senior roles. Doubting themselves is, however, a common experience among women in leadership. KPMG research, for example, found that 75% of executive women admitted to experiencing imposter syndrome in their career, and 85% believed this was a common experience among women.

I have tended to shy away from opportunities to move to the next level and to focus on what I am not doing right. My strategy is to consciously remind myself of areas where things are going well – a process I calls self-checking – and to surround myself with a network of people who can support me in this regard and help me in checking myself to make sure I am not overly critical of myself.

I am a believer in the merits of hard work and that everyone can be a leader, regardless of their station in life.

My view is that leadership is about owning and taking accountability of the roles and responsibilities we have, it's a continual learning process and adopting and consciously living with a mindset of maintaining integrity at all times, regardless of the position one holds. It is in those seemingly small positions or levels, where we grow.

Why women-led businesses will play a crucial role in South Africa's economic recovery

Gugu Mjadu, Executive General Manager for Business Partners Limited

The outbreak of COVID-19 has disproportionately affected women, leading to what is now being referred to by some as a "shecession."

This finding - supported by the recent **South African Women Entrepreneurs Job Creators Survey** - (conducted by network Lionesses of Africa) - has put the spotlight on women-led businesses and their set of unique challenges. Despite what appear to be grim prospects, women entrepreneurs have an optimistic outlook on the future and expect to increase their revenue, create more jobs and recover from the effects of many tumultuous months.

Both the public and private sector still have much work to do to encourage female entrepreneurship in the country. Doing so will go a long way in alleviating the country's current unemployment crisis. The Job Creators Survey found that 76% of female respondents expect to increase their revenues in 2021, with the vast majority expecting to recover from the effects of the pandemic within two years. As South Africa shows improvement in terms of the growth in women's entrepreneurial activity, according to the latest Mastercard Index of Women Entrepreneurs (MIWE) findings, progress; albeit slow, is being made towards promoting change and gender equality in this male-dominated arena. Empowering women to succeed in business is an objective that we take very seriously and encourage other institutions to do the same.

Over the last five years, between 33% and 42% of business finance approved annually by Business Partners Limited has gone to female-owned businesses. We set targets for our investment teams which they are measured against on an annual basis and strive to improve on each year. Not only have we found that women make effective leaders and consistent employers, but financial trends have shown that women entrepreneurs are reliable as a group when it comes to maintaining good credit with lenders.

According to the MIWE report, South Africa has also seen an increase in support for small-and-medium enterprises (SMEs), which includes the availability of finance, training and development programmes aimed at and designed for women. In addition, research shows that Sub-Saharan Africa has the world's highest rate of women entrepreneurs. This is an encouraging and welcomed trend that will put women at the forefront of a working solution towards better employment prospects for South Africa.

The effects of the COVID-19 pandemic on women were exacerbated by the fact that women-led businesses were found to generate less business than their men-led counterparts. Furthermore, it can be said that while many Sub-Saharan African women have the desire to be self-employed and build their own businesses, their entrepreneurial efforts may be rooted in necessity. Characteristically, women are the primary caregivers of children and the elderly, as well as maintainers of the household. The work-from-home scenario further exacerbated the pressure on many women.

Therefore, starting and growing a business that is flexible and allows women to earn an income to support their families – while attending to their responsibilities – is an ideal solution.The urgency with which South Africa as a collective must support women-led ventures is rooted in a deep-seated need to challenge existing gender roles, empower women and advocate for gender equality.

It just makes economic sense to support female business owners as women account for 51,2% of South Africa's population; the cost of ignoring this untapped potential is too dire to contemplate for our country and its struggling economy.

There is a bigger picture that we're trying to promote, beyond the support of female entrepreneurship as a solution to the unemployment crisis in South Africa. We advocate for this position because once we see the growth of women-owned business, we will see a societal shift towards respecting women in leadership positions and understanding that their unique experiences and resources are invaluable to the business world. Research shows us that children model their mothers, so this will also influence more young people (both boys and girls) to consider entrepreneurship – thus increasing the potential for future entrepreneurial activity in South Africa. Gender equality is as much of a social imperative as it is a business one, and we encourage South African institutions, particularly business financiers, to consider this viewpoint.

As the spotlight falls on women this month, female entrepreneurship is set to occupy a considerable amount of space in public discourse, and for good reason. Women business owners are prospective employers for themselves, their family and their communities. We've seen several reports substantiating the claim that women intend to hire to meet increased demand and to bring essential skills into their business. 2021 has been a challenging year for women in business, however we believe that South Africa will prove to be a burgeoning birthplace of potential for aspiring female entrepreneurs and the leaders of our future, but only if we provide them with the necessary support and opportunities.

Women in insurance: a story of growth and hope

Dianne White, Head of Corporate, Hollard Insure

If there's one thing I've learnt in my 21-year career as a woman in the insurance industry, it's that nobody can ever take your experience and professional growth away from you.

I've grasped that as a person grows into their role, they should be patient about advancement and learn, learn, learn, making the most of any opportunities offered, whether male or female. But while much has changed for the better in our industry over the past two decades in terms of inclusion and equality– not only for women, but also for others who have had to fight hard to stake their claim – a lot more must still be done.

Research published by the Swiss Re Institute earlier this year showed that, globally, women's representation in leadership positions in the (re)insurance industry has been improving – but women still represented only about a fifth of (re)insurance company executives in 2019 and only 10% of CEOs. This is just one reason why we need to keep chipping away until workplace gender equality is no longer an issue for any woman – no matter her background and whether she is at the very start of her career or at the point of breaking through that glass ceiling.

From my own professional point of view, I'm fortunate: I joined Hollard straight after finishing my studies – and never left. I've never had sexist managers. My leaders have allowed and assisted me to grow. I've enjoyed the right kind of leadership and mentorship. I'm lucky. The boys' club is still alive and well in many industries, and not all women have enjoyed the support I have. It's important to remember that you don't have to prove anything to anyone. A few years ago, for example, I started playing golf – not to be "in" with my male colleagues, but to build professional relationships, in my own way. Women leaders who try too hard to be like their male counterparts often run the risk (unfairly) of being perceived as inauthentic or insincere.

LEADING THE WAY

Addressing workplace sexism requires the active intervention of employers, the constant foregrounding of issues related to equal opportunities, individual behaviour change and legislation – but it also calls on women to lead and set examples by preparing for, and grabbing, opportunities for advancement as they arise. Someone who epitomises this is New Zealand's prime minister, Jacinda Ardern. Young, compassionate, a unifier, someone who's clearly treading her own path, she's nothing like your typical national leader. Under her leadership, New Zealand is thriving, despite the COVID-19 pandemic, racial and gender issues, and more. Not only is she the country's youngest prime minister since 1856 and only its third woman leader (she took on the role at 37), but she is also its most vocally left-wing one, and she and her Labour Party continue to grow in popularity. Ardern is better at politics than most, and she's nailed her job. She's not trying to be a typically "hard-edged" leader (and even became a mother during her first term in office, only the second head of state to do so).

In 2013, Inga Beale was appointed the first female CEO of Lloyd's, the world's oldest and most traditional insurance market. Since then, a lot has been done to raise awareness about gender and racial inequality and inclusivity. In order for us to take the next step in this journey as women, we should have confidence in our own abilities and not doubt ourselves. When you step into a new role, believe you're ready. Don't "fake it until you make it" – if you do, you risk denting your own reputation and undermining the cause for workplace gender equality.

It's all about knowing you have the right skills to do your job well. My team is 80% female and has enjoyed great success precisely because we have those skills, and we are committed to working hard to deliver. We appreciate and acknowledge each other, we work with empathy and understanding for each other and our customers – and we reap the results. Women bring their own value and flavour to the workplace. Let's bear this in mind as we continue working towards levelling the playing field.

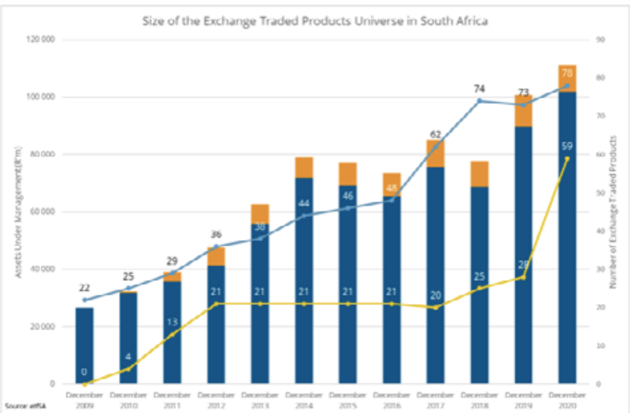
Celebrating women in the ETF universe

David Case, Magwitch Offshore

One often hears that the investment industry is a man's world, a perception possibly spurred on by the prevalence of male CEOs and male portfolio managers amongst the world's large investment banks.

However, in the rapidly expanding ETF industry nothing could be further from the truth. In South Africa our ETF industry has been headlined by a triumvirate of females for the last while. Shareholder activist and Sygnia founder, Magda Wierzycka is well known for her hard-hitting commentary, especially during the period of the "Gupta Leaks".

Outgoing Satrix CEO Helena Conradie has overseen tremendous growth in South Africa's initial ETF offering and Nerina Visser is the dominant personality of etfSA, South Africa's biggest ETF research company. These women have driven the fledgling South African ETF industry to where it is now with several local and offshore ETF listings available on the JSE these days. At the end of the last calendar year there were 137 listed products with total market capitalisation of R111bn.



Looking offshore, this prevalence of women in prominent roles is just as common. ETFGI is one of the world's leading independent ETF and ETP research and consultancy firms providing data to a diverse set of clients, including exchanges and asset managers.

This large research house was founded by Deborah Fuhr in 2014 and has grown to become the only company that can provide a monthly report on the ETF industry of every region in the world. Deborah is also the founder and board member of Women in ETFs, the first women's group for the ETF industry. They host an annual global conference with more than 2 400 delegates registered for their 2021 virtual edition.One cannot chat about women in ETFs without mentioning Cathie Wood. Cathie is the rockstar portfolio manager and brains within ARK Investment Management. She founded ARK Investment Management in January 2014. Nine months later, she launched ARK's first actively managed ETFs. At the time, many active managers were put off by the transparency of ETFs. Unlike mutual funds, most ETFs must disclose their holdings every day — a repellent for active stock pickers who jealously guard their trading secrets.

By opening their books, portfolio managers ran the risk that competitors could piggyback on their best ideas. Instead of fleeing from transparency, Cathie embraced it. ARK's investment research was published publicly. She published white papers, hosted podcasts, and became a regular commentator on financial markets. She sent out regular emails about her trades and publicised her stock selections on Twitter.

"They say that women are more rational than men and maybe this logical way of thinking applies itself best within the ETF industry. "

ARK's first three years were a struggle. In 2015, ARK's ETFs took in a paltry $17 million combined. Her fortunes began to turn in 2017 when two of her ETFs were among the top performers for the year. Since then, the firm's flagship fund ARK Innovation ETF ("ARKK") has continued to beat the market. The June 2021 factsheet for ARKK indicates that they have delivered a 48.36%pa return over the last 5 years. Returns like these may have helped the boom in active ETFs as other portfolio managers have seen how successful one can be by embracing the benefits within the ETF structures.

They say that women are more rational than men and maybe this logical way of thinking applies itself best within the ETF industry. Magwitch Offshore acknowledges all the women that have contributed to the incredible growth within this space.

Magwitch Offshore is a leading provider of Global Balanced ETF portfolios with products in all major currencies. Magwitch utilises an advisor distribution model and their portfolios are available through offshore endowment structures provided by some of the larger Insurers.

SHORT TERM

PG35-45

Can a business afford not to have Contaminated Products Insurance Cover?

Irene Abrahams, Senior Underwriter for Liabilities at AIG

Product contamination and recalls relating to food and beverages continue to make headlines globally.

While the recall of a product can be very costly and logistically complex, the impact on the business as a whole can be far reaching and even with stringent operational controls in place the risk of a recall remains.

There are many examples of the different scenarios that could lead to a recall and though accidental or unintentional contamination is front of mind, products can also be recalled for packaging issues and labelling errors. Manufacturers are equally at risk of becoming a target for extortion and intentional tampering.

A product recall insurance policy provides the following coverage:

- Accidental product contamination – introduction of a foreign substance during manufacturing and / or an error in the manufacture of the product including labelling, blending and mixing
- Malicious product tampering – malicious alteration/ contamination of the product so as to render it unfit or dangerous for consumption or to create such an impression to the public
- Product extortion – any threat to commit malicious tampering for the purpose to demand ransom money
- Government recall – official recall ordered by authorities to comply with food and safety regulations.

Any of these instances would be covered by a Contaminated Product Insurance (CPI) policy and, if the correct insurer is used, the cover would extend further than just the recall of the product. It would also include the cost of the physical withdrawal of the items from the shelves, from customers and warehouses. The policy would also cover the transportation costs, overtime, the cost of additional staff, storage space for the goods once they are collected and any disposal costs.

Beyond these recall expense's CPI cover would protect a client against loss of gross profit caused by the event and assist them in managing the impact on their brand while protecting supply relationships, all vital element of any business recovery. In conjunction with this broad cover AIG, for example, offers a pre-incident consultancy which gives clients access to specialist crisis management consultants who provide pre-loss services. These consultants support clients with managing their risk exposure, processes and practices to help avoid or reduce potential loss.

In South Africa companies need to navigate through a recall crisis themselves which is why AIG has partnered with reputable crisis management agencies to help lift this burden. This ensures that expert consultants are on hand to help our clients manage the recall while mitigate the extent of the crisis incident.

The robots are coming: how AI is taking over insurance

Othniel Konan, AI expert at Elenjical Solutions

It's now possible to handle an entire insurance claim without any human intervention – thanks to the use of artificial intelligence. Here, Elenjical Solutions' AI expert Othniel Konan explains how AI is making insurance more effective, faster and cheaper.

In the old days anyone unfortunate enough to have a bump in their car soon found that the process of claiming on the insurance was almost as painful as the crash itself. Registering the claim, then waiting for an assessor to come out to look at the damage and then haggling about the value before final settlement all took many weeks.

Today, the whole process can be completed using modern technology and artificial intelligence in a fraction of the time and cost – and often with a better outcome for all concerned. This is true not just for auto claims, but for a wide range of insurance processes and categories. (Home, travel, personal injury etc.)

There are millions of insurance policies taken out each year, and many consequent claims. Most are relatively straightforward and yet traditionally they have been processed in a labour-intensive way. But by streamlining the data flows, these processes can be automated. 'Bots' can be used at the start of the process to gather the data, which is put on a central server where AI models verify and classify it and determine next steps, including if fraud is suspected.

This doesn't just help automate the process, thanks to AI and machine learning, the technology can make better, more informed decisions, improving as it goes and shortening the insurance premiums or claims lifecycle.

FACIAL RECOGNITION AND DAMAGE ASSESSMENT

Even site visits are needed much less, thanks to digital photography and video streaming on mobile phones. By standardizing the data needed the policyholder can provide much of the information required. Automation can even process images, thanks to a machine learning AI algorithms they can be classified to evaluate the damage and quickly do an identity verification process.

Incredibly, when it comes to damage, AI can 'look' at the images and make recommendations as to whether a repair can be made, the part replaced or mark it as beyond economic repair. Using sentiment analysis and effective analysis AI can also make assumptions about the emotions of the policy holders. The technology can 'listen' for tone of voice and make a probabilistic assessment as to whether the policy holder is telling the truth or not, useful in fraud detection. AI is in fact better than humans when it comes to fraud detection, spotting fake documents or doctored IDs to a higher standard than people, and continually getting better over time thanks to machine learning.

DATA DRIVEN LEARNING

Whether it be for health or home insurance – or anything in-between – the huge bank of data that is created over time allows AI to use what has happened in the past to determine present policies or claims, and make accurate assessments. The more data, the better AI performs.

For machines and vehicles, onboard telematics (that record how they have been operated and therefore consumer behaviour) produce a vast amount of data that AI can use to determine how a claim should be processed. And unlike humans, AI doesn't get tired, have off-days, feel sorry for people or like or dislike them – they just do their jobs impassively.

"AI will soon move from being a source of competitive advantage to an essential entry requirement for success."

THE MOVE TO DIGITAL

This move to online policy and claims handling was always going to happen, but Covid-19 has accelerated the transition, with almost all claims being handled online during the depths of the pandemic. This forces a standardization of information gathered, data that can then be interpreted by cloud-based AI technology.

Despite the great potential of AI, the human aspect of insurance is unlikely to be replaced entirely. But with AI getting better all the time it's not impossible to imagine a time when we can't tell the difference between talking to a human or a computer. It's the stuff of science fiction.

The insurance industry is waking up to the potential of AI in revolutionizing policy and claims processing. With the potential for lowering overall indemnity costs, making continually better decisions and resolving claims far faster, the benefits of AI cannot be ignored.

Building resilience with Sasria material damage cover

SASRIA

It was no surprise when the tenth Allianz Risk Barometer released in January this year listed Business Interruption, Pandemic Outbreak and Cybersecurity Incidents respectively as the COVID-19 trio top global business risks. The trio are reflective of the socio-economic disruption predominantly caused by lockdowns in many countries over the past year.

This time of year has also become synonymous with rampant #FeesMustFall protests nationally, which have sometimes resulted in the massive destruction of property. For instance, between October 2015 and May 2016, 18 universities suffered damages totalling almost R460-million. These disruptions and intentional property damages also had a huge negative impact on the economy as a whole, specifically to the country's possible foreign investment prospects. What does this mean for South African business leaders and property owners? As much as these protests are meant to be peaceful, history has proved that they are most likely to end up with some level of rather costly damage to property. This is why property owners have to ensure that they are properly and adequately covered for damage on their properties and businesses - to mitigate against special risk incidents.

WHAT EXACTLY DOES MATERIAL DAMAGE COVER INCLUDE?

Having proper and adequate insurance cover is like having a security blanket for when the unthinkable happens, especially for a business. For that, Sasria's Material Damage includes cover for assets against losses or damages of all domestic and commercial property, stock, computer equipment, containers, aviation hull, and agricultural-related assets such as harvest and livestock. These losses are only covered if incurred as a result of special risk incidents such as civil commotion, strikes, riot, public disorder or terrorism.

MATERIAL DAMAGE EXTENSIONS

Material damage cover can be extended to include optional extensions at an additional premium. Some of these are escalation and inflation, claims preparation costs and security costs. Furthermore, if the underlying insurer has an extension on their cover, it does not mean one automatically has the same extension with Sasria.

WHAT ABOUT LOOTING?

Looting will only be covered when Sasria related incidents such as strikes, riots and public disorder are operative at the time of loss. Looking at recent occurrences involving looting can better illustrate some of the incidents not covered by Sasria. For instance, as the country was entering the fourth week of national lockdown due to COVID-19, the Western Cape government was reported to have been on high alert as incidents of grocery and food parcel trucks were pelted with stones, mobbed and looted. Another incident was reported of a truck that was looted while stuck on the side of the road. In all these looting incidents, citizens were seen taking stock from the trucks leaving the road freight companies with heavy financial loses. These were clear acts of criminality which do not fall under special risk incidents covered by Sasria.

ADEQUATE COVER IS NOT A NICE TO HAVE, IT IS ESSENTIAL

While 2021 is part of the big global reset and recovery from the devastating impact of COVID-19, business leaders and property owners have to build resilience even in the face of the ongoing pandemic and its resultant threats. When considering Sasria's Material Damage Cover, customers need to ensure that they speak to their insurance company or broker to fully understand the terms and conditions of this cover, as well as the various options available, to ensure that one is adequately covered. **Sasria is an authorised Financial Services Provider registered under license number 39117. T's and C's apply.**

Business interruption insurance: what all businesses can learn from the riots

Indwe Risk Services

The latest riots and looting in South Africa have been utterly devastating for local businesses.

When the dust eventually settles, the reality is that many businesses are going to have a tough time bouncing back from the destruction. Those that are able to pick up the pieces will be the ones that have business interruption insurance in place. Business interruption (BI) refers to any event that stops a business from trading or generating an income. Typical examples include fire, flood, explosion, theft and looting/vandalism, as in the case of the widespread destruction that is sweeping across KwaZulu-Natal and some parts of Gauteng.

Business interruption insurance: covers a business against the loss of revenue and helps it to get back on track in terms of paying overheads and expenses during downtime. Traditionally, if you had a factory and it burnt down, there was a policy to cover the losses. In today's world, many other factors that can cause your business to shut down.

BI can be expanded: according to one's industry and business requirements, such as:

- Cybercrime, political uprisings, sanctions
- Intellectual property – E.g. prototypes/concepts/ competitive advantage
- Illness, injury, disability or death of a key person in the business – E.g. CEO, partner, etc.

UNDERSTANDING BI INSURANCE

BI is a catastrophe type of risk, meaning that it doesn't happen often, but if/when it does, both business owner and risk advisor need to ensure that they are prepared, and that the insurance policy will respond appropriately. Other catastrophe risks include damage to property and liabilities.You need to consider all your risks and identify what can be managed and insured in your BI plan.

- **BI and material damages:** BI is impacted and linked to material damages to your business. This means that your **material damage cover needs to be accurate and suitable** for the business. For example, if your factory burns down and you are only covered to rebuild a portion of it, your building insurance will affect your BI insurance since it doesn't adequately cover the replacement/reinstatement requirements of the business.
- **Seasonal businesses:** It is important to understand the seasonality of businesses. Losses during a certain time of year will not always affect every business the same. If a loss happens in peak season, you need to account for it. By way of example: A farmer's storage facility burns down. He has no stock and needs to look at other options. Does he source stock elsewhere and repackage it with his own branding while he rebuilds? Does he supplement the loss by harvesting other crops? Or is he in a position to wait until the next harvest season? The costs thereof need to be considered as well as downtimes that may occur that will impact on rebuilding and restocking of goods.

TAKE-OUTS

BI affects anyone who is in business, no matter how big or small. BI happens infrequently, but if it is not done correctly, it could affect the financial stability and ongoing viability of your business. Not only do you need to know and understand your risks, but also those of your clients and suppliers.

Ask yourself what do their business interruption plans look like, and what, from those plans, do you need to include and account for in your own BI plan?

Your BI plan should be revisited annually, or as your business changes – and with your risk advisor – ensure you are adequately covered and have considered all your risks efficiently. **These catastrophic events illustrate the importance of having a solid BI insurance policy in place.**

Why do Ombudsmen permit misdiagnoses and misreporting of their data?

Dr Gerrit J Sandrock

The enthusiasm with which certain Ombudsmen and members of the media greet the idea of "naming and shaming" service providers without properly informed and balanced analysis, feeds a wholly incorrect perception that South Africans need to be unnaturally wary of their banks and insurers.

While there will always be operators that should be monitored, consumers are often grossly misled by superficial analyses that ombudsmen fail to take steps to correct. Breathless reporting of how "badly" these sectors have performed has once again been presented without context and with over-simplified conclusions. These sectors have in fact performed remarkably well and are very much improved. That news goes unreported, perhaps because it does not fit the popular narrative. However, the Ombudsmen should know better and should write their reports accordingly.

South Africa has one of the most sophisticated banking systems in the world. Our insurance industry is known and respected globally. Each day, these companies provide their services in millions of transactions with their customers. Most of those transactions, although dependant on highly sophisticated and smoothly running systems, may seem quite mundane to the layman, like making electronic banking transactions online, or claiming from insurance for a bumper bashing or burglary. The overwhelming majority of clients go through these interactions as a matter of routine and for the most part, they get the service that they paid for. Naturally however, things can and do sometimes go wrong. In such cases the customer is encouraged to complain to the service centre and by and large these problems are quickly resolved and life continues. Little of this is ever publicly acknowledged.

Where a case is not resolved, the customer is required by law to be directed to the banking or insurance Ombudsmen where the matter is adjudicated and resolved at no cost to the complainant. Looking at the reports of these Ombudsmen, it is clear that in the vast majority of cases the Ombudsmen consider the bank or insurer's decision to have been correct. Indeed, in the case of short-term insurance for example, only 17% of complaints were settled in favour of the complainant, and then often only partly so. This is roughly half the number settled in favour of complainants a few short years ago, showing just how dramatically the industry has improved, not worsened as the ill-informed would have us believe, and some Ombudsmen seem to abet.

As less than 3% of insurance claimants complain, 17% thereof represents less that one half of one percent of all claims. As a proportion of the vast number of transactions that are efficiently dealt with each day, this shows remarkably few errors by insurers. Banks show similarly impressive results. These facts however, are not reported.

We desperately need someone to deliver these facts in a manner that will help us understand what is really going on 'out there'. This is not fake news but distorted misinformation, and it needs to be stopped. South Africa and its financial services industry deserves far better from its ombudsmen and their reporters.


YOUR PARTNER
IN RISK MITIGATION.
Netstar's vehicle tracking solutions offer a range of features that go far beyond just vehicle tracking and recovery.
From safety-enhancing features like our JammingResist™ technology, Early Warning Theft Alerts and Impact Detection, to added conveniences such as Live Tracking via Web & App, a Logbook for SARS, and more. By reducing risk, Netstar can help ensure better insurance premiums and provide the ultimate peace of mind for your clients and their families.
0860 12 24 36 | insurancecentre@netstar.co.za
www.netstar.co.za
NETSTAR
A SUBSIDIARY OF ALTRON

SA riots: limitations on insurance claims

Lisa Swaine and Maria Philippides from Webber Wentzel

Businesses seeking to recover losses from the widespread damage caused by recent riots and looting recently need to act promptly in filing claims to SASRIA

As vandalism, looting, damage and destruction course through the vital arteries of our beloved country, how do businesses recover their losses?

All-risk property insurance policies protect the assets of a business against the risk of physical loss or damage from certain perils and the consequential financial loss to the business. But these policies do not cover damage caused by vandalism, riots, public disorder, and civil commotion. Nor do they cover damage caused through lawful attempts at controlling, suppressing or preventing these acts. Insurers simply do not underwrite these 'special risks'.

South Africa is one of few countries in the world in which cover for damage caused by special risks can be obtained. It is provided by SASRIA. If SASRIA cover is in place, depending on the extent of the cover obtained, your business might be insured against the risk of loss or damage to its tangible assets, goods in transit, money, vehicles, construction works and construction plant and equipment, and specific consequential business interruption loss.

If you do have SASRIA cover and intend to make a claim under your SASRIA policy, here are a couple of important things you need to know:

- Time is of the essence. Your insurance broker must be notified of your claim, if not immediately, as soon as possible, so that he or she can notify your insurers. Your broker must then notify SASRIA. SASRIA must be notified by the broker within 30 days of the broker receiving the claim from you.
- Start gathering the evidence now. The fact that the entire country has been affected by these acts of vandalism, riots, public disorder, and civil commotion does not mean that you can take your claim and loss as a given. You need to prove your claim and that it falls within the cover provided by your SASRIA policy. Photographic and video footage evidence of the incidents, if available, must be obtained and preserved. Video footage from CCTV cameras is seldom stored for more than a few days so it is important to get it now.

While some of the losses stemming from these events, such as trauma and lost confidence, are incalculable, it is important that businesses get back on their feet as soon as possible for the sake of their employees and suppliers.

We urge you to approach us for legal advice on insurance or other matters arising from these events.

The Nation's Dilemma with SASRIA

Dr Johan van Huyssteen and Dr Gerrit Sandrock

With Government as SASRIA's only shareholder, it will have to pay for the losses that may not be recoverable from independent reinsurers for claims arising from the recent widespread looting and arson. By implication, this means the South African taxpayer will once again have to foot the bill.

Unfortunately, as we have seen in the cases of most state-owned enterprises, the SASRIA cupboard is likely to prove to be bare once all claims are in. Indeed, once the dust settles, it is quite probable that SASRIA will be left technically insolvent. How did it come to this?

Before the Soweto riots in 1976, it was possible to insure against damage caused intentionally in terms of the Riot, Strike, and Malicious Damage (RSMD) extension to property policies sold by many South African Insurance Companies at that time. This extension provided very limited cover which in any event did not cover "civil commotion assuming the proportions of or amounting to a popular rising." It is doubtful if any cover at all would have existed in terms of the normal cover provided by that extension for the unrest which took place recently in KwaZulu Natal.

At that time, Soweto had been administered by the Johannesburg City Council. The government decided to establish separate administration boards and Soweto was placed under the administration of the then newly established West Rand Administration Board. The insurances of public buildings and other assets in Soweto were then placed with Santam. Within days of Santam coming on risk, the riots broke out and lasted for some time causing considerable damage to property including schools, libraries, and post offices. It was not clear if this damage was covered by the existing polices and it was hoped that clarity would be gained once the Cilliers Commission, a commission appointed to investigate the riots, tabled its report.

The commission took a long time to complete its investigation and once released did not resolve the questions of whether or not insurance did indeed cover the damage. Clearly, the existing RSMD extension was wholly inadequate when it came to dealing with damage caused by persons who are politically motivated. The insurance industry, actively encouraged by the then Regulator being the Financial Institutions Office, decided to establish a non-profit making Section 21 company named the South African Special Risks Association (SASRIA), to underwrite risks emanating from politically motivated damage to property, including consequential losses (business interruption). SASRIA was structured on the basis of a "risk pool" to which many South African insurers subscribed Each participating company committed a fixed sum (R5 million) of capital to SASRIA and the liability of each company was limited to their capital commitments. If possible, reinsurance was to be arranged and the government was approached firstly, to grant tax exemption to SASRIA, which was not unreasonable since SASRIA was a non-profit making company and secondly, to act as SASRIA's reinsurer of last resort. The government agreed to both requests.

To further limit SASRIA's liability, it specified a maximum limit for any one insured person or entity, and not per loss, which at the time was a source of some contention. The Business Interruption did not insure loss of profits, the government being of the opinion it could not underwrite private sector profits. Thus, besides damage to assets, SASRIA insured only standing charges and increased cost of working. Since SASRIA was in a sense a collective company owned by the industry, the industry did not want to establish an expensive administration system for this company. So, it was decided that most of the administration would be done by the existing conventional property insurance companies. The main policies, would be the existing conventional property policies.

Each of these would henceforth contain a new exclusion clause, called the South African Insurance Association (SAIA) exclusion, excluding all claims for damage caused by persons who are politically motivated (including the usual war damage exclusion). These risks were henceforth to be borne by SASRIA, and only SASRIA. Uniquely, SASRIA could not cancel coverage nor could it refuse coverage. SASRIA did not issue a separate policy, but provided a policy subordinate or supplemental to the conventional insurer's policy. This policy was called a coupon policy and covered most of the risks excluded by the SAIA exclusion. In a sense then, the SAIA exclusion created a hole in the conventional underlying property damage policy, much of which was then filled by SASRIA's coupon policy.

To avoid any doubt as to whether the damage is caused by persons who are politically motivated or not and ensure that SASRIA would always be liable, the underlying conventional policy contained a reverse onus of proof requirement. If a loss occurs and it is not clear if it was caused by a person who was politically motivated or not, then the presumption is that the person is politically motivated and SASRIA becomes liable for the indemnification. In the interests of simplicity and perhaps even equity, SASRIA premium rates were not risk rated and the same flat-rated premium applied throughout South Africa, irrespective of conditions prevailing at the risk location. Under these circumstances, the usual duty to disclose was fairly meaningless; as the same premium applies irrespective of the risk. However, it was possible to buy a measure of political unrest insurance coverage in other markets, such as the London market, often at lower rates than SASRIA's. The public would purchase political unrest coverage in these markets when the risk was low. If unrest broke out these insurers could cancel coverage and the insureds would then obtain coverage from SASRIA, which it could not refuse.

So, the problem of adverse or anti-selection arose. To overcome this problem, the Reinsurance of Damage and Losses Act 56 of 1989 was passed making it a criminal offence in South Africa to purchase political damage insurance from any insurer other than SASRIA. There is no obligation to purchase political damage insurance in South Africa, but if it is purchased it must first be offered to SASRIA. South Africa is thus one of the few countries in the world where the mere purchase of insurance can constitute a criminal offense. The SASRIA system of political unrest insurance, however, worked exceptionally well.

The premiums charged by SASRIA were initially excessive for the risks covered, so the premiums written quickly outpaced the claims resulting in a significant surplus. The South African government was never called upon in its role as reinsurer of last resort. It never had to pay a single claim, and after 1994 it was concluded that the funds being held in SASRIA would never again be required for the payment of claims. By this time, SASRIA had accumulated several billions of Rand as reserve capital. The new ANC government then decided to nationalise SASRIA in terms of the Conversion of SASRIA Act 134 of 1998 and once so nationalised, paid itself a huge dividend of around R10bn.

Stripped of its assets, the government then tried to sell SASRIA back to the industry, but there was not much enthusiasm for the purchase. In 2001, the government decided to hold on to SASRIA for a further period of five years and then to reconsider the matter. However, no further attempt has ever been made to return SASRIA to the private sector, and SASRIA itself has been at pains to present itself as a niche insurer in an open market, something which it really is not. Much like Eskom and the SA Post Office. it is instead a protected business with a legal mandate which allows it to monopolise an entire section of the South African short-term insurance market.

After the recent widespread unrest and looting, the main question arises of to what extent SASRIA is able to foot the bill for all this damage? The current SASRIA policy limits for F1 and F2 coupons are R500 million per client and R1 billion for the F3 coupon. The recent riots and looting have cost South Africa dearly - just in material damage, estimates range from R20bn to R50bn. However, we must also keep in mind that not all the people affected by the riots were insured and, in some cases, may be underinsured and SASRIA may thus not be liable for the total loss of the riots. The most recent financial statements for SASRIA indicate that there is around R7bn in free capital available for the payment of claims, with a target solvency capital ratio at 230%. This amount of risk bearing capacity could of course have been augmented via reinsurance contracts, but it may be that those facilities will be inadequate. How SASRIA has structured its reinsurance programme is unknown, but indications based on past results are that it may be possible for it to recover about 50% of losses from reinsurance arrangements. That will increase the estimated R7bn own Risk Bearing Capacity by around R4bn, bringing the total available to around R11bn. As stated above, there is at the time of writing of this article uncertainty regarding the total amount of damage sustained in the riots, SASRIA's total exposure, the structure of the reinsurance covers available, and the detail of SASRIA's underwriting capital requirements and stress scenarios which were used to determine the capital requirement, and the damage to SASRIA given the current situation.

SASRIA is regulated as a non-life insurer in terms of the Insurance Act and has to meet a minimum solvency capital requirement of 25% of the solvency capital requirement. Where the minimum solvency requirement is breached, an action plan must be crafted and agreed with the Regulator to regularise the solvency capital requirement within an agreed time frame. It may be possible for SASRIA to have used some sort of catastrophe facility, probably a stop loss arrangement which will kick in in case of such unprecedented losses. It is unlikely that this will go a significant distance to cover the total cost of these disturbances. Nevertheless, with Government as its only shareholder, the losses that will not be recoverable from reinsurers will have to be paid for by the Government and by implication, the South African taxpayer. Unfortunately, as we have seen in the cases of several State-Owned Enterprises, the cupboard is very bare and it is quite possible that SASRIA will be left technically insolvent after the dust settles. Premiums for SASRIA cover will most probably increase significantly.

Worse, should there be a repeat of these past weeks at some point in the near future, SASRIA is unlikely to be able to assist its policyholders as it would have exhausted its own capital resources. Those funds may be built up again over time, but there may not be enough time or financial capacity to achieve this in the next couple of years. One can debate whether the appetite for nationalisation and the diversion of policyholder funds into the pockets of the State would have been so voracious had it been known that South Africa would be damaged so quickly and so deeply by a social uprising such as we have now seen, and for which the government has itself been blamed. By design, the open market was excluded from what seemed to be a very lucrative source of extra income for the State, and now the damage has to be carried exclusively by the State and its Special Risks insurer. With the principle of spreading the risk as far as possible as a cornerstone of the insurance business, it may well have been possible to privatise this type of underwriting amongst the general insurers in the market with their much wider access to expertise, capital and reinsurance facilities. **To mix metaphors, keeping all the eggs in one basket has now seen the Government hoist by its own petard.**

FINANCIAL PLANNING

PG47-55

Wealth and wellbeing: supporting your client through retirement

Professor Johann Coetzee, Industrial Psychologist and Author

Professor Johann Coetzee posed the following questions to intermediaries at a recent Glacier Retirement Wellbeing webinar

How well are your clients doing regarding their retirement? Is their single focus the pursuit of wealth and provision? Are they constantly anxious about markets and investment performance? Are you encouraging them to live a full, meaningful life at any life stage, and especially when they leave work for good? The webinar examined the many aspects of retirement – not just the financial and investment ones.

WHAT IS RETIREMENT ALL ABOUT?

Johann refers to retirement as the psychology of inevitability. Over his 40-year career, and in consultation with nearly 27 000 clients, he has noticed how so many obsess about providing for the future, having enough financially, while forgetting to **live**. When they retire, their obsession seems to intensify to – "will my money last" or "do I have enough"?

Johann has reduced his insights to a few key points – issues that many people worry about when they reflect on their retirement.

1. Health: will I remain healthy to enjoy my life and the freedom that retirement offers?

2. Relationships: will I be able to relate to my partner, children and grandchildren? I'm afraid of attending funerals.

3. Money: do I have enough to sustain my partner and me until we die?

4. Politics: will my money be depleted by taxes?

5. Meaning: what is my purpose now? How do I stay relevant and engaged? How do I remain productive and feel like I'm making a contribution?

Johann has simple advice for retirees to ensure they live a good life:

- **Read, move and stay fit:** Too many of his clients become slaves to the remote control.
- **Avoid any big, radical decisions:** in the first six months of retirement. Your life has undergone a big change; you need to get used to it.
- **Invest 2% of your income on fun:** whether it's an adventure, enjoying nature or discovering something culturally interesting.
- **Risk "going the":** but with caution.
- **Avoid stinginess:** If you have it, spend it on making your life exciting and joyful today.

THE INTERMEDIARY'S ROLE AS A RETIREMENT FACILITATOR

It's not just about the financial planning or the wise investments, says Johann. The role of an intermediary may start as a specialist in financial planning and investing to ensure the best retirement income, but it certainly doesn't end there. We need to expand our service offering to include holistic wellness – that takes the whole human into consideration. As an intermediary, you have a 'back office' of researchers, analysts and actuaries – the scientists who help to equip you with the best tools and solutions so that you deliver the best investment plans for your clients.

You also need a 'back office' to help equip you on the soft issues of retirement, says Johann. Retirement is profound and life-changing – it's scary. As a financial adviser, you are called upon to help make critical financial decisions that ensure a financially confident retirement for your client. In that process, your competency also needs to expand to a comprehensive, holistic approach. And you don't need a degree in psychology to do that!

Here are a few of Johann's tips:

- Display compassion.
- Be circumspect.
- Show empathy.
- Understand what wellbeing really means – for you and for the client sitting across from you.
- Transition from the mechanics of finance to being enthusiastic about the people you serve.
- Develop a passion to see people living their best lives today.
- Embrace your client – your relationship with them should be about investment **and** involvement.
- Encourage people to think about their future and help them define that future.

Help your clients with more than just wealth management, says Johann - enthuse them with the excitement and rewards of wellbeing and an abundant life. Glacier Financial Solutions (Pty) Ltd and Sanlam Life Insurance Ltd are licensed financial services providers.

A foreign estate requires careful planning

David Knott, fiduciary specialist at Private Client Trust

With the relaxation of South African Foreign Exchange Controls and more investors seeking to diversify risk, many are creating offshore estates.

People often don't think about what the offshore probate formalities might be, what the death duties position might be, and what other effects the death of the investor will bring about. In many instances, a South African Will would be acceptable and recognised in that foreign jurisdiction, provided of course it complies with the South African formalities.

FORCED HEIRSHIP AND THE RULES IN OTHER COUNTRIES

Many countries either follow the Anglo Saxon or English rules of inheritance whilst many of the European countries follow civil law. Those rules, whether Anglo Saxon or civil also found their way to the colonies that the country in question settled. For example many of the West African colonies adopted the French Napoleonic code whereas those settled by the English would have adopted the Anglo Saxon rules. Interestingly in South Africa we a have a hybrid as the original settlers to what is now South Africa were the Dutch, where Roman Dutch law prevailed.

"A single world-wide Will is workable in many instances where there are no forced heirship rules in place. "

Once the Cape had fallen to the British for the second time, gradually their influence prevailed in many instances. If there is only a local will, the local executor, once appointed, would then need to appoint an agent in the foreign jurisdiction to deal with the foreign estate and effect a distribution to the heirs. A single world-wide Will is workable in many instances where there are no forced heirship rules in place. There are no such rules in the common offshore havens such as Jersey, Guernsey or Isle of Man. Due advice and caution must be taken where forced heirship rules apply, for example in Scotland or in many European countries. In France, the freedom to dispose of assets is restricted if the deceased is survived by either descendants or ascendants. Descendants are preferred over ascendants and interestingly, a spouse is not regarded as a forced heir. If the deceased is survived by one child, that child must receive at least one half of the estate; where two children survive they must share equally two-thirds of the estate and if three or more children survive they must share equally three-quarters of the estate. Spain, Belgium, Portugal and most other European countries all have differing rules. Several jurisdictions demand that any fixed property in that country can only devolve under descendants and failing them, ascendants and only if none upon remoter beneficiaries. Matters complicate considerably once an estate is held in an Islamic country.

ONE "WORLD-WIDE WILL" OR SEPARATE WILLS FOR EACH JURISDICTION?

However, whether there are forced heirs or not, obtaining the necessary local documents in a manner acceptable to the foreign probate office could take up some time, for example translations may be required and for this reason many would rather execute a separate Will in the foreign jurisdiction. One would need to identify an acceptable foreign executor to draft the offshore Will to ensure that all necessary requirements are met. Care must also be taken that the local Will and the foreign Will do not revoke each other and it is clear which estates must be dealt with in terms of that particular Will. Generally, your offshore estate would be liable for estate duty in South Africa and may also attract some death duties abroad, depending on the amount.

We have tax treaties with many countries to ensure that assets are not taxed twice, and the local tax authority would allow a credit here against any foreign tax paid in terms of the treaty. If you might have been born or lived in the foreign country where investments are held, the foreign tax authority might be keen to deem you still domiciled in that country and so claim death duties on your world-wide estate. Should this apply, it would be prudent for you to execute a declaration of domicile confirming when you gave up your domicile of birth and acquired a domicile of choice in South Africa to avoid this argument later.

Whilst fiduciary experts cannot be expected to know what the probate requirements are in every jurisdiction world-wide, it is still extremely prudent to contract the services of such a specialist who at least knows when to anticipate problems and also who one needs to consult with.

Why severe illness cover has never been more vital

Lizl Budhram, Head of Advice at Old Mutual Personal Finance

The Covid-19 pandemic has wrought a heavy toll, both emotionally and financially on South Africans but according to the 2021 Old Mutual Savings and Investment Monitor, it has had the welcome effect of making many revise their attitude towards their money.

87% of respondents said that Covid-19 has made them rethink the way they think about and manage their finances, while 68% have started saving on a regular basis in the last year.

Old Mutual's claims stats reflect that the Big Four illnesses (cancer, heart attacks, strokes and coronary artery bypass grafts) contributed to 70% of the illness claims paid in 2020, with cancer still reflecting the largest proportion. This simply highlights the extreme relevance of severe illness cover in the current climate and the truth is many clients are reassessing their level of risk cover.

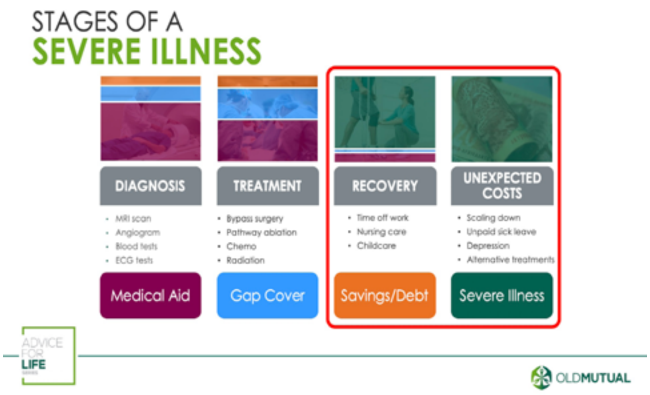
The risk landscape has shifted. When you look at risk cover, you have life insurance and funeral insurance on the one hand, both of which take effect after you pass away. On the other hand, you have your medical scheme membership, gap cover, disability insurance and severe illness cover, which make up a suite of solutions that can address any medical condition occurring during your lifetime.

A quantitative survey by Digital Insights South Africa in July 2021 revealed that, severe illness product ownership has the lowest take-up out of the various personal risk products. Consumers who typically have severe illness cover appear to be more mature financially. They are also more likely to be 30 – 50-year-old males, earning R60 000 – R79 999. However, since the start of the lockdown, there has been increased ownership for severe illness cover (15%), driven largely by 25- to 29-year-old, black consumers in the R40 000 to R59 999 income bracket.

There is also a large portion of the market that earn a significant income, for example, the self-employed bracket, who may not have severe illness cover although they may have an increased need for it as they don't have any sick leave benefits.

WHERE DOES SEVERE ILLNESS COVER FIT IN?

Now is the ideal opportunity for advisers to help customers understand the relevance of severe illness and disability cover. To customers, severe illness cover can be a bit more complicated and daunting than life insurance. Now is the time to really explain to clients how these benefits fit into their personal financial plan.



"87% of respondents said that Covid-19 has made them rethink the way they think about and manage their finances."

Typically, when clients have a severe illness, there are four stages with different cost implications and different risk cover kicks in at different stages.

Diagnosis: This stage is typically covered by your medical scheme. "There is a sliver of costs that most people plan to cover themselves and they can generally afford that."

Treatment: At this stage Your medical scheme starts to play a more significant role and, however, there is usually a bigger out-of-pocket aspect, which can be addressed with gap cover.

Recovery: "This is when severe illness cover comes to the fore. During the recovery phase, you may be looking at making changes to your home and car, plus other lifestyle adjustments like full time childcare, out of hospital therapy, a qualified health carer for yourself etc. Don't underestimate these expenses.

You may find that you are covered adequately during diagnosis and treatment but it's the tail end of the process where severe illness comes to the fore," Budhram cautions.

Unexpected costs: It is typically only when you have completed treatment that longer-term implications may set in, such as being unable to return to work in the short to medium term; depression, ongoing medical costs, and possibly having to go into early retirement. "You may find that you are covered adequately during diagnosis and treatment but it's the tail end of the process where severe illness cover really comes to the fore," she says.

Severe illness cover is a critical aspect of your income protection. Going forward post recovery, it is not uncommon to find that you really need income protection to keep your regular expenses covered, particularly if you are further away from retirement.

Life insurance: navigating uncertainty

Consulta

The latest South African Customer Satisfaction Index for Life Insurance reveals which insurer has the most satisfied customers.

In a highly competitive financial service offering like life insurance, delivering differentiated and memorable customer experiences across every touchpoint of the insurance journey have become more crucial than ever. COVID-19 has left in its wake a combination of altered life expectancy and forced migration to digital integration in virtually every aspect of daily living, irrevocably changing customer expectations of every service provider and brand they engage with. Insurance is no exception. The big question facing life insurers is the profitable convergence point of the actuarial table and customer satisfaction in a digitally adapted, COVID world?

It is this conundrum facing insurers that the latest South African Customer Satisfaction Index (SA-csi) for Life Insurance (2020) conducted by Consulta solves through an in-depth survey of how satisfied customers are with their life insurers over the last year. The benchmark measurement for Life Insurance (2020) provides important insights into the levels of customer satisfaction of South Africa's major life insurers – 1Life Insurance, Absa Life, Discovery Life, FNB Life, Liberty, Metropolitan, Momentum, Old Mutual, Sanlam and Standard Bank.

"COVID-19 has brought life insurance into the mainstream of consumer dialogue, and it is no longer viewed as simply a policy document, with little-understood terms and conditions, until the time of crisis when a loved one passes away or a life event alters income-generating capability. The pandemic seems to have narrowed the degrees of separation as the rising COVID death toll is reported daily. Whereas insurers traditionally had limited engagement points with policyholders, now daily 'life questions' such as whether taking or refusing the vaccine will impact employment contracts, or whether provision for loved ones is sufficient given current circumstances, has accelerated life insurance to top-of-mind by consumers.

Policyholders now expect the same instant responsiveness to their needs from their insurers as they do from the likes of retailers or banks. And banks, as the index has revealed, are doing better at this than the traditional insurers are according to consumers," explains Ineke Prinsloo, Head of Customer Insights at Consulta. "It is clear that the customer expectations of 2019 are not the same in the current environment, and fundamental shifts have taken place, both perceptually and in practice. From the customer perspective, the core product of insurance remains highly commoditised. While vaccines provide some hope that an end to the pandemic could be in sight, concerns over more waves and variants of the virus have made the value placed on life insurance more palpable - and commoditisation continuously misses consumer expectations.

For consumers, the important differentiators are the ease of doing business with the insurer or broker across omnichannel service channels and the quality of such engagements and advice, the speed and manner in which complaints and enquiries are handled, whether the quality of the actual customer experience matches their perception of value derived versus price paid, and finally, the reputation and ethos of the insurer when it comes to claims time. Any hint of a blunder in this regard is likely to have a significant impact on customer trust and loyalty, and in turn, the overall perception of satisfaction with the insurer," she adds.

Every single customer touchpoint matters, more so when so much of the insurance customer journey now seemingly takes place behind the scenes and in the cloud. "It is the cumulative effect of the customer experience at each touchpoint – physical and virtual - that ultimately delivers on whether a customer is satisfied or not. Cumbersome processes will scupper the best product in the world, as will overly complex rewards programmes that are no longer relevant in a lockdown world and lousy customer service and engagement – whether on- or offline," adds Ineke.

The past 18 months have clearly demonstrated that insurers need to evolve beyond simplistic insurance products and gross premium metrics to a holistic service orientation underpinned by digital innovation in product design and service channels. "Customers experience exceptional service from many other industries which have rapidly pivoted to hybrid service delivery models. For many industries, notably the financial services sector, digitisation has delivered numerous unintended consequences.

The most significant of these is that while the intention was to deliver solutions in a digital format to ensure that customer needs are met and improve operational efficiency in an online world, the distance between customer and insurer has widened. Traditionally, insurance brands have been built on physical and market presence and physical engagements and advice delivered by brokers. With digitisation, both insurers and brokers are much less visible in the lives of their customers as they navigate the digital hyperspace, and where their customers only engage with them when they choose to do so online. The burning question facing insurers going forward, is what makes for a satisfied, loyal customer in a digital world, and how to rapidly evolve beyond legacy systems and traditional practices?" concludes Ineke.

KEY TAKE-OUTS FROM THE SA-CSI FOR LIFE INSURANCE 2020

Customer Satisfaction – Overall Index: In the 2020 SA-csi for Life Insurance, Metropolitan (83,2), Standard Bank (82,4), FNB Life (81,7) and 1Life Insurance (80,9), all take leader positions and perform above industry par (78,8). It is interesting to note the diversity of distribution models of the leaders from direct, intermediated and bancassurance.

- Although in a leader position, FNB Life is showing a three-year marginal decline in **overall customer satisfaction score** and will do well to identify and address the root cause of the decline. 1Life Insurance, Metropolitan and Standard Bank all show significant improvement in previous 2019 overall Customer Satisfaction scores, with at least a 3-point improvement in previous scores to put them in leader positions.
- Absa Life (77,5), Momentum (79,5), Old Mutual (78,9) and Sanlam (79,7) are on par.
- Discovery Life (73,8) and Liberty (72,1) come in significantly below par (78,8) on overall Customer Satisfaction scores. Discovery shows a three-year consecutive decline on its Customer Satisfaction score, while Liberty slips back with an almost 3-point decline after showing some improvement in its 2019 score. Both insurers have dropped to their lowest Customer Satisfaction scores since 2016.
- Interestingly, two of the four leader positions are held by banks – FNB Life and Standard Bank - and not traditional life insurers. Bancassurance – the distribution of insurance products through a customer's established and trusted banking channels - continues to make inroads into the conventional insurer space.

Customer Expectations and Perceived Quality: Customer expectation is a measure of the customer's anticipation of the **quality of a company's products or services.** This includes some non-experiential information like advertising and word-of-mouth and a forecast of the company's ability to deliver quality in the future. Perceived Quality is a measure of the customer's evaluation via the recent experience of the quality of a company's level of service and product delivery – in other words, the actual experience, as opposed to what was expected.

- All brands measured met or exceeded the expectations of customers, except for Discovery and Liberty. These brands showed the most significant negative gaps of -3,7 and -4,4 respectively between Customer Expectations versus Perceived Quality, which means that perceived quality did not meet customer expectations. Both these brands come in below par on Customer Expectations and Perceived Quality scores.
- FNB Life leads the way in meeting and exceeding Customer Expectations with a score of 84,2 and a Perceived Quality score of 84,2. Standard Bank follows with 83,9 and 82,8 respectively, Momentum with 83,1 and 82,7 and Metropolitan with 83,0 and 82,4 respectively.

Perceived Value:

- The perceived value measures the quality relative to the price paid and is one of the most critical drivers of overall satisfaction when an industry is highly competitive.
- 1Life (83,5), FNB Life (85,2), Metropolitan (83,2) and Standard Bank (84,5) take the lead on Perceived Value. In particular, 1Life Insurance and Standard Bank have shown significant year-on-year improvement on this crucial score, while FNB Life shows a levelling out.
- Discovery Life (72,8) and Liberty (74,7) are well below industry par (79,7) with the former showing a year-on-year decline on this score. All other insurers perform on par.

- Effort levels have a significant impact on perceptions of value, with customers being at risk of moving their cover when it becomes too high (as a result of poor service and feedback) and benefits that do not deliver what customers were led to believe. Overly complex rewards/ loyalty programmes that require high effort levels also impact on customer perceptions of value.

"COVID-19 has brought life insurance into the mainstream of consumer dialogue, and it is no longer viewed as simply a policy document, with little-understood terms and conditions, until the time of crisis when a loved one passes away or a life event alters income generating capability."

Complaints Incidence and Resolution: The industry recorded a slight decrease in complaint incidence and is only slightly above the 10% recommended benchmark. The industry's complaint handling is above the recommended 50 (53.8 out of 100) benchmark, improving from the 50.4 achieved in 2019.

- Sanlam has the lowest number of complaints (7,0%) while Liberty (15,3%) customers complain the most and are well above industry par (10,2%). Liberty has shown a significant increase in complaint incidence from its score of 9,2% in 2019 and 8,9% in 2018.
- Sanlam (65,8) recorded the best complaint handling score way above industry par (53,8), followed by 1Life (55,2). Sanlam has made significant improvement in its complaints handling score from 47,4 in 2019.
- Liberty (37,2) and Discovery (37,2) have the lowest

complaint handlings scores, well below industry par, and both show a decline in 2019 scores, with Liberty showing a big decline from 63,2 in 2019.

- Across the industry, issue related to customers' policies were the most frequent complaint (20%), followed by fees and costs (10%) and debit orders (9,9%).

Customer Loyalty: Retention and price tolerance are used to determine customer loyalty.

- FNB Life (75,3%), 1Life (74%) and Metropolitan (74%) have the most loyal customers and are above industry average (68,4%), while Discovery Life (61,9%) and Liberty (62,3%) have the least loyal customers. The overall industry Loyalty Index (68,4%) has increased from 2019 (68,0%).

Net Promoter Score: Net Promoter Score measures the likelihood of a person recommending a brand.

- 1Life (51,7%) and Metropolitan (53,4%) significantly outscored all other insurers and are well above industry average (33.9%).
- FNB Life (43,6%), Sanlam (40%), Standard Bank (43,8%) and Absa Life (35,5%) follow with NPS above average.
- All other brands score lower than the industry average, with Momentum (31,1%), Old Mutual (29,8%), Liberty (20,9%) and Discovery Life (7,0%) falling well below average. Discovery took a significant decline from its 2018 score of 29,4% to 7,0% in 2020 and had one of the highest levels of detractors at 28%. In the context of NPS, detractors are unsatisfied customers who are less likely to recommend a brand and to speak negatively of it to family, friends and colleagues.

Treating Customers Fairly (TCF): The degree to which customers feel they are being treated fairly by their insurer is highest with Metropolitan (86,5), 1Life Insurance (84,7), Standard Bank (82,9) and FNB Life (84,4) - all above industry par of 81,3.

- Discovery Life (75,1), Liberty (75,7) and Absa Life (79,3) are below industry par.
- The SA-csi for Life Insurance is the most comprehensive survey of customer satisfaction, and is a causal model that links customer expectations, perceived quality, and perceived value to customer satisfaction (the SA-csi score), which in turn is linked to customer complaints (and recovery), and customer loyalty intentions. As a strategic tool for gauging the competitiveness of individual firms and predicting future profitability, an organisation's customer satisfaction performance, as measured by the SA-csi methodology, provides a predictive indication of how well the firm will perform in terms of future revenue and earnings growth.

Supported by both the scientific and practitioner community, the SA-csi is the first independent, comprehensive national customer satisfaction index with international comparability in South Africa and has collected data from more than 500 000 consumers since its inception in 2012. The SA-csi forms part of a global network of research groups, quality associations and universities that have adopted the methodology of the American Customer Satisfaction Index (ACSI) via its Global CSIsm program.

Are you ready to run your practice like other professionals?

Guy Holwill, CEO of Fairbairn Consult

For a moment, imagine that the FSCA stated that they are going to accelerate RDR and professionalise our industry with immediate effect. From tomorrow, commission and asset-based fees will be banned and you will have to charge your clients fees for all the different services that you provide.

Like other professionals, you have three options around how you will implement this. The first is a menu of services with different prices, similar to a surgeon or a dentist. The second is that you charge an hourly rate like a psychologist or an accountant.

And the third is that you charge a monthly subscription like a lawyer on a retainer. Whilst the first two options are completely valid, I believe that the majority of advisers will use the third option to generate most of their income because it creates a predictable annuity income stream.

When you implement your new fee structure, you will need to explain what you offer and how much it is going to cost. Explaining your services is harder than you think because many advisers sell products, which means that they have actually been working for the product suppliers. Now that you are going to be paid directly by the client for the services that you render to them, you will need to be able to articulate it in that way.

"For clients with short-term insurance products that pay as and when commission, you could base your fee on the impact on the premium of reducing commission to zero."

Calculating the cost is the easier part because you can replace your existing ongoing income with a fee for service. For example, where you have clients who are paying you annual review fees, it is easy to work the maths backward from, say, 0,5% on R1,2m to a monthly fee of R500.

For clients with short-term insurance products that pay as and when commission, you could base your fee on the impact on the premium of reducing commission to zero. However, the crux of all this comes down to your clients experiencing ongoing value for money.

This is best illustrated by an example, so let's assume that you implement a flat fee of R200pm for each of your 400 clients. This means that you'll have a monthly income of R80,000 and that your practice will be valued at R2,88m on a 3x multiple.

As time goes by, your clients will see the R200 going off their bank account every month. And like they do with all regular debits from their bank accounts, they will ask themselves whether they are getting value. This, in turn, forces you to ask yourself "what am I doing for my client today to justify the fee that I am charging?" **And when you can answer this question, you are ready to run your practice like other professionals.**

INVESTMENT

PG57-64

Risk: a key component to defining a goal

Eugene Botha, Deputy CIO at Momentum Investments

> ***Risk management, capital protection and "certainty around what will happen to my capital" has become buzz phrases given the impact that the pandemic had on financial markets.***

After an extended period of positive market returns prior to the pandemic and then experiencing the pandemic and the volatility that investment markets can bring, investors are increasingly highlighting what risk means to them – either through voicing it verbally or through their decisions on what they do with their capital and investments. In an uncertain world, it is key to plan and sculpt that 'optimal' client focused investment portfolio to make sure you help them achieve their personal financial goals. The most important aspect in understanding clients' needs and keep them invested, is to ultimately understand their risk profiles.

Clients' goals or investment objectives cannot be formulated if the return requirements and the risk constraints are not properly understood. Most clients do not have an idea of what their risk profiles are. They typically understand and know what they would like to achieve, but hardly ever understand what it means from a risk perspective to deliver on the goal. In the traditional sense of the word, risk in investments is measured in a mathematical sense based on a historical profile. All these risk measures have a place in investments if understood, interpreted and applied correctly.

But risk is not equal for all. For most investors with a goal in mind, risk is the probability of not delivering on the goal, the erosion of the purchasing power of their capital over time, or perhaps the loss of capital, or a combination of these. All these measures are tangible and well understood.

A client risk profile is usually defined on a behavioural basis along three different dimensions – the willingness to take risk, the ability to take risk, and the need to accept risk (see figure 1). By understanding the true client risk profile and linking that to the investment goal, a more informed investment portfolio can be designed, monitored and steered along the path to successful delivery on the objective with a high degree of certainty.

Misunderstandings about what risk means are very common, and they are extremely dangerous. Risk is not just one-sided as not taking risk can be risky. Momentum Outcome-based Solutions strive to understand the true risk profile of clients, building these risk profiles into the design and construction of the client portfolio, understanding the sensitivities to real-world unforeseen risks and monitoring and managing the risk relative to the desired outcome.

This enables us to realistically deliver on our client promise, by aiming to minimize the probability of shortfall relative to the client goal.With so many things in life out of our control, it can bring comfort to focus on things that we can control. Risk is one of the few things that can be controlled when it comes to investing and it just may be one of the most important if properly understood and defined.

Focusing on a disciplined client focused investment strategy rather than the whims of the market is a key component of helping your clients achieve their personal financial goals.

The Importance of a weatherproof investment strategy

Anet Ahern is the Chief Executive Officer of PSG Asset Management

When the winter arrives properly in Cape Town, it inevitably brings a few storms. It will rain, there will be some flooding, the wind will howl, and it will be cold.

This is one of the times that Joburg dwellers really crow about their climate. Capetonians do not however fundamentally change their lives as a result – rather those who are able to, adapt around the edges, developing their own enjoyable coping strategies that are part of our local culture. Fireplaces, red wine (provided you have stocked up before lockdown) and some lovely winter stews come to mind as examples. We might check gutters and drains, do some much-needed roof repairs, and invest in a good quality winter coat. The point is, despite dark and wet mornings, we do not change our life plans because of (predictably) poor weather conditions. Rather, we understand this is just a season, and that things will change again soon.

However sanguine individuals might be about the weather, few can apply the same level-headedness to investments. This is a great pity, since markets have storms (corrections) and seasons (cycles) too. Investors often do the most damage to their long-term wealth when they allow this market 'weather' to derail their investment plans. The irony, of course, is that the nature of market mood changes is well-known and often discussed – just like a typical Cape Town winter. Despite this, many find it impossible to adopt the same bigger picture approach that allows us to make it through months of gloomy weather without derailing the rest of our lives. The question is why investors continue to fall prey to emotions driven by market events, when we anticipate that these will occur at some point in time.

Traditionally, money has been defined in terms of the three core functions it performs: as a store of value, a medium of exchange and a unit of account. This definition however largely ignores the fact that money also fulfils many less rational functions. It helps us to express ourselves (through the things we buy and display), benchmark ourselves against others (sizing up our net worth), and helps us feel in control of our future in a largely uncertain world (providing a security net).

Similar arguments could apply to investments: the cold logical and economic arguments we often apply (risk-return analysis), neglect the softer, more human roles investments play in our lives (the emotional driven aspects).

M. Scott Niederjohn and Kim Holder refer to 'Econs' in their paper on Behavioural Economics as analytical, reflective, effortful, deliberate and patient. To be fully rational, an Econ would also need to be well-versed in probability theory and rational optimisation. Thus, an Econ would always make the best choice given a set of alternatives. That definitely does not sound like the average investor! This divergence between the analytical and the emotional aspects of investment, may well be at the heart of why we continue to fall foul of our investment ambitions. This divide between the 'rational' and the 'emotional' has been studied extensively, and we have names for them: investment biases. From confirmation bias, to anchoring, to loss aversion, to recency bias and the bandwagon effect – investment biases have been proven to exist time and again, even when standard economic theory says they should not.

As investment professionals, we have seen it all and understand that most often, investors struggle to remain emotionally detached from their investments. Markets often produce contrary signals. No market recovery, or trend, ever moves smoothly in only one direction, and although the long-term trend in the stock market is generally up, there are many corrections, dips and periods of sideways movement along the way. Market weather is just as variable as Cape Town weather. This makes it easy for investors to second-guess themselves, doubt their own logic, give up and abandon their plans. This is most often when investment mistakes are made.

So, as investment professionals, how do we move beyond the limits of our own biases with the aim of creating 'weatherproof' investment portfolios? The answer for us lies in research, debate and remaining true to a tried and tested process. The ideal portfolio should not be structured for one season only, but be able to withstand a multitude of conditions. There is no substitute for the rigour and analysis that we apply to every investment decision we make, and ensuring we contribute to a more robust overall portfolio strategy for our clients in the long term. It also helps to surround yourself with people who can challenge your biases (while still remaining on speaking terms) to make sure you are indeed considering different scenarios. Having a sounding board that challenges you in a rational way is invaluable throughout market cycles.

It is only weighing our decisions using multiple measurements, debating our views and sticking to the metrics and processes agreed to upfront, that enable us to remain focused on the longer-term picture, even in the midst of inclement market weather.

Inclusive and diverse companies deliver strong investment performance

Siyabulela Nomoyi, Quantitative Portfolio Manager at Satrix

The 'S' in ESG investing has enjoyed slightly less airtime than its book-ends - E and G. This is likely because climate change and good corporate governance are easier to measure than social impact.

However, we are now seeing great strides being made towards meaningfully and measurably impacting people through investments. One route - supported by a mounting body of evidence - is to invest in those listed companies that lead the world in terms of the inclusivity and diversity (I&D) of their workplaces. Not only are these workplaces good for people – they also make a materially good investment.

Why? Because the single biggest challenge businesses face today is meeting the needs of an interconnected and layered world. No business can hope to succeed without having a workforce as varied as the world in which it operates. I'd go so far as to say that any company that doesn't take I&D seriously is at risk of simply not understanding how to service its market. For investment purposes, inclusion and diversity are tracked against a range of metrics including gender diversity of the total workforce and board; percentage of employees with disabilities; BEE score; existence of policies on, for instance, mental health and HIV/AIDS; flexible working hours and day care services.

Satrix's extensive look at existing research has shown that firstly, companies with a diverse and inclusive workforce perform better across a range of measurable factors – among them innovation, talent retention and the ability to overcome business challenges. And big companies seem to buy into this - a [Deloitte report](https://www2.deloitte.com/content/dam/Deloitte/za/Documents/africa/ZA-Deloitte-Approaching-diversity-and-inclusion-in-South-Africa.pdf) cites a Fortune 500 Companies survey which found 51% of companies believed enhanced employee engagement was created by a diverse workplace, 44% said it increased innovation and agility, and 33% said it helped better service customers. Delving deeper, the Deloitte survey found that Fortune 500 Companies believed diverse workforces were six times more likely to be innovative, six times more likely to be able to anticipate change, and twice as likely to meet or exceed financial targets. And research from the University of Pennsylvania (as cited by [BlackRock](https://www.blackrock.com/za/individual/insights/investing-in-inclusion-diversity), Satrix's global ETF partner) showed that a simple value-weighted portfolio of the Fortune's list of 100 Best Companies to Work for in America – based on opportunities, benefits, and diversity – generated a four-factor alpha of 3.5% from 1984 to 2009 - 2.1% higher than the benchmark.

2016 research on the impact of corporate sexual equality on firm performance by [Liwei Shan, Fu Shihe, Lu Zheng,](https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.2624) found that "implementing corporate sexual equality policies can enhance firms' financial performance, generating competitive advantage in labour markets and mutual benefits between employers and employees".

Similar minds working together can be likened to an echo chamber, where the prevalence of certain points of view means the status quo is often simply not challenged. Another wonderful outcome from a workplace made up of very different minds is increased creativity. In a 2020 report on executive directors, PwC says that 19 JSE CEOs

are women — **just 6% of all CEOs**. This is a clear example of why South Africa needs an inclusion and diversity ETF which will allow investors to invest in the change they want to see on the JSE." He says that it is pivotal for South African companies to take I&D seriously, "I&D plays an important role globally, and specifically in the South African context.

There is a real opportunity to benefit from robust returns while championing the kind of deliberate action we need to move the needle. The King IV governance and JSE regulations set clear diversity targets, but true transformation has been slow. PwC's nonexecutive report, for example, shows boards in South Africa are still largely white (48%) and male (71%). There's much work to be done and choosing to invest in inclusive companies is a positive way to drive progress." Importantly, investing in I&D doesn't mean sacrificing financial gains, in fact the opposite is true. In fact, **BlackRock's** iShares Refinitiv Inclusion and Diversity UCITS ETF]has delivered a total return of 15.37% year to date.

Satrix will launch an ETF later this month which gives investors access to South Africa's 30 strongest listed performers in terms of I&D. The fund is aligned with Satrix's deep commitment to diversity and inclusion – however the launch is also based firmly on sound investment principles.

The objective of our I&D fund is to champion a new era of shared humanity where investors seek to invest in brands that have societal impact. This strongly aligns with our core purpose to drive the social pillar in ESG. JSE-listed companies are measured against four I&D pillars, namely diversity, inclusion, people development, and news and controversies. The top ranking 30 companies are included in the index.

This fund is ideal for investors who value companies with high levels of inclusion, diversity and people development, and low levels of controversy. Satrix will reveal full details of its new offering, and initial public offering towards the end of July 2021.

Halftime break

Old Mutual Wealth Investment Strategists Izak Odendaal and Dave Mohr

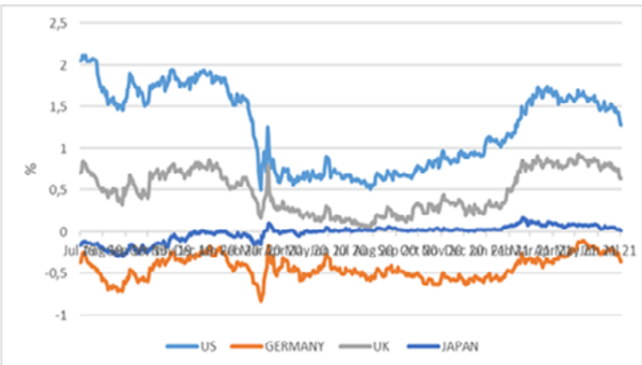
We're halfway through the year, and global investors are reassessing some of the broad views that have held for the past six or seven months.

In particular, we've seen long bond yields falling sharply. Taking the US as an example, since it has the most important bond market, its 10-year Treasury peaked at 1.7% in March but has since pulled back to 1.3%. This means the yield curve has flattened, which is just another way of saying long bond yields have fallen faster than shorter-dated yields (the latter being very low already).

Treasury yields matter greatly, since they influence borrowing costs across the world, but they also reflect the market's collective view about inflation, growth and short-term interest rates over the lifetime of the bond, which can range from a few months to 30 years.

Why are bond yields declining when growth is strong, commodity prices high and business consumer confidence rising? Is the bond market pricing in a future of low inflation, sluggish growth and by implication, very low short-term interest rates? There are a number of theories.

Chart 1: 10-year government bond yields, %



Source: Refinitiv Datastream

DELTA BLUES

Firstly, while progress with coronavirus vaccines are everywhere, including laggards like South Africa, the fast-spreading Delta variant is a problem for those who are not vaccinated. Even in countries that have been very successful with vaccinations, such as Israel, the UK and US, between 30% and 40% of the population is not fully vaccinated, leading to outbreaks. Outside of these countries the impact can be devastating, as we are seeing in South Africa. It is in the interest of the more successful countries to assist the laggards, for as long as the virus is free to rampage, even nastier variants can evolve.

The fact that the Tokyo Olympics will take place under state-of-emergency conditions says a lot about the risks the virus still poses.However, while the virus remains a deadly menace, it seems very unlikely to be able to shut down the entire economy as it did in March of 2020. Back then, the threat was so new and so big that policymakers felt they had no other option. There are still lockdowns and restrictions today, but much more targeted and regional. And of course, workers, businesses and consumers have adapted to new ways of working, selling and buying. Renewed outbreaks represent setbacks but seem unlikely to fundamentally derail the global recovery.

PEAK GROWTH?

A second theory is the idea of "peak growth" particularly in the US. The world's major economies are experiencing robust growth rates as they (largely) put the virus behind them and benefit from continued policy support. However, at some point this initial euphoric reopening phase will ease into the next phase where economic growth rates revert closer to long-term averages as extraordinary policy support fades. Markets try to price in the future, not the present or immediate past.

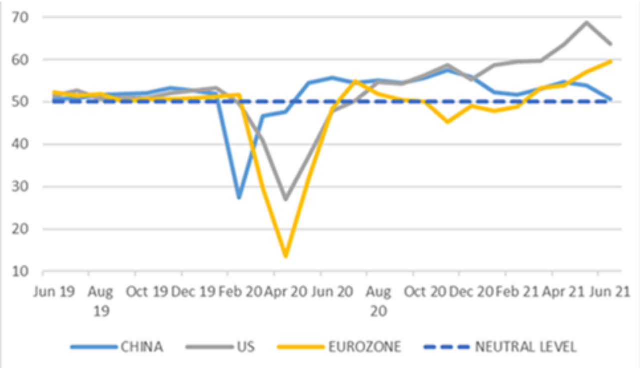
"As things return to normal, we should expect normal rates of growth and an economy not reliant on (or receiving) government cash injections."

In the US for instance, the Atlanta Federal Reserve Bank estimates that the annualised economic growth rate in the second quarter was 8%, which if confirmed would be one of the strongest on record. Such a heady pace is abnormal, lifted by the reopening and pandemic-related financial support to households. As things return to normal, we should expect normal rates of growth and an economy not reliant on (or receiving) government cash injections.

In fact, as it is normalised, the impact of fiscal policy on the economy can turn negative. President Biden has ambitious infrastructure plans but these have not finalised yet, and the impact will be measured in terms of years, not quarters. If passed, the biggest boost is likely to be to the supply side – the economy's longer-term growth potential – not the demand side.

Since China was the first major economy to put the pandemic behind it, it stands to reason that it has already hit peak growth. The latest round of purchasing managers' indices confirm this loss of momentum. China's pre-crisis growth rate was still very high by global standards, and a return to average for China still implies rapid growth, just not as rapid as in recent months (think 5% to 6% annual growth instead of 8% or 9%). After all, authorities in Beijing are still grappling with fears over excessive debt levels,

Chart 2: Composite purchasing managers' indices



Source" Refinitiv Datastream

Europe's growth lags the US somewhat, having been harder hit by the Northern Hemisphere winter wave, and should therefore be further away from peak growth. However, the key tourism sector in Southern countries is at risk of Delta. It is summertime there and the likes of Portugal, Spain and Italy are clearly torn between the economic need to welcome tourists and the concern that they will bring the virus with them. None of this suggests that the world economy is about to go into recession or even slow materially. Just that the first year or so after a recession usually sees very rapid growth, and this pace naturally slows. It can pick up again as there are usually smaller cycles contained within the bigger cycles.

POLICY UNCERTAINTY

The third argument is that the decline in bond yields is linked to potential changes in monetary policy in the US. Simply put, over the past year or so, the outlook for monetary policy was pretty clear, but now the waters are muddied. It is no longer a one-way bet after the Federal Reserve's June meeting, when officials gave the first indication of when interest rates could be expected to rise. Minutes of that meeting were released last Wednesday after the usual three-week lag. Some officials are keen to reduce monetary stimulus, particularly to the housing sector that seems to be doing very well on its own. But there is no consensus. As can be expected, there is a fierce debate happening within the Fed about the appropriate path of interest rates and asset purchases.

After all, despite its army of economists, the Fed cannot predict the future, because nobody can. It has to make assumptions about how the future is likely to unfold, carefully monitor whether the economy is on track to evolve as expected and set policy accordingly. Making it even more difficult is that changes in monetary policy take time to impact the real economy, but can impact financial markets immediately. In fact, even the hint of future changes can cause big, sometimes unwelcome, market moves as was the case with the 2013 Taper Tantrum. Financial market moves in turn can complicate policy choices for central banks. If markets are signalling discomfort with the growth outlook, it might make central banks reluctant to tighten policy. Finally, there is the old standby of 'technical factors', including lower liquidity during the traditional holiday period in the North. In particular, the US government has been running down its massive cash balance at the Fed, issuing fewer new Treasury bonds.

But demand for these bonds remains high. The Fed is still an active buyer of $80 billion each month, but so are many others. It might seem odd to South Africans accustomed to high interest rates that anyone would buy bonds at low yields, never mind the negative yields you see in Europe and Japan, but the world is still awash in excess savings and liquidity that has to go somewhere. Bank deposits are at record levels, for instance, but lending is sluggish. So banks are among the many institutions looking for yield in fixed income markets. Not everyone is allowed to invest in equities. And many investors who can buy equities are worried about valuations, particularly in the US. But as they drive down bond yields, it has implications for the equity market.

GROWTH VS VALUE

Not all equities are equally sensitive to interest rates. 'Growth' companies generate their own earnings growth (often by taking market share) instead of relying on a strong economy as is the case with 'value' or cyclical shares. These future earnings of these growth shares, of which the big internet platform companies are examples, become more valuable when discounted to the present at lower interest rates. In contrast, low interest rates are bad news for cyclical companies because low rates normally imply sluggish economic growth. Growth stocks did well in the early pandemic months because interest rates collapsed and demand for technology increased. From the low-point in March 2020 to end October, growth stocks have beat value stocks by 20% according to MSCI's global indices. In early November, news of effective vaccines raised the global economic growth outlook and value stocks outperformed by 15% as bond yields increased. Since the peak of yields two months ago, growth has outperformed again as bond yields declined.

Chart 2: Composite purchasing managers' indices

Source" Refinitiv Datastream

Therefore, it is not a simple case of saying low interest rates mean higher equity values. If that was the case, Japan's market would have been booming for the last to 20 years of zero rates. European interest rates have been negative since 2015 without any discernible boost to equity prices. US shares have benefited most from low interest rates, because the US is more of a growth market, being home to the world's tech behemoths.

US valuations are at elevated levels compared to history, but not at extreme levels when taking interest rates into account. However, even within the US market, there is a valuation dispersion across sectors and companies. And outside the US, global equities are not worryingly expensive.

What these valuations tell us is not that the market is about to crash, just that longer-term dollar returns from global equities are likely to be below average. South African investors can still expect currency depreciation to boost these returns over time, but remember the rand can stay uncomfortably strong for long periods too.

SO WHAT?

Firstly, there are always risks and uncertainties. It feels worse now in the pandemic, but an investment newsletter written at any point over the past 200 years could come up with a list of threats and reasons to be fearful. But there would also be a list of reasons to be optimistic, the main one being human ingenuity even in (or especially in) the face of adversity. Even as the world faces peril from disease and climate change, we are in the privileged position to be able to invest in the solutions and earn a return. The key is just not to put all your eggs in one basket, no matter how sure you are that it is the correct basket. Secondly markets never move up in a straight line. Corrections take place from time to time. It can be because some specific event causes anxiety, or because an asset class has a strong run and enough investors decide to rotate (global equity benchmarks were hitting new record highs before last week's wobble). Or a new narrative takes hold.

These narratives or stories change from time to time. The story over the past six months or so has been about reopening and reflation. These stories give traders a framework to guide their positions and commentators something to talk about. The narrative now seems to be changing. Long-term investors need not pay too much heed as long as they are appropriately diversified. A concentrated portfolio can get badly hurt when the narrative changes and one set of investments fall out of favour and another becomes popular.

Thirdly, just to repeat that peak growth does not mean no growth or even slow growth. Just slower growth. The outlook for the global economy remains that things get better, not worse, and that company profits will continue to expand, but not necessarily at the breakneck speed of the past few months. **It makes sense to remain invested.**

TECHNOLOGY

PG66-77

Building an eco-system of value for insurers

Robin Wagner, senior vice president: International Insurance at TransUnion

The insurance "grudge purchase" can open a world of valuable personal engagement and revenue opportunities in a well-designed service ecosystem.

INSURANCE SERVICE ECOSYSTEMS: THE NEW KEY TO LOYALTY AND PROFIT

As insurance products become more homogenous and industry competition intensifies, insurers need ways to differentiate themselves and stay relevant. Robin Wagner, Senior Vice President, International Insurance at TransUnion, explores the provision of credit education and protection as a value-added service in the insurance ecosystem.

INCREASING THE VALUE OF A "GRUDGE PURCHASE"

While many consumers view insurance as a "must-have" or "should have," it's a grudge buy for most. And in light of the economic challenges and financial hardships brought about by the COVID-19 pandemic, consumers are more likely to shop around for savings on insurance products. This puts extra pressure on insurers to deliver perceivable value in a competitive market where product differentiation is already difficult and margins are tight. In addition, the rise of InsurTechs presents challenges to traditional insurers. Those that don't innovate now are likely to lose market share to new entrants offering greater personalisation and services that at least meet (if not exceed) consumer expectations.

ADDITIONAL SERVICES CAN ENHANCE RETENTION AND BUILD REVENUE

Insurers with an ecosystem of services complementing their core offering have shown a higher Net Promoter Score (NPS), greater retention rates and a more diversified revenue stream.

Retention is one of the most critical profit drivers for insurance businesses. By bundling additional services around their core offering, insurers can provide enhanced value and increase stickiness.

Case in point: Discovery Limited, a South Africa-based financial services group, delivers a platform of added value and rewards around their core health insurance product through its pioneering Vitality programme. This kind of brand differentiation has set it apart from competitors and is key to retaining loyal customers, especially in times of financial hardship.

*A Bain & Company study on US home insurance providers showed an average NPS of 20 for those offering no additional services. The NPS rose to 49 when offering 3 or more services. In addition, 42% of customers expressed interest in ecosystem services and were willing to switch providers for those services."

SERVICE ECOSYSTEMS CAN HELP OFFSET MARGIN COMPRESSION BY PROVIDING ALTERNATIVE STREAMS OF REVENUE.

*Deloitte research in the UK points to around 30% of an insurer's revenue coming from services by 2025. A Bain & Company study showed 36% of customers using ecosystem services were willing to pay higher premiums for those services.

The perceived increased value of a bundle of products allows insurers to obtain greater pricing elasticity around their core offerings. There's also the opportunity to build an additional revenue stream from these extra services through fees or commissions.

SELECTING SERVICES THAT ADD VALUE

There's often very little communication between insurers and customers beyond the quoting and renewal stages. By making relevant services available and demonstrating the value of packaged offerings, you create more opportunities to engage customers and build loyalty.

"Insurers with an ecosystem of services complementing their core offering have shown a higher Net Promoter Score (NPS), greater retention rates and a more diversified revenue stream."

About 30% of South African insurers say poor communication was the second biggest cause of customer complaints. Customer value is the ultimate differentiator. TransUnion offers several value-added services insurers can seamlessly integrate into their ecosystem to create the benefits of an expanded offering.

CreditView Dashboard®, our online consumer product, allows individuals to view their credit information, model payment scenarios, and simulate the impact of specific actions on their credit rating (such as paying off a particular debt). It can be branded and used to market relevant products — helping drive higher traffic and engagement online.

One in five CreditView Dashboard users improved their credit score over time. Highly engaged users regularly returned to simulate new products. As with other successful and scalable innovations, the real value lies in **helping consumers understand and manage their financial wellness — a good fit for insurance offerings focused on protecting financial positions and assets.**

About 30% of South African insurers say poor As more transactions move online, the risk of identity theft is a growing concern. TrueIdentity is another consumer-focused, easily integrated solution that sends an alert every time a consumer's details are used for a credit activity.

Consumers can then log in to view the inquiry or transaction and notify appropriate parties if there's a suspicion of fraud. **Showing you actively protect your customers against fraud helps you build greater engagement, trust and loyalty.**

Insurers with an ecosystem of relevant, value-added services have a greater opportunity to communicate with their customers, build stronger relationships, enhance their brand's perceived value, and improve retention and revenue growth.

For a demonstration of our solutions or to learn more about use cases for CreditView Dashboard and TrueIdentity, visit https://www.transunion.co.za/

How will POPIA impact cloud providers?

Stuart Oberholzer, Information Security Compliance Manager at PaySpace

While Covid-19 has seen organisations shift to cloud platforms overnight to help them remain operational while their workforces are operating remotely, too many are not up to speed with what this means in terms of their data.

This is particularly true now that the Protection of Personal Information (POPI) Act is coming into. Although cloud providers and third parties such as managed service providers are obligated to protect any personal data they handle, process or store, when it comes to ensuring the safety of their information, the onus is on the organisation that contracted them. Primarily, cloud providers need to ensure that data is stored within South Africa's borders. In fact, should any data be stored outside the country, they should seek legal advice, and also get full consent from the data owners to make sure that any affected customers are aware of this.

In addition, anyone who is storing data outside South Africa should make sure it is being stored in a territory that has either similar or stronger regulation in place than POPIA. In terms of data responsibility, it ultimately lies with the customer to make sure their data is safe and secure. They need to understand where their data is being stored and if they haven't been contacted by their cloud provider yet, they should take the initiative and contact them.

Looking at what cloud providers themselves need to do to prepare for POPIA, as with any other businesses, they need to understand their processes, such as how they are storing data, and ensure they are not processing any data that they shouldn't. They can prepare themselves and their customers by fully understanding the requirements of the Act, in terms of what is required from them, as well as what their customers need to do. In addition, any cloud providers that are hosting data need to ensure that the data is being stored securely, and that it can't easily be breached by an attacker.

Referring to sections 21(1) and (2) of the Act, which specifies: A responsible party must, in terms of a written contract between the responsible party and the operator, ensure the operator, which processes personal information for the responsible party, establishes and maintains the security measures referred to in Section 19. The operator must notify the responsible party immediately where there are reasonable grounds to believe the personal information of a data subject has been accessed or acquired by any unauthorised person.

To remember that cloud providers need to ensure there is clarity in terms of what is expected from each party. By being prepared, they can help customers prepare. Ultimately, data protection in the cloud is a two-way street. The cloud provider is responsible for making sure data is stored correctly, that only the authorised people have access to it, that data is fully backed up, and that service is uninterruptible. The customer, Oberholzer says, must ensure that their networks are secure, and that all devices that are used to access their information are secure too. Ultimately, it is a shared responsibility model. Cloud providers must inform their customers that POPIA is happening, but at the end of the day, it is up to the customer to ensure that their own processes are POPI compliant.

Cloud providers need to stay up to date with what the Information Regulator has to say and keep a close eye out for any updates. As the POPIA process is refined, there are bound to be announcements and amendments that will ultimately affect every organisation. Check the [Regulator's website](https://www.justice.gov.za/inforeg/index.html) daily, follow any directives that are issued, and make the changes at once. This will not only help cloud providers protect their customers; it will also help to shield the provider from any reputational damage that might result from a possible leakage of data. "t is a common misconception among South African organisations when outsourcing to a third-party provider: that any risk relating to a data breach transfers to that service provider, but this isn't the case.

The POPI Act stipulates that the main responsibility of data protection lies with the company itself.

QSURE

INTEGRITY IN MOTION

MAKING COLLECTIONS AND PAYMENTS EVEN **BETTER WITH CLOUD TECHNOLOGY.**

QSURE can proudly announce that its entire ICT platform now operates on the trusted and respected MS Azure Cloud based platform.

For clients using our Xcelerate collections system, this now brings the added benefits of enhanced data security, advanced compliance monitoring, improved mobility, even more reliable redundancy and scalability to optimise system performance.

All this in addition to our vast experience in the industry and impeccable service delivery.

Contact us to find out how we can bring value to your business.

011 449 6800 marketing@qsure.co.za www.qsure.co.za

An Authorised Financial Services Provider FSP 50552. A Q LINK Holdings Company.

Accelerating Delivery in the Insurance Industry

Corneil du Plessis, Chief Software Architect and Problem Solver at JumpCO Consulting

Corneil du Plessis, Chief Software Architect and Problem Solver at JumpCO Consulting, shares his account of an experience reconstructing a software programme for a major South African insurance company.

The Chief Technical Officer of a large insurance company was driving out the decision to move all enterprise applications onto WebSphere Application Server. The head of one of the business divisions engaged JumpCO Consulting as an IBM Partner to help them move from Glassfish Application Server to WebSphere. This turned into a journey that took four years, but it resulted in accelerating the pace and quality of their software delivery.

The system in question had already been a decade in development. For most of that time, it was in production with regular updates and improvements. The division was running a mature Scrum process with seven teams of about four to seven people, releasing once a month.

We quickly identified the brittle build process as an obstacle to success during the migration because the local developer experience was frustrated. They could only test a small part of the system locally while interacting with many remote components and services. The root cause was dependency management.

The project was made up of over 300 modules -- five were Java Web applications, about 40 were (Enterprise Java Bean) EJB applications and about 50 were Java CORBA servers -- while the rest were libraries consumed by these applications. A developer could only run a few of these applications locally at any point in time. They needed to be sure they weren't using the wrong version of the libraries or their dependencies.

We tried to use Maven but quickly realised it couldn't deal well with a project that size. We then tried Gradle which had just been released at the time. The project had used Ivy as a means of describing modules and their dependencies and so we wrote a script to scan the path for ivy.xml files and dynamically generate Gradle build files that would properly reference local and remote dependencies.

We established a central continuous integration process to build code as it was committed. Very soon developers had a stable development experience. The central build

used to take an hour or more, but after switching to Gradle the average build time was typically less than five minutes but occasionally more than twenty. We needed only to build the components that changed.

Eventually, the builds for releases into pre-production and production weren't full rebuilds. We rebuilt and deployed only the modules that were affected by changes.

Releases went from a six-hour ordeal to a one-hour chat while we waited for testers to tell us all was well. The organisation moved from four-week sprints to two-week sprints.

The risk associated with moving to WebSphere and upgrading to newer versions of WebSphere was reduced to the extent that it is now, conveniently, a non-event!

At the time there wasn't a clear understanding of the term DevOps. Looking back one can see that this was an adventure in DevOps with a happy ending for everyone involved.

The art of integration

A fascinating conversation with Wimpie van der Merwe, the CEO of Global Choices.

Tony: Your value-added products (VAPs) are based on Design Thinking principles, maybe you can explain what it means to have Design Thinking behind your products?

Wimpie: The whole idea and foundation of design thinking is based on empathy. We are in the service industry, so start with the customer, looking at how they are going to experience your products or your services. Our biggest objective is to partner with our clients, that can be an underwriter, broker or an insurer. We then focus on those different experiences the customer is going through during a risk event, looking at all the different touch points and identifying the problem areas while looking for new solutions to make the customer journey easier or simpler.

We develop most of our value-added products, our assistance services, and then also our digital solutions during this process. Our main focus is the "emergency assistance event", because we are the first touch point and the beginning of an insurance risk event that become an insurance claim. e idea and foundation of design thinking is based on empathy. We are in the service industry, so start with the customer, looking at how they are going to experience your products or your services. Our biggest objective is to partner with our clients, that can be an underwriter, broker or an insurer. We then focus on those different experiences the customer is going through during a risk event, looking at all the different touch points and identifying the problem areas while looking for new solutions to make the customer journey easier or simpler. We develop most of our value-added products, our assistance services, and then also our digital solutions during this process. Our main focus is the "emergency assistance event", because we are the first touch point and the beginning of an insurance risk event that become an insurance claim.

Tony: How does the integration with insurance work and where does the client come into the process?

Wimpie: our focus is to partners with our clients and becoming an extension of their brand. It can start when they develop a new insurance product where we embed our value-added services and digital solutions as part of that new launch, becoming part of that DNA of the and the customer journey. We can also just be a separate brand of assistance services products, a bundle of products that we put together for the broker or underwriter. We become the extension of the first notice of loss and claim solutions. The objective is how can we optimize our assistance during a specific event. When a person is involved in a motor car accident, what happens around that event and how can we assist the client to manage the event holistically. This entails optimising all the different experiences that a customer is going through at that stage, and all the way through to he claims process and resolution.

Tony: To ensure a fast response, because with these accidents events you need immediate response, you use a lot of on hand client information. How does this work and how does it benefit the insurer and the client?

Wimpie: We normally sit with our clients and then come to an agreement where different options or solutions are available, creating an API or digital data vault for them, to protect that data as per the POPIA. We then use these API to get verification of the client and the details that's applicable to that specific risk event to assist the client faster. During the event we also capture information relevant for claim stage. We can now use that information to start prepopulating the claim form. After the event we can then send the first notice of loss to the broker, underwriter or insurer, and then also to the client. The client can then sit in the comfort of his own home and on his cell phone or a laptop work through the digital claim form with the vital visual information that was captured at the risk event and attach to submit the digital form to the brokers, the underwriters.

Tony: Your unique value proposition, in terms of distinguishing yourself from other VAP providers, would probably lie in the integration process, the design thinking, the interfaces and the use of the information?

Wimpie: As digital solutions evolve and becomes faster and quicker; you have to find new solutions to help you integrate into the emergency event and claims process that follow during the customer experience. With a lot of legacy systems, you can actually create this interim equality API or vault where you can have access to the vital information of the customer, to make the decision process much easier. We use design thinking principles to develop our digital and VAP's solutions to optimise multiple objectives simultaneously for our clients and their policyholders during a risk event.

Tony: Please tell us more about the new digital solutions app you are launching.

Wimpie: We started five years ago on this digital journey, because we realised that people use their cell phones to have access to the world of information or the various digital experiences. I always say digital developments are never final, it's a continuous journey. So we are now moving deeper into this space we call ecosystems, digital ecosystems or platforms. So, a call centre is one of our digital platforms, where we capture quite a lot of information, and to integrated it on a person's app. The art of integration is to capture information at different touch points and to create a single customer view during a risk event for claim resolution So it's the integration of all these different touch points. The app is actually just part of our eco platforms but behind it, there's also different layers, call centre solution, web and digital solutions, etc. They are all integrated, because the biggest challenge I've seen in the insurance industry is to have that single customer view. So our focus, as you mentioned, is to have that single customer view of the policyholder when a risk event happens, and then to give people access to the information that will help with the customer a long their journey. With the siloed insurance processes at the moment, you sign up for a policy, you renew a policy at the end of your contract period while, in between, you deal with different departments when you claim, or alter your policy etc. Every time you engage you start over because there's not a single view of that customer. That's what we are trying to achieve with our solutions, our API's and our digital vaults.

Tony: So what is the offering on the new app?

Wimpie: The offering is that you can be connected to your broker, or your underwriter 24 hours a day. So let's start with a simple thing: We need an emergency where you press the panic button which sends a signal through to the call centre. The call centre calls you and locates you and, depending on your emergency need, or the situation, we then start to case manage on the client's behalf. But there are two sides to the app. The first is, where they downloaded the app on a cell phone, or where we just sent an SMS which can be opened as URL Link to an application that opens with all the functionality to capture the information and to do the emergency assessment. Activating the App or URL Link the client can use their camera and mic to connect directly with the case manager and communicate the damage to their motor vehicle or the geyser that became a water feature in your house. We can make an emergency assessment and activate the necessary response unit and service providers to contain the damage. This is the ultimate form of empathy, put yourself in the shoes of that customer, in that event, and have visual information for better assistance. Our app and all these things are built in. On our app platform we can activate different functions it depends on what the broker marketed to their client or what they would like to add to their products, so it's a very versatile, flexible app platform. So as a broker, you can have three different types of products that you sell to your clients. When a client downloads the app, and they put in their details it will automatically activate what's available on his menu on that specific app as well. So, it becomes very flexible ecosystem and platform. Very versatile.

Tony: This means that neither the client nor the insurer really knows that you're there.

Wimpie: Yes, because we now become the extension of the brand. And, as I said, we fulfil specific needs on the customer journey. we can be the 24hour Assist hub that will provide a telephone call centre , the app, the self-service portal, and an app or app-less experience with assistance services or products. So, we try to just make those customers whole risk journey easier. But, as I said, we first touch point in the customer journey when a risk event happens because of the emergency side of it.

Tony: So, you now have a broker system, a broker app, insurer system and insurer app. Where do these systems then fit into this whole ecosystem?

Wimpie: This now depends on all those different distribution channels and how they want to create the functionality around these. We can just be a functionality on their apps or their system, or we can manage that as well. So, we don't try to dictate the objective. The objective is around the customer and identifying all the touch points. If they already have some existing touch points, we can integrate ours with those touch points, whereafter we can just be on their app with the call centre functionality or in a home assistant services or geyser replacement services or wherever they want us to be. We don't come and say you must take this or that. We like to partner with our clients, not dictate to them.

Tony: It almost looked like you're a sort of hub in this ecosystem?

Wimpie: Yes, insurance brokers need to be available 24 hours a day for their customers, because risk events, as I mentioned, don't keep office hours. A geyser will burst at six o'clock on a Sunday night and you need to resolve it, but you can also resolve the geyser claim or warranty claim through our solutions with a touch of a button. Under the brand of the broker, when the client phones, we will sort out the replacement, etc. It depends on what mandate has been given to us or what protocols have been agreed.

Tony: I love where insurance is going with everything happening at the touch of a button, and the process you have put in place. It's because there's nothing worse than when something happens, you must find out how you do this and how do you contact who and fill in forms and wait for somebody to arrive to give you forms to fill in, etc?

Wimpie: We try to take that hassle factor out of the journey. My whole idea is that, when you sign up a client, as a policyholder, as a broker, why don't you prepopulate the obvious claim forms from day one. When that event happened, the prepopulated claim forms get activated. As a client, you know my bank details because you deduct the policy premium every month from my bank but you give me a blank claim form. The biggest recognition you can give a person is to know who your customer is, and what's their name and their details. That's where technology can play a big role in helping all players in the insurance industry to know who the customer is. That's where AI in the future will also play a big role and we are giving them access to those tools. This will lead to great client experiences and increased retention.

Tony: I look forward to the upcoming Insurtech conference on the 27th and 28th of July where we are going to debate these integration things; the good and the bad of it.

Wimpie: The ancient Greeks used to talk about a devil's advocate, someone who will come in to oppose whatever the trend or the rules are. And that's the best way to actually identify the real issues, because you need the mirror to look in and to understand all sides better.

Our biggest mirror is actually, at the end of the day, our customer and how they perceive our services, our solutions and the simplicity thereof.

Modernising or replatforming

Gary Tessendorf, Regional Director at Sapiens Sub Saharan Africa

TONY: A big question nowadays, with technology being such a major driver of our industry, is whether you put the big bucks in and build a new system, or whether you just modernise what you've got. How do you see as the difference between modernising and building?

Gary: Modernisation is essentially a plethora of different themes. Essentially one of the major themes being what we call total over legacy. So it's essentially keeping your underlying tech stack in place, leveraging some form of API orchestration layer, and then obviously exposing the site into a digital front for a client, an agent or a customer out in the market space.

So essentially, you're not re-platforming, you're leveraging what you already have in place, but putting a new fancy digital front end to engage with customers and agents out in the market. So that's the first one. The second one, obviously, and this is the probably the wholesale transformation piece. This is the re-platform, taking an existing legacy platform and bringing in a new age, open, architected, new age system that's built for new levels of engagement and the like.

Tony: So in terms of the difference between those two and making that decision, are there certain benefits and challenges to consider?

Gary: Essentially it comes down to budget and appetite. As a direct result of COVID, obviously, digital is front and it will continue to be. The reality is that there has been, what I call a digital deficiency in the market space, especially with some of the larger more legacy abound players. Essentially, what we're seeing is they're being forced to, whether they like it or not, to modernise or to re-platform. The question is down to budget, I think it's one of the main constraints and, in the COVID environment, essentially a lot of the executives are being very, very cautious about budgetary spend.

The second is impact on business. So the reality is, any type of replatforming exercise, is a transformation exercise also and, obviously, some executives are loath to take that decision in the current environment. Others are seeing it as a perfect storm, essentially looking to replatform in the midst of COVID, whilst most of the market is in a dormant space. They are looking to leapfrog what we see as more traditional players out there that are bound by legacy constraints. So what I'm seeing is budget and obviously appetite are the two main drivers for the decision.

You know, what I've also seen on the back end of that is the two types of executives that are coming into play right now. The ones that are cautious, very careful, and the others that are saying, listen, it's time now, we've kicked the proverbial can down the road for too long now, and it's time now for us to engage on a modernisation drive, including replatforming.

Tony: Yes, we discussed this in length with other insurers as well at the insurtech conference. Can you give us a brief guideline as to when you start making this decision about replacing, building, modernising, where do you start deciding on which of the routes work?

Gary: Going question again Tony. Look, I think the reality is, we're seeing this at various levels within the local market, both the PNC and the life wealth, retirement space. Now essentially, a lot of the insurance companies out there have got to a stage where they be trying to orchestrate digital in a certain way in a certain manner. And the reality is they have got to that point where they can go no further, the legacy constraints have hampered the business significantly, and so they're looking to replatform.

> *"This is the re-platform, taking an existing legacy platform and bringing in a new age, open, architected, new age system that's built for new levels of engagement and the like."*

Now, obviously, a lot of the benefits about re-platforming is obviously speed of change, the open architecture and the ecosystem readiness. The advent of customer centricity, the buzzword of the moment, is the low code, no code, self sufficiency, focus. I think those are the key drivers as to why you would engage on this type of re-platforming exercise. But essentially, those are some of the more technical aspects. What I'm seeing is the willingness to actually wholesale transform the business and how we engage with customers and how we engage internally?The change management aspect behind this can never be doubted as transformation has a significant impact across the entire business, which feeds down literally towards the customer at the tail end. What has to be the sole focus is the customer.

We have also seen the advent of cloud, with cloud ready, and cloud native solutions with a lot of cloud capabilities in the likes of zero, AWS and the like, being leveraged by large scale organisation. So again, this is another benefit behind the new age system as compared to some of the older platforms, which have significant constraints.

Essentially, it comes to a point in the road where customers or large scale insurers are deciding whether they should replatform now or delay and just focus on the digital space for now, knowing fully knowing and expecting they going to have to address the legacy constraints at a further point down the road?

"a lot of the insurance companies out there have got to a stage where they be trying to orchestrate digital in a certain way in a certain manner. And the reality is they have got to that point where they can go no further, the legacy constraints have hampered the business significantly, and so they're looking to replatform.

Tony: At the end of the day, if you make the wrong decision and choose the wrong supplier, or you go the wrong route, the repercussions are huge.

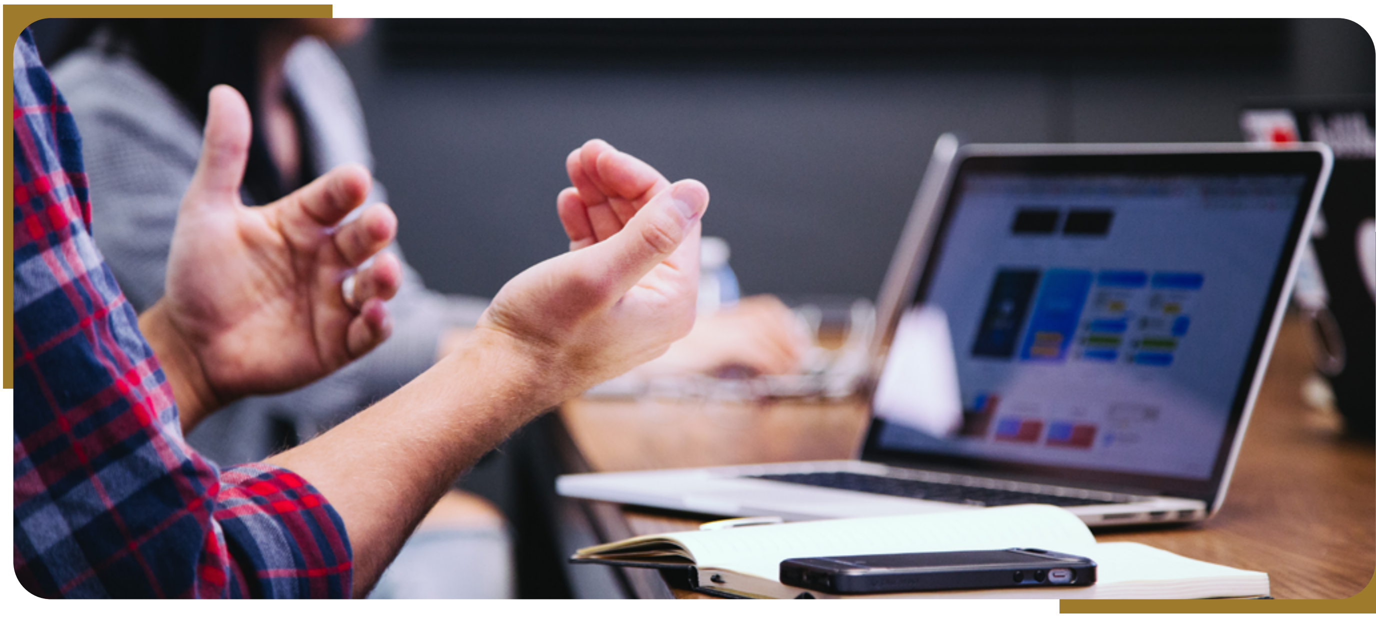
Gary: I'm seeing one more option, which is even better. What I call the tactical deployment. So what they do is to focus on the digital front end for now, knowing fully well, within the next year and a half, two years, three years, they're going to have to replatform. So it's a pure tactical play, to focus on the digital front end in the immediate future, knowing fully well that, you know, in the medium term, there will be replatforming. Therefore the best tactical decision, in the medium term, is to replatform and re-architect on the new open ended architectural solution is probably the best I'm actually seeing out the market in the current environment.

Tony: That is very exciting Gary, thank you so much, that was great. Thanks. And looking forward to the second episode in this series.


SAPIENS
Partnering for Success
No matter where you are
on your digital journey...
DIGITALSUITE
Orchestrate
Your digital, Your way.
DS
For more inforamtion about our
Digitalsuite Scan QR code

Strengthening trust in digital identities

Daniel Eckhart, SRI Advocate, Swiss Re Research & Engagement



The St. Gallen Symposium is an institution on par with the World Economic Forum – albeit with a more intimate setting, and with a focus on intergenerational exchange.

In fact, the St. Gallen Symposium is one year older than the WEF and is set to celebrate its 50th edition on May of 2021. Every year comes with a theme – and this time the theme is "Trust Matters." Just like the rest of the world, the organizers of the St. Gallen Symposium were impacted by COVID-19. The 50th anniversary edition, planned for 2020, was postponed to 2021 – and yet, the bright and hugely energized student body didn't miss a beat. Over the course of 2020, they are focusing on "Trust Matters" in many ways already, ramping up understanding and engagement in good time for what is bound to be a highly impactful symposium next year.

It is a matter of trust, yes, in just about every instance of just about every interaction, be it in the physical or the virtual world. With regard to the physical world, we've become quite used to a few systems we have chosen to trust. With regard to the digital world, however, matters of trust are only just beginning to be explored – and solutions are far and few between. For this reason, the St. Gallen Symposium partnered with Swiss Re Institute and Microsoft to focus on digital trust. Earlier this month a high-paced and results driven cross-generational workshop brought together young professionals and entrepreneurs and a number of senior experts. Keynote speaker Jeffrey Bohn, Swiss Re Institute's Chief Research & Innovation Officer, framed the challenge with his opening presentation.

Fake digital identities can undermine decision-making procedures, manipulate public debate, and cause significant financial and reputational damage – on an individual, organizational, and societal level. Trusted and secure digital identity systems are seen as key to preventing such risks, adding economic value and improving secure citizen interactions (such as e-voting). But, as Bohn explained, current solutions are fragmented, not always robust, and lack scale and efficiency.

The twenty workshop participants were given the necessary guidance and then spent time in three groups to pick a challenge and then work toward solving it, all facilitated by a team of Microsoft's innovation experts. Naturally, there were no definitive solutions presented at the end of the three-hour workshop, but the teams had worked through a great deal and presented first solutions that may well lead to further research by Swiss Re Institute and other involved stakeholders, and will, without a doubt, be valuable material for next year's symposium.

HERE A GLIMPSE AT THREE KEY ELEMENTS THE TEAMS FOCUSED ON:

It is a matter of trust, yes, in just about every instance of just about every interaction, be it in the physical or the virtual world.

Simplicity: The first team picked an excellent way to frame the challenge in that they asked themselves: "How can we create a digital identity system my mom is able to use?" Simplicity is absolutely essential – as simple as a signature, or the showing of an ID, is in the physical world, as simple must digital solutions be. Without that simplicity, many will not use digital identity mechanisms because that which is complicated, simply put, breeds mistrust. People around the world need to be able to simply, effortlessly, grasp their digital identity, its use, its value, and its impact. One big consideration in this regard is education – which was the very focus of the following team.

Advocacy: Recognizing the need for advocacy, one of the teams focused on promoting understanding and acceptance of digital identities to help societies make the shift toward identification models that will be increasingly digital. As they phrased it, "Extensive advocacy will remove fear of the unknown, thus help increase adoption of trustworthy digital IDs." The team noted that there already are ongoing efforts in this space. They suggested building on what exists and scaling up, highlighting the benefits of digital ID adoption and using defined influencers to reach as many people as possible.

Security: The third group looked at providing reliable digital identity that still protects privacy, or, as they called it "privacy with security and accountability." They initially looked at a variety of approaches, such as digitalized identity documents, biometrics, social networks (peer-to-peer trust), hybrid physical/digital approaches, digital ledgers and more. Among the elements they discussed was the conviction that there should be no profit involved in digital identity, thus removing potential conflicts of interest. They were also clear in aiming for multi-layered systems that sustain and protect to ensure against potential breaches. It certainly sounded like distributed ledger technology, something that Jeff Bohn had also addressed in his opening remarks.

NEXT STEPS

As part of the work, every team had to give a good deal of thought to the various parties that need to be collaborating to develop the respective solutions. In every one of the three cases the teams put together extensive lists. It was clear that any success for something as fundamental as a digital identity depends on the involvement and engagement of every element of society, from individuals, to business, to institutions and governments.

The teams identified many of the crucial elements that need to come together. There's no doubt that there already is a coalition of the willing, as companies, institutions and governments around the world are heavily engaged in making digital identities a seamless reality for people. Personally, I'm a big believer in two driving forces – namely those of commerce and convenience. These two forces will be instrumental in bringing about digital identities. Commerce: Business will put every effort into driving progress forward, as it will undoubtedly benefit economies everywhere. Convenience: Consumers will (and already do) increasingly accept and embrace digital identities for the sake of convenience, this will only accelerate.

Digital identities are not yet as secure and as reliable as they need to be. However, the world is already hurtling forward on that digital path and I'm convinced that the right solutions are just around the corner. One of Swiss Re Institute's partnerships, for example, is with the Center for Digital Trust at the EPFL. In that center alone are thirteen partners and thirty-four laboratories focused on digital trust.

Just as the mobile phone has become ubiquitous, so will a full-fledged, trusted and secure digital identity be part of our lives before long. Passports will disappear and, in time, people may even forget the very notion of a signature ... we're not quite there yet – but this future is not beyond the distant horizon – it's in clear view, and coming closer fast.

Finally, kudos to the organizers of the workshop and the whole team behind the St. Gallen Symposium! It is this kind of passionate engagement and indomitable spirit that brings generations together and helps us solve the challenges ahead. What can I say, I greatly look forward to the 50th St. Gallen Symposium!