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REINSURANCE: TOUGH RENEWALS AHEAD

DECEMBER 2022

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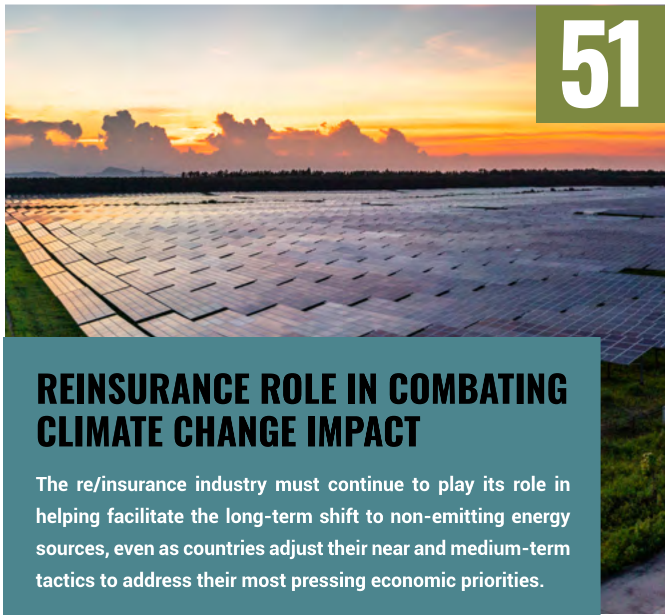

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REINSURANCE: TOUGH RENEWALS AHEAD

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REINSURANCE ROLE IN COMBATING CLIMATE CHANGE IMPACT

The re/insurance industry must continue to play its role in helping facilitate the long-term shift to non-emitting energy sources, even as countries adjust their near and medium-term tactics to address their most pressing economic priorities.

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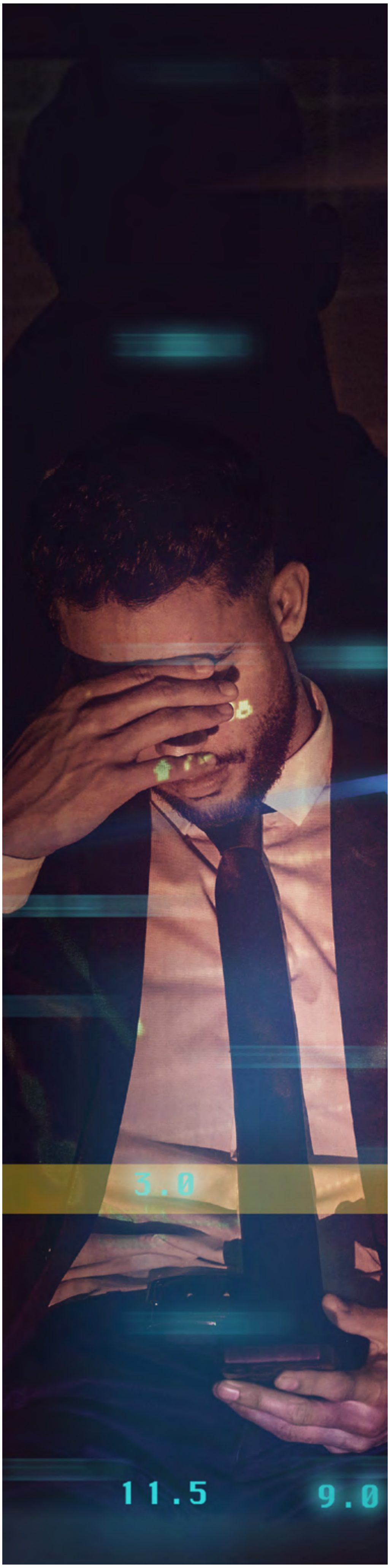

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REINSURANCE: TOUGH RENEWALS AHEAD

TONY VAN NIEKERK
Owner & Editor of COVER magazine

When asked the question: How was your year", it seem like the last few years solicited the same response from most people: "I would like to see the back of it".

My submission is that we are living in a new normal. Not because of COVID-19 but rather due to the fact that global and local social, political and economic dynamics have changed.

We have now realised that we are a global village and the wellbeing of one is directly linked to the other, again, politically, socially and economically. The knee-jerk reaction have been a lager mentality and the rise of nationalism, once again.

My main take-outs from the year is that effective risk management strategies need to be proactively put in place, your eggs should never be in one basket (supply chain, economic resource, environmental) and you should be flexible in terms of your expected outcomes.

This is also where our industry has the most important job ever: Ensuring sustainability, providing risk advice and mitigating risk when life's outcomes are negative. I leave you with this thought: "When your body, family, company, country, is full of stress and anxiety, it is trying to tell you it is time for some changes"

Wishing you a wonderful festive season.
The COVER team.

FINANCIAL PLANNING

"Cryptocurrency as an investment option would greatly increase fiduciary risk and liability. "

- EUGENE BOTHA, DEPUTY CHIEF INVESTMENT OFFICER AT MOMENTUM INVESTMENTS

INVESTING FOR AN UNCERTAIN JOURNEY

TOWARDS RETIREMENT

Q&A with Omar Moufti, Thematics and Sectors Product Specialist at iShares by BlackRock

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

WHY DOES THEMATIC INVESTING MAKE SENSE NOW DESPITE CHOPPY MARKET CONDITIONS?

At BlackRock, we believe that thematic investing makes sense at all times. Our role as an asset manager is to help investors navigate short-term cycles to benefit from long-term structural trends. Focusing on our thematic ETF (exchange-traded fund) range is a great illustration of how we're able to leverage BlackRock's extensive resources to identify key future macroeconomic rotations early on and adapt our positioning accordingly.

IS INDEXING THE BEST WAY TO GAIN THEMATIC EXPOSURE?

What differentiates thematic ETFs from standard-listed indices is that they are composed of a targeted selection of stocks not constrained by sector or region – they are selected by theme. One of the challenges in thematic investing is in establishing investible themes. To address this, BlackRock has defined five global disruptive forces that we believe are structurally changing the world and conducts extensive research into how to express and invest in the opportunities that arise from them.

One of the traditional barriers to thematic investing has been the additional cost associated with hand-picking stocks on an active-management basis, but this is changing. As datasets improve, and as companies disclose more data, asset managers have the freedom to develop solutions to bridge the gap between active investing and indexing approaches. While iShares' thematic range does not hand-pick specific stocks to invest in, systematic methodologies have been developed to find companies that are exposed to given themes.

HOW CAN THEMATIC INVESTING ALLOW INVESTORS TO RESPOND TO A CHANGING MACROENVIRONMENT?

Another benefit that's driving the growth of thematic investing is accessibility. Investing presents a plethora of options across sectors. Add to that sustainability concerns and it can become daunting to understand how investments relate to the real world. Thematic ETFs are accessible to investors, with the perceived market opportunity being clear and upfront. In the case of iShares' funds, the themes are also intrinsically linked to many of the UN Sustainable Development Goals.

The thematic products are particularly good at providing stories which investors can easily understand and invest in. When investors understand the opportunity better, it also helping them to stay invested for the long term.

WHAT IS BLACKROCK'S ESSENTIAL RESOURCES RANGE?

Our Essential Resources range is composed of various themes including global water, clean energy, timber, forestry, and agribusiness.

The overarching theme behind this range is to ensure access to clean air, water, food, and energy security in other words, covering the basic essentials for society. Climate change is the biggest risk to all of the above today. We're currently experiencing droughts across Europe and an increasing need to provide water conservation emergency regulations.

This spills over into agribusiness once again linked to the volatility in weather patterns, the demographic explosion that we're seeing, and the increase in protein intake. As a consequence, we need to increase crop yields using dwindling resources in terms of land, water, and rural labour. So, all of the above require serious investment and implementation of sustainability criteria.

HOW IS SUSTAINABLE INVESTING INCORPORATED INTO YOUR THEMATICS PRODUCTS?

Our sustainability screens constantly evolve as industries mature. Clean energy is a great example, as it's also one of the funds in iShares' Essential Resources range. If we look back to the fund's launch in 2007, the portfolio was very concentrated and structurally limited to around 30 companies.

Originally, it didn't have any sustainability screens in place, partly due to the lack of sheer availability of clean energy companies and partly due the lack of quality data.

Over the past ten years or so, we introduced carbon emissions screens and broadened our investment universe to include companies committed to creating clean energy.

HOW DO YOU ENGAGE WITH INDEX PROVIDERS TO ENSURE PRODUCTS CONTINUE TO MEET ONGOING REGULATIONS?

As an asset manager, we have to constantly monitor and actively ensure that these indices continue to track the theme itself. This includes tracking regulation changes, as well as changes in investors' expectations. Sticking with sustainable investing for a moment, this area has seen tremendous growth and has become an important consideration in investment decisions, especially for European investors.

The short answer is we simply have to engage. We are constantly discussing best practices with our index providers, working closely with them to build a more sustainable future.

WEALTH TAX COULD DRIVE SKILLS EXODUS

The looming threat of an additional 'wealth tax' in South Africa, to fund a universal basic income grant, will further erode the country's tax base, as wealthy South Africans move to emigrate or offshore their assets to avoid higher taxes. In the process, the country faces the prospect of an accelerated 'brain drain', as skilled and entrepreneurial South Africans look to establish themselves in countries which are more politically and economically stable, while offering a more predictable tax regime.

DANI
VAN VUUREN

Business Development Consultant at Sovereign Trust

South Africa's tax rates on higher income earners are already high. We believe a further wealth tax will only serve to decrease our already diminished taxpayer base. And with more entrepreneurial citizens leaving the country, this would have a major impact on the fiscus through lower future tax income, reduced wealth creation opportunities and fewer potential employment opportunities through local businesses.

The threat of a wealth tax could even drive younger South Africans to consider their options after graduating, where they would attempt to work and earn in other countries where tax and crime rates are lower, and economic growth prospects better. Over and above the immediate implications, a wealth tax is also not a sustainable solution.

Speaking at the SA Institute of Taxation's (SAIT's) Tax Indaba, National Treasury acting director-general Ismail Momoniat said a wealth tax was simply not enough to achieve its suggested goals, and implementing it would have wide-reaching consequences. The wealth tax isn't going to raise anywhere near the amount needed. It is a 'now and then' tax not something you can tax every year. It's only when people get the cash for their assets that we can tax," he said.

Since the idea of a wealth tax was mooted, my company had already seen an uptick in the number of enquiries from citizens considering other jurisdictions, whether through emigration, dual citizenship or financial emigration. The most popular destinations for emigration remain Australia, New Zealand, the US and Canada, especially for skilled persons, but there is a growing interest in countries that offer residency by investment options.

While jurisdictions like Cyprus, Malta, Mauritius and Portugal offer relatively more affordable options for residency by investment, there is a strong interest in more expensive options like the UK, Guernsey, Spain and the United Arab Emirates.

In Cyprus, for example, foreign nationals can obtain Permanent Resident Permits (PRP) for an investment of €300 000 within two months. There are no language requirements and you only have to visit Cyprus every two years to keep your status. The PRP is valid for life and can be passed on to dependents. Those who choose to become tax residents in Cyprus can also minimise and even eliminate tax on income.

Mauritius has made it cheaper and easier for investors and expatriates to live and work. The island recently reduced the minimum investment required to acquire an occupation permit as an investor, and live in Mauritius as a non-citizen, to \$50 000 (R867 000), from \$100 000 (R1.7 million). The validity of an occupation permit has also been extended from three to 10 years, and the spouses of occupation permit holders will no longer require a separate permit to invest or work in Mauritius. The holders of occupation permits will also be allowed to bring their parents and dependents under 24 to live in Mauritius.

Singapore recently launched its Overseas Networks and Expertise (ONE) pass in an effort to attract talent to its shores as it looks to cement its position as a global financial hub. And South Africans looking for a pathway to European Union residency are flocking to Portugal in their droves, in spite of newly-tightened rules around the country's famed Golden Visa, which gives qualifying individuals and their families full rights to live, work and study in Portugal.

"Apart from the Golden Visa, the country also offers a non-habitual residency programme, which allows South Africans to apply for residency through the D7 residency visa."

STRATEGIES TO THRIVE IN AN UNCERTAIN WORLD

ANET AHERN

Chief Executive Officer, PSG Asset Management

Uncertainty seems to have been on a relentless upward trajectory since the beginning of the year. The S&P 500 Index had one of the worst starts to the year since the 1970s.

"Even traditional safe-havens like US bonds have not offered sanctuary, while cash rates remain negative in real terms in most parts of the world. But our sense of escalating uncertainty is not only driven by the dislocations that we are witnessing in global markets.

The continuing war in Ukraine (now past the 180-day mark!) has made it clear that we need to consider the possibility of living in a world marked by escalating (and potentially expanding) geopolitical tensions. This perception is further underscored by continued tension between the US and China. The energy crisis is dragging on, and is now being exacerbated by extreme drought that has caused operational difficulties for hydroelectric and nuclear power plants in both Europe and China.

Locally, of course, it is difficult to mention energy without swiftly digressing into a discussion on Eskom and protracted loadshedding. And, let us not forget, that while in SA we have largely emerged from lockdown restrictions, this is not the case everywhere in the world.

ENTER THE POLYCRISIS

No wonder words like polycrisis are creeping into the mainstream vocabulary. Multiple intersecting systemic crises that spill across boundaries and that have devastating effects, are rapidly becoming a feature of the complex environment in which fund managers are expected to operate. As these crises often interact with each other in ways that are hard to predict, they are adding to the complexity and volatility investors need to navigate on a daily basis.

Regardless of the technical definition, there can be little doubt that our world has become exceedingly complex, noisy and uncertain. It is well-known that conditions like these amplify the risk of emotional investor responses, driving people to sell at the worst possible time and to reinvest well after the price recovery is underway, and the value-destroying impact of this behaviour has been well documented.

Nor does it seem likely that the uncertainty will dissipate completely in the short term. It is likely to remain with us in some form or another, and one type of crisis may simply be replaced by another. Investors aiming to avoid all periods of market upheaval may end up spending more time out of the market than being invested. Thus, we require a more pragmatic approach to dealing with pervasive uncertainty. Rather than aiming to avoid the market turbulence that is sure to lie ahead, we would like to propose some strategies that can help investors to survive in such a hard-to-predict world.

DON'T BET ON BINARY OUTCOMES

In our view, such an environment underscores the importance of not taking bets on binary outcomes. Positioning your portfolio for a singular outcome is likely to be fraught with risk, especially since outcomes are so hard to predict.

It also highlights that lazy or formulaic investing, based on what's worked in the past, is unlikely to succeed. If there is anything that we have learnt over the last few (pandemic) years, it is that there are always investment opportunities, if you look hard enough. Such opportunities may, however, appear counterintuitive, unpopular, unusual or often out of keeping with what has worked well to date.

If the opportunities of the future look substantially different to those of the past, it also follows that they may not be part of the main indices or dominate the narrative of the day yet. This is why a differentiated, benchmark agnostic fund manager can add value as part of an overall balanced portfolio.

DON'T UNDERESTIMATE THE IMPORTANCE OF PRICE

We have always held that the entry price you pay for an asset is a key determinant of the returns you are likely to realise going forward. But as we have seen over the past few years, prices can sometimes diverge from fair value for protracted periods, and this may even be rationalised as being justified by participants. The antidote to falling prey to irrational exuberance is to question the prevailing narratives, and to remember that if you are tempted to invest in something "at all costs" or are driven by the fear of losing out, it may be a sign that you are overpaying.

CONSTRUCT CLIENT PORTFOLIOS TO HELP MANAGE DESTRUCTIVE BEHAVIOUR

Having a diversified portfolio has always been a key investment principle, but we believe investors who are likely to succeed in a turbulent world will be the ones who construct their portfolios in such a way that they are robust on multiple levels. This includes not only geographic and asset class diversification, but also diversification in manager styles. By its very nature, uncertainty dissuades many from investing, but, as we have often seen in the past, some of the best opportunities are made at the times of greatest uncertainty. Knowing that your investment portfolio is diversified, and is positioned to benefit from a variety of opportunities, may be one of the most important tools for managing investor behaviour going forward.

PARTNER WITH DIFFERENTIATED THINKERS

Setting aside the temptation to behave emotionally rather than rationally is not easy, and becomes even harder in the face of escalating noise and uncertainty. It is here where we believe partnering with differentiated thinkers could offer investors material advantages as part of a blended portfolio strategy.

With the environment ahead likely to look substantially different to that of the past, intelligent curiosity and open-minded thinking are required to unlock the opportunities on offer.

IS YOUR UMBRELLA FUND'S INVESTMENT STRATEGY TOO CONSERVATIVE

For the tens of thousands of South Africans whose retirement income is sitting in an umbrella fund, an investment strategy with low volatility and low administration costs might seem like the safe, attractive option.

But there's a downside to an umbrella fund investing too conservatively and focusing more on loss avoidance than on growth potential, says employee benefits specialist NMG Benefits. Typically, South African umbrella funds provide varying levels of flexibility in the fund's investment strategy to accommodate the wider membership of the fund and their different needs.

Less flexible investments generally have low administration costs, as they're easier to manage, while more investment flexibility results in a higher administration costs. Some funds even allow employers to create a bespoke investment strategy.

For many umbrella funds, the low-cost option often invests in a 'smoothed bonus' investment portfolio. Smoothed bonus portfolios guarantee, or partially guarantee, the value of the money invested in the portfolio. Returns are declared as bonuses by the insurer, and these bonuses are smoothed out to ensure income stays steady through times of negative returns.

The danger is that if the investment strategy is too conservative, the members' investment may not achieve the returns needed to meet their retirement goals.

> ***"it's important that members are well educated around the risks of investment strategies."***

The time horizon of the membership needs to be considered. If retirement age is many years, or even decades, away, then members can afford to be more aggressive in their investment strategy, as they have more time to recover if there is a downturn. Older members who are closer to retirement may opt for a more conservative investment strategy, depending on their plans for a retirement income after retirement.

That's why it's important that members are well educated around the risks of investment strategies that are too conservative. We hear many stories about taking too much investment risk, and not enough stories about taking too little risk and getting low growth from missed opportunities. When the low growth is compounded over many years, it can be devastating to your retirement income.

To counter the risk of over-conservatism, the employer or management committee must continually monitor the investment strategy to ensure that it meets the members' investment objectives and their needs.

FINTECH: THE ANSWER TO DRIVING

AFRICA'S FINANCIAL INCLUSION

Having a bank account is mostly taken for granted. Many of us have had one since our parents decided we were responsible enough to start our financial journey into adulthood.

I But imagine for a second that you didn't have one. How much strain and stress it would add to your daily life. To start with, you don't have a central access point to receive the money you've worked for. Then, every financial commitment you have is more challenging to pay. You don't have monthly debit orders to take care of it. Service providers can't be paid with electronic transfers. And you can't simply swipe your credit card at the shop when you've suddenly run out of milk or bread.

Apart from the day-to-day inconvenience, you also can't save money for short or long-term goals or earn interest on your savings. You don't have the peace of mind that your money is safely and securely sitting in a protected account. You're also excluded from accessing certain basic services, such as taking out loans, having insurance or medical aid, and building retirement funds.

Yet, these are the challenges that 2.5 billion people around the globe face every day. Known as the 'unbanked', over 400-million of these financially excluded adults are living on the African continent. Reasons behind this are vast, ranging from physical access to bank branches, the belief that they can't afford one, education around why bank accounts are beneficial, and the availability of the required documentation to open one.

Seeing that financial tools, such as bank accounts are vital for the upliftment out of poverty, it is also concerning to see that women make up 56% of all unbanked adults globally. In Kenya, for instance, two-thirds of unbanked adults are women. For women making less than $2 a day, it becomes 28% less likely for them than their male counterparts to have bank accounts. This means that not only is there an urgent call to increase financial inclusion in Africa but to also address the gender equality issues that it has unveiled.

FINTECH TRANSFORMING THE UNBANKED TO BANKED

Fortunately, fintech advancements over the past few years have made great strides to build a bridge towards the unbanked. And smartphones had a big hand in this. With approximately 750 million SIM-card connections in sub-Saharan Africa, which represents 75% of the population, Africa's high mobile penetration was the answer to change many people's status from 'unbanked' to 'banked'. Accelerated by the pandemic, the adoption rates of mobile fintechs, have been consistently climbing. A report on mobile money highlighted that two years ago, Africa's number of registered mobile money accounts grew by 12% to 562 million accounts, with 161 million accounts active 90 days after registration.

These numbers are extremely encouraging if one considers the impact that a banked Africa can have on individuals, communities, countries, and the entire continent. By building an inclusive financial system, Africa can look forward to a more resilient economy.

In saying this, there is a crucial step that stands between the current reality and the future vision. A pertinent and important requirement is to ensure the right fintech falls in the right hands not only for individuals, but for businesses specifically. In sub-Saharan Africa alone, there are 44 million micro, small and medium-sized businesses (SMMEs). With estimations that these SMMEs provide around 80% of employment on our continent- a significant economic impact can be made if fintech enables these entrepreneurs for further growth by unlocking previously inaccessible financial benefits.

EMPOWERING THE BACKBONE OF AFRICA'S ECONOMIES

This is one of the insights that played a role in Standard Bank's launch of Unayo in 2021. This mobile money platform connects merchants, consumers, products, and producers by creating a network to monetise payments, lending, and even data. By enabling cash transactions, remittances, donor disbursements, collections, and bill payments over and above traditional banking offerings, it empowers anyone in Africa with a cellphone number to become part of the financial world.

Essentially, Unayo creates a connected market value chain that business owners can leverage for transactions at a minimal fee.

With features such as an account on your mobile phone to collect wages and salaries, transfer money through EFT transactions, and even create savings pockets for specific business goals or accounts, it is understandable that we saw over 130 000 transactions processed on the new Unayo app in just the first quarter of this year. We have had over 760 000 transactions since going live in August 2021.

It is with innovations such as these that fintech can truly drive Africa's growth. By connecting an entrepreneur in a remote African village to the next global financial movement, we can pave the way for significant economic transformation. By advocating for the financial inclusion of today and tomorrow's rising businesses owners, we can strengthen the backbone of our continent's economies to ensure a sustainable financial future for Africa.

This is why, in all likelihood, electronic payments will form the foundation of the fintech revolution. "fintech advancements over the past few years have made great strides to build a bridge towards the unbanked. Electronic payments will form the foundation of the fintech revolution"

CRYPTO CURRENCIES AS AN INVESTMENT

Cryptocurrencies are sweeping the world in terms of news headlines, but the question remains in terms of the suitability of the asset class other than pure speculation.

There are two key questions that investors face to determine the suitability of including crypto assets in an investment portfolio:

- What are the requirements in terms of credit intermediation, regulation and infrastructure and cost?
- More importantly, what should the role be of crypto assets within a portfolio?
- These questions are addressed by looking at a couple of specific investment factors, risks and market dynamics.

INVESTMENT CASE

The investment case can simplistically be broken down into relevance and risks on the one side and then return expectations and diversification on the other. Rates of return are measured by an increase in the asset price and the interest paid or the dividend stream on a specific investment. The only source of return for a crypto asset is to increase in price.

Given the nature of the change in price over time, driven by pure supply and demand and perhaps other speculative views, crypto assets do have the ability to behave very differently to traditional asset classes and perhaps provide a hedge against the volatility of global monetary systems and therefore a source of diversification.

Although cryptocurrencies are permitted in most of the world's major economies, there are still a range of risks, in addition to volatile market price movements, that should raise concerns for inclusion in an investment portfolio. These risks include security risks, valuation risk and uncertainty around the regulatory future.

Besides these risks, there needs to be an internationally trusted marketplace for institutional-only cryptocurrency trading. However, the most interesting development in cryptocurrencies is in the world of investment fund management.

Specialist cryptocurrency funds have been created which seek to buy and sell in the same way one might with equities or other securities. The expectation for this market is to grow quickly as people seek non-correlated alternative investments.

There are several possibilities to explore over time as risks subside and more visibility around regulations transpires:

- Direct investments: these can be risky, however, especially when investing in larger amounts, given storage and execution risks.
- Futures: available if one has the expertise to trade them.
- Passive crypto funds: through exchange-traded products, for example. These offer capacity but is a blunt instrument. They have concentration risk (because of the dominance, for the time being, of Bitcoin).
- Active hedge funds: Exploitation of the inefficiencies presented by the market.
- Venture capital funds: these can offer purer forms of Digital Ledger Technology (DLT) exposure, but often have long lockups.

Cryptocurrency as an investment option would greatly increase fiduciary risk and liability. Traditional valuation methods for determining what a stock is worth do not necessarily work when evaluating crypto assets. Crypto volatility requires investors to be patient over the long term and during significant up and down swings, which could result in poor investment outcomes if you were to exit the sector too quickly.

An improved infrastructure is needed to accommodate investments and encourage more widespread acceptance of cryptocurrency. Besides that, potential regulatory and legal hurdles create market hesitation to use cryptocurrency. Until a properly regulated and accountable fund exists, based in a respectable financial territory and with strong custodianship arrangements in place, we must tread with caution.

At Momentum Investments we relentlessly pursue and interrogate ideas and opportunities to best deliver on our outcome-based investment philosophy. With us, investing is personal and we seek those investment ideas and opportunities that will allow our portfolios to meet clients' long-term expectations and objectives as prudently and robustly as possible.

While the simple yet profound wisdom of Warren Buffett—"If you don't understand it, don't invest in it" provides the answer, some investors may still feel compelled. It is important to remember that the crypto space can be highly volatile. Even though cryptocurrencies have been declared as a financial product under the Financial Advisory and Intermediary Services Act of 2002 there is still lots of uncertainties regarding the regulation of these instruments and therefore makes investing in them a risky proposition.

SHORT TERM INSURANCE

"Compelling evidence suggests that cyber will emerge as the next most critical systemic risk to South African businesses."

- SIZWE CAKWEBE, MANAGER OF CYBER RISK AT SHA

CYBERCRIME: THE NEXT POTENTIAL

SYSTEMIC RISK FACING SA BUSINESSES

The advent of the fourth industrial revolution has engendered several technological advancements. Innovations such as artificial intelligence, the internet of things and robotics have fundamentally changed the way the world operates when it comes to business.

Simultaneously however, these developments have run parallel to the skyrocketing of cybercrime, with compelling evidence suggesting that cyber will emerge as the next, most critical systemic risk to South African businesses and will dominate the liability insurance market for the foreseeable future.

This was one of the primary conclusions drawn from the results of the 2022 SHA Risk Review. 60% of SHA's brokers reported an increase in requests for cyber liability cover over the last year. These movements are indicative of an evolving risk landscape and signal the importance of educating clients around the purpose of the cyber cover.

According to the review, over the last 12 months, one in three SME respondents suffered a cyber-attack, with the most common causes being malware (30%), phishing (26%), ransomware (25%), denial of service (13%) and theft of funds (13%). This is despite over 60% of SMEs believing that they were not viable targets for cybercriminals.

I cannot stress enough the importance of understanding that: no business is immune, and that companies with 'valuable data' are not the only ones at risk of cyber-attacks. The reality is that any company with an online presence, regardless of size or industry, is at risk and should therefore prioritise and formalise their approach to risk management.

Cyber risks come from several fronts, coupled with the constant threat to financial, legal and reputational damage. The financial risk involves the theft of actual funds or the payment of a ransom demand, but also extends to the cost of business interruption due to downtime or system failure.

"The reality is that any company with an online presence, regardless of size or industry, is at risk and should therefore prioritise and formalise their approach to risk management."

Companies may be held legally liable by third parties should a data breach occur whereby their information is leaked and could sustain lawsuits for infringements of data protection laws, as well as negligence. Reputational damage can be extensive and have far-reaching consequences that may, in the worst case, lead to the complete shutdown of the business or impact the share price of a listed business irrevocably.

SHA's last survey found that an alarming 53% of the victims of ransomware attacks were not able to recover their stolen data. It's also worth noting that nothing stops criminals from replicating data and selling it to criminal syndicates before 'returning' it after a ransom has been paid. This example drives home the importance of taking a preventative stance on cybercrime rather than a wholly reactive one.

In terms of the ways in which cyber insurance policies are structured, most policies will contain an element of first- and third-party cover, although there are cases in which policies are structured to include only third-party liabilities.

In the case of the former, a first- and third-party cyber policy will provide coverage for aspects of loss, including the cost of investigations, the financial impact of business interruption and the costs associated with executing a public relations campaign to mitigate and rectify any reputational damage. It is important to note, however, that the ongoing nature of reputational damage and the ripple effects of aspects such as loss of consumer or investor confidence cannot be truly compensated for in terms of long-term impact.

Employees are often the "weakest link in the cyber security ecosystem" the notion, therefore, that the responsibility of ensuring a business has efficient and effective cyber security systems and protocols in place should not fall solely on the shoulders of high-level executives. In fact, Cyber security should not be framed as an IT process. Instead, it should be regarded as a company-wide, best practice process that involves buy-in from all stakeholders and team members.

While the most recent SHA Risk Review found that many South African companies are making use of the basic cyber security components like firewalls and anti-virus software, a need for training and educational initiatives aimed at employees and contractors was identified. Involving the entire company and employees at every level will help employers develop a well-rounded cyber security posture.

WITH CLAIMS BEING THE NEW BATTLEFIELD FOR INSURERS, WE HAVE THE ULTIMATE GAME CHANGER.

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Geysers are only replaced once the warranty status and faults have been captured and assessed via live video footage from the scene. All data is **recorded and stored** with the date and time stamp as well as critical geolocation information. Data is stored for a **minimum of seven years or downloaded to the policy admin system**.

Claim Central Africa takes control of the entire claim and will deploy our technology into the claims departments to work alongside the core systems.

Changing the claims process to one of ease, accuracy and complete transparency.

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For your customers

PORTAL

For the insurer and brokers. Where all videos, photos and reports are saved and stored

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ARE YOUR STAFF PLAYING HIDE AND SEEK WITH YOUR FINANCES?

The perpetrators of fraudulent financial activities can be anyone in your organisation who has privileged access to your finances from payment clerks to financial directors. A good ERP system will help you to sniff out any shenanigans going on with your company's finances in no time and allow you to bring the perpetrators to book.

In our line of business which is implementing ERP systems that generate a bird's eye view of everything that's going on in your organisation we often unearth the most brazen fraud. And it happens at all levels of the company. Fraud is particularly rife when one person has unfettered and sole access to view and carry out transactions on the company's behalf. I urge business owners to think about their access to information especially financial information and interrogate the level of visibility they have over the everyday indicators throughout their organisations.

"I urge business owners to think about their access to information especially financial information and interrogate the level of visibility they have over the everyday indicators throughout their organisations."

It's not necessary for business owners to know about each and every payment or invoice that gets issued by the company, but they should at least have a handle on the major indicators of a business's financial health and a good ERP system will help to generate these indicators and put in the necessary controls.

Ask yourself the following questions:

- Does anyone specific (even your FD) hold all the power?
- Do you have full visibility over your financials whenever you want it?
- Can you access your financials?
- Does your finance department operate as a silo or separate entity?
- Is your business dealing extensively in cash payments? And are these controlled by one particular person?
- Do you know how many cash payments you are making?
- Do you have an ERP system in place?

We often meet resistance to the installation of an ERP system by specific individuals in a business. The question we must ask is 'what are they hiding?' What is the real reason they don't want a system that provides visibility, efficiency and accuracy? Why are they holding your business back from implementing an ERP system?

If implemented properly, an effective ERP system pays for itself in a relatively short period of time. And in return for your initial investment, you get complete control over all your own processes!

Having systems in place that ensure visibility and efficiency can save your business more than you would spend on the solution. It also ensures your financials are accurate and that you don't end up under-declaring to the tax man or missing payments and having to fork over late payment penalties.

When orders are coming in, but your cashflow is low, your ERP system will raise a flag. It is also able to forecast cashflow based on your invoicing and supplier or customer terms and will tell you when you are over-extended.

So, if you have an individual who is reluctant to implement an ERP system in your organisation, ask yourself why? What have they got to hide? And, more importantly, what is it already costing you?!

For more information visit www.epicerp.co.za. they will be in a create position to delight their customers for years to come.

ANYONE CAN ISSUE AN INSURANCE POLICY

BUT CAN THEY PAY THE CLAIM?

Mirabilis

This leader in engineering underwriting prides itself on enabling its policyholders to recover quickly after an insured incident.

Mirabilis has provided engineering reinsurance on the African continent since 2006, and globally since 2014. This diversity has ensured sustainability that other local engineering insurers have not benefited from, especially as reliance on the local South African market can be fraught with difficulties.

The affects of the pandemic, the Russia-Ukraine war, gas shortages and low investor sentiment may be global challenges, but these have been worsened by the South African disasters of rioting and looting, fires, floods, excessive hail storms and the declining economy. Adding further woe is the recent extreme and debilitating load-shedding regime. While it may be that infrastructure development is highlighted as an imperative by the government, the subsequent projects are slow to manifest.

It's not that the projects don't exist. In fact, the construction industry has been pleasantly surprised by the creativity of the mid-market tier in looking for new opportunities, says Curt Meyer, CEO of Mirabilis. This includes transforming commercial property buildings into residential apartments and increasing private investment into expansion of manufacturing facilities.

"If these movements hadn't happened, the industry would be in a far more difficult space right now. However, in this environment, resilience and creativity are not the only nor most important factors that ensure profitability. "Anyone can issue a policy, but not many can pay the claims," says Meyer, and that, it seems, is the catalyst to ensuring survival and profitability during disruptive times.

Shane Graham, head of Africa at Mirabilis, proves the validity of Meyer's statement when he recounts how at the peak of the Covid-19 pandemic, Mirabilis was the first to settle its share of one of the biggest claims emanating from a Middle East project.

"We didn't realise the incredibly positive impact of this on our brand until attending international conferences where we were congratulated and approached by companies wanting to do business with us," says Graham. This speaks volumes about how Mirabilis has positioned itself; enabling policyholders to recover quickly after an insured incident.

Mirabilis is discerning about the projects it underwrites. Meyer explains that this means asking the "difficult questions" upfront, so that Mirabilis' brokers have a full understanding of a project's insurance needs, which ensures it's correctly covered from the start. "These questions may appear burdensome to the potential client," explains Meyer, "and sometimes sways the choice of an underwriter to a competitor. This may be good in the short term, but the policyholder may find a claim is not valid based on issues that were not factored into the policy."

Keeping risk prudent has not affected Mirabilis' commitment to support SA's growth strategy. "If anything, we have further entrenched our service provision, because we are confident that the South African construction industry will recover. We partner with 1,600 brokers, providing them with support and technical knowledge, which enables them to successfully insure their clients projects," says Meyer.

"We have also always underwritten in response to emerging trends," explains Graham. "This includes a full spectrum of projects such as extensions to malls, industrial precincts and similar large infrastructure projects, power generation, as well as smaller projects including residential homes and developments."

That said, Meyer stresses that regardless of Mirabilis' global footprint, SA remains its home base and heart of its operations. "Without this base and the support of our South African brokers, we would not have been able to launch successfully outside the company's borders.

We are committed to remaining a lean and agile South African organisation. This message is delivered in all our markets, be that in India, the Middle East, Egypt, Bangladesh, Morocco or Cape Town." To request a quote from Mirabilis, which is underwritten by Santam, click here.

RISK THROUGH THE LENS

OF THE FILM INDUSTRY

Stuck for ideas? Fantastic business opportunities for brokers in the vibrant film and events industry. In this part one of a two-part series, Denise Hattingh, Managing Director and Iola Edmayer, Executive Director at KEU focus on Film and Television.

Tony: We are talking about an interesting part of our industry, and it is always fascinating for me to see how much goes on when an event is produced or when a film is shot. Thousands of people descend on a place with trucks and equipment. But with that comes a whole lot of risk and a whole lot of insurance opportunities, which is where you guys come in.

The film and television industry are quite a wide industry with a lot of diverse ways of doing things. What is included in your target market when you talk about film and television insurance?

Denise: Film and television is very broadly put into two different spheres. You talk about television being commercial producers with the advertisements, and in terms of that, you would also break it down between agency, the creative brain, and production, the brain that makes it all work.

Commercial Producers policies further provide cover for:

- Documentaries
- Music Videos
- Corporate Training or Promotional footage.

Then you have the film producers, that is all the television series, and we have seen a big increase in new content in the South African film market. Positively, you also have the international films being produced.

Tony: Iola, on your side, what are the main risks that you underwrite based on this wide industry?

Iola: That is a difficult question to answer, because it is such a wide industry to insure. We look at every production on a holistic manner. For instance, we insure everything from the footage that they film to the vehicles and the personal accidents. Employees' liabilities are incredibly important for these productions because most the cast & crew are appointed on a freelance basis.

It is important for these guys to have the correct cover on each production. If they do anything from a commercial or a feature film, any one day can easily cost them between 1 - 5 million rand. So, if they must lose that one day's footage, someone needs to pick up the cost at the end of the day. Even cameras, for example, some of the cameras can easily cost between a R1m and R10m. So that replacement cost or even the hiring cost to reshoot that production, is quite significant.

Denise: Just to add there, if people watch a big television series or a big movie, what they would firstly see is the cast. The cast is always a process. Before cameras start rolling our first information with production would normally be who is going to be the cast. That is after they have nominated their crew, who the director is, producers, screenwriters and so forth. People make this all tick.The bigger the production, the bigger that exposure and risk in totality.

People risk is most definitely challenging. The fact that they might not be able to perform, or they may be involved in an accident or just be ill for a day, suffering from a migraine, so they cannot be in front of a camera. That could cause production to go into either overtime or must reshoot on a specific or on another day.

Iola: Another trend we have seen is an increase in hijackings. So, if the nominated cast, the main cast for the film gets hijacked and injured, they are not going to show up for the filming day and that is a big problem with South African crime.

Tony: It sounds quite involved and as we spoke, it is quite wide. Where do you get the skills to assess those risks, do you use assessors, how do you do that?

Denise: I started KEU 21 years ago and prior to that I was working in corporates, also on the entertainment side, and I am learning daily.

Iola studied and worked in the film industry, so she comes out of the film industry. So, a lot of that is what you learn, what you apply, and doing a lot of investigation into it. We have very good assessor risk surveys. We do a lot of risk surveys prior to production and during production, so we have an ongoing relationship with brokers, insureds, risk surveyors, and loss adjustors as this all happens.

Whatever happens that is preventing the cameras from rolling has an immediate effect on our claim's ratio. If somebody is not able to film, if the camera is broken, if a massive storm hits, things come to a standstill, and we need to act and we need to have places and things and people in place to ensure that continuity is guaranteed.

Our film market has very good producers, line producers and directors. They know how to do this and work around the clock on these big productions. It is not a question of production waiting for KEU to give them a lead, most often they follow what they need to do.

Some has been in the market for many years, so they know how to roll it. It is for us then to immediately safeguard if for example there has been a big accident or some injuries on set, we then start investigating and collating documents immediately and assess the claim. It is not a relationship in isolation or a risk where you do the underwriting and leave. We are involved daily.

Iola: It is a fast-paced industry, the quotes need to be issued quickly, policies need to be issued quickly, and the claims need to be handled as quickly as possible because they go onto the next shoot and keep on going.

The only way we can keep up with the knowledge in the industry is by reading continously and staying in tune with the industry itself.

Tony: A large part of our audience are the brokers. Where do they come in here, because they do not have the specialist knowledge that you guys have? How do they interact in this entire process?

Denise: Our relationship is 100% with the broker. We rely heavily on our broking market. Luckily, South Africa has very knowledgeable film and television brokers.

We have brokers that have been in the film and television market for 30 plus years. They understand the implementation and the implication of anything that happens on set. We are always in contact with our brokers and always holding hands as an industry to ensure that is happening. For a new broker entering the market, my advice would be to really learn, read, and do the work.

It is interesting, it is fast paced, it is always thinking on your feet, but you need to come as a broker. Reading up, understanding, and doing some of your own investigation because you can get overwhelmed by the amount of information and technicalities that follow.

ENERGY IS WHERE THE OPPORTUNITIES ARE

Tony: The construction industry has been, and still is, under quite a bit of pressure on the back of COVID-19 and the suppresswed economy. However, there've been a few green shoots in that environment. Can you give us an overview of what 2022 was like from King Price's perspective?

Andre: So far, 2022 has been a lot better than 2020 and 2021, for obvious reasons. We, like many other sectors, have experienced the same thing with construction itself in terms of green shoots. Currently, the highlight or emphasis is on clean energy projects.

We've seen a lot of solar electricity generation plants being constructed which goes hand in hand with the current electricity crisis we're facing. We're also seeing an uptake in general construction.

Government infrastructure spending is mostly maintenance-related, but there's the opportunity for electricity feeding into the grid, and that's currently quite a boom.

Tony: Many projects are driven by repairs, maintenance and things that must be done quickly to solve issuewws or problems. The other side of construction and engineering infrastructure is the proactive type of infrastructure, based on planning and strategy. How does it look on that front?

Andre: The only thing that springs to mind is that we're seeing solar panels on almost every building and surface that you can think of. There's a lot happening proactively in the solar electricity space; and the fulfilment of current and future energy needs. We see this development as an opportunity in the engineering insurance market. The rest is, like you say, maintenance.

Andre Alberts, Earl of Engineering: King Price

Tony: Did you guys have to acquire new skills regarding solar, especially small-scale solar?

Andre: Yes, it's definitely a learning curve. With the speed that development in that sector is taking place and with technology constantly evolving, we've acquired new skills and learning. There are a few product providers out there, but there's already been movement on the product. What I mean by that is, a product gets developed for a specific need and then suddenly that need changes. To give you a typical example, the first solar plant insurance product that was out there, had a section related to the probability of the solar delivering the required electricity output that was committed to. However, it was subsequently found that these solar plants deliver exactly what they guarantee because of the massive amount of sunshine in Africa.

Tony: How do you feel about 2023?

Andre: It's up and away. I'm positive about the future. There are construction projects in the pipeline and we've seen a couple of quotes on larger projects coming through. There's an upward curve and there's no doubt in my mind that solar plant construction projects will add to South Africa's electricity generation capacity and assist with economic growth.

I don't foresee all the country's electricity problems being solved in the near future, but I believe the severe electricity shortage and strain on Eskom's infrastructure will eventually be rectified. There's a big drive and motivation to find alternative energy solutions, especially in the solar energy space.

Tony: As an industry, we must follow innovation in construction and engineering. How are we doing there? Are you optimistic about the flexibility of insurance products to accommodate innovation?

Andre: It's a tough one because we, as an insurer, are guided and backed by reinsurers as well. Product development and the direction in which that product will go must be done in collaboration with our reinsurers which can sometimes be a lengthy process. The upside to this is having access to our reinsurers and being able to tell them what the need in the market is and then develop a suitable product.

We're fortunate in that we've got access to international knowledge and expertise through the two largest reinsurers in the world which extends our capacity to take on risk. We can make quick decisions and try our best to be flexible to accommodate our client's needs and risks. See-through glass solar panels are a notable example of how fast technology is developing. Just imagine if all the windows of a building can generate power without being monstrosities on a roof. This will be aesthetically pleasing and have a myriad of practical applications.

We used to see only two types of solar plants: Either at ground level or installed on roofs. We're now seeing floating solar farms on the water - the sea or even dams in some European countries. This comes with associated new risks. You've got electricity on water which can be a challenge. It's unchartered territory and technology to most insurers and we're adapting our products as we gain more experience in this field.

The latest trend in South Africa is mobile solar generation where solar panels are mounted on huge trolleys. These trolleys can be moved by heavy machinery to a location where there's a need for solar energy or where the generation of solar energy is optimal. The transportation and movement of these solar plants add new risks to the asset and our products need to cater for this exposure. This keeps us on our toes and forces us to innovate our offering in conjunction with the renewable energy industry's needs.

Tony: It's good to see that when things go slow in certain parts of the industry, in other parts of the industry new ways of insuring people pop up.

Andre: The industry is changing at a fast pace, and we need to keep up to address our client's needs and risk exposures.

Tony: In closing, that brings up opportunities for brokers again. They should look at these changes, talk to their insurers and find out where the opportunities are.

Andre: I agree. I can't highlight the importance of a broker's role enough, especially in commercial entities. Holding hands, having that personal relationship with someone, and having them at your disposal when needed. It's invaluable. Brokers add a lot of value, especially when providing financial advice and guidance to their clients that have unique and specialist exposures, such as engineering insurance.

MARINE INSURANCE

"The maritime industry is a key player in the success of global trade"

- JEFFRY BUTT, NATIONAL MARINE SALES AND MARKETING MANAGER, BRYTE INSURANCE COMPANY LIMITED

GROW YOUR BROKERAGE WITH MARINE INSURANCE

Tony: Can you tell us a bit about your background and how you ended up being a Marine Insurance specialist?

Elesh: I have been in the marine industry for more than 30 years, starting off in the Marine Department of Commercial Union, which subsequently joined with Guardian National and formed a company called Associated Marine, where I worked for 10 years.

I then worked for Swiss Re SA for six years, heading up Marine Treaty and FAC underwriting for the entire African continent, Mauritius, and other islands. After growing a substantial Marine book for Lion of Africa Insurance which, at the time, was the only BEE insurance company in the market I decided to venture out on my own and got a Lloyd's binder with Tokyo marine using the Natsure FSP license to write business in South Africa on behalf of LLOYDS

I did this for about another six years until Lloyds had the big crunch in London and they withdrew all capacities in South Africa. This put me onto a Natsure/Guardrisk cell captive, which ran for about a year. Natsure's strategy going forward did not have an appetite for marine.

That is how I found myself at GENRIC Insurance and I have been running the GENRIC Marine portfolio for two and a half years now. GENRIC Marine underwriting managers is a UMA (Underwriting Management Agencies) on behalf of GENRIC insurance.

It is safe to say that I have built a great understanding on the reinsurance side and on the underwriting side of Marine. I am always looking at the reinsurance factor when it comes to writing risk, it is always in the back of my mind, because I do come from a reinsurance background, and I know what reinsurers look for in any insurance company or UMA.

Tony: In GENRIC Marine's case, you do marine cargo as well as marine liability. What do those include?

Elesh: There are a variety of policies that fall under the Marine cargo. We do the imports, exports, including GIT (goods in transit), that would encompass an entire marine cargo policy. You could also have a Marine cargo policy that just has imports, or you can have a Marine cargo that just has exports. Then you have a marine standalone GIT cover, which does not include imports or exports.

We tailor make our policies to suit the specific needs of a specific insured. Your cargo policies include imports, exports, and goods in transit, or combination or standalones. When we have just a GIT local transit, we call it a GIT Marine policy.

Tony: So, that covers loss and damage of goods in transit?

Elesh: Yes, it covers any loss or damage to cargo whilst moving from point A to point B anywhere in the world, excluding obviously the countries which are under sanctions through the UK and United Nations. But sanctions can also apply to the insured itself, i.e. related persons or companies that are on the sanctions list, those are excluded as well. Furthermore, there are specific exclusions which would be incorporated in so far as the specific cargo which is being included.

Tony: What about on the Marine liability side?

Elesh: On the marine liability side, we do offer Carriers liability, and there are different views in the market about what a Carrier's liability is. It is where a transporter is legally found negligent in the court of law., in which case the policy will respond.

We then have freight services liability, which caters more for Clearing and Forwarding companies . It encompasses the entire scope of work that they do. A Clearing and forwading freight order is responsible for clearing a cargo for a specific insured, warehousing it and storing it and then dispatching it when the insured needs it. So, all the liabilities that are attached to that are covered under one package policy.

Under our freight services liability policy, we offer Cargo and Related liability. Then we offer Warehouseman's liability, Errors, and Omissions, and Third-Party Liability. These are all extensions that we offer under the Freight Services Liability policy - again, specific to our client's needs. You can have a full-blown liability policy with all extensions, but we only provide extensions if the information provided to us suggest that the client needs that specific cover and or extensions.

Tony: Marine and both the cargo and the liability side is quite complicated, and it is a very specialist area. How do brokers get involved? Are there still opportunities for new brokers?

Elesh: From a GENRIC and my perspective, if a broker does not understand the marine product, we give training to the broker on specific products. We go out to brokers and speak to the teams. We give them training in the office, we give them the proposal forms and we hold their hand until they close their client.

In some cases, brokers ask us to attend meetings with the client, however, we cannot speak directly to the clients. It must come via the broker because, as a UMA, we are not allowed to speak directly to clients. I usually sit in the meeting and when the clients ask the broker a question, I will elaborate on behalf of the broker, without giving any advice in that meeting.

Tony: What you are saying is that brokers should not be concerned about the fact that they do not have the expertise. They should look at whether they have access to clients and approach it by sitting down with you and seeing how they can reach those clients?

Elesh: Yes. I have a few small independent brokers that never knew anything about Marine. I went into the office and gave them training so that they had a brief understanding of it, then when the clients come back with questions, I am there to help the broker hold their hand and walk them through the entire process so that we are both comfortable that what the client is getting, is what the client needs.

Tony: Then I guess in that way they will grow their own skill over time.

Elesh: Yes. From my point of view, having 30 years' experience has less value if I do not pass it on, whether it is to a broker or to another underwriter. My philosophy for whatever company I work at, is the sharing of knowledge.

We have a real shortage of skilled marine underwriters in the market, which is a problem because the older guys have moved on and unfortunately there was skills transfer So, there is a shortage of skills in the marine market. In my opinion the marine expertise is not what it should be in our market.

MARINE INSURANCE TRENDS,

CHALLENGES AND OPPORTUNITIES

Malcolm Hartwell, director, head of Transport and Master Mariner in collaboration with Andrew Robinson, director and CEO of NRFSA.

Has there ever been a time when global trade has not been under pressure of one sort or another? Probably not, but chaos often spawns opportunities as well as dangers. In roughly equal measures.

We have seen a continuing soft premium market, accelerating globalisation, consolidation of carriers, traders and insurers, insurers providing a number of bespoke insurance products, an increase in hijackings and theft of high value goods, far greater integration in the logistics chain and a rapid rise in cybercrime which is now the highest value global category of crime.

All of these create additional risks and options to cover them, and challenges along with opportunities for marine insurers and their brokers.

The South African marine insurance market consists mainly of insurance of goods moved to, from and through South Africa and all of the liabilities of trade and transport that attach to everybody in the logistics chain. We have seen an increase in stock throughput policies to cater for the development of logistics hubs, where goods are stored for distribution. This has created problems as the distinction between transport and static risks (at marine rates) are increasingly blurred.

Bespoke policies are written covering specific geographic transport risks (from warehouse to warehouse within South Africa only) and bailee insurance policies that provide transport operators to insure goods whilst in their possession. The experiment of providing carrier's liability insurance on standard GIT "all risks" terms appears to have created more confusion in the market and no longer seems that popular.

The ongoing confusion amongst transport operators and their brokers regarding the difference between goods in transit insurance and carrier's liability insurance remains a constant – which is quite remarkable given the obvious distinction between what these two types of insurance offer. Similarly, the incorrect use of Incoterms and the impact this has on when risk passes for insurance purposes continues to make the issue of "insurable interest" a popular one.

There is also a relatively small hull and machinery market, which tends to be limited to leisure craft and commercial fishing boats. The growth of multi-nationals has meant firstly, greater volumes, which tends to lead to premium pressure and the consolidation of those companies' insurance requirements under a master policy in their parent companies' countries.

We have certainly seen an increase in various "in house" arrangements where the bigger groups largely self-insure their own goods. That said, for trading purposes the standard "all risks" cargo terms prevail with the 2009 Institute Clauses now being standard. Interestingly, the same cannot be said for the frozen/ chilled clauses where there has been a much slower uptake on the 2017 Institute Clauses the 1986 Frozen Food clauses still seem to be preferred.

At the recent Comite Maritime International conference, the CMI announced certain welcome amendments to the York Antwerp rules. This will see changes to the wording of the standard bonds and guarantees put up by the insured and its underwriters following a declaration of general average. The wordings will incorporate changes, which we have been asking GA Adjustors to make for some time now, and will provide greater certainty with regard to the obligations of cargo interests and the insurer. The African Economic Free Trade Agreement is back on the agenda for Sub-Saharan Africa in particular and with it the potential for massive increases in intra-African trade which in turn will create opportunities for underwriters and brokers involved in that trade. Road transport remains the most popular method of transporting goods within Africa.

We have been advocating for some time that Africa should harmonise its carriage of goods by road regimes along the lines of the CMR Convention that operates so well in Europe this would create much greater certainty regarding a transporter's obligations and liability, and would make the insuring of goods and liabilities and subrogated recoveries that much easier. The recognition of opportunities for trade to, from and within Africa is driving the development of significant east west and north south logistics corridors to improve the flow of goods to and from the various states.

These corridors should create greater efficiency, but have also led to significant change in the movement of certain types of goods through countries and ports that they never used to transit. Those countries and ports may have particular risks that underwriters and brokers need to be aware of. A simple example of this is that much of the Zambian and DRC copper and cobalt that used to travel by road or rail to Durban or East London, often as break bulk, is now being exported in containers by road and rail via Namibia, Mozambique and Tanzania. This is exacerbated by the growing use of hubs by the giant shipping lines such as Maersk, CMA CGM and MSC.

The use of these hubs means that a container bound from Singapore to East London which used to take three weeks on one ship, may now find itself being routed via a hub in East Africa to a smaller hub in Durban and then to East London on different ships and through more terminals. The increased traveling and storage times and number of times it is handled obviously increases the risk to underwriters. The growth in ship size has led, amongst other things, to containership fires almost inevitably leading to the loss of the entire ship and its cargo. This is simply because the fixed firefighting systems cannot deal with these fires, the on-deck cargo is inaccessible due to the height of the stacks and the number of crew carried is reducing all the time.

Fortunately, a container ship casualty has not hit the South African market in the last few years, but it is an issue of huge concern to IUMI and the shipowners' liability insurers. Until the regulations change, cargo underwriters need to be aware that these behemoths create an additional risk of the total loss of up to 25 000 containers at once. The internet of things, development of artificial intelligence and massive growth in the use of electronic documents and portals, has simplified

many aspects of international trade and its insurance. Those involved in trade can now buy, sell, insure, clear and transport cargoes through a single portal taking out many of the service providers, such as brokers, freight forwarders and clearing agents in the process. It has also however created far more opportunities for cybercrime, which include simply stealing cargoes by hacking into the port system to see what containers have been discharged and what truck with what registration is supposed to fetch them; to insuring cargoes that never exist, but are subsequently lost at sea; and diverting payments for cargoes.

Anecdotally the fastest growing industry in the world, cybercrime requires underwriters and brokers to have sophisticated IT systems and policies, which are rigorously enforced and continuous training for staff and the recognition that no one is immune from an attack. This obviously affects not only the marine insurance aspects of the business, but underwriters need to be careful that their open marine policy does not have a long forgotten cyber add on for a nominal premium.

This growth in cybercrime has already hit the local logistics service providers and their liability insurers who are now facing much bigger risks than in the past. For example, in South Africa, liability for import duty and VAT is imposed on almost everybody in the logistics chain. This means that if a few containers of electronics are removed from a terminal using fake electronic documentation, the terminal becomes liable for payment of that duty and VAT. We cannot over emphasise how important it is for underwriters and brokers to continuously assess the liability risks their insureds are facing because in addition to cybercrime, the business of logistics is changing rapidly.

TAILORING EFFECTIVE COLLABORATIONS FOR BETTER MARINE RELATIONSHIPS

The maritime industry is a key player in the success of global trade. The sector has been able to generate significant social and economic gains for countries. The marine sector is characterised by rapid growth in demand and pressure from transport services, and technical challenges that include outdated infrastructure and congestion that result in delays. Global supply chain disruptions exacerbated by the current war in Eastern Europe remain among the significant challenges interrupting growth.

JEFFRY
BUTT

National Marine Sales & Marketing Manager at Bryte Insurance Company Limited

For the longest period, the global shipping and maritime industry has required optimised cover to increase its profitability. The Eastern Europe conflict affected commercial ships, as operators had to redirect freight transport and divert vessels. At the beginning of the war, approximately 2 000 seafarers were stuck aboard 94 vessels in Ukrainian ports. This represents the kind of marine liabilities that can threaten businesses' operations and companies' ability to generate profits.

Increased shortages continue to affect countries –from food, fuel, electronics and the highly publicised, recent shortage of automotive parts. The incapacity to meet consumer demand and high costs in maintaining operations and security in a period when the global economy continues to face tremendous strain and uncharacteristically high inflation have been incomparable.

CONTAINER SHORTAGES

The ongoing disruptions are creating wide-scale challenges for the industry. Container shortages have been an issue since the beginning of 2020 and remain a critical issue for global trade. Factors such as the global pandemic and growth in online shopping have all played a crucial role in the shortage of containers globally. These unprecedented challenges have resulted in a sharp increase in freight costs to over 300%1.

With South Africa already navigating multiple incidents such as the pandemic, civil unrest, flooding, theft, hijacking, and the recent worker's strike at the country's freight logistics chain have significantly impacted economic activities across various sectors.

The situations various players face cannot be anticipated or planned for. Because of this, businesses must collaborate with brokers and risk engineering experts to ensure a more considered, practical, robust exposure identification and management strategy. One that also factors in other dynamics that can substantially impact business continuity.

Marine businesses are also prone to exposures faced by third-party logistics service providers, which can result in third-party liability claims/lawsuits that can result in devastating financial and reputational impacts. Reports suggest that the infamous Evergreen incident led to costs of over $5 billion worth of trade in a day. While the business was able to recoup these costs, this represents the financial and reputation risks a business needs to be able to mitigate against.

With liability exposures broadening and becoming more complex and costly, effective risk management requires a multi-faceted and consistent approach. Businesses that don't effectively factor these realities into their risk resilience strategies would be remiss in doing so.

ENSURING BUSINESS CONTINUITY

To protect all players across the shipping and maritime value chain, a collective, consistent focus – one that appreciates the catastrophic consequences of exposures is critical. Brokers, together with risk engineers and underwriters (who are all well versed in the regional and global risk dynamics), have a significant role in building awareness around evolving exposures and guiding on ways to drive robust risk management. To minimise the detrimental effects of huge losses on business continuity across multiple industries, suitable types of insurance and level of coverage can be invaluable.

Risk managers always look to provide enhanced cover tailor-made for clients' unique risks. And as risk exposures continue to vary, it is critical for valuable partnerships that can ensure comprehensive risk profiling and efficient risk evaluation.

REINSURANCE

"I believe re/insurers, including Swiss Re, are uniquely placed to act as a shock absorber in times of crisis."

- URS BAERTSCHI, CEO REINSURANCE EMEA / REGIONAL PRESIDENT EMEA, SWISS RE

EXTREME INFLATION AND NATURAL DISASTERS

CALL FOR DISCIPLINED RISK MANAGEMENT

Turbulent capital markets take their toll on insurers. Rigorously pricing-in inflation is key for Munich Re

The combined impact of economic and geopolitical crises is causing virtually unprecedented levels of complexity in the business environment for primary insurers and reinsurers worldwide. High inflation in particular is having a profound effect on loss expectancy in many operating segments. Also feeding into the equation are the changing landscape for risks such as cyber and climate change, and the fallout from the coronavirus pandemic, which is still perceptible in some areas.

In response to high inflation, central banks have hiked their base rates, which, in turn, can impact the balance sheets of (re)insurers as a result of fixed-interest securities falling in value. Soaring interest rates can initially trigger a decline in (re)insurers' capital bases and affect their capacity, despite higher rates having a positive effect on earnings power in the medium term.

Economic uncertainty is especially high. Recently, analysts have repeatedly had to revise growth forecasts down and inflation forecasts up. Like many research institutes, Munich Re's Economic Research unit is working on the assumption that the eurozone will slide into a recession this winter. Looking at the year 2023 as a whole, real-term GDP in the eurozone is expected to stagnate. A significant economic downturn is also looming in the US.

A matter of even greater concern for insurers in the short term is inflation, which has continued to rise in recent months in some cases considerably. Many markets are now seeing inflation rates reach their highest levels in 40 or even 50 years. In Europe, prices are being driven up primarily by energy and food costs. Still, the situation here is similar to that already observed in the US: because prices are rising on an increasingly widespread basis, the core inflation rate is also being forced up. For insurers, the situation is exacerbated by the fact that the inflation rates for key loss components, such as construction costs, are in many cases higher than general inflation. Even if inflation does start to slow, rates in 2023 are still expected to remain above the long-term average. In the US, the annual average consumer price inflation for 2023 is anticipated to be around 4.3% (2022: 8.0%).

As for the eurozone, the expectation is for inflation to remain very high next year, at 5.8% (2022: 7.9%). The risks that influence this outlook are still asymmetrically distributed. In other words, scenarios with even higher inflation rates are more likely to be seen in 2023 than those with unexpectedly lower rates. The outlook for commodity and energy markets, especially the gas market, continues to be a key driver of this uncertainty. In light of that, inflation risks, too, are higher in Europe than the US.All these factors are leading to a steady increase in demand for reinsurance. Concurrently, however, reinsurers are seeing their capital bases and, by extension, their capacity decline. "Munich Re continues to be in a financially strong position, with a solvency ratio that even rose to just over 250% at the end of June 2022. Despite inflation, changing risks, and overall high levels of uncertainty, we stand at the ready with our capacity.

What is crucial is that we ensure, together with our clients, that all of these developments are adequately covered in the pricing," said Thomas Blunck, whose responsibilities on Munich Re's Board of Management include the Europe/Latin America Division, ahead of the annual Baden-Baden reinsurance meeting.

THE CLIMATE CHANGE CHALLENGE: HIGH HAIL LOSSES FOLLOWING HEATWAVE IN EUROPE

In today's difficult economic environment, precisely assessing changing risks is also an absolute must. The changing conditions that are causing severe thunderstorms, often with heavy hail, are one example of a natural hazard that is a visible and ever worsening consequence of climate change in Europe. Two hailstorm episodes in France in June and July during the heatwave in central Europe resulted in huge losses for the insurance industry to the tune of €4bn. Neighbouring countries also experienced hailstorms. For example, an unusually strong thunderstorm cell formed close to the Pyrenees in eastern Spain on 30 August, producing hailstones measuring up to 12 cm in diameter. Usually, even severe thunderstorms will produce only a relatively low volume of such large hailstones. In this case, however, the extent and intensity of the storm cell were so great that an extraordinarily high quantity of hailstones with a diameter of over 10 cm were observed. Dozens of people were injured and one child died in La Bisbal d'Empordà.

Munich Re data shows that losses caused by severe thunderstorms also known as convective events have already risen considerably since 1980, even when adjusted for price increases and rising values. Two studies1 co-funded by Munich Re, one in 2018 and one in 2019, concluded that the probability of severe hailstorms occurring in many regions of Europe had already increased and that in certain regions, depending on the climate scenario, their frequency would rise significantly notably in northern Italy, southern Germany and large parts of France. The accumulation potential of severe thunderstorms is immense if a major urban area with high values is hit by hailstorms together with extreme rainfall.

"Munich Re is greatly stepping up its research and modelling of risks such as severe thunderstorms with hail or heavy rainfall. Our experts from a wide range of fields in the natural sciences have been analysing the consequences of climate change for decades. By collaborating with research institutes and developing preventive measures, like we do at the Institute for Business and Home Safety (IBHS) in the US, we are assigning a price to natural hazards and supporting loss-mitigation efforts," Blunck continued.

GERMANY: AN INSURANCE MARKET WITH CHALLENGES AND POTENTIAL

Germany's insurance market is highly competitive, calling for strict pricing discipline and rigorous risk management in certain areas. As Claudia Hasse, Chief Executive at Munich Re for Germany, Cyber Europe & Latin America, explains: "When it comes to natural disaster risks, the devastating floods in Germany's Ahr Valley in 2021 were a wake-up call and a signal that climate change is already having consequences. We have the expertise and capacity to support the industry in its efforts to increase insurance density for severe natural hazards such as flooding. But to do that, the pricing must be commensurate with the risk and the impact of climate change can no longer be underestimated."

It has been a trying time recently for the fire segment in commercial and industrial business, and for the motor vehicle segment alike. While there is no clear market indicator for the performance decline in fire, motor's poorer results are attributable to increased traffic volume following two pandemic years, the hike in prices for replacement parts, repairs and new and used cars, and bottlenecks at workshops and car rental companies.

Higher claims expenditure is expected to cause primary insurers to make an underwriting loss in 2022. When it comes to German cyber insurance, the significantly higher combined ratios are not reflected one-to-one in Munich Re's portfolio.

"By offering our clients in all segments our know-how and capacity, we can help them ensure the long-term success of their business. I also see great potential for us in structured reinsurance solutions as a means to provide our clients with capital relief and smooth their operating results, and in data analytics and AI given how heavily German primary insurers are investing in digital transformation at the moment," Hasse says. Another focus in 2023 will be on technical performance guarantees for batteries, which primary insurers will be able to include in motor policies, for instance.

In the European cyber insurance market, Munich Re, as the market leader, is concentrating on sustainable profitability and prudent underwriting of risks. "Our cyber business is profitable in Europe as well, even if a number of major losses have brought its earnings power down to slightly below that of the worldwide business. Our clients benefit from our expertise, and are outperforming the market in Germany, for instance. We also selectively underwrite industrial business, but our main focus is on small to medium-sized enterprises and on covering cedants' private-client portfolios," says Hasse.

Demand for cyber coverage is high, with premium volume in Europe rising from just over €400m to €2bn in the last five years. Increasing cyber risks will be firmly accounted for in Munich Re's underwriting business. Munich Re has already added exclusions for systemic risks such as cyber war to its conditions and contributed to the rewording of similar standard clauses for Lloyd's Market Association (LMA). These conditions are currently being adjusted for the local European markets. Munich Re is supporting efforts to improve the transparency and modelling of cyber risks to pave the way for the transfer of such risks to the capital market as well.

Source: 1 | Source: 2

COMBATING CLIMATE CHANGE

Disruptions following the war in Ukraine are rippling across the globe. Many countries are reacting by scrambling to secure alternative fossil fuel supplies amid turbulence in international relations.

But as nations seek near-term solutions for immediate energy challenges, it's important that they don't lose sight of the crucial long-term goal of transitioning the global economy to net-zero. The supply chain disruptions that started with the pandemic have been worsened by the war in Ukraine with food and gasoline prices skyrocketing.

The conflict is hitting energy markets, too, with officials from Europe and elsewhere shuttling between countries and making new friends to strike deals for alternative fossil fuel sources. An inflationary recession is now a distinct possibility. Despite the obvious need for some short-term fixes, it does not change our generational challenge, combating climate change.

The re/insurance industry must continue to play its role in helping facilitate the long-term shift to non-emitting energy sources, even as countries adjust their near- and medium-term tactics to address their most pressing economic priorities.

MORE THAN CLIMATE MITIGATION

The benefits of renewable, locally sourced, sustainable power go beyond mitigating climate change. A shift to renewables offers opportunities for countries to take their energy destinies into their own hands and potentially boost their ability to navigate accelerating geopolitical complexity. Renewable energy, often "near-shored," can be the basis of stronger economies, creating jobs and underpinning growth for nations and companies that embrace it.

Swiss Re has committed itself to this sustainable trajectory. We have established ambitious climate targets, with commitments to reduce the carbon intensity of our investments, phase out thermal coal from our re/insurance activities and work with clients in the oil and gas sectors to help them, and ourselves, on the shared journey to net-zero carbon emissions.

Last year, we signed the world's first long-term purchase agreement for direct air capture and storage of carbon dioxide, worth USD 10 million over ten years, with the Switzerland-based company Climeworks. Additionally, at the most recent World Economic Forum in Davos, Switzerland, we announced our participation in the NextGen CDR facility that will purchase more than one million tonnes of verified carbon dioxide removals by 2025.

We're working with clients to identify their climate-related exposures and providing underwriting risk insights via proprietary re/insurance solutions, like our Climate Risk Score Framework and CatNet geo risk tool. We also provide risk transfer solutions for green and clean energy investments, such as wind and solar projects, which are projected to grow 30% over the next decade.

Our aim is to enable an orderly transition to a low-carbon society capable of withstanding future shocks. Through 2021, Swiss Re has written re/insurance for nearly 9,000 wind and solar farms that are expected to help avoid over 29 million tonnes of carbon-dioxide emissions that would otherwise come from conventional energy production.

The climate is changing

Our cities are changing. As home to more than half the world's population, they are where the fight against climate change will be won or lost.

The warnings of the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6) (August 2021) could not be clearer: climate change is a code red for humanity and system-wide action is needed to limit the irreversible impacts of climate change. Concentrations of greenhouse gases (GHGs) have been increasing and as a result, temperatures have risen leading to climate changes.

The impacts have been evident across the globe, from recent extreme temperatures in Europe, and wildfires in Australia, Greece and California to flooding in Pakistan (covering around a third of the country with water) and across Central Europe, Japan, East and Southern Africa. In early April 2022, heavy rain began to fall in KwaZulu Natal, over the days that followed the South African Weather Service issued increasingly-serious rainfall warnings. Within 48 hours some areas had recorded more than 450mm of rain. Within 10 days 400 people had died, 12,000 homes were destroyed, access to basic services was compromised, roads and infrastructure were damaged, and massive economic costs incurred across the province. The destruction was so severe that the President declared a national disaster. More is to come.

Responding to the challenge

Science stresses the need to halve emissions by 2030 and reach net-zero emissions by 2050 to avoid catastrophic climate change. The world is responding. There have been increasing net zero-related commitments from governments, cities and companies. Net zero pledges to date cover around 91% of global GDP and 83% of CO2 emissions. 240 cities around the world have made net zero pledges.

Cities, which are home to 55% of the world's population, make up 70% of global emissions. Our cities need to decarbonise but are also at risk of exposure to physical climate impacts and risk being left behind in the transition as markets and technologies evolve.

Without intervention, climate change will exacerbate inequality. The physical impacts will manifest differently around the globe, due to the nature of the global climate system and varied levels of resilience. Countries, cities and communities have differing capacities to respond and to transition their economies to be competitive in markets that are increasingly shifting away from carbon intensive products.

South Africa is highly vulnerable to the impacts of climate change and will need significant international support to transition its economy and to decarbonise. As a result South Africa also faces significant trade risk. The country ranks in the top 20 most carbon intensive global economies on an emissions per Gross Domestic Product (GDP) basis, and in the top five amongst countries with GDP in excess of USD 100 billion per annum. The South African economy will face mounting trade pressure, as trade partners implement their low-carbon commitments

Efforts should be prioritised based on an appropriate decarbonisation pathway considering least cost and just transition outcomes. The extent of mitigation, but also the pace and manner in which options are deployed, must ensure that no-one is left behind and that the country is set onto a more equitable, sustainable, resilient and globally competitive pathway. South African decarbonisation levers, in order of priority, include circular economy (reduce, reuse and recycle); electrification and fuel / mode shifting; fuel greening and green hydrogen; and then offsetting.

Demand management (reducing demand for goods and services) is the most impactful lever for a just net zero transition of South Africa's cities and should be exhausted before any other investments in decarbonisation. In the transport sector, this includes reducing demand for transport. Smart spatial planning, designing cities that efficiently use space to enable sustainable development, can play the most significant role on the viable transport systems in a city. This is needed to redress historical inequalities, improve access to services and economic opportunities and to reduce transport needs and costs, particularly for the poorest South Africans.

Food is among the largest drivers of global environmental change contributing to climate change, biodiversity loss, freshwater use, interference with the global nitrogen and phosphorus cycles, and land-system change. Reducing food loss and waste, reducing consumption and shifting to lower carbon alternatives (e.g. from animal-based to plant based products) offer significant decarbonisation potential whilst delivering additional benefits such as improved food security.

Buildings are one of the largest sources of greenhouse gas (GHG) emissions, accounting for over half of total city emissions on average, and are a significant source of air pollution. The heavy lifting in a net-zero pathway will need to be done by the power sector. It is key to decarbonization both on the supply side and by enabling end use sectors to decarbonize through electrification. Renewable energy should be leveraged to fully decarbonise power. In our favour, South Africa's wind and solar resources are among the best renewable energy resources in the world.

We need to change

We need to change. We need to fundamentally transform how we consume and live in this world. Life is going to be tough. As individuals we need to adjust our expectations around what we think we need to be happy. We need to rebuild our sense of community. We need to focus on self-help but also on helping others. Cities need to build resilience, to decarbonise quickly and to position to be on the right side of the transition. The private sector needs to help build resilience and to leverage influence to transform our societies. We need to change and we need to do it quickly.

Each year, World Habitat Day focuses attention on the state of human settlements. This year's theme – 'Mind the Gap. Leave No One and No Place Behind' – We need to be sure that we all do our part to in shifting to lower carbon alternatives. Mind the Gap!

Anthony Dane
Founder, Change Pathways

Anthony founded Change Pathways in 2015 to create a climate research and advisory services model that can facilitate bringing together transdisciplinary teams to tackle complex climate change and development challenges. He has since conducted research and facilitated programmes for multilateral organisations, governments, donors and NGOs covering a broad spectrum of areas including industrial decarbonisation, low carbon and net zero carbon technologies (such as renewable energy, green hydrogen and electric vehicles), innovation, digitalisation, climate research capacity strengthening in Africa, and socio-economic impact assessment. He has also supported corporate clients, to respond to evolving climate change regulations and expectations, including facilitating processes to respond to the Task Force on Climate-related Financial Disclosures' Recommendations. An entrepreneur exploring projects and ventures in the just transition, renewable energy and low-carbon technology space. Anthony holds a MCom in Applied Economics (applications in development) from the University of Cape Town and a BEcon in Environmental Science and Economics from Rhodes University. He previously worked for Environmental Resources Management (ERM), the Energy Research Centre at the University of Cape Town, Incite Sustainability (a small consultancy based in Cape Town) and Anglo American.

Infiniti Insurance is inspired to contribute in this way toward developing awareness, sharing knowledge and building capacity, in support of the achievement of Sustainable Development Goal 7 & 11 for a more sustainable world.

#NOTIMETOWASTE

URGENT MESSAGES

This is a start, but we must do more. Our climate is sending us urgent messages about the perils of not acting. This July marks the sombre anniversary of the 2021 flooding in Europe, where an unprecedented deluge on already saturated soils developed floods that wiped out entire neighbourhoods in German and Belgian towns.

Scientists have said climate change may have contributed to the severity of winter storms this February in Northwestern Europe, by intensifying rainfall and storm surges. May's heavy rains and flooding in South Africa, which also killed hundreds of people, are also being attributed, at least in part, to climate change. Italy is coming off one of its driest winters in decades, while Spain and France have experienced record high temperatures in May and June.

Despite these warning signs, the Paris Climate Agreement's goal of limiting global warming to around 1.5 degrees Celsius is in jeopardy as greenhouse gas concentrations rise to record levels. We must change course. As Swiss Re's Economics of Climate Change report showed, the world stands to lose at least 11% of global GDP from climate change if 2050 net-zero carbon emission goals aren't met.

INSURANCE FOR IMMEDIATE AND LONG-TERM THREATS

The time is now - this is why the short- and medium-term push by nations to secure new fossil fuel resources must remain merely a bridge to a more sustainable future where we rely on renewable power like solar, wind and hydroelectricity. International organisations, including the United Nations, have recognised this, as it warns against losing sight of climate-change goals as we hunt for short-term fixe

Despite these worries, I remain optimistic. With our risk knowledge and risk transfer solutions, we are well placed to support clients, and society, in managing not only immediate risks but also the longer-term, existential ones like global warming. We all must keep this in focus, even when the urgent crises of the day compete for our attention.

I believe re/insurers, including Swiss Re, are uniquely placed to act as a shock absorber in times of crisis. With our ability to collect data about our changing planet, analyse it and translate our conclusions into actionable intelligence, we have the capacity to look beyond the threats of the moment to contribute to the shaping of not only our own destinies, but those of generations to come.

EXPECTATIONS: JANUARY 2023 TREATY RENEWALS

Whether you were following the Monte Carlo Reinsurance briefing (September 2022) or the Baden-Baden Conference (October 2022) or just scanning the Reinsurance Press, there are clear and consistent messages coming from the Reinsurance markets which will certainly impact the upcoming January 2023 Treaty Renewals and are likely to continue well into 2023.

GLOBAL EVENTS

The recent Global events, Ukraine/Russia war (estimated total industry losses @ between $10-15 billion) and Hurricane Ian ($50-65 billion estimated insured loss) to name but two, have once again hit Global Reinsurer's severely and a CAT pricing response can be expected. Key take-away's from these meetings all point to issues of capacity and price as well as linked inflation globally, the likes of which we may not have seen in the South African market for decades. There seems to be unanimity that the reinsurance market hardening which began in 2019 will continue at the January 2023 treaty renewals and for the remainder of 2023 at least.

Whilst property Catastrophe pricing may harden by as much as double digit figures, capacity is also likely to be selectively controlled. This stems from some Reinsurers' diminished CAT risk appetite following a pattern of catastrophe losses, which appear to be tracking one another in both frequency and severity – blamed largely on Climate Change!

The same is not necessarily that dire for the casualty classes however (Motor, Liability and Financial Lines in particular) which have seen some steady rate increases over recent time, despite current losses falling below expectations. But let's not bank on that for too long as these classes are usually longer tail type exposures, characteristically with losses usually being paid a number of years into the future. Here, adequate reserving and ongoing review for inflation is the main point.

INFLATION

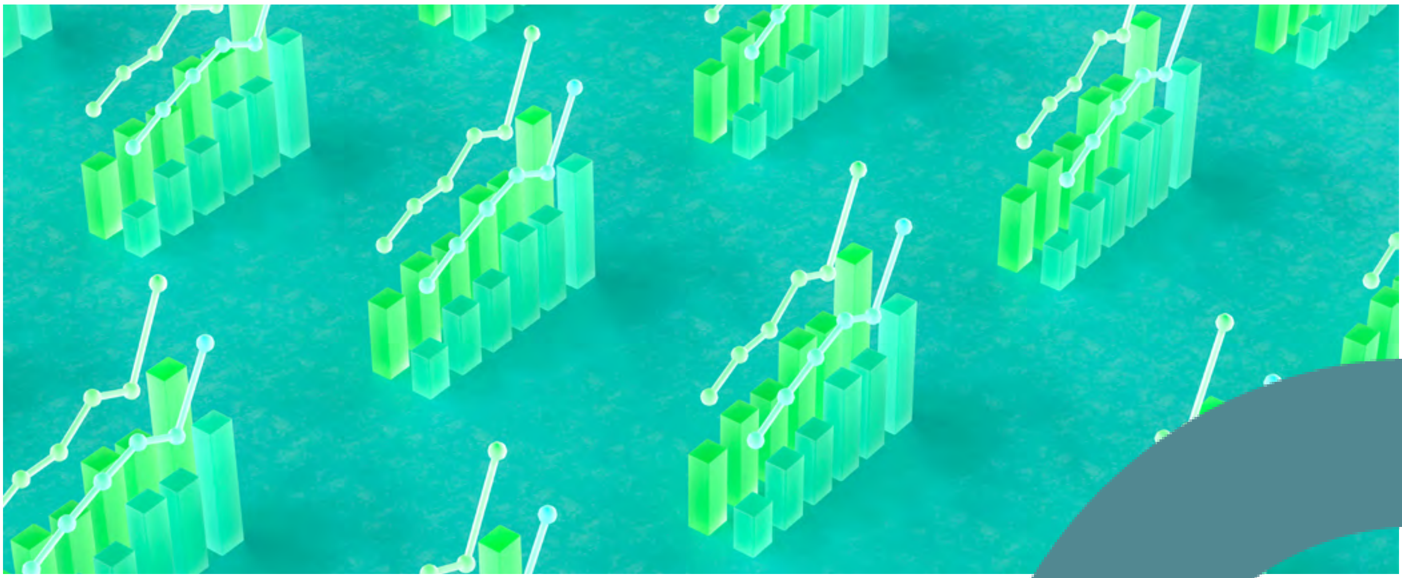
Inflation has become a factor which is relatively new to some first world markets, brought on some say by the Russia/Ukraine war. As a result, most European Reinsurers are seeing their margins coming under additional pressure, especially in Property lines as costs for repairs and reconstruction at the policyholder level spiral upwards. In Africa, and indeed in South Africa, inflation is not new to us and has been a feature we have all become accustomed to for decades already. Nevertheless, inflation in South Africa is steadily rising and its effect will sooner or later impact reserves and loss payments in particular, and other expenses in general (if not already). Insurers would benefit from continuing to pro-actively increase underlying rates and risk sums insureds in some measure to counter those inflationary effects.

HALF-YEAR 2022 RESULTS

Robust Premium growth stemming largely from increasing underlying rates has been welcomed and doubtlessly need to continue. In fact, most Global Reinsurers have posted good GWP increases for the half-year 2022, and their Net Combined ratios have on average also marginally improved, however their pre-tax profits are down as are average Return on Equity ratios. The main driver of these meager earnings are poor investment returns. Fact is, that a third of (re)insurers reported overall losses and this does not bode well for their response to treaty renewals.

MITIGATING A PRICING SHOCK

As Professional Reinsurance Brokers operating and doing business in South Africa and many other African markets for more than 12 years, **Oak Tree Intermediaries (Pty) limited** is well equipped for the upcoming renewals. For us, quality renewal submissions with detailed exposure data, together with a succinct future-focused renewal narrative is paramount to minimizing or eliminating areas of uncertainty in renewal terms and conditions.

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REINSURERS GET PROACTIVE IN FACE OF CLIMATE CHANGE, UNCERTAINTY

The past few years have been brutal on the local insurance industry, with a combination of natural disasters and civil unrest wreaking havoc on loss ratios across the board. But the industry is all about managing risks and reinsurers and insurers alike are already looking for ways to help society manage risks better in future.

ROUXDOLF WENTZEL

Partner of Risk at King Price Insurance

Natural disasters in South Africa are becoming increasingly common. The Knysna fires and Cape storms of 2017 cost the local insurance industry between R3 billion and R4 billion, while the estimated cost of infrastructural damage from the KwaZulu-Natal floods in 2019 was R1.1 billion. 2022 has already brought widespread flooding across the country, causing extensive damage to property and crops.

Global reinsurer Munich Re estimates that natural disasters caused around US$280 billion of damage in 2021, with insured losses of approximately US$120 billion - making 2021 the second-costliest insured loss year ever.

The problem is that weather-related disasters are only going to increase in the coming years. The Institute for Security Studies says there's been a 57% increase in weather-related events over the past 20 years, compared to the preceding two decades, and climate scientists believe this trend will continue to rise.

Right now, there's no danger of insurers not being able to pay claims. In South Africa, and internationally, the industry regulator requires all insurers to maintain adequate surplus funds and reinsurance for potential claims for their exposure to large catastrophe events, like flooding and drought. And the reinsurance market still has the capacity to offer sufficient cover for local markets to mitigate risk, albeit at higher cost.

But what does this mean for South African businesses, farmers and homeowners? Instead of simply increasing premiums, reinsurers and insurers are looking at ways to help clients mitigate their own risks and using data analysis to flag potential areas of future risk. The industry never wants to be in a situation where people can't afford insurance, so it's important that we get proactive in how we support our clients to better understand and manage their risks, and become more resilient and adaptable.

Working with insurers, reinsurers are already tailoring insurance products in unique ways to fit the excess exposure. They're using technology and data more effectively than ever to quantify risks and provide innovative solutions. They're participating in a range of initiatives, such as assisting claims management and underwriting through geographical and historical catastrophe footprint data. This will ensure long-term sustainability through better underwriting, rather than simply exiting certain areas.

The industry knows change is coming, and we're ready for it. At industry level, we're already talking about ways we can help our clients become more resilient to natural disasters. Our ability to offer the protection that modern society relies on, depends on it. As insurers, we have a major role to play in making the world a more sustainable place for all of us.

TECHNOLOGY

"Now is the time for insurers to embrace AI while remaining cognisant of the regulatory environment."

- ANGELIQUE STRUMPHER, AUTOMATED PROCESSING AT SILVERBRIDGE HOLDINGS

TELEMATICS DATA IN FOCUS

The various receptors in and around a vehicle are used for more than just monitoring driver behaviour. How will telematics data be used in insurance and other industries, and, ultimately, how will this impact us as drivers and policyholders?

Your car runs on petrol but your safety depends on data. Telematics technology has enabled drivers to digitise their trips and, in doing so, minimise their risks. By installing telematics technology inside a vehicle – from the everyday vehicle to cold-storage trucks on the N1, to the combine harvester in the mielie field the resultant data has led to innovative ways of insuring clients in South Africa. "For King Price, and many other insurers, AI has been a game-changer," says **Wynand van Vuuren, a client experience partner at King Price Insurance**.Telematics has moved insurance from being a luxury to a practicality. "Where it used to be prohibitively expensive, it can now integrate multiple disconnected sources of data within a company and make sense of what's useful and what's not," says Van vuuren.

QUICK RESPONSE

The first port of call in the ongoing list of telematics benefits is the well-known one: satellite navigation. "Currently, GPS and electronic mapping tools that enable drivers to locate a position, plan their route, and navigate a journey, are widely used in telematics" says Peter Olyott, CEO of Indwe Risk Services. But this is where too many insurers and policyholders stop. Telematics isn't another version of Google Maps, but rather a part of a data-generating system tailored for the driver one that responds to accidents and irregularities, and is constantly negotiating a swifter, safer journey, he explains.

The pros of employing telematics in insurance to this point is well known, says Olyott, "GPS anti-theft systems reduce car thefts and improve stolen vehicle recovery."

Telematics-enabled services such as accident assistance records incidents at the moment of impact, which is then used for compiling crash data reports that provide insurers with specific details of the event, including speed, braking and cornering of the vehicle during the accident.

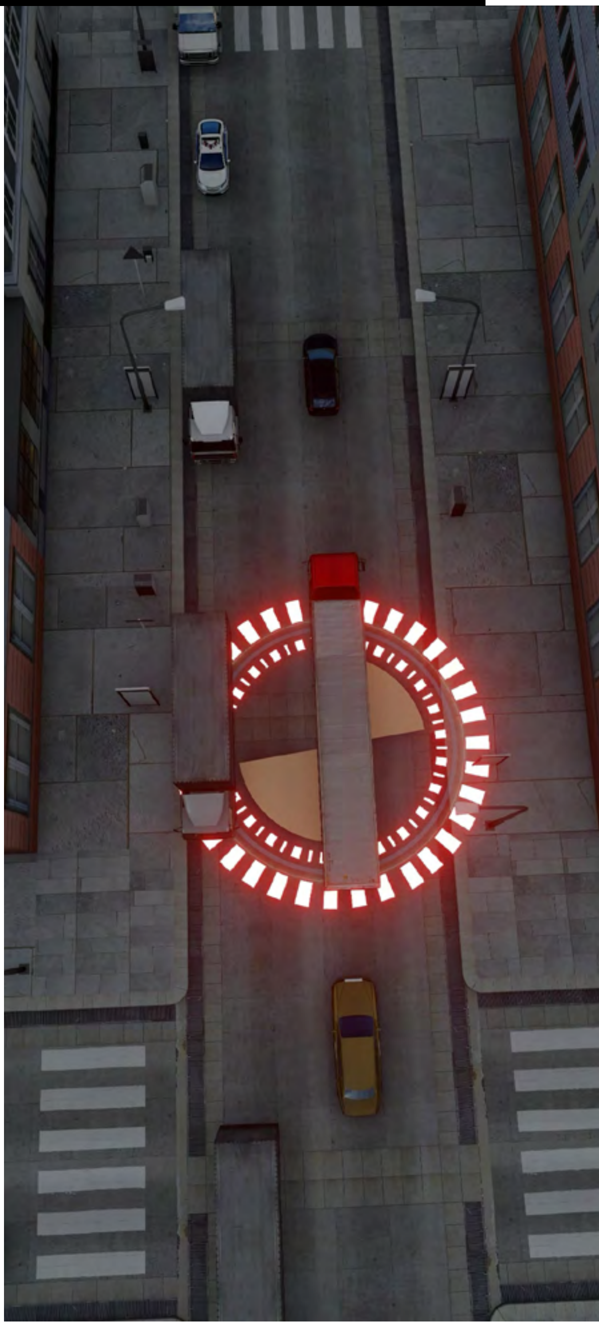
The data that telematics generates has become so refined and responsive that a sudden swerve of the steering wheel or clenching of brake pads will alert your insurer. Having telematics technology installed in your vehicle means that responders will be made aware of an accident even before emergency services are alerted.

"The accident assistance notification is triggered once an impact is detected customers see this as a huge value-add," Olyott explains. Knowing that an insurer will automatically be alerted if you are involved in an accident, and will then dispatch emergency services immediately, is a "huge benefit" to clients, he says.

FLEET STREET

This digital approach to transport doesn't stop at ensuring a safer trip for drivers and passengers, as it's rapidly redefining how cargo is transported across the country. Telematics also improves risk management for commercial fleets, Olyott says. "Information provided by vehicle telematics solutions provides insurance companies and their agents the tools to reward fleet operators that maintain a high standard in traffic safety," he explains.

Frans Prinsloo, Head of Mobility at Lombard Insurance, explains, "In a fast paced and complex trading environment, it is becoming increasingly important to focus on preventing losses rather than budgeting for the cost carrying losses or increased insurance premium. "There are a number of entities that can assist fleet and logistics companies in providing proactive risk solutions. The data obtained from tracking and video-telematics will assist in shaping these solutions," he says.



Prinsloo points to the "office team" concept: people on the ground who assist the driver based on data generated by the vehicle's route. "This is a great asset in a situation of civil unrest, provided they are up to date with what is happening on the road and linked into a network that can provide early warning signs of such events," he says.

"A bureau service can also assist a fleet owner to monitor his fleet," Curtis Davey, Divisional Director of HCV and Commercial at Natsure, says. "This can be done by a third-party service provider who will monitor the fleet owners' vehicles 24/7. The bureau will also contact the drivers should they deviate from their route; or when a vehicle starts making sudden movements, indicating that the driver might be starting to suffer from fatigue." Fatigue and cell-phone usage is the highest contributing factor to accidents and, in some instances, forces the driver to stop in unsafe places. "The use of cameras and the use of a co-driver system is effective in eliminating this," Davey says.

Telematics is also the eyes of fleet-owners in a volatile pandemic market. "The use of cameras is also of great value in monitoring and providing critical information when determining the route that needs to be used when delivering goods," Davey says. "This also assists in monitoring driver behaviour. It should be used as a tool to encourage the right behaviour and not as a method of reprimanding a driver. Making use of safe and secure truck stops is important in ensuring the safety of the cargo," he adds.

Fleet owners should be aware of where the vehicle stops and keep themselves updated on developments along the various routes. Some of the telematics systems are able to force the vehicles to come to a stop if the unit is activated, but this is mostly to reduce hijacking, Davey says.

With the appropriate technology, the office team can track the actual whereabouts of the vehicle, which enables them to advise the driver on routes to avoid, Olyott explains. "Emergency services can be dispatched when the driver triggers an assistance button," he says.

Cold storage freight is the reason food stays fresh on shelves, locally, and when exported overseas. "Cold store freight trailers are increasingly incorporating telematics to gather time-series data on the temperature inside the cargo container, both to trigger alarms and record an audit trail for business purposes," says Olyott. "An increasingly sophisticated array of sensors, many incorporating radio-frequency identification **(**RFID) technology, is being used to ensure that temperature throughout the cargo remains within food-safety parameters," he explains.

DRAWING DIGITAL LINES

With all the data arising from every telematics trip, there are invaluable silos of information funneled into research assistance. Floating vehicle data can provide motor insurers with valuable statistical data about driving behaviour that can be used for fine-tuning complex insurance models for premium calculation, Olyott explains.

Geofencing derives its value from this and further assists in getting passengers, drivers, and cargo to their destination safely and on time. A geofence is a virtual perimeter drawn around a physical location. Like a real fence, it creates a dividing line between the specific location and the area surrounding it, but the technology is able to detect movement inside the designated area. "The geofencing of routes is very helpful in route planning and route optimisation," explains Olyott. "Fleet managers can set geofences around the route destinations that the delivery drivers need to visit and service," he says.

"This capability can assist logistics companies to track their drivers and identify delays, missed visitations, unscheduled breaks, etc. Some technology has the capability of planning a particular route if a vehicle diverts from this a possible alert can be triggered," Olyott continues. his geofencing technology coupled with onboard cameras allows supervisors to follow the journey from an armchair in the office. "The cameras on the dashboards can also assist in viewing live footage of the possible danger that the driver and vehicle could find themselves in. Synergising the vehicle location to the risk area can assist in ensuring that the area is avoided," says Olyott.

Individual driver habits aside, telematics technology has already flagged general risks on our roads, making it not only a proactive tool but a preemptive one too. "We already have data available which provides insurers and drivers an upfront indication of the location of hijacking and accident hotspots," says Justus van Pletzen, Insurance Markets Consultant for Netstar, a subsidiary of Altron.. In the long run, we can expect to see more intelligent geofencing around drivers and risk elements, he says.

WEAR AND TEAR

Accidents can happen but maintenance must happen. The unseen side-effect of getting from A to B is the rust and friction that eats away at your car's driving efficiency and lifespan. The total risk and losses to insurers aren't necessarily found in stolen or written-off vehicles but rather in the minor repair of insured vehicles, Van Pletzen notes. "These minor accidents make up the lion's share of expenses and losses," he says. But telematics data can smoothen out the bumpy ride, so to speak. "How can insurers mitigate these little incidents? By using telematics and increasing driver awareness – how they accelerate, whether they are too harsh on the brakes, among other behavioural changes," Van Pletzen says.

BEYOND CARS

Telematics has spread beyond cars and trucks and into tractors with King Price's "pay-as-you-farm" agricultural insurance product. "Farmers own multi-million-rand pieces of equipment and machinery, including tractors, harvesters, mobile irrigation systems and balers," says Gideon Galloway, CEO of King Price Insurance. These implements work incredibly hard for three to six months a year, but following this period they stand idle in a shed for the other six to nine months. But if your insurer knows exactly when and how often a baler is put to work out in the field, it's easier to customise a specific plan for insuring this machinery.

"The new product gives farmers comprehensive cover for their agricultural vehicles year round, with an annual rebate based on the time that the vehicles are used," Galloway says. "We know exactly where and when the insured equipment and machinery is used, which helps us better manage our risks." Telematics is at the core of pay-as-you-farm. "We attach tracking devices to the insured vehicles and machines which not only allows farmers to always track their vehicles, but to make fact-based decisions on their vehicles' usage, rather than relying on spreadsheets and gut feel," says Galloway.

When farmers go digital the benefits are significant. The certainty for insurers that comes with this data collaboration is welcome in an industry subject to the whims of the weather and the markets. It is estimated that the new product can save farmers an average of 20% on their insurance premiums, while lowering their capital risk and maximising profits.

To good use It's not only commuters, farmers and truckers that need convincing of the potential of telematics technology insurers must be the main drivers behind adoption. While insurance is an industry built on risk, Van Pletzen points out that a considerable amount of insurers have been risk-averse in pushing telematics to their clients.

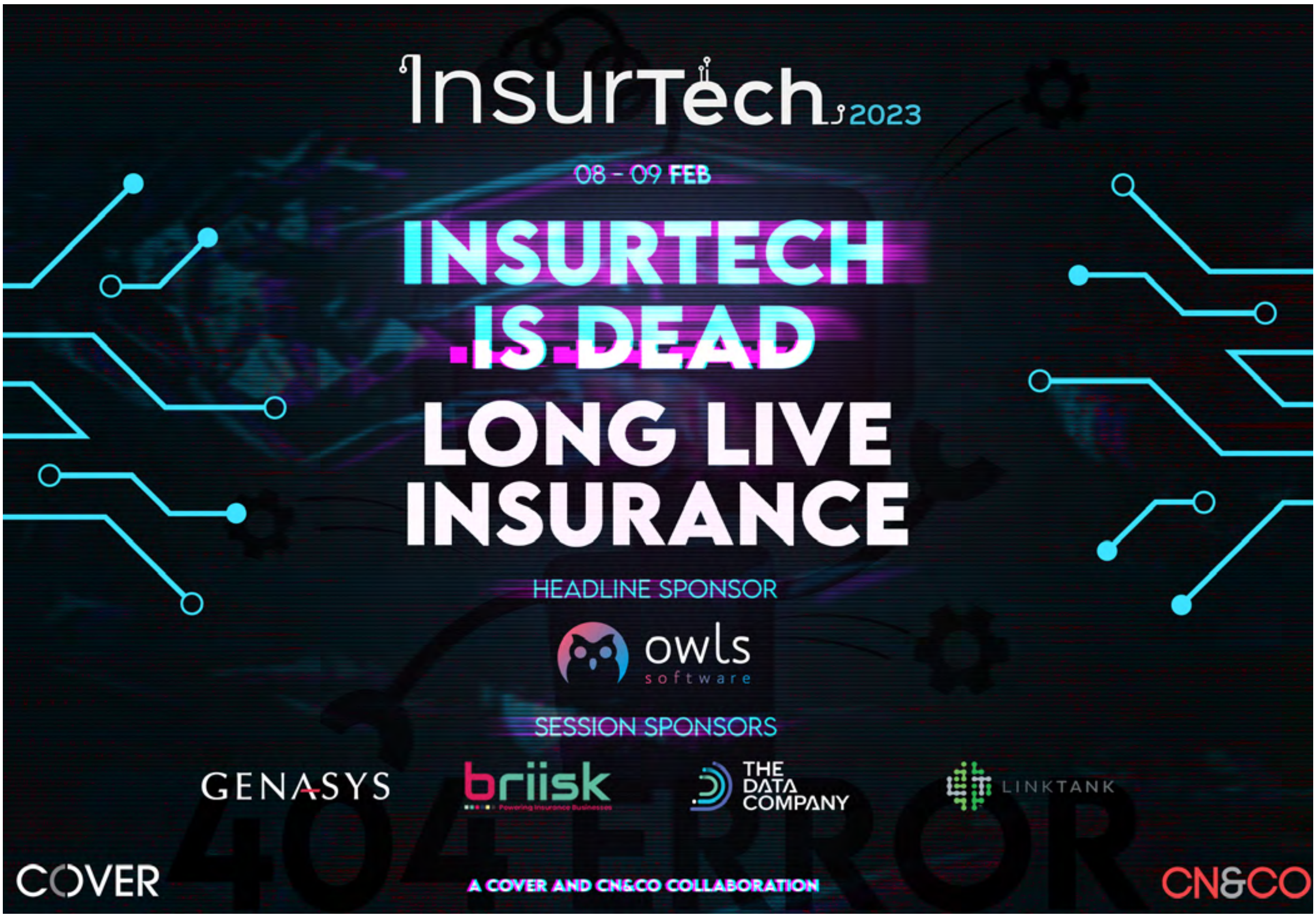
"It seems the competition is so heavy from an insurance perspective that many insurers only look at premiums and miss the other factors," says Van Pletzen. "There may be a general fear of losing clients if they impose too many requirements." But these solutions need to be used to become useful. "It needs to be intelligently used by insurers and I don't think they always have the capacity," says Van Pletzen. It's thus up to the clients and service providers like Netstar to bolster adoption, he adds.

"We've got the methodologies and the technical abilities that could really improve their lives," he says, "either by way of data dumps or intelligent data." Van Pletzen insists that for insurers it's a worthwhile expense.

While insurers aren't obliged to encourage telematics, the gap between those who do and those who don't could widen. With data to back up your driving, clients will start to end up paying according to their behaviour. "Telematics as a whole has a huge percentage play in rates and premiums," Van Pletzen says. If you're a good driver and you drive accordingly, your insurance will be cheaper than that of bad drivers," says Van Pletzen. "It just makes sense."

Telematics is only getting started, Galloway says. "Going forward, AI will enable insurers to provide an even smoother customer experience, with personalised interactions based on client data, while they will increasingly be able to customise coverage for specific items and events. It will also be quicker and easier to settle and pay claims following an accident, while decreasing the likelihood of fraud."

The bottom line for the client is that the more data they generate, the better an insurer will be able to price their risk, which will result in cheaper premiums – with the added benefit of actually saving lives on the road.



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IOT: PAAS VERSUS SAAS

Previously, we examined what constitutes an Internet of Things (IoT) platform and what the environment and its components entail. In this article, we turn our focus to why companies should consider investing in platform as a service (PaaS) or software as a service (SaaS) when it comes to launching an IoT application.

PAAS: THE CUSTOMER BUYS EVERYTHING

PaaS offerings account for approximately 20% of global cloud services. As the name suggests, a PaaS environment provides the business with everything from the runtime to middleware and operating systems. It delivers the building blocks to do most things required from an IoT system. If building an IoT application was compared to baking a batch of brownies, PaaS offers are similar to providing a baker with all the ingredients and all the tools, but not necessarily giving the baker the measurements or a recipe to follow.

Thus, it remains up to the organisation to 'develop a recipe' and build the code to unlock the potential of their IoT application. This is very much a do-it-yourself solution. And although many service providers advertise PaaS offerings to be 'easy' DIY IoT solutions, there is a fair amount of expertise and knowledge required to know how disparate elements fit together and exactly how to integrate each layer of IoT.

> ***"it remains up to the organisation to get the specialist skills in place to deliver an optimal working system."***

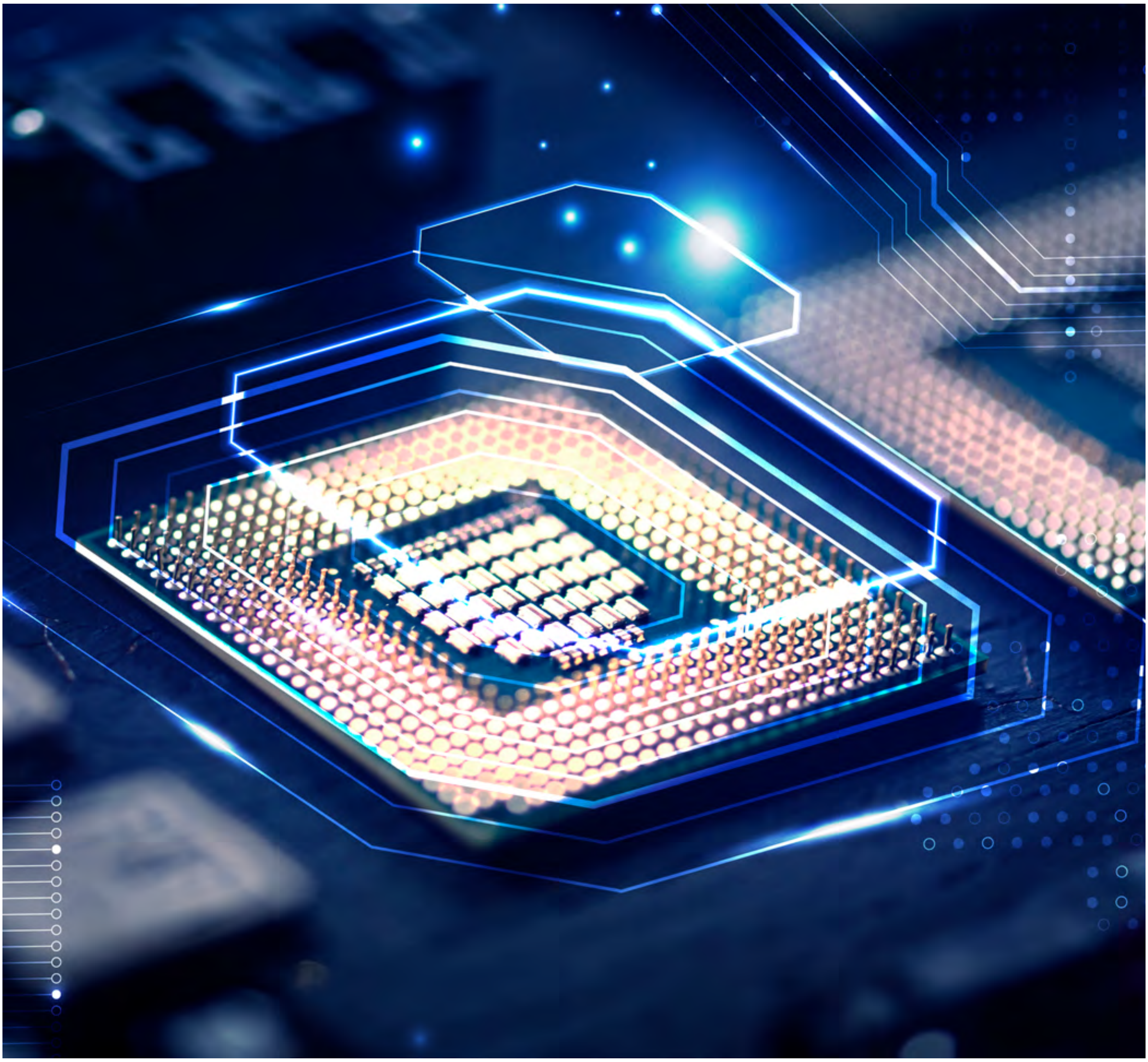
Even though the company does not have to focus on the underlying infrastructure needed for IoT, it must create an environment in which the hardware and software integrate and deliver on business requirements. Despite significant upfront investment in terms of resources, from hardware and software experts, going the PaaS route means the company can customise everything according to its unique needs with costs coming down once the environment is operational.

The big cloud providers like Amazon Web Services, Microsoft Azure, and Google Cloud all provide PaaS IoT offerings. Yet, it remains up to the organisation to get the specialist skills in place to deliver an optimal working system. And just like baking brownies from scratch, there will likely be some flops until a winning recipe is produced.

SAAS: ON-DEMAND ACCESS... BUT ONLY WHEN YOU NEED IT

Expected to grow at 11% annually to 2028, the global SaaS market was valued at almost $166 billion at the end of 2021. Think of SaaS as a cloud service where applications are delivered virtually. If we compare this to the baking analogy, it is similar to buying all the ingredients for the brownie but handing over the grunt work and the baking rights to a private chef to make it for you.

Even though customisations are possible, SaaS is not as flexible as PaaS. With a PaaS offering, you are baking the brownies yourself, according to how you like it, right down to the proverbial metric tablespoon. When it comes to SaaS offerings, although you picked out the ingredients, you have limited say on how you would like your brownies to be prepared.



However, unlike the former, SaaS requires less software development and maintenance work as the service provider takes care of that for your business, so you do not have to. What this does mean, however, is that there may be limited flexibility to build customised business logic.

FLEXIBILITY

IoT platforms can be used to manage many different elements within an application: from managing each 'layer' like connectivity or device management to building unique rules-engine-based applications that use internal logic to leverage data into actionable insights. Whether a company is going the PaaS or SaaS route, the cloud and infrastructure environment delivers the virtual plumbing to create an IoT platform capable of dealing with immense load to meet a company's IoT needs.

All that is left for the organisation is to introduce its customised services on top of the foundation provided by the cloud services providers.

Having an IoT platform to operate from can inject a level of efficiency and productivity into processes which were previously not possible by remaining with a traditional, on-premises approach.

Most importantly, an IoT platform built in the cloud delivers a hands-off efficiency enabling businesses to improve their own customers' experience - an essential in today's digital market.

PaaS and SaaS are your most common offerings but let us not forget IaaS, aPaaS and DCaaS. That is something to discuss on another day.

RISK AND COMPLIANCE IMPLICATIONS OF AI IN THE INSURANCE INDUSTRY

Potentially, artificial intelligence (AI) can reshape the insurance industry. From claims processing and improved application management to delivering on-demand solutions and providing enhanced advisory services, its impact can be far-reaching.

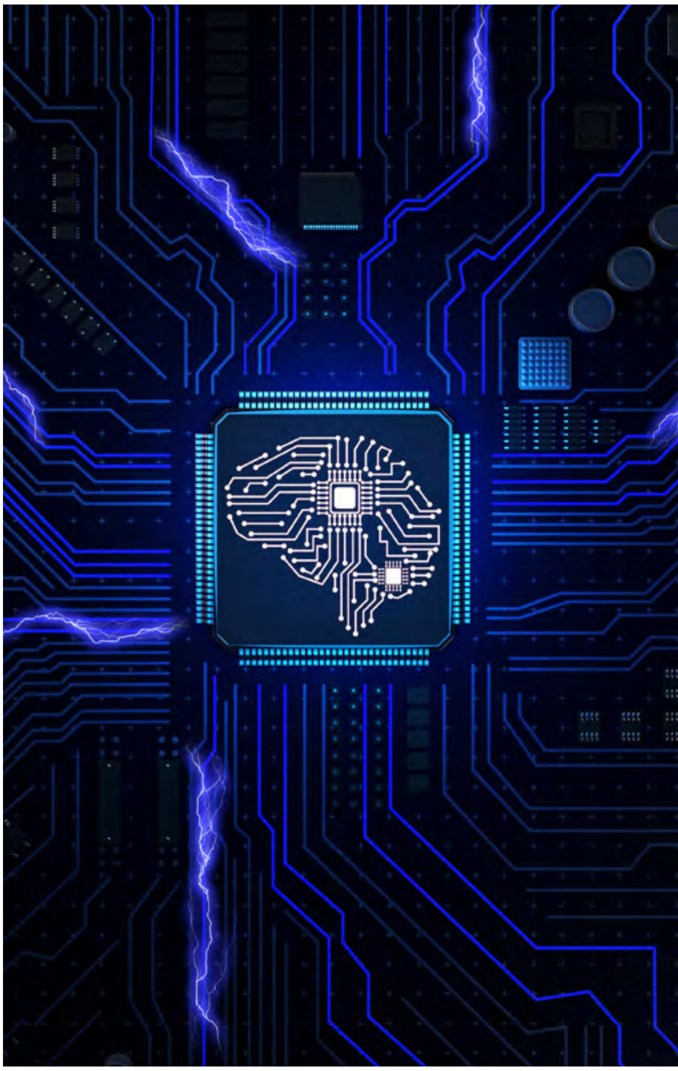
But within the opportunities, potential challenges around risk and compliance must be kept in mind. Most of these challenges centre on how the insurer manages the data at its disposal specifically what systems are accessing the data, to what end, and which users can leverage those insights for claims and underwriting procedures.

LEGAL MATTERS

According to Webber Wentzel, AI systems must account for the requirements of the Protection of Personal Information Act (POPIA). Of specific importance is section 71(1) of POPIA, which governs automated decision-making. 'This section protects data subjects from being subjected to a decision which is based solely on automated decision-making, which results in legal consequences for the data subject and the data subject being profiled.

For instance, an AI system would have the ability to profile customers seeking a bank loan, and determine their creditworthiness based on previous loan repayments, income, indebtedness etc.' The law firm states that the section prohibits a financial services provider to approve or reject an application solely based on the profile created by the AI system. Insurers therefore cannot leave the decisioning process entirely up to technology to manage, regardless of how the algorithms are designed.

INITIAL STAGES



Of course, all this might seem challenging to manage. But it is within difficulties such as these where the greatest opportunities can be unlocked. In many countries where General Data Protection Regulation (GDPR) is adopted, there is a constant evolution of the regulation on AI usage across several sectors, financial services being just one. This is vital to introduce accountability into the process and prevent the potential for abuse and misuse.

In doing so, consumer confidence in the usage of AI in insurance will increase. Insurers will also better manage the complexities of the regulatory environment as they know exactly what is required from an implementation perspective. Even though AI can be considered to be in the preliminary stages when it comes to insurance, this also provides significant impetus to scrutinise the technology and understand the business use cases for incorporating it into existing systems.

For instance, claims management, a labour-intensive process, can become more efficient and effective in terms of decisioning by incorporating elements of automation into the value chain. Leveraging intelligent process automation, neuro-linguistic programming capabilities, and the like, insurers can dramatically streamline something that used to take a significant length of time to complete.

Furthermore, automation and AI can cut down on fraud. Algorithms can be put in place to identify fraudulent claims. This not only saves the insurer money, but also creates a smoother underwriting experience for customers as well. For our part, SilverBridge has been focused on building intelligent solutions such as Smart Claims and Smart Underwriting to provide a critical balance between machine-driven automation and human knowledge.

NO IGNORING THE POTENTIAL

When the regulatory environment and its requirements are considered and adopted, an insurer who uses AI to collect, analyse, and embed data-driven insights into its core processes can unlock significant value. Just consider the potential of optimising sales, distribution, pricing, underwriting, and claims management. Local financial services providers are embracing data-driven solutions to increase engagement with customers while meeting regulatory compliance requirements. An example of using technological innovation and data analysis to provide customers with uniquely tailored products and services to increase engagement are companies that use rewards programmes.

The opportunity is that the more clients engage with technology; the more data is generated to be used in AI processes that help in the generation of analytics that lead to the creation of compelling value propositions for both the insured and insurer. Now is the time for insurers to embrace AI while remaining cognisant of the regulatory environment.

HEALING AT HOME IS TECH-ENABLED

HEALTHCARE AT ITS FINEST

During the pandemic, the healthcare sector in South Africa was under severe pressure. This was a time in which all sectors had to embrace technology.

Home-based care provides patients with the opportunity to heal in an environment they're comfortable in and familiar with, but this would not be possible without the right technological integrations.

Technology aided the acceleration of this approach. There is an understanding that technology drives up the cost of healthcare. We had to find smart ways to reduce the cost of healthcare. This included diagnostics and monitoring of patient vital signs as well as remote app-based wellness tools.

"Home-based care provides patients with the opportunity to heal in an environment they're comfortable in and familiar with, but this would not be possible without the right technological integrations."

Technology truly allows healthcare professionals such as nurses or doctors to monitor a patient's vital signs and information while flagging areas of concern and treatment plans. Home-based care presents unique benefits to patients. This treatment system avoids secondary hospital-acquired infections, reducing infection rates. Patients also have family support, which often means that patients recuperate better.

A home-based treatment also significantly cuts down large hospital bills. Many complicated or long-term hospital costs arise due to secondary infections acquired at in hospital. Most of those should be treated in hospitals but can be treated at home. Infusions and drips are already being administrated at home, and this usually halves the cost of the procedure. Medical schemes are now starting to incorporate products in line with home-based care. Our product is called **'Healing@Home'**, and we are rolling this out in 2023. Perhaps long term, we will see more home-based care being entrenched into new benefits and scheme packages in an effort to bring down costs.

In many instances, **Healing@home** is simply a better way of healing. There is less risk attached and that brings down the cost for medical schemes and members. However, not all diseases can be treated at home. It is also important to note that the tech that enables home-based care cannot replace doctors and other healthcare professions. This is not a new treatment but a process which allows members and doctors the choice of treating in a different venue. This process must be carefully managed to establish protocols and have our clinical advisory teams look very closely at it before they approve specific treatment so that you receive your healing at-home.

I wholeheartedly believes that education combined with technology are the key to both saving lives and saving money. The healthcare system should continue to embrace these advancements to better cater to people by not only caring for them but by making quality healthcare more affordable and accessible.

INCENTIVISING STAFF IN THE NEW WORLD OF WORK

Tavio Roxo CEO OWLSTM Software talks performance incentives and keeping staff motivated.

Tony: One of the difficult things currently, is that people work remotely, people work part-time, people work project based, and then you have full-time staff that are working in isolation on their own and sometimes in a team but sitting somewhere remote. This makes it quite a difficult environment in which to keep staff motivated. What do you think motivates digital natives?

Tavio: There is a couple of things, but first, I am not an expert in this field, let us just state that at the outset. The only contribution that I can make to this discussion is that from the outset, with our company's establishments in 2007, we recognized then that you would not be able to execute on a business model like ours using the traditional office space model with bringing people to a central place. Because we recognized back then that some of the skills that we required were not available, for instance, in the Johannesburg area.

We had to have a model where you were able to get skills from anywhere in the country or anywhere in the world. A few of the items presented themselves as issues around how you attract the right digital native, what do they like and how do you keep them incentivized in your business?

The first thing is that we realized that every single person is different, there is no paint for all. A key factor in today's world is the ability to work completely remotely without the necessity to have to come into the office. With that then, as you mentioned, brings some difficulties around alignment of staff and getting everyone moving in the right direction.

Tony: Based on that then, how do you get buy in? While everyone is different, you are trying to get something that works for everyone, that will motivate a variety of different people. How do you implement something like that? Do you go around asking them?

Tavio: To get alignment is always difficult but one of the things that we have tried to put in place is the breaking down of everything into small work packets where there is a clear alignment relating to that specific work packet. Then the accumulation of multiple work packets from different people gets you to the end goal. But we break down, in our business, every function. It does not work through email or through an interaction in person, it would work through a workflow where someone gets a work packet with an amount of time allocated to be able to perform.

Tony: Once you have a performance incentive or a system implemented, how do you keep the people involved and excited without it getting stale?

Tavio: An incentive program that does not have subjectivity in it, but is really an objective metric, in which the person who is being measured can dial up their performance or dial down their performance themselves, really does assist in keeping them engaged. Because if they dial it down, they are essentially the master of their own destiny, they are the master of their own performance. You measure them in real time, digitally.

In our world that is how that would work. But, in our client's world you can start measuring items like the amount of time it takes to close off a claim or the amount of time that it takes to perform a cash allocation, et cetera. You are able to then tie in performance metrics and bonuses to these metrics. Metrics which are available to be measured in real time.

Tony: In closing, how do you motivate yourself?

Tavio: I am chasing the one thing that I really enjoy, which is seeing people get excited about software. I have told you this before, and it really is important for me, and I have it every so often where I am in a meeting and I show someone something and they just go 'wow, that has been a big issue in our world for such a long time', and that is the best motivation.

EVENTS

"It always seems impossible until it's done."

- NELSON MANDELA

INSURANCE INDUSTRY PRAISED FOR ITS RESILIENCE AT THE 2022 CIB BROKER AWARDS

The annual CIB Broker Awards took place recently at The Ivy in Bedfordview, Johannesburg. The event drew broker partners from across the country together to celebrate excellence in the CIB broker community over a 12 month period. "And what a crazy 12 months it has been!" said Jon-Jon Smit, CIB's executive head of sales and marketing. "As a short term industry, we have seen abnormal weather conditions and the looting going back to 2021, then just when we thought we were through the worst of it, the KZN floods in April 2022.

In conjunction with these, we have seen the effects of various stages of consistent loadshedding, the increasing costs in food and energy, and CPI at 7.8% - the highest it's been in 30 years. "One thing I think we can all agree on is that uncertainty is the new normal." Jon-Jon praised the industry's resilience for standing up and surviving all the adversity that has come its way in the past few years.

"We battled COVID and notched up a few scars, but we have taken some key positives from that in the way we interact with customers and our own working capabilities . I do think moving forward we will see more opportunities for brokers as the need for professional risk advice and expertise increases. A major need for risk management is also emerging as a preventative measure rather than a reactive one. In addition, we believe that product design and service delivery around our customer needs will become more prevalent moving forward."

THE AWARDS

Winners were announced in four categories, Here are the winners

Corporate broker of year

- 1st PSG Insure
- 2nd (shared) FNB Insurance Brokers and Econorisk
- 3rd Momentum Consult

New broker of the year

- Vesta Brokers

Silver category winners

- 1st RNC Personal Actuarial Advisors
- 2nd FNB Newcastle
- 3rd Origin Financial Holdings

Gold category winners

- 1st GJM Ultra Brokers
- 2nd Bettercover
- 3rd MBG Reliant

Diamond category winners

- 1st PSG Meesterplan
- 2nd Insurisk Financial Consultants
- 3rd Jurgens Insurance Brokers

HOLLARD CROWNS TOP DRIVER IN

INSPIRATIONAL HIGHWAY HEROES COMPETITION

Hollard Trucking's transformative annual competition, Hollard Highway Heroes, has come to a close for 2022 and a winner has been crowned. Sabelo Dlamini from Agritrans is the lucky winner who walks away with our grand prize of R75 000 for superb driving in the Flatdecks category of our Hollard Highway Heroes competition.

Every year, the company runs a competition to honour truck drivers who go the extra mile to not only deliver their cargo intact and on time, but also to drive safely and responsibly while keeping an eye out for other drivers and their fleet owners. The contestants are observed for speeding (defined as any event exceeding 85km/h for more than 15 seconds), fatigue driving during the day (driving for more than 300km, or four hours, without taking a break), and at night (driving for more than 150km, or two hours and 15 minutes, without stopping), as well as overall distance travelled.

The skills exemplified by Dlamini are remarkable. We're really pleased with the competition and its impact on our roads. We believe that the generous prize money and the recognition that our overall highway hero receives will motivate other truck drivers around the country to take action and adopt safe driving habits," says Elka du Piesanie, Bureau Operations Manager, Hollard Trucking.
"I am very excited to have won R75 000 for driving well.

Participating in the Hollard Highway Heroes competition has been a very interesting journey. It is surreal to have been selected as the overall winner this year," says Sabelo Dlamini, the newly crowned winner of the competition". "We're tremendously grateful to fleet owners, logistics companies and drivers for participating in the competition," says Paul Dangerfield, National Operations Manager at Hollard Trucking.

"We're incredibly proud of our top driver, who has worked hard to be at the forefront of his industry, keeping our roads safe by modelling safe driving practices and keeping an eye out for other drivers.

"In order to excel in the Hollard Highway Heroes competition, drivers must demonstrate safe driving practices at all times. We've discovered that participants not only improve their driving, but also continue to drive safely once the competition is over. That's a win-win-win for all," Dangerfield adds.

The overall winners are: Tippers – Tori Martin Ramokgadi; Tautliners – Pieter Fredericks; Tankers – Thabani Khubeka and Reefers – Ronald Ntombela. They each walk away with R25 000.

"We're so proud to be fulfilling our business purpose of creating and securing Better Futures for all. We look forward to receiving a bumper number of entries for next year's competition," Dangerfield concludes.

EVENTS TO LOOK FORWARD TO..

AIE 2023 EARLY BIRD NOW OPEN

AIE 2023 will take place in person and online from 24 to 26 July 2023, with an early bird special that runs to 20 December 2022.

Register today!

INSURETALK 2023

The Insurance industry have seen value in online conferencing so whether working from home, the office or in a hybrid environment, InsureTalk is the ideal platform and conference of choice which connects, entertains and educates professionals from across the insurance industry. Book your 2023 dates now.

Register today!

INSURTECH 2023: TECH WHEN NEEDED HUMAN WHEN WANTED.

We are excited to announce that the second installment of Insurtech2022 is scheduled for the 8th and 9th of February 2023.

Save the date!

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