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DRIVEN BYREGULATION

October 2023 Edition

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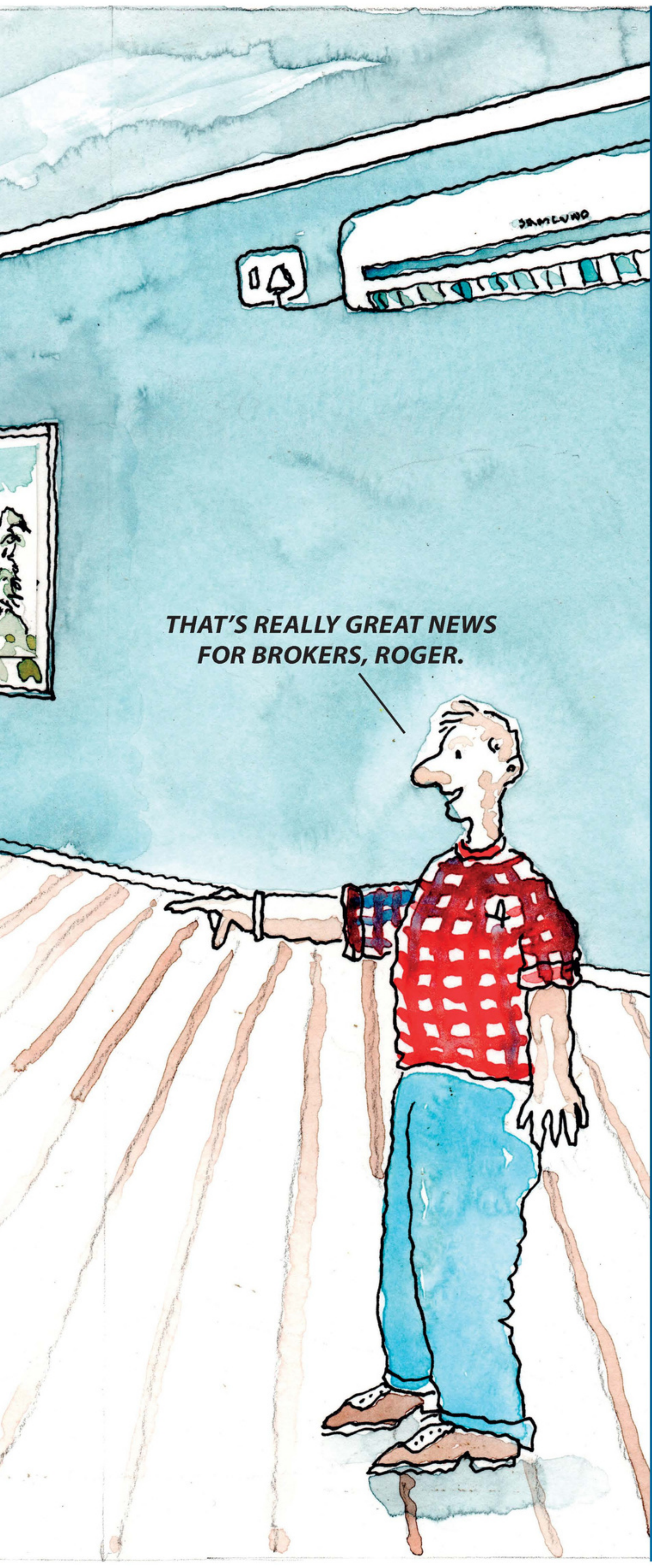
WITH EVEN GREATER MUSCLE BEHIND THEM, RENASA WILL NOW BE ABLE TO EXTEND ITS FOOTPRINT EVERYWHERE, ARCHIE.


THAT'S REALLY GREAT NEWS
FOR BROKERS, ROGER.

MAIN ARTICLES

HOW SA INTERMEDIARIES CAN ADAPT TO THE PHYGITAL TRANSFORMATION

Heinrich Punt, General Manager for Intermediaries at Sanlam, says that navigating the new financial planning landscape requires a seamless blend of the physical and digital world—this is dubbed 'phygital'.

REVOLUTIONISING GLASS INSURANCE WITH CUTTING-EDGE TECHNOLOGY

Zahed Rassool, the CTO of My Glass, delves into the tech marvel that powers this innovative glass insurance provider.

INNOVATION IS THE KEY TO A SAFER AND MORE EFFICIENT TRANSPORT INDUSTRY

The world of goods in transit and HCV insurance finds itself at a crucial crossroads, where insurers must embrace innovation or risk being left behind.

FOSTERING FINANCIAL INNOVATION – A FRESH APPROACH TO REGULATION

Mr Vikash Thakoor, the Chief Executive of the Financial Services Commission, Mauritius shares insights on the role of the FSC in regulating the financial services industry while fostering innovation and collaboration.

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Of Regulation

While in Mauritius for the 45th OESAI conference, I was privileged enough to spend time with the Chief Executive and the Assistant Director for Insurance and Pensions, at the Mauritius FSC (Financial Service Commission) What a breath of fresh air to discuss regulation with regulators that have their focus firmly on growing the financial services industry in Mauritius.

They see regulation as an enabler for innovation, and therefore keep a close eye on emerging technologies. Reading these two articles will give you new hope for the struggle with over-regulation, which our industry is clearly burdened by.

I have always held the view that the main role of the Regulators, FSCA and SARB in our case, is to create an environment conducive to innovation and economic growth. That should be the starting point. Not a focus on policing transgressors and creating more regulation to close the gaps for transgressors, which must be a secondary focus.

This statement might seem like splitting hairs, but visit the website of South Africa's FSCA and you get a sense that their focus is: Protecting the consumer, enforcing regulation, drafting more regulation. All these are essential, but over-regulation discourages innovation, slows economic growth and simply shifts the cost to the consumer, who ultimately pays every cent of what compliance and enforcement cost.

In contrast, visit the Mauritius FSC website and this is what you find:

"Our vision is to be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre".

We are constantly asking for more inclusivity in the financial sector but we are constantly pricing the lower end of the market off the playing field.

Time for a regulatory reset?

Tony Van Niekerk, Owner & Editor

Why My Glass?

We Are Clear About Service

Mobile Service

My Glass comes to you, offering convenient on-site solutions.

Versatility

Not just vehicle glass, My Glass also specializes in building glass repairs and replacements.

Custom Claims Management

Experience seamless incident reporting with My Glass Bordereau, our bespoke online claims management system.

Extensive Stock

My Glass boasts the widest range of available stock, ensuring prompt service.

FINANCIAL PLANNING

“In the realm of finance, the adage "the only constant is change" has never been truer than in recent years.”
- Bastian Teichgreeber, CIO Prescient Investment Management

THE FREE LUNCH FROM GUARANTEES MAY COME AT A HEFTY COST


Anet Ahern, CEO, PSG Asset Management

The cyclicality of markets and investing is often recognised at the macro level: bull and bear markets, commodity super cycles, the outperformance of value or growth stocks at various times, to name just a few.

However, I'd like to argue that with the cyclical nature of the stock market, comes a certain cyclicality in investor behaviour and sentiment too: we often find that similar topics crop up predictably from time to time, as market movements and cycles play out.

The popularity of products that promise certainty to investors, like fixed deposits and guaranteed products, seem to be subject to this cyclicality. Earlier this year, it was reported that FNB had "seen its fixed deposits grow by a compounded annual growth rate (CAGR) of 22% in the past six months," making up 12% of the group's total assets. Their inaugural retirement savings survey also found that 86% of respondents use banks as one of their retirement savings channels. I can recall two previous occasions when the flight to guarantees was tempting and popular – in the early 2000s and after the 2008 Global Financial Crisis (GFC) period. During both of these periods one ultimately wanted the ability to take advantage of market opportunities, but guarantees and fixed deposits often require giving up that flexibility.

We can guess why interest levels in guaranteed products seem to coincide with tough times in the market: investors (much like markets) detest uncertainty, and high interest rates (which fuels economic uncertainty) are a key input into structuring guarantees, and make fixed deposits appear attractive. Paying for certainty in an environment marked by uncertainty seems like a sure win.

However, as with all things in life, nothing is free. There is, after all, a cost for the issuer providing the guarantee. To digress for a moment and as something of a public service announcement – investors are also well served to remember that promises of unrealistically high guaranteed returns (well above the prevailing interest rates offered by banks) are one telltale sign of pyramid schemes! The key point to remember, however, is that providers offering (reliable) guarantees still need to fund them somehow – and they take a prevailing view on the markets and rates when doing so.

In an uncertain environment, equity returns are prone to temporarily dipping below the rates on offer from fixed income investments. But normally, equity markets offer far higher and – importantly – real returns to investors in the long run. And they have done so reliably over long periods of time. True wealth is built in the equity market – not in fixed income investments. In the words of author Robert G Allen: "How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case." While cash and fixed income investments play a hugely important role in meeting short-term and income needs as part of an overall balanced portfolio, those investing for the longer-term need to reliably outperform inflation and grow their wealth in real terms.

But what derails many investors, is that stock markets do not generate returns in a straight line. There are bull runs, of course, but also long periods of sideways trading and – do I need to remind anyone? – steep drops. Therefore, it follows that the returns generated from any point forward are dependent on the starting point. Those buying in at the top of bull markets are likely to wait a long time for markets to regain their former highs, as an example. However, what many ignore is that weak and depressed markets contain the seeds of great future returns. Consider the sharp upward spike we often see following a deep market low, like that following the Covid-19 crash. The difference between returns when investing at the top of bull market euphoria versus bear market fear can be substantial.

In the scramble to guarantees that we often see in the midst of equity market lows or protracted mediocre returns, this is often what investors forget. While there is a place for products that offer certainty as part of an overall balanced portfolio, investors should remember that the price of the guarantee is not just in the return that you lock in, but also in the future returns you give up by being out of equity markets. The same high interest rates which make guaranteed products so tempting and sentiment around growth assets poor, sow the seeds for attractive equity returns in the future off the base of low valuations and strong price responses to negative sentiment. Market timing, of course, is virtually impossible to get right, and it is here that the importance of following a tried-and tested investment process comes to the fore.

By consistently applying our proven 3M investment methodology, and buying quality assets at below their intrinsic value, PSG Asset Management aims to unlock value for investors in the long run. While at the aggregate market level there may not always appear to be buying opportunities, there are always neglected or unloved assets and sectors of the market that investors shun due to temporary factors – or based on incorrect assumptions of their true value. Reratings in such neglected assets can be breath taking, when the time comes. Shipping and leisure stocks, which could be bought at mouth watering levels a few years ago, come to mind.

Investors looking for more certainty from their portfolios, should therefore always consider not only what they are getting at face value, but also what the long-run impact of their decision might be on their ability to grow their long-term wealth. An investment manager like PSG Asset Management, which seeks neglected quality trading at depressed valuations on a globally integrated basis, is well placed to uncover hidden gems that help to tilt the odds of long-term success in the investors' favour as part of a balanced portfolio.

An adviser who understands the investor's overall picture can blend asset classes and funds that provide growth with those that provide predictability, in a way that serves the investor's future needs best, taking overall risk levels into account.

NAVIGATING NEW HORIZONS: EMBRACING MENTAL HEALTH CHALLENGES IN THE INSURANCE INDUSTRY

Shanique Jina, Underwriting Manager at Bidvest Life

The prevalence of mental health disorders in our country continues to rise, presenting both challenges and opportunities for the insurance industry. To address this growing trend, insurers and financial advisers must adapt their strategies and develop a deeper understanding of mental health conditions.
Before the pandemic, one in three South Africans was likely to experience a mental health issue at some point in their lifetime1. However, the pandemic's aftermath has exacerbated this tension, leading to significant mental health ramifications due to joblessness and other factors2. Healthcare professionals, insurers, and financial advisers are now actively engaging in discussions to address the rise in mental health disorders and its implications.

Underwriting impact

The surge in mental health conditions presents a new set of underwriting challenges. Accurate risk assessment is paramount, which means understanding the correlation between mental health conditions and their prognosis. By doing so, insurance processes can better reflect the associated risks of these disorders. When it comes to mental health, South African insurers predominantly deal with anxiety, depression, and bipolar disorders. These conditions are complex and understanding them helps insurers better assess and underwrite risks associated with each.

Anxiety Disorders:

While anxiety disorders are the most common group of mental health disorders, full remission rates remain low. Whether symptoms are chronic or recurring, insurers must be sensitive to the social impact of anxiety disorders as they can affect an individual's social life and productivity at work. All cases of anxiety disorders are complex and each one must be assessed on an individual basis.

Depressive Disorders:

Depressive disorders are characterised by a persistent feeling of sadness and can severely impact an individual's ability to function in day-to-day life. It's vital for insurers to consider the impact of depressive disorders on mortality and morbidity, including the heightened risk of suicide.

Bipolar Disorders:

Bipolar disorders present significant long-standing risks, including increased mortality and morbidity. Assessing the course of the illness, social implications, suicide risk, and other causes of increased mortality is crucial in evaluating risk. The morbidity risk associated with bipolar disorder is substantial, affecting occupational and social functioning for many individuals. In fact as few as one-third of individuals recover full occupational or social capabilities, and in some community studies as many as 65% of individuals were unemployed, with 40% of these receiving disability or assistance benefits.

The Assessment Process

Guidelines from the South African Society of Psychiatrists (SASOP) offer valuable insights into the management of impairment claims on psychiatric grounds. It's important that treatment is focused on strengthening an individual's resilience and aims to support their ability to resume work. Disability assessment is a legal decision, not a medical one, involving experts from various fields. A holistic evaluation of an individual's impairment needs, job description, policy disability clause conditions, and personal factors is essential in this process. The decision is taken by a panel of experts including a medical advisor, legal advisor, and claims consultant. The doctor treating the patient cannot express an opinion on disability. To assess disability entails assessing the extent of the person's impairment needs in conjunction with their job description, policy disability clause conditions and personal factors such as education and experience.

Rethinking the Underwriting Process

With the growing prevalence of mental health disorders, traditional underwriting processes must evolve. By developing a deeper understanding of mental health disorders, insurers can enhance risk assessment and better address the scope of these challenges.

Promoting Mental Health Practices

As we navigate uncharted territory, increased awareness, early identification, and enhanced support for mental health issues are critical. Insurers need to embrace a more holistic view, recognising their role in promoting better mental health practices and contributing to a healthier society.

Early Identification and Support

Increasing awareness and promoting early identification are crucial steps toward managing risk and creating a healthier society. By advocating for better mental health support, insurers can play a significant role in ensuring individuals receive the care they need and reducing potential risks. By adapting strategies and gaining a deeper understanding of these conditions, insurers and financial advisers can navigate this new landscape more effectively. Promoting early identification, advocating for better mental health support, and adopting a holistic approach will not only lead to better risk management but also contribute to a healthier and more productive society.

Sources

1 South African Depression and Anxiety Group
2 SASOP Guidelines to the Management of Impairment Claims On Psychiatric Grounds Third Edition, 2017

HOW THE TWO-POT SYSTEM CAN HELP 70% OF SA WORKERS SAVE FOR RETIREMENT

Limited access to only a portion of pension savings will allow more members to enjoy a comfortable retirement, notes Old Mutual Retirement Reform Executive Michelle Acton

Michelle Acton , Old Mutual Retirement Reform Executive

South Africa's retirement savings crisis has reached a critical point, with more and more workers unable to preserve their retirement funds, according to the latest 2023 Old Mutual Savings and Investment Monitor Survey. In response to this growing retirement crisis, the South African government has proposed a retirement reform aptly named Two-Pot.

The new system promises to provide a sustainable and practical means for South Africans to balance managing immediate financial needs and long-term retirement planning. However, its ultimate success will depend on individual discipline and comprehensive financial education.

Set for implementation on 1 March 2024, this system, at its core, requires that every pension fund member saves two-thirds of their future contributions in a "retirement pot" specifically for income at retirement. The balance of the contributions will be allocated to a "savings pot", which is specifically for lump sum at retirement, however, a member may access before retirement, subject to some limitations a convenience that comes with risks.

This means that for every R100 a member contributes, R66.67 will be added to a "retirement pot", which cannot be accessed until retirement and the remaining R33.33 into a "savings pot" that can be withdrawn once a year. Any savings pot balance not accessed prior to retirement can be taken as a lump sum at retirement.

The rationale is simple. When most South Africans leave a job due to retrenchment, termination, or resignation, they typically withdraw their retirement savings instead of transferring them to a new employer or putting them in a preservation fund. The 2023 Old Mutual Savings and Investment Monitor confirmed this disconcerting trend of early withdrawals.

With a sample size of just over 1500 participants, the survey showed that less than a third (29%) had saved all their retirement money when they left their employer. Approximately 1 in 3 people decided to cash out all their retirement savings. This trend is worrying as it could mean these individuals may not have enough money for a comfortable retirement.

The survey also revealed that 62% of those with retirement funds would likely use some of their retirement money before they retire if the rules allowed it. These findings highlight the importance of the Two-Pot reform, a change designed to help people plan their retirement savings more responsibly.

Under the Two-Pot system, retirement fund members facing financial need can withdraw some of their accessible cash pot before retirement without quitting or resigning from their job. A maximum of 10%, capped at R25,000, of the member's existing savings will be used to seed the savings pot on day one from existing retirement savings. The minimum withdrawal amount from the savings pot is R2,000, with no maximum amount specified.

For example - let's say you have a total of R100,000 in your retirement fund. With the Two-Pot system, 10% or R10,000 will be transferred into an accessible "savings pot" when the system starts. You can withdraw a minimum of R2000 or the entire amount within the savings pot.

Economic challenges

Economic factors such as inflation, interest rates, and overall market performance could influence the growth and value of retirement savings in both pots. Beyond this, unfavourable economic conditions, such as recessions or job losses, drive more people to access their savings prematurely, affecting long-term retirement security.

The Covid-19 pandemic was the 'perfect storm' to highlight South Africa's savings crisis. During the pandemic, many individuals had no emergency funds for necessities, medical or funeral expenses to bury loved ones. This savings crisis has had a far-reaching impact on long-term financial health and retirement planning, and despite the global economic recovery, under-saving for retirement remains an issue.

Even before the pandemic, less than 6% of employees could afford to retire comfortably at age 65, according to estimates from National Treasury. The odds are that many retirees will outlive their retirement savings due to reduced protection and longer life expectancy and will have to accept a standard of living far below what they envisioned.

The benefits of early access

As we've seen in the statistics above, when members don't have money to take care of an unexpected event or are pressured to pay off debt, they resign to access their pension savings, often depleting it. Therefore, the Two-Pot accessible pot option provides a buffer against the depletion of retirement savings, making it easier for members to preserve their long-term retirement savings.
One of the pillars of sound personal financial management is having an emergency savings fund, a designated amount to cover unforeseen expenses. It acts as a financial safety net, providing a readily available reserve of cash that can be accessed easily when unexpected events occur, such as medical emergencies, car repairs, job loss, or any other unforeseen financial challenges.

The purpose of an emergency fund is to discourage over-reliance on high-interest debt, such as credit cards or loans, during times of crisis. Instead, it allows individuals to handle unexpected expenses without derailing their budget or long-term financial goals. Unfortunately, many South African households do not have emergency savings and rely on credit or, in desperation, cash in their pension savings when the opportunity arises.

Therefore, the anticipated benefits of this new pension system with built-in access are manifold. This system is projected to encourage a culture of savings. By providing a safety net, the accessible savings pot reduces the perceived risk of locking away retirement funds. Consequently, this could stimulate a higher participation rate in pension schemes and, thus, contribute to mitigating the retirement savings crisis.

Early access to one-third of their retirement savings can prevent pension fund members from falling into a debt trap due to unforeseen emergencies or financial shocks. Members can use their savings to weather financial hardships instead of resorting to high-interest loans or detrimental debt cycles. Maintaining a substantial portion of retirement savings, two-thirds, until retirement provides a disciplined structure to ensure retirees have sufficient funds to maintain a standard of living beyond their working years. This portion will continue to grow over time, compounded by the returns from the pension fund's investments. However, this reform is not a magic wand to be wielded indiscriminately in the short term but rather a long-term mechanism to ensure a better standard of living at retirement. Individual discipline in preserving even accessible retirement funds remains critical.

Additionally, widespread financial education is essential for the system's success. By empowering individuals to make informed decisions about their savings, we can look forward to a solution for the current crisis and a significant shift towards a culture of sustainable retirement planning.

THE ABC'S OF BUILDING EFFECTIVE ONLINE CLIENT RELATIONSHIPS


Heinrich Punt, General Manager for Intermediaries at Sanlam

A recent Putnam Investments social media survey found that 21% of financial advisers using social media for business use TikTok, and they gained an average of $6.9 million in client assets. These findings highlight the seismic shift in clients' growing preference for digital engagements and the opportunity for intermediaries to connect with these clients online.

Heinrich Punt, General Manager for Intermediaries at Sanlam, and Jacques Coetzer, General Manager at Sanlam Broker Distribution, discuss how intermediaries can pivot from traditional face-to-face interactions to digital communication platforms.

Punt says, "Covid-19 created a necessity for digital communication tools, from WhatsApp to LinkedIn or even Microsoft Teams, to bridge the communication gap between intermediaries and their clients. In today's world, your digital presence as an intermediary can be the difference between whether you land a client – or not."

Here's how to leverage digital communication tools and effective online strategies for digital client relationship management that reaches a broader audience and extends geographical boundaries.

Expand your focus to multiple platforms

Punt says in today's digital era, multi-platform communication has become integral in relationship building. He says clients want the freedom to choose their preferred communication channel, from email, WhatsApp, and LinkedIn, to Facebook. So, intermediaries shouldn't view these platforms as standalone entities or focus entirely on one platform but rather view them as part of an interconnected ecosystem.

An effective digital strategy should incorporate multiple channels, from email and website queries to communication on LinkedIn and Facebook. Intermediaries must know where clients congregate and where they can establish connections. Not only does tapping into numerous platforms allow intermediaries to build numerous relationships with countless people simultaneously, but they can convert more digital connections into long-term relationships."

Digitise operations but maintain authenticity

The shift from paper-based to digital operations is essential for efficiency and relationship building. After all, a digital presence is perceived as competent and modern and attracts and retains clients who value such attributes. However, Coetzer says as much as digital operations are crucial, maintaining authenticity is equally important.


Jacques Coetzer, General Manager
Sanlam Broker Distribution

“Intermediaries must ensure that digital communication retains the personal touch typically associated with face-to-face interactions. They must avoid impersonal and generic messages that could disengage clients. For example, using a chatbot to write your client messages or keeping your camera turned off in video calls isn’t going to cut it.”

Leverage CRM data for personalised communication

In a world where data is king, intermediaries with digital data and Customer Relationship Management (CRM) platforms stand at an advantage. Coetzer says these platforms allow intermediaries to gain insights into their clients, product preferences, and behaviours.

“Intermediaries can use CRM data to tailor communication for each client's needs. These insights allow intermediaries to distinguish between a client's personality and preferences.”

Be intentional and strategic in adopting technology

While it's essential to keep up with digital trends, Coetzer says intermediaries must be careful not to get overwhelmed by the wave of technology. “Not all digital platforms may be beneficial or suitable for your needs. It's crucial to be intentional and strategic when adopting digital tools - determine the value proposition of each platform and how it fits into your overall strategy.”

Digital platforms have opened new avenues for intermediaries to establish and build relationships. However, the fundamental principles of relationship building – authenticity, personalisation, and strategic communication – remain the same. By adopting a strategic and intentional approach to digital communication, intermediaries can address the unique challenges clients face and empower their financial confidence by offering product solutions that are affordable and reflect their needs.

STRUCTURAL FORCES SHOULD PROVE DISINFLATIONARY AFTER TRANSIENT INFLATION DISAPPEARS

Bastian Teichgreeber, CIO, Prescient Investment Management

Higher for longer is a narrative that took hold in August, with investors and economists warning that inflation and interest rates were likely to be higher than pre-Covid. But, while the strength of the US economy and transient inflation dynamics may, indeed, contribute to a short-term scenario of moderately elevated interest rates, this is not necessarily indicative of a structural shift.

A long-term perspective reveals compelling structural forces that favour lower rates. The convergence of technological disruption, shifting demographics, and escalating debt levels all point towards deflationary pressures going forward.

Today's economic landscape is admittedly turbulent, marked by unprecedented levels of unpredictability and ambiguity. That makes the ability to anticipate the future, at best, elusive and at worst impossible. At Prescient Investment Management, we recognise the inherent uncertainty of the future. In this dynamic environment, discerning the path forward becomes a formidable task.

However, rather than attempting to predict it, considering all factors that are driving the economy and financial markets offers the best route to certainty. It helps us see through the noise and strips out the emotions associated with the ups and downs of the market.

Using a comprehensive data-driven and scientific process to examine both short-term and long-term global interest rate trends, our results point to interest rates remaining temporarily elevated due to the robust US economy. Thereafter, longer-term structural forces indicate a propensity towards lower rates as disruption, demography, and debt shape the economic landscape.

Interest rates: short term variability vs. long term certainty

Amid the ongoing debate over inflation and interest rates, recent years have seen the emergence of the term 'sticky core inflation rates.', which has spurred expectations of a prolonged period of elevated interest rates. While valid arguments support the case for an extended period of higher rates, our analysis suggests that this is a consequence of the robustness of the current consumption-led US economy primarily driven by a robust labour market. This strength affords the Federal Reserve the latitude to maintain higher interest rates for an extended period.

TIt is vital to distinguish between the cyclical forces currently at play and the enduring structural factors. The Federal Reserve possesses the capacity to sustain higher rates, but it is not likely to be an obligation dictated by structural forces. The crux of this distinction lies in the outlook for inflation.

The transitory nature of inflation

At Prescient Investment Management, we are staunch advocates of letting the data speak. The data strongly suggests that inflation, while initially appearing sticky and higher than expected, is ultimately likely to prove transient. Housing, particularly the shelter component, has been a pivotal driver of inflation. However, recent months have witnessed mixed data in the housing market, with house price inflation descending into negative territory. This trend points toward a forthcoming dip in the shelter component of the inflation basket, potentially lowering inflation to pre-COVID levels.

In summary, while the US economy exhibits remarkable strength in the short term, and this may translate to slightly extended periods of higher interest rates, we maintain that this is not indicative of a structural shift. Our analysis is rooted in the belief that inflation, driven predominantly by the housing market, is poised to revert to pre-pandemic levels.

In South Africa, we are already there, with the headline inflation rate back in the Reserve Bank's target range. The central bank is likely to want to see further evidence that it has been brought down sustainably before cutting rates. But the prevailing view is that emerging markets, including South Africa, will be able to start easing interest rates ahead of the developed world because they responded to inflation forces with rate hikes earlier and aggressively.

Structural forces: disruption, demography, and debt

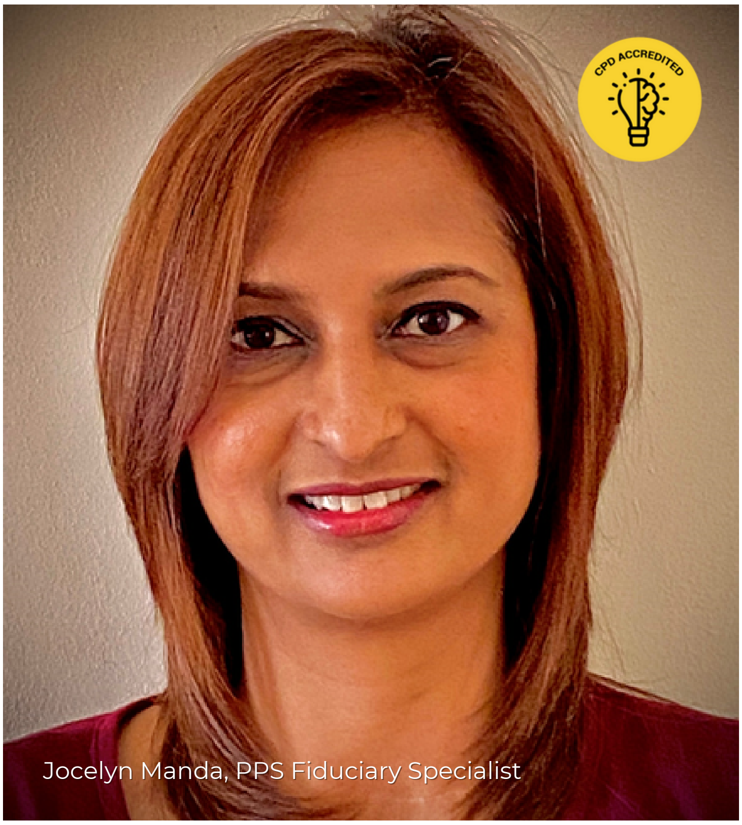
Looking beyond the near-term horizon, structural forces hold sway over long-term economic dynamics. Three potent deflationary factors are set to play out: disruption, demography, and debt.

1. Disruption: The era of unparalleled technological disruption, epitomised by artificial intelligence and advanced technologies, is upon us. Innovations in these domains have the potential to catapult productivity levels, a shift that will be inherently deflationary in nature. Companies at the forefront of innovation will be able to consistently reduce prices, gaining market share.
2. Demography: Globally, demographic profiles are shifting toward aging populations. People are living longer and having fewer children. Economies marked by aging demographics tend to exhibit slower growth and subdued inflation. Older individuals tend to adopt more frugal lifestyles, influenced by their extended lifespans and economic uncertainty. These demographic trends imply there will be muted consumption growth, further reinforcing deflationary pressures.
3. Debt: As aging demographics become the norm, governments face the challenge of supporting growing senior populations. Tax revenues alone cannot meet the burgeoning demands of this demographic shift, necessitating increased borrowing. However, this debt is likely to weigh on economic growth, rather than stimulate it, accentuating the global deflationary trend further.

In the realm of finance, the adage "the only constant is change" has never been truer than in recent years. The global economic climate has become a labyrinth of unpredictability, heralding a new status quo in the decades ahead.

At Prescient Investment Management, our unwavering commitment is to provide financial certainty in this ever-shifting world. Our approach is rooted in a meticulous, systematic, and data-driven investment process that eschews human emotions in favour of empirical evidence. We remain steadfast in our commitment to navigating the intricate web of economic uncertainties by sticking to scientific investment approach that considers it all.

LEAVE YOUR LEGACY THE RIGHT WAY!



Jocelyn Manda, PPS Fiduciary Specialist

Many South Africans are under the misconception that death happens to other people and that it will be a long time before it happens to them.

This approach leaves personal matters 'hanging in the air', without a clear-cut plan in place as to what should happen regarding personal affairs when they are no longer alive. A well-drafted Will means your voice will be heard from beyond the grave. There are some who think that downloading a template, filling it out and signing it is sufficient. This is not an advisable route to follow as too many things could be left to chance. Drafting a Will should be part of a well-thought-out estate plan that is put in place with the assistance of specialist advisors.

The Supreme Court of Appeal commented on this situation when it delivered a verdict in the case of Raubenheimer v Raubenheimer and Others (560/2011) [2012] ZASCA 97. The verdict reads: "It is a never-ending source of amazement that so many people rely on untrained advisers when preparing their Wills, one of the most important documents they are ever likely to sign" and continues to say that "...the courts continue all too often to be called on to deal with disputed Wills which are the product of shoddy drafting or incompetent advice".

Dying without a Will

A common belief is: "When I die, my partner or spouse will automatically be entitled to my assets." This is not true. If you die without a Will, the Intestate Succession Act 81 of 1987, determines who will inherit your assets and in what proportion. The distribution may not be what you wanted and people you never intended to inherit may become your heirs.

Where clients have an advisor, it is up to the advisor to engage the services of a professional to draft their client's Will, ensuring all loopholes and gaps are identified and avoided to ensure a smooth transfer of assets to beneficiaries. To derive the maximum legacy for your client and their beneficiaries the professional will ensure that the Will is drafted in the most cost and tax-efficient way possible.

Choosing an Executor

The Administration of Deceased Estates Act 66 of 1965 aims to formalise the role of an executor and sets out the process required to administer a deceased estate. When you die, the executor steps into your shoes, takes control of your estate, settles your liabilities, and ensures all your other legal obligations are met before distributing your estate to your beneficiaries.

The Master of the High Court appoints the executor who is a person familiar with the estate administration process with experience in administering an estate as well as the necessary qualifications to fulfil the role. It is vital that you nominate the right executor in your Will. Remember, the executor is the person who carries out your instructions to leave the legacy you envisaged. So, make a wise choice.

What happens to a minor's inheritance if I die without a Will?

A minor is a child under the age of 18 years and lacks legal capacity. If you die without a Will, the inheritance of a minor is paid in cash to the Guardians Fund of the Master of the High Court and is invested with the Public Investment Commission, which is managed by a government-owned company. For many years, reports have emerged that the Guardian's Fund has been subjected to theft, fraud, and corruption, thereby compromising the security of the inheritance. According to the annual report for the 2021/2022 financial year, the rate of interest within the Guardian's Fund was 4,25%. The minor has access to the interest for maintenance, education, and other expenses. Capital up to R250,000 can be paid from the fund to supplement the interest payout.

In our present economy, the growing cost of living is so high that access to sufficient cash from the Fund may be limited. The inheritance is held in the Guardian's Fund until the beneficiary attains the age of 18 years. The question is: Will my child be mature and responsible enough to handle the inheritance at that age?

How else can I protect a minor's inheritance?

Your Will can make provision for the formation of a testamentary trust for a minor when you die. If the child is still under the age of 18 years at the time of your death, the executor will distribute the inheritance in accordance with the Will to a testamentary trust. In the Will, you can direct that the minor has access to money for his maintenance and general well-being. Unlike the Guardian's Fund, distributions from the trust capital are not capped. Unlike the Guardians Fund, your Will can stipulate the age of the beneficiary when the trust terminates. It should preferably be an age when you feel the beneficiary would be mature enough to manage the inheritance on their own. You can change the stipulations by revising your Will from time to time. In a Will, your voice can be heard from the grave. It speaks on your behalf when you are unable to.

Who will manage the Testamentary trust?

You can nominate a Trustee in your Will. The role of the trustee is to preserve, protect and administer the inheritance on behalf of a minor. Trustees choose the investments best suited to the trust and which yield high returns and cater for capital growth. Proper accounting records mean that there is transparency in how the trust is being administered. Trustees ensure tax compliance and attend to payments for the minor. When you draft a Will, nominate a Trustee who will best fulfil the duties.

Nominate a Guardian

You can nominate a guardian for your minor child in your Will. A guardian is responsible for the care, development, and well-being of the child. Nominating a guardian in the Will provides guidance to family left behind as to who you intended to take up this responsibility. Without a Will in place, it can lead to much confusion and disagreements among family members, to the potential detriment of your minor child.

Review your Will periodically

Once you draft a Will, make sure it is signed correctly and stored in a safe place. But this is not where it should end. You must at least review your Will annually to ensure that it is still how you want your estate distributed. Life changes like marriage, divorce, birth, or death of a loved one are some reasons why a Will should be reviewed. For example, if you nominated your spouse as a beneficiary in your Will, he/she will not inherit if you die within three months of divorce. If you die after three months of divorce, your former spouse will inherit if you have not amended the Will. A professional will advise you to review the Will as soon as you know that there is a pending divorce to prevent unintended consequences.

Leave your legacy or that of your client the right way, by engaging the expertise of a professional to draft the Will. You will have peace of mind knowing that your/ your client's affairs are in order and loved ones will be cared for.

ARE YOUR CLIENTS' OFFSHORE ASSETS PROTECTED IN THEIR WILLS?


Rone Silke, consultant, Sovereign Trust

Having a valid, legally compliant will has never been more important. Your clients' wills ensure that their assets, and other considerations, are distributed and handled according to their wishes when the time comes. However, if they have offshore property or business interests that form part of their estate, a will drafted in South Africa may not comply with the requirements of other jurisdictions. If you have assets in other countries, it’s in your best interest to work with a professional who specialises in offshore estate planning, and to draft separate wills to protect those assets in terms of the applicable laws in the countries in which they reside.

Given that laws differ from country to country, it makes sense to have a distinct will for each jurisdiction, thus ensuring that the specific legal requirements and provisions for asset distribution are met. A good estate planner will advise on legalities – formalities like witnessing and signing requirements, age restrictions, and any content specifications – that are different from those applicable in South Africa. Likewise, they can advise on country-specific language and translation technicalities. If a will is written in a language other than the official language of the country in question, it may be necessary to have it translated.

There are also considerations like jurisdiction-specific tax. Laws governing inheritance, succession, and taxation may vary from South African tax legalities. Specific tax considerations may apply to offshore assets and may be governed by the tax laws of the foreign jurisdiction where the assets are located, in addition to South African tax laws. Inheritance, capital gains, and other taxes could impact your beneficiaries when your estate is being would up. Understanding the tax structures in your investment destinations, both before investing and while drawing up your will, is a crucial aspect of maximising your return on your investments.

Depending on the nature and size of the offshore investments, it may be advisable to engage in tax planning and structuring. By putting tax-efficient investment structures, like trusts, companies, and investment funds in place, you will be better able to minimise the impact of taxes on investments and assets, as well as on the client's legacy. Implementing such tax planning strategies requires expert advice from tax professionals who are knowledgeable in both South African and international tax laws. Working with a tax professional will also help in benefitting from double tax agreements (DTAs), which aim to provide relief from the potential double taxation of income and assets between countries. DTAs ensure that income and assets are not taxed twice – once in the country where they are earned or located and again in the country where the taxpayer is a resident.

Drawing up and executing wills to protect offshore interests is one aspect of protecting a client's legacy. Making sure that their wills are updated is just as important. Advisors must keep their clients' wills in mind, especially when changes to assets, beneficiaries and family composition happen. Keeping wills current helps ensure that they always reflect the client's intentions and comply with any changes in the relevant laws.

Wills are more important than ever before as they enable clients to have control over their assets, protect their loved ones, and ensure that their wishes are honoured. And, in our increasingly complex and evolving society, utilising industry experts is essential – especially when offshore factors come into play.

MOMENTUM INVESTMENTS' WELCOMES NEW CEO: FERDI VAN HEERDEN

Ferdi van Heerden, CEO Momentum Investments

Ferdi van Heerden took over the reins at Momentum Investments on 1 September 2023. He has a wealth of experience in all areas of investments, locally and globally, and has spent the bulk of his decades-long career at Momentum. During this time, he filled a range of executive positions in the group, culminating in more than a decade of leadership in the international investment industry as head of our UK business, Momentum Global Investment Management (MGIM). Ferdi has been part of the Momentum Investments Exco for the past 13 years, and understands our business, our culture and the wider challenges of the industry. Ferdi will serve as a member of the Momentum Metropolitan Executive Committee and his portfolio includes amongst others Momentum's retail investment offerings, all local and global investment management businesses, as well as Momentum Money.

In his own words:

"I see this role as a great new challenge for me, but also an opportunity to use all the skills I have developed and experience I have gained over the years to lead the Momentum Investments team on its continued journey, building on the sound foundations of the past five years. There's much we need to do, with many challenges in a fast-paced, changing world. I look forward to helping navigate these challenges with our leadership team and to helping build our collective dreams into reality."

Jeanette Marais, Group CEO of Momentum Metropolitan: "Ferdi is a highly respected leader who has filled a range of executive positions in the Group, culminating in more than a decade of leadership in the international investments industry as head of our UK investment business. His executive track record is proof of his ability to see the bigger picture, provide strategic direction, and lead businesses to successfully execute their plans.

I am also particularly pleased that we appointed one of our own executives to Group level. This not only shows that we focus on growing our people, but it also enables continuity: Ferdi has been part of the Momentum Investments Exco for 13 years and truly understands our culture and the wider industry challenges."

Academic & Professional Qualifications

- B.Sc Honours in Mathematical Statistics
- AMP (Advanced Management Programme) from INSEAD (France)
- Diploma in General Management from Reading University (Henley Business School/UK)
- Member of the Chartered Institute for Securities and Investments (MCSI)

Ferdi's approach to business and life

Positive mindset: His guiding motto is "Think with a positive mindset: Offer alternatives and seek solutions," a testament to his optimistic and solution-oriented approach to challenges.

Inclusivity matters: Throughout his life and career, Ferdi values treating others with respect, dignity, and inclusivity ensuring everyone has a voice and a contribution to make.

Belief in opportunities: He firmly believes that the more you explore, the more opportunities will cross your path. He believes in taking action and pursuing opportunities fearlessly.

The best advice: Ferdi holds dear the advice he received early in his career: "Outwork and outthink peers and competitors", a principle he continues to live by.

Making a difference: Ferdi is most excited about the incredible people in this industry and the vital role we play in society as asset allocators, knowing we can genuinely make a positive impact on the world and society.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EQ-CL-569-AZ-0545

EMBRACING TECHNOLOGY & CLOSING THE PROTECTION GAP


Barry Shrosbree, Senior Manager, 1Life Insurance Direct Sales

1Life Insurance's journey into the broker distribution space began in 2012/2013, recognizing the need to diversify its distribution channels.

Initially we focused on entry-level markets, but the company has since expanded its offerings to serve clients across the entire LSM range, from entry-level to affluent individuals. This expansion reflects our commitment to providing insurance solutions for all South Africans.

Our recent roadshow, specifically targeting independent financial advisors (IFAs), aimed to showcase 1Life Insurance's product offerings and unique value propositions. This event provided an opportunity to engage with IFAs, highlight the company's offerings, and explore potential collaborations.

Technology as an Enabler for IFAs - Technology is essential in enhancing the capabilities of IFAs. Insurers like 1Life have developed efficient processes over the years, these processes can be adapted and shared with IFAs to streamline their operations. Digital solutions and technology enhancements can empower IFAs, enabling them to offer a more efficient and convenient experience to their clients. Contrary to fears that technology might replace human advisors, it complements their services by saving time and simplifying administrative tasks.

The democratisation of technology has allowed smaller players, like IFAs, to access advanced tools and solutions that were once only available to larger corporations. This shift has created an exciting opportunity for them to leverage technology to enhance their businesses.

Closing the Protection Gap with Technology - One of the key topics discussed during the roadshow was the importance of closing the protection gap. Achieving this goal necessitates efficient processes and the effective use of technology. The COVID-19 pandemic served as a catalyst for advisors to embrace digital solutions, as traditional methods of doing business came to a halt.

1Life Insurance swiftly adapted to provide remote acceptance solutions, allowing advisors to conduct business virtually. This transition led to significant growth for many advisors, with some seeing an increase of over 200 percent compared to pre-COVID levels. The time saved through technology-enabled processes can be reinvested in growing their businesses.

Advantages of Technology-Enabled Growth - The adoption of digital solutions not only expands the market reach for advisors but also addresses concerns about a skills gap due to a limited number of new entrants into the industry. Technology allows advisors to serve a larger client base efficiently, overcoming previous limitations based on geographic proximity. Additionally, technology offers convenience and flexibility for both advisors and clients. Advisors can now interact with clients across long distances, offering a more extensive range of services and improving overall client satisfaction.

The insurance industry is experiencing a transformative shift driven by technology. The acceptance of digital solutions by both advisors and clients is reshaping how insurance services are delivered. The adoption of technology is not a threat but an enabler, enhancing efficiency, and improving the client-advisor relationship. As technology continues to advance and adapt to changing consumer preferences, the industry can look forward to more innovation and convenience.

The collaborative efforts of insurers like 1Life Insurance and independent financial advisors are bridging the protection gap and making insurance more accessible to all South Africans.

Technology is not a hindrance but an enabler for independent financial advisors, allowing them to provide more efficient and convenient services to their clients. As the industry continues to embrace digital solutions, it opens opportunities for growth, addresses the protection gap, and ensures that insurance remains accessible and relevant in an ever-evolving world.


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NAVIGATING THE FINANCIAL FUTURE: THE BERMUDA TRIANGLE OF FINANCIAL PLANNING


Tiaan Herselman is the Head of Advice at Old Mutual Wealth

The only thing constant in life is change. This truth really holds a lot of value in the financial services sector.

For many years, the financial planning profession has fought to be seen as just that, a “profession”. The evolution of the profession will be in the space of the Professional Financial Practice, with the focus on automation of administration processes, the use of AI in the advice and planning stage and finally in the behavioural sciences space.

You can think of these three elements as the Bermuda Triangle of financial planning. These three elements will swallow financial planning practices whole that do not know how to navigate them effectively in the future. Let’s take a glimpse into both the present and future of our proverbial Bermuda Triangle...

Firstly, let’s talk automation:

Automation offers financial planners tools to improve their services and streamline operations. Key methods of incorporating automation include:

1. **Client Onboarding:** Utilise digital platforms to gather client data, introduce services, and ensure compliance.
2. **Data Aggregation:** Consolidate client financial data from various sources, providing a comprehensive financial overview.
3. **Portfolio Management:** Use investment platforms that auto-rebalance portfolios on your behalf, keeping them aligned with client goals. With more than 1,750 unit trust funds available in SA alone, outsourcing this functionality to a portfolio manager is crucial.
4. **Client Reporting:** Automate creation of investment reports and financial documents for clients.
5. **Alerts:** Set automatic notifications for crucial financial events to keep clients updated.
6. **Task Management:** Implement workflow automation to efficiently manage client service tasks and reviews.
7. **Document Management:** Use cloud storage with organisation features to store client documents securely and accessibly.
8. **Scheduling:** Adopt tools that automate appointment bookings, minimizing scheduling hassles.
9. **Online Presence:** Use automation for consistent content posting on social media platforms.
10. **Chatbots:** Instantly address basic client queries save time by having automated responses for basic client queries that may arise.
11.

Whilst automation enhances efficiency, the personal touch in financial planning remains irreplaceable. It should complement, not substitute, the client-planner relationship.

Secondly, let's discuss the future potential use of AI in the advice and planning stages of client engagements and consider the importance of behavioural finance in the future. Artificial Intelligence (AI) now and in the future will offer financial planners an array of advanced tools to enhance their services and improve their overall financial planning. Behavioral finance studies the psychological factors affecting financial decisions. For financial planners, leveraging AI and behavioural finance in the future can be achieved as follows:

1. **Managing Emotions:** Planners can guide clients through emotionally-charged financial situations, ensuring decisions aren't purely emotional.
2. **Addressing Biases:** By identifying biases like loss aversion or overconfidence, planners can tailor advice to counteract these tendencies.
3. **Improved Financial Planning Software:** These tools often come with features that automate scenario analyses, tax projections, and retirement planning, making it easier for advisors to deliver comprehensive planning to clients.
4. **Improved Communication:** Knowing behavioral biases helps planners communicate more effectively.
5. **Educating Clients:** Teach clients about their biases, making them more informed and engaged in the planning process.
6. **Framing:** Presenting information with a positive or negative focus can influence decision-making.
7. **Accountability:** Regular reviews can keep clients on track, countering tendencies to deviate from plans.
8. **Simplified Choices:** Limiting options prevents decision overload, making choices clearer for clients.
9. **Data Analysis:** AI can predict client trends and analyse client spending for tailored advice.
10. **Personalised Advice:** AI processes client data to provide bespoke financial recommendations.
11. **Hybrid-advice offering for clients with simplified financial planning needs:** Automate financial planning and goal tracking for clients with simple financial planning needs, e.g. planning for kids' education or holiday home.
12. **Education:** AI-driven content educates clients for informed decisions.
13. **Continuous Learning:** AI adapts to new data, keeping advice relevant.

Incorporating these tech advancements enhances a planner's offerings, but the personal touch in financial planning remains vital. Technology should complement, not replace, human intuition and empathy. Furthermore, incorporating behavioural finance allows financial planners to provide more tailored, psychologically-aware advice, leading to better outcomes and stronger client relationships.

Heinrich Punt, General Manager for Intermediaries at Sanlam

HOW SA INTERMEDIARIES CAN ADAPT TO THE PHYGITAL TRANSFORMATION

According to a global financial planning tech survey, 93% of financial planners agree that technology is critical in their practices. However, only 38% of advisers are confident that they are getting technology decisions right. What does this technological revolution mean for the future of South Africa's financial planning sector? According to Heinrich Punt, General Manager for Intermediaries at Sanlam, navigating this new financial planning landscape requires a seamless blend of the physical and digital world—this is dubbed 'phygital'.

"Financial planning has experienced significant transformation in recent years. Once, the industry was dominated by individual advisers working in isolation. Fast forward, and today's financial planning landscape, at the forefront, comprises skilled and multidisciplinary professionals who have either aligned with larger organisations with extensive resources or formed teams to solve for the holistic needs of clients. There are digital tools for every aspect of an intermediary's day-to-day practice needs, forcing even the staunchest traditionalist to consider how to adapt for long-term success."

The AI revolution – is it here yet?

Morgan Stanley recently deployed OpenAI's GPT-4 artificial intelligence (AI) technology to organise hundreds of thousands of pages of investment strategies, market research, commentary, and analyst insights. This tool now allows its wealth management personnel to instantly obtain insights.

While the global financial sector is adopting these innovations, Punt offers a clarifying distinction for the local landscape. "At this stage, the South African financial industry uses more predictive analytics than pure AI, but this may change quickly. Large firms are employing predictive analytics and harnessing vast data quantities to anticipate client needs; this holds potential to make financial practices much more efficient when it comes to identifying which clients to engage with and when."

Punt says AI could undoubtedly 'supersize' South African intermediaries' capabilities once it enters the local fold. "Imagine an intermediary accessing a system like ChatGPT after vast amounts of financial advisory data, client information, and industry trends have been uploaded. They pose a specific query and, within mere seconds, receive a precise response. They can then swiftly interpret this information along with using the advisor's own expertise and knowledge, tailoring it for their client's context. What used to be a time-consuming process that could have taken half a day is now accomplished in just minutes."

The phygital transformation

Punt also notes that digitising the financial planning industry democratises access for smaller financial practices and independent intermediaries. "Digitisation is making it easier for intermediaries who previously lacked the capabilities to offer a fast and tailored service to a vast client base by tapping into digital tools that allow them to do so. Therefore, this industry-wide evolution is incredibly beneficial because it's breaking down barriers to entry." Punt, however, adds that while intermediaries must merge the physical and digital worlds to enable the financial planning experience for clients, the focus remains on leading with the relationship and not merely the advice. "The onus is on intermediaries to not only evolve processes and embrace new technologies but also recognise that their ability to offer clients relationship-led advice must be at the core of the transforming journey. Client experience should always trump the actual digital advancements."

Overcoming constraints with digital advancements

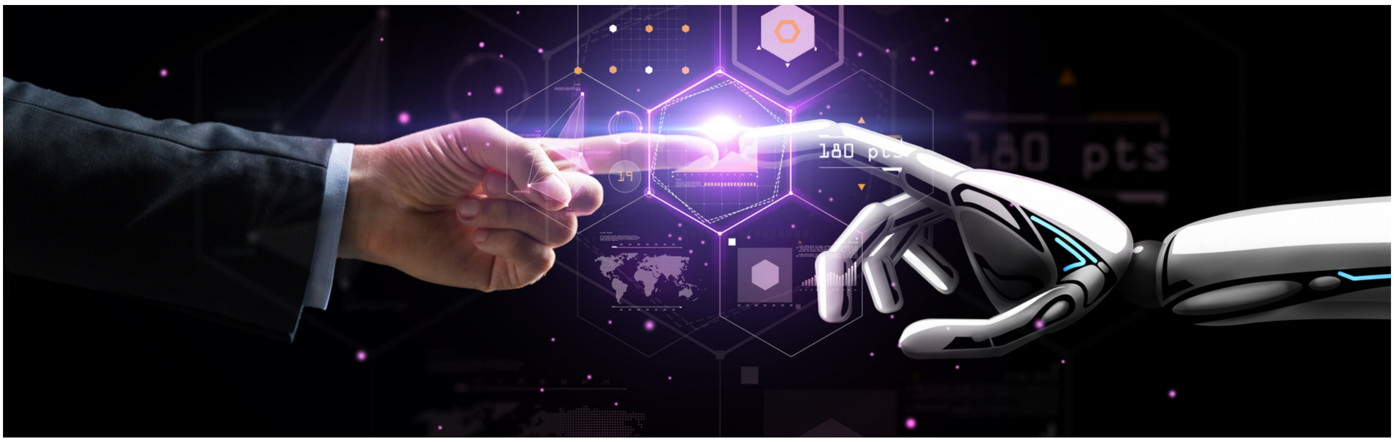
Punt says technology has bridged numerous gaps intermediaries struggled to fill, such as geographical distance from their clients. "From e-signatures negating the need for multiple client visits to video conferencing tools maintaining client relationships across vast distances, technology allows intermediaries to grow their client base in new ways, while retaining retain clients with greater ease. We now wrap up engagements that once took multiple hours in a single hour." Punt adds that Sanlam has embraced technology that enables client led engagements or 'co-planning', where the client actively collaborates with the intermediary. "Informed clients can now lead their financial journeys, partnering with advisers rather than merely following recommendations. We need to recognise this major shift in client-adviser dynamics."

Financial planning and behavioural finance

Beyond digital advancements, a holistic approach to financial planning means diving deeper into the client's relationship with money. Here, Punt says behavioural finance comes into play. "By understanding a client's money personality and combining this knowledge with financial planning tools, intermediaries can craft and better position authentic financial plans with an improved probability of success due to client buy-in."

Preparing for a phygital future

Punt's vision for the future is one where the local industry thrives as intermediaries evolve and embrace their own digital journeys. He concludes, "The financial planning industry is at the cusp of a significant evolution. Intermediaries can continue to embrace this new phygital world by integrating technology and maintaining the human touch in advisory roles to future-proof their practices."



FINANCIAL ADVISERS MUST EMBRACE STRATEGIC CUSTOMER MANAGEMENT IN TWO-POT RETIREMENT SYSTEM

The Two-Pot Retirement System necessitates a recalibration of business models for financial advisers, and by adapting advice strategies to accommodate the new structure's implications, advisers can provide effective guidance to their customers. Lizl Budhram, Head of Advice at Personal Finance, says that with the Two-Pot Retirement System's imminent implementation, South African financial advisers must prepare for a profound paradigm shift with significant implications for them and their customers.

"Vigilance regarding official updates and regulatory guidelines will empower advisers to offer informed advice. Equipped with comprehensive knowledge, advisers are poised to guide their customers effectively through this transformative phase, safeguarding the long-term success of their retirement plans," says Budhram.

Under this system, starting on 1 March 2024, every rand contributed to retirement funds after 1 March 2024 will be split between the "savings pot" and the "retirement pot". The savings pot is earmarked for their lump-sum withdrawal upon retirement and may be accessed earlier if necessary.

Lizl Budhram, Head of Advice at Personal Finance

The remaining two-thirds nestle into the retirement pot, inaccessible and reserved to ensure a steady income during the golden years. Budhram said the changes for advisers meant an increasing significance of strategic customer management in navigating impending changes. The first was understanding the tax implications of withdrawals from the savings pot before retirement. "Advisers must ensure customers grasp the tax consequences of withdrawals, as it can profoundly affect their financial future. Sound decision-making regarding early withdrawals is crucial for securing a stable retirement. Each withdrawal will be considered taxable income for the corresponding tax year, subject to taxation at the applicable marginal rate, potentially impacting their retirement savings," she said.

Despite the impending reforms, the tax deductibility of contributions remains unchanged under the Two-Pot Retirement System. Customers can continue benefitting from tax deductions on their contributions, offering consistency in an evolving landscape. Budhram noted that the Two-Pot Retirement System will not disrupt their ability to preserve and maintain member fund balances using inter-fund transfers as per Section 14 of the Pension Funds Act. It would continue to enable employees to transfer their accumulated retirement savings seamlessly without incurring any tax penalties or losing the tax benefits associated with their retirement funds. She emphasised the importance of financial advisers mastering the changes. "It is essential to underscore that the system will not inherently alter an individual's risk profile. Investment recommendations will continue to be tailored to each customer's unique circumstances and long-term financial goals.

The mission of long-term retirement funding remains central, and financial advisers are critical to getting the best outcomes," she said. Regarding vested rights, Budhram clarifies that the Two-Pot Retirement System is designed to protect members' existing rights, safeguarding their retirement benefits for the long term. Advisers must note that all contributions and savings before the effective day (1 March 2024) will continue to be subject to the current rules governing pension funds.

"The one important technical exception to note is that members of provident funds over 55 as of 1 March 2021 were ringfenced and given vested rights to their benefit when the new annuitisation rule changes were implemented on 1 March 2021," said Budhram. "According to the current proposals, they can continue contributing to their vested provident fund pot as they have been (i.e., elect to be excluded from the two-pot rules). Alternatively, they can opt to move into the new Two-Pot Retirement System. It will be critical for financial advisers to speak to these members to ensure they fully understand the choice they will be given."

Budhram noted that the Two-Pot Retirement System will provide a new structure for future contributions for those close to retirement and some new options at their retirement date. She said this would require financial advisers to reassess their retirement strategies, considering the accessibility of the savings pot. "The Two-Pot Retirement System heralds a transformative era for South Africa's retirement fund industry. Armed with insights, financial advisers should be ready to embrace the challenges it presents. They will be pivotal in ensuring financial security and better retirement outcomes," Budhram concluded.

SHORT TERM

"Working with a professional insurance broker and risk advisor can help you make informed decisions when it comes to the right coverage for your business."

- Yolenda Makhathini, a Financial Risk Consultant at Aon South Africa

THE POWER OF SPECIALIZATION

Marike Van Niekerk, Manager of Legal, Marketing, Communications & Compliance Offer at MUA Insurance Acceptances (Pty) Ltd

In a recent interview with Marike Van Niekerk, Manager of Legal, Marketing, Communications & Compliance Offer at MUA Insurance Acceptances (Pty) Ltd (MUA), the discussion revolved around the advantages of specialising in a specific demographic and niche market within the insurance industry. MUA, historically known as a high-net-worth and specialist motor insurer, has evolved over the last decade to cater to changing market conditions while maintaining its focus on a particular demographic.

Targeting the High-Net-Worth Demographic

MUA continues to serve high-net-worth individuals while adapting to market shifts and expanding into the personal lines sector. The ability to tailor insurance products and services to meet the unique needs of this niche demographic has been a central tenet of MUA's success. This specialisation allows MUA to offer relevant and customised coverage, leading to enhanced customer satisfaction and client loyalty.

Benefits of Focusing on a Specific Demographic

The advantages of specialising in a niche market are significant for insurance companies. Marike points out that crafting insurance products and services tailored to a specific group enables companies to address the audience's preferences, values, and concerns directly. This approach increases the likelihood of capturing the audience's attention and encourages them to consider the insurance offerings. Furthermore, niche markets are often less saturated with competitors compared to broader markets. This competitive advantage provides insurance providers with an opportunity to establish themselves as dominant players within their chosen niche.

Impact on Brokers & Customer Relationships

The specialisation in a niche market also extends to brokers who distribute the insurance products. By focusing on a specific niche, resources can allocate more effectively, particularly in terms of marketing and advertising expenses. This targeted approach allows brokers to build stronger relationships with their clients within the niche, enhancing customer retention.

Client Communications in a Niche Market

Client communications in a niche market, Marike notes, can be a balanced endeavour. When insurance products align closely with the needs of a specific group, insurers gain a deep understanding of that group, its needs, and its challenges. This understanding enables insurers to develop more intimate client relationships, leading to higher customer retention.

Innovation through Better Understanding

Understanding clients and their needs at a profound level can also drive innovation. Niche markets often present unique challenges, and insurers specialising in these markets are more inclined to develop innovative solutions to address these challenges. This focus on innovation can lead to the creation of breakthrough products and services.

Remaining Bullish on the High-Net-Worth Market

Despite economic pressures and political issues in South Africa, MUA remains optimistic about the high-net-worth market. The evolving nature of this market and the international interest in South Africa offer room for innovation and growth. Having a long track record and historical knowledge of this niche market gives MUA a distinct advantage among advisors.

Leveraging Historical Knowledge for Accurate Underwriting & Pricing

A deep understanding of clientele allows a company to leverage its e knowledge for accurate underwriting and pricing. This enhanced understanding strengthens the precision of risk assessment, benefiting both the insurer and its clients.

MUA's success in the high-net-worth insurance market demonstrates the advantages of specialisation within the insurance industry. By focusing on a specific demographic and tailoring products and services to meet their unique needs, insurance providers can build stronger customer relationships, foster innovation, and thrive in competitive markets.

Despite economic challenges, the high-net-worth market continues to offer opportunities for growth and success.

ADVICE FOR BUSINESS OWNERS ON HOW TO SWITCH INSURANCE PROVIDERS WITH MINIMAL STRESS

Whether for the sake of finding a policy with a better value-added offering or something more suitable for their unique business needs, business owners may consider switching insurance providers at some point along their business journey.

"The process of switching can be relatively simple," says Karen Rimmer, Head of Distribution at PSG Insure, "provided that business owners have the required documentation on hand as well as a clear understanding of what they need in terms of the right kind of cover. However, the guidance of an adviser will most certainly be invaluable in streamlining this process."

Why switch?

Business owners may deem it necessary to switch insurers as their business transitions through various stages of growth. Along the way, they may acquire office property, IT assets or vehicles. Businesses may undergo changes, such as geographical moves, team expansion or the onboarding of new directors and executives. With these changing circumstances and needs, they may find that there are essential features and add-ons that their current insurer does not offer. Whether it's more comprehensive coverage, additional policy perks, or specialised plans tailored to specific needs, policyholders may feel compelled to switch to a provider that offers a more extensive and tailored range of insurance options.

Karen Rimmer, Head of Distribution at PSG Insure

“Costs and affordability are also reasons why business owners decide to switch insurance providers,” explains Rimmer. “In response to evolving market factors, insurance premiums can fluctuate over time. When the price of a premium is revised upwards, policyholders may consider changing their insurer as a cost-saving measure that may relieve financial pressures on cashflow, by keeping monthly expenses to a minimum.”

Another common reason for changing insurance providers is dissatisfaction with the customer service or claims handling of their current insurer. If policyholders encounter difficulties in processing claims, experience delays in receiving payouts, or receive poor support during the claims process, they may opt to find a more responsive and reliable insurance company.

Tips for making the switch

“Arguably, the most crucial aspect of switching insurance providers is to compare the coverage offered by different insurers,” says Rimmer. “Pay attention to the policy's inclusions, exclusions, and limits to ensure that it aligns with your requirements and offers adequate coverage for your specific needs and unique business model.” And while cost-saving may be a legitimate motivator for switching insurance providers, it's also vital to strike the right balance between affordability and adequate coverage. Obtain quotes from multiple insurers to compare premiums, deductibles, and any additional fees. Consider how these changes in costs will affect your budget, and make sure you understand what is covered under the new policy at the given price point.

“For clients with more extensive insurance needs, buying bundled policies with one provider could also reduce the cost of the premiums. Using bundling opportunities in this way may prove cheaper and more convenient than buying different products from different insurers,” she adds. It may also be useful to research the reputation and customer service track record of the insurance companies under consideration. Look for online reviews, customer feedback, and complaints to gauge how the insurers manage client relations and build relationships. A company with a reputation for excellent customer service is more likely to provide a hassle-free experience when you need to file a claim or seek assistance. “The timing of the switch also needs to be carefully planned to avoid any lapses in coverage,” says Rimmer. “Ensure that your new policy is in effect before canceling the existing one. You should also review the cancellation process of your current policy and ensure that any notice periods have been duly followed.”

Enlisting the help of an adviser

An insurance adviser can provide valuable guidance throughout the entire process. As experienced professionals and risk specialists, they are in the best position to conduct a thorough review of your existing policy and current coverage and can identify any gaps or opportunities for improvement. “One of the key advantages of working with an insurance adviser during the switching process is their ability to make the most accurate comparisons between providers and insurance products,” says Rimmer. “By providing objective and unbiased advice, insurance advisers empower individuals to make well-informed decisions, based on their preferences and requirements.”

Additionally, partnering with an adviser can go a long way in alleviating the administrative burden of switching. Advisers can handle the necessary paperwork, help facilitate the cancellation of the existing policy and ensure a smooth transition to the new insurance provider. This will ensure that there are no gaps in coverage and that the business remains protected throughout the process. Furthermore, insurance advisers can explain complex insurance terms and conditions in a clear and understandable manner, to ensure that clients are able to grasp the implications of various policy features. They can also address any questions or concerns you may have along the way. “By leveraging the expertise of insurance advisers, individuals can navigate the insurance market with confidence and peace of mind, knowing that their insurance decisions are well-informed and in their best interest,” concludes Rimmer.

DIGITAL DISTRIBUTION IS SET TO DISRUPT SME INSURANCE IN SOUTH AFRICA

Francois Potgieter, Managing Director at Bi-me

Insurance for small and medium enterprises (SMEs) has a reputation for being complicated, opaque, paper-intensive and expensive. Many SMEs believe that they get poor service and value for money from insurers; they're also frustrated by one-size-fits-all products and the amount of time and administration it requires to get some basic coverage.

The complexity of this field means that many SMEs are underinsured or that they don't have appropriate cover for their needs. Brokers play an invaluable role in this landscape, helping clients to navigate the nuances of insurance with advice and information. In most markets, including South Africa, around 70-80% of commercial insurance still goes through intermediaries.

Yet in a world where business owners can research and buy a wide range of goods and services online, and where insurers can automate processes from underwriting to claims, the days of the old-fashioned approach to insurance are numbered. SME owners are starting to demand that brokers and insurance companies reduce the time and admin burden they face in researching policies and gathering quotes.

A new role for the broker

Even though this landscape has created the opportunity for insurers to do more business directly with SMEs, we still see a strong role in the market for commercial brokers that make effective use of digital channels and automated systems to serve their customers. These insurance platforms can succeed by offering compelling digital experiences, backed with personalised advice and support for SMEs.

Benefits of dealing with a digitally-enabled platform for SMEs include:

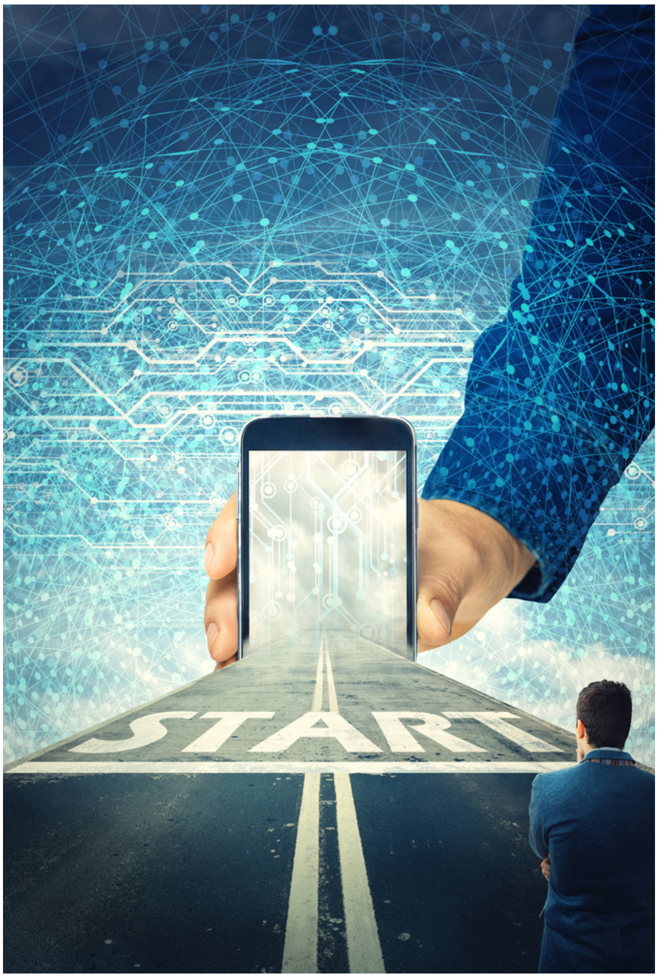
- An independent digital insurance platform allows them to get and compare quotes from multiple providers within minutes, rather than needing to get separate quotes from each insurer on the phone.
- SMEs can get multiple types of cover—professional indemnity, public liability, contractors' all-risk, vehicle, buildings and more—from multiple providers and manage them in one website or app interface.
- Such a platform lets SMEs customise insurance to suit their business's needs and budget with support throughout the quoting journey to help them make informed decisions.
- It's possible to get a quote and buy cover in matter of minutes, with no paper forms to fill in or long phone calls.
- SMEs will benefit from advice as well as support with their claims if they need it.

This is just the beginning of digitalised commercial insurance

Over the years to come, we'll see SMEs in South Africa turn online for more and more of their insurance needs. We can expect digitalisation to open up some innovative insurance models, such as pay-as-you-go coverage and embedded insurance. For example, we could see companies pay vehicle insurance by the kilometre, so that it costs less in months where they don't do as many deliveries.

Embedded insurance offers numerous opportunities for SMEs. We could see accountants or business software providers offer insurance to their SME clients as part of a portfolio of business solutions. Or SMEs could sell through insurance to their customers as part of their offering. Consider a small ecommerce store selling an insurance product along with a smartphone, for example.

Brokers that embrace the technology will thrive in this environment because they can offer clients the best of both worlds: the efficiencies, reach and transparency of digital and the human touch and advisory element of the traditional model. Given that we're just at the start of the digitalisation of SME insurance, exciting times lie ahead for brokers and their customers.



Makolo Kalambaie, Business Head of Financials Lines and Structured Portfolio at SHA Risk Specialists

DIRECTORS & OFFICERS COVER: IS YOUR COMPANY'S TOP BRASS ADEQUATELY PROTECTED?

Muted economic growth, the ongoing energy crisis, numerous infrastructural failings and the impact of geopolitical tensions abroad have caused significant shifts in the local risk landscape. Within this high-risk environment, company directors are called upon to make critical decisions and to perform under pressure. Unfortunately, these conditions leave greater room for misjudgment and miscommunication. Without adequate Directors and Officers (D&O) insurance cover, the cost of these human errors could be irrecoverable.

According to the World Economic Forum, the three top global risks facing businesses are the energy supply and cost-of-living crises as well as rising inflation. All three of these factors are highly prevalent in South Africa and can have a direct impact by increasing the cost of doing business and reducing growth potential. "It is within these recessionary environments, that when shareholders' expectations are not met and companies underperform, directors are placed in the firing line," says Makolo Kalambaie, Business Head of Financials Lines and Structured Portfolio at SHA Risk Specialists.

Recessionary conditions lead to higher risk exposures

As he explains, the number of liquidations, as well as the sheer volume of companies undergoing business rescue are clear indicators that the current economic environment is one characterised by high risk. According to Stats SA, the number of company liquidations recorded at the end of 2022 showed an increase of over 30% compared to the previous year. A total of 1,907 businesses closed their doors during 2022, only down slightly from 1,932 in 2021. While this minor decrease is a relatively encouraging finding, the large number of liquidations which took place over one year, remains indicative of the fact that many South African companies are up against higher risks and overwhelming operational difficulties. Under these conditions, directors and officers have a larger burden of responsibility to assess the solvency of a company and determine whether it can service its debts on a timeous and consistent basis. In the event of a liquidation, directors are expected to assist any court-appointed liquidator in accurately and truthfully declaring the company's assets, liabilities and financial transactions.

In the case of a liquidation, directors actions leading up to the liquidation typically face higher levels of scrutiny. If found to be engaging in wrongful or reckless trading, or as being negligent in the fulfilling of their fiduciary duties, third parties may enact legal claims against the company and/or the director in his/her personal capacity. In South Africa, active cases of business rescue saw a 100% increase over the 2021/ 2022 period, when compared to the pre-pandemic years. As in the case of liquidations, directors play a pivotal role in facilitating the process of business rescue by providing relevant practitioners with the correct supporting documentation. It is also incumbent on directors to act in accordance with the suggested business rescue plan and to offer their full cooperation in making the necessary changes to the company's operations, financial structure and governance policies.

Directors and their fiduciary duties

As set out in Section 77 of the Companies Act, directors and officers are expected to exercise reasonable care, skill and diligence in the fulfilment of their role. They are also mandated to act in the best interest of the organisation, to act within their powers and for a proper purpose and to exercise unbiased judgment.
In addition, they are called upon to avoid conflicts of interest and to not accept benefits from third parties or enrich themselves in a fraudulent manner. Failure to fulfill these duties could result in the director or officer being held personally liable for damages suffered by the organisation or a third party, as a result of such failings.
As Kalambaie explains: "This is where D&O insurance cover can make the difference needed to keep the business afloat. Put simply, companies purchase D&O cover because managers make mistakes, and as history has illustrated, often the biggest risk facing any business relates to human error.

D&O cover explained

This kind of cover serves several purposes. Primarily, it protects directors and officers from claims which may arise from the decisions and actions taken within the scope of their regular duties. Secondly, it covers the reimbursement of the insured company in case it has paid the claim of a third party on behalf of its managers in order to protect their employee. Cover also includes financial protection for managers against the consequences of actual or alleged 'wrongful acts" by advancing defence costs. Companies' D&O cover will be called into action when any such claim is made in a formal manner. This can be enacted in the form of a court summons, notification regarding investigation by a regulatory body, a written demand, or a notice of criminal prosecution. Once such a notice has been issued, directors have a duty to notify their insurer and seek their advice on how to proceed and build a defense against the claim.

The role of brokers in the D&O claims process

For Kalambaie, this is where the guidance of an insurance broker can prove to be invaluable. Dealing with D&O insurance claims involves a complex – and often daunting – process, which will take shape depending on the nature of the client's business and its organisational structure. Brokers are in the best position to provide advice on how the various risks may affect a company and the kind of action to take in preparing a defence against a claim and being proactive about recovering from the related damage.

As he concludes: "Brokers should advise their clients to always maintain uninterrupted cover, especially during a recession, so that they can benefit from the best available coverage in the market. A break in cover can expose directors and officers' personal assets and their ability to take the reasonable steps required to ensure business continuity. To this point, SHA offers regular product training and brokers are encouraged to attend sessions through the year to equip themselves with the knowledge needed to advise their clients adequately."

BUSINESS INTERRUPTION INSURANCE CRUCIAL FOR SURVIVAL

Yolenda Makhathini, a Financial Risk Consultant at Aon South Africa

The importance of having the correct BI covers in place

The need for a business to be adequately prepared for major business interruption events has never been more crucial as we mark two years since the July 2021 riots, a year since the catastrophic KZN floods of April 2022 and the Covid-19 pandemic national state of disaster coming to an end during the same month. There is no denying that business operates in a volatile environment where the lessons we learnt from these events are a testament to the resilience of the businesses that are here to tell the tale.

At claims stage, your insurer is likely to send a loss adjuster who is responsible for investigating and assessing insurance claims on behalf of the insurer. Their main role is to evaluate the extent of the loss or damage suffered by the policyholder and to determine the appropriate amount of compensation that should be paid out by the insurer. Loss adjusters are appointed by insurance companies to carry out investigations into claims made under insurance policies. The process involves a site visit, gathering information and interviewing witnesses to establish the facts surrounding the claim.

They will then use this information to determine the cause and extent of the loss or damage, as well as any liability that may be attributed to the policyholder or third parties. Based on this assessment, the loss adjuster will then make recommendations to the insurance company regarding the appropriate compensation to be paid out to the policyholder.

It is also at this stage of the process that many organisations may discover gaps in insurance cover or aspects of the business operations that enjoyed limited or no cover at all, which could be financially crippling to any organisation.

The real value of having a professional broker and risk advisor on your side often comes to light at this juncture. Planning for worst-case scenarios starts with a thorough understanding of how loss adjusting works and structuring business insurance covers that are optimised to afford your organisation the best outcome following an event that interrupts business operations.

Calculating Business interruption (BI) insurance covers

Calculating the right amount of insurance cover for your business is not a simple process, requiring a thorough understanding of your risks, assets, liabilities and financial needs. And the bigger and more diverse the business is, the greater the complexity of the exercise becomes. Working with a professional insurance broker and risk advisor can help you make informed decisions when it comes to the right coverage for your business. It is also wise to look beyond the premises owned or occupied by your business to include those of suppliers and/or customers, taking into account the impact of major service providers on the business.

Speak to your broker about conducting a business interruption review that addresses the following when estimating the right amount of insurance coverage for your business:

- **Assess your business risks:** Start by identifying the business interruption risks that your business is faced with, such as catastrophe events, property damage, liability claims, cyber-attacks and supply chain interruption. Consider the likelihood and severity of each risk and how it could impact your business financially. The overall claims history of the business should also be reviewed to identify risks.

- **Review your Financial information:** The process takes into account the extent to which values should be adjusted to reflect the potential for revenue volatility during evolving macroeconomic conditions, such as a recession or a period of rapid growth. Furthermore, it involves determining the appropriate level of BI to declare for insurance purposes on the basis of a reliable methodology to calculate BI that can be applied annually.

- **Consider your revenue and expenses:** Evaluation of your business revenue and expenses, including salaries, rent, utilities and other operational costs. This will help you determine how much coverage you need to protect your cash flow and profitability in case of a business interruption.

- **Changes in operations:** If you have changed the nature of your business operations, such as adding new products or services, or expanding into new markets, you may need to adjust your insurance coverage to ensure that you are adequately protected.

- **Business growth:** If your business has grown significantly in terms of revenue, employees or assets, you may need to increase your insurance coverage to reflect your increased risk exposure.

- **New regulations:** If there have been changes in regulations that affect your industry, you may need to update your insurance coverage to comply with new requirements.

- **Supply chain:** Changes in your supply chain or any supply chain pressures have a fundamental effect on your business. Your insurance coverage needs to reflect these changes from a risk perspective.

- **Adequacy of the sum insured:** Make sure that you are not over-insured i.e., paying more than you need to, or underinsured, which could leave you out of pocket during the claims process.

- **Interruption Period:** Make sure you have enough cover for the entire period that the business may be interrupted for during a worst-case scenario.

How Often to review your business insurance covers

Business interruption policies are generally renewed on an annual basis. Based on market trends and risk developments in the face of ongoing macroeconomic and political volatility across domestic and foreign markets, many insurers are making changes to their policy wording, adding restrictions or omitting some lines of cover altogether – for example, risks related to a pandemic and electricity grid collapse.

This trend translates into policy renewals requiring more time to evaluate and finalise, especially in circumstances where alternative coverage solutions need to be found in the market or risk management measures need to be put in place. Give your broker and your organisation enough time leading up to an insurance policy renewal to do a detailed analysis of your business insurance needs to put the best covers in place.

Having a thorough understanding of how a possible business interruption scenario will play out in your organisation, starts with having a professional broker and risk advisor on your side that can provide your organisation with advice and solutions that give you the clarity and confidence to make better decisions to protect and grow your business, ensuring that when business operations are interrupted, there are no unexpected gaps or surprises waiting for you.

REVOLUTIONISING GLASS INSURANCE WITH CUTTING-EDGE TECHNOLOGY

I spoke to Zahed Rassool, the CTO (Chief Technology Officer) of My Glass, to delve into the tech marvel that powers this innovative glass insurance provider.

My Glass, known for its seamless claim submission process and paperless client installations, has redefined the glass insurance industry through a robust and user-centric technological approach. My Glass has recognised the complexities of the glass insurance landscape. Zahed Rassool emphasised that the journey begins with a deep understanding of business needs and industry intricacies.

Their claim submission process, a cornerstone of their My Glass Bordereau (MGB) solution, focuses on mitigating fraud both within their network and insurance companies. This submission process does not stop at fraud prevention; it also prioritises security. Every action, interaction, and transaction within the system is meticulously logged and tracked. This comprehensive record-keeping ensures transparency and accountability throughout the claims process.

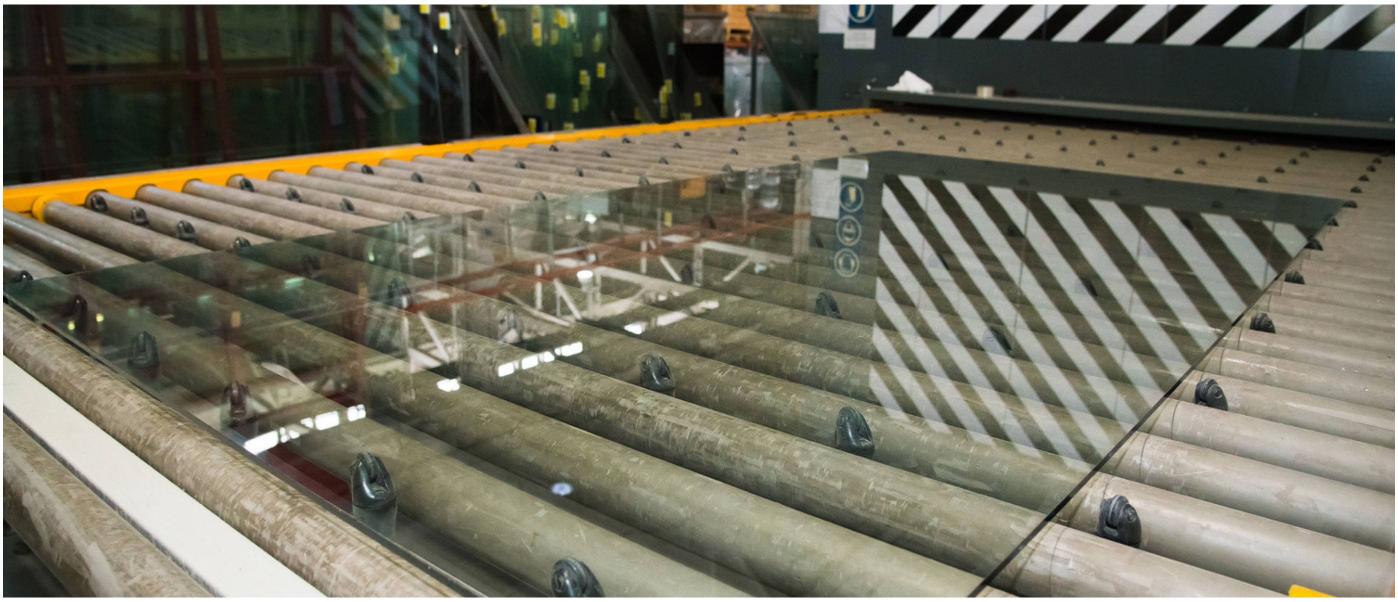
'We Got You' - One of My Glass's recent innovations is their client-centric approach, aptly named 'We Got You.' This customer-first philosophy is deeply ingrained in their organization. It has virtually eliminated paperwork, enhancing efficiency and convenience for both clients and technicians. Client installations are now carried out with the aid of mobile devices, revolutionising the entire process.

Before installation, technicians perform pre-inspections using these devices, capturing photos, and surveying the vehicle to ensure they have the right materials. This streamlined approach enables better preparation and efficient installations.

My Glass keeps clients engaged and informed throughout the entire process. Clients receive updates via SMS and Email from the initial contact to the final installation. They also receive a PDF copy of the pre- and post-inspection reports, giving them full visibility into the service quality. Furthermore, clients can rate the service, fostering transparency and accountability.

When it comes to developing a platform that caters to diverse stakeholders, Zahed stresses the importance of first identifying who these stakeholders are. This process can be challenging as some individuals might perceive themselves as stakeholders when they are part of the process, not true stakeholders.

To address this, My Glass adopts a user-centric approach that heavily relies on user research. This approach helps understand the unique needs, goals, and pain points of various users who will interact with the system. Creating user personas and defining user journeys are key steps in this process.



The insurance industry is dynamic, and My Glass understands the need for continuous learning and adaptation. Zahed mentions that they have an in-house development team, which provides them with the flexibility to iteratively design, develop, and release updates. This iterative approach enables them to stay ahead of industry changes and consistently improve their platform.

User Training and Continuous Communication - With such diverse users, including different languages, backgrounds, ethnicities, and age groups, My Glass places a strong emphasis on user-friendliness. They adhere to Steve Jobs' philosophy that a system should be intuitive enough that users do not require a user manual.

Continuous communication is vital for user training and keeping everyone up to date with system developments. My Glass ensures that its system guides users, minimising the need for extensive training. In case users face any issues, they can access live chat channels for immediate assistance.

By understanding the needs of diverse stakeholders, maintaining an iterative development process, and prioritizing user-friendliness and security, My Glass has successfully transformed the glass insurance landscape.

Their 'We Got You' philosophy embodies their commitment to providing exceptional service to clients while leveraging the power of technology to streamline processes and enhance transparency.

Zahed Rassool, the CTO (Chief Technology Officer) of My Glass

ENSURING THE WELL-BEING OF BELOVED PETS

I recently met with the team from P.UMA Pet Underwriting Managing Agency, or P.UMA, asking them to share insights into their journey and the unique approach they take to provide insurance coverage for pets.

The conversation with Cameron Clark, Chanelle Fischer, and Mitchell Cousins shed light on the company's history, its commitment to clients, and the fascinating world of pet insurance.

For the love of animals

Established in 2012, P.UMA's origins can be traced back to a simple phone call from Mark Clark to Chanelle Fischer, who was working in the medical aid industry at the time. Mark's question, "Do you love pets?" marked the beginning of a company dedicated to insuring our beloved furry and feathered family members. From a small team of four, P.UMA has now grown to over 18 employees, reflecting their steady growth and success in the industry.

P.UMA's focus in designing insurance products for pets is unique. They prioritise coverage for high-cost, unforeseeable events, aiming to support pet owners when they face significant medical bills. Rather than covering minor expenses, P.UMA is there for the substantial veterinary costs that can arise unexpectedly.

Cameron Clark emphasised P.UMA's collaborative approach, working closely with insurers to understand their goals and the ultimate well-being of the pet owners. P.UMA's unique underwriting style incorporates scientific methods, and they offer policies with no annual limits and minimal sub-limits. This collaborative design process ensures that the end customer receives a product tailored to their needs as well as those of the end consumer.

The pet insurance industry is diverse, much like the pets it covers. P.UMA's team possesses a wide range of skills, including medical, customer service, actuarial, and veterinary expertise backed by an in-house digital service provider who brings this all together through their digital interfaces. This diverse skill set enables them to provide comprehensive support to clients, especially during traumatic events involving their pets.

Diverse Range of Insurance Products

P.UMA offers a variety of insurance products, including comprehensive pet insurance, accidental cover, equine insurance, and even coverage for exotic pets like birds. These customised offerings cater to different pet breeds and animal types, providing pet owners with options that suit their specific needs.

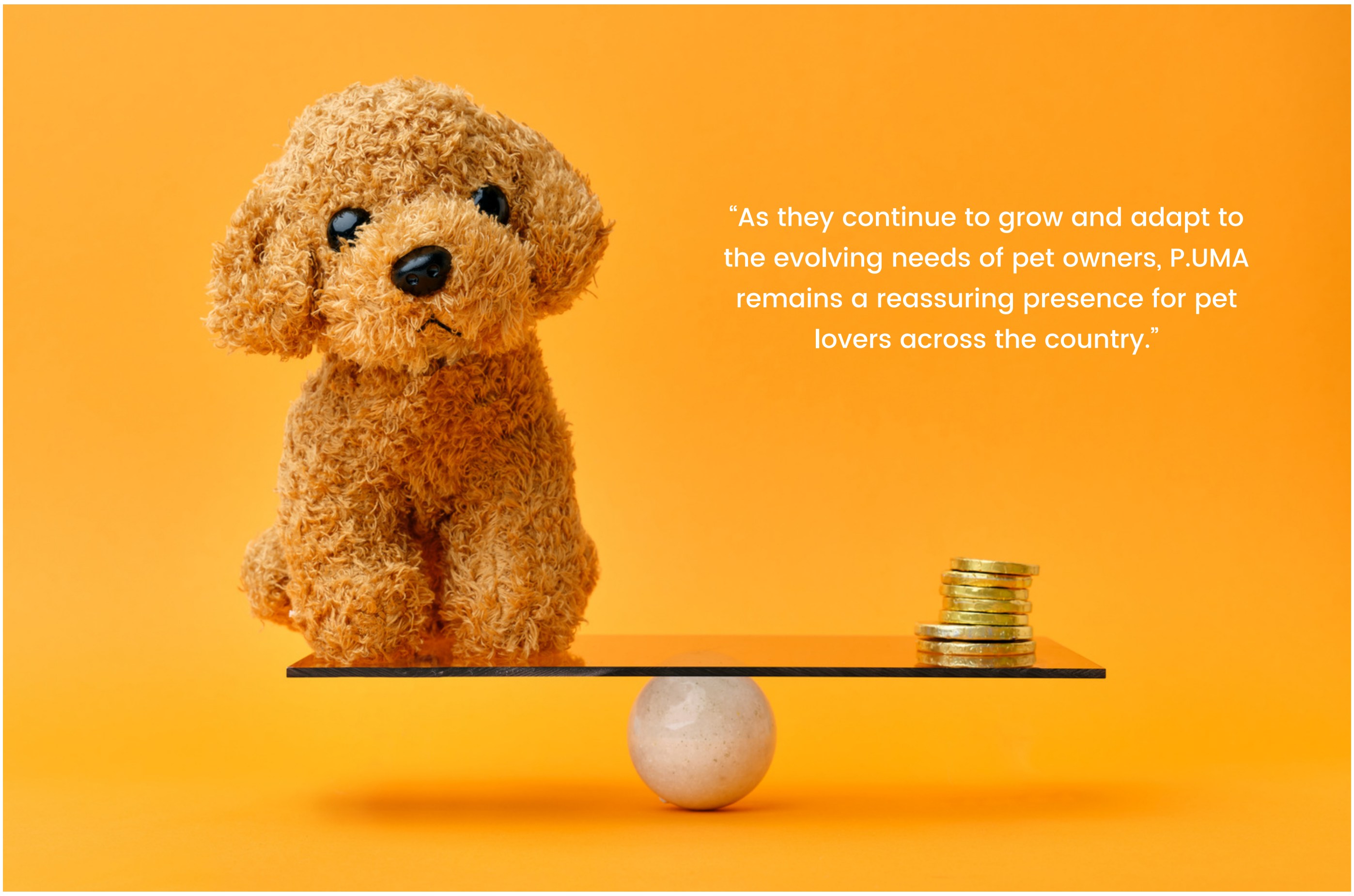
P.UMA believes in upfront underwriting to ensure transparency for customers. They aim to avoid underwriting at the point of claim, recognising the emotional attachment people have to their pets. Clear communication about coverage helps manage customer expectations and ensures a smooth claims process.

One of P.UMA's standout features is its efficient claims processing. They receive over 5,000 claims per month, yet they've streamlined their process using a paperless system called PAD. Claims are processed, finalised, and paid within 24-72 hours, making a significant difference in the stressful moments when pets require medical attention. P.UMA works exclusively through brokers, relying on them to provide advice to clients and facilitate sales. They offer extensive broker support, training, and digital tools to enhance the client experience.

If you want to ensure your clients have effective pet coverage, not just bought with a bag of dogfood, it would be a good idea to talk to PUMA. In the world of pet insurance, P.UMA has seen it all, from life-threatening emergencies to comical claims.

These stories highlight the company's dedication to supporting pet owners through the ups and downs of pet ownership. A classic one was where they had a young couple who had a baby and they kept on having to buy dummies for the baby, but the dummies kept on going missing. Then the bulldog was sick and taken to the vet, where a scan discovered 40 dummies that the bulldog had swallowed.

P.UMA Pet Underwriting Managing Agency, with its collaborative approach, data-driven decision-making, and commitment to transparency, stands out as a leading player in the pet insurance industry. They understand that pets are more than just animals; they are beloved family members. Through their innovative insurance products and efficient claims processing, P.UMA ensures that pet owners can provide the best care for their furry and feathered companions, even in challenging times.



HCV / GIT

"The world of goods in transit and HCV insurance finds itself at a crucial crossroads, where insurers must embrace innovation or risk being left behind."
- Paul Dangerfield, Head of Trucking at Hollard

CARGO CLAIMS:
RE-VISITING INHERENT VICE, DELAY IN DELIVERY AND CLAIMS IN BAILMENT

A September 2023 judgment of the London High Court in JB Cocoa SDN BHD & Ors v Maersk Line AS [2023] EWHC 2203 (Comm) dealt with moisture and mould damage to consignments of containerised cocoa beans. The court confirmed the approach to be taken with regard to inherent vice, the carrier's period of responsibility, liability for damage after discharge, and the question of onus in claims of bailment. In doing so, the court endorsed previous decisions on these issues and has not introduced anything new. The judgment is however a timely reminder to cargo claimants on the liability of a carrier particularly where there is a delay in taking delivery of the cargo.

The claimants purchased a cargo of bagged cocoa beans stuffed in 12 x 40ft containers and carried from Nigeria to Malaysia. The sales contract provided for the cargo to have a maximum moisture content of 7.5% and a maximum number of defective beans of 7%. It was accepted that the cargo was in good order and condition when stuffed into the containers and that the unventilated containers had been properly prepared by being lined with corrugated cardboard and packed with bags of desiccant to attract moisture. The vessel proceeded around the South African coast to Malaysia during the southern hemisphere spring and the cargo was discharged.

As a result of a dispute between buyers and the sellers, payment of demurrage charges and problems with original documents, the containers spent six weeks at the container terminal before ultimately being released to the buyer. On opening the containers, it was discovered there was extensive moisture and mould damage to the contents of all of the containers. The buyers were indemnified by underwriters who proceeded with a subrogated recovery against Maersk as the contractual carrier under the bill of lading.

The carrier denied liability for the claim on the basis either that the loss arose as a result of inherent vice of the cargo and/or that the damage was occasioned during the lengthy storage at the container terminal in Malaysia. The former was a defence available to the carrier under the Hague Rules incorporated into the bill of lading and the latter arose as Maersk contended that their obligation to take care of the cargo ceased on discharge. In passing, it is assumed that cargo underwriters did not take the view that the loss was incurred by inherent vice which would normally be a defence under a cargo policy and further that the period of insurance was extended beyond that contained in the usual cargo policy.

The court had to deal with numerous issues which included: the cause of the loss; the onus on proving a defence under the Hague Rules; the date on which the carrier's liability terminated under a bill of lading; and liability for care of the cargo by a bailee. Expert evidence was advanced by both parties with the carrier contending that the moisture content of the beans on loading, although within the sales contract specifications, ultimately resulted in the mould and accordingly entitled them to rely on the inherent vice defence.

The claimants contended that the carrier had failed to properly care for the cargo in that container sweat would have been occasioned whilst the vessel was in warmer waters and that, after discharge, the terminal acting as an agent for the carrier, should have opened the containers to ventilate them.

The court rejected the carrier's contention that the loss arose as a result of inherent vice and also rejected the claimant's contention that the carrier had failed to properly care for the cargo during the ocean voyage.

This left the claimant with the contention that firstly, delivery under the bill of lading did not take place until the cargo was released because a proper arrival notification had not been served on the buyer and holder of the bill of lading and/or that it had a claim in bailment if the cargo was damaged after discharge.

Having considered the appeal court decision in Volcafe Limited vs Cia Sud Americana de Vapores SA[2019] AC 358 and the terms of the bill of lading contract and incorporated Maersk tariff, the court held that the carrier's obligation under the bill of lading was limited to the period between the time of loading and the time of discharge.

Malcolm Hartwell, Director, Norton Rose Fulbright

The fact that the cargo was only delivered to the buyer when they took delivery several weeks after discharge did not extend that period of liability under the bill of lading beyond the period set out in the Hague Rules (which is identical to the Hague-Visby Rules) even though an arrival notification had not been properly served on the buyer. The court held that reasonable notice had been given to the parties of the incorporation of Maersk's tariff into the bill of lading and accordingly the terms of the tariff would apply.

The seven day period during which no storage or demurrage charges would apply after discharge contained in the tariff was displaced by a 15 day period in the bill of lading. The court however was of the view that even if this did extend the carrier's liability to the end of the free storage period, it was not material in this case as the delay was five weeks. There was no evidence that the loss occurred during the first 15 days after discharge.

The court accepted that if Maersk remained responsible for the cargo between discharge and devanning, it would have been held liable on the grounds that it failed to take reasonable care of the cocoa beans by opening the container doors to provide ventilation. It rejected Maersk's arguments that it was impractical to open the doors or that doing so would risk rodent infestation. This point however was moot as the court held that Maersk was only liable up until the point of discharge.

In passing and insofar as bailment was concerned, the court confirmed the approach taken in the Volcafe decision namely that:

1. Where there is cargo loss or damage on outturn, the legal burden is on the carrier to prove that it used reasonable and proper skill and care for the goods or that, even if it had used reasonable skill and care, there still would have been loss or damage.

2. The legal burden is also on the carrier to show that the loss or damage was caused by an excepted peril under the bill of lading.

3. The cargo owner has no legal burden at all beyond proving the existence of damage on outturn, but may wish to discharge an evidential burden to rebut the carrier's case.

As Maersk were no longer in possession of the containers after discharge, the question of bailment did not arise as against Maersk after discharge. This implies that a claim in bailment might have succeeded against the container terminal which was not a party to these proceedings. Finally, although it was not relevant, the court rejected Maersk's defence that the claimant had failed to mitigate its loss because they had failed to carry out a manual sorting operation immediately on delivery whereafter they could have dried the beans and analysed them for mould. This was on the basis that Maersk had failed to discharge the onus of proving a failure to mitigate and secondly that because Maersk was the wrongdoer, the court would not impose a high standard on the claimant with regard to mitigation.

The claimant is only required to act in accordance with the practices in the ordinary course of business. The claim against Maersk accordingly failed, but the decision is a timely reminder of the need for cargo interests to ensure that cargo is properly prepared for the anticipated voyage. With regard to sensitive cargo such as this, this includes ensuring that the various weather conditions including the temperature and moisture content of the atmosphere, are taken into account for the anticipated voyage. This is particularly the case when the vessel passes through both hemispheres and accordingly the weather conditions may vary considerably.

The decision also confirms that the carrier's obligation under a bill of lading ceases on discharge and the onus is on the consignee/receiver of the cargo to take delivery as soon as possible. The risk of delays arising out of the demurrage/storage dispute, the delay in receipt of the original documents and a dispute between the seller and the buyer, falls on the consignee/receiver of the cargo. The extensive delays being experienced in releasing containers from storage after discharge as a result of numerous causes must be borne in mind by the buyer/receiver. If that delay is being occasioned by a demand for demurrage or storage charges, the buyer should pay them under protest or secure them and take delivery as soon as possible.

DRIVING FORWARD:
NAVIGATING HIGH-RISK ENVIRONMENTS WITH HCV/GIT UNDERWRITING AND TELEMATICS SOLUTIONS


Sid Beeton, Divisional Transport Manager, ONE Insurance Underwriting Managers

HCV/GIT Underwriting

The carriage of road freight for reward operates in an extremely high risk environment in South Africa and our surrounding territories. Transporters face high levels of crime , looting from accident sites , violent protests and bad road surfaces. As a leading HCV underwriter we offer composite options of cover which include Motor , GIT and Pollution and Spillage clean up insurance solutions as well as a wide range of add-ons such as excess buy-downs and access to Telematics solutions via our One Automotive partnership.

Looting

The level of looting by communities due to the high level of poverty and unemployment has turned many partial losses into total losses as any loss however minor and whatever the product becomes an opportunity to loot if the site of the accident is in the vicinity of human settlements .

The extensive looting that occurred during the July insurrection in KZN and Gauteng and the lack of response by authorities has emboldened the general populace who take little notice of the presence of SAPS at accident sites. Swift response is a must and this requires active tracking and impact alerts linked to call centre availability with links to security service providers.

Coal Swopping

Due to the current logistical challenges following the collapse of rail transport to ports for export , the average price of coal has reduced substantially from its high price levels in 2022 and this has reduced the incidence of this form of theft. That is not to say that this loss cause is not still a risk factor for coal transporters. Tracking of loads and alarm notifications when drivers deviate from set routes is essential to prevent these losses.

High Risk Commodities

Commodities such as Fuel, Copper, Electronics , Lithium batteries and Solar panels are some of the commodities which are high risk to transport and additional security measures are an absolute requirement . Such measures include travelling in convoy, having armed escorts , good communication on route and active tracking.

Load Shift

Due to the state of our National roads this loss cause has become more common. We require that the load be adequately secured in order to prevent loss or damage due to load shift or falling from the carrying vehicle . In this respect the load should be secured so that it can sustain the normal road hazards and this includes sharp braking and the taking of evasive action to prevent collisions .

Customers of our insured clients often dictate the method of securing loads to support easy offloading for multiple delivery sites and this does not always meet our requirements for adequate securing of the load. As our first priority is to provide comprehensive cover for our Transport clients, we have introduced a load shift extension which is not for full value but which does offer a reasonable level of protection in such circumstances .

Contractual Settlements

The market is which our clients operate is very competitive and there are a number of customers who take advantage of this by securing Transport contracts with very favourable claim settlement provisions which are not necessarily linked to the actual financial loss suffered by the customer.

The customer also often controls the financial recovery from Transporters as they merely deduct the loss from the revenue stream , which can leave the Transporter short if the loss is settled by his insurer without due consideration to the actual transport contract settlement clause . For this reason we offer multiple basis of settlements including a settlement linked to contractual obligations.

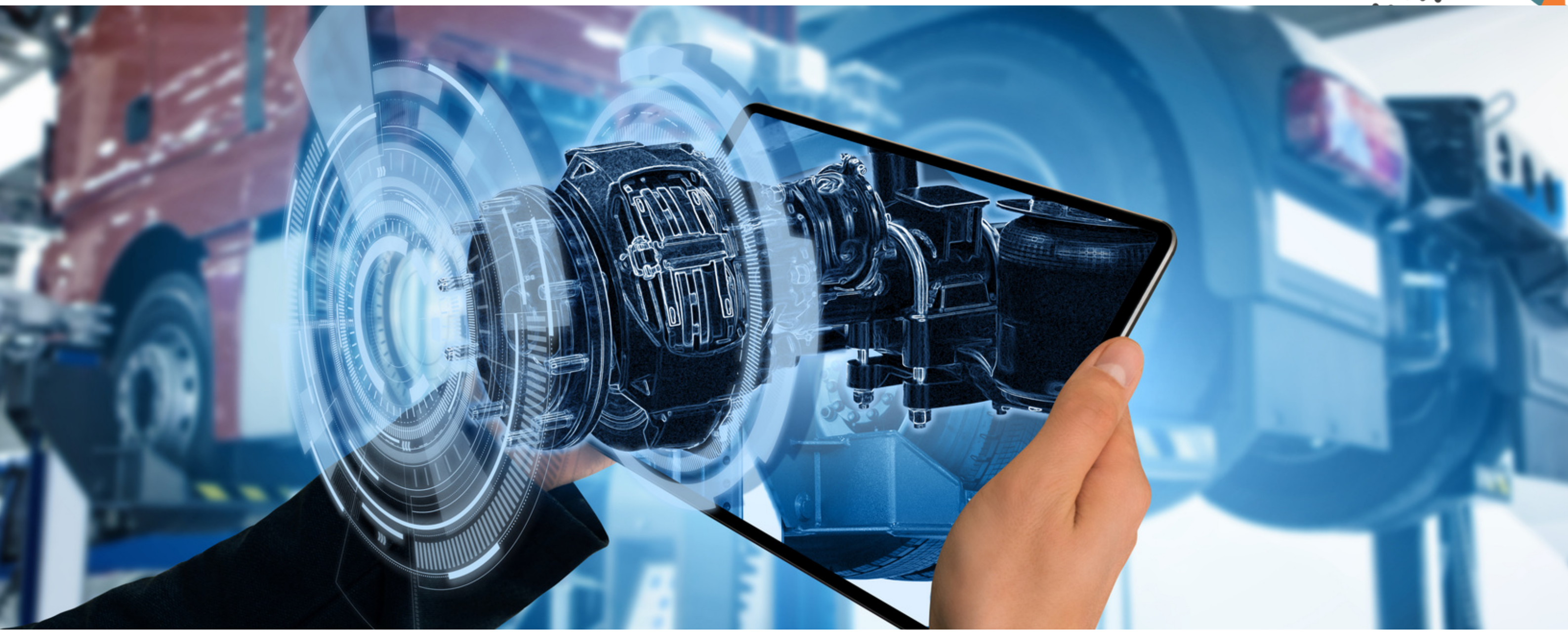
In the current risk environment and as a risk mitigation factor, we cannot stress sufficiently , the importance of Telematics and the preventative role that this can play. Most transporters have Telematics of some sort in their vehicles and the insurance industry has pushed the agenda of Tracking and Recovery devices as a minimum security level for theft of vehicles and in some instances, the loads that are carried.

This entry level of basic tracking is no longer sufficient to mitigate loss. The latest technology available via Vehicle Telematics provides much more than mere tracking with a recovery response when alerted by the client.

Video technology now includes facial recognition, unauthorised passenger warnings ,alerts for texting and use of cell phones without hands free operation whilst driving, fatigue alerts , rear facing cameras to assist in prevention of fuel and goods thefts from loaded conveyances whilst parked and many other applications .

Importantly, these alert notifications must be controlled via a 24/7 incident management centre to be an effective risk prevention measure. At One Insurance we incentivise our Transport clients to buy into the latest technology by offering discounted pricing on hardware, premium rebates and additional benefits such as Hijack excess waiver and a competitive monitoring service via our One Automotive partnership.

Prevention is our mantra and we believe that the Telematics offerings via One Automotive provide a high degree of risk management. In the hostile and difficult risk environment in which they operate, Transport contractors need to invest in Telematics that are a vital cog in risk prevention



Swiss Re
Corporate Solutions
Take control of your supply chain risk
Supply chains are vulnerable to global events such as COVID, extreme weather and geo-political instability. How can you uncover weak nodes, quantify and assess risk and manage suppliers?
Supply Chain Resilience creates a unique digital twin showing your network in a holistic way. Enrich your understanding of risk with insight from Swiss Re and other experts to easily model future scenarios.
This is just one of our new Risk Data Services which all run from a powerful, private, protected and neutral platform. Stay in control of risk across your property exposure, climate-related risk and supply chain.
Find out more at corporatesolutions.swissre.com
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INNOVATION IS THE KEY TO A SAFER AND MORE EFFICIENT TRANSPORT INDUSTRY

Paul Dangerfield, Head of Trucking at Hollard

The world of goods in transit and heavy commercial vehicle insurance finds itself at a crucial crossroads, where insurers must embrace innovation or risk being left behind. This is not just a choice – it's a necessity. The transportation and commercial logistics industry is changing fast, raising the spectre of new challenges and risks. Insurers need to adapt and come up with fresh ideas to meet the evolving needs of their customers.

Whether it's dealing with the growing threat of theft and damage to trucks or addressing sustainability concerns in our increasingly environmentally aware society, insurers have to be creative. Innovative insurers will respond by creating new insurance products, using technology to monitor risks in real-time, and finding clever solutions for the unique problems that businesses face when moving goods and running heavy commercial vehicle operations.

For Hollard Trucking, innovation has meant a transformative journey aimed at reshaping perceptions surrounding truck drivers. Rather than stereotyping them as “reckless” road users, our focus has been on championing road safety and improving driver well-being. Through our initiatives, we have sought to change the perceptions around truck drivers and highlight the professionalism and dedication that so many display.

Our Hollard Highway Heroes campaign, initiated in 2015, has been instrumental in recognising exceptional drivers who drive responsibly, looking out for fellow road users and safeguarding their fleet owners against preventable losses.

During the competition, trucks are equipped with Hollard-approved telematics devices and competitors are evaluated based on speed, harsh braking, fatigued driving during the day, and fatigued driving at night. Drivers must adhere to speed limits, take regular rest breaks, and avoid emergency braking situations.

Remarkably, this competition has encouraged lasting improvements in driving habits. Participants not only enhance their driving behaviour during the competition but also maintain these improvements long after the competition concludes. This, in turn, leads to lower fuel and maintenance costs, fewer accidents, and reduced insurance claims.

Since its inception, the initiative has grown significantly. This year, we've introduced a bus category and received over 4,000 entries. We’re excited to crown this year's winners on November 24, 2023. Looking ahead to 2024, we plan to expand the competition to include additional categories.

But our commitment doesn't stop there. We're actively improving driver safety and well-being through partnerships with organisations like the SaferStops Association. By collaborating with public and private sector entities, we’re creating a more compassionate environment for these unsung heroes who traverse our highways daily.

Additionally, drivers employed by Hollard Trucking's customers, fleet owners, have the opportunity to receive rewards cards. These cards allow them to earn up to R400 a month, providing an extra incentive for safe driving.

Since launching the programme, we've paid out over R5 million and currently have more than 2,500 truck drivers enrolled. We're proud to partner with truck stops, expanding the benefits received by participants in the driver rewards card program.

Hollard plans to continue to leverage its relationship with truck stops to improve the well-being of truck drivers.

This approach of forming partnerships – where the public and private sector share information, work together, provide resources and offer their expertise – is undoubtedly the way forward for the sector. Crucially, such teamwork coupled with innovation will lead to a safer and more efficient transport industry.

TECHNOLOGY

"As we journey through an ever-evolving landscape of business, innovation has become the compass guiding companies to new possibilities.”
- Peter Olyott, CEO of Financial Services Provider, Indwe Risk Services (Indwe)

Marcia Le Roux, business development manager at insurance software provider, SSP

KEEPING UP WITH DIGITILISATION: THE STRUGGLE IS REAL

In this digital era, the South African insurance industry is facing a series of challenges in its quest for sustainable competitive advantages. First and foremost, insurance companies need to effectively adapt and integrate new digital solutions. But keeping pace with emerging technologies and strategically implementing them can be quite a struggle, especially for companies with limited resources or outdated legacy systems.

“As digitalisation transforms customer expectations, the demand for a personalised and seamless experiences has skyrocketed,” says Marcia Le Roux, business development manager at insurance software provider, SSP. “To meet these expectations, insurance companies must invest in digital platforms and customer-centric solutions. The data generated by these investments provides tremendous opportunities for obtaining valuable insights and making data-driven decisions.”

But striking the perfect balance between tailoring services to individual customer needs and safeguarding data privacy and security poses a complex challenge. In addition, effectively managing and analysing this wealth of information requires advanced data analytics capabilities and robust data governance practices. Furthermore, our industry faces increased risks of cyber threats and data breaches.

“For insurance companies, protecting customer data and ensuring robust cybersecurity measures are in place is of utmost importance,” says Le Roux. “However, developing and maintaining strong cybersecurity defences, adhering to regulations, and addressing ever-evolving cyber threats can be a resource-intensive and challenging endeavour.” In addition to these challenges, the insurance sector faces a talent and skills gap, with a shortage of experts proficient in areas like data analytics, artificial intelligence, and cybersecurity.

“Attracting and retaining top talent with the necessary expertise remains a significant challenge for companies striving for sustainable competitive advantages,” says Le Roux. To address these challenges, Le Roux suggests a strategic approach that tackles all of these factors. “Insurance companies that successfully navigate these hurdles will undoubtedly find themselves better positioned to achieve a sustainable competitive advantage in this dynamic digital era,” she says.

Initially insurers prioritised digital transformation in the realm of general insurance, aimed at establishing their presence, selling insurance products, and providing services to clients through online platforms. The primary objective was to capture new business opportunities through a cost-effective channel and leverage the growing presence of aggregators, particularly in the motor insurance sector. But as the tech environment changes, so too should insurers’ priorities.

In a report titled "The Many Aspects of Modernizing Insurance Systems," Celent highlights that insurers primarily aim to enhance their digital presence when modernising their systems. While the interpretation and scope of "digitalisation" may vary among CIOs, it remains a significant goal for both general and life insurance companies.

Over a span of less than two decades, Celent has observed numerous manifestations of digitalisation within the insurance industry. Three key manifestations include:

1. Enabling the sale of new insurance products online through a dedicated process for obtaining quotes and making purchases.
2. Providing digital services to clients and supporting their distribution through portals and integration with aggregators, such as pricing comparison websites.
3. Increasing visibility in the digital realm through online advertising efforts.

“Driven by a strong focus on immediate goals of boosting online sales, insurers frequently overlook the long-term implications of digitising their operations,” says Le Roux. “It now becomes more important to foresee the profound and transformative effects that digitisation would bring to the industry. Insurers across all sectors must now adapt and embrace the advantages brought by digitisation.”

Le Roux concludes: “In general, insurers are shifting towards a more data-centric approach rather than being solely focused on processes. We believe that the future industry leaders will be those who recognise that success depends on the relevance and timeliness of data, combined with the complete automation of business decision-making processes.”

UNLOCKING NEW AVENUES FOR BUSINESSES: THE POWER OF EMBEDDED INSURANCE SOLUTIONS

Peter Olyott, CEO of Financial Services Provider, Indwe Risk Services (Indwe)

In the dynamic landscape of modern business, innovation has emerged as the guiding force propelling companies toward uncharted horizons. A groundbreaking strategy that has captured attention is Embedded Insurance, seamlessly weaving insurance offerings into non-insurance products or services. This approach not only augments consumer value but also opens new revenue avenues for businesses.

Embedded Insurance involves the integration of insurance offerings with non-insurance products or services, presenting consumers with added value and offering businesses a novel approach to revenue generation. An example of this is the extension of warranties by electronics companies when purchasing laptops. This integration eliminates the stigma often associated with conventional insurance sales tactics, making it more appealing to consumers.

As we journey through an ever-evolving landscape of business, innovation has become the compass guiding companies to new possibilities. Exploring avenues such as Embedded Insurance presents a unique opportunity for businesses to diversify their revenue streams and enhance customer engagement. At the heart of this strategy lies the concept of association.

When insurance seamlessly integrates with a product or service, consumers are more likely to engage with it. The scope of these solutions extends to various sectors, from comprehensive insurance packages offered by network providers to enticing perks such as a year's free insurance with car purchases from motor dealers. This approach not only fosters customer relationships but also has the potential to rekindle interest in insurance engagements.

Simplicity is the linchpin of success in the world of Embedded Insurance. Crafted as uncomplicated insurance products that require minimal risk advice or technical jargon to sell, this approach is crucial for businesses aiming to diversify their revenue streams without being bogged down by insurance intricacies.

As businesses navigate the rapidly changing landscape, embracing strategies like Embedded Insurance becomes a pivotal driver of sustainable growth. Embedded Insurance is heralding a new era of business innovation, offering a fresh perspective on revenue diversification and consumer engagement. It is important to note that it is not only the major national brands which can pursue this – innovation is open to all.

DIGITAL WALLETS AS AN ENABLER FOR FINANCIAL SERVICES IN AFRICA

Juan Seco, Chief Growth Officer & East Africa MD of Mukuru

The recent GSMA 2023 State of the Industry Report on Mobile Money highlights how mobile money has become a mainstream financial tool in many African countries. Since 2022, more than 184 million people across the continent have embraced mobile money. The Sub-Saharan Africa (SSA) region now boasts 763 million registered accounts, nearly half of the 1.6 billion users globally with transaction values jumping 22% in the reported period to reach $832 billion.Of course, SSA figures are significantly influenced by Kenya, Nigeria, and Ethiopia, which have dominated the mobile money and digital wallet landscape.

Hyper-digital markets like Kenya, which has wholly embraced M-PESA, or Nigeria, with a staggering 120 million users do not necessarily reflect the reality in markets like South Africa, which has not yet seen mobile money and digital wallets grow at the same speed. While telecommunication companies ventured into digital wallets and mobile money in South Africa, they have generally been unsuccessful, or at least have not seen their expectations materialise in a market that many consider a sleeping giant. Instead, the country has focused on partnering with banks, driven by the inherent complexities of the regulatory environment.

Generally, SADC as a region, and specifically the Central Banks, have committed to supporting financial inclusion and developed Mobile Money Guidelines to support this endeavour. This is because Mobile Money has always been viewed as a product that supports financial inclusion. While countries such as Botswana, Zambia or Malawi adopted the guidelines and were, therefore, more deliberate in drafting regulations to support Mobile Money, South Africa still has a bank-led model for Mobile Money. There are indications that the SARB NPS 2025 Vision will address this and potentially spur a new era for fintechs in South Africa.

Eliminating barriers

Beyond regulatory constraints limiting the adoption of mobile money and digital wallets, there is the issue of trust. Mobile money and digital wallets have always been considered enablers of financial inclusion because they are often the first financial product that many customers experience in our markets. From the customer perspective, however, moving from physical cash to digital, requires a level of trust, which responsibility lies with the operator.

If we decorticate Financial Inclusion as a concept, the focus has historically been to provide financial products in the market that were perceived to fit the needs of the bottom of the pyramid. However, the critical aspect of Financial Inclusion lies first and foremost in the effort that the operators are making to include their potential customers in the financial system. The verb "including" implies that the person doing the including has a clear level of agency or control over the situation and is making a deliberate decision to involve the other person. At Mukuru, focusing on financial solutions that make it easier for people to do what they want and need to do, is at the core of why we exist.

Successful operators in this space understand the need to position mobile wallets as a store of value where people can receive and send money. Even more importantly, the ability to access the full value of transactions in real time helps build the needed trust in digital stores of value as valid alternatives to physical cash. Investing in physical touchpoints and agent networks, much like Mukuru has been doing across Africa, is also critical. Physical networks give users not only the confidence of always being able to access their cash when needed, but also the ability to talk to an agent when a question arises about their account.

Two-thirds of transactions across SSA revolve around cashing in or out. Without a tangible, trust-building network, realising the dream of mobile wallets will remain a challenge. But once trust is created, the next phase is about introducing versatility to mobile money and digital wallets. This entails educating customers on how to transact from their wallets directly. For example, to pay for utilities, buy airtime or groceries, and to pay for their children's education.

Increasing the relevance and ubiquity of the merchants that users can pay to directly is a catalyser for growth as it introduces a third-party network that realises value from customers who pay using their wallet services. This creates a flywheel effect on the wallet adoption. The more users, the more merchants interested in accepting mobile money as a means of payments; and vice-versa.

Benefitting from digital

Digital wallets are not only about ease; they're a revolution for merchants and by extension, a country's economy. Transactions in real time negate the need for conventional and expensive Point-of-Sale devices. With mobile money, merchants have instant access to the funds and can pay their suppliers without having to close their store to replenish their inventory. And, of course, there is sidestepping the inherent risks and costs of handling physical cash. As the share of digital transactions increase for customers and merchants, so does transparency in financial transactions and the ability for fintechs, banks and other financial service providers to enable credit and savings solutions to customers and merchants.

As noted by the World Bank, financial inclusion "has a multiplier effect, contributes to the economic development and stability of a country, and aids the achievement of the UN Sustainable Development Goals". Wallets and mobile money are at the forefront of the financial solutions driving those effects, and fintechs like Mukuru have a big role to play in driving those solutions across the customer base. While regulations currently cast a long shadow, there is a shift in sentiment taking place by many of the regulators themselves. This will result in a more vibrant ecosystem, more relevant financial solutions appearing in the market, and onboarding an increasing and broader share of society into their financial journey.

THE FUTURE OF INVESTING: THREE TECHNOLOGY ENABLED TRENDS

The realm of online trading has changed indelibly since its earliest inception. Today, even the most novice traders can own and trade instruments such as commodities, cryptocurrency, forex, and bonds.

Commenting on the latest trends within the local online trading industry is Roger Eskinazi, Managing Partner at Tickmill, who believes that with technology as an enabler, the local market can reach its full potential. "With increasing access to technology and a growing appetite for investment, we envision a landscape in which online trading can become an empowering force.

"Bringing more investors into the fold using digital transformation, will allow us to realise broader national aims such as financial inclusion, allowing more South Africans to participate in the wealth-building opportunities of our dynamic financial markets. For clues as to what lies ahead and where the market is heading, we look both to the macroeconomic environment as well as to the pace of local, infrastructural development and key societal shifts." He explores three key trends that will shape the future of online trading.

1. Learning from the best: the rise of copy trading

One of the most noticeable, emerging trends in the market is social trading. This practice exists at the intersection between traditional trading expertise and the rise of social media. Essentially, social trading allows individuals to connect with each other, share ideas, offer advice and feedback, and copy the trades of more experienced traders. he system gives users access to a diverse range of trader systems and allows them to choose a system based on their own trading style.

Roger Eskinazi, Managing Partner at Tickmill


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Successful trades are replicated in the relevant user's account, bringing automation to the realm of mirror trading while giving traders full control over aspects such as multiplier value so that they can weigh up the potential of each trade in terms of risk and reward. "The benefits of social trading go two ways. Tools such as ours allow 'strategy providers' to earn performance fees over and above the returns on their investments. You could think of these types of individuals as the influencers of the online trading world.

Similarly, traders who follow these strategy providers reap the benefit of basing their trades on the time, knowledge, and experience of industry veterans. It's one of the most effective ways in which novice traders can enter the market, start earning returns early on in their trading journeys, and take the lessons they learn through social trading, into their own experience as they learn and grow," says Eskinazi.

2. Online trading goes mobile

Another key trend in South Africa's online trading environment is the use of mobile devices. The latest statistics collated by GSMA Intelligence saw mobile connections in South Africans soar to a staggering 187% of the total population at the beginning of 2023. The number of mobile connections in the country increased by 4 million between 2022 and 2023, with a large proportion of society owning more than one mobile device. The knock-on effect of this dramatic upsurge in mobile penetration has been the noticeable increase in the use of mobile devices for trading purposes. This trend has been particularly prominent in countries where forex trading has reached high levels of adoption. The increasing use of mobile devices for online trading means that the responsiveness of digital platforms across a range of devices has become a non-negotiable. Traders need to be able to access their trading accounts, process trades, view reports, and transact wherever they are using the device that is the closest at hand.

3. AI-powered tools to mitigate the human risk

Arguably, the biggest impact that technology has made on online trading can be tied to the emergence of artificial intelligence (AI). For decades, traders relied heavily on their own sources of technical analyses, their knowledge of market indicators, and historical data. Although these kinds of research activities proved effective for many traders, their ultimate success has been stymied by the existence of the human element. Emotions such as fear and greed have often stood in the way of traders building successful investment portfolios that are robust enough to survive market volatility. But machine learning models can analyse vast datasets, identify trading patterns, and make split-second trading decisions, often far faster and more accurately than human traders.

These algorithms can trade across various asset classes, including stocks, commodities, forex, and cryptocurrencies. Furthermore, natural language processing (NLP) techniques can be used to analyse news articles, social media sentiment, and other textual data sources. AI models continue to prove effective at gauging market sentiment and assessing the potential impact of news events on asset prices, enabling traders to make timely adjustments to their positions. Today, online trading platforms like Tickmill, have harnessed the power of AI in developing tools that users can access and leverage in making better decisions, formulating future-proof strategies and maximising returns.

A good example of this is Tickmill's Acuity Trading Tool, which, crawls through millions of news articles and data releases to provide traders with an overview of market sentiment. By employing a simple, intuitive user interface, we've made this tool more accessible and interpretable to traders, regardless of their level of experience. As technology continues to advance, the role of AI in online trading is likely to expand further, enabling traders and investors to make more informed decisions and navigate the complexities involved with trading in financial markets.

The OESAI Management Board and Secretariat would like to thank all the sponsors who have partnered with us as we host the **45th OESAI Annual Conference & AGM and the OESAI 50th Anniversary.**

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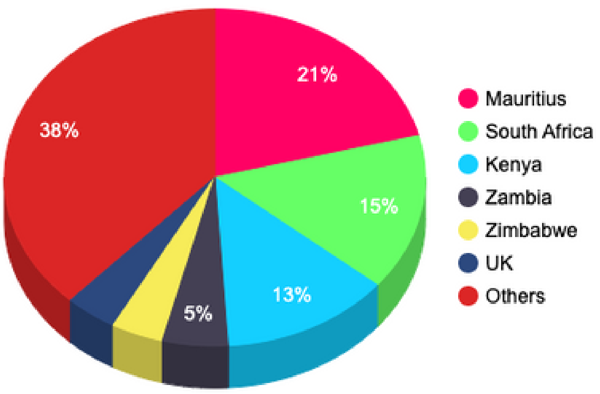
OVERVIEW OF THE 50TH OESAI CONFERENCE

The 45thOESAI Annual Conference, AGM and 50thAnniversary Celebration was held at the InterContinental Resort Balaclava in Mauritius from 26August to 31August2023. More than 550delegates from 45 countries attended the conference.



45th OESAI Annual Conference- Delegates by country

The top six countries represented more than 60% of the delegates in attendance. The majority of the delegates in attendance were male, representing 70% of the total. Women remained in the minority at 30%, reflective of the need for increasing diversity and inclusion in the insurance industry.

Senior Executives, managers, regulators, and key stakeholders in the insurance industry gathered to network and promote the business and practices of insurance. Among the delegates were thirty-one(31) Chief Executive Officers, thirty-three(33) Managing Directors, sixteen(16) Managers and other Senior Executives and technical experts. The theme of the conference was "Leaving No One Behind: Financial Inclusion through Innovation." This was a great platform for key stakeholders in the insurance industry to build upon, impart knowledge and network with the aim of developing a sustainable insurance industry.

This is in line with the 2030 Agenda for Sustainable Development Goals ("SDG"). A significant portion of the population in Africa is underinsured or uninsured, leaving them exposed to risks and unable to manage and recover from them. This disparity between uptake and need for insurance indicates that there is a large protection gap risk in Africa. As such, there is need for the insurance industry to play a role in addressing this through financial inclusion and innovation.

The objectives of the annual conference are three-fold:

1 - To bring together Senior Insurance executives and key stakeholders, to exchange ideas on sustainable insurance, sharing of best practice and to discuss issues that are pertinent to the industry, as well as to hear success stories across Africa.

2 - To find opportunities for sustainable growth in the region. These opportunities may emanate from leveraging innovation, data sharing, the potential stemming from the African Continental Free Trade Agreement ("AfCFTA"), and the role that regulators can play in strengthening the insurance industry to ensure sustainable growth.

3 - To promote networking amongst delegates, with the aim of creating business linkages and exchange of ideas.

Upon registration, the delegates received a conference bag co-sponsored by FM Re Property & Casualty Ptyand Kenya Re containing the 45thAnnual Conference magazine sponsored by FBC Reinsurance BotswanaPty Ltd, the 50th Anniversary magazine sponsored by Grand Re and a Conference T-shirt Sponsored by Emeritus Reinsurance.

ADVANCING INSURANCE IN EASTERN AND SOUTHERN AFRICA: A VISION FOR GROWTH AND IMPACT

The Organisation of Eastern and Southern Africa Insurers (OESAI) is celebrated its 50th anniversary in Mauritius at the occasion of the 45th Annual Conference and General Meeting. This marked a significant milestone in its commitment to promoting the business of insurance in the region.

As the Secretary General of OESAI, I have had the privilege of leading this dynamic organisation and witnessing the transformative power it holds. In this article, I reflect on the first two years of my leadership, the highlights we have achieved, and outline our vision for the future growth and impact of OESAI.

Embracing Diversity and Skill Development

The past two years have been a remarkable journey of learning and impact for me and our members. Working alongside a diversified board with representatives from Eritrea to Malawi has been an enriching experience. Together, we have fostered skills development programs for our members, extending beyond the Eastern and Southern region. The introduction of OESAI Regional Quiz Powered by Ghana Re, has created an engaging platform for young individuals to learn in a fun and interactive manner. These initiatives have not only enhanced our members' capabilities but also strengthened the OESAI brand.

Rose Wanda, Secretary General at the Organisation of Eastern and Southern Africa Insurers (OESAI)

Influencing Growth, Regulation, and Education

Looking ahead to the next 5 to 10 years, our vision for OESAI encompasses becoming a prominent influencer in the insurance industry. Our strategic plan for 2024-2029 focuses on promoting growth, improving industry practices, and advancing education. We aspire to see OESAI play an instrumental role in shaping the insurance landscape at all levels, including the harmonisation of diploma programs in the regions we operate. Additionally, our commitment to continuous professional development (CPD) programs and the exploration of online training opportunities will ensure that our members stay abreast of evolving industry trends.

Facilitating Collaboration and Exchange

Collaboration lies at the heart of OESAI's mission. We aim to foster cross-country partnerships that facilitate knowledge sharing and skills exchange. Our ambition is to establish an OESAI Centre for insurance research and publications, enabling organisations from different countries within our membership to access valuable information and contribute to the collective growth of the industry. Furthermore, we envision leadership development through regional and overseas learning visits, embracing the philosophy that there is no end to learning.

Engagement with Global Organisations

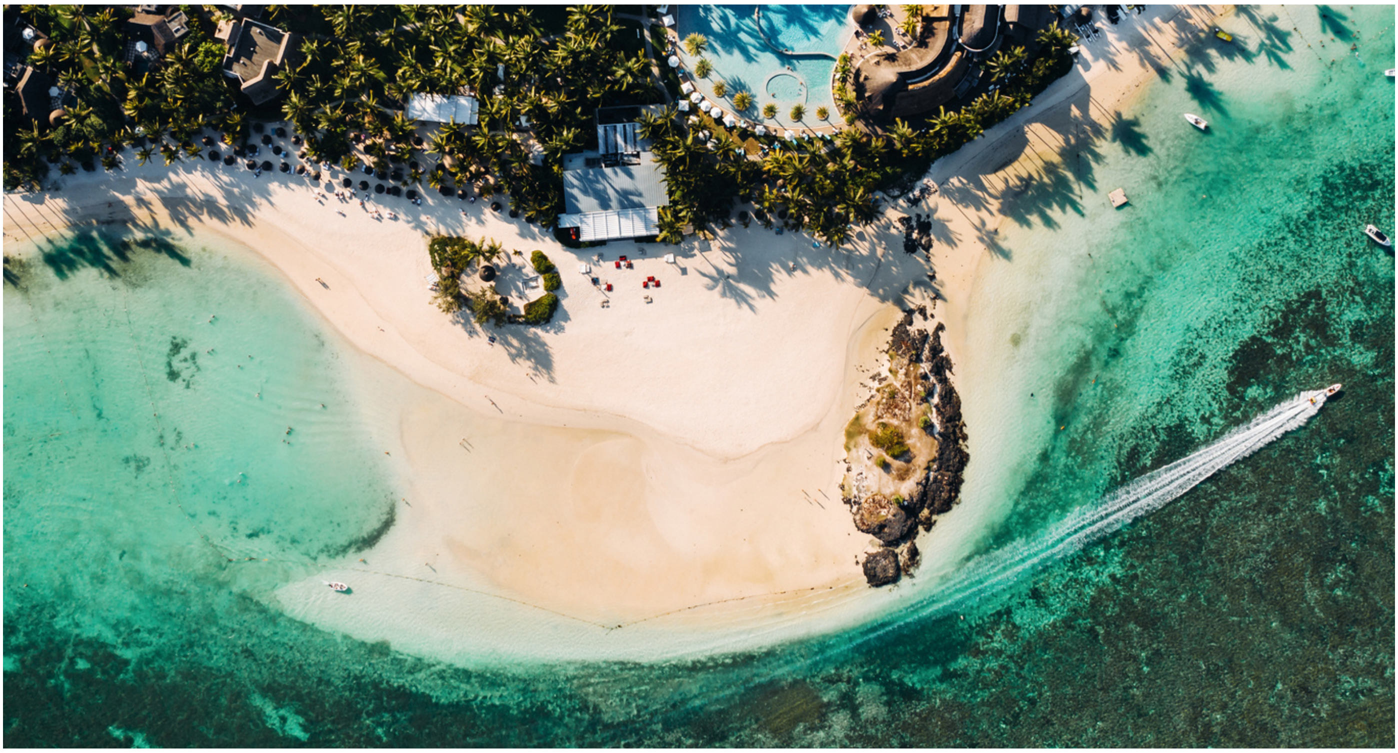
To maximize our impact, OESAI seeks to forge partnerships with renowned global organisations such as the United Nations and the Africa Development Bank. These collaborations will amplify our influence and enable us to tackle complex challenges facing the insurance sector. By working hand in hand with these esteemed entities, we can leverage their expertise and resources to drive positive change across the region.

Industry Support and Membership Growth

Our journey thus far has been buoyed by the unwavering support of the industry. With membership retention above 90% and the addition of new members, we are grateful for the enthusiasm and commitment demonstrated by our members. Their willingness to host and participate in our events reflects the industry's shared vision for growth and development.

Empowering Women Leaders and Embracing Technology

A vital initiative we are pursuing is the development of the General Insurance and Reinsurance Leaders (GIRL) program. This program seeks to spotlight women leaders in insurance and establish associations for women across different countries. By empowering women leaders and supporting younger associations, we aim to foster diversity and inclusivity within the industry. Additionally, engaging with innovators and leveraging technology will be essential in improving insurance penetration. OESAI recognizes the importance of embracing technological advancements to create better products and services that resonate with the public. **As OESAI celebrates its 50th anniversary, we are proud of our accomplishments, from the various founding members to the team we have today, and we thank our sponsors and members for their ongoing commitment.**



FOSTERING FINANCIAL INNOVATION: A FRESH APPROACH TO REGULATION

Vikash Thakoor, the Chief Executive of the Financial Services Commission, Mauritius. (FSC)

On the back of the recent OESAI Conference in Mauritius, I had the pleasure of interviewing Mr Vikash Thakoor, the Chief Executive of the Financial Services Commission, Mauritius. (FSC)

He shared insights of the role of the FSC in regulating the financial services industry while fostering innovation and collaboration. With a distinguished background in information technology and extensive experience in the financial services sector, Mr Thakoor's perspective is invaluable in understanding the intersection of regulation, technology, and innovation.

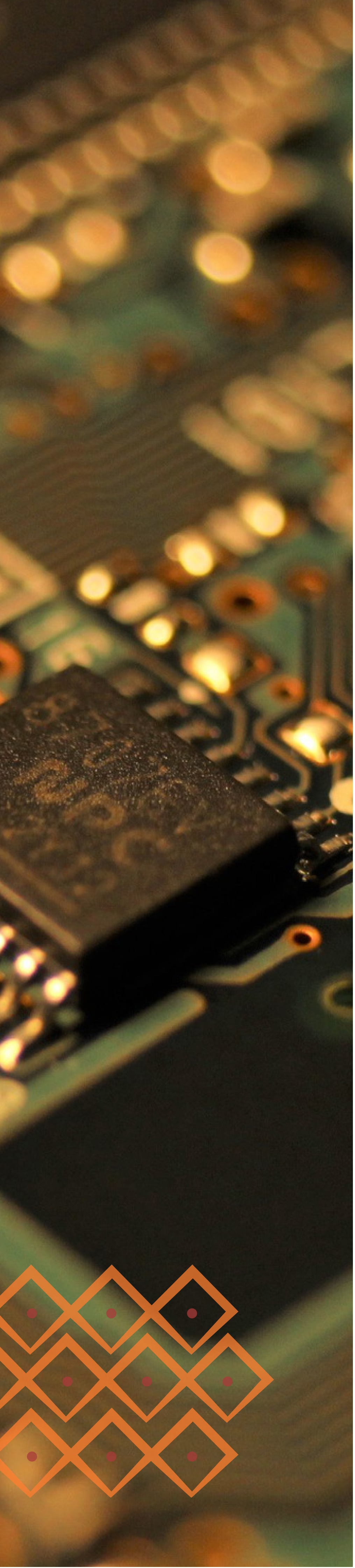
He started with a reflection on the successful 45th Annual OESAI (Organisation of Eastern and Southern Africa Insurers) Conference held in Mauritius, highlighting the enthusiasm and large turnout, and emphasising the significance of such events in nurturing collaboration and knowledge sharing among financial industry professionals.

Mr Thakoor attributed the success of the Mauritius financial services sector, and well-established reputation across the African continent to the FSC's mission and dedication to ensuring that all financial activities within Mauritius adhere to regulatory frameworks.

The Core Mission of the FSC

He underscored the primary mission of the FSC: to ensure that financial activities are conducted within the bounds of the law. He emphasised that regulations serve as the foundation for a stable financial environment, protecting at the same time operators, investors and consumers. The FSC continuously monitors financial activities, adapting regulations as needed to fit market developments and changing business demands.

One distinguishing feature of Mauritius' regulatory environment is its flexibility. Mr Thakoor explained that the country's Finance Bill allows for minor amendments to laws, provided they are mentioned in the National Budget Speech. This unique flexibility enables the FSC to swiftly respond to emerging trends and maintain a regulatory framework tailored to the needs of financial services providers and consumers.



REGULATING EMERGING TECHNOLOGIES

Highlighting the challenges posed by emerging technologies like robo-advisory services and virtual assets, Mr Thakoor explained the FSC's proactive approach to regulating these areas:

Robo-Advisory Services

The FSC has issued guidelines for firms interested in offering robo-advisory services in the financial services sector. These guidelines aim to ensure transparency and protect both investors and consumers by setting clear expectations. Regulated providers are held accountable for the quality of their services, fostering trust and accountability.

Virtual Assets

In response to the rapidly evolving virtual asset space, which includes cryptocurrencies like Bitcoin, a survey was conducted by the FSC and a surge in virtual assets transactions was discovered, including concerns about potential money laundering. To address these issues, the FSC collaborated with the World Bank to elaborate the Virtual Assets and Initial Token Offering Services Act 2021. This framework allows the FSC to grant licenses to various categories of virtual assets service providers, promoting transparency and consumer awareness while mitigating the risks associated with these assets.

CROSS-BORDER COLLABORATION

The FSC CE highlighted the importance of collaboration between countries, particularly in regions like Eastern and Southern Africa. He referenced the OESAI's mission to foster collaboration between insurers across borders. Mr Thakoor emphasised the necessity of harmonising rules and regulations to create a consistent and fair marketplace. He also pointed out the example of harmonisation efforts within SADC and CISNA, which have successfully aligned banking and insurance regulations across countries, facilitating cross-border operations.

THE REGULATOR'S ROLE IN INNOVATION

With his background in information technology, Mr Thakoor expanded on the crucial role of regulators in stimulating innovation within the financial services sector. He outlined that regulators should encourage innovation to level the playing field for both established and new market entrants. Here he identified three key factors for regulators:

Understanding Technology

Regulators must fully understand emerging technologies and their implications. This knowledge equips them to create regulations that encourage innovation while safeguarding the interest of investors and consumers.

Adaptability

Regulators should adapt regulations to accommodate technological advancements. Mr Thakoor advocates for the use of sandboxes, allowing businesses to test innovative ideas while regulators refine regulations accordingly.

Proactive Approach

In developing nations, regulators may need to take a more hands-on approach, actively shaping the market to ensure its stability and security.

Mr Thakoor went on to underscore the importance of creating a level playing field, ensuring that innovation benefits everyone, rather than a select few with significant resources. He pointed out that regulators must strike a balance between encouraging innovation and maintaining rules and regulations that protect consumers and promote financial inclusion. He concluded by discussing a groundbreaking initiative in the Mauritius insurance sector: the National Insurance Claims Database.

This system will enable insurance companies to access essential information about drivers and vehicles, allowing for personalised premium calculations and streamlining the claims process. The FSC's involvement in this project demonstrates its commitment to fostering innovation within the industry. Mr Vikash Thakoor's insights provide a comprehensive view of the Financial Services Commission's mission and its proactive approach to regulation in Mauritius.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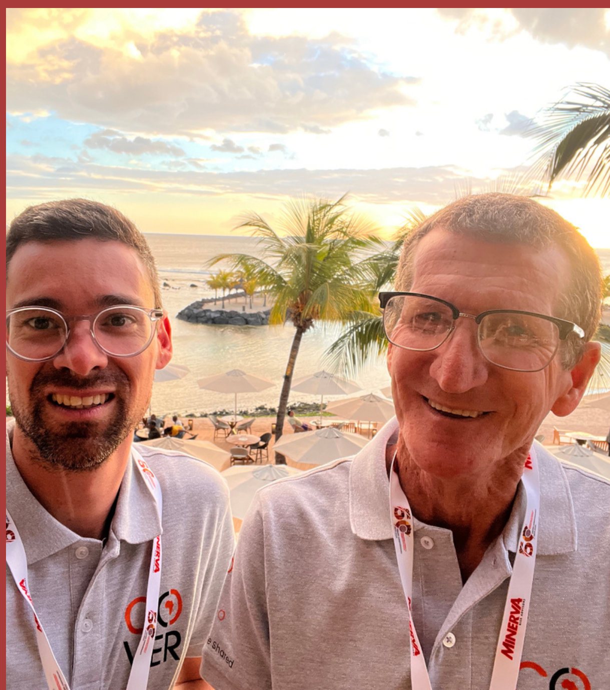
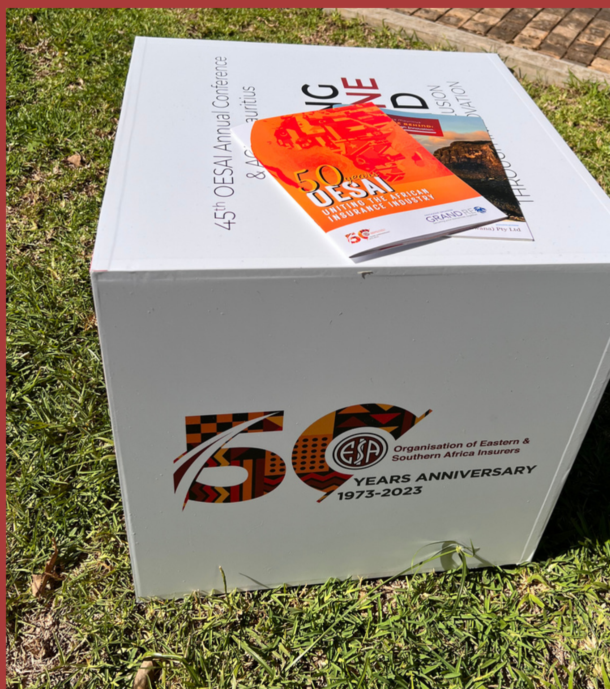




Fostering relationships across Africa

"One key enabler of financial inclusion is the use of data and analytics to develop tailored financial products."

Regulation & Its Impact on Financial Inclusion & Insurance Penetration in Africa

Aakash Mishra, Assistant Director- Insurance and Pensions
Financial Services Commission

Financial inclusion is a critical aspect of economic development, and in the context of Africa, it plays a pivotal role in addressing the unique challenges faced by the continent. Low levels of financial inclusion in Africa is a complex issue, influenced by factors such as poverty, limited infrastructure, lower levels of financial literacy, lack of documentation, and the prevalence of informal economies. These challenges have historically hindered access to financial services, including insurance, for a sizeable portion of the population. However, recent developments in the financial landscape of Africa, including the rise of mobile money platforms and fintech innovation, have begun to reshape the financial inclusion landscape.

One notable example of success in expanding financial inclusion is the emergence of mobile money platforms, exemplified by M-Pesa in Kenya and other East African countries. These platforms have provided previously underserved populations with access to basic financial services, including payments, savings, and even microloans. Their accessibility through mobile phones has brought a meaningful change, especially in rural areas with limited banking infrastructure. Additionally, the surge in fintech innovation has introduced digital payment platforms, peer-to-peer lending, and microfinance apps that cater to the financial needs of individuals and small businesses.

These innovations have the potential to significantly increase financial inclusion by providing convenient and cost-effective financial services. One key enabler of financial inclusion is the use of data and analytics to develop tailored financial products. By leveraging data, financial institutions can better understand the needs and behaviours of their customers, leading to the creation of more relevant and accessible financial solutions. Data-driven insights play a crucial role in designing products that meet the unique demands of various segments of the population.

Inclusion success

Mauritius stands out as a success story in terms of financial inclusion within the Southern African Development Community (SADC). The country boasts the highest level of financial inclusion in the region, with 90% of adults aged 18 and above having access to financial services. Furthermore, 85% of the adult population is banked, 49% use non-bank financial products and services, and 26% resort to informal mechanisms for managing their finances.(Finscope Consumer Survey Mauritius)

To further enhance financial inclusion in Mauritius, recommendations from the Finscope Consumer Survey highlight the value of financial literacy and education campaigns. Empowering adults with financial knowledge can significantly improve their ability to make informed financial decisions.In Mauritius, several products and initiatives have been put in place to promote financial inclusion, including funeral schemes, credit finance, and factoring activities that are gradually moving towards digitalization.

Innovative solutions like peer-to-peer insurance and microinsurance/pensions are also in development stage, holding the potential to increase insurance penetration significantly, particularly in the informal sector. However, the success of these initiatives depends on the integration of innovative technology into their implementation, making financial inclusion a more inclusive and sustainable ecosystem.
Moreover, the introduction of crowdfunding for SMEs (small and medium sized enterprises) through legislative frameworks further facilitates access to financial services for such enterprises, stimulating economic growth.

The role of technology in financial inclusion

This simply cannot be understated. Mobile banking, digital payment solutions, fintech, generative AI (Artificial Intelligence), chatbots, telemedical services for underwriting and claims processing, and centralised KYC (Know Your Customer) projects all contribute to simplifying insurance purchasing and client servicing, making financial services more accessible and efficient.

Despite the progress in financial inclusion, insurance penetration in Africa remains desperately low, with a penetration rate of less than 3%, compared to a global insurance average of around 7%. South Africa dominates the African insurance market, generating a sizeable portion of the continent's insurance premiums.

In contrast, Mauritius's insurance, reinsurance, and pensions industry contributed 2.1% to GDP (Gross Domestic Product) in 2022, with a growth rate of 4.1%. With the African middle class on the rise, the target market for insurance products is expanding. To address the low insurance penetration in Africa, regulators have introduced various measures aimed at making insurance more accessible and affordable.

These include:

- microinsurance regulations,
- regulations related to digital financial services,
- regulatory sandboxes to foster innovation, and
- initiatives to enhance financial literacy and consumer protection.

These measures aim to create an enabling environment for insurance companies to reach underserved populations effectively. However, the impact of regulations on financial inclusion and insurance penetration is not uniform. While regulations are necessary to ensure consumer protection and financial stability, overly rigid or poorly designed regulations can have detrimental effects. High compliance costs associated with complex regulations can deter smaller players and startups from entering the market, limiting competition and innovation. Barriers to entry, such as complex licensing processes and capital requirements, can also discourage new entrants, leading to a lack of choices and higher costs for consumers.

Product restrictions imposed by regulations may hinder financial institutions and insurers from designing tailored products for marginalised and low-income populations. Stringent documentation requirements can exclude individuals without formal identification documents from accessing financial services and insurance products. Additionally, regulations that prioritise risk reduction may discourage financial institutions and insurers from serving higher-risk customers, including those with limited credit history or irregular income.

Furthermore, a fragmented regulatory landscape, with multiple regulatory bodies overseeing different sectors, can create confusion and inhibit the development of integrated financial services. Insufficient support for microinsurance can deter insurance companies from offering products tailored to the unique needs of low-income and rural communities. Finally, restrictive data privacy and sharing regulations can hinder the development of credit scoring models and risk assessment tools, limiting the ability to serve previously unbanked or underbanked individuals.

Inclusivity focus

In contrast, well-designed and inclusive regulations can have a profound positive impact. Regulations that prioritise consumer protection enhance the credibility of financial institutions and insurers, attracting previously hesitant customers. These regulations also encourage innovation by driving the development of new financial products and services tailored to the needs of underserved populations.

Streamlined licensing processes and appropriate supervision can encourage the entry of new players, such as fintech companies, into the financial and insurance sectors. This increased competition can lead to more accessible and affordable offerings. Collaborations between formal financial institutions and community-based organisations, encouraged by regulations, can expand the reach of financial services to underserved areas.

Financial literacy initiatives empower individuals to make informed decisions about financial products, boosting their confidence in accessing services like insurance. Digital financial services enabled by regulations enable remote populations to access banking and insurance products through mobile phones, overcoming geographical barriers. Regulations that accommodate microfinance and microinsurance create an environment where institutions catering to the unique needs of low-income and rural communities can thrive.

Additionally, regulations that allow data sharing and credit scoring contribute to the assessment of the creditworthiness of individuals who lack traditional credit histories, expanding their access to credit and insurance. Prudent regulations that manage risks within the financial system contribute to its stability.

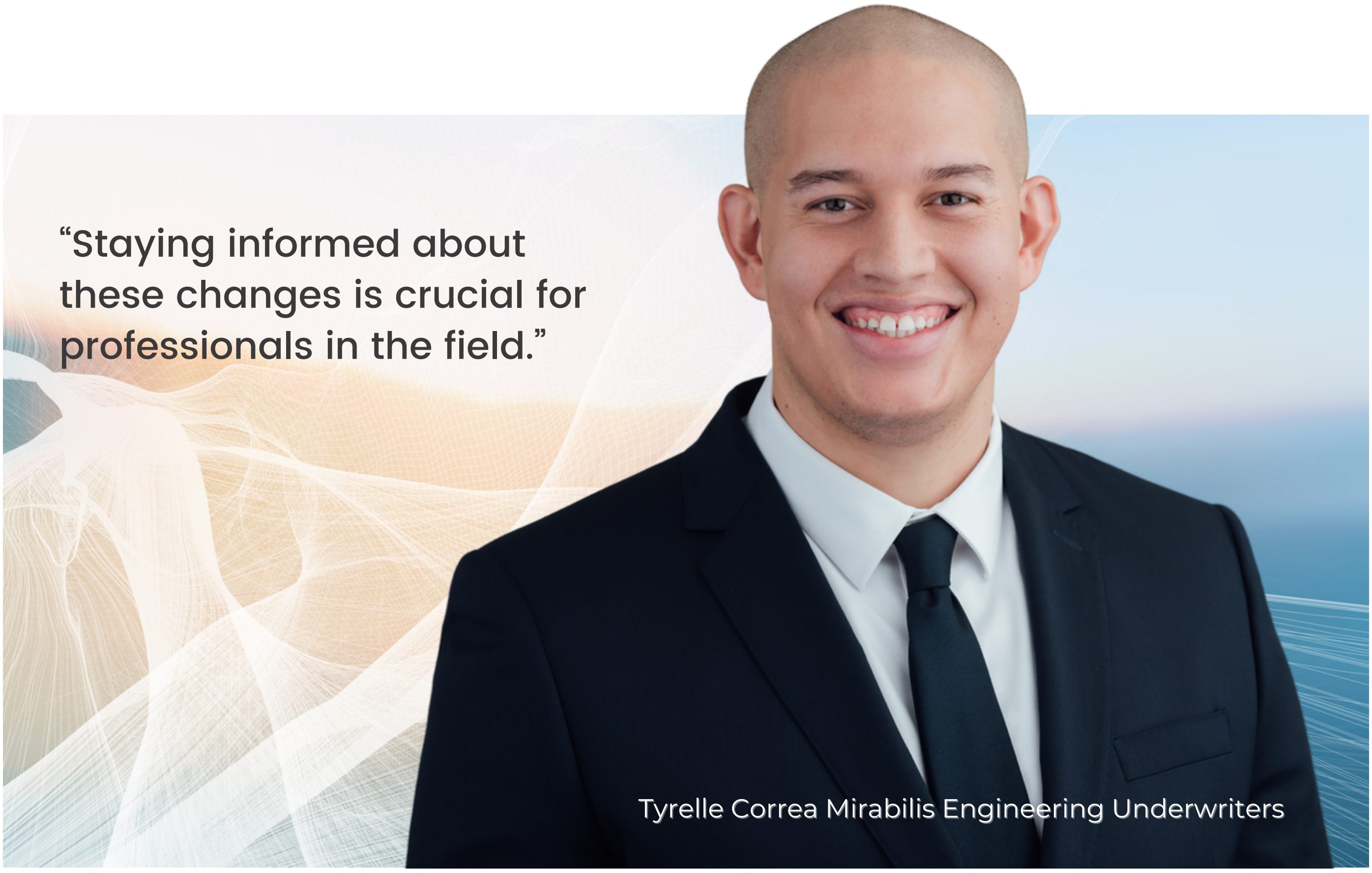
Conclusion

Financial inclusion and insurance penetration in Africa are critical for economic development and social well-being. Carefully crafted regulations that balance the objectives of consumer protection, financial stability, and innovation is essential. Regulatory bodies should continuously engage with industry stakeholders, monitor the impacts of regulations, and adjust as needed to ensure that the positive outcomes are achieved.

Collaboration with international organisations, partnerships with the private sector, and a commitment to a more proportionate, risk-based, and inclusive regulatory approach are crucial for realising the potential of financial inclusion and insurance penetration in Africa.

By embracing inclusive regulations and fostering a collaborative ecosystem, African nations can work towards a future where the benefits of financial services, including insurance, are accessible to all, promoting economic growth and social welfare across the continent.

NAVIGATING THE INSURANCE LANDSCAPE: THE POWER OF NETWORKING AT INDUSTRY CONFERENCES



The insurance landscape is continually changing, driven by advancements in technology, shifts in customer preferences, and regulatory updates. Africa being a vast continent with many countries, each with a different set of regulations and laws when it comes to insurance, knowledge is critical. Market intelligence which is often passed through word of mouth helps us get a good idea of what is going on in country. Staying informed about these changes is crucial for professionals in the field. Insurance conferences provide a platform where attendees can gain insights into emerging trends, regulatory updates, and innovative practices.

Like many other industries, insurance thrives on innovation, adaptation, and collaboration. Conferences are a hotbed of opportunities for collaboration. Whether you are seeking partnerships with other insurance companies or brokers, technology providers, or startups, these events provide a conducive environment for exploring mutually beneficial collaborations. Many innovative insurance solutions have emerged from partnerships formed at conferences, leading to new products and services that address evolving customer needs.

One of the most valuable aspects of insurance conferences is the opportunity to learn from your peers. Sharing experiences, challenges, and best practices with others in your field can provide fresh perspectives and solutions to problems you may be facing. Seasoned colleagues can act as a guide helping navigate the industry fostering an environment of collaborative learning that can benefit all. By participating in panel discussions, workshops, and keynote speeches, you can access the latest information to help your organization adapt and thrive.

The Organisation of Eastern and Southern Africa Insurers (OESAI) Conference took place at the end of August in Mauritius, not the worst place for a conference. Attendance was great with delegates from across the continent and international waters. Mirabilis Engineering Underwriters along with colleagues from the Santam Specialist Business group were well represented. Emerald Risk Transfer, SHA Risk Specialists and Santam Re were part of the delegation covering Property, liability, and treaty reinsurance respectively. Being at the conference with our sister companies SHA, Emerald and Santam Re under the Santam Specialist Business umbrella, we were able to offer solutions to our clients through our expertise in each of our classes of business. This in turn solidifies the confidence that our clients have in the brand.

At Mirabilis we value the power of networking and understand how crucial it is for the business. Networking at insurance conferences goes beyond exchanging business cards or connecting on LinkedIn. It's about building genuine relationships and establishing trust within the industry. Meeting face-to-face with fellow professionals, industry experts, and potential clients or partners allows you to create a lasting impression that goes beyond a digital connection. At the OESAI Conference, we got to meet with new and existing clients, chat about market developments and upcoming projects.

Networking Tips for Success

- Be prepared: Research the conference agenda, speakers, and attendees in advance to identify who you want to connect with.

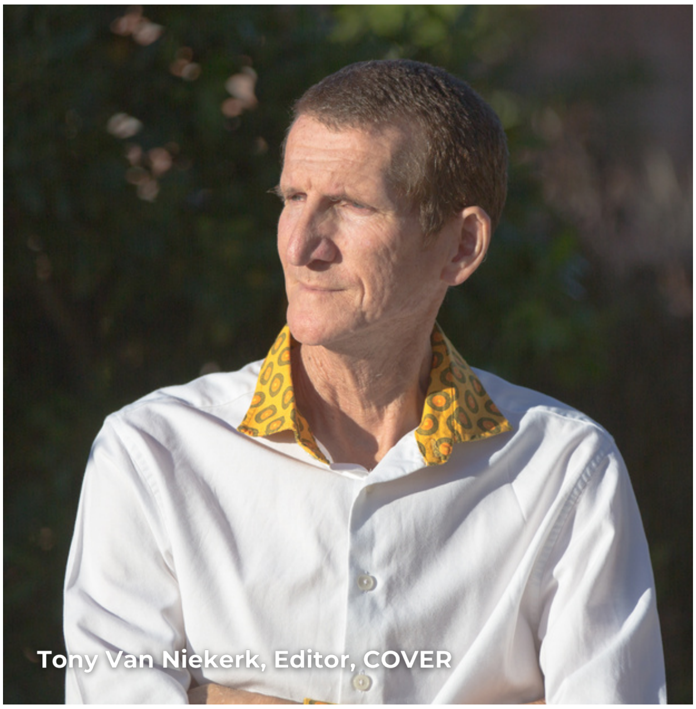
- Engage actively: Participate in discussions, ask questions during sessions, and contribute to conversations. This demonstrates your enthusiasm and expertise.

- Follow up: After the conference, reach out to your new connections promptly. Send personalized follow-up messages and schedule meetings to continue your discussions.

- Attend social events: Don't underestimate the value of networking at social gatherings associated with the conference. Informal settings can often lead to more meaningful connections.

- Exchange knowledge: Share your insights and expertise with others. Networking is a two-way street, and offering help can be just as important as seeking it. “Everyone knows something you don’t know.”

THE EVOLUTION OF THE INSURANCE INDUSTRY IN SOUTHERN AFRICA: A TWO-YEAR REVIEW


Tony Van Niekerk, Editor, COVER

Over the past two years, the insurance industry in Southern Africa has undergone a significant transformation, driven by various factors such as technological advancements, regulatory changes, and shifting customer expectations.

This article aims to provide an overview of the key developments and trends that have shaped the insurance landscape in this region.

Embracing Digital Transformation

Digital transformation has been a driving force behind the evolution of the insurance industry in Southern Africa. Insurance companies have recognised the importance of adopting technology to streamline processes, enhance customer experience, and improve operational efficiency. Insurers have invested in digital platforms, mobile applications, and online portals to enable customers to access insurance products and services conveniently. This shift towards digital channels has not only improved accessibility but also allowed for more personalised and targeted offerings.

Rise of Insurtech Startups

The Southern African insurance industry has witnessed the emergence of several insurtech startups. These innovative companies leverage technology, data analytics, and artificial intelligence to disrupt traditional insurance models. Insurtech startups have introduced new products and services, such as peer-to-peer insurance, usage-based insurance, and on-demand coverage, catering to the changing needs and preferences of customers. These startups have injected fresh ideas, agility, and customer-centricity into the industry, challenging established players to adapt and innovate.

Regulatory Reforms

Regulatory changes have played a significant role in shaping the insurance industry in Southern Africa. Regulators have focused on enhancing consumer protection, promoting market competition, and ensuring financial stability. These reforms have led to the implementation of stricter solvency and capital adequacy requirements, improved disclosure and transparency standards, and the introduction of customer-centric regulations. The increased regulatory scrutiny has prompted insurers to strengthen their risk management frameworks, governance structures, and compliance practices.

Focus on Customer Experience

Customer expectations have evolved rapidly, and insurance companies in Southern Africa have recognised the importance of delivering an exceptional customer experience. Insurers have invested in customer relationship management systems, data analytics, and personalised communication tools to better understand their customers' needs, preferences, and behaviours. With a deeper understanding of customers, insurers can offer tailored products, seamless claim processes, and proactive customer support. The focus on customer experience has become a key differentiator in a highly competitive market.

Expansion into Emerging Markets

Insurance companies in Southern Africa have been expanding their presence into untapped and emerging markets within the region. These markets offer significant growth potential due to factors such as a rising middle class, increased disposable income, and growing awareness of insurance products. Insurers have employed innovative distribution channels, including partnerships with mobile network operators and financial technology companies, to reach underserved segments of the population. This expansion into new markets has not only increased insurers' market share but has also contributed to financial inclusion in the region.

Collaboration and Partnerships

Recognising the need for collaboration and synergies, insurance companies in Southern Africa have increasingly formed partnerships with technology providers, insurtech startups, and other stakeholders. These collaborations aim to leverage each other's strengths, share expertise, and drive innovation in the industry. Insurers have also collaborated with traditional banks, telecom companies, and other financial institutions to create integrated financial solutions that offer convenience and value-added services to customers.

The Rise of Artificial Intelligence (AI)

Artificial Intelligence (AI) is revolutionising the insurance industry by transforming customer engagement, claims processing, and risk assessment. It enables insurers to process vast amounts of data, make complex decisions, and learn from experiences. AI's impact goes beyond operational improvements, shifting the industry towards a "predict and prevent" approach. This leads to the emergence of new product categories, hyper-personalised offerings, and real-time service delivery.

AI's applications in insurance include processing complex data streams generated by "active" insurance products and enabling efficient underwriting. It also facilitates the rise of highly dynamic, usage-based insurance and improves claims processing through quick evaluation and approval based on data and camera footage. To fully leverage AI's potential, insurers must undergo a multi-year transformation, focusing on operations, talent development, and technology.

While insurers have seen success in using AI to enhance customer experience and decision-making, revenue growth from AI initiatives is still limited. Challenges include emerging cyber threats, privacy risks, legal and reputational risks, and a shortage of talent with AI expertise. The COVID-19 pandemic has also highlighted the need to revisit AI models, as historical data and predictable patterns proved insufficient. Investing in traditional analytics teams and techniques, along with synthetic data generation, can help businesses respond effectively to ongoing uncertainties.

Emerging Risks

The insurance industry is facing a range of emerging risks that are shaping its landscape. These include cybersecurity and data privacy threats, climate change and natural disasters, pandemics and infectious diseases, the impact of artificial intelligence and automation, social inflation and litigation trends, emerging technologies and new industries, and the consideration of environmental, social, and governance factors. Insurers are adapting their policies and practices to address these risks, developing specialised coverage and risk management solutions, and incorporating innovative approaches such as parametric insurance and ESG considerations. By staying proactive and responsive to these emerging risks, the insurance industry can continue to provide effective coverage and support in an evolving risk environment.

Conclusion

The insurance industry in Southern Africa has witnessed significant evolution over the past two years. The adoption of digital technologies, the rise of insurtech startups, regulatory reforms, customer-centricity, market expansion, emerging risks, and collaborative partnerships have all contributed to this transformation. As the region continues to embrace innovation and adapt to changing customer needs, the insurance industry is poised for further growth and development. Insurers that can effectively navigate these changes and leverage emerging opportunities are well-positioned to succeed in the evolving landscape of Southern Africa's insurance sector.

NAVIGATING AFRICAN INSURANCE MARKETS:

AN INTERVIEW WITH LESLIE MUTHEN

Leslie Muthen, SSP Territory Head for Africa

With a view to the upcoming 45th OESAI (Organisation of Eastern and Southern Africa Insurers) conference in Mauritius, Tony from Cover Magazine had the chance to catch up with Leslie Muthen, SSP Territory Head for Africa.

Leslie shared insights into the dynamic world of insurance in Africa and the role of technology in shaping its evolution. The interview delved into the role of technology, specifically SSP's broker portal, in transforming the insurance landscape across the African continent. The discussion revolved around the game-changing role of broker administration systems, a core focus for SSP alongside insurer platforms. Tony inquired about the distinctive features of SSP's broker portal, which led Leslie to unravel its multifaceted impact. "The Broker Portal has performed well in the African market," he began, attributing its success to its dual nature. On one hand, it aimed at boosting operational efficiency by enabling direct transactions for brokers.

On the other, it expanded its reach by offering the portal to banks, motor dealerships, and more—ultimately enhancing growth and market penetration. Leslie elaborated on the seamless integration of the portal with policy administration systems, streamlining the workflow for brokers and underwriters. This integration allowed brokers to input information, which underwriters could then swiftly review, approve, and integrate into the administration system. As a result, underwriters could dedicate more time to their core tasks, ensuring a significant leap in efficiency.

Tony also acknowledged SSP's substantial experience in the African market, spanning close to four decades. Reflecting on the changes over the years, Leslie emphasised the ongoing wave of digital transformation projects in the insurance sector. While some players were ahead of the curve, others were just commencing their journey. Africa, often perceived as lagging in technology adoption, surprised many with its advanced initiatives, particularly in South Africa. The transformative impact of these projects held the promise of higher penetration rates within the insurance sector.

A recurring theme in the interview was the potential catalysed by Africa's economic growth, burgeoning middle class, and increased sophistication in financial services. Leslie continued, highlighting the strategic rollout of diverse products, especially in the SME (Small Medium Enterprise) space. The mention of non-traditional products piqued Tony's interest, indicating the industry's readiness to embrace modern solutions.

"As Africa continues its journey of digital transformation, the efforts of visionary companies like SSP promises to shape a future where insurance becomes more accessible, efficient, & inclusive than ever before. "

With enthusiasm, Leslie shared the anticipation surrounding these newly launched products across Africa. The next 6 to 12 months would be instrumental in determining how these innovations resonated with the market. Amidst the conversation, the changing professionalism of the African insurance landscape emerged as a common thread, reflecting the strides taken in recent years. As the interview concluded, Tony extended appreciation for Leslie's insights and his dedication to advancing insurance technology in Africa. The interview encapsulated not only the technological advancements but also the optimism and proactive approach that defined the African insurance market. The exchange highlighted the significance of companies like SSP, willing to bridge the technological gap and drive progress across diverse African markets. In the mosaic of insurance evolution, Leslie Muthen's perspectives illuminated the intricate interplay between innovation, industry experience, and the African continent's dynamic potential.

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