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WOMEN IN BUSINESS:

ROADMAP ON HOW TO NAVIGATE AND THRIVE THE PHASES OF OUR JOURNEY

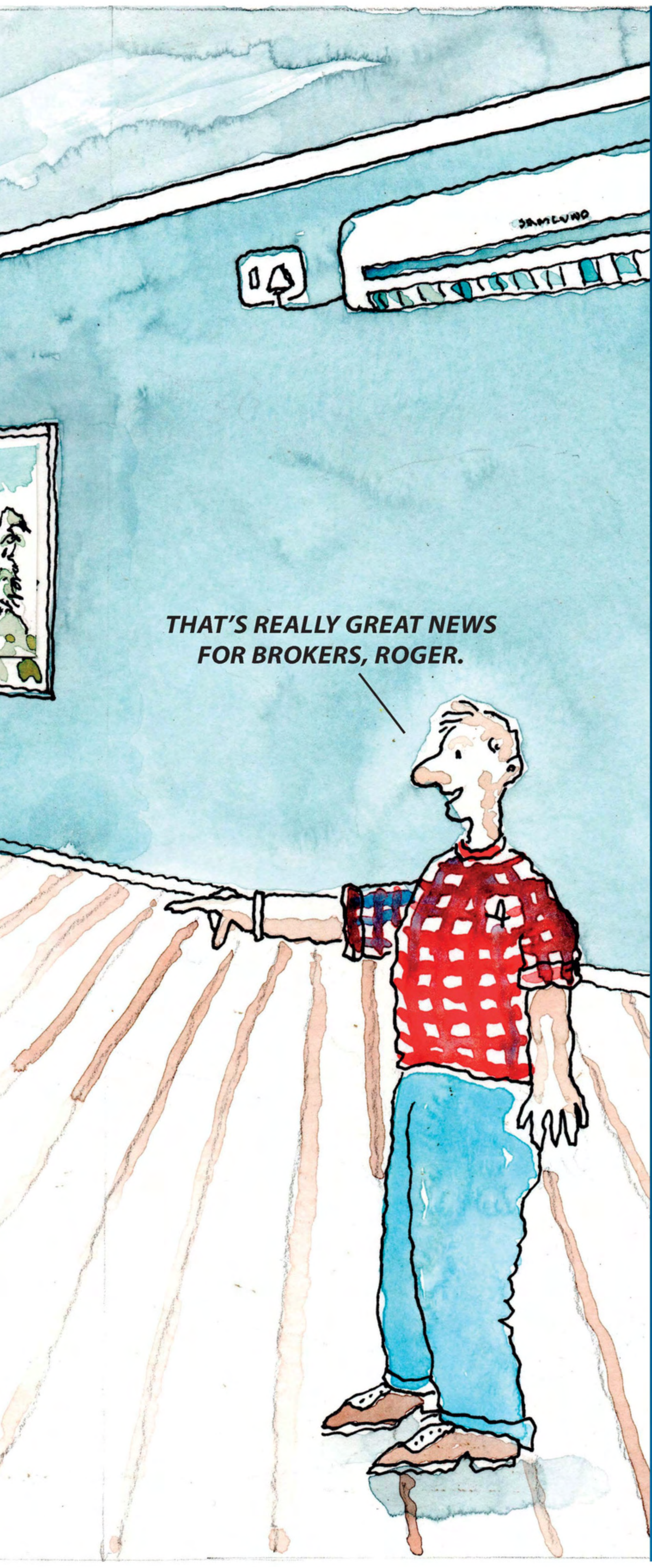
CELEBRATING WOMEN'S

JOURNEYS AND COLLABORATIVE TRIUMPHS

CPD Accredited

August 2023 Edition


WITH EVEN GREATER MUSCLE BEHIND THEM, RENASA WILL NOW BE ABLE TO EXTEND ITS FOOTPRINT EVERYWHERE, ARCHIE.


THAT'S REALLY GREAT NEWS FOR BROKERS, ROGER.

MAIN ARTICLES

WOMEN'S MONTH: IIWC DYNAMIC DUO

By learning from one another, we can, as women, accelerate our personal and career growth, enhance our self-confidence, and ultimately increase our chances of success. - Robyn Carter

INCOME PROTECTION: BRIGHTROCK

The first step to protecting your clients' income is to consider both their temporary and permanent disability needs through cover that protects clients' pay cheques - Clyde Parsons

SHORT TERM : POWERFUL PARTNERSHIP (WESTERN)

The ability of AI technology to conduct detailed risk assessments, expedite claims and analyse large datasets will lead to role-players in the insurance sector reassessing the role of brokers in the future. - Jurgen Hellweg

ECOSYSTEMS (GLOBAL CHOICES)

As business ecosystems continue to gain prominence, it is essential for insurers to understand their dynamics and leverage their potential.

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20 YRS LIFESTYLE PROTECTOR
When the lights are out and the house hums with the sounds of sleep and generators in the distance, will they lie awake a little longer and think about tomorrow? Or the inevitable?
Will they know which blanket is the most prized possession in the whole world? (It's the orange one that smells a little weird)
Will they know just how toasted the bread must be to be perfectly toasted? (The dial must be a little over halfway between 3 and 4)
Will they know which padstal to stop at on the way to the coast? (It's the one with the giant scarecrows you can see from a mile away)
Will they know the shoelace rhyme, the code to the safe, when not to ask how was your day? The ham to cheese ratio, the after-school activity schedule, where to find the things no one else can? Will they know everything you know?
Perhaps they won't.
But they will know that you have their lives covered, so that they can live.
A life covered is a life lived.
20 years ago we created Lifestyle Protector which Financial Advisers could offer their clients. Ever since, we've insured more than a million people and 400 000 families to the value of R1.5 trillion in cover. We've kept our promise of care to our clients in moments that matter and paid out R8.8 million every working day, amounting to R46 billion over 20 years.
Here's to you, every one of our clients, for trusting us to be in it with you. Get in touch with a Liberty Accredited Financial Adviser today to help you secure your family's future.
LIBERTY
In it with you
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WOMEN IN BUSINESS: A ROADMAP ON HOW TO NAVIGATE AND THRIVE THE PHASES OF OUR JOURNEY

There are a host of words that come to mind when describing a woman. Words like compassionate, caring, kind, nurturing and understanding. Others describe a woman as strong, ambitious, driven and determined. Those words have contrast in meaning and connotation. Much like women's journeys, throughout our lives and careers, contrasting and different depending on the phase we find ourselves in at any given point. As women, we navigate these various life phases differently. While I reflect on my journey travelled and what lies ahead, there are a few signs along the road that have emerged for me.

Robyn Carter, President of the Insurance Institute of Western Cape (IIWC)

Seek mentorship and build networks

I have come to realise that mentorship is crucial for various reasons. The obvious ones being that mentors provide guidance, support and share insights. But more importantly, they help navigate challenges based on their own experiences. I've been fortunate to experience both ends of this spectrum and have gained a plethora of knowledge and perspective from various strong women in business. This has allowed me to in turn provide a safe space for others to discuss their professional aspirations, challenges and help them to set and achieve meaningful goals. By learning from one another, we can, as women, accelerate our personal and career growth, enhance our self-confidence, and ultimately increase our chances of success.

Be flexible, resilient and communicate effectively

Flexibility: We have all, at some or other stage, had to adapt to a change in circumstances, roles and responsibilities. If we are flexible in our approach, it allows us to pivot strategies, embrace new challenges and adjust to evolving work environments. This enables us to remain effective and innovative, especially when faced with unexpected obstacles.

Resilience: The journey travelled is never one without any potholes or speedbumps. Setbacks and failures are to be expected. What's important is how we choose to navigate them. Being resilient allows us to persevere through the tough times, learn from our failures and maintain a positive attitude. We need to remain driven and continue striving to achieve our goals, even in the face of adversity.

Effective Communication: It is said that if one ever wonders what is going on inside a women's mind, just imagine a browser with 2857 tabs open all the time. For this reason, clear and confident communication is vital. It helps convey ideas, establish credibility and build strong relationships with colleagues, superiors and subordinates. Effective communication also aids in resolving and managing conflict and influencing positive change.

Maintain a healthy work-life balance: This is probably the sign that emerges the most along our journey and the one that most women are challenged by regularly. How do we adapt our approach based on personal and professional priorities or make decisions about when to take on new responsibilities or pursue growth opportunities?

Set Clear Boundaries: Establish clear boundaries between work and personal life by defining specific hours and sticking to them as much as possible.

Prioritize self-care: Making time to enjoy activities that rejuvenate us both physically and mentally such as exercise, reading and practising relaxation techniques.

Plan and organise: Planning our days and weeks ahead, setting time for work tasks and personal commitments is an effective tool that can help us prevent feeling overwhelmed.

Practice mindfulness: Incorporating mindfulness practices such as meditation and breathing techniques assist in managing stress and staying present in the moment.

Regularly evaluate and adjust: We need to regularly assess our work-life balance and adjust as needed. What works at one stage of our career may need some tweaking as circumstances change.

Remember, achieving a healthy balance is an ongoing effort that requires conscious choices and occasional adapting. Prioritizing our well being creates a sustainable routine that allows us to thrive both personally and professionally. By identifying these signs along the road, and combining these skills, we can confidently navigate transitions, lead teams and make strategic decisions at different stages of our careers. We can build resilience to handle the setbacks, flexibility to embrace the change and effective communication to inspire and motivate those around us - all while maintaining a healthy balance that will ensure we achieve our goals and flourish in any environment.

"Women need to shift from thinking "I'm not ready to do that" to thinking "I want to do that – and I'll learn by doing it."– Sheryl Sandberg, COO of Facebook

CELEBRATING WOMEN'S JOURNEYS AND COLLABORATIVE TRIUMPHS

Chandre Stemmers, Deputy President of the Insurance Institute of Western Cape

Ah, Women's Month – a cherished highlight of my year. This time offers a chance for introspection and anticipation, a moment to contemplate how we, as women, can coalesce in a spirit of empowerment. For me, it's more than just Women's Day; it's a month-long celebration, an opportunity to express gratitude for the exceptional women who illuminate our paths, both in professional and personal spheres.

As this period unfolds, several reflections come to mind. Who stood out as the guiding light of my year? What remarkable transformations have unfolded since the previous August? Have I contributed to these changes? Have I uplifted a fellow industry peer? The journey has brought me across the paths of numerous awe-inspiring women, each leaving an indelible mark of empowerment.

It's reminiscent of a puzzle, with each woman representing a unique piece – distinct in shape, size, and fit. While we are diverse, we are equally integral to the broader masterpiece. These exceptional women, each forging their own paths, are true leaders within their communities, whether in the workplace, family, social circles, or cultural spheres. Their authenticity resonates, their individuality adding immeasurable value to their respective circles.

These journeys encompass a spectrum of experiences some are newcomers, eagerly navigating uncharted industry waters, while others are seasoned professionals, navigating challenges with wisdom and determination. Every woman's saga echoes her courage, resolve, and unyielding spirit to leave her imprint. ecently, I immersed myself in Magda Wierzycka's "My Journey," a book that resonated profoundly. It chronicles her life's trajectory leaving Poland, maturing in South Africa, and navigating the predominantly male-dominated financial services industry. A key observation surfaced from her tale: the distinct modus operandi between men and women in the workplace. Men often operate in silos, striving for individual victories, while women are driven by collaboration to achieve shared goals efficiently.

This illuminates an innate trait in women a preference for collective progress, where unity is prioritized. Wierzycka's story mirrors how women, situated at various points along their professional journeys, navigate through distinct challenges, seizing unparalleled opportunities. This multiplicity of experiences enriches the industry by infusing diverse viewpoints and innovative solutions. Wierzycka's account accentuates women's collaborative nature, their innate empathy, and their collective dedication to progress. Her chronicle also underscores the pivotal role fathers play in empowering their daughters. This sentiment aligns closely with the legacy left by my own father, Mark Stemmers, a prominent figure in the short-term insurance industry.

He epitomized the essence of nurturing daughters to carve their unique paths – advocating for independence, self-assuredness, and the importance of defining personal boundaries. His legacy, mirrored by countless other fathers, lays the groundwork for daughters to flourish, regardless of their point in their individual odysseys. Amidst this tapestry of empowerment and diversity, one cannot overlook the unwavering strength of single mothers, embracing dual roles as parents. They exemplify the theme that every woman adapts to various roles, embracing challenges and opportunities as they mold their distinct stories. And in the backdrop of it all, an unyielding support system at home emerges as a potent force. Whether in the form of a spouse, partner, or friend, these individuals shoulder a pivotal role in shepherding women through a gamut of challenges and possibilities.

Equally crucial is the influence of a supportive colleague – a brief but sincere conversation during lunch can brighten a day and transform perspectives. The notion that every woman journeys uniquely, immersed in different roles and experiences, underscores the importance of standing by one another, both within the workplace and beyond.
As we continue to celebrate Women's Month, a poignant realization emerges – our collective saga is a mosaic of resilience, ambition, and camaraderie. The theme that every woman's journey holds a unique place within the broader story gains even more significance. It's a recognition that our paths, while distinct, converge to create a tapestry of strength and progress.

This commemorative month serves as a reminder that the short-term insurance industry is not merely a professional arena; it's a canvas where women, from various walks of life, wield their prowess to redefine norms and forge ahead. Their roles encompass leadership, innovation, mentorship, and more, painting a vibrant picture that radiates inspiration. Amidst this vibrant tale, Magda Wierzycka's journey and the enduring influence of fathers like Mark Stemmers underline the pivotal roles that empower women. Wierzycka's resilience and the wisdom passed down by fathers embolden us to not only shatter glass ceilings but to shape an inclusive and collaborative industry.

In celebrating the unique journeys of women, we embrace the diversity of challenges and opportunities that shape our tales. From single mothers taking charge to supportive colleagues lending a compassionate ear, each element intertwines to cultivate a supportive environment. As Women's Month unfolds, it is our shared responsibility to ensure that every woman's journey is acknowledged, respected, and amplified. By fostering unity, cultivating mentorship, and championing authenticity, we perpetuate a legacy that not only enriches the short-term insurance industry but also reverberates across industries and generations.

FINANCIAL PLANNING

"Estate planning encompasses more than merely drafting a will. and it can be a powerful tool." **- Robyn Laubscher, Advice and Product Specialist, PSG Wealth**

LIBERTY'S LIFESTYLE PROTECTOR: A FLEXIBLE INSURANCE SOLUTIONS FOR AN EVER-CHANGING LANDSCAPE

Heleshia Wales, Senior Financial Adviser, and Subash Chatrooghoon, Executive Financial Advisor at Liberty

In a world marked by constant change and evolving circumstances, adaptability has become a cornerstone of success.

This sentiment is especially true in the realm of insurance, where clients require solutions that can grow and evolve alongside their lives. In an enlightening conversation, Tony van Niekerk sat down with Heleshia Wales, Senior Financial Adviser, and Subash Chatrooghoon, Executive Financial Advisor at Liberty, to delve into the dynamic landscape of insurance and the unique advantages offered by Liberty's versatile product, the Liberty Lifestyle Protector.

The Wisdom of Experience: A Solid Foundation

With a combined experience of over four decades in the financial planning sector, Heleshia and Subash bring a wealth of knowledge and insights to the table. They've weathered market fluctuations, witnessed global crises like COVID-19, and have an intimate understanding of the diverse needs and challenges faced by their clients.
The Liberty Lifestyle Protector stands as a testament to Liberty's commitment to delivering tailored solutions that stand the test of time. Celebrating its 20th anniversary this year, LP20 has gained a reputation for its adaptability and ability to be customised to meet the unique needs of individual clients.

A Paradigm of Flexibility: The Lifestyle Protector Advantage

The defining feature of the product is its remarkable flexibility. Unlike some traditional insurance products, this product is not bound by rigid parameters or predefined bundles of benefits. Heleshia highlights this versatility, emphasising that Lifestyle Protector can be seamlessly adapted to match a client's existing benefits or coverage gaps. This adaptability is liberating, empowering financial advisors to craft insurance plans that precisely address clients' specific requirements. Subash echoes this sentiment, noting that the product's flexibility is a result of its design based on the client's needs analysis. The Lifestyle Protector operates as a fluid structure, allowing for the addition or subtraction of benefits as circumstances evolve. This unique approach ensures that the product remains aligned with the client's changing life stages and financial priorities.

Simplicity Amidst Complexity: Navigating Multi-Benefit Products

A common concern with multi-benefit insurance products is their perceived complexity. The intricacies of comprehensive policies can make both their initial construction and ongoing maintenance challenging. However, Subash challenges this perception, asserting that Lifestyle Protector is designed to simplify the process.
The heart of the product is a comprehensive needs analysis. This analysis provides a clear roadmap, guiding financial advisors and clients alike to identify the most critical aspects of coverage. Heleshia emphasises that the simplicity lies in the visual representation of this analysis. With the aid of tools like "Advice Plus," advisors can present clients with a straightforward breakdown of the coverage blocks, fostering a deeper understanding of the product's relevance.

Lifestyle Protector benefits are covered under four main pillars:

Empowering Holistic Financial Planning: Real-Life Success Stories

The true testament to a product's value lies in its real-world impact. Heleshia and Subash share compelling success stories that underscore the value of Lifestyle Protector's flexibility and holistic approach. Heleshia shares a real-life example. In 2020, a client of hers was diagnosed with multiple sclerosis, a severe level five case, leaving him with about five years to live. They submitted a dread disease claim, which has the benefit that you do not have to stop working to be able to claim the benefit. They received a payout for him and, thanks to COVID and circumstances changing, he could still work from home. So, there was no need to go to the office. But unfortunately, a year later his health had deteriorated, and he could not work anymore, he could not go to the office, he could not even work from home. So, they then did an income protector claim as well as a lump sum disability which was also paid out. The client unfortunately passed on in 2022. But those payouts had helped because he needed a daycare person for during the day, and then the last three months he needed someone at night, because he could not move anymore, and he needed to be moved around. All those payouts helped him have the best standard of living that he could under the circumstances and assisted his wife.

Then, when he passed away, life cover paid out as well. His wife was left with no debt and could carry on living the best she could under the circumstances because she has not been left financially challenged after all the medical costs. Subash reminisces on the very early days of the lifestyle protector product. He was referred to a client who had a single need in that she wanted her bond covered in the event of death. She was pretty much sorted in the other avenues of financial planning, and this was a simple need where he put life cover and capital disability in place as that was what she needed. As the years went by, she resigned from her employer and Subash had to add on additional life cover, income protection and dread disease cover to the same product. This is what demonstrates the versatility of lifestyle protector. As the years went by, she was diagnosed with cancer and Liberty paid out her critical illness/ dread disease benefit. A few months had gone by, and she was no longer able to work, so another claim was submitted, resulting in Liberty paying her income disability until she passed away several years later. Upon her death, there was money for her husband to maintain his standard of living as well.

A Formula for Client Retention: The Power of Adaptability

In a business landscape where client retention is a prised asset, Lifestyle Protector’s adaptability emerges as a key driver. Heleshia highlights how the flexibility of the product fosters enduring relationships. Clients find comfort in the knowledge that their coverage can be adjusted to accommodate both prosperity and adversity. Subash emphasises that this feature strengthens the advisor-client bond, creating a sense of reassurance and long-term commitment.
In the rapidly changing world of insurance, the conversation with Heleshia and Subash underscores the value of insurance products that mirror life's fluidity. The Liberty Lifestyle Protector serves as a beacon of innovation, reminding us that insurance should be a dynamic, evolving partnership.

As Heleshia, Subash, and the Lifestyle Protector product demonstrate, insurance's true strength lies in its capacity to adapt and protect, ensuring a secure future amidst the uncertainties of tomorrow.

FIDUCIARY ADVISORS FACE MAJOR CHALLENGES FOLLOWING GENERAL LAWS AMENDMENT ACT 22 OF 2022

The promulgation of the Act has brought significant challenges for advisors in the fiduciary space.

Louis Van Vuren, CEO of the Fiduciary Institute of South Africa (FISA), sheds light on the legislative changes and FISA's response to the new regulations. In a recent conversation, Tony interviews Louis to understand the implications of the amendments and how advisors are expected to navigate the compliance landscape.

The Impact of the General Laws Amendment Act

Louis begins by highlighting the context behind the General Laws Amendment Act. South Africa was potentially to be “grey listed” by the Financial Action Task Force (FATF) due to concerns regarding money laundering and terrorism financing. In response, the government published the General Laws Amendment Bill in August of the previous year, which later became the General Laws Amendment Act of 2022. The Act, along with the subsequent promulgation of regulations, introduced a new compliance burden for the industry, raising concerns among advisors.


Louis Van Vuren, CEO of the Fiduciary Institute of South Africa (FISA)

The Concept of Beneficial Ownership

One of the key aspects of the General Laws Amendment Act is the introduction of the concept of beneficial ownership into the Trust Property Control Act of 1988. However, Louis explains that this concept is unfamiliar in South African common law, as it originated from Anglo-American legal systems. While beneficial ownership has been applied in company law to address shareholding arrangements, it does not align with South African property law, which recognizes unitary and universal ownership. Louis argues that introducing beneficial ownership into South African trust law is foreign and raises valid concerns about its compatibility with South African legal principles.

FISA's Efforts and Engagement

Recognizing the challenges posed by the General Laws Amendment Act, FISA made submissions to the Parliamentary Standing Committee on Finance (SCOF). Louis attended the public hearing of the committee, where FISA pointed out the issues surrounding the introduction of beneficial ownership into the Trust Property Control Act. Despite some minor changes being made to the original bill, the Act moved forward without significant alterations. Louis describes the process as a "Juggernaut" that was difficult to stop.

Compliance Challenges for Trustees

Here the conversation delves into the practical implications of complying with the Act. Louis explains the extensive definition of beneficial ownership, which encompasses various individuals involved in the trust structure. The requirement for trustees to disclose and record the beneficial ownership of natural persons presents challenges, particularly when dealing with corporate trustees and their underlying shareholders. The regulations create practical difficulties in establishing and maintaining accurate records, leaving trustees with unanswered questions and uncertainties.

Deadlines and Obligations

Regarding the issue of deadlines and obligations for trustees, Louis clarifies that the 31st of May deadline mentioned pertains to anti-money laundering reports under the Financial Intelligence Centre Act (FICA), specifically for those involved in setting up and administering trusts. The deadline does not pertain to the creation of the beneficial ownership register required under the General Laws Amendment Act. FISA has been actively disseminating information to its members regarding these obligations and changes.

Upcoming FISA Conference

FISA's upcoming 13th Annual Conference, scheduled for the 17th of October at the Sandton Convention Centre, will address the pertinent issues arising from the legislative changes. The conference, as in previous years, aims to strike a balance between academic theory and practical application, offering insights to members and other professionals. The conference will provide a platform to discuss the challenges and implications of the General Laws Amendment Act.

Jacqui Nel, business unit head of healthcare at Aon South Africa

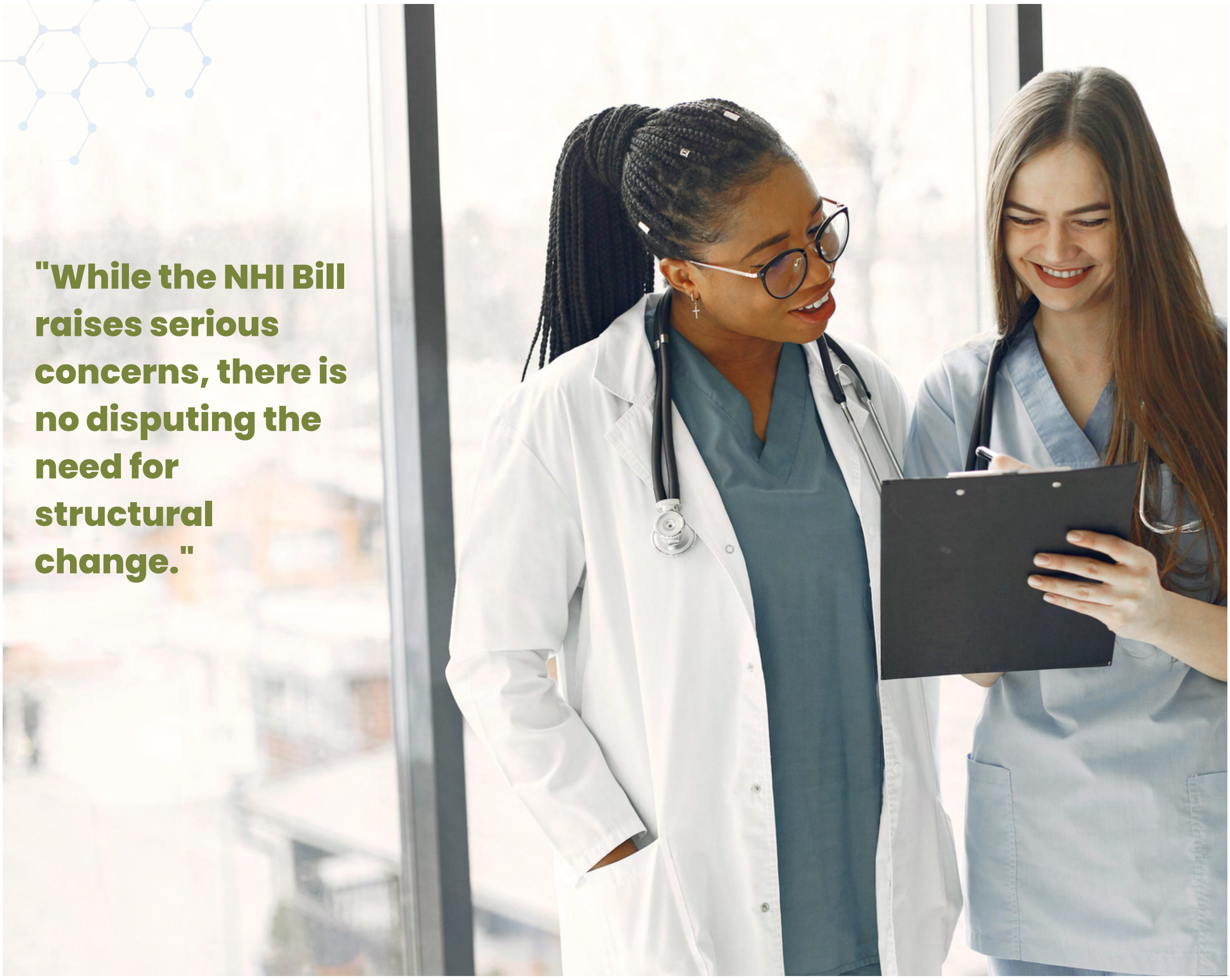
FINDING A HEALTHCARE SOLUTION THAT SERVES ALL SOUTH AFRICAN

The Passing of the National Health Insurance Bill on 12 June 2023 by parliament has many stakeholders in the healthcare industry concerned as to what the implications are. The reality is that there is a long and challenging process ahead, and the NHI Bill has many years to go before all of its provisions could be implemented. Putting all the challenges and debate aside, Jacqui Nel, business unit head of healthcare at Aon South Africa, highlights the salient points that are at the heart of the matter. “First and foremost, I would like to affirm that the private healthcare sector needs to focus all its efforts on objectively collaborating with all parties concerned to achieve a stronger and affordable healthcare solution for all South Africans. The concept and ideals of providing universal health coverage should not be in dispute.”

“The overarching principle of the NHI bill is to provide universal health coverage and social solidarity, providing all citizens with access to the same essential health care benefits, regardless of their financial means,” she adds. However, the road to successfully implementing NHI is a long and costly one, with many experts saying it can take up to 15 years to achieve, if not more. Purely from a legislative point of view, there are no less than 11 pieces of legislation that will need to be amended to align with NHI objectives, and this is an onerous process.

This includes:

- National Health Act
- Mental Health Care Act
- Occupational Diseases in Mines and Works Act
- Health Professions Act
- Traditional Health Practitioners Act
- Allied Health Professions Act
- Dental Technicians Act
- Medical Schemes Act
- Medicines and Related Substances Act
- Nursing Act
- And various Provincial Health Acts.



The first of many court cases are already making headlines. "On the constitutional front, one of the 11 pieces of legislation requiring amendment is the National Health Act, which governs the 'Certificate-of-Need' (CoN), a piece of legislation that would dictate to private sector doctors where they are permitted to practice and what services they may provide. This 'CON' is essential to government to control doctors under the NHI plans and is being challenged by trade union Solidarity and six other parties," says Nel.

About the NHI Bill

The NHI Bill lays out the duties and functions of the NHI Fund, which are primarily to strategically purchase health care services based on the principles of social solidarity. All permanent residents and citizens will be eligible as beneficiaries of the "Fund" as it is referred to; and temporary residents and foreigners will have access to emergency medical treatment and access to other health services as determined through a mandatory travel insurance.

"The Bill states that eligible beneficiaries will be able to access health services through registering as a user of the "Fund". Each member will have a number that is unique to them and their dependents. The Fund will then reimburse health care providers directly for services rendered, provided they have met the accreditation requirements. It is envisaged that comprehensive health services benefits must be made available and these services will be determined by the Benefits Advisory Committee," explains Nel.

The Bill also refers to the establishment of the 'Board of the Fund', and the remuneration and reimbursement of the members of the Board which will be determined by the Minister of Health in consultation with the Minister of Finance. "There are various other functions of the fund for which further administrative departments will need to be set up to address planning, benefits design, price determination, accreditation, purchasing and contracting, payments, procurements, performance monitoring and a risk and fraud prevention unit," says Nel.

However, there are major points of concern that remain and will need to be addressed to facilitate any implementation of the NHI into South African society, which include:

- Ministerial powers, good governance and accountability.
- Role of the different spheres of government.
- Role of medical schemes.
- Tax implications for taxpayers, both from an employee and employer perspective.
- NHI funding models – increased taxes?
- Health financing expertise.
- Training of healthcare providers – consequence management.
- Service delivery at state facilities and healthcare facilities.
- Infringement on the right of choice.
- Lack of detail around major parts of the NHI Bill.

In summary, this Bill is the roadmap to NHI, but many other pieces of legislation will have to be amended, and a crucial element is currently still missing which is the cost of NHI and what the basket of services will include. “To enable the NHI will require an appropriation bill from National Treasury to detail how the NHI is going to be funded. However, detail on this has been slim, while government’s finances are heavily constrained and look likely to worsen in the future with various global and local factors coming into play,” says Nel. “We fully expect that there are going to be significant challenges to the many technical and restrictive provisions contained within the NHI Bill, and these challenges may well alter its entire substance, and there is also the prospect of political shifts that could have a material impact on health policy going forward.

We simply do not see any material shifts to the private healthcare sector anytime soon,” Nel explains. "What is certain is that the Bill in its current shape and format is unlikely to remain as it is today. “While the NHI Bill raises serious concerns, there is no disputing the need for structural change. There will be much debate and negotiation in the years ahead in unpacking the strengths and weaknesses of current public and private healthcare systems, and we look forward to a rational and workable solution to the achievement of better healthcare and to assist in a workable solution for all South Africans,” Nel concludes.

Gabi Richards-Smith, Partner, Lerato Lamola-Oguntoye, Consultant & Analisa Ndebele, Associate from Webber Wentzel

FSCA PUBLISHES DRAFT POSITION PAPER ON OPEN FINANCE

The FSCA has published for comment a Draft Position Paper setting out its policy and proposed approach towards regulating the Open Finance sector. In the wake of the consultation and research paper on regulating Open Finance published in 2020, the Financial Sector Conduct Authority (FSCA) has now published the Open Finance Draft Position Paper (Draft Position Paper). The paper sets out the FSCA's policy position and proposed approach to regulating Open Finance in South Africa.

The Draft Position Paper defines Open Finance as consent-based financial data sharing and payment initiation to licensed third parties, in a safe and ethical manner. Open Finance poses several opportunities and risks that impact both the participants (i.e financial institutions and third-party providers (TPPs)) and consumers, particularly as data and technology continue to transform South Africa's financial sector.

Opportunities and Risks in Open Finance

Open Finance meets one of the FSCA's strategic objectives, as it offers an opportunity to advance financial inclusion initiatives and drive competition in the financial sector. The new market participants and enhanced range of products and services introduced by Open Finance will benefit competition and overall customer value. Many Open Finance offerings leverage customer data to provide innovative and personalized financial services and products, including account integration, financial management, payment initiation, alternative lending and insurance. Although Open Finance has not resulted in any notable scandals, it still poses significant risks, especially to consumers. Some of the risks include privacy and data breaches, misconduct and fraud arising from data exposure, as well as operational and cybersecurity concerns. The purpose of the Draft Position Paper is therefore to set out how the FSCA proposes to mitigate some of these risks.

Regulatory Proposals

There are six regulatory proposals for Open Finance in the Draft Position Paper.

1 -A regulated Open Finance Regime

The FSCA recognises the important of regulating Open Finance because of the demographics of South African financial consumers. The lack of digital literacy requires regulatory intervention to ensure consumer outcomes and market trust. The FSCA is exploring the potential for a phased mandatory regulatory regime for Open Finance, in which relevant financial institutions would be required to participate by developing the necessary infrastructure to share data with TPPs with the consent of financial customers. The Draft Position Paper notes that a mandatory regime may be more appropriate in jurisdictions where policies are geared towards promoting financial inclusion or increasing competition in the financial sector. The Draft Position Paper notes that a mandatory regime may be more appropriate in jurisdictions where policies are geared toward promoting financial inclusion or increasing competition in the financial sector.

A mandatory regulatory regime offers several benefits. It drives competitive behaviour and encourages financial institutions to develop Application Programming Interface (API) communication solutions. However, the FSCA acknowledges the necessity of assessing the complexities and costs involved in adopting a mandatory regime.

2 - Tailored and proportionate regulatory oversight over participants

The FSCA has identified four types of participants that will require regulatory oversight: financial institutions, TPPs, fintechs and other service providers. The level of regulatory oversight over each participant will be proportionate to the risk that it poses to Open Finance. Currently, TPPs and APIs are not licensed as financial institutions and operate outside the FSCA's regulatory ambit. The financial institutions already participating in Open Finance are not governed by a regulatory framework. Some of the oversight mechanisms contemplated include imposing data standards or conduct requirements on financial institutions and introducing licensing requirements on entities that utilise APIs to access customer accounts to provide financial services.

3 - Informed consent for the use of customer data

Adopting comprehensive consent requirements is integral to Open Finance, as it will prevent the unauthorised collection and use of consumers' data. The Draft Position Paper sets out proposed principles for obtaining and maintaining customer consent, including that consent to use customer data should be unbundled rather than aggregated with other consent agreements or permissions. Consent must also not be conditional on obtaining other bundled products and services.

The Protection of Personal Information Act, 4 of 2013 already alludes to many of the principles in respect of consent proposed in the Draft Position Paper. The FSCA intends only to strengthen the existing regulatory framework to close any gaps.

4 - Protecting customers by implementing appropriate risk management and disclosure frameworks

The FSCA supports the adoption of risk management frameworks that will mitigate risks such as fraud and unwanted data breaches, as well as a disclosure framework that addresses the risks emanating from vulnerable customers who lack the necessary data literacy levels to give informed consent.

5 - Ensuring data protection and data sharing standards

The Open Finance regime covers three types of data: generic services, customer and transactional. The FSCA believes that setting data-sharing standards is important to prevent fragmented specifications and practices in the Open Finance regime.
The FSCA will engage its fellow regulators on proposals relating to data protection and data sharing to ensure regulatory and supervisory alignment.

6 - Providing complaints and dispute resolution mechanisms

The Draft Position Paper sets out the importance of a statutory complaints framework to mitigate the risks of harm to consumers. The FSCA acknowledges that financial institutions have existing obligations to manage complaints, which it believes to be sufficiently developed to accommodate an Open Finance regime. It proposes that, depending on the activity, the existing framework would apply. For example, a licensed Financial Services Provider would apply the requirements of the General Code of Conduct for authorised Financial Services Providers and their representatives under the FAIS Act.

Next steps

The FSCA intends to conduct further research to better understand how customers utilise Open Banking offerings in South Africa, as well as the potential role of data portability to promote financial inclusion, among other things. The Draft Position Paper notes that the FSCA will be collaborating with other financial sector regulators (including the Prudential Authority and the South African Reserve Bank), the Information Regulator and the Intergovernmental Fintech Working Group to establish the Open Finance regulatory framework. Comments on the Draft Position Paper must be submitted to fintech@fsca.co.za by 15 August 2023. The FSCA will consider the comments received before publishing the final position paper. Once the paper is finalised, the FSCA will implement its regulatory proposals in a phased manner. Webber Wentzel will continue to monitor developments. A copy of the Draft Position Paper is available here

LEAVING A LEGACY, INTERGENERATIONAL WEALTH, OR SUCCESSION PLANNING: IS THERE A DIFFERENCE

Robyn Laubscher, Advice and Product Specialist, PSG Wealth

Whatever you call it – leaving a legacy, intergenerational wealth, or succession planning - these terms ultimately all refer to the transfer of your assets to your beneficiaries. This can be done in various ways and times, either while you are alive or once you have passed on, provided of course, that there is a plan in place to do so – that is, your estate plan.

Estate planning encompasses more than merely drafting a will. and it can be a powerful tool. Not only can it ensure that your loved ones are well-looked after once you pass away, it can also ensure a smoother transition of intergenerational wealth. Estate planning encompasses more than merely drafting a will. Whilst a valid will is certainly one of the most important documents, an estate plan includes far more and can be incredibly impactful as part of a holistic family financial plan.

Completing an estate duty and liquidity plan will give you a clear picture of the financial impact your passing will have on your family and dependants. For example, it will give you a better understanding of whether any assets would need to be sold to generate liquidity to settle debt and other expenses like capital gains tax, and help you to structure an estate to reduce estate duty. You might have a large estate in terms of value but with little or no liquidity. It is thus important to understand what assets will be available to create liquidity and provide for your family.

Whether your beneficiaries are tax resident or not will also have an impact on their inheritance. According to Statista, South African emigrants cumulatively amounted to roughly 915 000 individuals in 2020. The vast majority of these emigrants settled in the United Kingdom, followed by Australia and the United States.

The trend towards family-focused financial planning

- There has been a gradual move towards family financial planning. Structuring a financial plan around a family unit as a whole has numerous advantages:
- Beneficiaries have a clear understanding of the family's financial situation, so having a family financial plan in place helps create a smooth transition for beneficiaries.
- Shared responsibility within the family can help minimise potential tension between family members in cases where disagreements regarding assets arise. Constant, open lines of communication ensure that assets are transferred to the next generation as intended.
- Assets can be structured in a way that is beneficial from a tax perspective, e.g. nomination of beneficiaries and ensuring they are updated and reconcile with the wishes in your will.

As with anything relating to your family, it is so important to obtain the correct bespoke advice to structure your family plan correctly. A financial adviser can assist with this process, and I implore you to partner with a financial adviser that both you and your family are comfortable with. A financial adviser can guide and assist you with difficult but important conversations with your family, to ensure that you have the most appropriate financial plan in place to have peace of mind not only for yourself, but for your loved ones as well.


Volker von Widdern, Strategic Risk Principal Riskonet Africa

TRANSFORMING THREATS INTO OPPORTUNITIES IN THE ERA OF NATIONAL HEALTH INSURANCE

Embracing Risk Management

The proposed National Health Insurance (NHI) bill has rightly raised concerns among users of private medical services. With restrictions on funding from medical aids for services covered under the NHI, individuals may fear limited access to the care they desire.

However, this perceived threat can be reframed as an opportunity for individuals to take control of their own healthcare and embrace risk management.

By envisioning a future scenario where alternative funding models replace traditional medical aids, we can unlock a world of possibilities for personalised and efficient healthcare financing.
Under the NHI, private users will still have the freedom to access the medical services they require, albeit without insurance or funding-related compensation.

This presents a strategic opportunity to explore new avenues of healthcare financing that are not reliant on medical aids. Rather than being at the mercy of rigid insurance structures, individuals can leverage private savings vehicles to create personalised funding models for their healthcare needs.

In the transitional period as the NHI takes years to become fully established, individuals might form medical stockvels—medically focused savings groups—that cater to their specific requirements. These stokvels do not provide underwritten products, I.e they don't take risk."

These stockvels could be created based on common profiles, such as geographical proximity or employment within the same organization. By pooling resources, members of these stockvels can establish their own medical savings schemes, fostering a sense of community and shared responsibility. Medical stockvels would have the flexibility to contract with various service providers to administer and track medical costs on behalf of each member.

This collaborative approach ensures that individual healthcare needs are met efficiently. With collective bargaining power, stockvels can negotiate favourable rates and secure high-quality care for their members. Additionally, the existing providers of credit that finance emergency medical costs can be tapped into, further enhancing the stockvels' capacity to meet unforeseen medical expenses.

To complement the stockvels' efforts, individuals could explore the option of top-up policies. These additional insurance policies would provide comprehensive coverage beyond the scope of the stockvels' funding, ensuring peace of mind during unexpected medical circumstances.

The combination of stockvels and top-up policies creates a robust ecosystem of healthcare financing that adapts to the unique needs and preferences of individuals.

The adoption of the NHI bill in parliament may have initially sparked concerns among users of private medical services. However, this perceived threat can be turned into an opportunity for individuals to redefine healthcare financing and take control of their own medical savings.

THE RIGHT TO QUALITY HEALTHCARE INCLUDES THE DUTY TO PROVIDE IT

Lee Callakoppen, Principal Officer, Bonitas Medical Fund

South Africa's National Assembly approved the introduction of National Health Insurance (NHI) on the 12 June 2023. However, the NHI Bill in its current form, was passed in Parliament without taking into amount the numerous objections by a number of role players in South Africa.

Critics of SA's proposed NHI do not object to the concept of Universal Health Care (UHC), accepting that access to healthcare should be a constitutional right rather than a privilege. They object to a Bill that is so inherently flawed that it will jeopardise citizens' rights to health care. What is important to remember is that this means there is a responsibility and duty to provide quality healthcare.

Section 27(1)(a) of the Constitution states: 'Everyone has the right to have access to healthcare services, including reproductive health care. What is worrying is the lack of detail around the implementation of this national health blueprint.'

However, the NHI Bill in its current form is a funding mechanism not UHC which would:

- Improve access to quality healthcare
- Enhance quality of life of all South Africans
- Contribute to addressing the social-economic imbalances, injustices and inequities of the past

The devil is in the detail

Pragmatically, the path to UHC through the phased implementation of NHI must start with cover for the vulnerable groups, before it is expanded to cover better-off sections of the population. This implies that there will be an inevitable period of co-existence between medical schemes (as they currently exist) and the NHI Fund.

In this scenario, the NHI Fund should start by offering comprehensive primary healthcare services before adding higher cost items, such as hospitalisation. This would allow time for developing the necessary purchasing capability within the NHI Fund.

However, at this stage the Bill is still not clear on what will and will not be offered by NHI and the role - if any – private medical aids will play. What is of concern is that the Bill suggests the scrapping of medical aids in its current form and only refers to complimentary services. What this means is unknown.

However, we believe that the only way for the healthcare system to evolve is through inter-dependent relationships, with public and private healthcare co-existing.

Points to ponder

Before debating concerns about the implementation of NHI, we should discuss:

- Taking away the rights of healthcare providers and healthcare recipients is unconstitutional and forcing this on the citizens of the country is not an option. We believe NHI and private medical schemes can and should co-exist. As is the use of medical aid reserves to fund NHI. These funds belong to the members of those schemes

- The ramifications of curtailing the role of medical aids. Medical aids and associated services make an enormous contribution to the annual fiscus. The industry contributes significantly to employment and, in turn, to the economy of the country

- Sound corporate governance is of critical importance in preventing mismanagement of assets, corruption, inefficiency, illegality, unethical conduct, abuse of the Fund's resources and the collapse of the Fund. In our experience of managing a Fund of similar nature, the sustainability of the Fund is highly dependent on Governance structures in fulfilling its fiduciary duties

- Considering our unemployment, low GDP, socio-economic status, SEO failure and service delivery we cannot blithely adopt a universal healthcare system that works in another country. It is simply not feasible; South Africa is unique

- It has been stated that NHI will be phased in over several years. This implies that there will be an inevitable period of co-existence between medical schemes (as they currently exist) and the NHI Fund. In this scenario, the NHI Fund should start by offering comprehensive primary health care services before adding higher cost items

Engagement with the Department of Health

Our presentations outlined our main concerns which are around the funding of NHI and a rationale for medical schemes to co-exist with the NHI Fund.

Some of the key points include:

- That it is illegal and unconstitutional for people not to purchase healthcare should they have the means to

- All international concepts of universal healthcare make provision for freedom of choice

- Medical schemes should be able to continue to act as purchasers and payers of healthcare services

- The NHI should be phased in – starting with cover for the most vulnerable population groups

NHI as a priority?

We are of the opinion that universal healthcare is a right, not a privilege. Bonitas does not resist the reasoning behind the Bill in principle and agree with the notion that the right of access to quality, healthcare services in South Africa, is currently disproportionate. We wish to be clear that Bonitas supports the notion of UHC and sees the NHI Bill as a positive progression towards UHC for South Africa. But there needs to be a transitional path that ensures improved delivery of primary healthcare services. Currently Section 33 of the NHI Bill states that medical schemes will only be restricted to a 'complementary' role once the NHI is 'fully implemented'.

In this respect, we suggest that the policy position outlined in Section 33 of the Bill be restructured to cover the same scope of services as offered by the NHI Fund. This process would be consistent with the Health Market Inquiry (HMI) final recommendations on introducing a standardised base benefit package, to create an enabling environment for strategic purchasing, value-based contracting, performance-based reimbursement and contracting linked to quality health outcomes.

We need to focus on public and private enterprise working together, strong leadership, accountability and dealing with social-economic issues as an integral part of the process.

RSA'S MULTI-MILLIONAIRES CAUGHT OFF-GUARD AT DEATH

Picture this for a moment:

You have a successful business with second line succession in place. You own a luxurious residence on a wine or golf estate. You enjoy your weekends between your Hermanus/Stilbaai and Karoo retreat when you really want to get away from it all. Christmas time you alternate between New York and Paris, you have so many happy memories there with friends and family over the years.

Your substantial investment portfolio and investment properties can support you indefinitely, but you delay retirement because you love what you do.

Most of your assets are registered in separate legal structures but some are not. Your accountant often suggested estate planning, but it always sounded inconvenient and costly to move some assets out of your personal estate.

Moment of truth

All of us will eventually pass away and pay our dues. Dollar millionaires will be subjected to scrutiny by SARS in respect of capital gains, estate duty and executors will levy their fees on whatever passes through the deceased Estate.

What can be done?

Estate duty and capital gains taxes, as well as executor's fees, can be reduced and sometimes completely avoided by intentional estate planning. Various solutions can reduce these tax implications, ideally bringing taxable amounts within the exemption thresholds to avoid paying unnecessary taxes. One strategy is to reduce your personal estate as much as possible by using separate legal structures and tax-friendly investment vehicles.

When is estate planning relevant

Even after excluding typical multi-generational assets from your personal estate, it is still critical for individuals to do proper estate planning, when:

1.their dutiable estate is above the current thresholds (the current abatement is R3.5million per spouse), and/or

2.their projected dutiable investments grow faster than their financial needs, in real terms.

Possible solutions

- **Usufruct**

A registered usufruct gives a legal right to the usufruct holder for the use and enjoyment of someone else's asset. If a usufruct is managed correctly it can be a useful estate planning tool without creating unintended consequences to the deceased's heirs.

- **Retirement annuities & living annuities**

In the context of estate planning, it can be a good strategy to invest a lump sum into a retirement annuity. This is specifically so with "lazy money" such as cash and fixed interest assets which yield interest (in excess of the interest exemption), but


Richus Nel - Wealth Adviser and a Principal at PSG Wealth Old Oak

which will be exempt within the retirement/living annuity. The proceeds of a retirement annuity, as well as a subsequent living annuity purchased with the proceeds thereof, do not form part of the deceased's estate for estate duty purposes. In addition, if a beneficiary was nominated on the living annuity, the capital will not be subject to executor's fees. One should however predominantly only invest capital here to fund one's retirement.

- **Donations**

Donations may seem rather unattractive due to the immediate CGT and donations tax implications of 20% (or 25% for amounts larger than R30m). Pre-death donations of liquid assets into a separate legal structure, can make a lot of sense because no additional CGT or transfer taxes will be triggered. Further, donations tax will be paid on the current value instead of estate duty on increased future value. Attributions rules might apply changing the tax structure of e.g. a trust so seek professional advice.

- **Buy fixed property in a company or trust?**

Buying fixed investment property in a company or trust is a smart move. If this entity does not have assets or income at that time, security for the mortgage may be needed. Financing the premiums on behalf of the company/trust can be treated as a donation, which can be reduced by using the donation exemption.

- **Buy fixed property in a company or trust?**

Buying fixed investment property in a company or trust is a smart move. If this entity does not have assets or income at that time, security for the mortgage may be needed. Financing the premiums on behalf of the company/trust can be treated as a donation, which can be reduced by using the donation exemption.

- **Estate pegging**

Estate pegging is a concept by which an individual reduces their dutiable estate value by moving assets, via a loan account, into a trust or company at the current value. Hereby all future asset growth takes place outside their personal estate.

Considerations:

a). In the past it was common practice to fund a company/trust with assets by way of an interest-free loan from the settlor. On 1 March 2017 SARS prescribed a "deemed interest rate" as an anti-avoidance provision. According to this provision, interest rates lower than the "official rate", will be regarded as a deemed donation and donations tax would be levied on that donation.

b). Donations tax can be reduced by using the annual donations tax exemption. Bear in mind that the outstanding loan amount will have to be settled (needs liquidity)/written-off at the point of death. To avoid CGT on the loan written-off at death, the lender's will, must be drafted correctly.

Plan to avoid situs tax from the outset
Situs tax is a death tax that can be levied onto assets held in foreign jurisdictions. Situs tax is one of the most, if not the most, damaging taxes that can apply to your foreign assets and should be avoided at all costs (by using the right investment vehicles and product solutions).

It can take time to rearrange assets in a cost-efficient manner. It is wise to manage taxes and executors' fees that can carve away up to 30% of your intergenerational legacy. Speak to a financial adviser about optimal tax efficiency and estate planning.

INCOME PROTECTION

"If a client’s most important asset is their ability to earn an income, it’s imperative that that they protect their income through efficient cover"
- Clyde Parsons, Chief Innovation Officer, BrightRock

LUMP SUM BENEFITS PALE IN FACE OF INCOME PROTECTION

Janice Masencamp, Head of Retirement Fund Consulting at NMG Benefits

Traditionally, South African employers have provided lump sum disability benefits for their employees. If an employee can no longer work, they get paid a lump sum, and both parties go their separate ways. But there's a better way.

Disability income benefits - or, as it's more commonly known by consumers, income protection – has grown in popularity with employers over time. While it may be more complex for employers to administer, it's a far superior product for their people, as it protects their greatest asset: their ability to earn an income.

In simple terms, the disability income benefit covers a portion of an employee's monthly income – typically 75% of salary - if they can't work through illness or injury. Without it, an employee would first use up their sick leave and annual leave. If their disability was permanent, they would be paid a lump sum, and they would often cash out their retirement savings as well. A lump sum is effectively paying out the death benefit in advance, with no future savings going to retirement, which could force the employee to seek other income sources.

With the disability income benefit, the employee has an income that increases with inflation, while saving for retirement, until they recover, reach retirement age, or pass away. The disability income benefit is paid even if the illness or disablement is only temporary. It may also cover mental health illnesses like depression and anxiety.

The other massive benefit of an income benefit is that it effectively insures the employer's contribution to the retirement fund as well. So, even if they're no longer able to work, the pension fund contributions are still paid, along with risk benefits like funeral and group life cover. Some insurers have even extended this to include a medical aid waiver, which means there would be a contribution towards the medical aid premium.

For employers to start offering a disability income benefit, they need to start by having a clear disability policy that defines the process they will follow if an employee can't do their job. Every employer's needs are different. Some have more regular disability claims, through the nature of their sector and business. Others only want the policy to start paying out after the employee's annual leave expires.

Either way, education about the disability income benefit is needed all round. It's one of the few insurance products where you can actually be over insured: even if you have both personal income protection and a disability income benefit through your employer, you're never going to get paid more than 100% of your income. It's also important to check that you are not under insured, depending on the salary that is used for the cover.

Ultimately, offering a disability income benefit is an important part of being an employer of choice in today's competitive talent market. Because it's a group scheme, everyone is underwritten, which makes it attractive for employees who might not have been able to get cover otherwise. And if an employee moves to an employer who doesn't offer this benefit, they can convert the policy to an individual policy without additional medical evidence of good health.

Motshabi Nomvethe, Head of Technical Marketing PPS

PROTECT YOUR INCOME AND SECURE YOUR FUTURE

As a graduate professional, you have worked hard to establish your career and earn a comfortable income. However, have you ever considered what would happen if you were unable to work due to illness, injury or disability? Without a reliable income, your day-to-day expenses and financial commitments could become overwhelming, risking your lifestyle and your family's well-being.

Your income is your greatest asset, as it safeguards your income by providing a replacement or supplementing your income when you are unable to work. Whether it is sickness, disease, trauma, an accident, hospitalisation, or partial or even permanent disability, income protection ensures that your bills are paid and your lifestyle is maintained while you focus on recovering. This gives you the financial freedom to know that you can maintain your lifestyle, cover essential expenses and provide for your loved ones. Imagine the financial stress you would face if you suddenly lost your monthly income. How would you manage your bills, such as your house bond, car loan, children's education and insurance, if you were unable to work for months or even years?

Globally and including in South Africa, all income protection policies, including sickness benefits, have a sickness/disability definition, meaning that the policyholder will need to be ill or injured, whether temporarily or permanently, for there to be a claimable event. In most instances, life insurers expect the claimant to prove the loss of income they have suffered.

The PPS Sickness and Permanent Incapacity benefit is designed to pay the policyholder if they have been booked off and are unable to work due to sickness or injury. There is no need to have lost an income and the benefits received will not be aggregated against other income received.

At PPS, we firmly believe that income protection benefits are always the preferred option if the goal is to replace income. This benefit offers a monthly payment for the remainder of your working life, adjusted yearly to account for inflation. By assuming the risk and managing the capital, the insurer ensures you receive your “monthly salary” without worry.

In general, the income level covered is usually based on a percentage of income and is often capped at 75% unless a buy-up option to 100% is bought. In most instances, this would mean that the policyholder will be covered at 100% of their income for the first two years of a claim. After the initial two-year period in claim, payments will reduce to cover 75% of their income. The PPS Sickness benefit covers members for 100% of their benefit from the first day of the seven-day waiting period.

It easily transitions through case management to a Permanent incapacity benefit if the illness lasts longer than 728 days. The Permanent Incapacity benefit will pay until the chosen retirement age.
While income protection insurance may appear more expensive compared to lump-sum disability benefits, it offers far greater security and value for money. With income protection, you receive a fixed monthly payment throughout your working life, regardless of your age at the time of disability. In contrast, lump-sum disability benefits provide a one-time payment requiring careful management
to ensure it lasts for the necessary duration.

It is crucial to invest the capital conservatively, allowing regular withdrawals while accounting for expenses and taxes, all while keeping pace with inflation.
Considering that insurance policies are underwritten based on your health, current age and lifestyle habits, it is wise to take out cover as early as possible in your career. The longer one waits, the more likely one will pay a higher premium.

Do not let the uncertainty of the future jeopardise your hard-earned income and the lifestyle you have worked so hard to achieve. Invest in income protection insurance to ensure that you and your loved ones are financially protected in the event of illness, injury or disability. Take control of your future today and secure your peace of mind.

PROTECTING YOUR CLIENTS' MOST IMPORTANT ASSET: THEIR INCOME

We all know that South Africans are underinsured, especially when it comes to income protection. The latest Life and Disability Insurance Gap Study, published by the Association for Savings and Investment South Africa (ASISA) in 2022, showed that the average South African income-earner – as reflected in the study – had a life insurance shortfall of at least R1 million and a disability cover gap of about R1.4 million. According to the study, South Africa's 14.3 million income-earners included in the study had enough life and disability insurance to cover only 45 percent of the total insurance needs of their households.

This means, in real terms, that for the average household supported by at least one income-earner, living expenses would have to be cut if the earner died or became disabled, and no other source of income could be found. The study shows key focus areas and highlights the insurance needs of income earners of different ages, genders, and living in different provinces.

Clyde Parsons, Chief Innovation Officer, BrightRock

The question is what our industry can do about it. As a financial adviser, you can play an invaluable role in helping your clients access cover that can precisely match their needs at the start of the policy and can then change with them as their needs change. If a client's most important asset is their ability to earn an income, it's imperative that that they protect their income through efficient cover that can protect their future paycheques (either through a lump sum or recurring pay-out) .

The first step to protecting your clients' income is to consider both their temporary and permanent disability needs through cover that protects clients' pay cheques should they suffer an illness or injury that interrupts their income stream, whether for a short period, or until they would have expected to stop working and actively earning a salary. If their income is fully protected in the event of a temporary or permanent disability, it means that a pay-out will see to it that they can still meet all of their financial obligations, even if they can't actively go to work.

With an income that's comprehensively covered, clients will still be able to pay for medical aid, children's school fees, fund their retirement, pay off their bond and other debts, and maintain their standard of living. Income protection is therefore an essential mechanism that holistically supports a person's overall financial plan as it makes sure that in the case of an unexpected health event, their other financial goals will still be on track. An income protection product should be able to pay out either as an income benefit, or as a lump-sum in the case of permanently disabling events, and ideally give clients the option between the income payments and the lump-sum at claim stage.

At BrightRock, we believe in helping clients close the insurance gap by enabling advisers to structure their clients' policies appropriately from the start, thereby giving them cover that can match their needs exactly. This avoids unnecessary waste, and helps the client buy as much cover as is needed when they need it most, which is right now. Cutting out waste is vital to ensuring appropriate coverage. While traditional products in the market offer lump-sum cover that increases over time, a client's income needs tend to behave very differently to that. If you were to look at a lump-sum disability benefit as being the present value of the future pay cheques that clients are protecting, clients' needs actually decrease over time. They need less disability cover the closer they get to their retirement date, as the number of pay cheques they need to protect reduces.

A further consideration that we at BrightRock believe to be critical, is flexibility when it comes to their pay-outs. For example, if a client chooses lump-sum cover for their permanent expense needs with BrightRock, they can change this choice to a recurring pay-out at claim stage or to a combination of a lump-sum and an ongoing monthly income. This is key as it allows clients to choose the best pay-out for their situation when they have insight into how long they're likely to live, what their personal financial situation is, and what the current economic conditions are. With the appropriate cover, which you can help your clients get with your great advice and products that can match their income protection needs, it is possible for them to close the gap and get more comprehensive coverage.

TIME TO SEIZE THE INCOME PROTECTION OPPORTUNITY


Nic Smit, Chief Product Actuary at Bidvest Life

Income protection should be the first line of defense in any financial plan - but while it's growing in popularity, many consumers remain unaware of this kind of cover, as lump sum-based life insurance continues to dominate the South African market.

With the rising cost of living, falling ill is a luxury many South Africans simply can't afford. An illness or injury that prevents you from working and earning an income, even on a temporary basis, could spell financial disaster.

Here's where life insurers and financial advisers have a critical role to play. By helping South Africans to be better informed about their real needs and risks, we can ensure they secure the right cover. It's essential for customers to understand that insuring their income is the ultimate shield against life's uncertainties. After all, it's what pays for everything else.

The problem is that most individuals are far more likely to have lump sum cover in place compared to income protection cover - which could leave them without an income when an illness or injury strikes.

It's estimated that more than six out of 10 (62%) of South Africans will run out of money within three months if they lose their income due to injury or illness.(1) Ask your clients: how long would they last without an income? What would be their next move? Which payments would they cancel first?

They may think it'll never happen to them. However, Bidvest Life's research shows a 30-year-old male has a 91% chance of experiencing a temporary injury or illness that'll prevent them from working for a period of two weeks or more.(2)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"The bottom line? South Africans would look at life insurance differently if they knew what it could do for them."

Income protection also presents a golden opportunity for financial advisers. It's a compelling sell to a client who understands the financial impact even a minor setback can have on their income stream. Not only is income protection simpler to understand and often more affordable, it also outshines other benefits when it comes to the likelihood of claim - clients are much more likely to claim for income protection than any other life insurance benefit. In 2021, income protection benefits made up a staggering 92% of Bidvest Life's claims.(3) It's time for this to become the industry standard.

The bottom line? South Africans would look at life insurance differently if they knew what it could do for them. More South Africans need to hear the message that by prioritising income protection, they are better armed to face life's curveballs and can do so with the confidence of having claim certainty. Right now, we as insurers and advisers can be relevant and show up for our clients like never before. It's an opportunity we can't afford to miss. Our future - and theirs – depends on it.

Bidvest Life Reality Check Survey, 2018
2 Non-smoker. Retirement age 70. 2019 Risk Reality Survey
3 Bidvest Life 2021 Claims Report


SHORT TERM
"By taking a proactive approach to address flood risk, the insurance industry can contribute to the resilience and well-being of communities affected by floods."
- Tony van Niekerk

RENASA ANNOUNCES LEADERSHIP TRANSITION AND STRATEGIC FOCUS

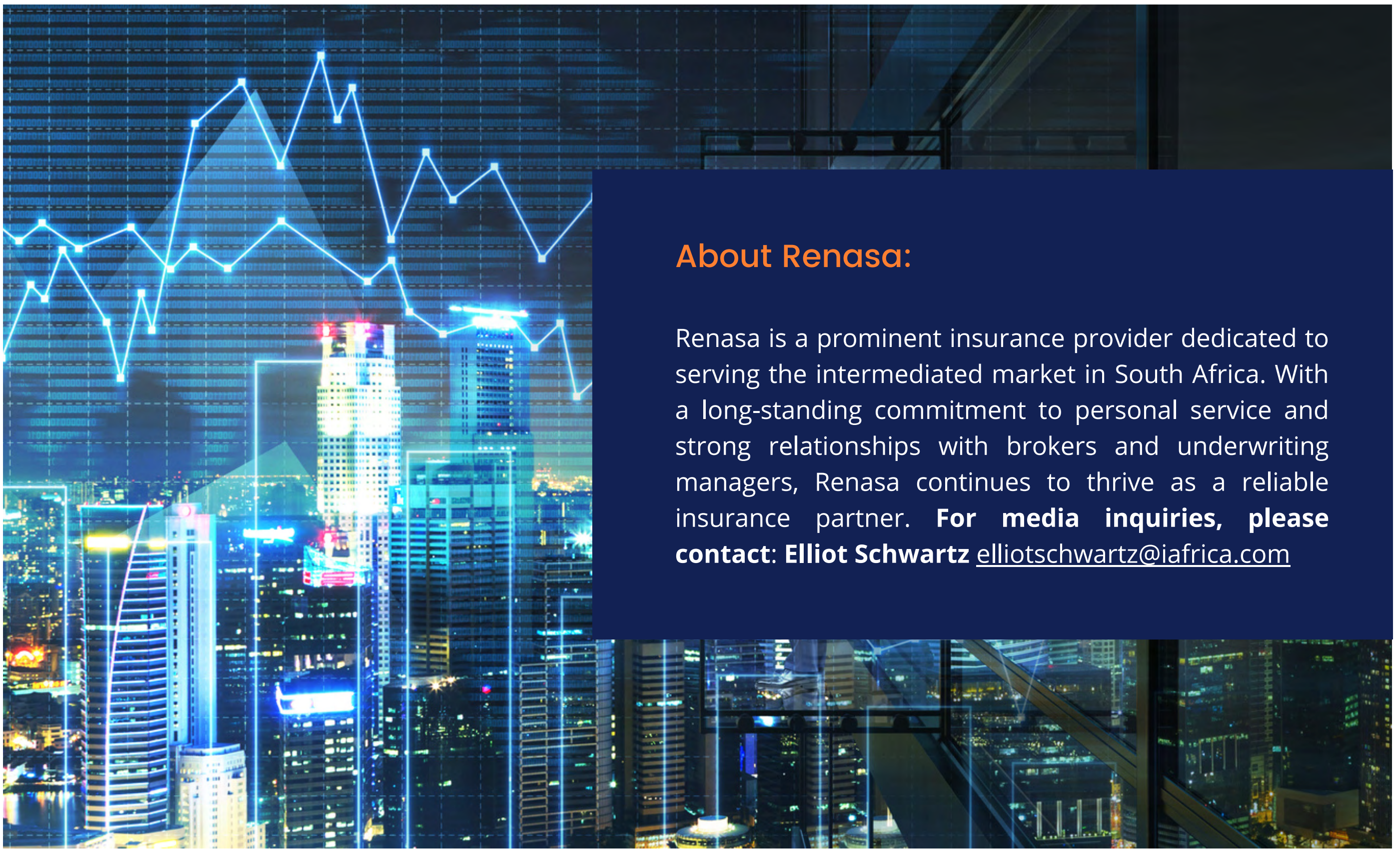
Renasa, a leading insurance provider focused exclusively on the intermediated market, is pleased to announce a significant leadership transition and strategic focus aimed at enhancing its position in the insurance market and empowering its intermediaries to outcompete their competitors. The changes come in the wake of the TIH Insurance Group's acquisition of Renasa earlier this year, which set the company on a new trajectory.


Jonathan Rosenberg, the CEO of Renasa

Jonathan Rosenberg, the CEO (Chief Executive Officer) of Renasa, provided insights into the developments that led to this transition. Speaking about the factors that influenced the decision, he highlighted the technological advancements, demographic changes, increased consumerism, and regulatory shifts that had been affecting the intermediated insurance market since 2016. These changes posed a challenge for insurers servicing the intermediated market, leading to a consolidation in the industry and at least 10 insurers leaving the intermediated segment. According to Jonathan, they projected that, unless the intermediated segment embraced the changes necessary to match direct market efficiency in commoditised lines, the South African market would likely follow the UK (United Kingdom) trend which left the personal lines classes entirely in the hands of direct insurers, a development which, given that it is the largest segment of the South African market, would cost South African intermediaries billions annually.

Recognising the need for a different approach to secure the sustainability of the market, Renasa aimed to embrace technological advancements to effectively handle personal lines classes. To achieve this, it sought to raise institutional capital and acquire advanced technology and analytics capabilities. The acquisition by the TIH Insurance Group proved to be a watershed moment for Renasa, providing the necessary institutional capital and resources to remain competitive in the market. As part of this strategic transformation, Jonathan Rosenberg is stepping down from his role as CEO. After extending his retirement age to 70, Jonathan will continue to serve on the board until January 2025 in an advisory capacity. Herman Scheepers, the current General Manager of Risk and Technology at Renasa, will assume the role of CEO from the beginning of September.

Herman Scheepers expressed his excitement about taking over as the CEO, emphasising Renasa's commitment to remaining the broker's best friend and delivering tailored solutions to the intermediated market. He highlighted the importance of maintaining personal service and direct relationships with independent brokers, even amidst technological advancements. With a focus on strengthening bonds with intermediaries, delivering innovative technology, advanced analytics, and a strong procurement muscle, Herman aims to enhance Renasa's position as a viable competitor to the largest intermediated-based insurers. Jonathan and Herman both believe that the combination of rock-solid capacity and cutting-edge technology will empower intermediaries to outshine their competition and secure a promising future for Renasa.



About Renasa:

Renasa is a prominent insurance provider dedicated to serving the intermediated market in South Africa. With a long-standing commitment to personal service and strong relationships with brokers and underwriting managers, Renasa continues to thrive as a reliable insurance partner. **For media inquiries, please contact**: **Elliot Schwartz** elliotschwartz@iafrica.com

WHAT YOU SHOULD KNOW WHEN INSURING A COMMERCIAL OR FILM PRODUCTION

Kathleen Davis, account executive in GIB Insurance's Film and Entertainment division

The insurance aspects of film production shouldn't be left to chance and producers should consider the very diverse risks accompanying the development of movies or series.

The role of commercial and film producers' insurance cover is to protect the financial interests of the production funders against unfortunate events that may cause physical damage or delays resulting in a loss.

The insurance cover needs to consider an extensive set of circumstances and events that may occur during the various stages of pre-production, tech scouting, and post-production. Within the various production stages, evaluation of various risks needs to be considered in relation to suppliers, industry riggers, specialised and stunt crews, special effects teams, equipment, props, sets and wardrobe and the cast and extras.

The insurance contract is subject to "Uberimae Fides" which is an utmost good faith condition. As such it is important that all aspects that relate to the project's risk profile are declared to the insurer at the outset of the project. A professional insurance broker will assist with this process by working through detailed proposal forms with any supplemental information to clarify the risk, structuring the cover and achieving a competitive premium.

There are some key factors which shouldn't be ignored. The standard commercial and film producers' insurance policy usually excludes hazardous activities and an upfront declaration of the risk involved means that the correct cover can be purchased and structured.

Comprehensive and effective insurance cover is a core part of the production receiving a completion bond/guarantee and the smooth handling of this process is very useful in the production lifecycle. Furthermore, a detailed review of the sums insured for the various aspects of the production need to be made, and the sums insured must be inclusive of VAT.

Premiums are determined by the underwriter after the broker has presented the risk. It is during this process that the value of the insurance broker's experience becomes apparent to ensure that a fair and equitable premium is agreed.

Obviously, the type of production involved produces varying types of risks. While explosions and dramatic stunts in exotic locations keep audiences on the edge of their seats, these still involve real risks which need to be dealt with both from a risk management and insurance cover perspective.

Classes of risk which needs to be considered:

1.Nominated key cast & crew, which is different from non-appearance.

This protects against extra expenses incurred to complete the shoot due to cancellation, postponement, interruption caused by accidental death or injury. Producers would typically need to declare the persons' names and designations prior to the shoot and may also be required to complete a statement of health or obtain a medical certification.

2. Footage, digital, solid state, negative, video tape

This provides protection against physical loss, damage or destruction of raw film, tape stock, exposed film (developed or undeveloped) and soundtracks. Take note that the insurer may require you to check and test camera equipment and raw stock prior to filming. Also note that a processing warranty may apply. The copy and the original must be stored and transported separately.

3. Hired-in or miscellaneous equipment.

Cover for direct physical loss, damage, or destruction to equipment (such as cameras, lights, grip and unit, non-motorised trailer, gazebos, tools used by crew etc).

4. Props, Sets and Wardrobe (PSW)

Cover for loss / damage of props, sets, scenery, costumes, and wardrobe.

5. Location cover

Third Party Property damage also known as location cover provides cover for damages to property belonging to others in the productions care', custody and control. This section should also be added in addition to your motor section.

6. Extra expenses

This covers reimbursement of the production company for any additional costs to complete the shoot or reshoot due to a delay due to damage to props sets and wardrobes, equipment, location, or facilities.

7. Public liability

This provides cover for death and bodily injury to a party for which you legally liable.

8. Employers' liability

Cover for costs and expenses arising from bodily injury, death of cast or crew employed during the production period. It is important to note that all regulations, procedures, and precautions are adhered to at all times. Productions which are likely to put property or persons at high risk while filming must be advised to underwriters for their approval prior to the commencement of the production.

9. Personal Accident

Provides cover for cast and crew in your contract. The production company has the option to choose the relevant limits in respect of death, disability, and medical expenses but this only covers accidents and does not include illness.

10. Motor vehicles

Hired-in provides cover for the vehicles should they be stolen, damaged or destroyed. The cover includes vehicles for crew use or action picture vehicles used in front of camera.

11. Animal mortality

This cover is subject to vet certificate; attendance of animal wranglers as required and provides cover following the death of the animal involved.

There are clearly many different exposures that need to be considered and advice to assist with the quantification of the risk as well as the best way to treat it is advisable.

DODGY SOLAR POWER SYSTEM INSTALLERS COULD COST YOUR CLIENTS

South African households imported over R2.2 billion worth of solar photovoltaic (PV) panels within the first five months of 2022. These statistics from a local solar provider demonstrate the upward trajectory is expected to continue amid South Africa's ongoing energy crisis.

With the cost of power surge-related claims being exorbitant Santam supports the shift to renewable energy among homeowners, but it is important to understand that with the investment in solar power systems comes new risks.

Solar power systems are fixed to a property - they form part of a client's homeowner's building- insurance cover

Brokers should revisit clients who have upgraded their properties with a solar system to ensure they increase their building insurance sum insured, to cover the cost of the solar assets installed and avoid being underinsured in the event of a claim.

"The value of your buildings includes fixtures and fittings in or on the residential structures – this includes solar power systems. It is of utmost importance to ensure that the insured amount of the building is a true reflection of the current replacement value of a home and all other structures on the premises.

When a solar power system is installed, it influences the value of the building and therefore the building sum insured should be increased to accommodate the value of the investment in the solar power system. If the insured value of the building is not equal to the current replacement value, underinsurance (principle of average) could be applicable in the event of a claim and the claim will not be paid in full.

Marius Steyn, Personal Lines Underwriting Manager at Santam

It's important for clients to do their homework and hire a reputable installer

To avoid risks such as fire and explosion brought on by sub-standard or non-compliant installation, they should do their due diligence. Insurers generally do not cover damages resulting from implementation flaws or poor workmanship. Damage caused to the roof as a result of the installation is excluded in general. Furthermore, loss or damage caused by demolition, alteration, construction, cleaning, renovation, repairs, restoration, or similar processes are generally excluded under the buildings section of a policy.

Identifying a reputable installer

Santam advises clients to look for credentials such as references of previous work and how long the business has been in operation. A reputable installer should provide a comprehensive quote detailing the scope of work, components that will be used in the installation as well as, importantly, after-sales services, warranties and guarantees. The installer should also advise clients of any potential issues that may compromise the installation and functioning of the solar power system prior to commencing the installation.

If a building is damaged during the installation process, this should be covered by the installer under their Contractors All Risk Insurance policy. Pre-installation inspection is crucial to ascertain that the building's roof structure and rafters is not compromised, rotten or damaged so that the solar panel installation can still be carried out. It's essential to obtain a certificate of compliance (CoC) when installing solar power generating systems as this is required by law and for the registration of the solar power generating system with the relevant municipality. This is something that any reputable installer will automatically provide.

A solar power generating system installation is a valuable asset to any home and should be treated as such by conducting a thorough due diligence on the installer and by updating insurance to protect the client's value-adding (and cost-saving) asset.

Armand Swart, Director at Werksmans Attorneys

SCA CONFIRMS THAT FRAUD CAN LEAD TO THE FORFEITURE OF A PARTLY VALID AND PARTLY FRAUDULENT CLAIM

In Discovery Insure Limited v Masindi the SCA considered whether the entirety of an insurance claim should be forfeited in circumstances where only part of the claim was fraudulent and the other part was valid in relation to the same facts. The insurance policy in question included a forfeiture clause which provided for retrospective cancellation in the event of a fraudulent claim. The case dealt with an insurer who was claiming repayment of all amounts paid to the insured in terms of an insurance claim – both in relation to the fraudulent and valid portions of the claim. This article discusses this recent case and its importance for policyholders and insurers alike.

Mr Tshamunwe Masindi ("Mr Masindi" or the "insured") had an insurance policy in place with Discovery Insure Limited ("Discovery" or the "insurer"), entitled "Discovery Insure Plan" (the "policy"). The policy insured against losses arising in relation to property and household contents. It also covered reimbursement for "emergency accommodation" in the event that Mr Masindi's house was unoccupiable due to an insurable event. Mr Masindi's house was struck by a storm and flooding on 10 November 2016, and on the following day, 11 November 2016, he lodged a claim in two parts in response to the catastrophe: a claim for losses relating to property and household contents (the "property claim") and a claim for the recoupment of emergency accommodation (the "accommodation claim").

Discovery paid Mr Masindi out for both the property claim and the accommodation claim (together, the "total claim"), but following investigation Discovery uncovered that the accommodation claim was based on fraudulent invoices. The insurer proceeded to cancel the policy (with retrospective effect) and instituted a claim against the insured for the total claim, even though only the accommodation claim was tainted by fraud. Discovery's conduct was based on a forfeiture clause in the policy which provided that –

all benefits in terms of the policy in respect of any claim will be lost if any claim "or part thereof" was in any way fraudulent; and in that case, the insurer would be entitled to cancel the policy with retrospective effect, from the date the incident occurred or was reported, whichever was earlier.

The insurer's case was that the forfeiture clause permitted it to cancel the policy with retrospective effect from 10 November 2016, being the date of the incident, and to reclaim all amounts paid subsequent to the retrospective date of cancellation. Mr Masindi disputed Discovery's claim on the basis that there is no express provision in the policy – and that the forfeiture clause in question was not wide enough – to require the insured to repay all amounts paid in terms of the policy, even those that were genuine and not fraudulent.

The High Court decided in favour of Mr Masindi by only ordering him to repay the sum received for the property claim, being the genuine claim. The High Court's decision was based on, firstly the doctrine of "accrued rights"; and secondly the fact that the forfeiture clause in question was a penalty clause which was unenforceable for causing disproportionate prejudice to the insured. Discovery, unsatisfied with the decision of the High Court, took the matter on appeal to the Supreme Court of Appeal ("SCA").

Discussion

The SCA in its judgment makes it clear that despite the High Court's focus on other issues, what was in question in this case was an issue of interpretation, namely did the forfeiture clause result in the forfeiture of the total claim and not just the accommodation claim, and ancillary to this, if answered in the affirmative, was Discovery entitled to repayment of the total claim by the insured?

The SCA's consideration of the issues was premised on the basis that forfeiture clauses are a common feature in insurance contracts and are generally viewed as valid and enforceable. The underlying purpose of such clauses was to prevent fraudulent claims and their lodgement. The SCA referred to our courts' approach to interpretation and held that an insurance policy, like any other document, had to be interpreted by having regard to its language, context and purpose.[1] Furthermore, a sensible meaning is to be preferred to one that leads to insensible or unbusinesslike results or undermines the apparent purpose of the document.

The court held that the clause in question was "clear and unambiguous" and accordingly had to be given effect to. Because the forfeiture clause permitted the insurer to cancel the policy with retrospective effect from the date of the incident in the event of a fraudulent claim, Discovery was permitted to do so and acted within the bounds and in accordance with the policy in cancelling it retrospectively from 10 November 2016. The court also emphasised the importance of the context of such forfeiture clauses, namely, to prevent fraud. The SCA accordingly held that the High Court had erred in considering the doctrine of accrued rights to be applicable. When Masindi purported to submit his claim on 11 November 2016, there was no longer an extant insurance policy because it had already been terminated with retrospective effect from 10 November 2016. Accordingly, no rights accrued to him and the doctrine was not applicable in the present instance.

In relation to the High Court's reliance on the forfeiture clause being a penalty clause, the court held that this was not an issue which could be considered by the court because it had not been raised by the parties in their pleadings and the court was not permitted to raise it for them. Given the court's pronouncements regarding the permissibility of forfeiture clauses, it seems even an alternative argument that the clause was unenforceable based on public policy would have failed. In the premises, the SCA ordered Mr Masindi to repay all the monies he had received in relation to the total claim, with costs and interest. The SCA held that giving the forfeiture clause the meaning contended by Mr Masindi would undermine the well-established tenets of interpretation of documents and render the clause entirely nugatory.

Conclusion

Neither insurance fraud nor the legal imperative to control it is new. The use of forfeiture clauses by insurers is common. The Masindi case confirms that such clauses have a clear purpose and are not on the face of it unenforceable. The court will give effect to the meaning of such clauses and policyholders are well minded to ensure that they understand what the enforcement of such clauses will mean for any claims. The result of the Masindi case will surely be welcomed by insurers; policyholders should be wary that the submission of a partly genuine and partly fraudulent claim may result in the forfeiture of their entire insurance claim.

EMERGING ASIA TO DRIVE GLOBAL ECONOMIC GROWTH

Emerging Asia is expected to be the main contributor to global economic growth in the coming years, according to Swiss Re Institute's latest sigma report. With the reopening of China's economy this year leading to a recovery in demand, Swiss Re forecasts emerging Asia to grow by 5.4% in 2023/24. Inflation remains the top global macroeconomic concern.

With inflation pressures still persistent, hard market conditions in non-life business are set to continue as insurers offset elevated claims costs with higher premium prices. Once disinflation takes hold with prices decreasing, less expensive claims and greater returns from interest rate-sensitive investments should further support industry profitability," said Jérôme Haegeli, Swiss Re's Group Chief Economist.

Swiss Re's global economic growth forecasts are below consensus at 2.3% this year and 2.3% in 2024. The cumulative effect of over 18 months of rising interest rates, deteriorating credit conditions and further central balance sheet reductions will continue to dampen growth prospects. The risks to growth remain skewed to the downside.

Global economic growth is largely supported by emerging Asian markets, including countries such as India, Thailand, Indonesia and Malaysia, which are set to boom in the coming years. Given the reopening of China's economy from lockdowns in December last year, China is forecast to be one of the few countries to register stronger growth this year than in 2022, estimated at 5.4%.

"In prior episodes of recovery in China, growth was mostly investment-led but we expect it to be driven by domestic consumption this year, especially from the service sector. Hence, higher demand in China does not reverse our baseline outlook of global disinflation. This year's recovery in China will have limited spill over impact on the global economy," said Li Xing, Head of Insurance Market Analysis at Swiss Re.

Insurance industry's profitability set to improve

The global insurance industry is expected to demonstrate continued resilience over the next two years. According to Swiss Re Institute, global insurance premiums, both in non-life and life, are estimated to grow by 1.1% in 2023 and by 1.7% in 2024. Premium volumes are expected to total a new peak of USD 7.1 trillion in 2023, compared to USD 6.8 trillion in 2022.

Non-life premiums in emerging Asia are forecast to expand by 6.7% and 6.2% over 2023 and 2024, while life premiums are set to grow by 5.0% and 5.4%.

The US is, and remains, the largest insurance market in the world, with total premiums of close to USD 3 trillion in 2022, according to sigma data. Its global market share rose from 40% to 44%, driven by strong premium growth in nominal terms (8.6%) and US dollar appreciation against virtually all major currencies. China is the second largest market with premium volumes of USD 698 billion. The UK moved up to third place last year with premiums of USD 363 billion, switching position with Japan, which is now in fourth place.

Non-life business supported by better pricing

Non-life premium growth is set to strengthen to 1.4% this year. According to the report, the motor market is returning to growth after three years of contraction, also based on rising premium prices, while there is a decline in health premiums due to the end of pandemic support policies in the US.

Advanced economies are expected to grow by 0.8% this year. For emerging economies overall, premium growth is forecast at 4.5%. Non-life premiums for China and emerging Asia are forecast to expand by 6.8% and 6.6% respectively.

Life insurance: favourable growth and profitability tailwinds

In life insurance, global premiums are expected to rise by 1.5% in 2024, above the 10-year trend of 1.3%.

Life premiums in emerging Asia are expected to grow by 5.0% in real terms in 2023. The border opening in China underpins a 7.3% real growth forecast for life premiums in Hong Kong, while premiums in China are expected to grow by 3.8% in 2023 and 4.7% in 2024. Led by India, Swiss Re Institute expects 6.9% life premium real growth in other emerging Asian markets (excluding China) in 2023 and 2024, above the long-term trend of 4.5%.

How to order this sigma study:

The English version of the sigma 3/2023, "World Insurance 2023: Stirred, and not shaken", is available in electronic format. You can download it here.

ALLIANZ RANKS TOP EMERGING LIABILITY TRENDS FOR PROFESSIONAL SERVICES FIRMS

Diego Assef, Head of the Global Practice Group, Professional Indemnity Claims at AGCS.

Architects and engineers face greater scrutiny over building and fire safety defects. Financial services professionals may be accused of mismanaging investment funds negatively impacted by inflation. A lawyer's untrained use of artificial intelligence (AI) tools when preparing client cases could result in an error-ridden brief. The emerging risk landscape for professional services firms is multi-faceted.

A new report from professional indemnity (PI) insurer Allianz Global Corporate & Specialty (AGCS) identifies a number of emerging liability trends for companies, ranking them by level of anticipated impact, potential drivers of loss activity and the likely ease with which these risks may be mitigated. Impacted professions include management consultants, auditors, accountants, architects, engineers, solicitors and lawyers, and media executives, all of whom may be held responsible for losses that arise from a perceived breach of their duties.

"Although exposures vary, all these professions face a wide range of civil liability exposures which need to be adequately addressed and mitigated. These could range from accusations of negligence or omissions resulting in harm or damage to the client, to misrepresentation, to failure to identify fraudulent activity, to the unintentional breach of contract, intellectual property rights or confidentiality, and regulatory investigations and actions," says Diego Assef, Head of the Global Practice Group, Professional Indemnity Claims at AGCS.

Building safety laws and digital dangers such as 'hackers for hire' top the trends heatmap

AGCS' global PI claims experts identify and rank 11 emerging trends in the report with some professions being more exposed than others depending on the risk and the nature of their business. **Evolving legislation related to building safety** and **cyber crime, social engineering and data loss**, are both ranked #1 (very high – a critical impact to operations or loss severity could be expected). Although building safety has predominantly been a UK issue following the Grenfell Tower fire tragedy in 2017 some impact will be felt globally too the report notes. In the UK, extended liability periods for building and fire safety defects could bring new legal claims against manufacturers and suppliers, with a potential domino effect on all specialists in a construction project, such as architects, engineers and design and build contractors for example.

Cyber-attacks have increased in recent years – and professional services firms are highly exposed due to the proprietary customer data and intellectual property they process or operate with. For example, cyber mercenaries are increasingly targeting law firms in order to illegally obtain confidential or protected data that could tip the balance in courtrooms. These so-called 'hackers-for-hire' provide technical capabilities and deniability of involvement in the cyber-attack should it be discovered. Claims drivers, which apply across all professions, include phishing and spoofing frauds, third party supply chain risks, ransomware or malware, a lack of adequate systems or controls or data loss. Not only does a cyber breach present immediate first-party costs and disruption, it can also result in significant regulatory exposures, including action from data protection authorities and considerable fines. Litigation from affected data subjects may follow, including large group claims. Breaches may also lead to client and third-party liability claims, with claimants alleging losses due to business interruption or leaked information. A breach also carries the risk of reputational damage, resulting in stock drops and securities claims. Smaller firms can be more vulnerable as they typically have less sophisticated cyber-security.

Prepare for volatility and unexpected impacts from inflation and new tech

Among the other risk trends examined in the report are geopolitical, economic and market volatility (ranked #3 – moderate impact to operations or loss severity could be expected). The report notes that regulatory exposures can arise for professionals acting for clients who may potentially be caught by a rapidly evolving sanctions regime, while for construction and design professionals, disruptions to supply chains could bring claims relating to project delays.

The **inflationary environment** also ranks as a #3. If inflationary pressures lead to recessionary conditions, there could be a myriad of potential exposures for professionals, including insolvency-related exposures for auditors and insolvency practitioners, lenders' claims for solicitors and valuers, and claims arising from due diligence against lawyers and accountants, according to the report. Outside of recessionary conditions, financial services professionals may face mismanagement and suitability allegations relating to funds negatively impacted by high inflation.

At the lower end of the risk rankings scale, but not to be underestimated, is the use of new technologies such as AI tools by professional services firms (ranked #4 minor impact). "While AI has the potential to operate as a risk reducer, as technological solutions evolve rapidly so do the potential claims drivers," says Assef. "These include data privacy or copyright issues, the need to preserve confidentiality when using service providers, risks of errors being repeated in volume work, and the level of supervision involved in machine learning tasks.

"Professional services firms must continue to properly train and supervise their staff as technology evolves and to ensure the authenticity of work products considering the emergence of tools such as ChatGPT. Ultimately, a lack of awareness of how generative AI works, as well as untrained use, could lead to legal sanctions and civil claims against all types of professionals." A New York lawyer recently faced sanctions over a ChatGPT-aided brief used in their client's personal injury case. The technology cited six non-existent court decisions.[1]

PI claims:
most impacted professions

The report also notes that over the past 20+ years AGCS has processed and handled over 90,000 PI claims globally with a total value of €2.2bn. Analysis shows that for large losses (€1mn+ claims only), solicitors/lawyers are most impacted (30%), followed by construction professionals (27%). Find the full report here.

KIDNAPPING FOR RANSOM & EXTORTION ON THE RISE

Hermanus van der Linde, CEO of IntegriSure Brokers.

Kidnapping for ransom and extortion is on the rise in South Africa with a new trend emerging, revealing that organised kidnapping syndicates are increasingly targeting mid to lower-income individuals, expanding their focus beyond high-profile or c-suite executives.

A recent abduction involving a 65-year-old Limpopo man, involved an intensive 27-day investigation, resulting in his rescue by the Hawks on Friday, 30 June 2023.

The latest quarterly statistics released by the South African Police Service (SAPS) covering January to March 2023 show that kidnappings in the country have increased by 10.1%, with 3,641 kidnappings recorded versus 3,306 cases over the same time in 2022.

Unfortunately, many kidnapping incidents are not reported to the SAPS as families of kidnapped victims are instructed not to do so, which means the actual figure of kidnapping cases could potentially be doubled.

Kidnappings have become a prevalent source of income for syndicates as they prey on individuals who have access to cash. In most instances, the victim has been profiled as to their worth or the family's worth and the kidnappers ask for an amount they know they can get.

Due to tough economic times, criminals have expanded their market and no longer exclusively target wealthy or high-profiled individuals. Syndicates are now kidnapping middle class people with the means or the support network to raise smaller ransom amounts.

A further alarming trend has been noted where the victim is abducted and held hostage for approximately a week before any communication is made regarding the ransom. By this point, the family is so desperate that they pay whatever amount is demanded.

Less affluent communities are targeted as syndicates have come to realise that lower-income earners make for easy targets and do not draw media attention. Previously, companies would primarily insure their executives against kidnapping and extortion, particularly when they travelled to high-risk areas. Now the threat extends to entire families who are at risk of becoming potential victims.

Specialist cover is available for your peace of mind and covers the associated costs involved in kidnapping, virtual kidnapping, extortion, cyber extortion, hijacking, malicious detention, disappearance and a hostage crisis. This cover can also be extended to include your family as well as frequent international travellers, who may also be targeted by syndicates. Besides monetary cover for such events, some products also include 24-hour access to a Response Consultant for immediate guidance and advice should any of these events occur.

Some of the kidnap and ransom cover products we have seen in the market also include cover for the loss in transit of a ransom by means of actual destruction, disappearance, malicious abstraction, actual damage or theft of the ransom. We have even seen products that provide cover for the cost of communication equipment, recording equipment and advertising costs incurred in an attempt to resolve a kidnapping. Reasonable costs for cosmetic or plastic surgery which may be required to correct any permanent disfigurement sustained as a result of a kidnapping are also included in some of the kidnap and ransom cover products available. It is important that these products should not only be viewed as providing cover for a ransom but also provide assistance if you find yourself in this life-threatening situation.

As the frequency of kidnappings continues to escalate, there are claims that they might surpass cash-in-transit robberies (CITs) in popularity. This is due to the fact that kidnappings generally involve no gunshots, don’t create a scene, and covert negotiations for extortion all transpire behind the scenes. To ensure comprehensive coverage against the potential losses arising from a kidnapping-for-ransom incident, it is advisable to consult your broker and evaluate the available options for you and your family.

A POWERFUL PARTNERSHIP: HOW AI IS ENHANCING THE ROLE OF INSURANCE BROKERS

Jurgen Hellweg, CEO at Western National Insurance

The ability of AI technology to conduct detailed risk assessments, expedite claims and analyse large datasets will lead to role-players in the insurance sector reassessing the role of brokers in the future. However, given the undeniable value of human connection as a tool to build relationships, offer tailored advice and aid negotiations, the future is one of symbiosis – a collaboration between man and machine. I see the future role of brokers as specialists whose service offerings will be enhanced by AI rather than being replaced by it.

AI and insurance: then and now

Prior to the most recent launch of generative AI, this technology was being used in various forms for many years. By using AI, insurers have been able to automate certain contact centre functions, develop website chatbots and make use of machine learning systems to process data more efficiently. Pay-how-you drive telematics programs and the use of drones to conduct property surveys are further examples of how AI is being leveraged by the insurance industry.

Today, brokers can use AI to learn more about the demographics of their client base. As a data analysis tool, it can also provide invaluable insights on a client's specific risk exposures. In future, these use cases will expand to other aspects including AI-assisted risk assessments that will help insurers build more customised risk solutions, reduce human error, expedite the claims settlement process and provide 24/7 customer service.

Enabling a more tailored service offering

Equipped with a clearer picture on risk provided by AI, brokers can get exceptionally detailed about understanding and servicing their clients as well as their businesses. Equipped with a clearer picture on risk provided by AI, brokers can get exceptionally detailed about understanding and servicing their clients as well as their businesses. This deeper level of understanding will become an integral part of providing a higher standard of advice that will bring meaningful value to and bolster the broker-client relationship.

It will also assist brokers in dealing with more case-specific, complex risks that face specific industries. Brokers who already understand their clients' individual needs and preferences will be able to play a more prominent role in helping clients explore their options and make more informed decisions about their insurance cover and risk mitigation strategies.

Making the claims process fairer and faster

AI technology is particularly effective as a tool that can streamline the claims process. Its ability to process large volumes of data at the push of a button means that it can detect anomalies, flag claims that are suspiciously high and identify patterns in clients' claims histories. It can also be used to identify and prevent fraudulent claims, resulting in reduced losses and ultimately, lower premiums for honest customers.

By introducing pre-defined rules and parameters into AI systems, the technology can be used to ensure consistency in claims assessments and counteract human oversight. Over time, with input from insurance adjustors, forecasts made by AI based on historical claims data, will become more accurate, refined and reliable.

The importance of human intervention

AI, however, does have its limitations. If the data used to train an AI system is biased or incomplete, there is a risk that these systems may continue to perpetuate the unfair treatment of clients. The final decisions made when paying out claims, can therefore not be made by an autonomous program. Instead, findings generated by AI need to be reviewed by human assessors in order to take the client's unique set of circumstances into account. As intermediaries, brokers are therefore key to ensuring that the commitments of insurers to treat customers fairly are upheld.

Brokers will continue to act as mediators and negotiators between clients and their insurers. This aspect of customer service requires human-to-human interaction as well as relatability and will always be an indispensable part of advisory offerings.

Trust and credibility are irreplaceable pillars within the insurance industry. Despite the accuracies and efficiencies of AI technology, many clients still distrust these systems and have concerns around the invasion of their privacy. The true ability to appreciate and cater to the client's emotional involvement in their business cannot be replicated by AI.

By applying an empathetic approach, brokers can interpret the benefits of different insurance solutions within the context of their clients' businesses.

This goes a long way in providing the insured with the choice and control they need to see the true value of insurance products rather than regarding them as grudge purchases. Here, as in other cases, brokers bridge the trust gap by nurturing the interactions that can build long-term relationships and rapport with clients.

COLLABORATION ON FLOOD RISK MODELLING: ENHANCING INSURANCE PRACTICES IN SOUTH AFRICA

Flood risk has become a pressing concern for the insurance industry, particularly in the wake of devastating flooding events in South Africa.

In a recent conversation with JBA Risk Re/Insurance Specialist Haydn Marchant and Althaf Rajab, Head of Core Operations at New National Assurance (NNAC), they discussed their collaboration on risk modelling for floods. The discussion shed light on the importance of flood risk assessment, the evolving role of insurers in managing this risk, and the tools and insights provided by JBA to better understand and underwrite flood risk. In this article I explore the key points raised during the conversation and highlights the significance of this collaboration for the insurance industry in South Africa.

The Economic and Social Impact of Floods

The conversation began with an acknowledgment of the significant impact of recent floods, particularly in the KwaZulu-Natal (KZN) region. Althaf highlighted the economic and social repercussions of these events, emphasising that the 2022 floods alone caused insurance-related damages exceeding 18-20 billion Rand. Furthermore, the loss of lives, damage to infrastructure, and disruption of daily life underscored the far-reaching consequences of flooding. The conversation emphasised the need to address flood risk not only from an economic perspective but also in terms of its social impact on affected communities.

Tony Van Niekerk, Editor, COVER

The Growing Importance of Flood Risk Assessment

Haydn stressed the increasing demand for flood mapping, modelling, analytics, and consulting services in the insurance industry. JBA has witnessed a surge in inquiries, not only from the South African market but also from the London market, which underwrites South African risks. The conversation recognised that flooding is a global issue, with instances of severe flooding occurring in various parts of the world. Haydn noted that flood risk assessment has become a primary concern for insurers and that pricing for flood coverage is gaining prominence.

The Changing Perception of Flood Risk in the Insurance Industry

Althaf highlighted the evolving perception of flood risk within the insurance industry. Historically, floods were considered a secondary hazard compared to other perils such as fires. However, events like the 2017 floods in KZN and the recent 2022 floods have emphasised the need to reevaluate the significance of flood risk. With climate change contributing to more frequent and severe flooding events, relying solely on historical data is no longer sufficient. He stressed the importance of equipping insurers with additional tools and data to better understand and manage evolving flood risks.

The Collaboration: Tools for Better Flood Risk Assessment

The collaboration between JBA and NNAC aims to provide comprehensive tools for flood risk assessment. JBA's system allows insurers and underwriters to access flood data, including flood maps, scoring, and pricing, down to individual risk address levels. This information enables a deeper understanding of flood risk, considering factors such as river flooding and surface water flooding. The collaboration includes NNAC brokers and binder holders, ensuring widespread access to the system and a collective effort in managing flood risk.

Enhancing Insurance Practices and Socioeconomic Impact

The collaboration between JBA and NNAC extends beyond pricing and risk assessment. It empowers insurers to engage with clients, both domestic and commercial, by sharing information on flood risk and its potential impact. This proactive approach enables clients to take necessary measures to mitigate flood risks and prepare for potential events. This collaboration goes a long way in raising awareness and fostering proactive strategies to address flood risk.

Conclusion

The collaboration between JBA and NNAC represents a significant step forward in flood risk modelling and assessment in South Africa. By leveraging JBA's advanced tools and data, insurers can better understand and manage flood risks, enhancing underwriting practices and pricing accuracy. This collaboration not only benefits insurers and underwriters but also empowers brokers and clients to make informed decisions regarding flood risk mitigation. By taking a proactive approach to address flood risk, the insurance industry can contribute to the resilience and well-being of communities affected by floods.

POSITIVE SIGNS OF GROWTH IN THE ENGINEERING INSURANCE SECTOR

In a recent interview with George Parrott, partner of the engineering division at King Price Insurance, we gained valuable insights into the state of the engineering insurance sector and the broader commercial environment in South Africa.

Despite the country's economic challenges and the ongoing impact of the COVID-19 pandemic, there are encouraging signs of growth and opportunity in the construction and engineering industries. In this article I delve into the key takeaways from the interview, highlighting the positive signs and discussing the ways in which businesses and brokers can navigate the financial pressures and structure their clients' insurance policies effectively.

Positive signs in the construction & engineering industri engineering industrieses

George acknowledged the pressure faced by the country's economy but emphasised that the construction and engineering sectors are witnessing positive signs of growth. Construction activity can be observed across South Africa, supported by both government initiatives and the private sector, and the ongoing demand for housing due to population growth.

He also mentioned road construction projects happening nationwide, further contributing to the positive outlook for the industry. King Price Insurance's commercial division is actively involved in numerous projects and sees considerable insurance opportunities in this space.

George Parrott, partner of the engineering division at King Price

Activity for small and large businesses

The positive signs of growth extend to both small and large businesses, although they face different challenges. Larger companies benefit from greater stability and wider client bases, which provide them with an advantage in securing projects. On the other hand, smaller businesses face cash flow constraints, making timely payment from their clients critical for their survival. George emphasised the importance of making early and prompt payments to smaller contractors, allowing them to complete projects and continue bidding on new ones. Despite these challenges, smaller businesses demonstrate resilience and agility, positioning them for growth and success.

Balancing insurance costs and financial commitments

George highlighted the significance of broker guidance in managing insurance costs effectively during times of financial pressure, especially in the commercial and specialist lines of insurance cover. Collaboration between insurers and brokers is crucial to navigate the challenges faced by clients. He advises businesses to work with their brokers to assess their risks and identify risk areas that have material impact on their operations. By focusing on those risks and implementing measures to mitigate them, such as theft prevention and maintaining an acceptable risk profile, businesses can lower their insurance risks and costs. A favourable loss ratio at policy renewal can provide long-term benefits, creating a sustainable insurance portfolio.

Diversified commercial offerings

King Price offers a comprehensive range of insurance solutions within its broad commercial portfolio. While the company has traditionally excelled in personal car insurance, it has expanded into other various other insurance product lines such as engineering, construction, commercial property, and goods and transit insurance, as well as a full portfolio of business insurance solutions, and specialised cover for community schemes, agri risks, and cyber risks. By diversifying their offerings, they aim to provide brokers and clients with a broad range of solutions tailored to their specific needs. This approach allows them to develop long-term relationships with brokers and clients, ensuring a holistic view of their insurance portfolio and enabling the provision of comprehensive coverage across multiple lines of business.

EXPLORING THE DYNAMICS OF CO-INSURANCE: UNVEILING ITS RISE AND IMPLICATIONS IN THE INSURANCE MARKET

Dion Rheeder, Lombard Regional Manager for the Gauteng Region's Commercial division

The insurance industry is a complex web of relationships involving clients, insurers, and re-insurers. In recent times, the concept of co-insurance has gained prominence as a strategic approach to managing risk and optimizing capacity within this intricate ecosystem. In an exclusive interview with Dion Rheeder, Lombard Regional Manager for the Gauteng Region's Commercial division, we delve into the diverse forms and applications of co-insurance, shedding light on the driving factors behind its increasing prevalence in the market.

Understanding Co-Insurance in Industry Relationships

At its core, co-insurance involves the collaboration between multiple insurers to share the risk exposure of a single policy. Dion Rheeder elucidates this concept further by explaining how co-insurance manifests within industry relationships. Lombard's distribution model exclusively involves brokers, acting as intermediaries between clients and insurers. When a broker presents a risk that surpasses the insurer's capacity due to reinsurance limitations, co-insurance comes into play. The insurer might provide a lead line, while other insurers participate to complete the coverage, ultimately reaching 100% of the "slipping fold," the total amount of coverage required for the risk.

Conversely, brokers might approach insurers with a substantial portion of the risk already covered (e.g., 60% - 80%) and seek additional coverage from the insurer as a follow line. These two scenarios represent the primary ways in which co-insurance operates in the market.

The Rise of Co-Insurance: Drivers and Implications

Dion Rheeder emphasises that the surge in co-insurance can be attributed primarily to a critical factor: a lack of capacity among insurers. He reveals that reinsurers have curtailed the capacity allocated to insurers for various risks, citing substantial losses as the driving force behind this constraint. As a result, insurers face limitations in offering full coverage to clients, necessitating the involvement of multiple insurers to adequately address risk exposure. This trend is a significant departure from the past, where insurers could offer coverage beyond 100% of the risk. The capacity crunch has become a new normal, prompting both insurers and brokers to adapt their strategies to navigate this evolving landscape.

Benefits and Challenges of Co-Insurance

The rise of co-insurance brings forth both advantages and challenges for the market, clients, and brokers. On the positive side, insurers like Lombard have the opportunity to take follow lines, allowing them to increase their written premium without assuming undue levels of risk. This balanced approach enables insurers to maintain growth while managing their exposure effectively.

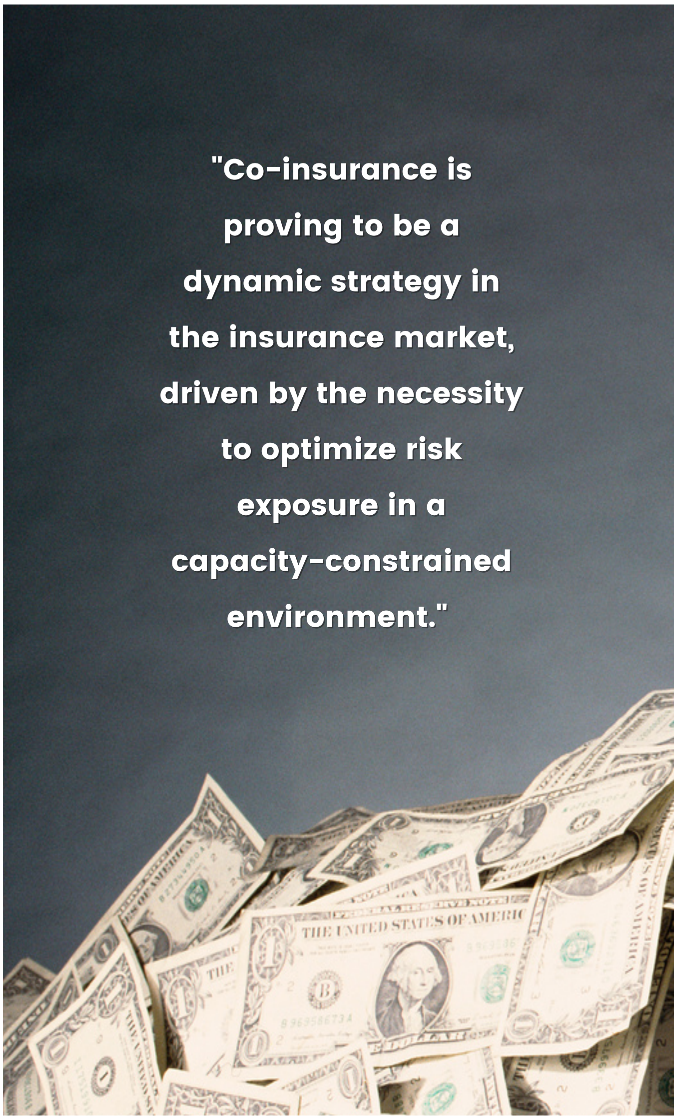
However, brokers find themselves facing new challenges in their quest to secure comprehensive coverage for their clients. The need to approach multiple insurers to fulfil a slipping fold can be cumbersome and time-consuming. Brokers may need to engage with a considerable number of insurers, leading to increased administrative burdens, especially during claims and endorsement processes.

Co-Insurance and the Shifting Landscape

As the insurance industry continues to evolve, the co-insurance trend is likely to become a hallmark of the market. Dion Rheeder suggests that brokers must adapt to this changing landscape by restructuring their operations to efficiently manage co-insurance requirements. Moreover, the escalating costs associated with facultative cover are making co-insurance a more viable and cost-effective option for insurers and clients alike.

Conclusion

Co-insurance is proving to be a dynamic strategy in the insurance market, driven by the necessity to optimize risk exposure in a capacity-constrained environment. As reinsurers impose limitations and losses mount, insurers and brokers must collaborate to navigate the challenges and opportunities presented by co-insurance. This evolving landscape underscores the resilience and adaptability of the insurance industry as it continues to provide essential coverage in a rapidly changing world.



WOMEN'S MONTH

"It's indisputable that women bring a different dimension to business."
- Sharon Paterson, CEO at Infiniti Insurance

A PERSONALISED FINANCIAL PLAN IS KEY TO MAKING YOUR MONEY WORK FOR YOU

The way in which women relate to and think about managing their money has changed significantly over time. Arguably, today, women are more in control of their financial freedom than they have ever been, thanks in part to a greater focus on workplace and gender equality. While getting accurate data can be challenging, a 2018 Credit Suisse estimate put women's share of total global wealth at 40%.

There are, however, still a number of systemic disparities that undermine this progress and stand in the way of women gaining more control as financial decision-makers. These include realities like the gender pay gap and the fact that women remain under-represented in South African boardrooms.

The gender dimension of money management and why it matters

Part of the solution lies in recognising the different needs and strengths women have when it comes to finance and wealth creation – and capitalising on these.

Research has highlighted that there are vast psychological and behavioural differences between men and women. Whether it's saving for retirement, building an emergency fund or planning for our children's education, women tend to prioritise stability and take a long-term view in their financial planning.

Robyn Laubscher, Advice and Product Specialist, PSG Wealth

Research also shows that women approach risk with caution. This allows a focus on wealth preservation and means they tend to employ risk mitigation strategies that strike a balance between growth opportunities and the importance of maintaining financial stability. For example, research by Fidelity found that women trade less frequently than men, which helps them to avoid some of the behavioural pitfalls that often erode investor returns. Furthermore, women typically have longer life expectancies than men, which means that retirement planning for women requires a different approach. Tailored financial advice can help women assess their retirement goals, make appropriate investment choices and establish sustainable income streams, accounting for longevity risks and potential healthcare expenses.

A personalised financial plan is essential

In the journey towards financial independence and security, women deserve their own tailored financial plan that recognises their unique circumstances and aspirations. A personalised financial plan goes beyond just numbers and products. When put together in a way that is tailored to each individual's needs, it can be a powerful tool to support financial wellness. The best place to start is by speaking to a suitably qualified financial adviser, who can analyse your needs and goals holistically. While each investor's needs are unique, a balanced financial plan may include, for example, products that help protect your family when your earning ability is jeopardised, like dread disease and disability cover, and investment products that help you build an investment portfolio.

Importantly, a diversified investment portfolio can help ensure that different investment needs are balanced – for example, ensuring you continue to build a retirement nest-egg by saving in a retirement annuity, while also addressing your shorter-term savings goals by including flexible and accessible products like a tax-free savings account. Depending on your risk profile, you may even want to consider a direct investment in shares if you find the idea of owning your own share portfolio appealing.

Breaking Barriers in Finance and Auto Industry for Women's Empowerment

Noluthando Ngqandu, Head of Procurement, Assessing and Salvage at Bryte Insurance

Noluthando Ngqandu is equally at home in the executive boardroom and in panel beater's workshop. That's fortunate, as her role as Head of Procurement, Assessing and Salvage at Bryte Insurance means regularly interacting with a diverse group of people, from insurance assessors to mechanics to small business owners to actuaries. It's no easy task making her voice heard in the traditionally male-dominated financial sector and holding her own in the macho environment of scrapyards, automotive retailers and repair shops. Indeed, she says that when she started the role, burly mechanics would take one look at her manicured nails and assume she couldn't possibly understand the finer points of metalwork or tell a spark plug from a CV joint.

However, automotive cover is a major component of an insurance company's operations, and in her role, she knew she had to earn the trust of partners in the industry. She was helped, she says, by her insatiable curiosity. When she started in her current position, she applied as much effort getting to grips with the minutiae of maintenance and repair work as she did in mastering complex financial models. That meant getting out of the office and sitting in the back of a bakkie with a plumbing team, visiting on-site repair jobs. She also had to learn the tricks of the trade to develop trust and build a strong rapport, meeting panel beaters in the workshop (and sparing them the discomfit of the corporate office) or even socialising at the watering holes favoured by industry insiders.

Blazing a trail for the next generation

Fortunately, times are changing. The financial sector is a more hospitable space for ambitious young women. And the idea of a woman putting on overalls and get her hands dirty under the hood of a car is no longer shocking. Of course, the times are changing, in no small part, because trailblazers like Noluthando fought for their place at the table.

There's still plenty of work to be done. Noluthando says that women provide an invaluable perspective. However, in insurance – and the financial sector more broadly – many women still hold support roles. The more technical and strategic positions tend to be dominated by men.

She says that older executives, who are approaching retirement, should ensure they pass down their skills and deep knowledge base to the next generations, not least to women who aspire to complex technical roles.

An ecosystem for equal success

Supportive corporate structures and policies are also critical. For instance, women need to know that taking time off for maternity leave isn't going to be a competitive disadvantage. And employees have to be able to devote time to caring for their families and managing their careers.

Noluthando also takes seriously her duty to empower juniors with the skills and confidence they need to reach their career goals. Insurance is an exciting and challenging industry with tremendous opportunities to learn new skills, meet interesting people and solve complex problems. This women's month, Noluthando suggests, is a time to recommit ourselves to creating the policies and mentorship opportunities all young people – especially young women – need to thrive and bring new insights and innovation to help navigate a changing world.

BREAKING GENDER INEQUALITY THROUGH QUALITY EDUCATION FOR YOUNG WOMEN

Sharon Paterson, CEO at Infiniti Insurance

The financial services industry in South Africa, just like other sectors, has been grappling with gender diversity challenges for decades, and by now the low-hanging fruit has been picked. Even though our status in gender inequality in the country has improved over the years, women's representation in senior leadership positions and executive levels remains below parity. Women play a critical role in the well-being of their families and societies, but usually their potential is not recognised, because of unconscious bias or discrimination.

This sentiment is also supported by the new Statistics South Africa's Gender Series Volume IX: Women Empowerment, 2017–2022 report that shows that women in South Africa are more likely to be unemployed than men and are less likely to participate in the labour market than their male counterparts. In addressing equal gender representation within the industry, as companies, we must empower young women and enhance their sustainability expertise at the executive level in the C-suite.

Overcoming societal challenges facing women in business

It's indisputable that women bring a different dimension to business. We see things differently and have a different thought process. However, as women in the financial industry, we must work harder and smarter than our male counterparts to achieve our career goals. One of the most difficult challenges I faced in building my career, was balancing family and work. Like many women of my generation, I was brought up to believe that my role was to support, not lead. And I had to unlearn that before I could start to lead. I was fortunate that when my children were young, I was heading up the commercial area of a small independent brokerage and had flexible working hours. I placed many accounts while next to the rugby field or netball court.

Being one of the three people that took Infiniti Insurance from a mono-line licence to a company writing all classes of insurance business was one of the scariest and most exciting things I have ever done. First, there was the six-month wait for the licence to be upgraded and then, when the licence came through and the reinsurance had been placed, I was struck by the awful thought that we might not get the support from the market. But lots of knocking on doors and being prepared to wait has paid off, and 15 years later, we are still a fast-growing company. I consider myself privileged as a woman to have been given that opportunity. Maybe that is the problem, maybe as women we should not feel privileged but entitled.

Empowering and advancing future women leaders

Poverty and lack of education are the barriers to the empowerment of the women of our nation. What can we do to break down that barrier? We need to take one small step to provide quality education at a high level for all young girls from previously disadvantaged backgrounds. If we can educate the girl child, then we are giving them a tool to build up their self-love and self-worth and break out of the cycle of poverty to become empowered women. Globally, gender diversity is now a strategic issue that impacts business operations and outcomes. As South Africa has shown remarkable progress in appointing women across role categories in businesses, the industry needs to continue to pull all levers available to improve gender balance for all women from all diverse backgrounds. We must provide all women with responsibilities for planning, making decisions, recommending policies, and coordinating empowerment efforts.

While our mandate at Infiniti Insurance is to grow the business, first and foremost, we will continue to provide bursaries and educational support for disadvantaged girls and boys who cannot afford a good education. By educating the underprivileged, we are giving them a tool to use to break out of the cycle of poverty, a tool to use to build up their self-love and self-worth and to become empowered. If we can support each other, we can achieve the gender equality we all strive for as we build a better world for future generations.

Motshabi Nomvethe, Head of Technical Marketing and Life Insurance for PPS

FINANCIAL GURU & PIONEER : MY GREAT-GRANDMOTHER

In a world far different from ours, my great-grandmother defied expectations and broke barriers. She was a remarkable woman who not only lived until the age of 99 but also left behind a legacy of financial wisdom that continues to inspire me. Growing up, I remember her warm embrace, infectious laughter and firm voice when we strayed from the right path. She was a pillar of strength and wisdom, always offering sage advice on life, love and marriage to my grandmother and her siblings. However, what truly amazed me was her remarkable financial savvy.

In an era when divorce was unheard of, especially for young black women, my great-grandmother boldly decided to leave her comfortable life with my great-grandfather in the 1940s. She disagreed with some of his life choices and chose to stand on her own, with four young girls by her side. With nothing but determination and resilience, she rented a small room and began selling “amangwinya”, or fat cakes, at the train station in the early morning hours.

Her hard work paid off, and soon she could afford a home for herself and her children. She expanded her business, opening a grocery store, butchery, restaurant at a taxi rank and a fruit and vegetable stall at the bus terminal. The money she made from these ventures not only provided for her daughters but also supported her grandchildren, great-grandchildren, and even great-great-grandchildren. When we cleared her room after she passed away, we discovered a stash of cash that many working people could only dream of accumulating. When I prepared to get married, I sought counsel from my great-grandmother, eager to learn her secrets to success.

She imparted her wisdom in the form of memorable life and money lessons that have stayed with me ever since:

1 - Own your finances: Do not delegate financial responsibility, especially as a married woman. Understand money, income, credit, expenses, interest and basic financial principles like tax.

2 - Put yourself first and save for a rainy day: Prioritise saving over spending. Set aside a portion of your income for emergencies before indulging in purchases.

3 - Have a budget: Stick to your budget and avoid impulsive buying. If it is not in the budget, save for it instead.

4 - Shy away from debt: Beware of people trying to convince you to borrow money. Debt can be a burden, so it is best to avoid it whenever possible.

5 - Do not keep up with others: Be comfortable in your own skin and avoid comparing yourself to others. Focus on your own goals and progress.

6 - Beware of lifestyle inflation: As your income increases, resist the temptation to inflate your expenses. Maintain a modest lifestyle to avoid financial strain.

7 - Money ruins friendships: Never play the role of a bank by lending money to friends. Money matters can strain relationships, so it is best to keep them separate.

8 - Always have an exit plan: Maintain financial independence and have a safety net that can liberate you from unhealthy relationships or unsafe situations.

My great-grandmother's simple yet profound teachings exemplified the essence of financial freedom. Although we live in an era with sophisticated financial systems and tools, we must first grasp the fundamentals. With access to financial advisers, information and various financial instruments, we have the opportunity to take charge of our financial well-being and create prosperity for ourselves today and tomorrow. Let us honour my great-grandmother's and many other strong-minded and focused women like her's legacy, by embracing their timeless wisdom and striving for female financial freedom. Together, we can be the generation that shatters barriers and achieves true prosperity.

The Professional Provident Society (PPS) is the largest South African company of its kind that provides financial services exclusively for graduate professionals. PPS operates under the ethos of mutuality, which means that it exists solely for the benefit of its members. PPS membership provides access to a comprehensive suite of financial and healthcare solutions that are specifically tailored to meet the needs of graduate professionals, including life insurance, short-term insurance, health professions indemnity, specialist support services, financial advisory, wealth advisory, investments and administers the Profmed Medical Scheme.

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FINDING
THE BALANCE

Looking back on my career over the past 25 years, I am amazed by the progress made to transform the financial services industry into one which recognises that our differences often result in better outcomes.

Florbela Yates, Head of Equilibrium

Long gone are the days where I'd walk into a boardroom and be the youngest person or the only woman. It's also a lot more commonplace to see employers offering flexible working hours to staff. And this has become even more common place since the Covid crisis.

Nowadays, it's not unusual to find parents working from home on the days they need to collect children from school, or leaving the office early collecting children and then working from home thereafter.

My experience is that the flexibility has often actually resulted in increased productivity from employees who understand how privileged they are to work for an employer who encourages balance between home and work life.

However, I am still shocked whenever I see how few women are represented on boards both globally and locally. But I also know how far we have come.

Looking at the South African financial services industry, I immediately think of Emrie Brown, the CEO of RMB, Delphine Govender, CIO of Perpetua Investment Managers and Nerina Visser, Director at etfSA Portfolio Management, to name just a few.

Within our own group, we have Jeanette Marais, the newly appointed CEO of Momentum Metropolitan Holdings, Nontokozo Madonsela, Group Chief Marketing Officer, and Hymne Landman, head of Momentum Wealth. These are all exceptional women who have worked hard to get to the top.

I do believe in the power of diverse thinking. Of all the businesses that I have been involved in, the ones that grew the fastest were the most innovative and had both happy staff and clients, were made up of strategic leaders who surrounded themselves with teams of individuals from different backgrounds, combined youth with experience and then shared their learnings but encouraged debate and were willing to explore new ways of doing things.

Doing what you always did often results in you staying where you are, whilst competitors overtake you in the race that is life. I often joke with my colleagues that because I am female I can multitask. And whilst this is said in jest, it has some truth to it – women are used to balancing multiple balls. Research conducted by statista.com showed that in South Africa, 42% of households were headed up by women, and that 38% of all households rely on the income of females.

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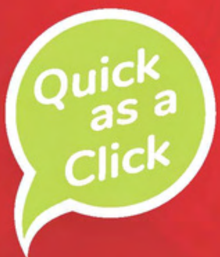

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MEETING WOMEN'S LIFE INSURANCE NEEDS THROUGHOUT THEIR LIVES

Looking back on my career over the past 25 years, I am amazed by the progress made to transform the financial services industry into one which recognises that our differences often result in better outcomes.

It is difficult to form a coherent picture of how well the financial services industry is performing when it comes to meeting women's needs. Despite the well-documented global gender pay gap and higher levels of unemployment under women (StatsSAi puts the expanded unemployment rate for women at 7.1% higher than men, while SA ranked 111th out of 146 countries for pay parityii), research suggests that women are the financial decisionmakers in the majority of South African householdsiii.

Yet, women remain under-served by the financial industry, with a larger gap in coverage for women both in terms of their post-retirement savings, and their long-term insurance needs compared to their male counterparts. When comparing the difference in women's retirement income to that of men, the pension gap between the sexes is estimated to be around 26%. The latest ASISA insurance gap studyiv found that women are less adequately covered than men for both death and disability events – women's death cover meets only about 40% of their insurance need, while their disability cover meets only around 45% of their requirement.

Financial advisers can play a key role in helping to close these gaps, and we are encouraged to see more women entering the financial planning profession. According to the FPI, the number of female financial planners active in the industry is steadily increasing – in 2017, more than 31% of its certified members were womenv. Whether male or female, financial planners need to consider women's financial needs at every life stage to ensure their financial plan caters for their changing needs.

Suzanne Stevens, Deputy CEO at BrightRock

At younger ages, both men and women need to ensure they have enough disability cover. 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, which they need to safeguard. 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.

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 provision 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 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 additional expenses for the family, such as the cost of day care or a transport service. Temporary disability cover would help to bridge this gap. As in the case with working moms, cover for critical illness is also key.

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, 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.
The general assumption around age and life insurance is that the older you get, the more disability and death cover you need. However, the opposite is true. Usually, as people get older, their financial liabilities tend to decrease. You need 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.

Once women reach retirement age and start living from their retirement savings, they no longer need disability cover, as they are no longer 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 paying off any existing debt. The ability to convert death and disability cover at these older ages in order to top-up critical illness cover without medical tests also becomes more important at this stage of women's lives.

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. Financial advisers have a critical role to play in helping women access to needs-matched cover that caters for their unique circumstances and changes with them.

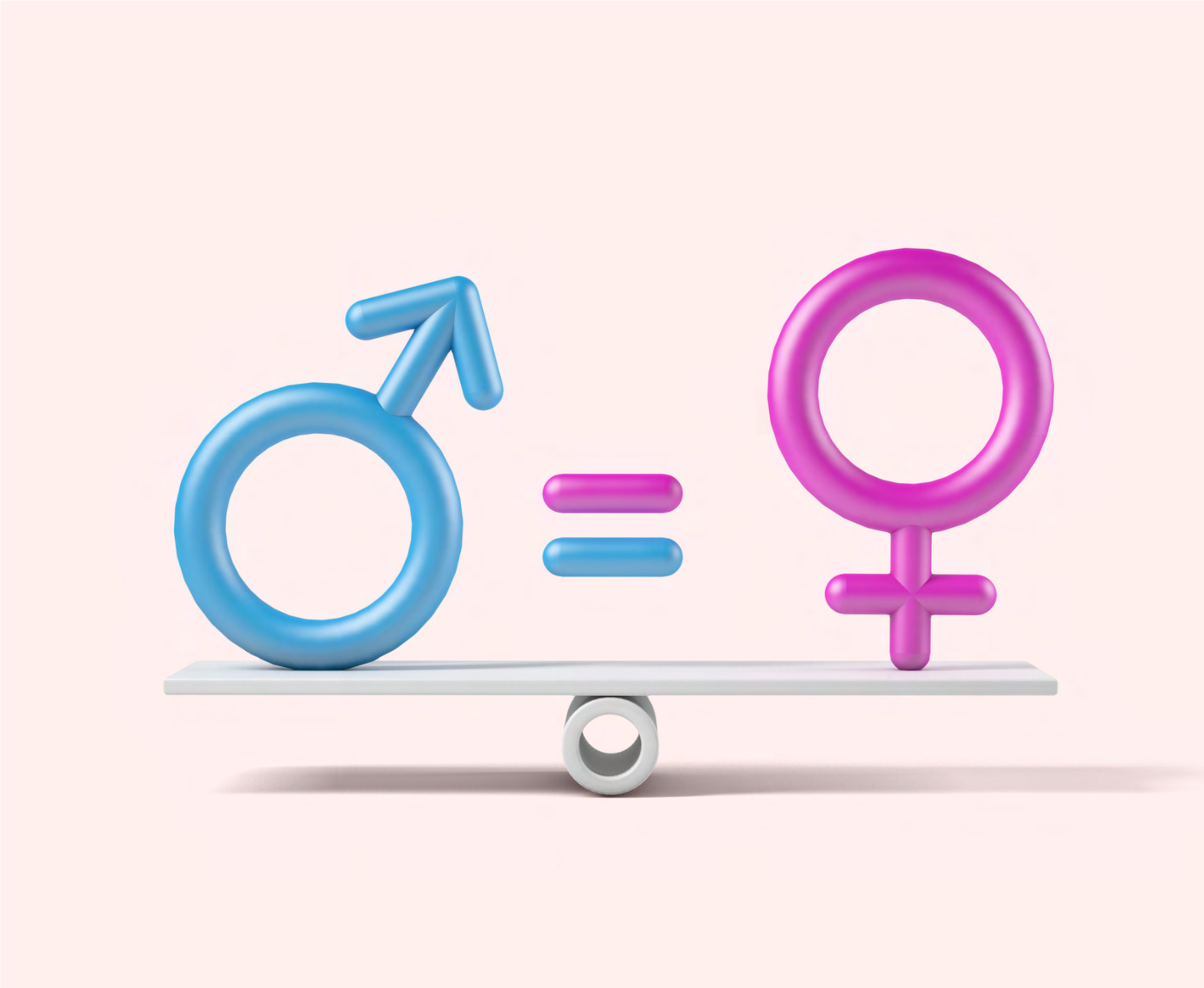
PROGRESS IS BEING MADE BUT DECISIVE ACTION IS NEEDED TO CLOSE THE GENDER GAP IN BUSINESS

Thokozile Mahlangu

Despite the persistent challenges faced by women in business, the business landscape is steadily evolving, along with the perspectives on traditional ways of doing business, as well as the traditional roles of women in society. Encouragingly, there is evidence to suggest that women are playing a more prominent role in shaping the future of business and the past few years have seen some positive changes in terms of female representation and opportunities for women in the commerce and enterprise space in South Africa.

For example, the Mastercard's Index of Women Entrepreneurs published in 2022 found that South Africa is one of only 12 economies across the globe where women's entrepreneurial activity rates increased, with 11.1% of working-age women engaged in early-stage entrepreneurial activities. However, while it cannot be disputed that this is good news, gender-based inequality still persists in all aspects of our society and more needs to be done to close the gap between women and their male counterparts. Despite accounting for just over half of the country's population (51.1%), research by Grant Thornton and PwC reveals that women only constitute between 20% and 29% of senior management roles in South Africa. Similarly, the Businesswomen's Association of South Africa's 2021 Women in Leadership Census found that women make up 23.1% of vice-chancellor roles at higher education institutions, 40% of directorships at state-owned entities, 36.7% representation in the professional services industry and only 26.9% of directorship positions at JSE-listed entities.

But representation is in the boardroom is the not the only place where gender disparity can be found in the South African business space. The Borgen Project note that South Africa has a median gender pay gap of between 23% and 35%, which is greater than the global average of 20%. Unequal earnings persist in households as well, with 38% of homes managed by women and such households being 40% poorer than those managed by men. What businesses must recognise is that inclusion, diversity and transformation can no longer be treated as a tick box exercise, but rather as a paradigm shift that will not only see women appointed to leadership roles but also supported within these positions. At the same time, closing the gender gap should not just be considered as "the right thing to do", but rather seen as a business imperative that can have a positive impact on an organisation and its business goals.



According to research conducted by The Pipeline, a UK-based gender diversity business, listed firms where at least one-third of the bosses are women have a profit margin more than 10 times greater than those that do not. Studies also suggest that placing women in leadership roles drives innovation within an organisation, because as women gain more power and influence in business, they provide fresh ideas and perspectives. It has been established across a wide range of industries that greater gender equality facilitates the creation of new products, services and businesses.

The local, as well as international, insurance industry has historically been a male-dominated sector, meaning that historical and systemic inequality will have to be overcome if gender equality is to be achieved. This will require nothing less than deliberate and concerted actions that are directly underpinned by an organisational culture that fosters an enabling environment for equality.

At a time when the insurance industry is having a hard look at itself to determine the best ways to attract the next generation of talent, employers should also be looking at means to attract new female talent specifically. Whether insurance companies start introducing flexible working hours, facilitating mentorship initiatives aimed at women or training and education catered towards upskilling female talent, these measures must be based on policies and practices that encourage diversity and support women to achieve their full potential.

Ultimately, when more than half of the country's population is not equitably represented within the business space and if gender transformation is not effectively enabling the rise of women to the highest levels of industry, institutions, organisations and business leaders must act decisively or risk stymying their sector's ability to reach its next level of growth.

WHY TACKLING GENDER INEQUALITY IS KEY TO DELIVERING REAL FINANCIAL INCLUSION

Valerie Harrington, Fund Manager, Blue Orchard

Gender inequality throttles entrepreneurial vibrancy and stifles economic growth. But, with National Women's Month in August, investors might be surprised to see how meaningfully they can help foster financial inclusion for all.

Financial inclusion – access to appropriate, affordable and well-regulated financial services - is a fundamental pillar in economic and social development. One of the UN's Sustainable Development Goals (SDGs), it is also an enabler for many other development targets, including eliminating poverty and gender equality. But as essential as financial inclusion is globally, 1.4 billion adults remain completely unbanked. The majority are women, poor adults and the less educated, according to the World Bank's Global Findex, 2021.

Gender inequality is a global issue, most noticeable in emerging and frontier markets. Equal opportunities create more resilient economies that can endure and recover from crises more rapidly. With National Women's Month being recognised this month, investors may be surprised to discover how directly they can contribute to closing the gender gap and foster equality.

Why are gender considerations still relevant in 2023?

Gender-smart investing took on additional urgency after Covid-19, given the pandemic's disproportionate effect on women. Twice as many women lost their jobs globally (64 million) during the pandemic, according to the World Economic Forum. The UN estimated that in 2021, for every 100 men aged 25 to 34 living in extreme poverty, there were 118 women. A total of 435 million additional women and girls are expected to live in extreme poverty, a gap expected to widen. Moreover, it is also estimated that 80% of people displaced by climate change are women (United Nations Development Programme (UNDP), 2016).

At the current rate of progress, it will take 132 years to reach full gender parity. This is according to the World Economic Forum Global Gender Gap, which considers key dimensions of economic participation and opportunity, educational attainment, health and survival, and political empowerment. As you may expect, the road is far longer in developing economies. The reasons for this might not be immediately apparent, but as the UNDP has put it, women are more "structurally vulnerable" due to "gender-differentiated relative powers, roles and responsibilities". For example, we know women are more likely to be poor, and to work in informal, temporary and part-time jobs with lower pay and less social protection. Women are also proportionally more dependent on threatened natural resources, due to their role in agriculture.

The OECD estimates that if women participated in the economy identically to men, it would add up to $28 trillion, or 26%, to annual global GDP in 2025. The untapped potential is, again, greatest in developing countries. Gender equality would be catalytic in creating more resilient, sustainable and inclusive economies going forward.

Why gender matters for financial inclusion

Financial inclusion is a powerful tool for economic empowerment. Microfinance in particular has played a key role in providing women access to financial services in emerging markets. A large share of microfinance portfolios are comprised of women.

However, the traditionally "gender neutral" approach to financial inclusion has on occasion limited its effectiveness and shown to sometimes result in unintended negative consequences (Consultant Group to Assist the Poor, 2021). By not considering gender, we are ignoring both the particular circumstances that come with being a woman, as well as our unconscious gender bias (which we all arguably have).

For example, a woman in a developing economy is more likely to work in informal employment, but less likely to own land or property. These are important factors influencing your ability to take a loan and the terms at which it's offered. Gender norms, which vary depending on the culture, may also limit women's ability to access, use and benefit from financial services.

Data from different sources show that if you are a women entrepreneur, you are more likely to get rejected for a business loan. If your application is accepted, you may receive a lower amount, a higher rate and a shorter tenor. Collateral requirements may be more stringent compared to male peers. This is despite women showing the same (or better) repayment rates as men.

nter-American Development Bank Invest has partnered with several financial institutions in Latin America to identify if gender biases play a role in credit decision making. Its aim is to quantify the impact of these decisions on their bottom line. Not only were the financing hurdles for women – outlined above - confirmed upon analysis of banks' real data, they also found that for identical requests women were nearly 18% less likely to have their loan applications approved.

Around 8% of the financial potential income generated by those portfolios was "left on the table", implying millions in foregone profits. This is likely why the World Bank estimates the finance gap for women to be $1.7 trillion. Globally, less than a third of formal small and medium businesses are owned and run by women, due largely to lack of access to financial services. They estimate there is a $300 billion annual credit deficit for those women-owned businesses.

Innovative finance can tackle gender inequality within financial inclusion

There is a small but growing number of funds that invest with a with a specific "gender lens". While this may take different forms, in general these funds:

- Take gender-based factors into consideration throughout the investment process
- Seek to advance gender equality through the strategy's activity, including meeting the diverse financing needs to women entrepreneurs, empowering women as consumers and strengthening sectors that predominantly employ women

As an example, based on BlueOrchard's experience in Asia, an investor's capital will join that of others to provide debt funding to a number of financial institutions. The institutions will have passed specific ESG and impact assessments, including aspects such as workplace equity practices. The financial institutions, known and trusted partners to the overarching fund, will then "on-lend" to the target borrowers.

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In this case, the borrowers would be women-led/owned businesses or enterprises that offer products or services that substantially improve the livelihoods of women or girls. These funds might take a blended finance liabilities approach. Blended finance aims to enhance the concept of partnership between the public and private sector by maximising synergies and setting clear impact targets on sustainable development.

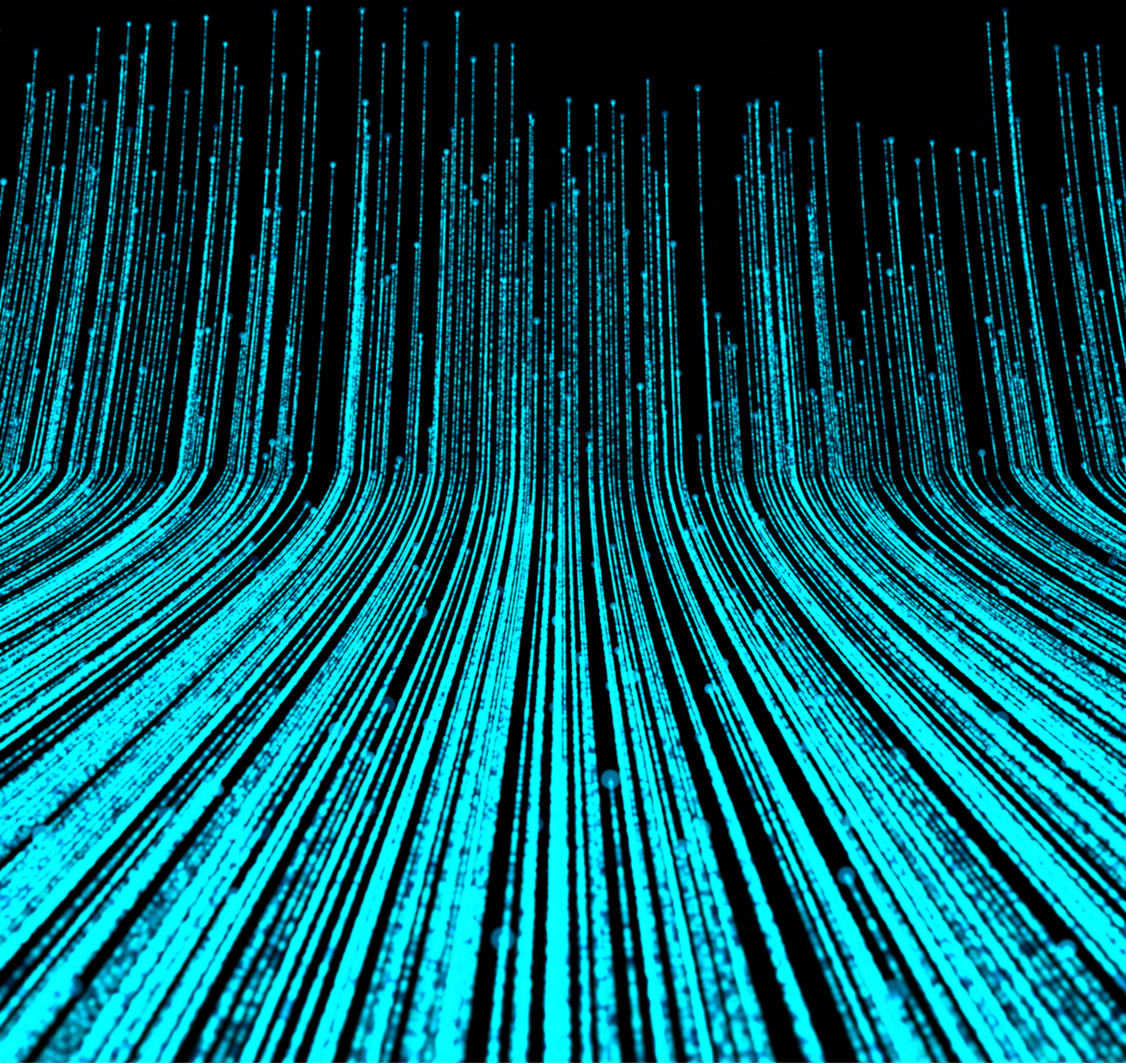
In such a structure, capital from public investors is used as a catalyst to attract and increase the scale of gender-lens impact investments from the private sector, and could be structured in various layers to incorporate different risk appetites. For instance, donors or development finance institutions (DFIs) have an explicit impact target as part of their strategies and therefore potentially a higher risk tolerance compared to private investors. The catalytic effect from public sector capital could be achieved by its place in the overall capital structure, for example, with subordinated capital assuming higher risk and/or provided with certain concessions. In addition, donors may come into the initiative by providing grants for technical assistance, which includes projects that either support portfolio companies themselves, or the ecosystems in which they operate. Technical assistance grants - for capacity building - play a crucial role in gender-lens strategies. They help financial institutions adapt their products or processes to the needs of women clients, for example.

We are leading the "new frontier" of gender, diversity and inclusion (GDI) focused initiatives, and are exploring a strategy for this in Latin America. In addition to managing gender-lens blended finance strategies, BlueOrchard also has a gender-lens in public markets, having invested in "gender bonds". These are cutting edge securities that can back projects to empower women and girls in specific geographies.

TECHNOLOGY

"The shift towards an increasingly digitalised environment that includes digital distribution, self-service, intelligent claims processing, and underwriting is a transformative journey, not a destination."

- Annalie Terblanche, COO at SilverBridge, part of Alula Technologies



HUMANS OUTPERFORM DIGITAL AGENTS, BUT DIGITAL HAS ITS PLACE

CLEVVA CEO Ryan Falkenberg & Neville Cousins head of special projects and digital ITO development at BPESA

Digital is non-negotiable for business process outsourcers and call centre owners, says Neville Cousins. He is the head of special projects and digital ITO development at Business Process Enabling South Africa (BPESA), the industry body and trade association for global business services - aka the business process outsourcing (BPO) sector in South Africa.

No business can afford to service customers perfectly, which means they're constantly trying to deliver the best possible service for the least possible cost, he explains. This is where technology - and the changes it is bringing - comes into it.

"Virtual agents (VAs) bring consistent, repeatable service experiences that can be tweaked live as needed. Compare this to human agents, who perform well or badly depending on various factors, and need to be trained and then retrained if something changes. It's a constant cycle of making sure that these agents are performing at an acceptable level and it's costly.

"However, there is no question of whether or not digital is better than human agents," he states, "An effective agent will outperform an automated process because humans connect with humans in very specific ways and can create value far in excess of what a digital channel offers. This is not always the case with digital, as anyone who has had a bad chatbot experience knows.

"What digital offers is consistency," he states, "With human agents you get a dynamic of good service one minute then bad the next. With digital channels you get good service, which you can maintain to provide a consistent level of service. Customers then buy into that channel, get used to it, get comfortable with it and start to appreciate it because they know what to expect." This assumes the digital channels have been set up correctly and Conversational AI-powered chatbots effectively trained, says CLEVVA CEO Ryan Falkenberg.

"People often find dealing with chatbots frustrating because they don't understand that person's specific context. People then opt out and try to engage directly with a live agent which, for call centres looking to manage costs and performance, isn't ideal."

The solution - as it so often is with technology - is balance, and taking a 'horses for courses' approach. Virtual agents (VAs), a form of digital agent that are a step up from chatbots, are good at establishing context and can quickly work out what a person wants, however badly phrased, the same way a human agent can. Chatbots often cannot do this as they are very specifically scripted and unless you ask them the correct, direct question, they're unhelpful.

Virtual agents are also often better at sensitive conversations than humans are. For example, says Cousins, a virtual agent calling you to ask about your debt status, and discussing your options with you is a lot less mortifying than a human agent calling you.

Virtual agents can also help remove the abuse customer service agents routinely experience. Cold calling, for example, results in agents being cursed, insulted and yelled at, which they all (understandably) hate and which takes a huge mental health toll. Instead, says Falkenberg, a VA can qualify a lead and hand it over to a human only when there is a very high chance of success (and a concomitant low chance of abuse).

"Virtual agents need to be looked at holistically across all channels and used for the right reasons, where they can generate the best outcomes," Falkenberg notes.

In South Africa, the BPO Sector and the Department of Trade, Industry and Competition have set a joint goal to create half a million new jobs in the sector by 2030. As a result, the global business services sector is growing contributing $323 million to the country's export revenue in 2022.

South Africa has recently been recognised as one of the most popular destinations globally for customer experience outsourcing in the Annual Ryan Strategic Advisory 2023 Front Office CX Omnibus Survey. The survey found that South African consumers are increasingly using mobile and social media channels, which local BPO companies have deep expertise in. It also found that companies that invest in technologies like AI and chatbots see improvements in customer satisfaction and efficiency.

WARNING TO SOUTH AFRICAN BUSINESSES: AI POLICIES ESSENTIAL FOR NAVIGATING LEGAL, ETHICAL, AND SECURITY RISKS

Gillan and Veldhuizen Inc., a Cape-based legal firm specialising in dispute resolution, has issued a timely warning to businesses in South Africa about the necessity of including AI policies in their company policy documents. In a recent interview, Managing Director, PJ Veldhuizen warned of the significant challenges he foresees arising from the increasing use of AI in the workplace and emphasised the importance of proactive measures to address these concerns. Veldhuizen underlined the potential risks associated with the unregulated usage of AI. "The rapid advancements in artificial intelligence have revolutionised many industries, but without proper policies in place, businesses expose themselves to unforeseen legal, ethical, and security issues," he warned.

South Africa currently lacks specific legislation governing AI, leaving businesses vulnerable to potential liabilities and uncertainties. Veldhuizen cautions, "The absence of regulation necessitates a proactive approach from companies to address the potential challenges posed by AI usage in the workplace."

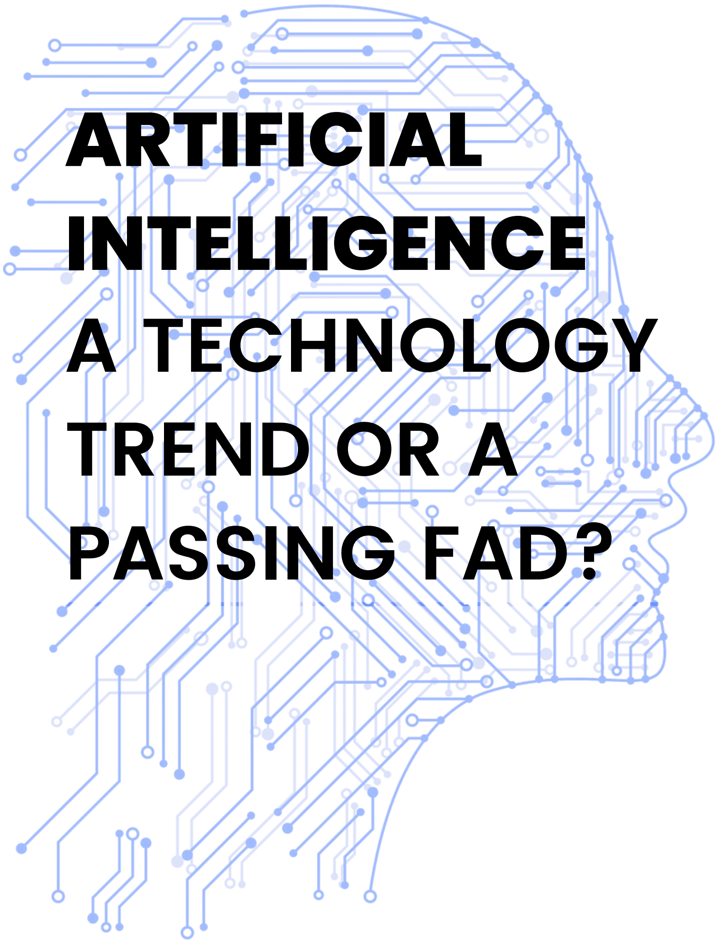
One significant concern highlighted is the impact of AI on research, authenticity, and information sources. With AI increasingly involved in generating and disseminating information, the reliability and accuracy of data can be compromised. Veldhuizen points out, "The Dunning Kruger effect comes into play here. Businesses must recognise that they don't know what they don't know. It is crucial to acknowledge that relying on AI, with its limitations, as a watertight source can be dangerous."

Moreover, digital and data security emerge as crucial areas where AI policies need to be established. Steven Pieterse, CEO of Metisware, a South African IT and digital agency, warns of the rise of cybercrime and the potential for AI tools to be targeted. Corporations face severe risks to their information and intellectual property. Pieterse explains, "AI tools are now powerful enough to impersonate CEOs and other key staff members on video calls, WhatsApp messages, and telephone calls, extorting businesses and individuals alike. Therefore, having proper policies on how to deal with these threats is vital for protecting businesses, not only to safeguard their digital assets and ensure robust data security measures but also to safeguard the financial well-being of your organisation."

To mitigate these risks, Veldhuizen advises businesses to include specific clauses in their AI policies, such as rules governing data ownership and confidentiality over sensitive information as well as vendor and third-party liability guidelines. The latter should outline responsibilities regarding data protection, security, and compliance with relevant regulations. Veldhuizen also mentions the importance of contracts including clauses that hold vendors accountable in case of data breaches or AI-related incidents.

It is essential for policy makers and compliance officers to recognise and embrace the integration of AI into the workplace, while simultaneously exercising caution. By incorporating comprehensive policies into their company policy documents, businesses can effectively navigate the potential legal, ethical, and security risks associated with AI.

In the ever-evolving landscape of technology, it is crucial to stay one step ahead.



ARTIFICIAL INTELLIGENCE A TECHNOLOGY TREND OR A PASSING FAD?

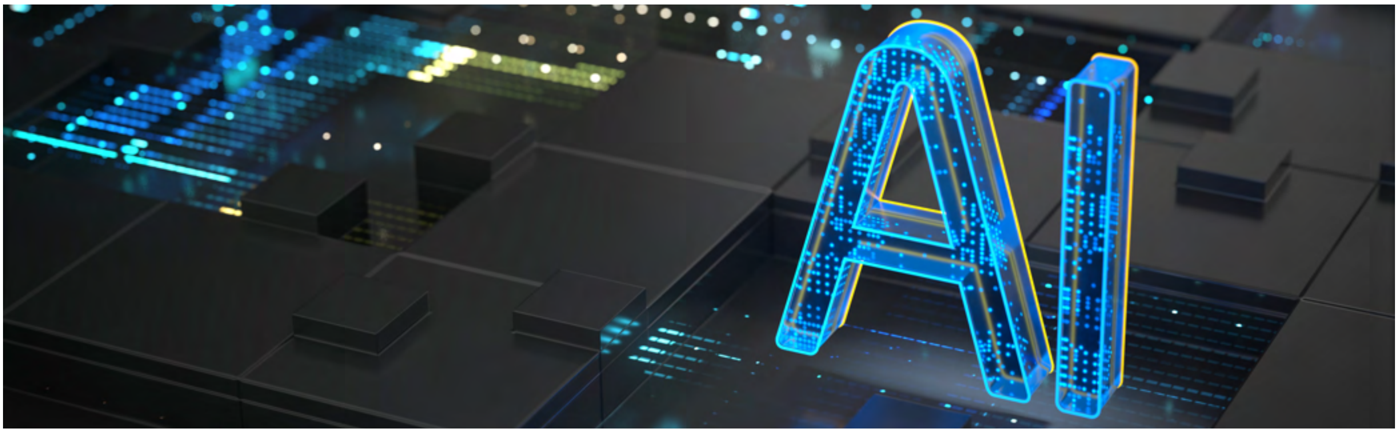
Michele Santangelo,
portfolio manager at Independent Securities

Artificial Intelligence is the most talked about technology in financial markets today. With its potential to revolutionise many industries, it is no surprise that investors are eager to gain exposure to companies at the forefront of this technology.

This year has seen an extraordinary surge in the share prices of listed companies related to AI. Leading the way is semiconductor manufacturer Nvidia, whose share price has risen approximately 170% and joined the exclusive $1 trillion club. According to global research house BCA, all the returns of the S&P 500 index this year until the end of May can be attributed to AI stocks. As investors, we must understand AI as an investment theme, considering its potential and the lessons learned from previous technological and investment trends.

What is AI?

AI can be described as a branch of computer science that creates intelligent systems capable of reasoning, learning, and acting autonomously. Although AI is not a brand-new technology and has been evolving for decades, its development has accelerated in recent years due to advancements in computational power and the availability of big data.



Types of AI

AI has various branches, such as machine learning, deep learning, and computer vision. However, it is the release of ChatGPT that has catapulted AI into the mainstream. ChatGPT is a natural language processor (NLP), another branch of AI that enables systems to understand and generate human language. Companies have recognised the business imperative of AI integration and have highlighted their use of AI applications or their plans to develop them. This is evident in the significant increase in the mention of "AI" during earnings calls of S&P 500 companies, more than doubling compared to a year ago. The various branches of AI systems are already in use across many industries with varying degrees of sophistication.

Some examples include:

- Robotics across industries such as agricultural tech, where tractors use AI imaging to spray pesticides on weeds in fields, avoiding spraying on crops.
- Miners are already using autonomous trucks to haul large loads across mine sites unmanned.
- Financial institutions, including South African ones, use AI to monitor risks such as fraud.
- Retailers use AI to enhance product recommendations as well as to optimise their supply chains. Packing and warehousing are now mostly completed using AI-enabled robots and systems.
- Telecom networks can monitor and fix network issues in real-time using AI systems.

The Future of AI

The broad adoption of AI is evident and extends beyond the mentioned areas. While AI is already being employed, the capability and complexity of AI systems continues to advance rapidly. Looking ahead, we envision AI as leading a productivity revolution. AI will assist companies to reduce costs and improve efficiencies by implementing automated systems and processes. Business decision-making will be enhanced as more extensive and complex data sets can be analysed, leading to robust conclusions across business segments such as pricing, marketing, research, and development. AI will also enhance customer engagement as fewer resources will be required to communicate with customers. The most exciting aspect of AI evolution is its ability to drive innovation by developing new products and services or by improving existing ones.

A Structural Tailwind

The evolution of AI will be a structural tailwind for many companies and stock markets across industries. Both margin improvement and revenue growth will drive this. However, specific sectors are expected to reap more significant gains.

- **Biotechnology and healthcare:** AI will accelerate this sector's drug analysis and discovery process. Typically characterised by long lead times, AI implementation will dramatically reduce the therapy development lifecycle. Moreover, AI will enhance diagnostic accuracy and facilitate personalised medical treatment.
- **Semiconductor designers and manufacturers:** This sector will continue to experience increased demand, especially for companies producing advanced chips required for intensive AI calculations.
- **Cloud providers**: These companies will play an integral role in the AI ecosystem and will continue to witness strong demand for their cloud-based services.

Sustainable Technology vs Passing Fads

Artificial intelligence is one of many investment themes to be hyped as the next big thing. Historically, many technologies have been touted as such, with varying degrees of success.
Notably, the internet has lived up to its promise, revolutionising global communication, business practices, and entertainment. Smart mobile computing has also achieved incredible success, with mobile devices becoming ubiquitous and fundamentally altering how people interact and communicate.

However, several hyped technologies and products have failed to meet expectations.

- Virtual reality (VR): despite being around for decades, has not gained widespread popularity. Apple's recent release of an impressive VR headset may struggle to gain traction, particularly when priced at $3,499.
- 3D printing: This technology, with its potential to revolutionise manufacturing and even construct entire houses, has yet to achieve mass industrial adoption.
- Non-fungible tokens (NFTs): These experienced a surge in popularity two years ago, with people spending exorbitant amounts on digital assets like Bored Ape. Despite the innovative technology underlying NFTs, their values subsequently plummeted.

While these technologies have since found their niche, the initial hype surrounding them far exceeded their real-world applications and profitability.
AI has transcended the trajectory of a fad and emerged as a transformative and sustainable technology. It remains crucial that proper fundamental analysis be carried out to determine whether lofty valuations are justified for a given growth profile.

There will be winners, but it's essential to acknowledge that there will also be losers in the AI revolution. Businesses that fail to adapt to the impact of AI on their business models will be at a disadvantage. Similarly, companies that lag in adopting AI into their processes will face challenges. Investors must remain vigilant regarding their portfolio companies to determine if they will be on the winning or losing side of the AI revolution.

UNDERSTANDING THE COMPLEXITIES OF DIGITAL DISTRIBUTION AND SELF-SERVICE IN INSURANCE

Annalie Terblanche, COO at SilverBridge, part of Alula Technologies

The insurance industry is well-known for its reliance on legacy systems and in-person processes. However, a shift is taking place that is being fuelled by digital distribution and self-service models as insurers look to become more forward-thinking when it comes to modernisation and digitalisation.
As more insurers move towards digital distribution, the customer landscape is changing. Today, it is all about immediacy and convenience rule. Customers want to purchase policies, file claims, and manage their accounts with a few taps on their smartphones. This shift to digital has required insurers to reevaluate their operational models and prioritise expanding on their digital capabilities while looking towards a more omni-channel customer experience where people engage using the platforms they are most comfortable with.

Those insurers who have already embraced digital distribution have been able to experience enhanced customer engagement, more cost-effective operations, and greater scalability to cloud-based environments. Of course, there are also considerations around data security, regulatory compliance, and system integrations to keep in mind.

Helping insurers meet this increasing client demand for self-service and convenience, artificial intelligence (AI) and machine learning (ML) are increasingly becoming essential. These advanced technologies enable insurers to provide personalised, interactive experiences. Not only can customers now troubleshoot problems and handle policy changes they can also process claims independently from engaging with an agent, any time of day.

Overcoming obstacles with Alula

One of the most significant challenges traditional insurers are facing in this dynamic market is to migrate offline processes to cloud-based environments. This is particularly relevant for processes such as obtaining physical signatures and medical underwriting.

But there are options available to insurers to overcome this. For instance, Alula Technologies provides insurers with the ability to automate underwriting of new policies, resulting in more efficient risk management and innovative product design. From a digital distribution perspective, this introduces improved efficiencies, lower costs, an enhanced customer experience, and personalised policies to name just a few benefits. Automating the underwriting process is a key step for modern insurers to become more customer-centric to deliver more innovative and customised solutions.

Furthermore, Alula Technologies has extended this into a claims automation solution that uses AI modelling to replicate the insurance expert's decision-making, enabling claims to be processed in real-time, while providing the necessary risk oversight. Throughout this, insurers can have the peace of mind that their new processes are secure, compliant with regulatory standards, and user-friendly.

Enabling remote sales

Today, insurers must reimagine their product offerings to mimic the effectiveness of in-person, advice-based relationships. In part, this necessitates the simplification of insurance products to make them easily understandable and accessible to customers online.

Interactive tools such as chatbots and virtual advisors can be employed to guide customers through the product selection process. AI can be harnessed to personalise product recommendations based on individual customer profiles. A good example of this is the Alula Technologies Health Score which forms part of the HealthCloud platform for life and health insurance companies. The Health Score can be used to deliver a level of personalisation previously unimaginable. HealthCloud connects to an entire ecosystem of health and wellness data, solving data interoperability, and providing a unified view of a consumer's individual health profile.

The Health Score is already used by insurance and healthcare providers who have directly integrated with the HealthCloud platform. It provides a dynamic evaluation of an individual's health status.
These scores are derived through proprietary algorithms considering an integrated analysis of insurer data, Electronic Health Records, medication usage, pathology results, remote diagnostic devices, wearables, and facial scanning (rPPG), offering insurers a comprehensive view of a policyholder's health profile. With the associated insights provided by the Health Score, an insurer can recommend specific solutions more tailored to an individual customer's needs. This facilitates greater upselling and reduces churn thanks to more relevant offerings to an individual.

Insurers are investing heavily in equipping their sales teams with the necessary digital skills and tools for remote distribution. This includes training in digital communication tools, online sales techniques, and customer relationship management software.

The shift towards remote distribution has proven to be beneficial in several ways. It has resulted in a wider reach to enable insurers to connect with customers beyond geographical boundaries. This provides end users with the ability to take ownership of the buying process. For instance, using online tools to onboard themselves as opposed to being reliant on agents. Additionally, it has also resulted in improvements to productivity as sales representatives can manage more client interactions in a day. Using advanced tools, these agents are more digitally enabled and have more options available to them to deliver improved service to end users.

All about change

The shift towards an increasingly digitalised environment that includes digital distribution, self-service, intelligent claims processing, and underwriting is a transformative journey, not a destination. Yes, this can be complex and challenging for insurers. But it all comes down to being focused on embracing technology and digitalisation to more effectively navigate this continually evolving landscape.

For Alula Technologies, it is about providing innovative solutions that position insurers better as they look to overcome the challenges of the future. By being willing to embrace digitalisation, leveraging richer data analysis, and focusing on a service offering built around a richer customer experience, insurers can harness new opportunities to usher in a new chapter delivering enhanced customer engagement and business growth.

TECHNOLOGY DEBUT TO PREVENT UNNECESSARY ELECTRIC VEHICLE INSURANCE WRITE-OFFS AND FIRES

Metis Engineering, a leading specialist in battery sensor technology, has addressed the unsustainable and unnecessary scrapping of used Electric Vehicles (EVs) as a result of the automotive market not having sufficient access to vehicle battery health data. Metis Engineering CEO Joe Holdsworth said; "Many EVs are needlessly scrapped when they have been involved in a collision. We've created a battery health monitoring sensor with an accelerometer that allows engineers to look at the shock loads a battery pack experienced if a pack is dropped or an EV is involved in a collision.

Insurers can then make an informed decision as to making a repair, second life-ing the battery or scrapping the vehicle entirely." To address this issue Metis Engineering have developed Cell Guard, a sensor that includes an accelerometer which records the force of the impact on the battery pack, providing a much more accurate view of the health of the battery and the likelihood of future failure.Until now, the used EV market has not had an effective method to provide consumers with clear data on the health of a car's battery. Consequently, insurance companies face uncertainty when assessing potential battery damage, often resulting in conservative write-offs even if they have travelled only a few miles.

This practice not only raises insurance premiums for consumers but also contributes to unnecessary waste, hindering the circular economy principles that underpin the EV industry.

Cell Guard features other sensing technology, to detect cell venting, the first sign that the battery may go on to experience thermal runaway which results in often catastrophic battery fires.

Whilst all EVs feature a Battery Management System (BMS), these typically only measure voltage and temperature. Cell Guard acts as an early warning system allowing the appropriate intervention to prevent fire. Cell Guard is installed in the battery array and senses the whole battery environment which differs from traditional BMS sensors that only monitor, at best, every other battery cell making the chance of detention, at best, 50%. Cheaper EV battery packs typically monitor one in every 12 cells of the tens of thousands in the battery array.

This information can radicalise the resale market of used EVs and the second-life battery pack market, with buyers given much needed clarity to be able to make informed decisions regarding battery pack condition, as well as its maintenance.

Holdsworth continues; "The unknown risk of poor EV battery health is one of the biggest and most significant barriers hindering the growth of the used electric vehicle market. By providing consumers and insurers unprecedented insights into battery health, it empowers informed decision-making while minimising uncertainty surrounding minor collision damage. Cell Guard is a game-changing solution that bridges the gap between insurers, consumers, and the EV industry.

Developed using ISO26262 processes and certified to ISO Automotive Standards, Cell Guard is designed and assembled in the UK under strict quality-controlled conditions to satisfy orders from a rapidly growing number of OEMs and Tier 1s where they are being used in ASIL B applications.
Cell Guard is also capable of detecting cell venting, which is an early sign of catastrophic battery failure vastly reducing the risk of thermal runaway. Unlike current battery cell monitoring systems (BMS), which typically only offer temperature and voltage sensors, Cell Guard monitors a range of environmental parameters required to ensure that the battery continues to operate in optimum conditions, including VOCs, Pressure change, Humidity, and Dew point.

With Cell Guard, Metis Engineering is setting a new standard for advanced battery health monitoring in EVs and Energy Storage Systems.

THE RISE OF BUSINESS ECOSYSTEMS IN INSURANCE

Wimpie van Der Merwe , CEO at Global Choices

Business ecosystems have emerged as an increasingly popular strategy across various geographies, industries, and business categories. Numerous instances in recent years demonstrate large companies adopting ecosystem strategies to drive their growth. Once you become aware of these strategies, you'll see them everywhere.

In the past decade, we have witnessed the emergence of numerous prominent ecosystems that have captured considerable attention. This can be attributed to the fact that well-designed and effectively implemented ecosystems offer a seamless growth trajectory for businesses, benefiting both the enterprises themselves and their end customers with a total experience.

Understanding business ecosystems strategy

Business ecosystems refer to interconnected networks of companies, individuals, and other stakeholders collaborating and creating value together. These ecosystems leverage complementary strengths and resources to achieve common goals, fostering growth and innovation. By acknowledging the interdependencies within their markets, companies can identify opportunities to build symbiotic relationships and achieve mutually beneficial outcomes.

A typical insurance business ecosystem might be made up of for example a motor vehicle finance company, a 24hour emergency service provider, value added assistance, a loyalty company, an insurance or underwriter, a motor dealership and a motor maintenance network. The partners in this ecosystem will manage all emergencies, motor vehicle risk events, maintenance services and warranties for the finance period or maintenance contract on behalf the customer, with the option to continue with the risk benefits or extend warranties when their contract periods end.

The popularity of business ecosystems

The popularity of ecosystem strategies can be attributed to several factors. Firstly, companies recognise that collaborating within an ecosystem allows them to tap into resources, expertise, and customer bases they may not possess individually. By harnessing collective intelligence, companies can create products and services that meet evolving customer needs more effectively.

Secondly, ecosystems provide a platform for fostering innovation. Collaborating with diverse partners encourages the exchange of ideas, leading to the development of ground-breaking solutions. Companies involved in ecosystems can leverage these innovations to remain competitive and capture new market opportunities.

Lastly, business ecosystems improve resilience to disruptive forces. By diversifying partnerships and distribution channels, companies can mitigate risks and adapt more readily to changing market conditions. This flexibility allows for differentiated approaches to problem-solving and enables agile responses to emerging trends.

Building and succeeding in ecosystem strategies

To embark on a successful ecosystem strategy, insurers should consider the following:

- Define clear goals: Clearly articulate the objectives you aim to achieve through collaboration within the ecosystem. Align these goals with your overall business strategy to ensure compatibility and coherence.
- Identify key partners: Select partners whose strengths and capabilities complement your own, promoting constructive collaboration and the ability to co-create value. Establish mutually beneficial relationships based on trust and shared vision.
- Foster openness and trust: Encourage open communication and transparency within the ecosystem. This enables efficient information-sharing, facilitates collaborative decision-making, and builds trust among ecosystem participants.
- Nurture innovation and experimentation: Create an environment that fosters experimentation and continuous learning. Encourage the generation of innovative ideas and support their rapid prototyping and testing.
- Measure and optimize: Define relevant metrics to track ecosystem performance and success. Continuously evaluate performance, identify areas for improvement, and adjust strategies accordingly.

Building resilient ecosystems

Resilient ecosystems have a higher chance of surviving macroeconomic turbulence. Even if external conditions affect certain aspects of the customer experience, a well-designed ecosystem that enables the entire customer journey provides more opportunities for customers to remain engaged with your company. By expanding the range of offerings available, ecosystems can become self-sustaining and break down industry boundaries.

This encourages customers to keep returning, as it becomes more convenient for them to fulfil their needs in one place. As new products are added, the ecosystem adapts to address needs that cut across multiple industries, enhancing the fluidity customers expect from their service providers. Ecosystem expansion is inherently flexible, driven by a focus on solving customer needs. Loyal customers are more likely to embrace products and services that may seem unrelated to the original business model.

Building an ecosystem with a customer-centric mindset

When building an ecosystem, it is essential to adopt a customer-centric mindset. Many insurers make the mistake of solely focusing on expanding customer engagement through the addition of insurance products, such as bundling home and auto coverage, rather than considering the total customer experience journey. To develop an effective ecosystem strategy, it is crucial to identify the broader journey that customers go through when interacting with your insurance company and understand the context for potential ecosystem opportunities.

For instance, if you offer home insurance, you are just one aspect of your customers' overall homeowner experience. By gaining a deep understanding of the end-to-end journey your customers undertake, you can explore avenues for expanding your current product and service offerings beyond insurance. Instead of only engaging customers when they require home insurance, imagine the benefits of engaging them earlier in their home-buying journey. You can do this by helping them to identify the potential hidden risks before they buy their home. You can also assist with their annual home maintenance budget and provide continuous maintenance and proactive risk support or monitoring (in terms of crime prevention, security, cybers threats, lightning protection, fire protection, etc.) throughout their stay in their new home.

At Global Choices we have close working relationships with insurance broker networks, underwriters, insurance companies and agriculture or financial service cooperatives which add incredible depth to our position in the value chain.

By becoming the centre of a scalable ecosystem, you can expand the range of solutions you offer to your customers. If home insurance serves as your core solution, you can proactively branch out into "Adjacent Solutions" that have a close alignment with your core, considering factors such as customer interaction, supply chain, or business model. By diversifying into adjacent solutions, you seize the opportunity to engage customers at every stage of their home and risk journey and create a more comprehensive and valuable ecosystem for them.

As business ecosystems continue to gain prominence, it is essential for insurers to understand their dynamics and leverage their potential. By embracing collaboration, innovation, and adaptability, businesses can navigate the evolving market landscape, unlock new opportunities, and thrive in this era of connected ecosystems.

10 VITAL QUESTIONS TO ASK WHEN CHOOSING INSURANCE ADMINISTRATION SOFTWARE:

INSIGHTS FROM GAVIN PETERS, VP OF MARKETING AT GENASYS TECHNOLOGIES

Selecting the right insurance administration software is a critical decision for any insurance company. In the pursuit of clarity, Genasys Technologies, under the guidance of Gavin Peters, VP of Marketing, recently released a white paper featuring ten pivotal questions that insurance administration software providers must address. In the previous edition of COVER, the first five questions were explored, and now, we delve into the remaining five.

Question Six: Navigating Customer Centricity

When evaluating potential software providers, it is imperative to understand their approach to customer centricity. Gavin highlights that the ability to access individual customer data seamlessly is paramount. While many providers claim to offer this capability, the real differentiator lies in how they organise and present this information. The hierarchical structure of customer data matters. Ensuring that you can effortlessly navigate through a customer's journey – from quotes to policies to claims – within a unified platform is a critical factor in assessing software suitability.

The back end of the platform, built around individual customers and their data, should simplify day-to-day operations without adding unnecessary complexity.

Question Seven: The People Behind the Tech

Beyond the technology itself, Gavin underscores the significance of the human element and customer support. He advises not to assume round-the-clock support as standard and recommends exploring the specifics of Service Level Agreements (SLAs) and response times. Speaking to existing clients provides valuable insights into the real-world customer support experience. Gavin emphasises the importance of a provider that offers a personalised, HandsOn approach rather than being a faceless tech company. Establishing a collaborative partnership with a support team that actively assists and understands your business needs is pivotal for long-term success.

Question Eight: Reliability and Trust

When evaluating software functionality, it is essential to think beyond demos and brochures. Gavin urges prospective clients to assess the provider's reliability. The key question here is whether you can trust the software to function as promised. Tech is not always flawless, so having confidence in the provider's ability to rectify issues is paramount. Gavin encourages looking at the provider's history, their track record of resolving issues, and their long-standing customer relationships. Proven capabilities in providing ongoing support and service in the complex field of insurance administration are indicative of a reliable partner.

Question Nine: The Timely Transformation Journey

The speed and efficiency of implementing the software is a crucial consideration. If you are migrating from a previous tech provider, this process will not happen overnight.

Beware of providers promising immediate results without explaining the journey. Equally, a provider that drags its heels could hinder your business's progress. Balancing speed and reliability are key. Gavin suggests comparing providers' timelines and capabilities and opting for a partner who can quickly deliver in a dependable manner. Scalability and testing with a smaller instance before a full migration are strategies that highlight a provider's practical approach.

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Question Ten: Cost and Transparency

Last but certainly not least, cost is a major factor in the decision-making process. However, Gavin warns against just looking at the bottom line. Different providers structure their costs differently, encompassing various elements such as service level agreements, upfront charges, and considerations for business growth. Gavin advises lining up cost breakdowns side by side and conducting a thorough analysis. Asking questions and ensuring transparency around fees is crucial for budgeting and preventing hidden costs down the line.

In summary

choosing the right insurance administration software involves much more than assessing functionalities. Gavin Peters' insights emphasise the importance of understanding customer-centricity, human support, reliability, implementation speed, and cost transparency.

By asking these ten pivotal questions and conducting a comprehensive evaluation, insurance companies can select a software provider that not only meets their immediate needs but also sets them up for long-term success in an ever-evolving industry.

NAVIGATING THE DYNAMIC LANDSCAPE OF INSURANCE TECHNOLOGY:

Insights from Gary Tessendorf

Gary Tessendorf, the regional director for Sapiens

In the fast-paced world of insurance technology, staying ahead of the curve is essential for success.

At the AIE (African Insurance Exchange) 2023 conference, Tony van Niekerk of COVER had the opportunity to sit down with Gary Tessendorf, the regional director for Sapiens, to discuss the vital role of collaboration, the challenges of navigating an ever-changing landscape, and the exciting potential of embedded insurance.

Collaboration: The Key to Innovation

In the insurance industry, collaboration is not just a buzzword – it is a fundamental driver of innovation. Gary Tessendorf emphasised that no organisation is an island, and success is rooted in the collective efforts of various players within the ecosystem. As the regional director for Sapiens, a leading policy administration platform, he recognised the crucial role his company plays in the wider industry landscape.

Sapiens leverages the solutions of other entities, collaborates with customers, and prospects, and engages with industry executives to guide their product evolution. Collaboration is not a one-time event but an ongoing process.

Tessendorf highlighted the importance of continuous engagement with customers both locally and internationally. This feedback loop ensures that the core product remains aligned with the ever-evolving needs of the market.

Sapien's commitment to delivering cutting-edge solutions for the insurance industry has been underscored by its latest achievement. The company's Sapiens CoreSuite for Life & Pensions has been honoured with Celent's 2023 XCelent award in the Breadth of Functionality category in the EMEA region.

This recognition reflects Sapiens' dedication to providing innovative and comprehensive tools that empower clients to excel in the rapidly evolving digital landscape.

Embedded Insurance: The Power of Connection

Embedded insurance is on the rise, and it is changing the way insurers engage with customers. Tessendorf explained that the success of embedded insurance hinges on creating seamless connections – connections between internal systems and the outside world, and personal connections with customers. With the digital transformation sweeping through the industry, the way insurers engage is fundamentally shifting. This evolution extends from seamless onboarding experiences to frictionless claims processes. Tessendorf emphasised the significance of personalisation. Embedded insurance allows insurers to modify the engagement journey based on the customer's profile and needs. It is a dynamic way of approaching insurance that holds tremendous potential for the future.

The Ever-Evolving Journey of Technology and Insurance

Navigating the dynamic landscape of technology and insurance is not without its challenges. Tessendorf compared it to a never-ending journey without a fixed destination. However, he revealed the key to successful navigation: partnering with the right technology provider. The rate of change is rapid, and insurers need a partner who can adapt and evolve alongside them. The days of choosing a platform only to find it obsolete years down the line are outdated. Tessendorf urged insurers to invest the time and effort in finding a partner that demonstrates cultural alignment, product evolution, and financial stability. This strategic choice ensures that insurers are not left behind as the industry continues to transform.

Planning Ahead: The Three-Year Vision

While the future of insurance technology is uncertain, having a vision is crucial. Tessendorf revealed that Sapiens plans three years ahead based on market feedback. By understanding where the market is headed and where customer demands are shifting, Sapiens' specialised team of insurance experts ensures that their product evolves in sync with the changing landscape. This proactive approach to research and development allows them to stay ahead of the curve and deliver solutions that meet future needs.

Constant Evolution and Customer-Centricity

Tessendorf's closing remarks echoed the sentiment that success in this ever-changing landscape requires a relentless commitment to pushing clients forward. He emphasised that every second counts, highlighting Sapiens' dedication to their customers. Senior strategists regularly engage with clients, bringing both international and local expertise to the table. These sessions are a two-way street, where customers provide valuable feedback that guides Sapiens' evolution. In this era of constant innovation, the journey is never boring. Tessendorf and his team find excitement in the challenges and opportunities presented by the evolving landscape of insurance technology.

Take outs

The interview with Gary Tessendorf offers a glimpse into the intricate world of insurance technology and its rapid evolution. Collaboration, seamless connections, strategic partnerships, and continuous evolution emerge as the cornerstones of success in this dynamic industry. As insurers embrace these principles, they position themselves to thrive in an ever-changing landscape, harnessing the power of technology to meet the needs of a rapidly evolving market.