COVER

MARCH 2021 ISSUE

ALL THINGS WHEELS

WHEN BASICS AND INNOVATION MEET


WHY RENASA, ROGER?


BECAUSE BROKERS BENEFIT FROM RENASA'S STATE OF THE ART TECHNOLOGY YET KEEP THEIR PREFERRED OPERATING SYSTEM, ARCHIE!

MAIN STORIES

ALL THINGS WHEELS

Insuring vehicles has always been the foundation of the insurance industry, but, with a fast changing personal and business transport landscape, innovation is transforming the industry as I write. This feature provides some perspective.

ART OF INVESTMENT STRATEGY

A well designed investment strategy has always been an essential part of financial advice. The past 12 months have proven the value of this approach. Join us as we unpack the art behind an effective investment strategy.

CONTINGENT BUSINESS INTERRUPTION

BI insurance has been at centre of the COVID fall out for the insurance industry, with insurers pushing for legal clarity on claims payments. Now that there is certainty, The FSCA has called for insurers to ensure clients understand the claims process.

BUDGET 2021

It might seem like the budget speech has come and gone, and life has moved on. However, the implications of Treasury's strategy has far reaching and sometimes unforeseen implications. We obtained a broad range of comments from industry specialists to unpack this for us.

Subscription rate: R490 p/a (incl VAT) [Print copy] in South Africa.
Other rates on application.

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

DIGITAL MARKETING
Brent Munnik
brent@cover.co.za

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

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

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

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

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

Publisher
COVER Publications

Street address
25 Harbour Heights Drive,
Simonstown, Cape Town

Postal address
P O Box 2030
Sun Valley, 7985

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

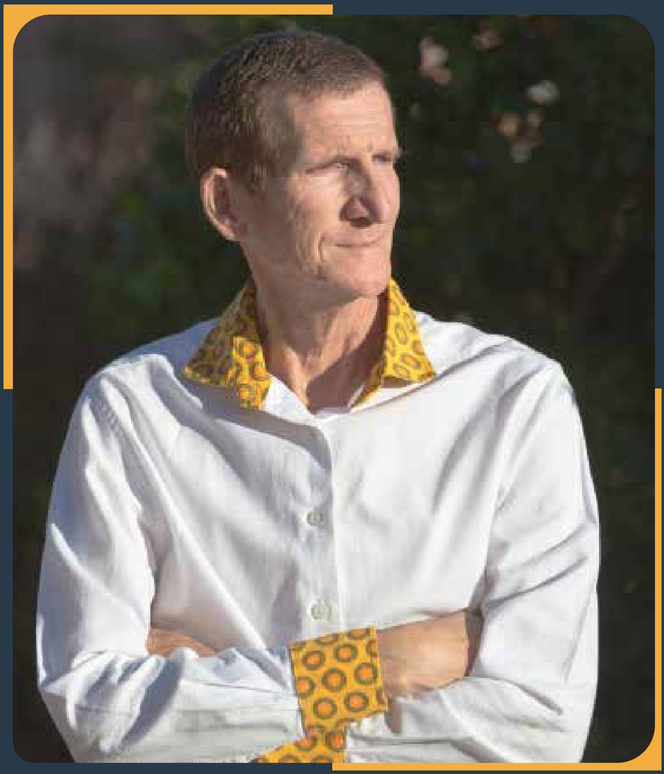
MARCH 2021

GENERAL

SHORT-TERM

ALL THINGS WHEELS

FINANCIAL PLANNING



All Things Wheels

Tony van Niekerk, Managing Editor, COVER Publications

70% of all short-term insurance claims in South Africa are accident related. Linking South Africans' love for cars and a vehicle population of approximately 9,7m, with our dismal driving behavior, alcohol consumption and increasing weather related incidents, those who insure our vehicles have their job cut out for them.

Anyone in the motor insurance industry long enough would clearly remember the 2013 hail storm in Gauteng and the floods a few years back. Notorious for its late afternoon storms, both these incidents saw massive numbers of vehicles in peak hour traffic being damaged, resulting in record levels of claims. However, this has also seen innovative early warning initiatives, resulting in increased risk avoidance by motorists.

2020 and the national lockdown also saw an acceleration in pay as you go and mileage related motor insurance initiatives. Although there were already a few, mostly smaller startup insurtechs, using innovative mobile apps to charge for insurance on this basis, most insurers quickly started either providing general discounts or implementing mileage related premiums. Based on the feedback from the various contributors to our motor insurance feature, these, mostly hastily introduced innovations, will become the order of the day in future.

But this is the tip of the iceberg in the evolution of motor insurance. The future definitely lies in connected vehicles, driver behavior monitoring and consumer value added benefits. Swiss Re estimated a few years ago that by 2020, two thirds of new vehicles will be connected to external platforms in one way or another.

(I think we might have surpassed that already) The personalization trend, strides in IOT innovations and now events like COVID, are fueling driver behaviour tracking and modeling, with consumers all of a sudden much more agreeable on this monitoring, because they have experienced the benefits first hand in 2020. Consumer value added benefits like road side assistance, automatic accident alerts and mobile motor claims applications have been active for a while and is now well entrenched. Not for the near future, but still to be kept in mind for a certain class of vehicles, the growing use of ADAS (Advanced Driver Assistance Systems) will certainly have an impact. According to the US Department of Transport, V2V (vehicle to vehicle communications) can reduce driving accidents by up to 76%, changing claims behavior and focus completely. Lastly, another COVID acceleration, is trend towards mobility, away from vehicle ownership, especially in the metros in South Africa, where ride sharing has taken off greatly.

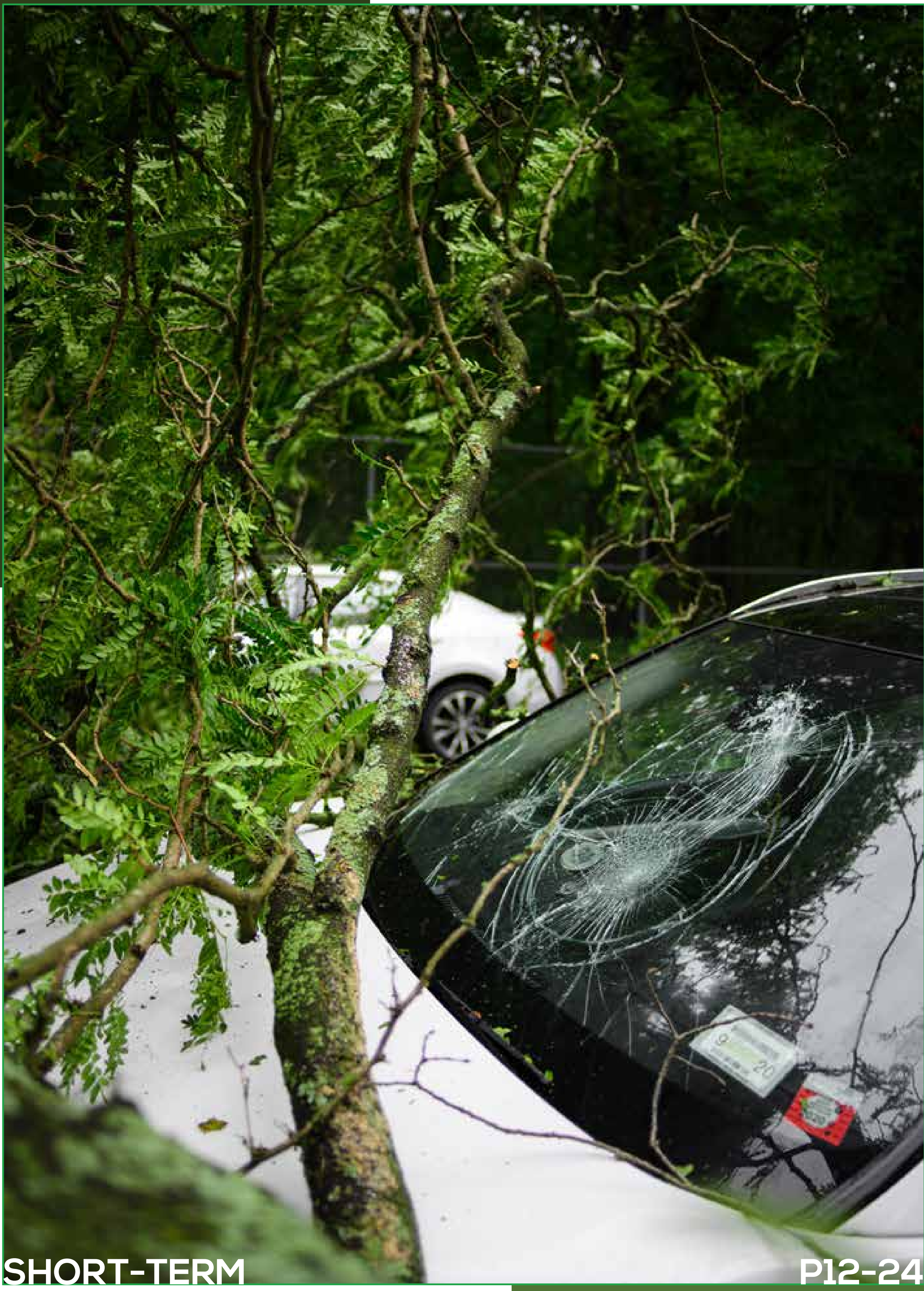
From the above it is clear that the motor insurance environment is evolving at an accelerating pace, mostly in a positive way for those who embrace the change. Here we see brokers increasingly having access to white label platforms to take advantage of the latest innovations while keeping up with direct insurers and sharing benefits with insurtechs. **All things wheels will form a major part of the insurance industry for many years to come and the innovations have just begun. I'm excited, very excited.**

We pride ourselves on innovative investment solutions – like delivering on clients' offshore investing needs through our Momentum Wealth International offering, and our outcome-based investing approach that targets a specific return over a chosen period, giving your clients the best chance of achieving defined goals. But we don't just use our brains. We also use our ears. We listen to financial advisers, because nobody knows your clients' personal needs like you do. Together, we transform the hopes and dreams of clients into reality. Join the unstoppable force of momentum. **Because with us, it's personal.**

Speak to your Momentum Consultant or visit momentum.co.za

Momentum Investments @MomentumINV_ZA Momentum Investments

momentum
investments


SHORT-TERM
P12-24

Personalised cover for the affluent segment

By Santam Insurance

In today's ever-changing environment, it's important to ensure you have the correct insurance cover that meets your needs. Santam's Personal Lines Executive Product was launched in early 2020 specifically to provide a premium insurance solution for affluent individuals.

The Executive Product forms part of Santam's Segment Solutions – a business unit that focuses on relevant consumer and business segments by providing packaged solutions around risk with in-depth knowledge and value for those segments.

One of the key features of Segment Solutions, including the Executive Product, is that, over and above providing value, it also provides brokers with specialist knowledge, support, underwriting and risk management. Karen Muuren, Head: Segment Solutions at Santam, answers the most pressing questions about this new product – and why it's worth considering.

WHAT MAKES THE PERSONAL LINES EXECUTIVE PRODUCT UNIQUE?

The Personal Lines Executive Product is a bespoke solution. The offering is broader, with higher limits specifically suited to discerning individuals looking to insure their most valuable assets.

We also introduced cover for contents on an asset all-risks basis, which includes flexible worldwide cover against loss or damage of up to 30% of the contents insured amount. This provides a solution for clients to not have to specify items taken out of their homes on a regular basis, separately on the policy.

WHY HAS SANTAM CHOSEN TO LAUNCH THE EXECUTIVE PRODUCT?

Santam did extensive international and local research into market segments that have large growth potential but also have unique needs. The findings from this research pointed to the need for an insurance product that included cover for high-value household contents like fine art, jewellery and collectables.

Many brokers had already provided us with feedback that a product such as this had been requested; however, our additional research impressed upon us just how large this need was.

HOW DOES THE EXECUTIVE PRODUCT ADDRESS THE NEEDS OF YOUR HIGH-NET-WORTH CLIENTS WHO ARE MOST LIKELY TO OPT FOR THIS COVER?

A lot of insurance companies speak about value proposition. However, when speaking about value proposition, you cannot ignore service, claims, pricing and brand value, which are inextricably linked. At Santam, our Executive offering includes a dedicated claims and service hub.

Through our dedicated Executive service hub, intermediaries have access to a team of expert claims and service consultants who are available to assist with any insurance enquiry.

The offering is tailor-made, which doesn't mean complicated. That's why we provide a simplified policy wording with covers and limits that are easy to understand, and both automatic and optional covers that can be customised to meet clients' individual needs.

Our premiums are personalised and are calculated using scientific ratings to ensure clients receive competitive rates, dependent on their individual risk characteristics. Our excess structures are easy to understand and stipulate flat rand amounts.

With the Executive Product, it's all about the unique and differentiated experience. Additional benefits are available to all our Santam clients, such as:

- Protection against the application of average on building and contents cover, subject to using Santam valuation tools and providers
- A policy that provides additional covers automatically at no additional cost
- Weather notifications to help clients safeguard their assets
- SOS services, which include 24/7 emergency roadside assistance, home-drive assistance, household repairs, legal advice, medical and emergency services, as well as route assistance
- Clients have access to additional tier points for their Santam personal lines policy if they are a Sanlam Reality member
- Our Guaranteed Value Insurance offering removes any uncertainty about what clients can expect when claiming if their car is written off or stolen
- SmartPark™, which entails saving up to 20% on one's vehicle insurance premium if driving less than 15 000 km a year.

HOW DOES THE EXECUTIVE PRODUCT FIT INTO THE CURRENT CLIMATE?

COVID-19 has clearly shown the vulnerability of the markets and client behaviour. With clients' ever-changing circumstances, the Executive Product offers clients a tailor-made option that protects what's most important to them – without any hidden inclusions.

DO YOU HAVE ANY STATS BASED ON THE SOUTH AFRICAN OR GLOBAL MARKET IN SUPPORT OF THE NEED FOR THIS OFFERING?

In a South African context, the average South African individual has net assets of approximately R180 000 (wealth per capita). This is a relatively healthy level when compared to most other emerging markets. There are approximately 38 400 millionaires (HNWIs) living in SA, each with net assets of R16 million or more, and 2 030 multi-millionaires, each with net assets of R160 million or more. Lastly, South Africa is the largest wealth market in Africa and the 32nd largest worldwide (in terms of total wealth held). From these statistics, we have determined that there is a healthy market for our Executive Product.

For more information on the Santam Executive Product, speak to your relationship manager, or visit santam.co.za. Santam is an authorised financial services provider (licence number 3416).

SAMBRA supports opening up of motor body repair market

By Richard Green, national director of SAMBRA

The South African Motor Body Repairers' Association (SAMBRA) has over the years been one of the strongest advocates for a free market strategy as well as the entrenchment of client' 'right of choice' of service provider.

We strongly support the Competition Commission's new Guidelines for the Automotive aftermarket sector and the opportunity to open up the motor body repair sector specifically to allow greater freedom of choice.

The guidelines promote inclusive and fair allocation of repair work by insurers and will do away with any anti-competitive behaviour as well as broadening the pool of repairers' significantly for consumers who now will have a much wider choice of approved accredited repairers within their geographic area. "As a sector we strongly reject any bias, no matter what form it takes and have always robustly opposed any form of unfair business practice.

I am fully supportive of the standards and specification guidelines from OEMs, but has been lobbying for some time to ensure these are fair and equitable and are not restrictive in number. We must not lose the connection between the Motor Manufacturers and the Motor Body Repair industry, as the connection is essential to ensure continued skills development - without it repair quality will suffer, which is ultimately not in the interests of the consumer.

The guidelines for part suppliers is positive as the cost of premium vehicle parts is currently not sustainable and alternative parts manufacturers, which are able in many instances to produce body parts matching the specifications and quality of premium parts, have already made significant inroads into the genuine parts market. We have said in the past that unless OEMs produce creative and effective alternatives, the erosion of their original part market share will continue. An additional impact is the increase in effective repair technology which allows MBRs to repair panels that were previously replaced.

The guidelines which come into effect in July 2021 will ensure transparency, fair competition and market access for any/all motor body repairers' that have attained the industry recognized SAMBRA' grading. It is also essential that OEM approval standards are retained for repairs that require specialist technical knowledge and equipment. OEM' need to open up their supplier base to paint companies as more local production is a necessity to encourage local investment, training and employment. Only a small percentage of paint and equipment supplied to the MBR market in South Africa is locally produced.

For the South African motor body repair sector which is struggling financially in the wake of Covid-19, these guidelines could not have come at a better time to stimulate growth. As an industry we are committed to working tirelessly with all our business partners to ensure a sustainable trading environment which benefits the consumer.

SAMBRA


www.fishgate.co.za_NS_11102

The FSCA's current position on Contingent Business Interruption Insurance

by FSCA

1. PURPOSE

This Communication sets out the FSCA's current position on certain aspects of CBI insurance cover as well as its expectations of non-life insurers and policyholders in respect of CBI claims, in order to ensure that the processing of these claims is not unduly delayed and in line with the legal certainty that has been obtained in recent judgments.

2. POSITION REGARDING LEGAL CERTAINTY

Following recent discussions with the non-life insurers with CBI cover exposure, it was confirmed that they hold the view that legal certainty has been obtained. Insurers have proceeded to review previous and current claims to make sure that claims decisions are in line with the recent court judgments.

3. TIME PROCESSES AND CLAIMS REQUIREMENTS

The FSCA received some complaints from policyholders regarding the 'burden of proof' requirements for CBI claims. Insurers are reminded to consider the guidance that the FSCA issued in this regard in FSCA COMMUNICATION 34 OF 2020 (INS) and to finalise these claims as expeditiously as possible. Most importantly, insurers must ensure that policyholders do not face unreasonable post-sale barriers to submit CBI claims.

In order to assist policyholders with the information to be submitted to insurers for the claim assessment process, the FSCA considers it advisable for insurers to develop a set of 'Frequently Asked Questions' (FAQ's) related to CBI claims and host these questions with responses that are clear and visible on their websites where it is easy for policyholders to access it. The FSCA will be engaging further with insurers on such a measure.

Several insurers indicated that some policyholders have only sent claims notifications to them and have not provided the necessary supporting documentation to enable them to assess the claims. Policyholders are urged to liaise with their brokers and contact their insurers urgently with the necessary information. Likewise, it is expected that insurers provide detailed guidance to policyholders in this regard as CBI claims are of a technical nature.

4. THE TRENDS CLAUSE

The FSCA and the PA also engaged the non-life insurance industry regarding the "trends clause"[1] and the possible application thereof by insurers in the claims assessment process. The FSCA requested insurers to be mindful of the factors to be considered when applying the "trends clause" and to ensure that it is applied in line with the court judgment. This means that no insurer may, when it considers adjusting the loss that a policyholder has suffered as a consequence of Covid-19 and the government's response to it (composite insured peril), take into consideration circumstances which are part and parcel of the composite insured peril. The FSCA will closely monitor how the "trends clause" will be applied by the non-life insurance industry.

5. INDEMNITY PERIOD

After discussions with the non-life insurance industry, the FSCA ascertained that the dispute regarding the indemnity period does not apply to most of the insurers providing CBI insurance cover. Thus, the dispute will not affect the majority of CBI claims that have been lodged.

The FSCA explained a "trends clause" as a clause in an insurance contract the purpose of which "is to adjust the loss an insured has suffered as a consequence of the insured peril, so that the insured is put in the same trading position after the business interruption, as if it had not happened".

6. INTERIMPAYMENTS

In July 2020 the FSCA and PA reached an understanding with the non-life insurance industry that interim relief payments would be made to policyholders, while legal certainty was being obtained from the courts. Some insurers provided these payments to policyholders on a "full and final" basis.

Where a policyholder accepted the interim relief payment on a "full and final" basis, the policyholder is bound by such agreement with an insurer provided an insurer has complied with the requirements set out in the FSCA press release titled FSCA's latest stance on Business Interruption insurance cover, dated 24 July 2020. Where a full and final settlement has been reached, a policyholder will not be entitled to any additional payment from an insurer.

A policyholder who, on the other hand, accepted interim relief payments on a without prejudice or not on a "full and final" basis may be entitled to receive additional payment, if applicable, from the insurer.

Some insurers have indicated that they will be making interim payments to policyholders following the initial assessment of CBI claims and prior to completing the full claims assessment process. The FSCA supports this approach as the interim payments are likely to assist policyholders while their claims are still being assessed in full.

7. REINSURERS

Affected insurers have indicated that they are in discussions with reinsurers following the relevant court judgments.

8. PRESCRIPTION AND TIME BARRING CLAUSES

Policyholders are reminded to submit all valid claims as soon as possible to prevent the prescription of their claims.

As advised in the FSCA press release titled FSCA's update on Contingent Business Interruption insurance cover dated 12 August 2020, policyholders are again reminded to be cognisant of time barring clauses in their CBI policies so that they may take the necessary legal steps within the set time period.

9. CONCLUSION

The FSCA is heartened by the responsible manner and transparency with which management of non-life insurers have engaged with and responded to the Authority and encourages both policyholders and insurers to co-ordinate and collaborate effectively, to ensure the speedy resolution of outstanding valid CBI claims.

Insurance innovation and distribution in a post-pandemic world

Carl Moodley - Chief Underwriting & Claims Officer; Stuart Forbes - Chief Risk and Compliance Officer and Eugene Olivier - Chief Information Officer at GENRIC Insurance Company

Since March 2020, the world has become an entirely different place. We have radically changed the way we work, socialise, shop, transact and live.

Many of the consumer trends that were radically fast tracked as a result of the pandemic, notably digitisation will be permanent fixtures. One of the industries that will be significantly impacted by this changing consumer dynamic is the short-term insurance sector.

Herewith some insights on what we believe the key shapeshifting consumer trends will be in 2021 and beyond the pandemic that will see major shifts in insurance product and delivery innovation...

1: CUSTOMER CENTRICITY WILL BE THE KINGMAKER

Every aspect of the insurance journey must be designed with the customer in mind, from understanding their unique risk exposure and risk behaviour, the advice process, insurance distribution, claims management and ongoing policy administration.

We are already seeing major drives into the integration of IoT, spatial mapping technology, sensor technology, telematics, advanced analytics and AI in the short-term insurance space to deliver more granular, individual risk profiles and behavioural-based insurance solutions and underwriting.

In so far as digitisation of insurance processes is concerned, online journeys must be designed with the total customer experience in mind. Insurers and brokers will need to understand the inherent 'customer experience' gaps that exist between online and offline customer journeys, and where experience gaps exist in a tactile engagement that may actually fall away in an online journey.

2: CONSUMER ARE MORE COST AND VALUE CONSCIOUS THAN EVER BEFORE

Consumers are scrutinising every aspect of their discretionary spending and insurance is top of the list. Overly complex product designs and loyalty programmes that consumers inevitably end up paying for will be moot even beyond the pandemic crisis.

Consumers will analyse the underlying value for money in every policy and risk programme, and additionally look for the added value in their insurance spend that saves them money, makes their life easier through personalisation and effectively transfers their risk without quibble come claims time. Insurers and brokers will need to invest in sophisticated data and analytics to ensure that both individual and commercial policy holders receive the individualised and appropriate response and risk ratings for their circumstances.

We can also expect to see more demand for and development of 'usage-based' insurance which provides customers with the ability to switch cover on and off at specific times for when they need it, this has been most prevalent in the motor insurance segment where the work-from-home trend has seen significantly curtailed travel needs, and hence left consumers questioning the cost of their cover given the reduced risk.

3: CUSTOMERS ARE BETTER INFORMED THAN BEFORE, WHICH MAKES PROFESSIONAL ADVICE KEY

While a recent customer satisfaction index on the short-term insurance sector, conducted by Consulta, showed that intermediated insurance customers have higher levels of satisfaction, it does not mean that the advice and distribution process is not ripe for disruption.

While insurance customers do want a more personalised experience and rely on the knowledge and market understanding of their brokers, they are also looking for more digital resources to be brought to the table that facilitate a greater level of self-sufficiency on an ongoing basis.

They are actively researching the ins and outs of the insurance solutions on offer and are more empowered than before to make decisions. The insurance broker's role will shift to one of guiding and facilitating a greater analysis of insurance solutions that fit their needs, on much higher levels of engagement than before.

4: KEEP IT SMART AND SIMPLE

It is interesting to note in a recent study - Customer Service Trends for 2021 – by Stella Connect – that while consumers may understand that these are trying times, it has not offered brands much relief in terms of customer expectations. The survey shows that 67% of polled consumers report having the same or less patience for a bad customer service experience since COVID-19 began.

Complex systems and processes will simply see customers say goodbye a lot faster than before, so the importance of stress testing all platforms, systems and processes, and all the 'experience moments' along the way, cannot be emphasised enough.

Ongoing refinement will be key and here sophisticated data and analytics and AI will be invaluable in identifying trends in CX that need addressing or further leveraging. It is also critical to note that while offering multichannel, AI-driven client self-service platforms is essential in providing scale and resolving simple queries to reduce volumes, they are not a replacement for the human touch.

Brokers will continue to play a crucial role and interface with their policyholders, especially on more complex claims and queries, and here first-time resolution will be key. AI and data analytics can help meet customer needs faster and more intuitively than ever before, while freeing up brokers to focus on more complex customer needs.

5: CONSUMERS ARE LOOKING FOR NICHE SOLUTIONS FOR SPECIFIC EXPOSURES

GENRIC's own experience in the last ten months is that consumers are increasingly looking for niche insurance solutions to address very specific needs and unexpected cost exposures. One such line is Mechanical Warranty insurance where policy retention and new uptake has remained high despite the tough economic environment.

With an increasing number of older vehicles on the road, consumers delaying new car purchases as they consolidate their debt and also travel less with new remote working trends, this type of cover makes sense to protect policy holders against the unexpected and typically high financial cost of mechanical component failures no longer covered under service and manufacturer warranty plans. Personal cyber insurance is another growing area given our reliance on internet connectivity for virtually every aspect of our lives. We can expect to see protection for cyber risks becoming an essential personal financial planning tool in much the same way as household, motor and contents insurance is for physical risks. Niche insurance solutions that cater for specific risks and exposures are expected to grow as consumers increasingly look to only keep that which they need and which performs at claims time.

6: THE PANDEMIC HAS THRUST HEALTHCARE INSURANCE IN THE SPOTLIGHT

the pandemic has amplified the need for healthcare insurance as consumers realise the implications of a health crisis on finances. For many South Africans, the parlous state of public healthcare facilities is unpalatable, so securing their continued access to private healthcare is a priority.

GENRIC has seen significant pick-up in enquiries related to its Sirago gap cover, as well as affordable alternatives to medical scheme benefits such as its Wesmart health insurance solutions. Where consumers are buying down on their existing medical scheme benefits due to financial distress, they are taking up gap cover insurance to protect them against potential medical scheme financial shortfalls.

The pandemic will motivate people to reconsider not only their health insurance covers, but also the likes of critical illness, life and income protection cover.

7: TRUST NEEDS TO BE REBUILT

A big issue that has impacted the entire insurance sector is that of the fallout of business interruption claims during the pandemic. While these were limited to certain insurers and impacted commercial policyholders only, the highly publicised and sensitive nature of these claims has spilled over to all consumers.

There is significant work to be done to restore the reputational damage in terms of the expectations of clients versus what is covered in terms of their insurance contracts and policy wordings. Much of this comes back to the principle of smart and simple cover and removing overly complex layers, with clear policy wordings and well-defined terms and conditions.

In as much as the last year has been tremendously challenging and will continue to be so for at least the medium term, there are also tremendous opportunities that exist with the pandemic's fast tracking of virtually every industry into the 4th industrial revolution. The insurance and risk landscape is no different. Risks and needs are evolving, and change brings inherent opportunity.

Insurers should look to add true client-centric value in a digitally differentiated world by building more resilient business models, developing new lines of coverage to meet evolving exposures in the market, and embracing the opportunities presented by technological disruption. **For more information go to www.genric.co.za**

The vehicles criminals want and why we should care

By Netstar

Drive a Fortuner or know someone who does? They should probably consider a tracking device, if their insurer hasn't already insisted on one.

The large, boxy frames of Toyota Hilux and Toyota Fortuner vehicles are ubiquitous on South African roads. So too are the smaller bug-shaped Volkswagen Polos. But Toyota and Volkswagen vehicles also enjoy the dubious honour of being among the most stolen vehicles in the country, according to statistics released by the South African Police Service. Between April 2018 and March 2019, 5 253 Toyota-vehicle thefts were reported, followed by Volkswagen (2 877), and Nissan (1 303).

These vehicles are a favourite among criminals for various reasons. The sheer number of these specific vehicles on our roads is the obvious one, but general availability of spares and parts, and criminals' knowledge of the security systems fitted in these vehicles, also contribute to the high incidents of theft, explains Jon-Jon Smit, Executive Head of Sales and Marketing at CIB. Riyadh Mayet, Senior Manager for Pricing, Analytics and Product at Constantia Insurance, says the numbers for these stolen vehicles become more normalised when considering that they are also among the most popular vehicles sold in South Africa. Even with this in mind, a few specific vehicles, including Toyota Fortuners and Volkswagen Polos, remain in the high-risk category.

Criminals prefer certain engine types and year models within this group, depending on the parts and demand requirements in the stolen goods market. Vehicles that were considered high risk this year may not be the next. It all depends on the market and the popularity of the vehicles, says Mayet. It is also why insurers must continually assess their minimum theft security requirements, he adds. But should the owners of these high-risk vehicles be required by insurers to have a tracking device fitted?

Smit says at CIB they have a list of vehicles that require the installation of CIB-approved tracking systems. This list only includes certain high-risk vehicles, and inclusion is based on the risk of theft and hijack, not vehicle value. *"We have seen that value-driven tracking requirements aren't practical. Many luxury vehicles, albeit expensive, aren't high risk. Our data for these vehicles speaks*

to this," he notes. Other insurers may require tracking devices depending on the value of the vehicle, while another segment may base their requirements on the make and model of a vehicle. Minimum theft-security requirements by these insurers may include a number of security features, such as a gear lock and immobiliser, but it seems that tracking devices are becoming the most popular deterrent, explains Mayet.

However, not all vehicle owners are convinced. "Many believe that a tracking device negatively impacts a vehicle's battery life, especially in vehicles with high-tech features, but tracking devices are developed with strict minimum levels of battery use in mind, as per original equipment manufacturer requirements. It won't be accepted otherwise," says Belinda Felix, General Manager for Insurance Markets at Netstar, a telematics and vehicle tracking and recovery company. Tracking devices enter a 'deep sleep' mode when the vehicle is parked to further minimise current draw.

In the past, tracking devices were seen as a grudge purchase by consumers, but this perception has changed as the technology has evolved and the scope of safety services has increased. "For insurers, it has always been about mitigating risk, but the added value of telematics data further helps with underwriting and pricing risk," says Felix. For a consumer, it makes financial sense for their vehicle to be recovered.

If you consider the replacement cost of a stolen vehicle and add to that whichever amount may still be outstanding on the vehicle payment, a recovered vehicle is likely worth more financially – factoring in the replacement value and the reliability of your previous vehicle – than having to take on debt to finance a new vehicle. In other words, as with many other perceived grudge purchases, it makes perfect sense when you need it and don't have it.

While tracking devices can't always prevent theft, and some stolen vehicles are never recovered, there is no denying that it acts as a deterrent. It has also been empirically proven to assist in the recovery of stolen vehicles. "Enough so for most insurers to justify requesting a tracking device as a security feature," Mayet says. Wynand van Vuuren, Head of Customer Experience at King Price, says clients may also have the option of foregoing a tracking device, for whichever reason, and agree to higher premiums. Vehicles are stolen either by general theft, while parked or unattended, or by hijacking, in which the driver is forced to hand over the vehicle, usually at gunpoint. The number of hijackings versus general theft has weighed more on the hijacking side in recent years, due in part to the increasingly sophisticated safety mechanisms in vehicles, making it harder for criminals to break into and steal a vehicle.

Mayet points out that before the widespread use of tracking devices, some insurers required security features, such as an immobiliser and gear lock, but today, tracking devices, which can also include early-warning systems, are used to manage general theft and hijacking. Other newer tracking features include car park jamming, where the owner is alerted if a criminal attempts to jam the car's remote. Felix says certain insurers insist on tracking devices to be fitted in high-risk vehicles. In some cases, a secondary unit acting as a backup may even be requested. "Insurers also take other factors into consideration when determining if a tracking device should be fitted, such as if the vehicle owner resides in a low-risk area," she says. This may influence which device is fitted.

Passive tracking units require the client to alert a tracking company if their vehicle is stolen or hijacked, after which the tracking company will set into motion the process to recover the vehicle. An active early-warning unit, for example, has an auto-arm tag, which sends a notification to an emergency control centre alerting the tracking company if a vehicle is driven without the unit being disarmed, or if a panic alert is activated. "Time is of the essence when trying to recover a vehicle and this early-warning functionality allows for the tracking company to action a response as soon as an alert is received," says Felix.

In high-risk vehicles, it may be advisable to install a rudimentary backup unit, fitted in a different location to the main tracking unit in the vehicle. This is to counter thieves locating and deactivating the main tracking device. The main tracking device will still notify a client if the device is removed, but using the backup tracking unit the tracking company can geolocate the vehicle, increasing the chances of recovery.

Mayet of Constantia Insurance says because of the above reasons it should be a serious consideration for high-risk vehicle owners to take up insurance cover that includes theft cover and to fit tracking devices. This ensures that the vehicle is covered while in their possession, it acts as a deterrent for theft, and also as a protection of the individual for both recoveries and accident emergencies.

In many countries, the risk of theft is negligible and not a material factor in pricing and underwriting in insurance. It is unfortunately not the case in South Africa. While vehicle collision accident claims continue to take up the lion's share of claims, vehicle theft is a reality, and not just for those in high-risk vehicles.

As Mayet notes, if you crunch the numbers to adjust for the sales of a particular vehicle versus how many of these vehicles are stolen each year, the risk is real for everyone, whether you drive a Polo or a Porsche.

Insurance customisation in the age of telematics

By Netstar

Silver linings are a rare commodity these days, but if there's one thing that Covid-19 has provided us, it's the opportunity to relook outdated business models and products.

Many of our insurance partners have approached us for advice on product innovation through the use of technology, with the aim of insurance customisation. In other words, the hyper-personalisation of insurance products.

Each client drives differently, so why are they being provided the same cover at similar premiums? The lockdown quickly laid bare the inadequacies in blanket insurance policies. How can we use the granular data provided by telematics and mould this into usable information that would benefit everyone in the insurance value chain?

The latest Netstar Connect Report showed a significant reduction in driving during the lockdown period, and with this a reduction in crime. An increase in crime accompanied an increase in movement. Our data, gathered from 300 000 vehicles, reflected a 71.8% drop in vehicle crime during the hard lockdown when all but essential workers were permitted to be on the roads.

The movement of privately owned vehicles almost came to a complete standstill. Insurance policies of yore quickly seemed outdated by circumstance. The obvious need to relook the insurance business model became glaringly obvious with last year's events, and this will only intensify as client behaviour continues to change.

Risk elements have also evolved. In adapting to these changes, insurers will have to customise their value proposition to clients while lowering the cost of delivering value. Those who don't will continue to feel the pressure on their balance sheet.

CLIENTS WANT TO PAY FOR COVER THAT IS RELEVANT TO THEIR NEEDS

The entire insurance ecosystem can benefit from the use of data. For example, if a client buys a vehicle through a dealership, that dealer has an interest in retaining the customer. Telematics can provide the dealer insights into how this vehicle is being driven, and the dealer can even identify if the vehicle needs to come in for a service before its original service date due to aggressive driving.

The insurer of the vehicle also has a vested interest in how the vehicle is being driven, along with detailed insights about the driver profile. All this is easily obtainable using telematics. Even the original equipment manufacturer stands to benefit. Vehicle diagnostics relaying information on engine performance, for example, provides parts manufacturers with insights they can use to better the driver experience in the long run. Financiers can also see when payments on the vehicle is coming to term and whether there is an opportunity to offer financial assistance for future purchases.

It must be stressed that the custodian of this data is the end-client, who decides what information to share with which stakeholder. Telematics should ultimately serve to enhance value, nothing else.

THE VALUE OF DATA

Telematics allows for the sharing of information wirelessly and offers insurers and clients the opportunity to:

- improve safety
- reduce risks
- boost fleet efficiency
- and enhance insurance effectiveness

The above is achieved by providing insurers insights into each policyholder's driving behaviour and vehicle usage. This includes information on the frequency of vehicle use, which has a bearing on the wear and tear of the vehicle, but also on the propensity of risk to the vehicle insured. Other risk factors, such as distance travelled and destination are also communicated, which is especially relevant to the insurance of fleet vehicles. This information, in combination with detailed data on driver behaviour and driver health, can give insurers the tools to create products that are tailored specifically for each client. By the end of 2021, it is expected that 30 billion Internet of Things (IoT) devices will be connected globally, with a $15 billion spend on IoT by 2025. The richness and granularity of the data will push insurance customisation to new levels.

The mobility leaders of the future will be organisations that can apply data insights for the benefit of drivers, organisations, and society. The successful insurers will be those who can hyper-personalize and customize their offering to clients.

Advice is a two way street

By Doug Laburn, Executive Manager Partnerships at Lombard

Doug Laburn, Executive Manager Partnerships at Lombard spoke to me about the significance of advice in the short term industry.

COVER: Last year has really brought out the value of advice, not just for clients but also as one of the value propositions that carried the broker environment and the specialist insurance environment through this difficult time. Please tell us, from your perspective, what role do you see relationship between Lombard partnerships, and the specialist partners play in this regard?

Doug: The vast majority of our businesses is oriented towards specialist classes, and we pride ourselves with partnering with what we see as the best in the business and the most knowledgeable experts in their various spaces. The role we play within partnerships, to our specialist partners, is twofold in particular. Firstly, we are really focused on building platforms for them to deliver off, and that in particular, is around training. So as you know, in the UMA market, we can't deal directly with the client and who gives the advices is quite a technical regulatory issue. We have to be careful with that.

However, we are committed to putting our brokers in as strong a position as possible with firstly, the right skills around our products and around the parts of it we do wright and, secondly being available to them to help, support and fill whatever roll needed to get the best outcome at the end of the day.

The second element is a strong focus on the client and really trying to understand their risk environments a whole lot better. I think the insurance market is, in particular, so focused on the insurance products, that perhaps we missed an opportunity to really understand what the real question is around advice?

How do we advise or guide our clients as best possible to manage their risk environment, of which insurance is just one piece? So more and more a particular focus for the next couple of years is "how do we play a better, more proactive and constructive role in guiding the risk management process?"

COVER: The insurance value chain, in the case of businesses like Lombard, runs from Lombard to the specialist partner, through to the broker, and then through to the client. Where do you see the advice process start and finish in this chain. You've alluded a little bit that you sort of drop in, in various places, etc. How does that process look for you, from yourself through to the client?

Doug: I guess, for me, it never really starts or finishes. It is a continuous process that is on the go. Thinking a bit about the as to what advice actually is and how it plays a role in our general daily life, I see it really being around general guidance, the recommendation as to how we should be going about things and thinking about the future. And so, whether you are a client in the context of the insurance industry, or working with your colleagues, or our partners, understanding the challenges that they have in their business and opportunities they have, the principle of advice is ever present.

So it's always playing a part in how we think about things. What is important for us to realize is also the responsibility we hold. Understanding who you are getting advice from and whose advice to trust. So it is very much a two way street between all stakeholders, right down to the client. For us, the kind of critical point is, how we put our brokers in the strongest position to give the right advice to their clients.

They take a lot of the professional responsibility in the value chain, and we want to make sure that we're very clear on what we offer and how we do things, how we can deliver solutions to clients, putting them in a stronger position, to be successful in that process. Then there is a kind of constant thought process around how we improve that, how we understand where things are going well and

if there may be claims which are particularly complex, because the product doesn't quite match what coverage was needed. We can then address those things. So it is very much a kind of practical approach, with the intent of getting the best outcomes for our clients.

COVER: With insurance being very technical you can only simple it down to a certain extent, which is probably why we have seen challenges with business interruption insurance. With it being so technical, small things could upend the process, if we're not careful. How do we ensure that the client actually fully understands what they buy into?

Doug: Yes, it's a difficult question, because it's very much a two way street with us doing our level best to ensure that the client has a good grasp of what they have and the client taking responsibility for what they are purchasing. But there are certainly a whole bunch of proactive steps we can take, with the first one, perhaps a bit neglected, being to really understanding the client's needs and what their specific outcomes are in context of their business.

We know we are offering products that match those needs and here the broker plays a critical role in both hearing from the clients and in communicating that to the insurers or agencies out there, who then provides the product. In a way, particularly in a specialist environment, I wouldn't want to make it too simple. It's inherently a fairly complex product.

And in oversimplifying something, you run the risk of glancing over important details, like perhaps, particular clauses in commercial policies. And so we've got to keep taking the time to educate our brokers and clients as to what the product does, what the they do respond, and when they don't, and being able exclusions mean, when to provide practical examples of it. I mean, we've all got many case studies and examples of where thing haven't turned out as you would like them to, learning from those events. It is a kind of intuitive process with no single solution to it. But it's understanding your products, and being able to talk to the on the ground reality and being able to react to how things are changing and shifting.

COVER: Lastly Doug, from a Lombard perspective and specialist insurance, is there anything specific that Lombard is focusing on for the year, because obviously, it's not business as usual. What are you particularly excited about?

Doug: Yes, it sounds a bit boring, but we're most excited about what our partners are doing and how they're going about equipping themselves in various markets. Despite it being a tough year, last year, we were able to grow quite successfully and manage strong underwriting results. We really think that the broader business is well positioned to keep offering great support and quality insurance into the market. So seeing that success come through is very satisfying.

Then, really where our heads are, are around what is this market going to be looking like, in five years and how do we position ourselves to serve it well. To come back to a few themes, one, which I mentioned before, around really understanding the clients and having a risk management orientation, as opposed to just thinking about risk transfer.

Secondly, a strong focus on the ongoing digital transformation of our business. We've had a lot of success in the last couple of years, but still have a long way to go and it's great to see that coming through.

Lastly, the ongoing focus around products innovation, and we recently had a webinar launching our new ransomware products with one of our partners C3 where we had over 500 people, so it is great to see that we're able to innovate and bring new products to market, which means evolving client needs, particularly in spaces like the cyber environment.

ALL THINGS WHEELS

P27-40

To Adapt or Die

By Jaco Janse van Rensburg, Cross Country Insurance Consultants, Business Manager

The second most hated phrase in the year 2020 according to a UK study by Metro Lifestyle was the term "the new normal".

We may dislike the phrase, but the Covid-19 pandemic has fundamentally changed our behavior patterns. This shift in behavior which determines risk has pushed the Insurance Industry into an adapt or die market space.

The biggest disrupter for the Motor Insurance Industry being the introduction of work from home, which has been embraced by many companies and will in my opinion remain the status quo because of its cost saving benefits. Motor Insurance clients are spending far less time on the road but still want adequate insurance cover for accidents, theft or high jackings with one noticeably big difference, the price they are willing to pay for driving less.

Limited mileage price benefits and premium rebates was introduced widely by insurers in the South African market to address the immediate price sensitivity of motor insurance clients during the Covid-19 pandemic. These benefits will remain, but they will not be the saving grace of the motor insurance industry or how insurers will retain clients.

Insurers cannot sit back and think that they have solved the problem and it will be business as usual. The Covid-19 pandemic has only sped up the introduction of the 4th industrial revolution into the insurance consumer market. Insurers must now position themselves to fully embrace the revolution.

What is industry standard when determining the price motor insurance clients pay will have to change, the collection of individual risk data will become ever more important. Clients will become to expect customization and specific pricing based on their very own risk profile.

Insurers will have to acquire vast amounts of data on their clients, determine the key touch points from the collected data, identify the changing trends and address them as soon as possible. Meeting the need of the client before the client is fully aware of it.

Motor insurance clients can get pricing and benefit comparisons at the click of a button. If you as an Insurer, position yourself in such a manner that the client must come to you to ask for a price reduction or to receive a benefit that is available freely from other insurers at a lower cost, (will result in a loss of business for Insurers and if left unaddressed will leave them dead in the water) you will begin to lose market share with the resulting constraints on running your business .

Motor Insurance clients are spending far less time on the road but still want adequate insurance cover for accidents, theft or hijackings with one noticeably big difference, the price they are willing to pay for driving less.

Client engagement and digitalization is an equally important aspect in positioning yourself ideally to enter the 4th Industrial revolution. Client interaction will have to be effortless, smooth, and not consume too much time. Insurers must find the correct balance between collection of valuable data, meaningful interaction with the client while actively addressing their needs with effective non time-consuming digital interaction.

When it comes to claims clients need to be able to interact with their insurer immediately and know that their claim is going to be attended to timeously and by whom. Transparency, honesty, and fairness expected by the client will have to be met by the insurer and this can be achieved through digitalization.

Insuretechs in the South African market have recently enjoyed a lot of immediate success because they have exposed the conventional insurance markets unpreparedness for the 4th Industrial revolution. Where they have taken the requirements and met them head on.

The Covid-19 pandemic has been doomed as costing Insurers business which it surely has due to loss of income etc , in my opinion it is not all bad. It has shown me that it is time to change our position, embracing what is for now, only the start of the revolution to ultimately end up successful in this forever changed industry.

F&I shifting with the times

By Infiniti Insurance and Factory & Industrial.

F&I Insurance last year celebrated 21 years of business and expansion with the appointment of a new Managing Director.

This move heralds continued growth in the marketplace according to Executive Director and founder, Brian Muller. He looks back to 1999 when, after 15 years serving in the fire services and 10 years in the insurance industry, he founded the company Factory & Industrial (F&I). He saw the need for an Underwriting Manager that seamlessly combined the skills of an insurer and experienced surveyors in the insurance sector.

"This shortage of expertise is still as true today as it was 21 years ago. It is definitely an area we are working hard on to improve and have partnered with Infiniti Insurance, not only as the underwriter of our motor book, but to provide internships for young people looking to get into the industry," he points out. Organic growth and diversification form the core of the F&I strategic approach. Two years after the company's launch it set up as an underwriting agency specializing in fire insurance and operating in parallel with F&I's own risk management operations in a symbiotic relationship. Six years ago, F&I broadened operations into the international market by establishing a facility through Lloyds of London in conjunction with Tysers Insurance Brokers, the oldest independent insurance brokers in London and now also a shareholder in F&I.

"F&I has grown steadily since its inception and is proud of its diversity, employing a staff complement of 40 people and operating nationally in South Africa. The business originally traded as "Factory and Industrial Risk Mangers", rebranding its name to F&I in 2015 to cater for the diversification of the business and to focus our expertise on the general and commercial insurance broker markets, to cover industrial and manufacturing risks, hospitality, and green insurance solutions, among others," says newly appointed **Managing Director, Donovan Harvey**, a finance specialist and MBA graduate with a strong insurance background.

"Our business philosophy going forward embraces the dynamics of growth through strategic partnerships which will allow us to venture into new areas, products, and markets."

He has been with the company since 2003 and has seen it grow from a solely Risk Management-based entity into a specialised property and motor underwriter. Donovan points to establishing a commercial motor facility with Infiniti Insurance in the SA market as a 'huge step' in the company's history.

"It is definitely in line with our strategic objective which is to facilitate growth and development for our enterprise and its partners, through diversifying our product offering and expanding our business into commercial motor fleets."Donovan states it has been a pleasure to work with Brian Muller over the years and he looks forward to the challenge of this appointment with a mission to take the company forward into a new era. "The company initiated the transition to the new generation management to reposition F&I and create a strong platform, to keep the company relevant in the ever-changing short-term insurance field. "Our business philosophy going forward embraces the dynamics of growth through strategic partnerships which will allow us to venture into new areas, products, and markets.

A pioneering spirit is as important today as in the past and relationships built on trust are what have allowed us to grow as we have done over the past 21 years. Our strategic alliance with Infiniti Insurance once again highlights the benefits of this approach."

"A pioneering spirit is as important today as in the past and relationships built on trust are what have allowed us to grow as we have done over the past 21 years."

Infiniti Insurance Chief Executive Officer Sharon Paterson says that in non-life insurance and more specifically in the specialist insurance arena, where Infiniti plays a leading role, strategic partnerships are the cornerstone of the business model. "Successful partnerships require strong synergies, which along with shared values feature at the top of our selection criteria.

The partnership then yields growth and allows for further initiatives critical to value creation. The transformational leadership of F&I has been guided by Brian Muller and Steve Emms and has been well-timed and carefully designed to give long-term momentum to the enterprise. Infiniti's engagement with F&I Insurance signals another milestone for both companies which are now focussing on capitalising on opportunities available in the reset of 2021. Harvey concludes by outlining his approach as head of the company. "The formula that has laid the success for F&I in the past has been around building and maintaining strong partnerships such as the one we have with Infiniti and our Lloyds underwriters and this will continue to form the foundation of how we do business.

We also believe that partnering with our brokers and being easy to do business with is key to staying relevant in this new insurance climate. It is as important as being able to resource fresh, young expertise to help address the changing needs of our target market ... especially in the light of new challenges facing the insurance industry from climate change to Covid 19," he stresses.

Did You Know

By Ildiko Richardson, Director - Blue Anchor Risk Solutions

In March 2000 an Insured by the name of Verulam Fuels had an incident that would have far reaching impact on the Motor HCV policy cover into the future.

This matter took over 6 years to come to finality with Insurers and Client not accepting the court finding until it was resolved by the Supreme Court of Appeal (Truck and General Insurance Co Ltd v Verulam Fuel Distributors CC and Another (540/04) [2006] ZASCA 85; 2007 (2) SA 26 (SCA) (31 May 2006)

It was this matter that introduced an exclusion on the soon to be defunct Multimark wording that had been in use in the market for over 30 years (1987- 2007). The exclusion pertained to how the Third-Party section would/could respond to incidents that arose out of the carry of Dangerous goods.

In essence the market introduced a full exclusion into the Third-Party Section B of a Motor HCV policy that reads in any one of the following ways:

1 "We are under no circumstances liable for any expenses related to seepage, spillage, pollution and/or contamination whatsoever or howsoever arising"

2 "Liability arising whilst the Vehicle or any trailer attached hereto is conveying Dangerous Goods as provided for by Section 54 of the National Road Traffic Act 1996"

3 Liability arising from "Costs and expenses incurred for clean-up and remedial procedures to remove or repair the effects of spillage or leakage (irrespective of whether such spillage or leakage is the result of a motor accident or not) of any substance or material carried in or on or by the insured vehicle"

4 "Any Liability for: i. personal injury or bodily injury or financial loss or loss of, damage to, or loss of use of property directly or indirectly arising out of an environmental incident.

ii. the cost of removing, nullifying or cleaning up pollutants

iii. fines, penalties, punitive or exemplary damages arising directly or indirectly out of the discharge, dispel, release or escape of pollutants"

Whichever way you read the wording exclusions it is clear that insurers have made sure that they do not want to offer this cover and have made no allowances for the very real risk that this poses for clients who operate in this space.

Sadly, recent events in the last few years have justified the reason for maintaining this exclusion one such event was. The catastrophic Tanker explosion in Worcester, WC.(10/7/2019)

Once one starts to examine the reported circumstances and the suspected events that transpired, it becomes a nightmare scenario from a claims perspective.

THE EVENT AS REPORTED FOLLOWS:

- Tanker carrying LPG attempts to turn in the village
- Tanker impacts a lamppost which punctures the tanker wall
- The LP Gas starts to leak into the surrounding area
- A solitary vehicle approaches the scene and drives through the gas cloud of highly flammable LP gas.

It is suspected that the spark from the combustion engine created the catalyst for the explosion that subsequently levelled buildings and businesses in a quiet village. Now one must apply the wordings with all its nuances.

- Does the Loss or Damage envisioned by the Own damage section expect to pay for an entire rig lost due to an explosion caused by the **inherent risk** of the product the client carries?
- Considering the above examples of wordings can the Third-Party section be expected to cover the damages to the surrounding property and lost businesses following the incident? The product carried was classified as a Dangerous Good. Did the inherent risk of the LP Gas cause the damage?
- If the client had extended liability cover would this cover need to consider the above points to trigger the follow-on limits?

Whilst the above actual event took place and has raised questions, it is by no means an isolated event. Recently in 2020 we have had 2 further similar incidents:

- A tanker carrying ammonia had an incident (4 May 2020) that caused an evacuation of homes within a 2km radius. These people were moved to emergency shelters and some to hospitals due to having difficulty breathing
- A tanker with LP Gas had a leak and was burning on the N12 (31 Oct 2020) causing a shutdown of the motorway. This incident was within 500m of homes and offices and was right next to a flyover bridge. Fortunately this tanker blevied and did not explode like the Worster incident and so the damage was only to the actual tanker but once again the damage would have been to Third party properties.

Why has this then become such an issue? The most important thing to remember is that the Motor Policies have always been written on a claims occurring basis which potentially could create long tail exposures for motor books that traditionally run on very lean margins.

Incidents that created an awareness for the markets as to their potential exposures have subsequently also created a headache for brokers who have not relayed this information to their clients. In turn the clients face possible claims for which they clearly have no cover and could expose their business to crippling third party claims costs.

With little to no allocation of premiums to the Third party aspect of the exposure the IBNR(*incurred but not reported*) factors cannot be correctly calculated and assessed. Sadly, the above damage and exclusions are not restricted to the HCV, similar exclusions are applied to the Pollution covers being offered to the market. The Third Party Damage is not part of the offering leaving brokers and clients exposed to large, potentially costly claims.

Incidents that created an awareness for the markets as to their potential exposures have subsequently also created a headache for brokers who have not relayed this information to their clients. In turn the clients face possible claims for which they clearly have no cover and could expose their business to crippling third party claims costs.

The question of Product specific training and TCF and how it applies to brokers with regards to the needs assessment of clients and the understanding of their clients business becomes of paramount importance when dealing with cover we have always thought we understood. It then seems even more important that as the covers INCLUDING all aspects, even the not so specialised classes. Brokers should therefore as a minimum be creating awareness of this shortcoming to their clients and if possible ensure that the cover is covered in some form to minimise their clients exposure to these high risk exposures which could ultimately be devastating to a business.

A long forgotten joy of opening your Chappies and reading the inside facts. Often marvelling at some arbitrary fact or having something reaffirmed was always something you looked forward to other than just the chewing of the gum.

The gum was fleeting in comparison to the little gems of knowledge you would always be able to keep. Sadly in todays internet and instant access to “knowledge” very few now take the time to look out for these gems of knowledge and info and often we seem to think we know something but sadly we have either relied on a false memory or understand the knowledge is totally contra to what it should be.

Disrupting the motor insurance industry

By Soul Abraham, Chief Executive for Retail at Old Mutual Insure

The COVID-19 pandemic and subsequent lockdown have disrupted all industries and insurance sector was not spared. Vehicle insurance was particularly affected as the lockdown changed many south African's driving behaviour.

This was the first direct effect of the lockdown. Indirectly the lockdown also fundamentally changed the way we and our customers worked and interacted thus driving customer expectations for greater digital engagement and innovation. For our part as Old Mutual Insure, we were able to quickly adapt to these changes.

USAGE-BASED INSURANCE

We responded to the new circumstances by accelerating our plan to leverage our digital resources. One of the first things we did was the creation of a bot called UBI, that could save our policyholders up to 30% on their motor vehicle premiums each month. Essentially UBI allows policyholders to save money if they drive less relative to their pre-COVID-19 driving habits.

Data from Tracker, a vehicle recovery business with over a million South African subscribers, indicates that, in the first month of lockdown, the average South African vehicle owner drove 1 150 fewer kilometres, spent 30 hours less on the road and saved R1 350 in fuel, compared to previous months.

While Old Mutual Insure and some other insurers introduced reduced premium options reflecting the fact that people working from home during lockdown were generally only using one vehicle for occasional essential trips, these discounts were not based on individual data. It also did not reflect the actual use and risk reductions of individual policyholders.

"Data from Tracker, a vehicle recovery business with over a million South African subscribers, indicates that, in the first month of lockdown, the average South African vehicle owner drove 1 150 fewer kilometres, spent 30 hours less on the road and saved R1 350 in fuel, compared to previous months."

The changed circumstances that vehicle policyholders are finding themselves in during lockdown, coupled with increased financial pressure due to reduced incomes saw us rapidly advance the development of a user-based WhatsApp chatbot.

This chatbot called UBI, short for user-based insurance, represents significant innovation in being accessible to customers on their phones, via WhatsApp. UBI enables Old Mutual customers to use their phones to photograph their odometer readings and send a pic of their personal vehicle mileage via UBI each month.

LESS RISK EXPOSURE LEADS TO SAVINGS

The Covid-19 pandemic is driving a fundamental shift in policyholder behaviour, resulting in less risk exposure. It is only fair that this reduced risk translates, accurately, into savings for individual customers. We believe that money in the bank is the best strategy to support customers to manage the impact of the lockdown.

Fortunately, the technology is here to provide individualised user-based data via WhatsApp to a busy little bot able to reduce premiums in line with personal vehicle usage. Since Old Mutual Insure's UBI does all this ahead of premium deduction each month, our bot keeps money in our customers' pockets, which is exactly where it belongs in these challenging times.

LISTENING TO CUSTOMER NEEDS

Technology is however not a replacement to listening to the customer and meeting their needs. For example, during the lockdown last year many of our customers were unable to renew their driver's licences during the extension period and that this was a cause for concern about the insurance implications when involved in an accident or insured incident while driving with an expired driver's licence.

As part of our solid commitment to treating our customers fairly, we made the necessary concessions on all valid claims, with consideration of the COVID-19 lockdown situation. Therefore, all our customers whose driver's licences expired will enjoy a grace period until 31 August 2021 to renew their driver's licences.

Agility in the transport sector through continued risk management

By Peter O'Dwyer Managing Director, Bryte Specialist Motor

The transport sector, an integral part of our economy – feeding into every business and industry, has been among those more affected by the pandemic.

With so much changing almost overnight, insurers had to respond swiftly and creatively to the implications of lockdown on all motor customers. Progressive insurers took the lead by deploying a range of tailored approaches (some non-existent pre-COVID) that considered the unique challenges and operational dynamics of each customer's business - as well as the industries in which they operate.

SOME OF THE MORE NOTABLE ADAPTIONS IN COVER INCLUDED:

Parked In cover: This afforded the benefit of comprehensive cover to fleet owners with non-operational vehicles – but at a much more reduced rate. A particularly valuable option for fleet owners with bank-financed vehicles that must meet the requirement for comprehensive cover.

Blended cover: Where fleets were/continue to be partially operational, among the more popular solutions has been blended insurance. Translating to comprehensive cover for the portion of the fleet that is operational and reduced cover for vehicles that aren't, this offering provides greater financial flexibility to fleet owners while supporting business sustainability.

Flat rates: Flat rates for fleet insurance aligned to the level of exposure

Dormant policies: While far from ideal, the temporary pausing of cover has also been among the alternatives offered to help reduce the pressure on business,

especially in instances where vehicles are spending much less time on the roads.

Premium relief: During the height of the lockdown, the traditional route of discounted premiums helped accommodate customers in their most difficult times. While this continues in some shape and form, it was incredibly beneficial at a time when people and businesses were challenged with a reduced (or even non-existent) income stream.

BALANCING THE DYNAMICS AT PLAY

Even though restrictions have eased dramatically, several commercial transport businesses are operating at lower levels, under strained and unpredictable conditions. For example, the passenger transport segment is one that remains under tremendous pressure with large percentages of fleets not having hit the road in a year. With the tourism sector among those dealt the hardest blow, despite the relief measures afforded, some luxury coach liners have unfortunately had to throw in the towel.

For those commercial transport operators that have persevered, the reality is that insurance is among the first costs to be cut. These extenuating circumstances are also compelling businesses to find more ways to trim their cost base in order to reduce rates and continue making a small profit or attempting to break even. Such cost cutting is coming at the expense of maintenance of the trucks which places business stability in jeopardy.

Competitive risk management solutions and an inordinate level of leniency may appear to be the need of the hour, but any decision must be made responsibly so. Cover must factor in the nuances of each business, its unique exposures as well as constraints.

It should also be tailored to respond to the needs of both the immediate reality and the medium term. Premium may be a dominant consideration but seamless processes, speedy turn-around times, quality of service, trusted partnerships, etc. are also extremely important to minimise downtime and accelerate post incident recovery.

Additionally, while the volume of vehicles on our roads may have reduced over the past year, their exposure - while on the roads - is no different than before. Truck hijackings continued to increase by 34,2%[1] during the third quarter of 2020.

Accordingly, such dynamics also need to be factored into the risk management strategies of these businesses.

RELATIONSHIP BETWEEN MEASURED INNOVATION AND RESILIENCE

In the current context, it isn't as much about reinvention as it is about incremental innovation. For mutual business success and economic resilience, the emphasis should be on re-evaluating and tailoring products, services as well as related risk management propositions.

Its about the intelligent use of technology (such as Dreamtec, AI, Bots and Predictive Analytics), data and other trends-based insights to help business navigate risk while equipping businesses to continue realising opportunity despite resource/cost/demand constraints. It is also about rewarding responsible driver behaviours that improve the risk profile of businesses and enhance profitability.

The odds may be stacked higher, but the insurance industry continues to play an empowering role in helping catalyse the resilience of the transport sector.

How customer service can differentiate your vehicle insurance offering

By Ricardo Coetzee, Head of Auto & General Insurance

When Covid-19 hit, we realised that we needed to adapt our products to provide customers who are now working from home more options. We also needed to look broader to see what additional value we can provide.

WORK-FROM-HOME OFFERS

When lockdown first hit, many had to start working from home and most insurers adapted by offering a work-from-home vehicle insurance offering. At Auto & General, we introduced, Coffee, a discounted offer structured around these consumer needs.

Although these work-from-home offers are currently providing some relief, they are not the only options available.

ALTERNATIVE OPTIONS

There are currently alternative options geared toward minimising policy premiums. One such way is to insure multiple vehicles under one policy and another option is to place both your vehicle and home insurance with one insurer.

GOING BEYOND THE PRODUCT PROPOSITION

At Auto & General we believe that we need to look wider than the product proposition and pure innovation, in order to answer consumer needs. One of the initiatives we have come up with, has been the introduction of a customer service promise to all our clients.

This service promise guarantees our vehicle insurance customers, amongst other things, that:

- Their vehicles will be repaired right the first time;
- That we will honour the claim if a customer has followed our claim certainty guidelines, and
- That we will pay claims immediately.

We've gone a step further and put our proverbial money where our mouths are, by introducing a customer penalty fee, should we not comply to this service promise. Yes, you can argue that service should be a table stake, but we believe that in the eyes of today's consumer it is a differentiator.

Accenture in 2019, in their Global Financial Services Consumer Study found that consumers "still expect and value, above other considerations, fast and efficient service, prompt resolution of problems, access to polite and knowledgeable staff and value for money".

"They view these conventional features of customer service to be more important than, for example, loyalty schemes, personalised product recommendations or well-marketed brands."

"There are currently alternative options geared toward minimising policy premiums. One such way is to insure multiple vehicles under one policy and another option is to place both your vehicle and home insurance with one insurer."

For us this research points to the need of a well-rounded offering. This is a tough market and very competitive, so in order to stand-out a robust approach is needed and service levels are part of it.

We all know that today's consumer wants things faster, easier and simpler than ever before and devising a service promise, presents our customers with a non-negotiable standard of operation.

Pandemic drives insurers to panel beat classic car insurance

By ITOO Insurance Underwriters

The lockdown stripped classic car collectors of a simple joy in life: access to endless, winding tarmac and double-takes all round as you whir on past in your beloved collectable.

But for all the inconvenience, sadness and hardship that Covid-19 and the ensuing lockdown delivered, it has also forced us at iTOO to relook how we've been doing classic-car insurance.

We're not merely being romantic when referring to classic cars as works of art. A true classic car appreciates over time and for the vehicle to be considered an appreciating asset it usually has some sort of aesthetic appeal, which could be for its timeless engineering or unique design. The car must have a certain subtlety to it, which lies in its association with rarity, desirability and age. It must, in other words, be art.

In pre-lockdown days, our comprehensive insurance policy covered clients for a maximum of 5 000 kms over a 12-month period, which during lockdown made no sense as most classic cars never so much as sniffed a driveway, except maybe for the occasional sneaky long drive to the grocery store during lockdown hours.

With this in mind, we reshaped our comprehensive insurance to a static-risk basis, which now provides cover for fire, theft and accidental damage at the vehicle premises, but excludes accident and third-party cover as the likelihood of getting into an accident while parked is essentially zero. Why pay for full coverage when the vehicle is safely locked away at home?

Having said this, accidents can happen while the vehicle is not on the road, and we advise collectors not to cancel their insurance outright even though their cars sit idly at home.

CLASSIC COLLECTOR

Typically, a classic car is 20 years or older, but it varies from one expert to the next. The general agreement among collectors is that a car must have historical interest and be worth restoring and/or preserving rather than sending it to the scrap heap, for it to qualify as a true classic. Collectors of classic cars rarely stop at their first collectable.

It is this concept that inspired our next generation of classic car insurance, the Classic Collector insurance. Under this policy, the entire collection is insured on a static-risk basis, which covers fire, theft and accidental damage.

The most valuable vehicle is taken out of the equation and insured on a comprehensive basis, which allows the owner to drive any one vehicle at any time.

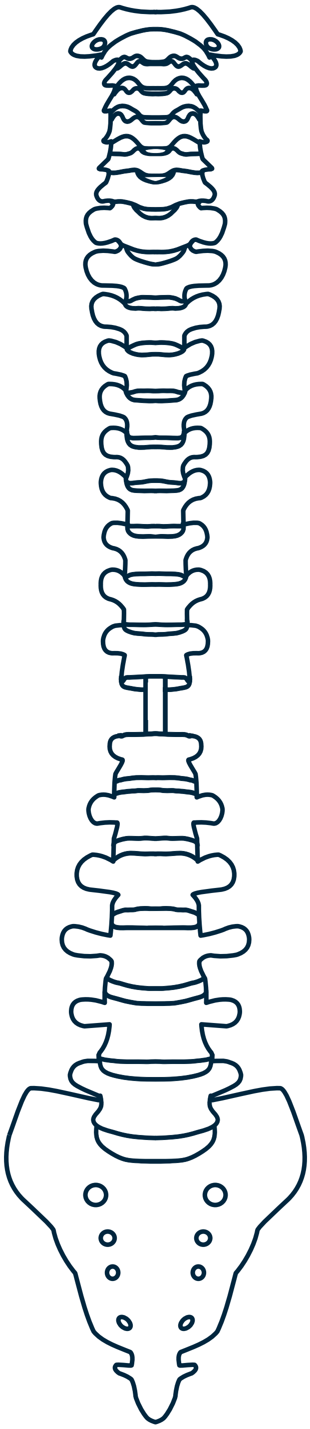
A true classic car appreciates over time and for the vehicle to be considered an appreciating asset it usually has some sort of aesthetic appeal, which could be for its timeless engineering or unique design.

This ensures that all the vehicles are covered. The reality is that all your vehicles will never be on the road at the same time, so why pay comprehensive insurance premiums?

The Classic Collector insurance has the same benefits as our standard insurance policy, but through our depreciation clause, we compensate clients for the loss in value following an incident, and restoration costs.

In cases where the vehicle's value has appreciated while being insured, we will reassess the value of the vehicle. If the Vehicle has increased in value, we will pay the increased amount of the vehicle up to a maximum of 20% of the limit set out in the schedule.

The lockdown has made it clear to us that our clients shouldn't be paying comprehensive insurance on every classic car in their collection when in reality only one is being driven. **Our Classic Collector insurance is tailored by passionate collectors for passionate collectors.**



Changing with the Times

By MUA Insurance Acceptances

Insurance products have had to adapt and change in response to the dynamics that accompanies the pandemic.

Søren Kierkegaard once said that "Life can only be understood backwards; but it must be lived forwards." which describes the approach to which MUA Insurance Acceptances (Pty) Ltd ("MUA") has evolved since being established in 1988. From being a motor-only underwriter, MUA has become South Africa's leader in tailoring insurance risk management solutions for the discerning consumer.

"The fact that we were pioneers in the field of specialist underwriting of high-valued, classic and exotic cars has really enabled us to evolve with the needs of our clients and an ever-changing environment." Dawie Loots, CEO of MUA comments as he reflects on the changes that the industry has gone through, more especially in the recent months with the economic turbulence and consumer behaviour changes because of the pandemic.

At the start of the pandemic MUA came to observe that the pandemic resulted in changes to consumer behaviour and business operations, from the use of technology to drive sales and service clients to the use of vehicles. With a lot more people working from home, the need for business travel was significantly reduced which presented the industry with an opportunity to explore a reduced premium due to the reduction in the associated risk.

"In discussions with our brokers we have come to appreciate that customers favour simplicity in addition to flexibility which is why we were careful in understanding how our motor insurance product needed to evolve," comments Lindsay Roberston, Regional Manager of Gauteng for MUA.

MUA's response to brokers and the needs of their clients prompted them to offer support and allow the insured to change their "use type" from the traditional "Private Use" to a new "Work from Home Use", still allowing social, domestic and leisure trips with a reduction in allowance to travel to and from the office. For those insureds with vehicles covered for "Business Use", they allow the change it to "Limited Business Use" which allows social, domestic and leisure travel and includes reduced business travel.

In return, they offer clients a fixed percentage discount on comprehensively insured vehicles and motorcycles. This unique offering means the total km's are not restricted and there is no administrative burden placed on the broker's client to report odometer readings, but a mere restriction on the number of days used for business travel or travel to and from the office. They have kept these changes simple, yet flexible in response and need for their motor insurance product to adapt to the changing environment and client needs in times of lock downs and work from home policies implemented by organisations around the country. While conventional motor insurance has adapted, the need for changes in the classic insurance sphere remains relevant. One's car is typically covered for replacement cost minus depreciation. By contrast, classic car insurance usually covers the collectible vehicle for an agreed (often called "guaranteed") value that is mutually agreeable to the client and the insurer. By their very nature, collectible cars generally increase in value, especially if they are well cared for and/or restored. Everyday cars usually lose value over time and do not require agreed value-type coverage. For more information on insuring your classic car with MUA, contact your broker and click on the link to read more about investing in these treasured collectables. (https://www.mua.co.za/news/mua-classic-cars)

"The fact that we were pioneers in the field of specialist underwriting of high-valued, classic and exotic cars has really enabled us to evolve with the needs of our clients and an ever-changing environment."

"While we notice little change in the classic car insurance industry with consumer behaviour, other trends are starting to emerge which is concerning." Comments Lynda Brown, Regional Manager of KwaZulu Natal for MUA. A growing concern is that consumers are not comparing the insurance product and the cover provided. "They are primarily focused only on premium which is a concern especially at claims stage," points our San-Mare Van Zyl, Director and Operations Manager at MUA.

This observation highlights the increasing need for brokers to provide perspective and support to ensure that clients make an informed decision that is not a costly one later which further adds to the trauma of an unexpected loss or claim.

The pandemic has also raised the awareness around data privacy with consumers. "We have noticed that many insurance clients seek to avoid sharing data that might trigger a rise in their premiums which we have addressed with the simplicity of our policy changes with the Limited Business use and Work from home concession." adds Ronelle Taylor, Regional Manager for the Western & Eastern Cape for MUA.

While insurance firms continue to monitor trends with motor insurance due to the social and economic developments linked to the pandemic, insurance clients are encouraged to engage with a broker who understands the complexities of motor insurance and is skilled in navigating the risks to ensure that clients are given the best advice that not only suits their budget, but also their lifestyle within the context of the risks to which they are exposed.

FINANCIAL PLANNING

43–48

How the T-Day retirement reforms could affect you

James Coutinho, Senior Manager Group Corporate and Client Tax at Liberty.

A NUMBER OF RETIREMENT FUND RULE REFORMS WILL COME INTO EFFECT ON1 MARCH 2021, ALSO KNOWN AS T-DAY.

These new rules will not only standardise the way in which benefits can be accessed across different funds at retirement but will also facilitate the phasing out of emigration for purposes of exchange control. The ultimate aim of these changes is to encourage retirement savings and ensure that member's retirement benefits are spread throughout their retirement.

THE KEY CHANGES

There are three significant changes coming into effect on T-Day. In short these are the annuitisation of provident funds and provident preservation funds, the ability for retirement fund members to preserve and consolidate benefits across a wider range of retirement funds, as well as changes to the pre-retirement access of benefits due to emigration.

The government's retirement fund rule changes appear complicated at first glance and many fund members are no doubt asking themselves if and how they will be affected by these changes.

ANNUITISATION OF PROVIDENT FUNDS AND PROVIDENT PRESERVATION FUNDS

Members of pension funds, pension preservation funds and retirement annuity funds (RAFs) are required to take a portion of their benefits as annuity income at retirement. This is commonly referred to as annuitsation. Members of provident funds and provident preservation funds on the other hand, have always been able to take the full value of their benefits as taxable cash lump sums at retirement.

From T-Day, new members joining provident funds will also be required to annuitise their benefits at retirement. They will also be required to annuitise those benefits if they subsequently preserve them in a provident preservation fund. It will still be possible for them to take up to one-third of their benefits as a taxable cash lump sum, but at least two-thirds of their benefits will have to be taken as annuity income. If the value of their retirement benefits are R247 500 or less, the full value of their retirement benefits can then be taken as a taxable cash lump sum.

VESTED RIGHTS FOR EXISTING MEMBERS

The position will be different for existing members of provident funds and provident preservation funds who accumulated benefits in those funds prior to T-Day.

Existing members of provident funds and provident preservation funds have accumulated benefits prior to T-Day with the expectation of taking those benefits as taxable cash lump sums at retirement. As a consequence, the new rules will give them vested rights to the benefits they have already accumulated under previous legislation.

Existing members of provident funds who are younger than 55 on T-Day will have the right to take the benefits they have accumulated up to T-Day, plus investment returns on those benefits after T-Day as a taxable cash lump sum at retirement.

Contributions made after T-Day, plus investment returns on those contributions, will however be subject to annuitisation at retirement, just like pension fund, pension preservation fund and RAF benefits.

Existing members of provident funds who are 55 or older on T-Day will have the right to take all the benefits they accumulate before and after T-Day as a taxable cash lump sum at retirement. They will not be required to annuitise any portion of their benefits, provided their post T-Day contributions continue to be made to the same provident fund.

Existing members of provident preservation funds who preserved their benefits before T-Day, on the other hand will only accumulate investment returns on their benefits so they will be able take all their benefits as taxable cash lump sums at retirement - irrespective of their age on T-Day.

It is important to note that existing members of pension funds, pension preservation funds and RAFs will be largely unaffected by these changes as they are already required to annuitise their benefits at retirement.

ENHANCED PORTABILITY AND CONSOLIDATION OF FUNDS

The annuitisation of provident funds and provident preservation funds means that they will effectively have been harmonised with pension funds, pension preservation funds and RAFs. As a consequence of this harmonisation, members of retirement funds will be able to transfer their benefits tax-free to a much wider array of retirement funds after T-Day, giving them more options to preserve and consolidate their retirement benefits.

For example, members of pension funds who leave employment will now be able to transfer their benefits

to a provident fund tax-free, consolidating both types of benefits in one fund. In short, retirement fund members, employers and fund administrators will have the opportunity to consolidate benefits and rationalise different types of retirement funds, which may lead to simplification of administration and a reduction in running costs.

PRE-RETIREMENT WITHDRAWALS DUE TO EMIGRATION

The third change arises from the phasing out of exchange control and the concept of emigration from T-Day. This will impact members of RAFs, pension preservation funds and provident preservation funds who are currently able to take pre-retirement withdrawals from those funds when they emigrate.

For those members who have already formally emigrated for purposes of exchange control or whose applications have been sent to the South African Reserve Bank or other approved banks by 28 February 2021 (and are subsequently approved by SARB within the year), the rules won't change, and they will still be able to take pre-retirement withdrawals without delay.

However, for those members who have not formally emigrated or have not applied to emigrate by T-Day, the new rules will not be based on emigration itself, but on the status of the tax residence of that member.

Members will have to prove that they have not been a South African tax resident for an uninterrupted period of three years, before they can take such a pre-retirement withdrawal.

Allowable pre-retirement withdrawals taken for other reasons will be unaffected by the changes. For example, members of pension preservation funds and provident preservation funds will still be able to take their one allowable full or partial pre-retirement withdrawal. RAF members will still be able to take a pre-retirement withdrawal if the total value of their benefit is less than R7000. They will also be able to take pre-retirement withdrawals if they are not South African residents who departed from South Africa at the expiry of a specific working or visitor's visa.

MAKING IT WORK FOR YOU

This latest set of retirement fund reforms provides retirement fund members with the opportunity to revisit their investment portfolio and to simplify, consolidate and preserve retirement benefits in ways which they may not have been allowed to do before.

Retirement fund members are urged to consult their Financial Adviser to understand how these changes impact them so that they can make informed choices about their savings and financial freedom during retirement.

Tazkiya: A South African first for Muslim Communities

By Alex Simeonides, CEO of Capital Legacy

South Africa is a diverse country with many different cultures and religions, each with its unique characteristics.

One religion that has very specific governing principles when it comes to financial aspects is Islam. Until now, there have been very few feasible financial services solutions for South African Muslims who want to honour their Islamic faith in this regard.

As South Africa's leading provider of Wills, Capital Legacy has provided more than 300 000 clients with Wills and indemnified more than R 70 billion in fees that arise during the estate administration process. Leaning on our experience in drafting Wills and administering estates over the last decade, as well as the expertise of an independent supervisory board that ensures our product and services are, and remain, Sharī'ah-compliant, we have created an exciting, industry-first, end-to-end financial services solution that addresses a real need in South African Muslim communities.

FINANCIAL SERVICES AND FIDUCIARY CHALLENGES FOR MUSLIM COMMUNITIES

Islamic law of inheritance differs considerably from South African law of intestate succession. This means that an estate administered under South African law will not be administered according to the principles set out in the Qur'an.

Conventional insurance is considered as impermissible because it incorporates elements of ***gharar*** (uncertainty), ***maysir*** (gambling) and ***riba*** (interest), all of which is prohibited in the Qur'an. As a result of this, too many Muslim families remain at risk or are forced to take out insurance that goes against their religious beliefs, to protect their family when the primary breadwinner passes away.

A UNIQUE SOLUTION WITH PROVEN SUCCESS

We have essentially taken our entire service offering, that we have built up over the last decade, from Will-drafting to indemnification of fees and estate administration - and recreated it from the ground up to ensure it is ring-fenced, purified and Sharī'ah-compliant for our Muslim clients.

Additionally, we've added a life insurance component, through the creation of a Family Takaful, that strictly adheres to Islamic law and which is certified by an independent board of trustees and Islamic scholars. Any Will that is drafted to observe Islam needs to adhere to Islamic principles, as our country's law of intestate succession does not recognise these principles. And any estate administration that is done on behalf of a Muslim client, is best done when it recognises the client's religious beliefs and testamentary wishes.

TAZKIYA™ - THE FIRST-OF-ITS-KIND SHARĪ 'AH-COMPLIANT WILL, FAMILY TAKAFUL AND ESTATE ADMINISTRATION OFFERING IN SOUTH AFRICA.

- The word "Tazkiya" is derived from an Arabic word that means 'to purify'. Capital Legacy has created a Family Takaful structure which will ensure that all the contributions clients make to the fund, to protect their families from the costs associated with their passing away, will remain untainted by interest and uncertainty, keeping it pure.
- The Wills that are drafted for someone who wants their estate to be administered according to Islamic principles, will be drafted according to the required Islamic laws of inheritance.

"There are more than a million people of Islamic faith in South Africa and our research shows that as few as 11% have adequate life cover in place."

- As the life cover component is Sharī'ah-compliant, a Muslim client can nominate a direct beneficiary of the life cover or simply leave it to his or her estate to make up any shortfall for the Islamic heirs. Estate administration fees, which include executor, trust and conveyance attorney fees, will be indemnified ensuring that the legacy they leave to their loved ones will be passed on, and not depleted by the unexpected costs of dying.
- Through the Family Takaful, Muslim clients can secure long-term insurance that is Sharī'ah-compliant to provide their loved ones with an immediate cash benefit, financial provision to cover monthly expenses while their estate is being wound up, and cover to provide for the inheritance taxes should both spouses pass away within quick succession.
- Muslim clients have peace of mind that when they create a testamentary trust for their minor children through their Will, that this trust will be administered in line with their beliefs, ensuring the inheritance remains Sharī'ah-compliant.

There are more than a million people of Islamic faith in South Africa and our research shows that as few as 11% have adequate life cover in place.

This is almost entirely due to the lack of feasible solutions available to Muslim clients. It is our goal to change this statistic and we're confident that Tazkiya™ directly addresses this need.

For more info on Tazkiya™, speak to your financial advisor or visit: https://www.capitallegacy.co.za/your-cover/tazkiya/

Digital disruption exacerbating insurance personalisation

By Anton Keet, Head of Risk Services at 1Life

Digital disruption continues to change the game in the insurance industry, with Covid 19 accelerating the process – leaving the industry faced with a paradigm shift in a world powered by technology.

What is very clear is that this significant disruption has forced the industry to revise their business models in order to stay relevant with customers and more importantly strive to create a more resilient business model in the face of the 'new world'.A one-size-fit- all approach in today's evolving world doesn't fit at all and it is no longer applicable.

Customers in the 'new world' are becoming more and more demanding and expect personalised, unique, and tailored services and products, not only this but they require efficient experiences, quick claims process and more versatile products that will be available, anywhere and at any time, in a way that makes sense for their lifestyle as well as budget.

Meeting customer demands in an innovative and forward-thinking manner is on the agenda, and 2021 will be no different.2021 will see the insurance industry seeing massive growth as new technologies transform the traditional operations within the industry. The industry will be seen driving:

THE USE OF DISRUPTIVE TECHNOLOGIES

The use of Robot Process Automation within the insurance industry will grow immensely as this software technology works based on software robots that use Artificial Intelligence to perform tasks.

These tasks range from controlling desktop-based applications, to easily gathering data from numerous data bases – dependant on requirements, feeding the gathered data to certain applications and analysing it for convenience. Robotic and cognitive automation across the insurance value chain will be significant - RPA, when applied correctly will offer better customer experience, less documentation, quicker turn around, more productive claims agents, less processing time etc, eliminating errors – where claims can be processed in 3 minutes.

EMBRACING PREDICTIVE ANALYSIS OF DATA

The insurance industry will be seen using predictive analytics to data to review and understand it while predicting the behaviours of customers. This will aid the industry in calculating risk factors that are often associated with their business.

Furthermore, the predictive analysis of data will assist in is assessing the risks of fraudulent claims which is a huge ongoing issue within the insurance industry, not only this, but identifying the risk of insurance cancellations from existing business customers.

A one-size-fit- all approach in today's evolving world doesn't fit at all and it is no longer applicable.

USING ARTIFICIAL INTELLIGENCE TO LEAD THE WAY IN THE 'NEW WORLD'

The game has already changed significantly and the opportunities for growth are huge in the space where long-term insurers are seeing significant investment in data analytics and modelling techniques to enable quicker, better, and more convenient insurance.

Artificial Intelligence also known as AI, will be seen assisting in dynamic underwriting processing – where insurers will be enabled to create, and design simplified and convenient solutions that will meet unique 'new client' requirements and expectations.

Now, with digital transformation, we will see the industry embracing automated underwriting systems far quicker

DIVERSE COMMUNICATION CHANNELS

One key change in this space is the intrinsic focus on simplified communication channels going forward – ensuring that customers' interactions with the business are quicker and more convenient.

Chatbots: These bots will interact with customers and help them solve commonly faced issues, while offering a helping hand in completing processes such as policy application filing and claims

Whatsapp: The evolution of social media is here to stay and to make it easy for consumers we will see the industry creating a platform where clients are able to receive a quote to processing a claim on whatsapp

Digital intermediary solutions: The entire industry has realised that consumers want quick and easy solutions to get things done with regards to their insurance needs and

direct platforms are fast becoming the primary choice where everything is just a click away.

The importance of human touch: We can't deny that human touch will continue to be a requirement within customer servicing organisations so that service offerings don't appear cold and impersonal. However, there are certain functions that require diligent and precise evaluation, one such as the claims process, and where human touch and technology need to merge to form a stronger, more cohesive and less error-based approach.

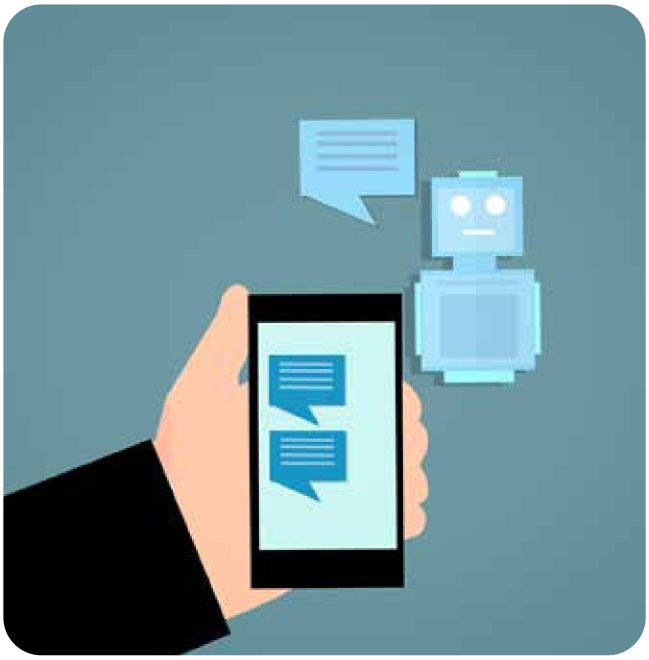
Technology and resilience will be key and as we move forward, human and technology collaboration will play a fundamental role in the survival of the industry – these require each other's support and guidance for success.

"Now, with digital transformation, we will see the industry embracing automated underwriting systems far quicker."

Although 2021 comes with uncertainty, the use of technology has offered some form of comfort as move towards the 'next normal' world. I believe the wheel will turn; the explosion of technology innovation will play a crucial role in enabling the industry to place more focus on the client – encouraging a more customer centric and resilient insurance business model which will be pivotal for survival going forward.

Embracing digital disruption will help the insurance industry to increase revenue and profitability – while developing and adopting digital solutions that will truly add value to a full spectrum customer base.

I look forward to seeing industry players making positive strides toward this change and creating opportunities – with the customer at the center.



INVESTMENT STRATEGY

50-57

An investment plan of action

By Sonja Saunderson, Chief Investment Officer at Momentum Investments

Sticking to a healthy diet is good for you. Having an exercise plan and sticking to it is good for you. We all know that, right? So why can't we stick to an investment strategy?

We will remember last year's investment markets for volatility, uncertainty and at times, pure mayhem. Covid-19 has undoubtedly made it difficult for any investor not to question their investment strategy. And yet, 2020 has again proven just how difficult it is for investors to stick to their strategy. But what is an investment strategy?

At its most basic level, it is a plan of action that guides an investor's goals based on the outcomes required, the risk appetite of the investor and the timeframe to achieve the goal. The financial plan is usually formulated based on a cash flow analysis or needs analysis together with a financial adviser who understands realistic market assumptions and risk behaviours and who has the tools to model these under different scenarios.

For the professional investor, it is similar but articulated and rooted in their belief of what drives markets, what persistency there is in any particular driver and how to consistently exploit that behaviour.

All while taking a calibrated risk management approach into account, whether risk is volatility, capital losses, market relative risk or other risks they deem appropriate according to their belief system.

Our outcome-based investing philosophy informs our strategy. This investing approach is a belief system defining the way we manage and grow our clients' investments. Investing is personal and we understand that a client's investment isn't just another investment.

It's unique to them. We define pre-determined risk targets, implied return target and realistic timeframes of a client reaching their goals. Each investment decision is then evaluated against this framework.

There are many other examples of investment strategies, but they all have one thing in common – they are all based on how much one is willing to lose. Or simply put, what is the risk consideration in the investment strategy. If the strategy is based on the critical risk consideration, then theoretically you should not have to change your strategy during volatile markets.

Your risk appetite has not changed, so why should your investment strategy? And yet, investors do change strategy during market turmoil. Why is that?

There's a link between risk and returns. The lower the risk, the lower the potential return. The more risk you take on, the higher the potential return. Humans are driven by greed and fear. When the news gets bad, we panic, and we sell. When the market is doing well, we buy again because we get greedy. And this costs us over the long term.

Many research studies have time and again proven just how harmful this switching behaviour can be. Our research shows the penalty of this behaviour is that as much as a third of portfolios can be sacrificed over time – a staggering number. How do we stop this from happening?

Firstly, if you want to give yourself a fighting chance of success at investing, you need to have a strategy and stick to it.

When it comes to a successful investment strategy, it is worthwhile remembering the following:

- Remember the big picture and why you formulated the strategy in the first place. Go back to this plan and its assumptions to reassure yourself if you need to. And do not invest in something you do not understand.

- Don't second guess your plan without enough evidence. Write it out, communicate it to someone and check if it still makes sense. Be pragmatic in re-assessing it with help but do not waiver without grounded reasons.
- Be resilient to adapt the plan as the environment or your circumstances change. The best investment strategy is robust over cycles, not necessarily the best in every cycle.
- Don't listen too much to the fearmongers. Sometimes tuning out the noise can protect you more than getting every investment decision right.
- Remember that the herd isn't necessarily right. And in investments they're usually not.

We keep to our outcome-based investing philosophy that places the client's goals at the centre of the investment process.

It's about maximising the probability of a client achieving their unique goals, ensuring portfolios remain flexible, adaptable and diversified, ensuring an attractive risk-adjusted return that provides a more consistent investment experience over time, and limiting the risk and temptation of market timing.

The art of investment strategy

By Moosa Hassim, Investment Analyst at Old Mutual Wealth Private Client Securities

From a pure investment perspective, if 2020 and the beginning of 2021 have taught us anything, it is that having a defined investment philosophy and strategy is as vital as ever.

Simplistically, an investment strategy guides an investor's decisions based on objectives, risk tolerance and future needs for capital, and when combined with a proven investment philosophy and process, can help investors maintain perspective during periods of market turmoil.

Last year was marked by extreme market volatility driven by the outbreak of the COVID-19 pandemic. At the same time, the beginning of 2021 showed how coordinated investor behaviour can profoundly impact the price of securities and news headlines.

To look through these events and achieve sustained long-term investment returns, an investor needs to establish an investment strategy and process that can separate the "noise" from actual investment signals This is because being a successful investor is less about being smart or right and more about following a sound investment strategy and remaining invested, despite how one may "feel" about markets.

TIME IN THE MARKET VS TIMING THE MARKET

Over the long term, the stock market historically reflects the macroeconomy's objective performance and the individual companies within that economy. Over the short term, however, the stock market often reflects human emotion, perceptions and misperceptions.

Benjamin Graham summed this up very well: "In the short run, the market is a voting machine, but in the long run, it is a weighing machine."

It appears that managing market risk is much more about remaining invested rather than trying to time the market. The chart below illustrates this point by showing how exiting the market during periods of heightened volatility could result in investors missing the upside that inevitably materialises.

Our research shows that if we miss just the top 10 performing days per decade, the annualised return would be almost half that of the market return.

Performance Comparison	20 Year CAGR
S&P 500	12.93%
S&P500 excl. top 10 days per decade	7.41%

THE IMPORTANCE OF AN INVESTMENT PHILOSOPHY AND PROCESS

In an ideal world, investors have all the relevant information at their fingertips and make logical decisions. This is the presumption behind the often-quoted “Efficient Market Hypothesis.”However, we do not live in an ideal worldand the market often goes through periods of inefficiency, where its value is not reflected in its price. Furthermore, research shows that most investors tend to lead with emotion rather than logic when making investment decisions and market inefficiencies exacerbate this, causing them to buy high and sell low.

Consequently, when markets rise, investors rush in to buy equities out of FOMO (fear of missing out), further driving up the price. Conversely, when markets are on a downward trend investors rush to exit in fear (and ultimately lock in losses) and then return after stocks have gained substantial ground, resulting in opportunity losses. To avoid these behavioural missteps and remove any emotional bias, it is essential to stick to a defined investment philosophy and process. Most investors know about the traditional Value and Growth investment philosophies.

However, ‘Quality’ as an investment philosophy has been gaining traction due to its success in adding long-term value in the context of increasingly volatile and uncertain markets. Quality investing is based on a deep understanding of the factors that influence a company’s performance over the longer term. An investment strategy and process based on a quality philosophy combines a top-down methodology with bottom-up stock selection.

Top-down analysis is long term and secular in nature, incorporating analysis of economies and markets. These findings are used to highlight themes that then warrant research into particular industries and sectors for attractive stock selection opportunities.

Bottom-up selection focuses on strong fundamentals combined with quality characteristics. These companies have high returns on invested capital, strong free cash flow generation, operating margin expansion (increasing profitability), long-term earnings and dividend growth prospects, balance sheet and financial strength, exemplary management quality, an economic moat (competitive advantage), and reasonable valuations.

Quality has proven to be a defensive investment philosophy that is able to endure over the long term. By conducting an analysis of the MSCI Quality Index (which aims to capture the performance of quality growth stocks by identifying stocks with high-quality scores based on specific variables) and the MSCI World Index, MSCI has found that quality outperforms in three out of four inflation and growth scenarios. What is even more encouraging is that quality factors display the strongest relative performance during periods of slowing growth. This validates the enduring characteristics of a quality investment style.

Despite quality outperforming the broader index over time, there will be short periods of relative underperformance – as is the case with any investment strategy. The key is for investors to resist capitulating during these periods and maintain confidence in their investment strategy.

Four steps to successful investing

By Alex Cook, CEO, GCI Wealth

INVESTMENT SUCCESS IS BOTH ART AND SCIENCE, BUT IT IS SIMPLE TO ACHIEVE – IF YOU STICK TO YOUR PLAN.

Investing is a complex business – there are myriad factors to consider, not the least of which are the investor's own uncertainties and emotions. To be successful, investors need to have a clear idea of what they want to achieve, what is possible and then how all the various factors affect each other.

In order to understand the issues and strike the right balance between them, here are the key actions a successful investor must take:

Create your basic investment equation: These are the basic figures that will inform your strategy. First off, establish your current budget to understand how much cash you have to invest. Then determine what your desired retirement budget should be – do you want to travel extensively, or are you all for a quiet life in a country cottage?

You will then be able to establish how much capital you will need. The final piece of the jigsaw is when you want to retire – this will give you the amount of investment time you have to reach your goal.

Once you know how much you have to invest, what amount you need to end up with and the number of years you have, you can begin to understand what kind of return your money will need to make.

This discussion will tend to pivot around the concept of risk – the higher the return needed, the more risk you will have to take on because risk and reward are intimately interconnected.

Get your head around risk and time: Risk deserves its own section because risk (and fear of risk) can derail any investment strategy. Time is also part of the equation. Striking the right balance here is obviously dependent on one's financial plan and how far along the road with it one is, but most people are too conservative.

Think of it like this: if you are young, you have time on your side so you can maximise your returns by taking on more risk; but if you are older, you still need to have higher growth investments because you cannot afford to miss out on growth.

Lifespans are so much longer these days that if you retire in your sixties you potentially have to be able to generate an income for 30 or more years – longer if you want to leave money to your family or a favourite cause. Not taking on enough risk is very risky!

Pick your team carefully – and understand the roles: Investing is complex process, and most people need help. There are two key members of the team: the financial advisor and the investment manager. Your financial

advisor is all about you: what your financial goal is and how to reach it. He or she is responsible for crafting your financial plan and periodically revising it in line with changing circumstances. You will likely build a fairly deep relationship with yours.

The investment manager is usually an institution that is responsible for identifying the investments needed to bring the plan to fruition – there are thousands of funds out there, all with their own strategies and teams. Creating and rebalancing the right portfolio is hard – you need a professional.

Be realistic about South Africa as an investment: We have a miniscule tax base of 5 million people out of 60 million (and I recently read an article suggesting that the tax base may have halved over the past three years owing to emigration).

South Africa also offers limited investment opportunities, with a relatively small number of companies and a stagnant economy. By contrast, global markets have millions of economically active people and thousands of funds in which to invest.

The bigger opportunity is offshore. That doesn't mean you have to leave the country, but your investments should certainly be largely offshore and held in dollars. Yes, it does expose you to rand/ dollar exchange rate risk but that can be planned for.

To end, the vital fifth step: stick to your plan. Markets move, so your plan needs time to generate results, and your emotions will lead you astray.

Habits that set successful investors apart

By Nomi Bodlani, head of strategic markets at Allan Gray

When investing, sometimes the best course of action is to do nothing. Having the ability to block out the noise, and look through the cycle, are some of the cornerstones to investment success over the long term. But what else sets successful investors apart? Nomi Bodlani discusses.

The start of a new year usually brings about a sense of optimism for the potential that lies ahead. Under normal circumstances, it would be a time to turn the page on the year that was and focus on setting new goals. But these aren't normal times: We are watching and experiencing the tragic consequences of the pandemic, and we are having to face the reality that we are caught in the same uncertain cycle as last year. However, opportunities continue to emerge for investors who remain focused on achieving their long-term objectives.

WHAT DOES IT TAKE TO BE A SUCCESSFUL INVESTOR?

You don't necessarily need to be an investment specialist who can analyse companies and financial markets to be a successful investor. What sets successful investors apart is their mindset and their ability to control behavioural biases that can cause significant damage to investment portfolios and lock in losses over time.

BELOW WE UNPACK FOUR HABITS SUCCESSFUL INVESTORS PRACTICE:

1. They have a plan and ask for help

Being a successful investor begins with determining what you want to achieve along your investment journey and putting a plan in place to help you get there. Are you saving for retirement, your children's education or, a deposit on a home? Armed with defined goals and an investment plan, you are more likely to stay the course. It is also useful to try and identify the barriers that could potentially derail your intentions. Seeking out the services of an independent financial adviser is an effective way to help you get started, pick investments that are appropriate for your goals, and stay committed in order to fulfil your long-term objectives. A good, independent financial adviser can play the role of behavioural coach, guiding your decision-making and actions, and saving you from making costly mistakes.

2. They are patient and focused on the long term

Renowned investor Warren Buffet says it best: "The stock market is a device for transferring money from the impatient to the patient." Successful investors understand that investing when an asset is priced below its worth and selling when it reaches fair value, can yield good returns. This can take time. Therefore, a key ingredient is patience: You have to be willing to endure some short-term pain in exchange for the rewards.

3. They demonstrate emotional discipline

Often, the single biggest barrier preventing us from achieving investment success is our inability to control our emotions and resist the urge to react to market noise on impulse. Successful investors appreciate the topsy turvy nature of markets; they understand that reacting to fluctuations may lock in losses that can never be recovered.

While market volatility is an unavoidable consequence of investing, some of the most attractive opportunities begin to emerge for long-term investors during periods of extreme turbulence. Successful investors tend to take a "glass half full" view to market volatility, opting to embrace the chance to invest in high-quality companies at discounted prices.

4. They are deliberate about diversification

Successful investors take steps to protect their wealth, and any experienced investor will tell you that keeping a well-balanced and diversified portfolio is the best line of defence against unpredictable markets and periods of heightened uncertainty.

A diversified portfolio gives you the opportunity to earn returns from one asset class, sector or region when another is being punished; it puts more tools in your toolkit. With the help of your financial adviser, get into the habit of reviewing your investment portfolio on an annual basis, making adjustments on current and future investments to ensure that it continues to meet your desired level of diversification.

THIS TOO SHALL PASS

Markets have got off to a strong start this year, but it is impossible to predict what will happen over the coming months. Vaccine programmes suggest there is reason to be hopeful; but rolling out vaccines is notoriously complex and will take time. While it is difficult to be future-focused, it is wise not to let the weight of COVID-19 detract from your longer-term goals. The decisions we make now will have an impact long after the pandemic has passed.

Top investment strategies: an investment manager's point of view

By Greg Flash, Chief Investment Officer, Cinnabar Investment Management

INVESTMENT MANAGERS ARE ULTIMATELY RESPONSIBLE FOR WHERE A CLIENT'S MONEY IS INVESTED.

In the investment ecosystem, the financial advisor manages the client relationship, but he or she should ideally work closely with the investment managers to understand their strategy. Experience shows that clients are much more likely to remain committed to the investment strategy if they understand the underlying principles guiding the allocation of their investments. This is particularly true when markets are uncertain or volatile, as they are now.

Our investment philosophy at Cinnabar is designed to help clients achieve their goals and could be summarised in the following four points:

Diversification is key: We are firmly in the multi-manager camp and believe strongly that only by diversifying a portfolio can one achieve the twin goals of smoothing investment returns and mitigating risk. We invest in funds across regions and types of fund, such as value, growth, developing markets, ESG (environment, social and corporate governance) and so on. Proper diversification is not necessarily so easy to realise.

Another component of diversification is continually adjusting the balance of investments between tracker (index-linked) and active funds. It should be pointed out that choosing the right tracker funds is a highly active process, even though the underlying investment strategy simply follows the market. Tracker funds do well in established bull markets in which everything is on the rise, but active managers have a critical role to play in volatile or bear markets – skilled active managers can reduce the impact of a bear market on investments.

The truth is that investments that make significant gains inevitably experience big losses as well. Investors love

the gains, but find the downs very trying. Consistent, upwards performance makes for a much more satisfying experience and is likely to persuade investors to remain loyal to their financial plan and strategy.

The financial advisor plays a critical role in helping investors understand this approach and why it makes sense.

Simplify a complex environment: The investment and financial worlds generate vast amounts of data and news, much of it conflicting. Investors also hear things from their friends. We aim to filter out all that noise for our clients by doing our fundamental research as investment managers. By simplifying an extremely complex environment, we help clients understand how their investment strategy responds to what is going on. The more they understand the overall situation, the more likely clients are stick to their plans.

Understand the need to take on risk: Risk and reward are intimately connected, and riskier investments like equities always produce the best long-term growth, although they can experience swings in the short term.

Not taking on this kind of risk is actually in itself rather risky, especially when life spans are increasing. An individual might need to fund 20 or even 30-plus years of retirement and the chances of being able to do so are remote if too "safe" an investment strategy is followed.

Cultivate a positive outlook: Few, if any, of the great investors have generally had a negative outlook on the economy or life as a whole.

A positive outlook makes for a much more pleasant life and, from the investment point of view, it's just more appropriate: all markets go up in the end, all you need is time.

With the help of financial advisors, communicating these principles effectively to clients will go a long way towards helping them to understand the reasons behind how their investments are structured, and to avoid the typical (and fatal) mistake of reacting to market swings.

The art of multi-managed investing

By Riccardo Fontanella, head of technical marketing at Alexander Forbes Investments

THE APPEAL OF MULTI-MANAGEMENT

Multi-management has been around for over two decades. This investment management approach is popular among many investors because it promises to deliver smoother, more consistent investment returns, despite cyclical turbulence of financial markets.

Given last year's drastic swings in financial markets and continued uncertainty on how the Covid pandemic will have a prolonged impact on global economies and markets, multi-management is again piquing the interest of investors.

This is not surprising. This investment approach offers investors several attractive benefits over other investment approaches and single asset manager portfolios. The positive attributes of multi-management can become even more valuable for investors during times of heightened market instability.

SPREADING RISK ACROSS ASSET CLASSES, SECTORS, CURRENCIES AND REGIONS

While investing has no guarantees, diversification can help reduce the overall investment risk of a portfolio. Diversification means managing investment risk by investing in different types of investments such as shares, property and cash, across different sectors, currencies and regions.

Diversification helps smooth out responses to short-term ups and downs in the market. This is because it is unlikely that all investments will move in the same direction, at the same rate and at the same time in response to a specific market event.

Fontanella said good portfolio construction seeks to spread investments in a way that delivers better risk-adjusted returns for investors – smoothing out volatility without reducing return potential.

We are living in a time when a lot of metaphorical rocks are being thrown – they are larger and launched more frequently than normal. We do not know when they will come or where they will come from, but it is probably a good idea to ensure your investment portfolio can withstand the impacts.

SPREADING RISK ACROSS ASSET MANAGERS

Just as we can apply diversification to asset classes, sectors, currencies and regions, so too can we apply it across asset managers.

A multi-manager, or simply a manager of managers, constructs portfolios for investors by appointing the most appropriate asset managers to manage various parts of a portfolio.

Its skill lies in researching, selecting and monitoring those asset managers best placed to manage the assets of the portfolios constructed by the multi-manager. Benefiting from the expertise of several complementary asset managers can be another valuable means of fortifying a portfolio against such unpredictable rocks, keeping the risk of drastic changes in investment performance at a minimum.

A carefully curated multi-managed portfolio of diverse, best-of-breed and complementary investments and asset managers is an added layer of risk management, working together to reduce the impact of market turbulence on savings. This helps produce more consistent and smoother returns. It also better positions investors to take advantage of the power of compound interest.

Genuine diversification can have long-term merit. The surest way to meaningfully outperform the market is not by chasing extraordinary gains, but by avoiding extraordinary losses. Portfolios that respond better to the motions of financial markets over time can help limit investors' rand losses. This makes their savings and investments more likely to compound into superior returns over time.

INVESTMENT PHILOSOPHIES AND STYLES

Asset managers have different investment philosophies and styles of money management. After all, asset managers compete against one another, with their biggest differentiator being their investment philosophy (i.e. standards or beliefs), dictating how they manage money on behalf of their clients, including what investments would constitute their portfolio.

Because we are all unique and have different views, it only stands to reason that a varying number of money management styles exist. To help make sense of the investment style universe, the table below (although not exhaustive) provides a brief description of the most common investment styles researched within the South African asset management industry.

It is important to understand that different styles of money management excel at different times as financial markets move between cycles. This means that asset managers perform differently to one another at various stages of the market cycle, and that no single asset manager can outperform at all stages of the market cycle.

Pinpointing which asset managers will be the best and when they will deliver the best is easier said than done. Perfect foresight would be a very nice-to-have, but this is not possible. Consequently, not all multi-managers are created equally. Multi-managers must rely on a structured, rigorous and repeatable asset manager research programme if the benefits of multi-management are to be realised.

A proven ability to identify asset managers with complementary and reliable performance cycles can give investors a greater chance of consistently capturing value-adding performance in different market cycles, simultaneously.

HELPING INVESTORS ACHIEVE BETTER OUTCOMES

Fontanella says that the multi-management benefits of portfolio fortification and responsiveness, together, can contribute toward better investment outcomes for investors.

Fully realising these benefits requires a multi-manager with significant specialisation in the areas encompassing asset manager research, portfolio construction, risk management and economic research.

Investment style	Description
Value	The emphasis is on shares of companies that are undervalued, meaning that the market value is less than the calculated intrinsic or 'real' value.
Momentum	Looks for positive market trends and aims to increase exposure to the shares of companies benefiting as a result of such trends.
Growth	Bias towards shares of companies that have high expected growth, high earning and profit margins and low dividend yields.
Quality	Bias towards shares of companies that display good financial criteria such as strong balance sheets, capable management and sustainable cash flows and earnings. This style can loosely be described as a blend of value and growth.

TECHNOLOGY

59-74

Creating a performance management culture

By Martin Pieterse, Ellipsys Technologies (Pty) Ltd

Performance management needs to have clearly defined measurements that are transparent to the staff member so that they can evaluate their own performance as they progress. In this way, their performance reviews should never be a surprise to them.

At Ellipsys Technologies the staff induction includes a walkthrough of the performance management process and the metrics against which the staff member's performance will be measured.

Based on the role that the staff member is employed in, a number of key performance metrics will be defined, normally about 10 metrics. As Ellipsys Technologies is a software development company most of the staff are analyst developers at different skill levels, and will have the same metrics, but the expected performance will be in line with the staff member's experience and remuneration.

Staff members in other roles like project managers, business analysts, financial managers and receptionist will have metrics aligned to the key functions that they need to perform in their roles. Each metric will have a percentage score against the target for that skill level of the specific staff member.

The defined metrics do not all have the same weight as the importance of the specific metrics will have different values for the organisation. For example, for an analyst developer the Quality of Code Delivered metric will have a higher weighting than the Quality of Communication metric.

Based on the weighting assigned to the metrics and the performance level achieved on each metric the values will roll up to a total percentage score for the staff member, and it is possible for a staff member to achieve a performance score of more than 100% if they have exceeded the expected targets for the period.

Performance reviews are done each quarter to provide more frequent feedback to the staff member and to adjust any performance issues faster as well as celebrate successes for the staff member. Based on the performance level achieved the staff member could receive a performance incentive bonus after each review.

The quarterly reviews are also seen as an opportunity to clean the slate. After the performance reviews all the metrics are reset and a staff member will not be penalised again for any performance failures that occurred in a previous review period, similarly, strong performing staff member will need to maintain exceptional performance during each quarter. The staff member is presented with a formal performance analysis and history of performance to compare their progress over time.

During the quarterly performance reviews issues are discussed and suggestions reviewed for not only improving the staff member's performance but also the management support and opportunities to improve the company's performance.

Goals for the next quarter are set and training requirements discussed and agreed to improve performance. Ellipsys has recently partnered with an international training company to make unlimited access to training courses available to all staff members and to track training progress as well as define learning paths to support the staff members.

Setting accurate performance targets are critical to fairly evaluate performance and requires an understanding of the work being performed and the expected level of performance based on the staff member's experience and remuneration. If a staff member consistently exceeds the target by a large margin it implies that your expectations of that staff member is too low.

Management need to consider that the staff member is on an incorrect employment level and remuneration. At Ellipsys we would increase the staff member's salary to align with the performance and then re-baseline the expected performance levels accordingly. If a staff member consistently fails to meet performance targets, they are probably being remunerated at a level higher than they should be and this will be considered when reviewing salary adjustments and increases.

Objective measurement of the performance needs to be done on a continuous basis and must be visible to the staff member. Ellipsys Technologies uses RADAR – a work request management system developed by Ellipsys Systems. All work executed in Ellipsys is done against a work request logged on RADAR, including tasks such as attending meetings, development tasks, training and leave.

Each request is assigned an estimated duration (target) which takes experience and skill level into account. Actual time spent to complete the task is captured through RADAR's timesheet system to compare actual performance against target performance. Management and staff can track performance of actual versus target in real time and on dashboards in the system.

For developers the Quality of Code is measured against the number of defects raised during testing and the number of times a specific set of code needs to be reworked. As far as possible all measurements must be objective and visible, and applied to all metrics.

The Ellipsys Evolve system includes Performance Management as standard functionality, which was introduced in the Black Swan release of Evolve. Managers can define Counters on any function performed on the system, such as:

- Policies accepted;
- Unmet clients contacted;
- Policies cancelled; and
- Payments processed.

For each Counter a target is defined and the Counter is assigned to specific users or groups.

The Evolve system then measures the actual performance against the target performance and provides feedback on daily, weekly and monthly performance of the staff member compared to their target, as well as how their peers are performing and how the staff member was performing in previous periods.

These performance dashboards are available for the staff members to review their own performance and for management to evaluate individual staff member performance or performance per division.

This information can be summarised for a specified period, like monthly or quarterly, to be included in the staff member's performance review.

FINAL NOTE

By providing clearly defined targets for performance and allowing staff members to review their performance against those targets, constant adjustment to behaviour can be done so that the actual performance review is never a surprise.

Opinion Piece: Unlocking the value of healthcare data with effective data management

By Hemant Harie, Managing Director of Gabsten Technologies

Data in the healthcare sector is heavily regulated, with numerous laws and regulations governing how data needs to be processed, protected and retained.

This has become more important than ever in light of the Covid-19 crisis, which has made healthcare data an increasingly attractive target for cybercrime. However, the pandemic has also highlighted the need to be able to analyse and share data effectively, as the world strives for improved treatment protocols and ideally an effective and safe vaccination. Data management has become a critical tool to unlocking the value of healthcare data, during the pandemic and beyond.

MANY REGULATIONS MAKE HEAVY WORK

In South Africa the Healthcare Professions Council of South Africa's (HPCSA) guidelines state that medical records must be stored for at least 20 years. In addition, the Protection of Personal Information (PoPI) Act stipulates minimum requirements for maintaining privacy when it comes to processing personal information.

There are also international laws like the Health Insurance Portability and Accountability Act (HIPAA) enacted by the USA, amongst others. Stringent management of healthcare data is critical; however this is vital not only for compliance but also to prevent successful data breaches resulting from cyber-attacks.

VALUABLE DATA IS AN ATTRACTIVE TARGET

Healthcare data has always been a target for cybercrime, but we have seen huge increases in attacks as a result of the pandemic. The data stored within the healthcare sector is more valuable than it has ever been, and the volumes have also increased dramatically. From personal records, statistics, to testing and results, finances and economics, healthcare data is critical, so it could very easily be held to ransom. Unfortunately, there is no silver bullet solution to mitigating attacks, fending off ransomware and protecting patient information. Best practices around data management are the only answer, with high availability, effective backups and disaster recovery forming the crux. Whether data is stored in the cloud or on premises, this is essential.

UNLOCKING THE VALUE OF DATA

Data management is an essential component of compliance endeavours. It is impossible to understand what laws a provider might be breaking if they do not know what data they have, where it is stored and how it is used. However, data management goes beyond this, because without understanding, not only can data not be protected, it has no value and can actually be a liability.

In a time where data is the key to fighting a pandemic that brought the world to its knees, it is imperative to be able to share information across the healthcare sector. However, it needs to be shared safely, which is why data management is critical. Without security and management protocols in place, vulnerabilities are created, which could have devastating consequences.

Data management provides not only the necessary backup, recovery and high availability, it also delivers the indexing and analytics needed to unlock value and help to save countless lives and economies.

The right channel strategy will be the insurance game changer in 2021

By Anton Keet, Head of Risk Services at 1Life

A strong omni-channel strategy and the smart use of chat commerce could hold the key to help fast-track digital adoption in pan-African insurance companies, allowing them to benefit from lower costs, decreased time to revenue, and satisfied customers.

Speaking ahead of their insurance webinar, **Werner Lindemann, Clickatell Senior VP Commercial: Middle East and Southern Africa**, sets the scene, saying: "The insurance sector could face its Rubicon in 2021. Despite evidence showing both the cost saving benefits of digital channels as well as customer preference for them, a recent McKinsey report highlights that while digital adoption is a healthy 70 percent in banking, it is just 35 percent in insurance. With the growing threat of disintermediation by other sectors, as well as disruption by Insurtech offerings, unless insurance companies take the plunge into an omni-channel world, it faces some very real challenges this year."

BEYOND THE BOT

Looking at how insurance companies have missed out on meaningful digital adoption, Lindemann says that far too many insurance companies have simply deployed bots and believed this satisfied their digital requirements. He warns that it is never long before the results of this short-term approach rear their head. "Most African Enterprises (including Insurers) are dead set on deploying bots, but many had not properly thought through what the architectural stack requirements would be," he says.

Lindemann explains that each time companies deploy a channel there are three components they need to think about. The first is deciding over which channel they want to connect with their customer. Web chat, which was initially the darling of chat, poses a real problem as it's not asynchronous and there is no way to retain chat history – a vital requirement in delivering a good customer experience and keeping records of document exchange, especially in a service industry such as insurance.

The second component of the architectural stack which needs to be considered is the orchestration layer. Most companies build a bot without thinking about how it will connect with the various channels and how it will behave on WhatsApp, SMS and web interfaces. This lack of channel cohesion does not leave the customer with a good omni-channel experience, sometimes putting them off the digital channels altogether.

The third consideration is the ability to hand over to a live agent when the bot starts sounding stupid. Lindemann says this last part of the stack is often overlooked or not thought through properly, leaving the bot strategy incomplete or messy and resulting in a very poor customer experience.

"If you don't integrate properly you lose the ability to provide decent customer experience, that will drive potential upsell in the medium term. This is the death knell when it comes to deploying a good omni-channel experience," Lindemann warns.

CHAT TO THE RESCUE

Lindemann explains that in order to reach customers where they are, chat is the key channel for Insurers.

"Complex products like insurance generate numerous requests for information, updates, and more. Many of these requests are fairly simple, making chat the perfect choice. We know that mobile-first consumers prefer to deal with straightforward interactions the same way they'd make or change a coffee date with a friend, via chat. Using this channel means consumers get fast answers to easy questions, and a live chat agent can take over if needed,"

International research supports Lindemann's sentiments. According to research sponsored by IBM, global businesses spend $1.3 trillion on customer service calls each year. Of those types of assisted interactions, 80 percent could be resolved with automated responses.

"We are currently working with an Insurer who sells micro-insurance into rural areas in Africa. We are designing a user journey with them where a customer can apply for insurance over WhatsApp and also use the chat channel to lodge a claim all using the cellphone number as the main identifier. We have also designed the system to allow applicants to self-FICA which is a real game changer. By uploading their ID, a selfie and proof of residence you can prove who you are. What's more the WhatsApp channel allows you to ask and answer questions in an asynchronous environment and at the customer's convenience," Lindemann explains.

In an increasingly competitive environment, Lindemann says insurance companies will need to differentiate themselves through outstanding customer experience. In addition, the pressures of a pandemic economy have also put a renewed focus on driving down costs.

"Chat is showing itself to be the hero in rapid digital transformation. Serving your customers over the channel they prefer to use is the first and most important building block of good customer experience. Chat also drives increased convenience, higher engagements, decreases the time to revenue and reduces the cost to serve.

Placing chat at the centre of your omni-channel experience is the best way to ensure success," Lindemann says.

As the digital gap widens in wake of pandemic, 'Masters of Change' will define the future

By Accenture Technology

Accenture Technology Vision 2021 - Leadership is critical as every business becomes a technology business

According to the Accenture Technology Vision 2021 , technology was a lifeline during the global pandemic – enabling new ways of working and doing business, creating new interactions and experiences, and improving health and safety. Technology forever changed expectations and behaviors and created entirely new realities across every industry.

As companies shift from reacting to the crisis, to reinventing what comes next, the boldest, most visionary leaders - those who use technology to master change – will define the future, says the 21st annual report from Accenture (NYSE: ACN) predicting the key technology trends that will shape businesses and industries over the next three years.

The report, "Leaders Wanted: Masters of Change at a Moment of Truth," outlines how leading enterprises are compressing a decade of digital transformation into one or two years. Relying on a strong digital core to adapt and innovate at lighting speed, leaders are growing revenues 5x faster than laggards today, versus only 2x faster between 2015 to 2018, according to Accenture research. The result is a wave of companies racing to reinvent themselves and use technology innovations to shape the new realities they face.

"The global pandemic pushed a giant fast forward button to the future. Many organisations stepped up to use technology in extraordinary ways to keep their businesses and communities running – at a pace they thought previously impossible – while others faced the stark reality of their shortcomings, lacking the digital foundation needed to rapidly pivot," said Paul Daugherty, group chief executive – Technology and chief technology officer at Accenture.

"We now have a once-in-a-generation opportunity to turn this moment of truth for technology into a moment of trust – embracing the power of exponential technology change to completely reimagine and rebuild the future of business and human experience."

Accenture surveyed more than 6,200 business and technology leaders for the Technology Vision report, and 96% of South African leaders report that their organisation is innovating with an urgency and call to action this year. And 97% of executives agree capturing tomorrow's market will require their organisation to define it.

Shaping the future will require companies to become masters of change by adhering to three key imperatives. First, leadership demands technology leadership. The era of the fast follower is over—perpetual change is permanent. Tomorrow's leaders will be those that put technology at the forefront of their business strategy.

Second, leaders won't wait for a new normal, they'll reinvent, building new realities using radically different mindsets and models. Finally, leaders will embrace a broader responsibility as global citizens, deliberately designing and applying technology to create positive impacts far beyond the enterprise to create a more sustainable and inclusive world.

"Technology and innovation were bound to change the world," says Willie Schoeman, Managing Director for Accenture Technology in Africa. "The COVID-10 pandemic accelerated the urgency for change and South African business across a variety of industries had to adapt to first survive the storm.

Now, true business leadership will come from companies who are willing to embrace radically different mindsets and business models. They will not only adapt their business to the new reality, while rebuilding the South African economy post the pandemic. Leading businesses will shape the new future by harnessing the power of innovative new technologies," he says.

The Technology Vision identifies five key trends that companies will need to address over next three years to accelerate and master change in all parts of the business:

STACK STRATEGICALLY

Architecting a better future: Companies will now be competing on their technology architecture. Enterprises can custom-tailor every layer of it now, but building and wielding the most competitive stack means thinking differently.

Business and technology strategies must become indistinguishable. Whoever gains the upper edge on technology stands to emerge as number one.

MIRRORED WORLD

The power of massive, intelligent, digital twins: Growing investments in data, AI and digital twin technologies are giving rise to a new generation of business and intelligence.

Call it the mirrored world. More of the physical world is represented in digital space—with models of whole factories, supply chains, product life cycles and more.

It's ushering in new opportunities for enterprise leaders to bring data and intelligence together, ask and answer big questions, and reimagine how they operate, collaborate and innovate.

I TECHNOLOGIST

The democratization of technology: Technology is democratizing. Natural language processing, low-code platforms and robotic process automation are adding a grassroots layer to enterprise innovation strategies.

With democratized technology, every employee can be an innovator, empowered to create technology-driven solutions on their own.

ANYWHERE EVERYWHERE

Bring your own environment: At the start of the pandemic, enterprises ignited the biggest workforce shift in living memory by sending people home and doubling down on technology solutions to keep them productive.

In doing so, they have made work possible not just from home, but from anywhere. Leaders must now develop "bring your own environment" (BYOE) strategies to address the security ramifications of remote work, necessary cultural shifts and the evolving purpose of physical office space

FROM ME TO WE

A multiparty system's path through the chaos: With multiparty systems, enterprises can gain greater resilience and adaptability, more seamlessly share data, and set new, ecosystem-forward standards for their industries. In the face of the global disruption of COVID-19, they are learning they are stronger together.

How digital transformation enables the financial services industry in emerging markets

By Ndagi Job Goshi, GM Liferay Africa

Digital transformation has had a profound impact on almost all industries, fundamentally altering how customers experience the organisations they deal with on a daily basis.

The financial services space is no exception, with legacy players having to keep up with new, digital-first disruptors in order to remain relevant.
This is especially true in emerging markets, where digital transformation can play a massive enabling role. Not only does it improve operations and efficiency, correctly implemented, it also has a profound impact on customer experience. That, in turn, results in improved customer loyalty and can ultimately see increased revenues.

Despite this, many financial services companies aren't taking full advantage of what digital transformation can do. According to research by Forrester, just 26% acknowledge that transformation is never-ending, 19% are still considering what to do, and 14% mistakenly think they're done. Knowing that, it's critical that financial services companies in emerging markets understand the benefits of digital transformation and how to best ensure they go about achieving it.

THE DIGITAL TRANSFORMATION IMPERATIVE

While there are a number of forces driving digital transformation in the financial services space, a significant driver is a high demand for digital products and services from younger people. There are people currently entering the workforce (and therefore in need of financial services) who have never known life without a smartphone. Many will never even have owned any form of mobile device that wasn't a smartphone.

In emerging markets, those young people make up a much larger percentage of the population than in developed countries. In Africa, for example, 60% of the population is under 25. When you factor in the fact that the continent's already high mobile penetration rates (smartphone penetration has surpassed 90% in South Africa) are converging with increasing levels of connectivity, it becomes obvious that companies will be under even greater pressure to provide great digital experiences.

A customer-centric approach, personalisation, and a preference for mobile are consequently the key components that enable digital transformation in financial services. Large financial service companies that have developed their own IT platforms are lagging in the current, dynamic competitive environment, as their systems are built using legacy solutions. It's hardly surprising then that alliances and partnerships with fintechs are becoming more prevalent.

MAKING A REAL DIFFERENCE

More than just meeting customer demand, however, embracing digital transformation can bring tangible benefits too. By digitally transforming, organisations can wean themselves of inefficient paper-based administration and billing systems. Doing so can improve efficiency and create better value for their partners and customers. Of course, there are still obstacles that financial service organisations will have to overcome when it comes to digital transformation. These include lacking a central repository for customer information, or a problematic volume of unstructured data, and being unable to contextualise customers and their needs because of disorganised data).

That said, the rewards for overcoming these obstacles are massive. McKinsey estimates that digital transformation and a focus on customer experience can generate a 20-30% increase in customer satisfaction and economic gains of 20-50%.

In emerging market countries with high-growth economies, those gains could be even higher.

SIMPLIFYING DIGITAL TRANSFORMATION

For many organisations in the financial services space, the trepidation around digital transformation may be down to perceptions that it's a complex undertaking. The thing is, it doesn't have to be.

With the right digital transformation partner and the correct use of technology, the process can be made a great deal simpler. A digital experience platform (DXP), for example, can aid businesses by allowing them to digitise business operations, deliver a consistent customer experience across all channels, and gather insights on customers.

Additionally, the data insights provided by a DXP make it easier to ensure that a company's customers get the right message, at the right time, through the right channel. These insights not only ensure that customers are more likely to make a purchase, but also that they'll remain loyal to the company and advocate for it among their peers.

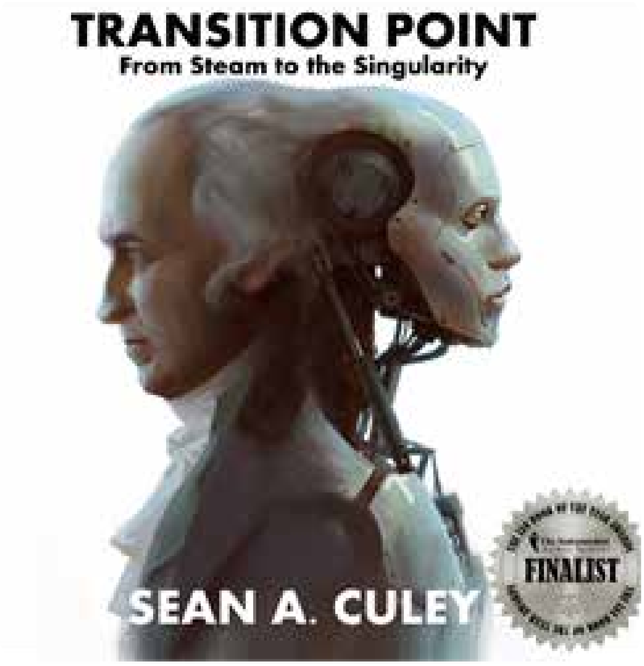
EMBRACING OPPORTUNITY

There is no reason, then, for financial services companies in emerging markets not to embrace digital transformation. In doing so, they can build great digital experiences which foster customer loyalty. Perhaps more importantly, though, they can cater to the demands of a growing, upwardly mobile, young population who'll need their services.

Golden age of tech coming, but scores of jobs at risk

By Sean Culey Business transformation expert, futurist and author of 'Transition Point: From Steam to the Singularity',

Smart connected machines are set to put both blue collar and white collar workers out of jobs in large numbers, and this wave of change will force paradigm shifts in education, work and society as a whole.



So says Sean Culey Business transformation expert, futurist and author of 'Transition Point: From Steam to the Singularity', who was speaking during a webinar hosted by the Institute of Information Technology Professionals South Africa (IITPSA) special interest group on AI and Robotics and the special interest group's chairperson, Johan Steyn, a technologist and management consultant.

Culey, whose book took over five years to research and covers a number of similar waves of industrialisation and economic and societal change over the past 1,000 years, says the world is now in a transition point between the fifth and sixth technological waves.

While some factors have been the same in each wave, the current wave differs from previous waves in that it is unlikely to result in new jobs being created for those who work with their hands, or who carry out routine rules-based work, he said.

Steyn noted that the disruptive change seen emerging in recent years had been accelerated by the Covid-19 pandemic, and may have impacted the direction of the emerging 4th Industrial Revolution.

Said Culey: "In some respects, we can expect a golden age of technology as we emerge from the Covid-19 pandemic. Advances such as artificial intelligence, robotics and drones have yet to fully emerge and become fully disruptive. The next 20 years could be one of the most exciting times in human history."

"However, there is cause for concern: there are major social and economic challenges ahead. In previous waves, there was always an industry emerging that created employment for lower skilled workers. This time, much of the new work will be done by robots and AI. Strangely, while everyone thinks automation will affect employment, they never think it will affect their jobs.

We now have machines that replace human capabilities. They speak, hear, understand, process, collect, learn and share those learnings amongst themselves, whereas humans learn individually, so we are limited in our learning capabilities."

"There will be a whole raft of new jobs, but they will require new skills – creativity, entrepreneurship, insight, investigation and inquiry. Simply learning and repeating facts will have no value, because machines can do this for us. Learning will have to undergo a paradigm shift, and people will have to learn more about how to ask the right questions," Culey said.

He noted that in previous waves, development had been the greatest in societies where the individual was free to innovate and keep the rewards of their innovations. Attempts to roll back freedoms, through the constant monitoring and control of people's online and real world activities via tools such as facial and digital surveillance would likely undermine progress, he said.

Culey said Africa, with its growing young population, could enter the next wave leapfrogging more developed nations, but could also risk losing ground as its young people migrated around the world in search of opportunities. He said: "If we teach our people to compete against machines, we will be teaching them to lose. Africa should encourage its young population to learn, educate themselves, and use telepresence technologies to reach out for support.

The continent needs to build infrastructure to support the next wave of technologies, such as roads, traffic lights and rules that enable the use of autonomous cars, vans and other delivery vehicles." States also have to create an aspirational population, ensure that they provide support and promote inclusivity while correspondingly limiting their control over people, encouraging freedom, entrepreneurship and innovation, he said.

In response to a question on whether countries should consider a universal basic income in light of coming job disruptions, Culey said this was a solution whose time may have come. "It has been proposed as a solution at every wave, including the first one. During the first Industrial Revolution and French Revolution, it was suggested that the profits of the land should be given to each citizen as a citizens' income," he said. "Every time it comes up, people think it's a new idea, but it gets forgotten as new opportunities for mass employment arise. However, I think it is an idea whose time has now come since there won't be new opportunities for mass employment in the same

The market for people who only have their physical labour to sell will dry up. During the pandemic, we saw the groundwork being laid for a higher level of state support as businesses were forced to close and people could not work, and further additional support may arise as more industries are disrupted.

The debt that has built up now may never be repaid, and this may be the catalyst for a new financial arrangement between the state and its citizens."

The webinar was held as part of IITPSA's regular series of SIG gatherings and Tabling Tech webinars to allow members to share knowledge, discover new insights, inspire and engage with industry leaders. For more info visit www.iitpsa.org.za

Intelligent automation providing fresh opportunities for customer-centricity in insurance

By Patrick Ashton, Managing Executive at SilverBridge Holdings

The global intelligent process automation (IA) market is expected to top $14 billion by 2024. However, the insurance industry has, in some instances, been slow in reacting to the opportunities presented by the technology.

This is not altogether surprising given insurers' historic slower pace in adopting new technologies when compared to the banking sector for example.

Unlike robotic process automation (RPA), which can be considered a more mechanical process that frees up staff from repetitive job functions, IA combines RPA and artificial intelligence (AI) technologies to empower the intelligent automation of business processes.

For insurers, part of IA sees intelligence injected into those business processes that focus on critical decisioning points such as underwriting and claims.

So, while RPA relies on algorithms that can replicate keystrokes and greatly assist businesses with high volumes of transactions, IA includes a specific focus on automating decisioning in business processes.

Fortunately, the lockdown has contributed to a momentum shift with insurers realising they can no longer rely on traditional, paper-based processes. Instead, the focus has been on digitising as much data as possible, a critical step before any form of automation can be implemented.

A MATTER OF IP

And yet, when it comes to the decisioning process, insurers still view it as a fundamental component of their intellectual property. One can understand the thinking behind this given the amount of time spent training individuals to become experts in their fields. After all, the potential exposure when calculating risk and performing underwriting functions can number in the millions of Rands if done incorrectly.

The reluctance to automate human expert decisioning with AI is evident. But this does not have to be the case. AI can be used to model the most highly skilled underwriters and claims experts within the insurer and has the added benefit of being available 24x7 which dramatically speeds up historically slow processes, often subject to tight SLAs. This greatly improves the customer experience as self-service solutions can be introduced where people can manage their policies at a time convenient for them.

Given their nature, insurance companies are risk averse and generally slower to adopt new technologies. They are generally reliant on their 'human experts' and are hesitant to replace them with automated solutions. But the need to use these experts' time more efficiently will gradually see insurers embrace IA, thereby freeing up resources now capable of delivering more strategic functions inside the organisation.

CUSTOMER-DRIVEN

It could very well be the focus on customer-centricity that delivers the final push needed for insurers to fully adopt IA. By improving manual and multiple step processes through automation, employees can be repurposed for other, higher valued tasks. Real-time decisioning through AI can, for example, reduce the number of fraudulent claims. This, in conjunction with other more efficient administrative processes,

will bring about a reduction in product pricing that will lead to happier customers and ultimately an increase in profitability and improved market competitiveness.

A zero-trust networking approach is the framework we need for enhanced security in a work-from-anywhere world

By Simeon Tassev, MD and QSA at Galix

Following the Covid-19 pandemic, many businesses restructured their entire office strategy by locking or reducing their office footprint, others introducing hot desks policies and some going completely remote.

This shift brings with it a variety of elements as well as challenges in terms of security. Policies and processes must be adapted, and controls need to become software-based to cater to a world where people are empowered to work from anywhere. The Secure Access Service Edge (SASE) is built on a zero-trust approach that requires all connecting devices to meet the criteria as defined by security policies and have the right levels of authentication. This framework offers an effective solution to security challenges faced today and in the future.

THE EDGE IS GROWING

The traditional approach of boundary protection with remote access becomes increasingly cumbersome and ineffective as the edge grows and boundaries become more amorphous. Environments need to open up to allow for an increased workforce of people who are not necessarily working from within the corporate physical location.

A more flexible and scalable approach is needed, but at the same time, security needs to be tighter than ever. To facilitate current and future workforce requirements, enterprises need to ensure that all endpoints and connections are managed with consistent policies regardless of location.

The work-from-anywhere business model creates greater edge computing and changes network access needs, as more users, devices and applications become located outside of the corporate enterprise. Locking down the perimeter is no longer effective or even possible and doing so negatively impacts business efficiency. A different approach is essential to facilitate today's dynamic access requirements.

TRUST IS EARNED

SASE starts from a base of zero trust. This means that, by default, all devices are untrusted. To earn trust and gain access, policies need to be applied and criteria met, such as various levels of authentication that must be implemented.

To do this, agents are loaded onto endpoint devices, which connect with the SASE system and receive the relevant levels of access and permissions to enable connection. It allows businesses to facilitate a remote or hybrid workforce using public infrastructure, while still applying corporate security policies consistently and homogenously.

Using a SASE framework ensures more effective management, as policies and access controls are applied consistently regardless of device or location. This is also more secure because it is homogenous and leaves no room for error with regard to policy implementation.

Using this type of network design places enterprises in a more effective position to manage the complex workforce setup that the 'new norm' has created.

The work-from-anywhere business model creates greater edge computing and changes network access needs, as more users, devices and applications become located outside of the corporate enterprise.

ENSURING EFFECTIVENESS

The first step in effectively implementing a SASE framework is to understand, from an architectural perspective, how it will function. An assessment is therefore required of the applications that are in place, what is required to access them, and where they need to be accessed from in order for employees to perform their jobs. Businesses need to map what users need to connect to and where. Only once this is understood can the relevant controls be put into place, and technology implemented to enforce and police these controls. Furthermore, this updates the permissions required along with access controls and authentication.

THE RIGHT PARTNER IS KEY

Technology is a crucial tool in facilitating a zero-tolerance network approach, as it is impossible to enforce controls otherwise, but choosing the right tool and customising it effectively can prove challenging. The most appropriate technology solution depends on the architecture and specific requirements of an enterprise. The right security partner can ensure that technology, access and strategies are linked to the particular needs of the enterprise and design a solution to suit. Risk mitigation is the key, and an effective partner can help businesses to navigate the unchartered waters of the current environment and position to meet future changes with greater ease.

The Insurance Tech Ecosystem

By Owls Software

DEFINING 21ST CENTURY INSURANCE ECOSYSTEMS

Technological advances in recent years have completely shifted the way insurance eco-systems operate. These systems can bring together insurers and UMAs in ways that weren't possible before, giving them a whole new scope of opportunities. From a data perspective, now more than ever, the impacts of Artificial Intelligence (AI) and machine learning are prevalent and have completely changed the way the industry operates. For the first time, you're able to control and automate different functions across the ownership journey in a centralised way without running the risk of human error across the value chain.

THE SHIFT FROM LEGACY SYSTEMS

Traditionally, there were multiple legacy systems that were being utilised by various stakeholders in the insurance value chain. In essence each stakeholder in the value chain, i.e the insurer, the UMA and the broker, will use their own particular system to manage their function in the customer's journey. The CEO of OWLS™ Software provided the following insight, "Ultimately, it's policyholder information which needs to be recorded and reported on. And what would then happen traditionally, would be that they would aggregate from the broker app the data into the UMA, or into the insurer. Then they would manually manipulate / transform that data order to report to the insurer, to the UMA, to the broker and to the reinsurer, each on their own matrix."This process was a very clunky and cumbersome way of operating. It would take a lot of time by human resources, actual people who sit and segment and break down the data in a way that it can be consumed by each one of those stakeholders. An insurance ecosystem is a central place, or one version of the truth, both from a functionality perspective, and from a data perspective. It's where everyone operates, and provides a space for everyone to amend and make changes centrally.

A DATA DRIVEN FUTURE

Once you have that very normalised and standardised data set, you're able to then extrapolate or extract the information that you require, in your position as a consumer of the information as a particular stakeholder in the insurance value chain. So a practical example would be that an insurer would use a centralised system with centralised data and functionality. But each one of the various stakeholders in its business would be able to log in and consume the very same underlying data, they would just be able to consume it in the way that makes sense to them.

So a broker for example would look at that very same information and know the following:

- How much premium was raised,
- How much premium was collected,
- How much commission was due to them.

All in real time. But that's not what's important for the reinsurer, as the reinsurer would be more interested in the premium collected as a function of claims paid across an entire product or book. It's all of the same data set on the same architecture, essentially of the same ecosystem.

THE STARTING POINT FOR INSURERS AND UMA'S

We start off at the hub - which is the insurer. The core and the central nucleus of all is the insurer. The first thing is to understand is that technology has evolved. The technology that is available today allows one to have a system where each one of the stakeholders are able to log in and consume that information.

But before you even get there, you have to philosophically look at your current setup, your current structure, your current IT environment, and you have to find a way of centralising all your data. That is the first port of call. And people do that in many different ways.

So instead of changing your underlying policy administration system, perhaps you can just extract the data out of that into a central data repository. If you've got two or three other incumbent systems that can all be exported, export the data into this one central place, which allows people to report and understand.

"Technological advances in recent years have completely shifted the way insurance eco-systems operate. These systems can bring together insurers and UMAs in ways that weren't possible before, giving them a whole new scope of opportunities."

That's one way of approaching it but it's a bit of a clunky way to operate. This is because when you extract the information in the data out of your incumbent system and put it into a central data repository, you have to transform and work on the data. Doing so you realise that the data might not be as pure and as accurate as you had hoped, because of all the transformation rules that you've had to run on it.

SHOULD DATA BE VALIDATED IN REAL-TIME?

You actually have to take one step further back. As an insurer, you have to understand that the data ought to be validated in real time at the coalface to ensure that it is entered into the ecosystem in the correct format. Once it is in your database i should be correct, validated data.

We're talking about really basic stuff like ID numbers and vehicle registration numbers, which often we see has got a "TBA" allocated to the line, or physical addresses which don't exist. And all these things are things which you can validate in real-time against third party data sources, like the Department of Home Affairs, for ID number validation and the banking switch for banking validation.

You can do all sorts of validations to third party data sources to ensure that by the time that data hits you, it's right. An insurer should focus their attention solely on getting the data in a validated format, the first time that it hits their business and enters their ecosystem.

THE UPTAKE FROM INSURERS ON THE CONCEPT OF AN ECOSYSTEM

Generally, the insurer would fully understand the concept of a centralised ecosystem. However, it is crucial for everyone in that value chain to be educated and trained to see the value of the ecosystem and importance of getting the data in correctly.

LOOKING AT IT FROM A SOFTWARE DEVELOPER PERSPECTIVE

From the outset, the design philosophy has to be an agnostic one. One which accepts the reality of the multiple stakeholders and the difficulty at the coalface, in receiving real and validated information. Furthermore building workflows and building the system to be able to accommodate those, but slowly pushing and funnelling the manner in which people work into a particular way that works best for the insurer.

From a system architecture point of view, there has to be a recognition that you will never work in isolation as an insurer. There's always going to be these other stakeholders, and there has to be the recognition into understanding what is the information they look to consume? And how can I present that information to them in real time, or in a reporting format, which doesn't require a lot of human hours to be able to convert data for what they need to see. It should be readily available, then you do that from the outset of your design.

OWLS™ Software is a proudly South African insurance administration software company redefining 21st century insurance ecosystems to give Insures, UMAs and Brokers the chance to connect with their customers. Our technology is designed to deliver the best customer experience using real-time data. The future of the insurance industry lies in integrated systems, that every level of the value chain can benefit from.

Centralised systems like ours bring all these key players together and have the additional benefits of AI and machine learning technology. This is how insurance companies can create loyal customers for years to come, consistently increasing their lifetime value to the organisation. Implementing the right centralised software to do just that, is your insurance company's competitive advantage today.

BUDGET COMMENTARY

P76-90

Budget speech commentary from momentum experts

By Ian Scott: Head of Fixed Income, Momentum Investments

"Bond issuance - the fact that the funding requirement is now down to R547bn will be good for long dated bond yields, while the landbank bailout (R5bn in year 1 and R1bn in following two years) will contribute significantly to debt restructuring. Overall - a positive Budget, which will be good for the nominal bond outlook. However, implementation, as always, will be key."

By Mike Adsetts: Deputy Chief Investments Officer: Momentum Investments

"Debt stabilisation is key but the big question is can the necessary tough measures be taken? I am hopeful that the Minister's tough words result in action.

The success of infrastructure investment requires crowding in private sector capital, which, in turn, requires a robust social compact and policy certainty.

A lot of things remain unsaid in the Budget Speech and were only indirectly referenced. The issue of zero-based budgeting covers a lot of ground and how this delivers cost savings is key."

By Janine Horn: Financial adviser at Momentum Financial

"It's a tough period for SA due to the pandemic, which has taken its toll on consumers, business owners and entrepreneurs. The economic downturn certainly means consumers are fragile and frustrated; however, the Minister's budget is optimistic and positive.

Regarding personal tax - with a decrease one would expect household finances to improve - I would encourage households to assess their budgets and review their priority lists – sit with a SWOT analysis, decide on a strategy and stick to it. If wealth tax is deployed as a resource to support and stimulate the economy and business, then that resource should be managed effectively - the biggest concern with these programmes and multi-zero numbers is the management of it on ground level. Financial literacy at ground level needs to be improved and will allow opportunity to turn unemployment into entrepreneurship.

Entrepreneurship is still alive and happening in the informal sector and this is a potential solution for youth. Business skills needs to be taught - one should make available free business training at youth centres."

By Sonja Saunderson: CIO: Momentum Investments

"Throughout the 2021 Budget, Minister Mboweni rightfully reminded the viewer of the important role of the public and private partnership that is required for these plans to work.

Thus we, as corporate SA, have an important role to play - and Momentum remains committed to rebuilding SA. Government is asking the investment industry to support infrastructure development and the private and public partnership is posing a lot of opportunities, not only for transformation support but also for investing in South Africa.

The increased focus on youth employment will support our unemployment and skills deficit, helping build a stronger economy. Transformation and inclusion are goals the SA asset management industry is working hard to support.

I was also grateful to see that support for lower income households and social relief for the vulnerable remain a core focus of the 2021 Budget. Markets are already reacting positively on the back of some of the plans mentioned - curbing government debt, infrastructure spend, focusing on pension fund reform, addressing corruption - these are all important messages to the market.

While much of what was covered in the 2021 Budget was anticipated, there is a general upbeat sense of us being in a better position than we initially expected, in order to be able to deliver on the plans."

By Hannes van den Berg, CEO: Momentum Consult

"The increase in sin tax sounds like we are going to drink and smoke ourselves out of the budget deficit! But on a serious note, the fact that corporate income tax will be lowered from 28% to 27% for companies with years of assessment on or after 1 April 2022, is fantastic news for the private sector.

The reality of debt levels was made clear and Minister Mboweni took a balanced approach given the matter of Covid-19 - there were no massive shocks in the system.

From a wealth tax point of view, nothing was directly announced but the ending of Section 12J VCC tax benefits in June 2021 and the additional measures put in place to carefully assess complex tax structures are indirect ways of addressing this segment."

By Ernest Zamisa, Financial adviser: Momentum Financial Planning

"It's a "people conscious" income tax budget under Covid-19, with a long term positive outlook towards public and private development sector opportunities.

The speech is a consistent follow-on from previous budget speeches that have been focused on development, and are embracing technology, transformation and environmental consciousness.

The income tax relief is definitely a welcome relief for taxpayers, as it has been a difficult time for many.

The sin tax will also contribute positively towards curbing excessive over-indulgence, promoting healthier consumer behaviour.

The right intent and strategy, but it's a battle to stabilise debt

By Arthur Kamp, chief economist at Sanlam Investments

THE KEY TAKE-OUTS OF BUDGET 2021 FOR SOUTH AFRICA AND ITS CITIZENS:

- The Treasury shows the right intent and strategy,
- But the debt ratio continues to increase over the medium term and,
- South Africa is a long way from a primary budget surplus.

THE GOOD NEWS: TAX COLLECTION WAS NOT AS POOR AS ANTICIPATED

Main Budget revenue collection was R99.6 billion better in 2020/21 than at the last MTBPS projection and is expected to beat previous projections by a further R196.4 billion cumulative over the next three years. This translated into a smaller than expected budget deficit of 12.3% of GDP in 2020/21 (relative to the 2020 MTBPS projection of 14.6% of GDP) and improved projections for the budget balance over the medium term.

NATIONAL TREASURY IS EMPLOYING THE RIGHT STRATEGY

The National Treasury has also employed an appropriate strategy to address South Africa's fiscal problems by:

- restraining consumption expenditure,
- growing capital expenditure faster than other spending categories, and
- raising indirect taxes (mitigated by compensating for fiscal drag), while refraining from increasing income taxes further.

The latter are a disincentive to saving and investment. Indeed, the Treasury signaled a cut in the corporate tax rate to 27% for companies with years of assessment starting on or after 1 April 2022.

TREASURY'S PROJECTIONS FOR THE 2023/24 DEFICIT SHOWS IMPROVEMENT

In the 2020 Medium Term Budget Policy Statement (MTBPS) the Main Budget primary balance (revenue less non-interest spending) was projected to decrease to -1.4% of GDP by 2023/24. The February 2021 Budget shows a decline in this deficit to -0.8% of GDP over the same period. The consolidation is achieved through an average annual decline in real non-interest spending of -0.8% on average per year over the three years. In turn, expenditure discipline, critically, hinges on constraining the increase in the consolidated government wage bill to average annual increases of just 1.2% in current prices over the medium term. However, this is onerous, implying execution risk is material.

BUT THE DEBT RATIO CONTINUES TO DETERIORATE

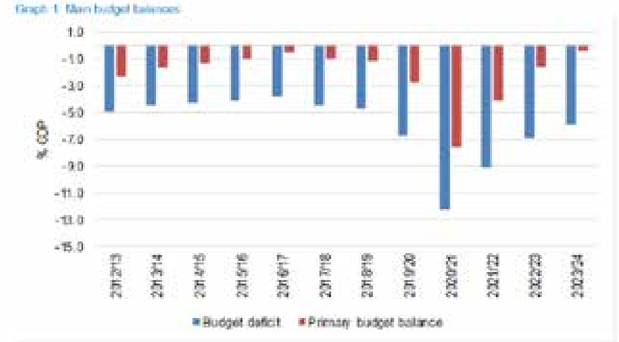
Despite the right intent from the Treasury, the fiscal challenge remains daunting. Looking forward, the Treasury projects that the gross loan debt ratio will stabilise at 88.9% of GDP in 2025/26, before declining. The revised debt trajectory is significantly flatter than its its previous forecast, which showed the debt ratio increasing to 95.3% over the same period.

But, the point is the debt ratio is already excessive and it continues to increase over the next five years. In any event, the improvement in the primary balance is not sufficient to stabilise the debt ratio. Given the current gap between the effective real interest on debt and the trend real growth rate of the economy, a primary balance surplus of close to 2% of GDP is required to steady the ship. That is a large swing from an expected primary balance deficit of -4.0% of GDP in 2021/22.

GOVERNMENT'S BORROWING REQUIREMENT IS LIKELY TO DECREASE

The increase in gross loan debt is a function of the budget deficit, the discount on loan transactions, revaluation of inflation-linked bonds, revaluation of foreign currency debt and the change in cash and other balances. At end March 2021, the government's cash balances are expected to amount to R294.6 billion, which is lower than the R378.4 billion recorded at end January 2021, but still large. A decline in cash balances of R107.9 billion, along with a decline in other balances of R4.7 billion, helps fund the government's gross borrowing requirement of R547.9 billion in 2021/22. Accordingly, issuance of domestic long-term loans falls to R380 billion in 2021/22 from R518.5 billion in 2020/21, while issuance of short-term loans falls to R9 billion from R97.2 billion

Graph 1: Main budget balances



Source: SA National Treasury, Sanlam

Graph 2: Gross loan debt

Source: SA National Treasury, Sanlam

That said, even though the government's borrowing requirement is expected to decline over the next three years, it remains large. In 2020/21, including loan redemptions, the gross borrowing requirement amounted to R670.3 billion (13.6% of GDP).

And, although the Main Budget balance is projected to decline to R389 billion (6.5% of GDP) in 2023/24, redemptions increase to R152.7 billion from R66.9 billion in 2020/21, leaving a gross borrowing requirement of R541.7 billion (9% of GDP) in 2023/24.

Hence, the government continues to absorb a large share of domestic savings, which will continue to constrain the ability of the private sector to invest - unless foreign capital inflows are sustained at a high level.

BUT DEBT SERVICING COSTS REMAIN HIGH

The negative debt dynamics at work are clearly illustrated by the budgeted increase in debt servicing cost from 4.7% of GDP in 2020/21 to 5.6% of GDP in 2023/24; or from 19.4% of Main Budget revenue in 2020/21 to 22.2% of Main Budget revenue in 2023/24. This leaves fewer resources for development.

Importantly, too, although budget balances and debt ratios are key indicators, true fiscal consolidation requires an improvement in the government's balance sheet. However, as yet, there is little indication of this as general government's net asset value (capital stock less liabilities) has shown a persistent downward trend since the Global Financial Crisis.

Graph 3: General government net asset value

Source: SA Reserve Bank

AND STATE-OWNED COMPANIES REMAIN A LIABILITY

Meanwhile, there is also the issue of large contingent liabilities due to government guarantees on the debt of state-owned companies. These guarantees are expected to amount to R581 billion at end March 2021, with an exposure of R410.3 billion.

Eskom accounts for 77.2% of the latter. In addition, medium-term debt redemptions of state-owned companies are large, amounting to a total

of R182.8 billion. Hence, the deterioration in the balance sheet of public sector enterprises holds additional risk.

Ultimately, although there is some progress, the scale of the improvement required in the primary budget balance to stabilise the debt ratio against the backdrop of low potential economic growth, high real borrowing costs and a deterioration in the state's balance sheet, implies the risk associated with South Africa's fiscal policy remains high.

As Minister Mboweni noted 'our public finances are dangerously overstretched'.

Budget speech's good news should result in positive market impact over time

By Old Mutual Investment Group, Jason Swartz, Old Mutual Investment Group Investment Strategist

While markets and the currency initially surged during the Minster's Budget Speech yesterday, they soon settled into a more muted response as analysts digested the detail in the Budget, with questions remaining around whether Government could deliver on some of the commitments made.

However, the more subdued market response is most likely because much of the good news was already priced into the market. But this is not to say that the good news and intentions will not percolate through and result in longer term positives for government bonds and the currency. While markets probably expected the news to be good at some level, the Minister's tone and message were more positive than people expected.

That said, there are still questions that need to be answered. One of these is the execution risk in the consolidation plan, specifically around the public sector wage bill. A positive from the Budget speech was the decision to make full use of the revenue overrun to help reduce debt. It would have been easy for National Treasury to use the windfall to prop up state entities rather than biting the bullet by sticking to its austerity measures. Had this happened, this could have placed further pressure on bond yields.

The bond market will look acutely at the debt-to-GDP guidance, and given that we are now stabilising at around 88% rather than the 95% given in October, I think markets will positively discount that into bond prices. The risk of a debt trap has diminished, and with the economic reforms coming through, yields should continue to benefit.

This will reinforce the search-for-yield theme we've seen in the market. With the risk of default now somewhat diminished, SA government bonds will become even more attractive to international investors.

Given the improved fiscal position, our bonds will likely see a reduced issuance, which will be good for borrowing costs as well. Overall, I think this has a positive outcome for bonds. An additional positive outcome for the country will be the impact of Operation Vulindlela that the Finance Minister had announced in last year's Budget speech. President Cyril Ramaphosa added some much-needed meat to the bones of this plan in his State of the Nation Address (SONA) earlier in the month, giving the market greater confidence in the projected results.

This detail is crucial to understanding how the plan will help to spur economic growth, and thereby stabilise government debt. The details of this plan were expanded on in the President's speech, indicating that it would be focusing on reforms in the electricity, water, telecommunications and transport sectors. These initiatives aim to bolster the capacity and efficiency of the electricity, water, telecommunications and transport sectors.

Visible action on this front would go a long way to giving effect to the Budget and SONA intentions, and thereby give investors the confidence they need. That would in turn feed into positive sentiment that could support equity, bond and currency markets over the longer term.

Budget 2021 from an outside -in perspective

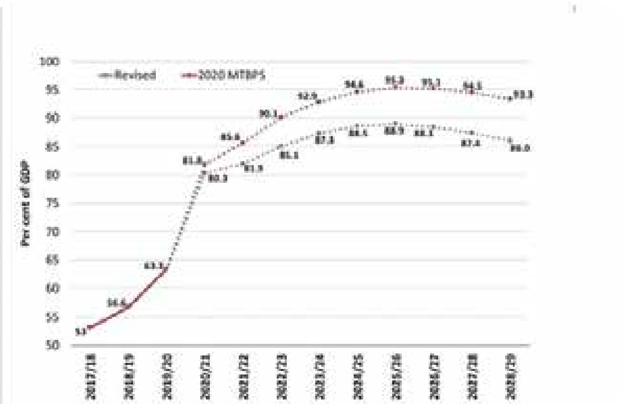
By David Rees, Senior Emerging Markets Economist at Global Asset Manager Schroders

Global asset manager Schroders says it's not all doom and gloom but government needs to get on with the job. South Africa's Finance Minister, Tito Mboweni, delivered an upbeat budget to parliament this year.

SURPRISINGLY STRONG REVENUES OFFSET SOME DEBT WOES

The government still expects its budget deficit to more than double in the current 2020/21 fiscal year, to 14% of GDP from 5.7% of GDP in 2019/20. But the new estimate is smaller than the 14.6% GDP deficit that was envisaged in the October supplementary budget.

While the prolonged impact of the Covid-19 pandemic on South Africa's economy means that the government had to revise up its expenditure figures for both this fiscal year and last, higher spending was more than offset by surprisingly strong revenues. Receipts in 2019/20 were 3.5% of GDP higher than anticipated in the October budget and are expected to be about 5% of GDP higher in the current fiscal year. There was even better news on the medium-term outlook. The government expects to more than halve its budget deficit to 6.3% of GDP with a primary deficit of just 0.8% of GDP by 2023/24. This is anticipated to be enough to stabilise the debt ratio at 88.9% of GDP by 2025/26 before starting to bring it down thereafter. While this is still very high, it is significantly lower than the peak of 95.3% of GDP that was projected just four months ago.



ARE THE TARGETS REASONABLE? THE VERDICT IS OUT AS TO WHETHER THE SA GOVERNMENT WILL DELIVER

In the longer term, the impact of the budget on the performance of financial markets in South Africa will hinge on the government's ability to deliver on its ambitious targets. The macroeconomic assumptions appear to be reasonable and avoid the usual trap of being too optimistic. Indeed, the government's projections for GDP growth of 3.3% this year and 2.2% in 2022 are broadly in line with consensus. Expectations for inflation to average about 4% through to 2023 are similarly sensible.

The main question marks come from the fiscal projections themselves. The government has ditched plans to raise taxes to avoid putting undue pressure on the economy as it recovers. This means that revenues are expected to rise by just 1% of GDP by 2023/24. Instead, the government expects to achieve almost all of the fiscal consolidation through an aggressive reduction in expenditure from an expected 41.7% of GDP in the current fiscal year to 34.9% of GDP in 2023/24 – a cut of nearly 7% of GDP. Some of this will of course occur naturally as a re-opening of the economy reduces the need for social transfers.

However, the budget relies on real-term cuts in spending on public sector wages and services in the medium term and efficiency gains from streamlining public sector activities. Efficiency gains are almost never achieved in those emerging markets that rely on them to deliver austerity. And while the government has stood up to growing discontent at restraint on spending in areas such as public sector wages, it will be increasingly difficult to ignore concerns further ahead as the next general election in mid-2024 comes onto the horizon.

WHAT ELSE CAN THE AUTHORITIES DO?

A more sustainable way to improve the public finances would be for the government to press ahead with macroeconomic reforms to raise economic growth by tackling South Africa's long-standing problems of low national savings and investment rates.

A relatively small pool of savings means that there is not much capital available to invest. The low investment rate means that the supply side of the economy struggles to keep pace with demand, leading to structurally high inflation and low real GDP growth.

It also means South Africans need to supplement domestic savings with borrowing from abroad to raise investment. Not only does that explain South Africa's structurally high interest rates but also its tendency to run current account deficits which result in external vulnerabilities and volatility in the rand.

As the chart below shows, South Africa has one of the lowest national savings and investment rates in the emerging world, which is a key reason why it has relatively weak economic growth, high interest rates and volatile currency.

The government reiterated its long list of structural reforms to boost economic growth by investment in infrastructure and improving the business environment amongst other things.

Reform momentum has understandably stalled during the crisis. It is crucial that the government gets on with the job if there is to be a long-lasting improvement in the economy and public finances that would deliver a sustained period of strong returns from South African assets

National Budget 2021 - Tito surprises South Africans

By Luigi Marinus, Portfolio Manager at PPS Investments

Leading up to the 2021 Budget speech South Africans could be forgiven for not being too optimistic about the prospects, especially when considering the Medium-Term Budget Policy Statement shared in October 2020.

That concern was arguably not fully justified as the finance minister announced a budget that addressed some major concerns and a path to improvements on the debt to GDP ratio and the budget shortfall.

Government debt to GDP is forecasted to peak at 88.9% in 2025/26 and to decline thereafter, which is an improvement on the 95.2% level that was previously forecasted. In addition, the debt shortfall is estimated to be 14.0% in the current financial year but will decline to 6.3% by 2023/24.

The current shortfall has increased from 5.7% in part as a result of the additional expenditure and smaller revenues due to lockdowns. Although a tax shortfall of R213bn has materialised, this was an improvement from the mid-term forecasts and has allowed for a reduction of corporate tax to 27%, and a 5% allowance for bracket creep in income taxes.

Spending on infrastructure came under the spotlight with government committing R791.2bn for infrastructure development with the caveat that tariffs will be required to augment costs. The minister also hinted at possible adjustments to Regulation 28 of the Pension Funds Act, as it applied to the allowance of infrastructure investments and how foreign direct investment rules will apply to primary offshore and dual listings.

More information on the possible changes to Regulation 28 is expected before the end of the month. Government has also made available more than R10bn for vaccines over the next two years and increased the contingency fund from R5bn to R12bn, should additional vaccine expenses be required.

The more concerning aspect of the budget remains the cost to service debt, which has now increased to R269.7bn or 20.9% of gross tax revenue, as well as the annual additional borrowing requirement of more than R500bn per year over the medium term. This will mean that gross loan debt will increase from the current level of R3.95tn to R5.2tn in 2023/24.

Little has been revealed with regard to state-owned enterprise (SOE) spend, apart from the R7bn that was awarded to Landbank. The forecast for SA GDP growth also underwhelmed after the expected initial bounce this year, with real growth of 1.9% per year is expected in the subsequent two years. This compares unfavourably to the

expectation of global growth in the corresponding years. The effect of the weak labour market, business shortfalls and low consumer confidence will have a 2.2% effect on growth in 2022 and 1.6% in 2023.

The budget made little room for increases in public sector wages. In 2020/21, wages accounted for 47% of revenue and following the decision to not implement a wage increase in 2020/21 an average increase of 1.2% per annum over the medium term was budgeted. It remains to be seen if public sector workers would agree with the minister's assessment that this was not an austerity budget.

What was widely expected to be a sobering budget ended up more positive than most expected. Debt levels are expected to increase but are forecasted to be lower than previously expected and most importantly to peak in the coming years if revenues can be maintained.

Optimistic budget masks a number of key risks

By Maarten Ackerman, Chief Economist and Advisory, Citadel

Finance Minister Tito Mboweni's budget has been received very positively, as demonstrated by the reaction from markets. SA Inc companies have rallied, the rand initially strengthened, and even the bond market is acting positively. However, while there are notes of hope, this budget also demonstrates a number of key risks, overly optimistic assumptions and potential weaknesses, pointing to an extremely challenging path ahead for the country.

First, GDP figures have come in slightly better than hoped for in October last year, showing a contraction of 7.2% for 2020/21 rather than the over8% contraction expected in October. National Treasury has also conservatively forecast 3.3% growth for the year ahead, before moderating to 2.2% for 2022 and 1.6% for 2023. While we did expect a better number than usual for this year, coming off the exceptionally low base of -7.2% in 2020, it was really hoped that with the right reforms, we could pave the way for stronger growth in the longer term. It is clear, however, that after a rebound in 2021, we are expected to drift back below 2% in 2023.

This is enormously frustrating, as with the correct reforms we should really be able to kickstart the local economy. The muted 1.6% figure for 2023 is a number that we had become used to over the last five or so years, but given that it is in line with population growth, it will do nothing to fix our unemployment issues or the other socio-economic problems that the country is facing.

BETTER THAN EXPECTED REVENUE, BUT DEBT FIGURES REMAIN A POINT OF CONCERN

In another positive, the over-recovery of almost R100 billion is extremely promising, with markets communicating a great deal of relief. This means that the R40 billion in initial taxes that government mentioned it would need to raise in the October Medium Term Budget Policy Statement (MTBPS) has been scrapped. Better-than-expected revenue also means that the budget deficit has also come in at 14% of GDP for 2020/21 instead of 16%. This is then expected to decline to 9.3% in the next year, and to 6.3% by 2023/24. However, these numbers are compared to last October. If we compare them to last February, the tax shortfall is north of R200 billion which is the largest tax shortfall on record. This places some of the positives into perspective and highlights that the road ahead remains very steep.

It is further crucial to recognise that the projected budget deficit figures have been reached by pencilling in flat expenditure numbers for the next four years, using highly optimistic assumptions regarding cutbacks and reprioritisations in government spending. As many of these cutbacks seem to rely on the ability to freeze government wages in order to reduce the pressure of the public sector wage bill, there is still a significant risk to achieving the projected figures. Also, somewhat optimistically, debt-to-GDP is now projected to peak at 88.9% in 2025/26, rather than around 95%.

Although Mboweni made the point that National Treasury will tap into its cash reserves to fund the budget shortfall, given that the economic recovery will be staged from a very low base, and that government has scrapped some of its taxes and offered some additional tax relief, this may prove difficult to achieve. It was then heartening to see that aside from the R7 billion set aside for the Land Bank, no further allocations were made to bail out State-Owned Enterprises (SOEs), which has been a bone of contention in the country for a number of years. However, it was also disappointing to note the complete lack of mention of Eskom, or how government will be handling and restructuring its debt.

In a final note on South Africa's concerning debt levels, debt-service costs are conservatively expected to approach 21% of tax revenue. This means that South Africa is far from out of the woods in terms of risking a debt spiral, with one of the highest debt-service levels in the world. And these high debt levels and interest repayments leave only 80% of revenue for key and productive government spending.

GOOD NEWS FOR SOUTH AFRICANS

In an important step for the country in terms of the ease of doing business in South Africa, and in terms of the country's ability to attract foreign investments, Mboweni announced that corporate tax would be lowered to 27% from the beginning of April 2022. In even more good news for South African households, National Treasury has also increased personal income tax brackets by more than inflation, effectively making close to R2.2 billion in relief available to households.

Then, it was extremely positive to hear of the almost R800 billion infrastructure investment drive. This is not only significant in terms of productive government spending, but also demonstrates greater government willingness to partner with the private sector in successfully running and delivering on these types of projects. Just a few years ago, the words "private sector" and "private participation" would never have been mentioned in the Budget Speech, and this represents a step forward for the country in terms of promoting mutually beneficial public-private sector relationships and co-operation.

Overall then, while the February Budget demonstrates a number of improvements over the gloomy tone of the October MTBPS, a number of challenges remain, pointing to a tricky road ahead. All eyes will remain on government to rise to its goals, and if the necessary reforms are implemented with urgency, we may yet see the country finally change direction in terms of poverty, unemployment and inequality.

Economic outlook improves as vaccine rollout begins, but questions remain

By Liberty Divisional Executive for Investments, Vimal Chagan

Finance Minister Tito Mboweni has forecast growth of 3.3% this year on hopes that a well-managed vaccination program, to fight the COVID-19 pandemic, will help lift the economy.

It should be said of course that this positive sounding figure comes on the back of last year›s GDP drop of over 7%. There is a sense, listening to the Minister, that the pandemic will start to come under control with government›s plans to vaccinate the population. With these vaccines coming onto the scene, there›s increased hope of things getting back to normal and business as usual returning.

Of course, it goes without saying that the improved economic outlook is contingent on us not getting any more curve balls thrown at us this year. The outlook of 3.3% growth sounds encouraging but remember the level of output is still below 2019 levels right now. And of course, the unemployment rate remains very high, which will subdue consumer spending in the broader economy.

Critical to a real long-term recovery is debt stabilisation, which is forecast to stabilise at 88% of GDP in 2025/6. SARS will need improved tax collection to maintain this level and as the Minister mentioned, R3 billion will be invested to improve collection technology infrastructure and artificial intelligence capabilities. On the plus side, Mboweni's talk around increasing infrastructure spend sounds good, but his comments about the user paying suggests we might see more tollgates popping up to make this happen.

These infrastructure plans must be realistic, especially if there is an expectation that the private sector, including retirement funds, will be partnering on this. These must be investable projects. There must be a good investment profile for broader business involvement and investment. I was encouraged that despite the difficult position of our country's finances, that the Minister has found room to give some relief to taxpayers.

The reduction in the corporate tax rate by 1% was good news, although it comes with some qualifications. In reality there is some fine print to this. The government also wants to limit deductions and some other things, so any gains will be offset to some degree. I was heartened by talk of government getting more people into pension funds and savings. This has been spoken about for a long time and involves mostly people in the lower economic brackets where a culture of formal saving is less common. A culture of long-term saving or investing, especially for retirement can go a long way in making more people less reliant on state assistance.

There were some other things I would like to have seen in this budget. For example, besides mentioning infrastructure spend, the Minister didn't mention any firm plans as to how government is going to get the economy to strengthen up again. Perhaps giving some thought to SME's, the powerhouses of the economy, could be a step. Some real creativity will be needed to get South Africa's growth potential up to speed and our debt levels down. There were some signs of this in the budget. One should hope government will continue to pursue the ideas and more importantly, implement them.

Businesses are crucial gateways for creating inclusive prosperity

By Dumo Mbethe, CEO of Momentum Corporate

THIS IS WHY IT'S IMPERATIVE TO MAKE THE EMPLOYMENT CIRCLE BIGGER

The 2021 Budget received a generally positive response from many quarters, which was reflected in a rise in markets on the day., says the prioritisation of the vaccination campaign as part of the Budget provisions is most welcome. An efficient and accelerated vaccination roll-out is a key dependency for getting South Africa back to normal business activity levels as soon as possible

The pandemic and related lockdown has left our nation reeling as we face a record-high unemployment rate of 32.5% which increased by 1.7 percentage points at the end of 2020, on the back of rising liquidations, which increased by 14.2% year-on-year at the end of 2020.

Businesses, small and large, are the primary source of employment and critical in addressing the national priority of job creation. Fortunately tax revenue exceeded the forecast in the 2020 Medium Term Budget Policy Statement and we've been able to avoid the R40bn potential increase in corporate and personal tax that was on the horizon in November 2020.

I welcome the proposal to reduce the corporate tax rate over the medium term. "Our corporate tax rate is high compared to other countries that we compete with for foreign direct investment. Reducing it will increase our competitiveness, make investment more attractive and boost economic growth. The reduction will also offer much-needed tax relief for businesses currently operating in the country and accelerate their recovery as we exit the pandemic and the current downturn. I am also pleased to note the Budget announcement to not increase personal tax and the above-inflation increase in personal tax brackets and rebates. This will provide much-needed tax relief and put money back in the pockets of South Africans, particularly low- and middle-income earners.

Employment is the door to prosperity for many South African households currently excluded from participating in economic upside. A growing economy and thriving business environment are the foundations for creating more job opportunities. Expanding employment is not an end in itself but rather a means to give more South African households the opportunity to continuously improve their living standards, achieve a degree of financial freedom and the ability to create a legacy of wealth transfer.

ESSENTIAL ROLE OF RETIREMENT FUNDS

Momentum and Unisa research highlights the essential role that employment and access to an employer-sponsored retirement fund has in household wealth creation. The South African Household Wealth Index shows that despite the pandemic and severe economic contraction, the real value of South African households' net wealth increased by the end of the fourth quarter 2020, ending R236.3 billion higher than the previous year.

The research ascribes the huge increase in household net wealth to strong growth in the value of financial assets. While some South African employees have access to high growth financial instruments through personal investments, access for most is usually provided through their employer-sponsored retirement fund, which is often their largest financial asset.

Retirement fund membership is also the gateway that gives most employees access to the group insurance benefits essential for reducing the risk of potential financial catastrophe. These benefits have proven particularly critical during the pandemic.

I was pleased to hear the Finance Minister speak about the introduction of auto-enrolment into retirement funds for all employees. This thinking aligns solidly with our belief that retirement funds should play an essential role in facilitating prosperity for far more South Africans while reducing the social security burden on the State.

HOW RETIREMENT FUNDS CAN HELP DRIVE THE RIGHT BEHAVIOUR

Retirement fund members have access to various channels to improve their financial outcomes. Key retirement fund players - which include trustees, service providers, financial advisers and benefit counsellors have a wealth of financial expertise that can be shared with members through appropriate channels. The right information and advice at the right time can make a big difference to members' financial outcomes. It is vital that as a nation we break the back of COVID-19 with the effective implementation of the vaccine rollout programme and urgently reopen economic activity levels across all sectors. This will create an environment in which businesses can recover, stimulate job creation and put many more South Africans on the path to prosperity.

#Budget2021: Positive moves on income taxes, but the lack of focus on small businesses disappoints

By Viresh Harduth, Vice President, Small Business, Sage Africa & Middle East

Many taxpayers will be thankful that Finance Minister Tito Mboweni's Budget Speech for the 2021/2tax year offers real relief for people in most income tax brackets rather than the painful tax increases that many of us expected. Yet, his Budget Speech also sets the stage for what is likely to be a slow and difficult recovery from the pandemic over the next three years. According to the National Treasury's forecasts, the South African economy is expected to rebound by 3.3% this year, following a 7.2% contraction in 2020. As such, we have a long road ahead of us before GDP grows back to its pre-pandemic size. While the Minister's commitment to lowering barriers to entry, raising productivity and lowering the cost of doing business is laudable, his speech had few new ideas about how to do so. Particularly disappointing from Sage's perspective was the lack of focus on the small business sector. Many small businesses have had a difficult year due to the pandemic, and we have lost many of our wonderful small companies, especially in the retail and hospitality sectors, under the lockdown. We would have liked to have heard more ideas from Minister Mboweni about helping them to grow again as we exit the current crisis.

PROPOSED CORPORATE TAX REDUCTION IS WELCOME, BUT...

On the upside, the promise of a 1 percentage point reduction in corporate income tax for companies with years of assessment commencing on or after 1 April 2022 is to be welcomed. However, this will be of limited help to the many entities that are trading at a loss under the current market conditions. We could do more to reduce red tape for these struggling small businesses and create an enabling environment for growth. The R1 million VAT registration threshold, for example, has not been changed for years. Raising it could relieve many small business owners of an admin headache and free their time to focus on growing their businesses instead. Steady increases of taxes such as the fuel levy also threaten to raise the costs of doing business. In fact, Minister Mboweni hardly mentioned small businesses at all, which is a missed opportunity, given that entrepreneurs could have a key role to play in reviving the economy. It was also disappointing to learn that there will be no extension of the venture capital company tax incentive after 30 June 2021 due to poor uptake. We hope that government will learn from this experience and return with a similar programme - it could play a valuable role in financing and growing exciting new businesses.

SUSTAINING NEW BUSINESSES

We were interested to hear, however, that the Department of Small Business Development has allocated R4 billion over the medium term to township and rural enterprises, including blended finance initiatives. News that the Department of Tourism has reprioritised R540 million over the medium term to establish the Tourism Equity Fund (TEF) to support the tourism sector recovery is also encouraging. We look forward to more details. The Minister also skirted over the issue of growing our country's Fourth Industrial Revolution capabilities and digital economy, apart from mentioning that SARS has started to deepen its technology, data and machine learning capability. We would have loved to hear even more ambitious plans from government to use technology more effectively to reduce red tape for citizens and businesses.

WHERE IS THE TECHNOLOGY FOCUS?

If the pandemic has highlighted one thing, it is the central role of digital technologies in today's economy. We would thus welcome a strategic focus from government on the technology sector. A positive, if small step in that direction, is the decision for SARS to review tax provisions for travel and working from home. We see this as an opening point for a wider discussion of digital enablement of South African workers and businesses, and new business and social models for the future. Looking ahead, catalysing growth of businesses, especially smaller companies, is not just about top-down interventions. Small businesses are tough, flexible and hardworking. They can get things done. If their potential is realised, they can take South Africa's growth to a whole new level. We need to create a culture and a framework that encourages people to establish their own businesses.

Webber Wentzel: Mboweni sticks to a realistic path in 2021/22 Budget

By Wesley Grimm, Joon Chong, Cor Kraamwinkel from Webber Wentzel

South African Finance Minister Tito Mboweni delivered the 2021/22 Budget on Wednesday that treads a pragmatic path between over-spending and too much austerity, as the economy grapples with the impact of Covid-19 and lockdowns.

The minister clearly listened to widespread calls to avoid raising taxes but also to allocate more funds to rolling out vaccines. Overall, it was an optimistic budget, but with some stings in the tail.

The Budget delivered good news for taxpayers on a number of fronts:

- Households, particularly lower-income groups, will benefit from the above-inflation 5% increase in personal income taxes and rebates.
- The minister announced that the corporate tax rate would be cut to 27% for companies with years of assessment starting on or after 1 April 2022. However, this will be accompanied by less welcome measures to offset the loss of revenue (see below).
- He has committed over ZAR 10 billion to buy and deliver vaccines over the next two years and increased the contingency reserve by ZAR 7 billion for more vaccines and other emergencies. Government's plan to vaccinate two-thirds of the population over 12 months is important to drive economic recovery.
- The minister has also promised a significant cut in the public service wage bill.
- Social grants and support for employment creation has been increased, which will help to offset the negative effects of the Covid-19 pandemic.
- SARS and National Treasury will be reviewing the Voluntary Disclosure Programme (VDP), under which taxpayers may apply to regularise their tax affairs. This is an effective way for the fiscus to collect additional revenue relatively easily.
- We are also encouraged by the minister's announcement that another ZAR 3 billion would be allocated to SARS to increase its effectiveness in administering the various pieces of tax legislation.
- The increase in carbon tax increases demonstrates government's determination to help fight climate change.

However, we consider some of the other proposals necessary to raise tax revenue or increase the tax base will be less welcome by taxpayers.

- One of the hardest hit groups will be individual taxpayers who propose to emigrate for tax purposes and have pension or provident funds in South Africa. The proposal to include retirement funds in the exit tax net may cause panic and increase withdrawals of such funds prematurely.
- The increase in excise duties on alcohol and tobacco products is above inflation and, while government is commendably determined to tackle the abuse of alcohol which costs the economy billions, it will have unfortunate consequences. It may fuel the illicit trade that flourished under the alcohol and cigarette bans during lockdowns. This will ultimately result in less revenue being collected than the taxes are intended to raise. It will hit a range of companies – not only large ones but also small craft brewers who have struggled to recover from the loss of revenue during the bans.
- Although the intention is to cut corporate taxes, the minister said to maintain revenue neutrality this has to be accompanied by measures such as limiting assessed losses and interest expense deductions. This proposal is deferred for a year and will give corporate taxpayers some breathing space, as after that many businesses will be unable to fully utilise losses that they could before. Uncertainty regarding the scope and content of the interest deductibility rules remains a concern and proposed refinements to the corporate reorganisation rules will have to be carefully considered when the relevant bill is published.
- The announcement that the Section 12J incentive available to venture capital companies will cease on the sunset date of 30 June 2021 reflects National Treasury's findings that the tax deduction available for investing in Section 12J companies is not having the desired effect in promoting small business and job creation. This means that the 2022 year of assessment will be the last year in which investors can put money into a Section 12J company/fund and claim a tax deduction.

- Inflation-related increases in the fuel levy and the Road Accident Fund (RAF) levy were expected, because of the RAF's contingent liability, but will affect transport costs for consumers.
- The announcement that a bill will be introduced to impose levies on regulated companies in the financial sector will also contribute to increased regulatory costs for affected entities.

South Africa's National Budget Speech 2021: On a razor edge

By Norton Rose Fulbright

On Wednesday 24 February 2021, the Minister of Finance, Mr Tito Mboweni presented South Africa's National Budget Speech before Parliament on the back of fiscal challenges brought about because of the Covid-19 pandemic; an economy in recession largely caused by lock-downs and travel restrictions; an ever-increasing public sector wage bill; a ballooning debt-to-GDP ratio; and a shrinking tax base.

THE CHALLENGES

The principal challenges currently facing Government are how to raise economic growth, increase tax collection, reduce government expenditure and thereby reduce the current budget deficit. The consolidated budget deficit is projected at 14% of GDP in 2020/21, narrowing to 6.3% of GDP by 2023/24. The debt-to-GDP ratio is now expected to stabilise at 88.9% in 2025/26. Government expects that the debt stabilisation will reduce borrowing costs which will ultimately attract much needed foreign investment into the economy. The South African economy contracted by an estimated 7.2% in 2020 which is a better outcome than originally projected. This has largely been ascribed to easing of lockdown restrictions in the third quarter and a faster-than-expected resumption of global growth, especially in China.

NO NEW TAXES OR INCREASED TAX EXCEPT ALCOHOL AND TOBACCO TAX

Gross tax revenue for 2020/21 is expected to be R213.2bn lower than recent projections. However, due to a recovery in spending and wages in recent months, and better than expected mining sector tax receipts, 2020/21 revenue collections are expected to be R99.6bn higher than estimated in the October 2020 Medium Term Budget

Policy Statement. As a consequence, and to support economic recovery, Government will not increase tax rates and the previously announced tax increases amounting to R40bn over the next four years are to be withdrawn.

Corporate income tax rates therefore remain at 28% and the VAT rate remains at 15%. Personal income tax brackets and rebates have received an above-inflation increase with the maximum marginal tax rate being left unchanged at 45%. An 8% increase in alcohol and tobacco excise duties has been proposed which is expected to bring an additional R1.8bn of revenue.

MORE COSTS AND NO STIMULUS

Somewhat disappointingly, Government has not addressed any new tax incentives which will meaningfully stimulate the economy.

In fact, current incentives are being phased out, for example, the sunset clause for investments into venture capital companies will not be extended past 30 June 2021. On the expenditure side of the budget equation Government has allocated R9bn for the Covid-19 vaccine rollout. An additional R31.7bn will be allocated to Eskom and SAA will receive an additional R3.5bn.

CONCLUSION

In conclusion, the Budget Review recognises that the South African economy is on a razor edge. Periods of sustained revenue under-collection and continued weak economic growth has meant that Government is faced with making tough decisions. The Budget Review recognises that Government's chosen fiscal path will not be easy but it is intended to support higher levels of economic growth and to enable the country to escape a debilitating debt spiral.

Budget 2021 tax changes

By Lesley Bosman, Associate Director, Corporate Tax, KPMG

Whilst taxes are only one element of the annual budget speech, the key tax changes announced each year are closely followed by individuals and corporates alike.

Many expected the 2021 budget to contain one or more dramatic tax announcements such as the introduction of a solidarity tax or of a wealth tax. Fortunately for taxpayers this was not the case. There were, however, a number of key changes that were announced. On the personal income tax (PIT) side, the tax brackets along with the rebates have been adjusted, whilst keeping the tax rates for each tax bracket unchanged. These changes will provide R2.2 billion in tax relief. Whilst all tax brackets will benefit from the relief, the relief is more in favour of lower and middle-income households. Taxpayers who contribute to medical aid funds will also benefit from a small increase in the medical schemes fee credit. In order to fill the gap in state coffers arising from the PIT relief, excise duties on alcohol and tobacco will be increased by 8%.

On the domestic corporate income tax front, changes for the 2021 year were kept at a minimum and are largely technical in nature. 2022 will however see some significant shifts in the tax landscape for businesses. The first of these is a proposed reduction in the corporate income tax (CIT) rate from 28% to 27% from 1 April 2022. This should make our CIT more competitive relative to other jurisdictions. The reduction in rate will be tempered through the introduction of provisions that will limit the percentage of assessed tax losses that can be utilised to shelter taxable income, less tax incentives and a limitation on interest deductions.

As far as the assessed tax losses limitations are concerned the 2020 budget which initially mooted this change indicated that only 80% of taxable income would be allowed to be set-off against losses. According to the 2020 Tax Statistics published by National Treasury and the South Africa Revenue Service (SARS) only 25.2% of companies who were assessed during the for the 2018 tax year reflected taxable income.

The move to limit the utilisation of assessed losses could therefore significantly increase the number of corporates that ultimately have taxable income on which CIT can be levied.

2022 will also see amendments to the interest limitation provisions. On the date of the 2020 budget speech, National Treasury released a discussion paper containing proposals to enhance the rules regarding limiting excessive interest deductions for South African taxpayers who operate as part of multinational enterprises, in line with the Organisation for Economic Cooperation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Action 4.

It is proposed that the fixed-ratio limitation for net interest expense will be adjusted to 30 per cent of earnings and will be restricted to connected-party interest rather than total interest incurred by the taxpayer.

Also from an international corporate tax perspective, National Treasury confirmed its commitment to the OECD inclusive framework initiative aimed at reaching consensus on the so-called "unified approach" to the taxation of the digitalised economy, in essence a globally agreed approach to the taxation of the digitalised economy.

Of interest is the announcement that the SARS will establish a dedicated unit to improve compliance of individuals with wealth and complex financial arrangements. The unit will begin communicating with identified taxpayers in April 2021. In addition, SARS will be using information provided through third party returns e.g. the IT3(b) returns prepared by financial institutions in relation to interest to consolidate wealth data in relation to taxpayers and broaden the tax base. This information will allow National Treasury to assist in assessing the feasibility of a wealth tax.

SARS has also been allocated an additional R3 billion to modernise its modernise its technology infrastructure and systems, to expand and improve the use of data analytics and its artificial intelligence capabilities, and to increase participation in global tax compliance initiatives.

Whilst the 2021 budget will usher in some changes for the coming tax year, the absence of any drastic tax proposals has no doubt left compliant taxpayers relieved. As for the rest, 2021 may bring increased attention from SARS.

SOUTH AFRICA'S FIRST

FINANCIAL ADVISORY

RECRUITMENT FIRM

TO APPLY PLEASE CONTACT

THE RECRUITMENT COUNCIL

AT CAREERS@RECRUITMENTCOUNCIL.CO.ZA

SENIOR CORPORATE CREDIT RISK MANAGER CA(SA)
JOHANNESBURG

6 Years Post Articles Exposure to Corporate Credit Risk

Solid Experience in Conducting Industry and Company Specific Credit Worthiness

Proven Track Record in Analysing Financial Statements, Secured and Unsecured Lending and Project Finance

Sound Understanding of Legal Risk Pertaining to Legal Documentation

R950 000 - R1.1 Million

Reference: Senior Corporate Credit Risk Manager | Johannesburg

COMMUNICATIONS AND CONTENT WRITING SPECIALIST
JOHANNESBURG

THE RECRUITMENT COUNCIL

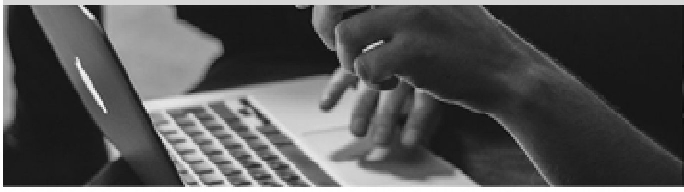
Exposure to Financial Services within a Communications/Marketing Environment

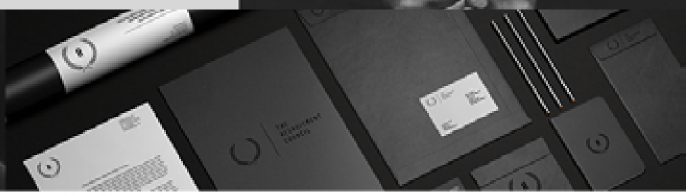
Expert Exposure to Content Writing across all Media Platfroms (Creative, Digital, Direct)

Experience in Planning, Managing, Content Development and Production of Campaigns

Launches, Events, Promotions and Public Relations Experience

Salary: R550 000 - R650 000 Per Annum





REGIONAL MANAGER
LIFE AND WEALTH
GAUTENG

3-5 Years Sales Experience in an Insurance Environment
NQF6 or CFP, RE and FAIS Qualifications
Sound Track Record in Leading, Coaching and Managing Large Teams of Financial Advisors
Strong Flair for Target Management, Driving Day to Day Operations and Numbers and Performance Objectives
Experience in Setting Up New Sales Distribution Models and Teams
Expert Experience in the Life insurance and investment sectors

Reference: Regional Manager | Life and Wealth | Gauteng

Durban
Cape Town
Sandton
Pretoria
Nelspruit
Port Elizabeth
East London
Klerksdorp

PERSONAL LINES SHORT TERM BROKER

Expert in Short Term Personal Lines (2-3 Years Minimum)
RE, 120 Credits, 12 CPD Points
Licenced to Sell Category 1.2 on DOFA
Clear ITC Record, Clear Criminal Record, Valid Drivers Licence and Must have own Vehicle

Fixed Basic, Commission, Cell Phone Allowance, 3G Card, Laptop

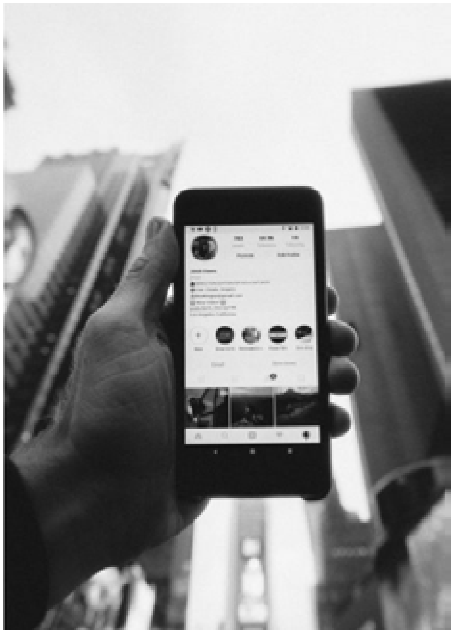
Reference: Please quote the area the application is for

SENIOR MANAGER INVESTOR RELATIONS JOHANNESBURG

Extensive Exposure to Investor Relations
Experience in Presenting to New and Existing Investors, Stakeholders and EXCO
Exposure to Financial Quarterly Reporting, Balance Sheet, Debt and Treasury
Post-Graduate Degree in Accounting, Actuarial Science, Finance or Economics
Qualified CA(SA) or Actuary (Preferred)
5 – 7 Years of Experience in a Finance or Actuarial Role within Financial Services or Insurance Environment

Salary: R900 000 - R1 100 000

Reference: Senior Manager Investor Relations



Pretoria
Durban
Pietermaritzburg

COMMERCIAL INSURANCE BROKER

Expert in Short Term Commercial Lines (2-3 Years Minimum)
RE, 120 Credits, 18 CPD Points
Licenced to Sell Category 1.6 on DOFA
Clear ITC Record, Clear Criminal Record, Valid Drivers Licence and Must have own Vehicle

R20 000 - R22 000 Fixed Basic, Commission, Cell Phone Allowance, 3G Card, Laptop

Reference: Please quote the area the application is for