COVER

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2023 KEEP CALM AND CARRY ON

CLIMATE
THE MOST
UNDERRATED RISK

CONSUMER
EXPECTATIONS
OUR SAVIOR

IN THE
EYE OF
THE STORM

JANUARY 2023 EDITION

CPD ACCREDITED BY: IISA


WHY RENASA, ROGER?
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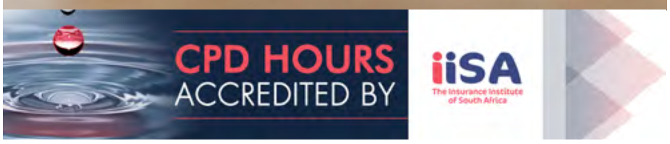

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KEEP CALM AND CARRY ON

TONY VAN NIEKERK
Owner & Editor of COVER magazine

As we kick off the year, I would like to wish all our readers and corporate clients a prosperous year. May your batteries hold their charge much longer.

The increasing severity, frequency and wide impact of adverse global events have become a serious headache for everyone. Our own local woes, with load shedding, crime and unemployment set the stage for another year where agility and adversity management will be key to survival.

Our January issue is packed with interesting thoughts on the year to come, the challenges and the opportunities that we face. To get your year going and position you for success in the fast changing, ever more competitive environment, we have supercharged our Insurtech conference into a real TechFest, set to feature several interactive sessions over the next few months.

This one will equip you with lots of ideas on how to successfully participate in the digital evolution that is reshaping our industry. Free to attend, with 13.5 CPD hours up for grabs, this one is a must. **Register here** to make sure you are in on the action.

To infinity and beyond.
Tony

#whyCIB?

Understanding your world, we offer insurance done properly, in a personalised way.

Who we are

- One of the **largest Underwriting Managers** in South Africa
- Focused on **short-term insurance,** across Personal, Commercial and Niche classes
- **Entrepreneurial** mindset
- One of the **lowest claims rejection rates** in the industry
- We partner with **like-minded brokers**
- **200%** growth rate in the last 10 years
- Over **R1.6 Billion annualised premium** income
- Premium increases **below inflation** every year for the last 5 years
- Guardrisk, our license carrier is a **level 1 B-BBEE contributor**

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- A wide **product range and competitive pricing**
- **Tailored solutions** to suit broker and clients' needs
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- Personal attention through **dedicated Portfolio Managers**
- Focus on **risk management**
- Ease of access to a **state of the art IT platform** for policy and client administration
- Easy access to decision makers and speed of decisions

Quality

Service Excellence

Personalisation

What makes us **different?**

- Our suppliers adhere to our standards of excellence and share in our vision
- Exceptional turn around times with consistent and efficient claims processes
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- Our diverse product range with regular product updates, keeps us relevant and abreast of the competition
- Ensuring we provide diverse expertise and technical skills throughout CIB, resulting in the best possible service to brokers and clients alike

Broker **testimonials**

- "We are extremely proud to be associated with such a company!"
  - Riana Wiese, PSG Meesterplan
- "CIB makes it very hard not to do business with them"
  - Greg Brits, Jurgens Group
- "CIB is committed to establishing long term relationships and continue to raise their level of service to brokers. Their open communication policy makes it easy to do business, engage in high level discussions and find solutions for all parties involved."
  - Wickus van der Walt, FNB Insurance Brokers
- We would like to express our appreciation to the CIB directors and all their staff for their high standard of service and support. Always going the extra mile and taking the time to listen to our needs.
  - Féthon Zapheriou, Insurisk

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INDUSTRY

OUTLOOK

"THERE CAN BE LITTLE DOUBT THAT THE JOURNEY AHEAD WILL BE A DIFFICULT ONE, PLAGUED BY RISING INFLATION, INTEREST RATES AND LOSS COSTS, AS WELL AS CLIMATE CHANGE AND GROWING COMPETITION FROM INSURTECHS AND START-UPS"

- THOKOZILE MAHLANGU, IISA

WEALTH TRENDS TO WATCH IN 2023

The world's wealthy have a reputation for adding to their fortunes during crisis, as evidenced by huge jumps in the net worth of the likes of Jeff Bezos and Elon Musk through the 2020-21 COVID-19 pandemic.

Now, with the world economy headed for a likely recession in 2023, high net worth individuals (HNWI) are aiming to continue growing and protecting their wealth. The 2022 trends of HNWIs diversifying their asset portfolios by buying property offshore and snapping up luxury brands are likely to continue.

Just this week Rolls-Royce announced the price tag of its first electric vehicle, the Spectre at $413,000 or R7.5-million. It is the most expensive EV coupé on the market, yet there have already been more than 300 US buyers putting down deposits. Similarly, the latest results from luxury brands Louis Vuitton and Ferrari show an explosion in sales.

However, against this climate, there are several trends playing out that make insurance complex. It is worthwhile for the affluent to account for this in their wealth plans and protecting their assets in 2023.

According to the Africa Wealth Report 2022, published by Henley Global, private wealth held on the continent will rise by 38% over the next decade, with many families investing in offshore real estate to diversify their asset portfolios. Second homes are seen as a great hedge against inflationary pressures. The report also says that the affluent are buying residency by investment, which has become an optimal way for families to protect their futures, rather than to move away from their country of residence due to political or socio-economic challenges.

Against this background, I encourage HNWIs to look for local insurance brokers that have knowledge of the country in which their assets are located due to the vagaries of the insurance laws in different jurisdictions. Similarly, if the children of the HNWI individual are studying abroad, it is also important to insure the assets in that country.

"Consider choosing a specialist insurer who are aware of the complexities around the replacement or repair of luxury items in today's climate."

Remember that you cannot add foreign assets to your South African insurance policy. There is the misconception that a locally issued all-risks policy covers the assets used by the insured's children while they study abroad. All-risk's cover is designed to protect personal items when insureds leave the country temporarily, for a business trip or holiday. Another trend is that of semi-gration, where many HNWIs are moving to coastal towns, such as the Whale and West Coasts and the Garden Route.

There is often a big premium to pay on properties in these areas, so it is best to insure homes at replacement rather than market value. If you are moving to a remote area, remember to choose an insurer who has suppliers that has the capacity to repair or replace assets in remote areas. HNWIs must also appreciate the potential limitations following loss or damage to expensive and often rare items.

It may seem simple to insure your ZAR1 million watch or ZAR4 million exotic vehicle, but it can be almost impossible to replace some of these items like-for-like, especially given the current world economy's supply chain shortages and disruptions. HNWIs often prefer replacement over cash settlement in these instances, but this is not always possible.

Consider choosing a specialist insurer who are aware of the complexities around the replacement or repair of luxury items in today's climate. Events that are shaping the South African economy in 2023, that also highlight the complex and evolving nature of insurance, are loadshedding and consequent power surge damages; households investing cash to go off grid; and climate risk and weather-related losses. Each of these trends requires tweaks to the HNWI's short-term insurance policy.

As an example, changing weather patterns are translating into an increase in frequency and severity of weather-related claims. Cars and homes are most at risk to flood and storm, so HNWIs must ensure they have location-appropriate cover for these assets and consult with their insurers about any risk mitigation measures that may be required. Similarly, HNWIs should use appropriate service providers with the right certifications and qualifications if installing back-up power supplies to hedge against loadshedding. This is why it is very important to work with specialist insurers in today's climate. To remain adequately insured, talk to your broker about higher excesses or reducing certain covers.

FIVE TRENDS THAT WILL SHAPE UMBRELLA FUNDS IN 2023

Umbrella fund members have more than doubled in the last decade and assets have more than quadrupled to just under half a trillion in assets, according to a report by National Treasury.

Over the past few years, layer upon layer of legislation has been added to the industry and the one theme that has remained constant from National Treasury is the need for consolidation and its intent to improve governance within the industry, thus ultimately protecting the interests of members.

Recent times have been challenging on many fronts for all South Africans and research from our Sanlam Benchmark report from earlier this year showed how economic challenges placed additional pressure on the lives and finances of our members and participating employers. The industry should take educating and supporting the growing number of members of umbrella funds extremely seriously as we navigate this tough time.

During the 2022 Sanlam Umbrella Fund Symposium, held in late October, a group of panellists touched on the challenges the industry is facing, including enhancing competition, transformation scorecards; and National Treasury's (NT's) proposed 'two pot' retirement funding solution and allowed the audience a behind the scenes look at how the Sanlam Umbrella Fund board plans to tackle these challenges.

AGAINST THE BACKDROP OF THIS, FIVE TRENDS THAT WILL IMPACT THE UMBRELLA FUND INDUSTRY IN 2023.

1. Digitalization

The key digital themes for 2023 will be centred around improving digital adoption across members, measuring the clients' experience, member engagement and alignment across varying solutions. However, expanding digital footprints will ultimately contribute to an increase in cyberattacks. At the end of 2021, Gartner conducted a survey to identify the top risks that will impact the financial sector in 2022. Cyber vulnerability was identified as the top challenge.

2. Cyber Vulnerability

The Financial services industry is among the top three industries most affected by cyberattacks. They are 300 times more likely to experience a cyberattack than companies in other industries. The primary reasons include rapid adoption of new technologies, access management challenges, lapses in security control and increased employee vulnerability to social engineering. Over the years, financial organisations have witnessed an increase in the number and cost of cyber-attacks. Global ransomware attacks rose 93% in the first half of 2021 compared to the same period in 2020.

The need for information security has dramatically increased in the digital age. With updated legislation, regulatory interventions and demand from our stakeholders, financial services companies need to acknowledge the need to ensure that they remain compliant and secure all the information we manage in line with worldwide best practice principles.

3. Two-pot System

Early access to retirement savings is a burning issue highlighted by the pandemic. The financial struggles many South Africans face due to the COVID-19 pandemic have resulted in Government engaging with the regulators and other key stakeholders to work out relief measures for consumers. The move to a two-pot system, with the dual purpose of facilitating early access to one third of future contributions and preservation of the remainder for annuitisation at retirement, is a welcome development signalling a new era for the South African retirement industry and ending old age poverty.

The "two-pot" system will have a positive impact on people's lives by providing a practicable and responsible solution to the real needs of members. The proposed reforms are necessary to balance members' long-term retirement savings goals and to meet short-term financial needs (as has been highlighted following the Covid-19 pandemic). In the long run it should improve retirement outcomes. Set for launch in 2024, 2023 will be characterised by a great deal of preparatory work which will include administrators undertaking massive system enhancements, changes to forms, processes and procedures.

4. Member Focus

In light of the economic difficulties that participating employers and members continue to face, the importance of partnering with a trusted partner has never been more important. For Sanlam Umbrella Solutions, our members remain the most important partners that we have, with our sole purpose to empower them to be financially confident about their future thus improving their retirement outcomes. It is for this reason that our focus has been shifting towards engaging members directly through different platforms.

5. Healthcare Integration

Sanlam's 2022 benchmark research indicated that 51% (2021: 36%) of employers surveyed, believed a holistic integrated health and financial wellness programme delivered higher productivity and staff happiness, yet only 12% used integrated programmes reflecting a clear gap in the current services offered.

Employers are considering the ideal suite of benefits and services that should be included for their employees and these benefits to be integrated into a single value proposition. However, the research indicates that employees need additional healthcare benefits as the pandemic highlighted how members were not adequately covered.

One of the strengths of the Sanlam Umbrella Fund is to continuously seek ways to improve the value proposition and ensure that the right tools are provided to enable members to achieve a dignified retirement. Sanlam Umbrella Solutions and Sanlam Health have developed a set of health solutions that will be available exclusively to members and employers of the Sanlam Umbrella Fund in early 2023. These offerings will allow the Sanlam Umbrella Fund to offer holistic retirement and health solutions.

Health, both physical and mental, is taking centre stage, particularly within the context of a tough economic environment. Adopting a holistic integrated health and financial wellness programme is beneficial to members and participating employers. It is no secret that healthy employees are happier employees" concludes.

IN THE EYE OF THE STORM

The South African non-life insurance industry is facing significant headwinds. Coming off the back of a challenging year in 2021, which saw the industry respond to the fall-out from an unstable grid, mass riots and looting, and weather-related losses, this year the hope for an economic recovery has remained subdued.

Many of the dominant themes experienced this year are likely to continue creating a challenging environment for the non-life insurance landscape in 2023. But as with many emerging risks, there is also opportunity.

CLIMATE CHANGE

One of the most significant risks to emerge in the insurance industry is the impact of climate change. There has been an increase in both frequency and severity of natural disasters globally, and in South Africa. In the last three years, catastrophic events in the USA alone have risen to nearly 19, with the costs exceeding $102 billion. Back home, the severity of weather-related events has risen 10-fold over the last decade, while the frequency of large catastrophe (CAT) claims increased from 6 to 36 per decade since 1982. Our data and research show that the average annual CAT claims in the last 10 years between 2012 and 2022 are ten times higher than they were between 2000 and 2011.

The insurance and reinsurance markets have said that the recent Kwa-Zulu Natal flood disaster was the single biggest CAT event in history. We predict that CAT claims will continue to increase in volatility resulting in an increase in the cost of reinsurance. We estimate that reinsurance claims have exceeded R80bn in SA over the last three years. We expect that reinsurers will have a reduced appetite to fund these events going forward. This will need to be balanced with the important responsibility that non-life insurers have of lessening the disastrous impact of climate change on society.

INFLATIONARY PRESSURES

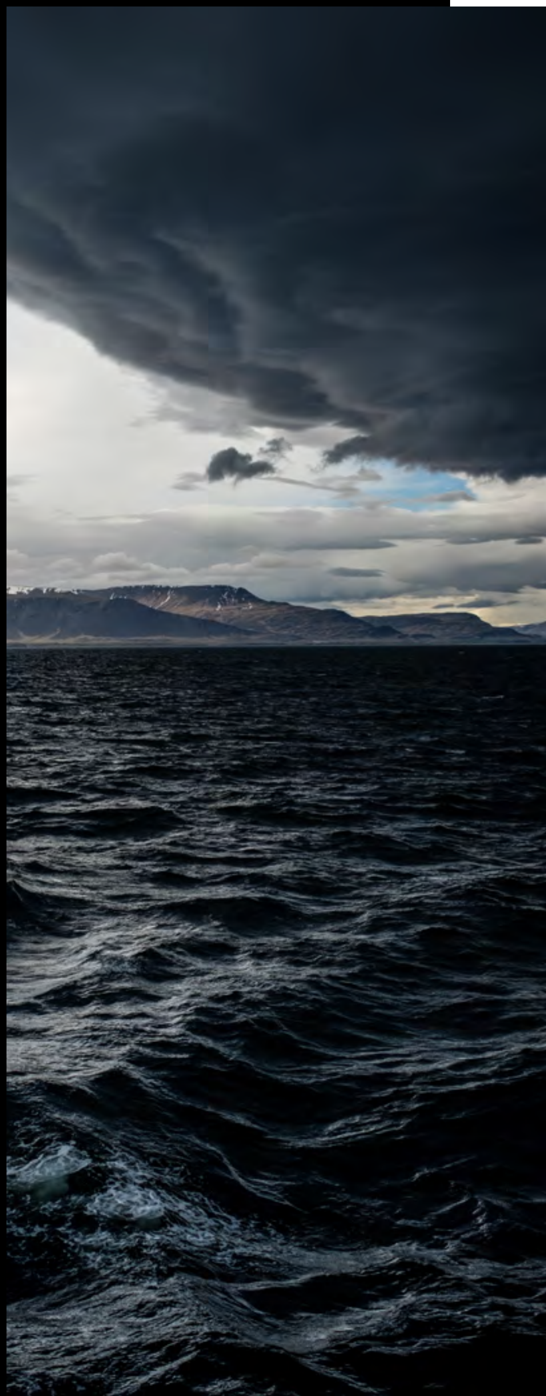
We are navigating a prolonged period of hyperinflation, and while our hope is that it will stabilise, it is likely to persist well into 2023. It will continue to significantly impact our industry, and consumers are likely to remain under pressure. Following the disruptive lockdowns of the past two years, global supply chains have struggled to normalise. The demand for used vehicles has exploded, with data showing that used car prices have risen by between 8% and 14%. Against this background, the average cost per claim is increasing significantly. Our claims inflation has been on an upward trend since 2021, and this continued in 2022. The market is already pricing in these inflationary pressures, with between 10 – 15% inflation expected. Against this, we are seeing significant premium rate and excess increases. It is critical that policyholders work with brokers to ensure that they remain adequately protected against loss events. We have already responded to the challenge by giving customers optional extensions and top-up cover to hedge against inflationary pressures.

FAILING INFRASTRUCTURE

Increasingly, we are concerned about a potential grid collapse, which is looking ever more likely. The extended damage to many businesses would reach far beyond the actual blackout and some might unfortunately not be able to even recover due to the unparalleled nature of such a situation. This could have an even more devastating impact on the insurance industry. Already we are seeing how loadshedding is causing an upswing in electronic equipment, burst geyser and power surge claims. Frequencies for claims impacted by loadshedding have almost doubled. Our data shows that since 2018 the number of electronic equipment, burst geysers and power surge claims has risen by 93%, 437 for the year to date.

SKILLS SHORTAGES

The insurance industry has been lagging other industries in productivity improvement for some time. We are experiencing a shortage of data, actuarial and IT skills, which is leading to a war for talent. Specifically, there is a shortage of experienced underwriting skills, and there are increased costs to attract and retain talent, with more entrants disrupting the insure-tech and bancassurance space.
The non-life insurance market will need to address the productivity imperative to overcome stagnation. The opportunity is to drive operational efficiencies through digitisation and automation.



WHAT WILL IT TAKE TO WIN?

It is not all doom and gloom as major shifts in the market force industry players to redefine ways of doing business. We expect consolidation of the insurance market to increase as smaller players come under pressure. Mergers and acquisitions (M&A), as well as partnerships with Underwriting Management Agencies (UMA) are also likely increase in 2023 as the landscape for product innovation becomes even more competitive. These are key levers for growth and diversification in the SA non-life insurance market.

Historically there have been only a few non-life insurers who have played in the M&A space, but other players are catching up, with a major shake-up of the industry on the horizon. We have already cemented significant deals in the last two years, characterised by our acquisition of ONE Financial Services in 2021 and Genric Insurance in 2023 (pending regulatory approval). We expect these to unlock new growth opportunities and add to our competitive advantage, as well as offer our customers specialist products and services. It also gives us an ability to rapidly test and scale new product ideas.

The broker market will also not be spared from consolidation and transformation. There is evidence that market consolidation is already underway with some small brokers having already exited, merged with similar entities, or sold their portfolios to larger brokers. This is being driven by legislative and regulatory change, the increasing cost burden which is leading to a need to centralise administration functions, and an aging broker force. It is likely that joint ventures in this space will increase and transformation becomes an imperative for the industry.

Historically non-life insurers have had an over-reliance on motor and property books, but this will impact margins going forward. Diversification therefore becomes an imperative. We continue to strengthen our distribution capabilities and non-insurance revenue streams, while simultaneously focussing on growing of some of our specialist areas, like marine and engineering, to hedge against this.

This also needs to be coupled with ongoing innovation to meet ever-evolving customer needs. We have already brought several innovative offerings to market when it comes to user-based insurance (for example CommaInsure and Veesure), widening our omni-channel service offering, as well as integrating insuretech partners with our business.

SAFETY NET

The non-life insurance industry has proven its resilience in providing a critical safety net to society during times of disaster and crisis. Despite the challenging operating environment and headwinds in 2023, we expect the industry to play an even more important role in these uncertain times.

ALIGNING STRATEGY WITH BUSINESS EXECUTION

Japie Mostert, answers some questions on Metropolitan's outlook for 2023.

What will be the main areas of business strategy that you will focus on?

I think the major challenge is to align strategy with business execution (operational plan) as this is where most strategies fail.

- Face distribution remains important in our chosen markets, but we must diversify our revenue streams.
- Ensuring that we offer needs based advise instead of just offering a product.
- Persistency remains critical as our clients are under severe economic strain and lapsing policies are not helping clients. They need to clearly understand, and in simple language, what the benefits are that are built into products to help them manage through difficult times.
- Staff development and retention will also be a significant contributor to our success

YOUR EXPECTATIONS FOR THE VARIOUS INDUSTRY SEGMENTS YOU ARE INVOLVED IN?

Although National and Local Government remains an important market for us, we must investigate tapping more into the private market, but we need to clearly understand which sectors are under pressure to ensure we generate sustainable business to the benefit of our clients, staff, and shareholder.

- There is still untapped opportunity in the market, and we must ensure that we fully understand the segment and how they operate, we cannot just apply our traditional model into these markets, our offering must be fit for purpose.
- Various segments are just treading water and not appointing new staff, salary negotiations are adding pressure, to increase focus on these segments will not add significant value to all stakeholders

WHAT ARE THE DISTRIBUTION OPPORTUNITIES TO BE EXPLOITED?

Digital marketing is gaining traction so we must ensure we are at the forefront of capitalizing on this trend but there are also some lessons to be learned to ensure sustainability and value add to clients. I do feel that there is still some scope in our current distribution channels, but we need to serve and support our client, existing and new in these turbulent times.

WHY PAYMENTS ARE PAVING THE WAY FOR THE PLATFORM ECONOMY

It is expected that six years from now, more than 30% of global economic activity could be mediated by digital platforms. That's around $60 trillion. The logical conclusion is that platform businesses are set to reshape global trade. Not only has the platform economy opened the world up for consumers, but for small and medium-sized businesses too. No longer do they need their own costly supply chains to reach a global network of customers. And, to realise the future platform economy, payments will play a critical role.

RUFAIDA HAMILTON

Head of Payments at Standard Bank, South Africa

For example, many people who love their iPhones, also love Apple Pay. Within only 6 years of launching, almost half of iPhone users were making payments with their phones. Today, Apple Pay is on track to handle 10% of all global card transactions by 2025. Safe to say that the plastic card is fast being replaced by our mobile phones. This is great and yet, only the beginning for digital payments. Much more potential exists for what's been termed as 'digital matchmaking platforms', 'transaction platforms' or 'aggregation platforms. Essentially, these types of platforms are very transaction or task-focused.

The customer expresses a need, gets a response, makes the deal, and moves on. Think Amazon, TaskRabbit, and eBay. Airbnb, for instance, attracted hosts and guests away from Craigslist by providing superior trust through a rating system, an improved search and navigation experience, and, arguably the most important, an integrated payments platform. Globally, transactions on these kinds of platforms are growing faster than any other type of commerce. And payments are key.

THE POTENTIAL OF PAYMENT PLATFORMS

Payments are not usually a directly profitable platform service. This does not mean they aren't a critical success factor for any platform. To ensure a seamless sales experience and gain maximum customer retention, payments are the embedded plumbing of these networks. Without them, long-term customer value simply isn't possible. Consider the Chinese market as proof of how powerful payment services can be in creating platform stickiness and extra customer value. Successful platforms start from a core product be it messaging, an auction house, or ride-hailing. From this foundation, many then rapidly add diverse content or functionality to keep customers connected and engaged with the platform for as long as possible.

In China, a large market of mobile-native young people created the most diverse and competitive marketplace on the planet by using WeChat, Alipay, Didi and many others. WeChat and Alipay embed payments into the overall experience using a dedicated wallet, combined with a seamless checkout process and effective dispute management. The goal is to encourage the user to leave value in the platform for future use. This way, embedded payments become an indispensable component of any platform.

Trying to emulate the success of China in the West, Facebook didn't just stop at embedding payments they created their own currency. This may have been an overreach for the social networking platform but despite its failure, the logic of platform payments remains compelling. In the end, it's clear that with payment platforms, trust will always remain one of the most important currencies.

IT'S ALL ABOUT THE EXPERIENCE

This kind of trust is formed through seamless reliability. Embedded payments on platforms must be so reliable and easy to engage with that it almost becomes 'invisible' to the consumer. This helps create a "virtuous circle" for the platform that means healthy growth. It works like this: Customers who confidently expect ease, convenience and reliability use the platform more and more, and bring their friends in. In turn, this pool of ready customers attracts new service providers. And what does a diverse set of services attract?

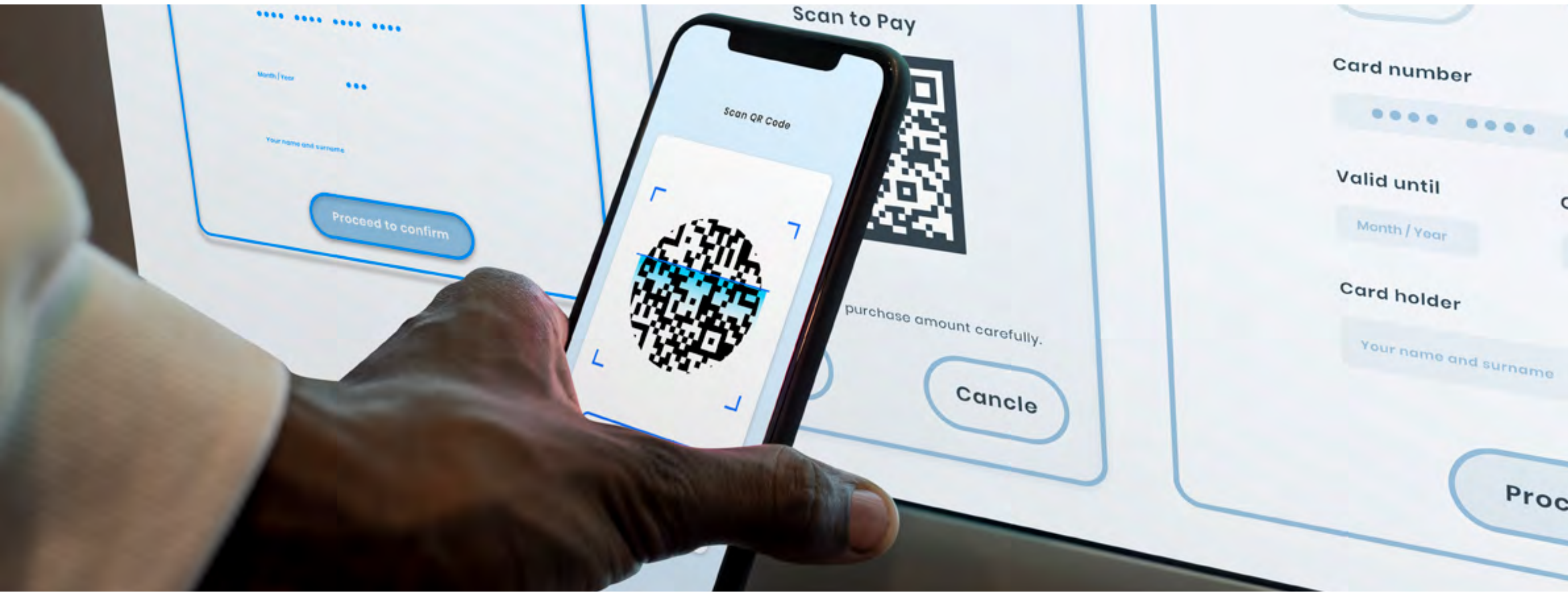
YOU GUESSED IT: MORE CUSTOMERS

However, don't be misled by the simplicity of this logic. Many established global companies have underestimated the challenges of integrating payments into their existing platforms. Even digital giants such as Google. The original Google Wallet expected financial institutions to go through a very complex enrollment process to add their brands to Google's payment app. On top of this, most cellphone carriers would not allow Google the level of security access required to run the app on their phones.

Only a year later, the idea was scrapped, and the more streamlined Android Pay was launched. The learning here is that payments are defined by experience. As mentioned before, payments embedded in platforms must be invisible while providing an immersive, seamless, and frictionless engagement experience. This not only applies to the customers, but everyone who interacts with the platform.

CONNECTING AFRICA'S CUSTOMERS

With the goal to make positive changes through payments in the lives and businesses of those who call Africa their home, Standard Bank embarked on a journey to realise open payment solutions through modular payment services that



secure, seamless, and immediate flow of funds for customers and partners. The Bank's ambition to become a platform-based business coupled with our passion to create seamless financial services that drives inclusivity, creates connectivity, and fuels financial freedom led to the creation of Unayo.

As a mobile money platform, Unayo combines the simplicity of mobile money with the sophistication of a bank account. The aim is to connect Africa's informal market to financial services in an easily accessible manner through free or minimal transaction fees. This multi-faceted, interactive platform reaches into, and across, all sectors and communities. Because it's not dependent on smart phone technology, this payment platform is set to unlock much-needed economic transactional activity and prosperity on the continent. By creating an ecosystem of users and merchants that stimulates entrepreneurial activity and drives financial inclusion, we see the development of innovative payment solutions like Unayo as much more than facilitating financial transactions.

For Standard Bank, we see these payment platforms as ways to stimulate economic activity between two ends. In this way, these numerous digital trade hubs can combine to ultimately drive the growth of Africa's economy.

THE ONGOING IMPACT OF COVID-19

ON HEALTH AND MORTALITY

DISCOVERY EMPLOYEE BENEFITS SEES A POST-COVID SPIKE IN CARDIOMETABOLIC AND CANCER CLAIMS

While the worst appears to be behind us in terms of the climbing infections, high death rates and the economic impact of the global coronavirus outbreak, deaths due to cardio-metabolic (heart and nervous system) and cancer-related conditions are now strikingly high in this post-COVID world. This is according to annual Group Risk claims data released by Discovery Employee Benefits. Discovery Employee Benefits insures over half a million individuals through its Group Risk benefits, working at approximately 3000 employer groups countrywide.

The retirement funds division is younger, covering 60,000 individuals across 500 employer groups. Analysis of our annual claims data reveals a visible and concerning increase in the incidence of deaths associated with cardiovascular disease among our client base – that is, illnesses which affect the heart and blood vessels - as well as an increase in the incidence of deaths from cancer. Claims for cardiometabolic conditions have more than tripled since 2020, with a 200% increase in claims recorded over the past year.

There are three key drivers: all consequential from COVID - which are the causes for the increases being recorded in the claims data. These are 'long COVID'; a marked decline in individuals conducting annual health checks and screenings (termed a 'screening deficit'); and a reduction in individuals exercising regularly. International data suggests that 'long COVID' increases the risk of heart attacks and stroke disease because of the heightened risk of blood clotting conditions. This certainly contributes to the greater number of cardiovascular related claims we're seeing in our data. But behaviour change which began during the pandemic is also contributing to these illnesses.

Health data shows that generalised health checks declined by as much as 50% during COVID compared to screening levels recorded during 2019. These health checks are where a person picks up and is encouraged to manage key cardiometabolic risk factors like cholesterol and blood pressure. Furthermore, exercise levels dropped by 12% during COVID. Encouragingly, though, the exercise rates seem to be almost back to levels seen pre-pandemic. There has also been a dramatic uptick in death claims resulting from cancer, compared to pre-COVID levels, with cancer deaths increasing from just two deaths per month recorded by Group Risk in 2018, to six deaths per month in 2022.

Our data shows a definite decline in people going for cancer screenings during COVID which corresponds to a drop in cancer treatments for all stages of cancer being recorded by the Discovery Health Medical Scheme (DHMS). This means that people aren't detecting their cancers as early as they otherwise would have, because they're screening less, unfortunately. In terms of income continuation benefit claims, there's also been a decline in cancer incidence recorded. That corresponds to an increase in cancer deaths which continue to track higher than expected, even post-COVID. The implication being that there is a cohort of people who have not undergone cancer treatment due to identifying it too late, and instead of going through a difficult treatment and recovery process (supported by disability income benefits), these individuals have unfortunately passed on.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NATURAL DEATHS CONTINUE TO TRACK AT LEVELS HIGHER THAN THOSE RECORDED PRE-COVID

Linked to the three drivers of long COVID, a decline in wellness and cancer screenings and reduced levels of exercise, Group Risk data indicates that natural deaths are still tracking higher than they were prior to the pandemic. In March 2020, as President Cyril Ramaphosa announced the first hard lock down to contain the coronavirus outbreak, Discovery Group Risk recorded a three-month rolling average of 87 deaths per month.

This figure then spiked at 249 deaths per month by August 2021 during the third wave of the coronavirus outbreak. In the three-month period to July 2022, it had yet to return to pre-COVID levels with 111 deaths per month recorded on average. This elevated trend holds true for both unnatural and natural deaths with the former trending above levels seen during and before the coronavirus pandemic and the latter having declined markedly since the pandemic, but still not returning to pre-COVID levels.

UNNATURAL DEATHS

When it comes to unnatural deaths the three key trends that we're picking up are that suicides are still above the levels observed in our data pre-COVID, after having increased even more during the pandemic, while motor vehicle accidents are presently stabilising back to pre-pandemic levels. Most significantly, however, crime-related deaths have escalated quite dramatically in the past few years. The Employee Benefits data reveals that crime-related deaths recorded this year are shockingly 170% higher than those recorded in 2018. There is a very close relationship between unemployment rates and violent crime. The correlation here reveals that unfortunately crime-related deaths have increased in line with the severe economic consequences of the coronavirus pandemic which precipitated abrupt declines of output in markets across the globe.

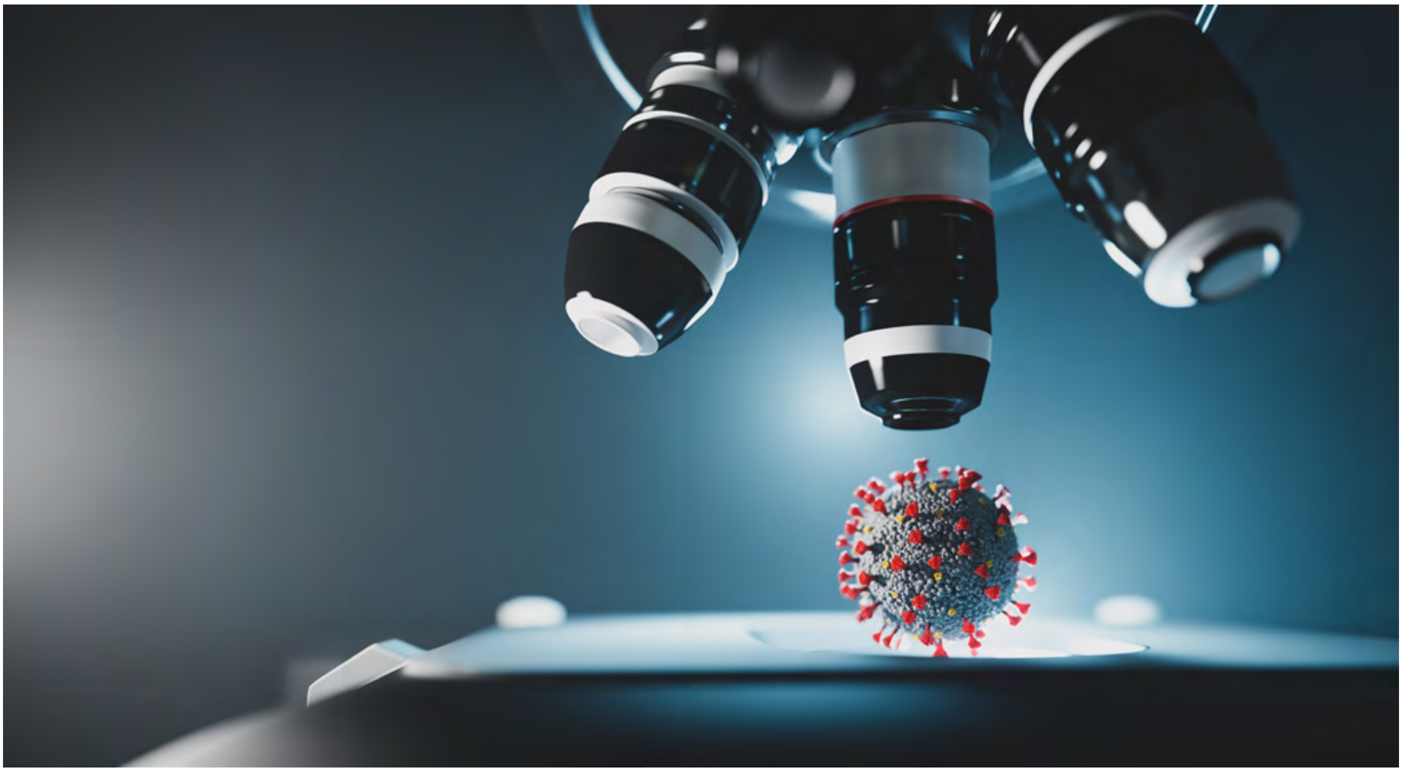
Also, the incidence of suicides has been tracking upwards steadily since 2017. Discovery Group Risk's suicide claims are 135% higher recently than they were in 2017. During the pandemic, our data indicates that suicides tended to spike in the periods immediately following the hard lock downs, suggesting a link to the tragic hardships many endured in isolation and with job and income loss. It's concerning to note, too, that most suicides, 75% in all, are committed by men. During the spikes recorded after periods of hard lock down, the proportion of suicides from men increased even

He comments that this is most likely because of men being the main breadwinners in the family experiencing unprecedented strain and economic hardships during the hard lock down phases.

NATURAL DEATHS

As we went through the various waves of the COVID-19 pandemic, almost everything changed for all of us. The question now on everyone's lips is - have things returned to normal? In Group Risk, we always look at age as the primary driver of natural death which follows an obvious upward trend by age. But if you look at the proportions of deaths coming from the different age groups, since the start of COVID in 2020, natural deaths are increasing more rapidly in the 35 to 50 age-band and interestingly, it's been decreasing in the over 50s group of late.

In 2022, 45% of deaths had been recorded among the age group of 35- to 50-year-olds, while in 2019 this figure sat at 40%. For those above the age of 50, the proportion of deaths has dropped from 43% to 37%. Curiously, the trend is unfolding most predominantly among higher earners and in higher income earning industries, with the average salaries of claimants increasing by 77% from 2017, whereas average salaries of all members with life cover only increased by 20% over the same period.
Effectively this means that claim frequency has increased faster among higher income earners, putting further strain on insurance pricing.



"The effects of COVID continue to be felt due to a complex interplay between socio-economic hardships, changes in healthy behaviours and the potential 'long COVID' medical implications tied to SARS-CoV-2 infections."

While older members were more susceptible during the pandemic, this does not explain the trend we are seeing today in our 35 to 50 age cohort. Instead, the data suggests that middle aged members are more fundamentally at risk due to declining health associated with behavioural changes and the ongoing effects of COVID on its survivors. While gym visits are returning to normal, they remain significantly behind those seen pre-pandemic at just over 60% across age groups but step counts recorded by wearable devices and recorded exercises among older generations have increased, offsetting this imbalance.

For younger generations, this appears not to be the case as a very marginal rise in step counts and recorded workouts has not compensated for the commensurate decline seen in gym visits. Fortunately, as we have identified a close relationship between health-related behaviours and this continued elevation in mortality, there is much that can be done by the younger and working age groups to offset their currently heightened risk.

The effects of COVID continue to be felt due to a complex interplay between socio-economic hardships, changes in healthy behaviours and the potential 'long COVID' medical implications tied to SARS-CoV-2 infections.

A key outcome from the 2022 claims data is that individuals need to start their health checks and annual screenings again. Exercising regularly is another crucial activity that needs to be reinstated into everyone's daily routines.

These two actions will certainly improve the health and wellbeing of individuals, while simultaneously ensuring that any serious conditions can be detected early enough to be treated and even possibly cured.

While people had little control over the impact of the pandemic on their lives and insurance risk, insured individuals and employers facilitating wellness interventions now hold the most important behavioural keys for unlocking a return to pre-COVID insurance risk.

THE HUMAN CONNECTION REMAINS IRREPLACEABLE

Jacques Coetzer, General Manager of Strategy & Transformation at SanlamConnect

2022 was not for the fainthearted. We haven't fully recovered from the domino effect of lockdown on the economy, consumers remain under pressure on the back of rising food and energy price increases, and loadshedding undoubtedly continues to impact the South African economy.

Furthermore, as local elections draw nearer, we are likely to experience continued, and heightened political and economic uncertainty. Yet, amid the local and global uncertainty and turbulence, we see glimmers of hope. Unemployment stats in third quarter showed a full percent decrease. In several economies, we've also recently seen a reversal of inflation trends. We are cautiously optimistic that the rising inflation trend will slow which could translate to lower interest rates. While it will take some time for this to translate into benefits to consumers – and the first part of 2023 may remain particularly difficult – it gives us a reason to remain hopeful, even though we're certainly not out of the woods.

From a strategic perspective, as a business we need to double down on the things we are good at. Essentially, in our world, that is financial planning and advice. No matter how much the world evolves, financial management and strong client relationships remains critical. At the same time, we need to remain steadfast in continuously focusing on our intermediary value proposition for both tied and choice agents. We're intent on ensuring we continue to innovate. This is particularly relevant in an increasingly 'phygital' world. This includes continued technology enablement of all our business processes and the way we engage with market – both direct and intermediated.

We've seen that these two factors are largely intertwined. The one drives the other: consumer expectations are driving what's happening in the digital world, while the digital world creates opportunities in the consumer world that didn't previously exist. And this is what I would say is the 'megatrend' that is driving all aspects of business in every industry, including ours. It's generally accepted that communication will increasingly be more digital, intelligent and personal. Many companies cite 'customer intelligence' as the most important predictor of future revenue growth and profitability. But the human connection will remain irreplaceable.

A LESSON FROM 2022

There is opportunity in the black middle class and long live human augmented advice.

This past year has been fraught with contradictions. On one end, many South Africans have had to navigate financial headwinds and crosswinds thrusting them towards tight corners and continued squeezed household budgets. On the other, reports such as that by The UCT Liberty Institute of Strategic Marketing on South Africa's Black Middle Class indicate that at least for this consumer segment, there has been significant growth even during the past few years of economic uncertainty, and that a quiet optimism exists for the potential avenues of growth that can be explored.

One thing is clear however now more than ever, South Africans need financial advice. Whether that advice is about navigating the stagnant economy, rising cost of living, and the looming threat of a global recession in this coming year, 2023; or deciding how best to invest in their futures or that of their loved ones. In 2022 we continued to be in it with our clients through the ebb and flow of life - and looked at the question of how we could transform existing markets from an advice perspective.

What we've come to understand is that for this market there is nuance, there is context, and there is a need to embrace diversity in our approach and delivery of advice. When talking about tapping into the black middle class, we now understand through the aforementioned report that what constituted the needs of this consumer segment 15 years ago, aren't the same needs of today. This evolution is multifaceted, requiring multiple touchpoints to give a holistic experience to the client.

From our point of view as a financial services provider, it is the marriage of personalised advice and reliable technological support. From an advice perspective, understanding the nuance of moving from a first generation of potential clients playing "asset catch-up", towards one now wanting to focus on building generational wealth – is a significant one, particularly for advisers. We now have a real opportunity to offer black families a starting point towards creating multi-generational wealth.

However, we need to build up a way of doing things that looks at this system from a point of view of belonging. Our industry has a wealth of information on clients, trends, spending habits, and other strategic assets which technology allows us to leverage in order to meet their needs of convenience and information at the tip of the fingers. However, the time-honoured notion of knowing what a client really wants remains core to our purpose. And not only that, but also create tailored solutions on an individual level. So, while this past year has been about getting certain basics right - it has also been about enhancing our digital assets such as our underwriting processes, to make doing business with us a lot less time consuming. Digitizing the journey and harnessing artificial intelligence allow advisers the ability to spend more time advising clients, building relationships, and doing what we do best – helping clients make smart financial decisions, using a human augmented approach; a trend that will continue to live in 2023 and beyond.

ENSURING THAT WE'RE PREPARED FOR THE RISKS AND OPPORTUNITIES FOR 2023 AND BEYOND

2022 Kicked off with a sense of palpable optimism as countries all over the globe seemed poised to leave the Covid-19 related restrictions behind.

But a myriad of challenges, such as high inflation and global supply chain issues aggravated by geopolitical conflicts, offered little respite. Despite the challenges, the industry emerged stronger, thanks to its partnerships, resilience, innovation, and disciplined strategies from many companies. These qualities will also be required to survive the challenges that await in 2023 and thrive in their wake.

ACCLIMATISING TO THE NEW NORMAL

The effects of climate change were seen the world over throughout 2022. South Africa felt the consequences acutely, with fires in the Western Cape blazing for four days, destroying 5 400 hectares of land in the process, including plantations and commercial fynbos farms. During April 2022, heavy rains, flooding, and mudslides hit the KwaZulu-Natal coast, leading to hundreds of lives lost and damaging private and public infrastructure. The increasing frequency and severity of natural catastrophes are leading the sector's push to review cover and premiums. For example, there has been a significant rise in rebuilding costs in the aftermath of the KwaZulu-Natal floods. Insurers adapted by reviewing pricing models for weather-related risks constantly.

Another element of insurance in need of evolution in the climate change age is claims management. Tapping into the power of weather data can enable insurers to forecast possible weather at client level. To facilitate this process, insurers need to swiftly accelerate their digital transformation journey to allow them to employ big data analytics and forecasting, enhance business processes, better cater for evolving customer needs and provide a higher degree of personalisation for the benefit of our customers.

HIGH LEVELS OF RISK AWARENESS

The last few years brought some unusual and exceptional events in quick succession, ranging from drought, pandemic, lockdown, and social unrest, to devastating floods. These events not only created opportunities to showcase the benefit of insurance to individuals, businesses and society at large, but they also increased the awareness around risk. This bodes well for the insurance industry, and recent years have demonstrated to policyholders the value of quality advice around risk and appropriate cover when it comes to the continuation of their businesses.

CAPITALISING ON A BRYTE SPOT FOR THE TRAVEL SECTOR

The travel industry was one of the hardest hit by Covid, but the sector has bounced back strongly in 2022. To capitalise on this while cementing our leadership position in travel insurance, Bryte launched our new transactional website focused on its travel business. It delivers more seamless services (obtaining quotes, buying travel insurance, submitting claims, etc. online) to customers.Insurance companies need to make significant investments into their digital transformation journey, talent development, and enhancements to their products, services and partnerships to not only survive the business challenges of 2023 but thrive after that and beyond.

At Bryte, we believe that the best way to manage an uncertain future and the risks it poses - is to be prepared and armed with the right advice and cover.

SCHALK
MALAN

Schalk Malan, BrightRock CEO

THE YEAR THAT WAS

2022 has been a fascinating and challenging year, in which our industry has started to emerge from the COVID-19 pandemic and its impacts. During 2021, BrightRock, like most other insurers, saw a sharp increase in claims.

2022 has been a fascinating and challenging year, in which our industry has started to emerge from the COVID-19 pandemic and its impacts. During 2021, BrightRock, like most other insurers, saw a sharp increase in claims. While economic conditions remain tough, all indications are that a more positive picture is starting to emerge.

Statistics to the end of June 2022, which were released by ASISA in September, showed that the number of claims reduced significantly in the first half of this year relative to the same period last year when the country was still in the midst of the COVID-19 pandemic. According to these ASISA statistics, insurers paid out claims and benefit payments to the value of R270.2 billion to policyholders and beneficiaries in the first half of 2022.

BrightRock has paid out a total of over R4.5 billion in claims since we sold our first policy in 2012 (as at end of November 2022). We paid out R1,2 billion in claims across our business (individual life, group risk and funeral offerings) in 2021 alone. This is equal to the total amount we paid in claims in our first seven-and-a-half years in business! The increase in claims was unprecedented in our business.

While the influx of claims has subsided since the peak of the pandemic, BrightRock is still seeing an upward trend in the amount we're paying.

Despite COVID-19 contributing less and less to our death claim payments, the number of claims that we're seeing is still high relative to a couple of years ago. We've seen an increase in the number of temporary expenses and additional expense needs claims we've received over the last few months.

OPPORTUNITIES AND TRENDS FOR 2023

Along with the challenges listed above, however, the pandemic has also created opportunities for our industry and for our business, allowing us to protect our policyholders and to reengineer our processes to improve our service offering to our clients. In BrightRock's case, from a distribution perspective, we're seeing huge opportunity in the IFA space, where our focus in 2023 will be on service delivery and ease of doing business to support IFAs.

The recent ASISA gap study has highlighted for us the value of our needs-matched offering and how it can help advisers close gaps in their clients' cover. The recently released 2022 Life and Disability Insurance Gap Study shows a significant gap in the average South African income earners requiring life and disability insurance cover. These findings serve as a reminder to consumers that proper financial planning, even in tough economic times, is a necessity and not a luxury. The study measures the extent of life and disability cover under-insurance in South Africa1.

It shows that South Africa's 14.3 million income-earners included in the study had enough life and disability insurance to cover only 45 percent of the total insurance needs of their households. The gap study clearly shows that clients' need for disability cover is higher the younger they are, yet the most common permanent disability cover structure available in the market is a lump sum that starts out low and increases every year. It also shows that policyholders end up reducing this cover in the future when they get closer to retirement age.

This means that, with these traditional structures, policyholders are simply not getting cover that meets their needs. BrightRock's needs-matched product is designed to match clients' needs initially, and change with them as your needs change, by offering a more efficient pricing model, and disability cover that's designed to protect a client's income until they retire. Through this more efficient pricing model, we are able to offer clients an average of up to 40% more cover per premium rand.

This is borne out by the latest Swiss Re new business volume survey, which shows that BrightRock sold the most cover in the intermediated risk market (16,6%) in 2021, but our premiums received for that same cover comes in at fourth place (12,6%) – showing that clients are spending less with BrightRock, yet getting more cover than with any other insurer in the same market. Given the current economic conditions in South Africa, therefore, we believe the efficiency and affordability of this approach creates tremendous opportunity for BrightRock in the market.

Other trends that will impact our industry in the year ahead will include long COVID, where we hope to see a better understanding emerge regarding the causes of long COVID and how best to manage the risk associated with it. Over the past few years, life expectancy has been steadily increasing – typically, we see a three-month life expectancy improvement per year.

However, as a result of the pandemic, the expectancy in the USA reduced materially over the past two years, by 2.8 years for men and 1.9 years for women. Scientists also posit that climate change is likely to increase the likelihood of further pandemic events, which in turn will lead to further changes in terms of life expectancy, something the industry will need to monitor and understand.

OTHER INDUSTRY TRENDS THAT WILL CONTINUE INTO THE NEXT YEAR INCLUDE THE CONTINUED FOCUS ON:

Improved customer experience through digital technologies. Life insurers in South Africa continue to focus on digitising and enhancing the client service experience using online technologies. This is something we at BrightRock have always passionately advocated for and adopted since our market entry in 2012, and it's a strategy that we're actively and continuously working on – we hope to introduce exciting new enhancements in this regard in 2023

Focus on finance and accounting. We expect the introduction of the new IFRS-17 accounting regime to impact the industry significantly during the year ahead. Coming into effect for reporting on the 2023 financial year, it is the most significant change to insurance accounting requirements in over 20 years. This new reporting methodology requires life insurers to measure and account for insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to these insurance contracts. This requirement will provide more transparent reporting about insurers' financial position and risk.

Regulatory changes to support better client outcomes. During 2022, the FSCA published a plan spanning 1 April 2022 to 31 March 2025, with details around the planned reform of various financial sector laws, particularly those that govern the outcome for clients. The COFI Bill's aims, according to Treasury, is to significantly streamline the legal landscape for conduct regulation in the financial sector, and to give legislative effect to the market conduct policy approach. For life insurers and financial advisers alike, these regulatory changes are likely to impact how we engage with clients, and how we work together to ensure fair outcomes for those clients.

There's no doubt 2023 promises to be a year filled with change and challenges for our sector.

CPD ACCREDITED

ECONOMIC OUTLOOK: 12 CRUCIAL QUESTIONS ABOUT THE WORLD IN 2023

What is the economic outlook for 2023? Sanisha Packirisamy, economist at Momentum Investments, looks at twelve crucial questions for the coming year.

SANISHA PACKIRISAMY

Economist at Momentum Investments

1. Have we entered a new regime of greater macro and market volatility?

The globe is facing higher levels of geo-economic fragmentation, reduced liquidity, a lower growth pattern in China, increased global conflict and higher inequality. This could lead to shorter and more erratic economic cycles, resulting in more volatile discount rates and lower equity valuations.

2. What are the risks of over-tightening?

Although an over-tightening in monetary policy raises the risk of negative growth outcomes sooner, the risk of under-tightening is seen to pose a bigger threat. Unhinged inflation expectations could force central banks to tighten policy even more, over a longer period, damaging growth and jobs.

3. Will disinflation drive the narrative in 2023?

A further easing in supply chain disruptions, favourable base effects in food and fuel and demand destruction are expected to drive inflation lower in 2023. A return to central bank targets could nonetheless take time given stickier services and wage inflation.

4. When will the united states (Us) dollar weaken?

In the near term, disruptive geopolitics and higher growth and interest rate differentials should support the dollar. However, the dollar is likely to weaken in the second half of 2023 as interest rate and growth differentials begin to narrow.

We project a further, but more gradual, depreciation in the dollar in the long term given its rich valuation as well as weaker current account and fiscal dynamics relative to that

5. Where will interest rates plateau and when will financial markets see the big pivot to easier policy?

In our view, central banks need to have clear sight of a sustained deceleration in underlying inflation and a reversal in tight labour market conditions for interest rate cuts to be considered.

Market-implied policy rates point to a peak in the US federal funds rate of 5% in the first half of next year. Market participants are pricing in a cut before the end of next year, af
pause.

6. Will financial markets force Fiscal consolidation?

Financial markets are threatening to punish developed market governments that attempt to keep economies afloat with fiscal measures which raise upside risks to inflation. In addition, political cycles are likely to influence fiscal decisions heavier going forward, given an increasingly polarised electorate.

7. Will we experience another emerging market debt crisis?

Higher borrowing costs have intensified financial stress for vulnerable countries with a large share of foreign debt. However, middle income emerging markets with healthier macroeconomic fundamentals should fare better.

8. What could deliver a positive surprise in 2023?

A faster relaxation in COVID-19 regulations in China, a warmer winter in Europe that prevents energy rationing or stronger real wage growth for the US consumer can lift our base case view on global growth.

9. What if everything goes wrong at the same time?

Stickier inflation leading to additional interest rate tightening (relative to the baseline), a colder European winter that enforces more energy rationing, an extension of China's zero-COVID strategy, renewed Chinese property sector woes or an accelerated decoupling between the US and China could leave global growth at a mere 0.5% in 2023.

10. How will a global slowdown and local economic and political challenges affect South Africa's (sa) outlook?

Lower growth in SA's main trading partners will reduce demand for SA's exports, while slow reform in energy and logistics as well as mounting consumer headwinds will cap growth in domestic demand. Moreover, political uncertainty has leapt on the possibility of President Cyril Ramaphosa leaving his position. Question marks over SA's political outlook cast a dark shadow over investment and growth prospects.

11. When will interest rates peak in sa and when will the sa reserve bank (SARB) cut again?

The SARB is likely to hike rates further in the first quarter of 2023 to arrest the spread of broad-based inflation pressures. However, the likelihood of an improved global risk backdrop towards the end of 2023 could see the SARB reversing policy. The risk is nevertheless biased towards a tighter stance if higher political uncertainty drives the local currency weaker for a sustained period, leading to an uncomfortable jump in inflation expectations.

12. What are the risks associated with a greylisting event or further rating downgrades?

A potential greylisting and a consequent exiting of a greylisted status will depend on perceived action to address the Financial Action Task Force's concerns. Recent political events threaten to derail the progress on the fight against corruption and raise concerns over the pace of structural reform in areas of the economy that promote growth and fiscal sustainability. As such, we see downside risks to SA's sovereign rating in the medium term.

We believe
partnership is **the greatest investment of all.**

We believe in the value of financial advice and the power of partnership. With our personal approach in partnering with financial advisers we help you in helping your clients achieve their financial goals. Whether the need is to create and grow wealth, protect it, or earn an income from it, we have a personal investment solution for each client on their journey to success. Personal relationships and strong partnerships are what we stand for. Because when something is personal, it really matters. And that is why with us, investing is personal.

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

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WHY A NEW MINDSET

IS A NON-NEGOTIABLE IN 2023

As we wind up 2022, it is natural to reflect on yet another tough year in the markets and to start planning for the one that lies ahead. We believe there is one crucial ingredient investors will need to ensure investment success in the new year: a fresh mindset..

Investment markets in 2022 did not behave according to the norm. Many asset classes staged a synchronised retreat, even the perennial safe-haven asset, US bonds. With the new year just around the corner, investors are asking themselves whether the turmoil is behind us and whether 2023 will be 'a better year'. For many, the most pressing question is even more specific – mega-cap tech stocks are so 'cheap', is now the right time to buy them?

SHOCKS VS SYSTEMIC IMBALANCES: WHY WE NEED TO BE CLEAR ABOUT WHAT IS CORRECTING

Market corrections happen from time to time, and we often argue that they are an inherent part of the stock markets, and something investors should be prepared for. Those who stomach the turbulence and avoid making emotion-driven mistakes, are rewarded by inflation-beating returns in the long run.

Those with an opportunistic mindset can even use periods of market weakness as an opportunity to stock up on quality counters when markets go 'on sale'. The 2020/Covid-19 induced recession is a case in point. The market reacted violently to negative news, and soon recovered. Investors who sold out at the bottom locked in losses and were worse off than had they simply stayed put.

However, we would argue the current market turmoil is not the result of a once-off shock (like the Covid-19 correction was), but rather the symptom of more than a decade of systemic imbalances that are in the process of unwinding. When it comes to a systemic shift, the world before and after can look very different.

HOW DID WE GET HERE?

Global inflation has been on a continued downward trajectory since the 1970s, fuelled by technological advances, demographic changes and globalisation. Global markets have also been buoyed by low interest rates for a long time, but we really saw the market reach exceptional levels of distortion in the aftermath of the Global Financial Crisis (GFC) in 2007/8 as easy money became part of the equation.

Many had expected these distortions to start unwinding after the GFC, but instead we experienced a time during which growth and long duration assets continued to perform exceptionally, while value and real-world assets saw a bitter and elongated cycle of underperformance.

The run-up in the prices of some sought-after shares have been breath-taking and it has rewarded some investors very well. Over the past ten years, mega-cap tech stocks have been the place to be. Holding tech stocks became an aspiration for many and hence it's driving the question that is on the minds of many investors at this time, wondering if now is the time to 'snap up a bargain'.

AS THE EASY MONEY DRIES UP, SO WILL SOME MARKET DYNAMICS

The prevailing expectation is that we are seeing the response to a market shock, and that soon, the market will return to its pre-shock equilibrium. We believe this view is fundamentally wrong. Not because the market won't recover (it will), but rather because we believe the market will find a new equilibrium in a world where money is no longer so easy to come by. Deglobalisation and years of underinvestment in the real sectors of our economy and the commodities that we depend on, means that the low inflation period may behind us for now, while governments have large debt burdens to contend with which are not so easy to fund at higher interest rate levels. The period of easy money is most likely over for now. And the kinds of assets that fared well in the low inflation environment, are unlikely to be the same ones that will fare well in a high inflation world.

REASSESS THE MARKET WITH A FRESH MINDSET, TO MEET THE OPPORTUNITIES WHERE THEY ARE

While many investors are eager to approach the market turmoil with the usual 'buy a bargain' mindset, we believe they may be disappointed with the items they buy on sale this time around. Not because these aren't quality companies – many of them are and will likely still be around for a long time. But simply because the environment that drove their exceptional returns until recently will no longer be doing so in the future. Investors need to reassess the market with a fresh mindset, and critically evaluate which shares and sectors are likely to fare well in a world that is no longer driven by low inflation and easy money. The answers may surprise some, as shares and sectors that have been deeply unpopular for a long time, start to come into their own.

DIFFERENTIATED THINKING IS KEY TO ACHIEVING INVESTMENT SUCCESS

The longer market imbalances persisted, the more concentrated indices became. Unfortunately, many investors don't realise that this has been the case and our research shows that there is an exceptional level of concentration in many frequently used funds around the strategies that worked well in the past. In the current environment, investors need a truly differentiated perspective to identify and meet the opportunities where they are. Simply defaulting to the strategies that worked in the past is unlikely to help investors achieve investment success in the future. We believe our 3M investment philosophy, based on thorough research, is well-positioned to help us look beyond the short-term noise, and find the true 'bargains' that are well-suited to the world we see ahead, and that will stand our investors in good stead in the long term. mistakes can still occur.

INSURERS MUST CONTINUE INNOVATING IN THE FACE OF EMERGING RISKS IN 2023 AND BEYOND

Following the devastating impact of the COVID-19 pandemic on the South African insurance industry over the past two years, 2022 has been a far better year for the sector, which has bounced back strongly from unprecedented business interruption claims.

According to a survey conducted by KPMG SA earlier this year, following the huge volumes and values of business interruption claims in 2020, due to COVID-19, the non-life insurance sector more than doubled profits to R12.1 billion in 2021. The survey revealed that – as a whole – the local insurance industry reported gross written premiums (GWP) of R131.6 billion last year, which is up by 7% from 2021, in effect laying a solid foundation from which the industry is able to enter what now appears to be the tail end of the pandemic.

Despite this recovery, the insurance landscape remains somewhat volatile and dynamic, as new challenges and risks continue to emerge from climate change to struggling economies and political unrest. If the pandemic has taught the insurance industry anything it is to expect the unexpected. An increasing number of insurance companies are realising that adaptability and flexibility are no longer an option but have become essential components of strategy, especially as the industry operates in an environment that is rapidly changing and increasing in complexity.

"An increasing number of insurance companies are realising that adaptability and flexibility are no longer an option but have become essential components of strategy, especially as the industry operates in an environment that is rapidly changing and increasing in complexity."

Insurers have indeed shown great resilience and flexibility in the face of a range of challenges, not only emanating from the pandemic, but also from the economic fallout from the ongoing European geopolitical conflict. We have seen systems and capabilities being improved, as well as the adoption of agile talent and technology strategies becoming key to gaining a competitive edge.

However, is the industry truly prepared for the emerging challenges as we head into 2023? There can be little doubt that the journey ahead will be a difficult one, plagued by rising inflation, interest rates and loss costs, as well as climate change and growing competition from insurtechs and start-ups. While the uncertainties that are being driven by global challenges and economic forces make it difficult for

insurers to navigate the emerging risk landscape, these risks also tend to be highly complex and interconnected. For instance, extreme weather patterns and natural disasters create vulnerabilities for businesses, as well as making workplaces potentially unsafe and properties unliveable. In its 2023 Insurance Outlook, Deloitte notes that its research suggests that insurers should start shifting their focus from basic operational transformation—such as transitioning to cloud—to fully realise the value and benefits of infrastructure and technological upgrades.

It also urges insurance carriers to move away from simply responding to the requirements of regulators and other industry overseers to more proactively anticipating and fulfilling distributor and policyholder expectations; and broaden their historical focus from risk and cost reduction to prioritise greater levels of experimentation and risk-taking that drives ongoing innovation, competitive differentiation and profitable growth.

Considering the potentially tricky operating environment that is likely to prevail in 2023 and beyond, it will also be key for insurance companies to start focusing on reducing operating costs with a view on long-term growth and sustainability. As such, technology ecosystems are becoming a reality within the insurance space, according to Forbes, which states that insurance companies that have relied on legacy architecture are increasingly simplifying these systems, while also building a new modern technology stack. Other companies, that are further along the digital journey, are integrating emerging technologies and capabilities from insurtechs into their solution mix.

These companies are building technology ecosystems that are underpinned by flexible, scalable and resilient core offering. These insurers understand that this is the way to maximise profitability and configure systems that scale-up as needed, as well as the quickest way to open avenues to added value.

For example, insurers should be exploring opportunities to automate parts of the claims process, while looking at use cases where chatbots and other digital customer service tools can drive customer satisfaction. So, while as an industry, we can be proud of how far we've come in adapting to the demands of the modern world, this is definitely not the time to be resting on our laurels and feeling secure in the progress that we've made.

Instead, now is the time for insurance companies to build on the momentum they've achieved over the past few years in order to sustain an ongoing culture of innovation. At the same time, customer-centricity must become the focal point of the insurance sector's standard operating model together with development of skills to take the industry to another level.

FINANCIAL PLANNING

"AS CAPITAL MARKETS GRAPPLE WITH PROFOUND SHIFTS IN THE MACRO-ECONOMIC AND GEO-POLITICAL LANDSCAPES, FOR INVESTORS, 2022 SHAPED UP TO BE A YEAR WE'D RATHER FORGET"

- BRYN HATTY, STONEHAGE FLEMING SA

COVER

FRANKENSTEIN'S MONSTER: WILL INTEREST RATE HIKES WORK TO KILL INFLATION?

During a brief 48-hour window in late September 2022, a slew of central banks acted to raise interest rates in excess of a combined 600 basis points (6%) across the world – namely Sweden (+1%), the US (+0.75%), the Philippines (+0.5%), Indonesia (+0.5%), Taiwan (+0.125%), Switzerland (+0.75%), Norway (+0.5%), England (+0.5%), Vietnam (+1%) and South Africa (+0.75%). These central banks are attempting to kill the monster of inflation ironically one of their own creation. Like Frankenstein's monster, they claimed that its original conception was for the service and betterment of mankind..

THALIA PETOUSIS

Portfolio Manager at Allan Gray

BUT WILL THE RATE HIKES WORK?

One concern is that once given life, pricing feedback loops can run amok, leading inflation to become deeply entrenched in the global economy. Simply put, high prices beget higher prices. By way of example, she explains that the cost of war and geopolitical tensions are often paid for with inflation, but inflation, in and of itself, has the knock-on impact of (circularly) creating great public and political upheaval.

Similarly, what can start as a supply-side energy shock and a rise in fuel prices can also (circularly) be fed by the resulting worker outcry for higher wages. Wage growth has already risen to the realm of 5% to 7% year-on-year across the US and Europe with anecdotal evidence of a shortage of skilled workers. This is known as the wage-price spiral a feared "second-round effect" of an initial shock to prices. Back home, in September, the South African Reserve Bank (SARB) raised the overnight repo rate to 6.25% to do battle with an August consumer price inflation print of 7.6% year-on-year.

Although the local consumer is weak, and the reported unemployment rate stands at 34% of the 'official' workforce, the SARB is alive to the possibility of our own wage-price spiral as public sector unions continue to demand above-inflation wage increases while their workers go on strike. The SARB is also acutely aware that it must act in line with offshore central banks to protect the value of the rand, which had already lost 19% of its value against the US dollar in the 12 months to 30 September 2022. Such rand weakness naturally feeds into imported cost inflation, often with a lag. This is a pressing issue given that South Africa swung into a current account deficit in the second quarter of 2022, in part due to large dividend payments to foreign investors.

The deficit is also being negatively affected by the rising cost of (imported) oil and fuel. Our exported commodity basket is starting to falter in terms of price momentum and volumes. The South African forward rates market is still pricing for aggressive interest rate hikes, which has raised the attractiveness of money market instruments as the rate on one-year deposits is now close to 8.5%. The market is broadly expecting the repo rate to return to the 7% levels last seen in 2016 to 2017.

RAND EXPOSURE TO THE WORLD

Exchange Traded Funds (ETFs) that offer rand-based exposure to offshore markets remain a cost-effective option for South African investors to accumulate wealth despite the twin shocks of market volatility and rising inflation.

Periods of market uncertainty create opportunities for investors who contribute consistently and are able to stomach short term price volatility, because they build offshore exposure by buying the dips. One cannot comment on the benefits of offshore equity exposure without first distinguishing between saving and investing. Saving concentrate constitutes putting money aside for a rainy day; investing is about building wealth over the long term.

Those focussed on frequent investment contributions are able to build inter-generational wealth and improve their living standards. The key is building exposure to asset markets over many years, typically five years or longer. Short term market movements should not influence a long-term investor's ultimate goal of building wealth.

The age-old investing adage 'it's about time in the market and not timing the market' will thus resonate with investors contemplating offshore exposure using one or more of Satrix's nine locally-listed, global feeder ETFs. If you invest consistently then your entry and exit points become less relevant over five- to 10-years; there will be times when you buy bargains and times when you buy more expensive exposure the important thing is to start your investment journey.

Diversification and rand hedging are often flagged as the main motivations for gaining offshore exposure. Rand hedging is simply protecting your wealth from declines in the rand versus other currencies like the dollar, euro or pound. If the rand weakens, your portfolio returns are enhanced through exposure to offshore ETFs.

Diversification is a trickier topic, and many will argue that the JSE All Share index already exposes investors to international markets due to two thirds of local earnings coming from offshore. To get proper offshore exposure, you need to access vehicles that invest in global companies offering different sets of risks and opportunities.

For example, the Satrix MSCI World ETF offers exposure to mainly developed market companies, predominantly listed in the United States, while the Satrix MSCI China and Satrix MSCI India ETFs provide investors access to the 'rise of the East' megatrend that will likely play out over the next decade.

Although investment platforms, like EasyEquities locally, make it easy to access investment funds that offer affordable offshore exposure, investors should consider consulting a financial adviser to ensure that their balance of onshore and offshore exposure is optimal.

The ease of accessing local and global ETFs make discretionary investing easier, and should certainly be embraced, but it does not remove the need for good financial intermediation. Intermediaries play an important role in providing guidance as to which combination of assets, using different investment vehicles, make sense for a given risk profile and liquidity needs. It can be a daunting task to pick the funds that tie in with the rest of your investment portfolio. However, if your advisor does not make use of these cost-effective and well-diversified feeder ETFs, you should really ask why.

One of the frequently ignored considerations when investing is to match assets with liabilities. Most local investors have rand denominated liabilities in the form of home and vehicle loans and cost of living expenses. In this context, it makes sense for you to have a healthy skew towards rand-based investments. There is merit in having a combination of rand denominated investments and offshore investments, with the beauty of our global feeder ETF range being that they offer offshore exposure that delivers returns in rand - meaning you don't have to repatriate returns at a high cost. Satrix's basket of global feeder ETFs are all locally listed and traded, paying rand denominated returns on price movements in offshore markets.

A final consideration when purchasing shares in countries such as China and India, is that you transact with a firm that has enough clout to trade freely in those markets. There are a lot of considerations and risks involved in investing directly in China or India, and it is near impossible for an individual to trade in these markets on his or her own. Each of our global ETFs feed into the iShares product universe – with iShares being the world's largest index provider, having the necessary scale to transact in difficult markets.

WHEELS OF THE PENSIONS TRIBUNAL TURNING FAST

With the lifting of Covid-19 lockdown restrictions, complaints to the Pension Funds Adjudicator came thick and fast and cases were closed without undue delay.

In the 2021-2022 financial year under review, the Office of the Pension Funds Adjudicator (OPFA) received 8 858 new complaints, an increase of 26% compared to the previous year when the Covid level 4 and 5 lockdowns were implemented. 2 109 cases were carried over from the previous financial year.

8 382 cases were closed in this period, 94% of which were wrapped up within six months to ensure timeous relief could be provided to complainants; and 45% of which were resolved by way of formal determinations. As at 31 March 2022, there were 2 259 active cases and only 102 (4%) were older than six months.

The number of complaints received in the financial year under review was still lower than pre-Covid levels. We had expected a larger number of complaints due to job losses and financial difficulties by employers and funds aggravated by Covid-19, which would have had a direct impact on benefit withdrawals and employer contributions.

"The OPFA continues to engage funds and administrators that contribute the most to these matters and provide them with guidance on how to resolve some of the issues raised."

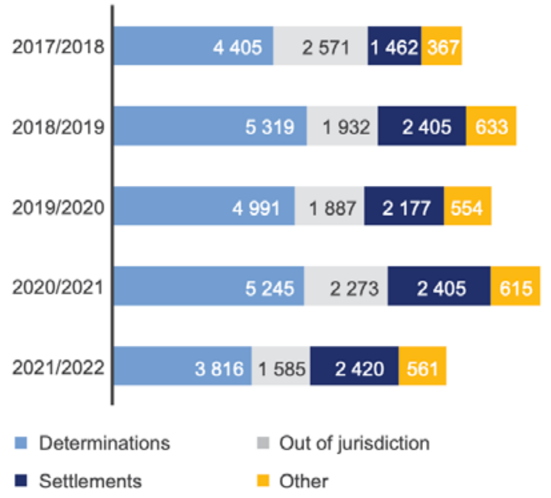
The majority of the 8 382 complaints related to withdrawal benefits (45%) and section 13A compliance (40%) where there was non-payment of contributions by employers and funds not adequately discharging their obligation to ensure collection of these contributions.

This is of great concern to the OPFA as fund non-compliance and section 13A matters have been a consistent feature over the years and continue unabated to the detriment of pension fund members. The OPFA continues to engage funds and administrators that contribute the most to these matters and provide them with guidance on how to resolve some of the issues raised.

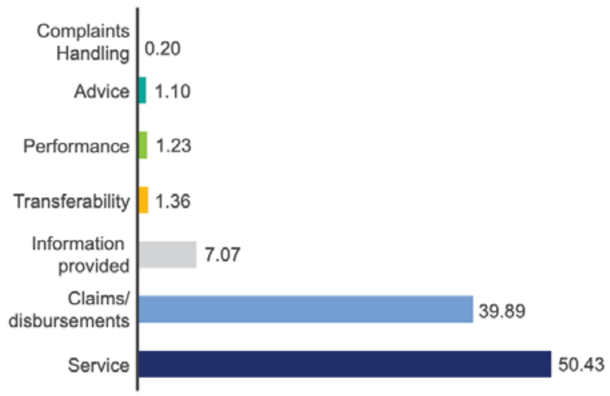
There is regular engagement with the Financial Sector Conduct Authority management on trends that emanate from the complaints management process and identification of funds that require intervention from the regulator. Participation in pension fund industry conferences and seminars also provided an opportunity to have the critical issues around non-compliance and delays in filing responses ventilated.

From October 2021, the OPFA implemented a revised complaints' management process in order to make it easy for complainants to enforce orders by obtaining a writ of execution from the relevant court in the event of non-compliance with the order by an employer or fund.

Total complaints finalised



Treating customers fairly (TCF) outcomes (%)



From this date, the OPFA commenced conducting investigations pertaining to arrear contributions in a manner that enables it to make orders sounding in money. From March 2022, the office also revised its timeframes for filing responses to complaints by requiring parties to file responses within 20 days (instead of 30) if a complaint is not resolved at the refer-to-fund stage (RTF).

The parties are granted a further 10 days if a response is not received within the initial 20 days. The revised timeframe is since the parties are afforded enough time 30 days in all - to resolve complaints at the RTF stage.Most funds continue to fail to take advantage of the opportunity to resolve administrative issues at the RTF stage as they do not make any attempt to engage the complainant to resolve a complaint and merely file responses to the OPFA.

Some funds that have internal complaints resolution processes continue to fail to use this process adequately - complaints that are referred for internal resolution by funds are not followed through and members are not informed of the process.

As a result, these members approach the OPFA with similar complaints that were referred for internal resolution by funds as there is no communication regarding the recovery of arrear contributions or payment of their benefits. The OPFA should not be investigating complaints that can be easily resolved through the fund's internal complaints' resolution process. It is only in instances where a dispute remains unresolved after the fund has attempted to deal with same, that the OPFA should get involved.

The Private Security Sector Provident Fund (PSSPF) remained the biggest contributor to new complaints. However, following various engagements, their turnaround times in filing responses continue to improve. The Chemical Industries National Provident Fund has also contributed to a delay in finalising some of the complaints.

During several meetings with the principal officer of the fund, concerns were raised ranging from data issues, poor service and failure of the previous administrator to issue proper benefit statements to members.

2022 SHAPED UP TO BE A YEAR TO FORGET

LESSONS LEARNED IN ALLOCATING CAPITAL IN A FRAGILE ENVIRONMENT

As capital markets grapple with profound shifts in the macro-economic and geo-political landscapes, for investors, 2022 shaped up to be a year we'd rather forget. Following relative calm over the South African winter, volatility in bond, equity and currency markets recently returned with a vengeance. Global equities have declined by 25.3%, so far this year, while global fixed income markets are down 12.1% and the trade-weighted US Dollar is up by 17.2%.

Persistent inflation in the US has been of particular concern, motivating the Federal Reserve to accelerate their rate hiking plan in line in an attempt to bring inflation under control. This has accentuated the trend in US Dollar strength – a common market dynamic when macro uncertainties are elevated.

To say that we are living and investing in interesting times is a huge understatement. However, there are a few lessons learned in 2022 thus far, that may help investors be better prepared to withstand future market shocks as we continue our bumpy ride towards the end of the year.

CAREFUL CAPITAL ROTATION VS AGGRESSIVE MARKET TIMING

Long-term investors who have shown tolerance for short-term volatility by sticking to a disciplined approach, should find themselves in an advantageous position. In particular, our experience shows that a portfolio management approach focusing on careful capital rotation i.e. leaning away from assets at the centre of market fragility (such as European and Emerging Market assets) and towards areas of greater resilience (such as US Dollar denominated assets) – is superior to an aggressive policy of timing the market.

A MULTI-FACETED DEFENSIVE EQUITY STRATEGY

In our view, a well-constructed equity strategy should contain aspects of defensiveness that will provide some protection in a rapidly evolving landscape. This could include allocations to US equities over more cyclical economies like Europe and Japan, and within global industries that stress lower earnings cyclicality such as Pharmaceuticals, Insurance and Software over Autos, Banks and Semiconductors. Smaller companies, whose valuations have declined aggressively this year, represent compelling long-term value going forward.

Despite the economic challenges of emerging markets, we believe they should remain as a component of an investor's long-term equity strategy. Currently, valuations are low, and earnings expectations are also modest, which for active managers possessing a long-standing specialism in this area, presents opportunities for strong performance over time. Considering the local equity market more specifically, the MSCI SA index one-year forward PE ratio (8.0 times) is trading at a 27% discount to the MSCI EM index, which gives an earnings yield on the index of over 11[3]% Furthermore, the nation finds itself insulated against global headwinds to a certain extent as strong commodity prices and a vigilant Monetary Policy Committee have protected the trade weighted Rand, resulting in lower inflation than many developed economies are experiencing. The potential for delivery of domestic reforms, such as the Eskom unbundling, major capex and additional financial reforms could provide further benefits to the economy in the medium to longer term.

OVERWEIGHT IN CASH

A tactically higher weighting in cash carries the benefit of cushioning portfolios from further volatility, providing liquidity to capture attractive opportunities, and generating a reasonable income stream with interest rates now at more compelling levels.

INVESTMENT GRADE CREDIT BIAS

Within the credit markets, investors seeking a balance between long-term capital growth and stable income streams, with prudent diversification, will have retained a bias to investment grade credit in fixed income allocations, investing with specialist active managers. Increased allocations to short duration US Treasury Bonds are looking more attractive, as yields have risen sharply since the start of the year.

INTO 2023 AND BEYOND

While 2022 may not end up as envisaged, our view at Stonehage Fleming Investment Management remains consistent: a long-term minded investment in a blend of financial assets, with quality, value and diversification as key allocation principles, will continue to offer investors solid prospects. Instead of allowing the stress of market volatility to drive investing decisions, investors would do well to continue with a prudent and objective long-term approach that will hold them in good stead for 2023 and beyond.

THE STABILITY FORMULA

The philosophy of the life insurance sector in a post-pandemic world should be led by three key tenets to foster stability in an unstable environment, writes Head of Insurance Business: Investec Life, Sinenhlanhla Sithomo

The idea that 'you can't change the weather no matter how hard you try, so it's best to learn how to sail in all conditions' is one that many industries have learned to adopt over the last few years. We're used to market forces affecting businesses and sectors but haven't previously experienced an event in modern history that affected every aspect of doing business, from supply through operations, to market and demand.

The idea that you can focus on what you can control and be deliberate about your business is driven by what we call 'The Stability Formula', which is based on three pillars that can help the life insurance industry ride out the squall, rather than praying for an end to the rain.

DIVERSIFICATION

Diversification has always been seen as a way to reduce the effects of volatility, but no longer only speaks to the way you manage investments but to every aspect of the business. It's now about understanding the need to have variety in everything from your offering to the gearing of your business, to your client base. It's about diversity in the range of products you offer as a solution to service your clients, the client base itself, the ways you engage them - and the talent pool you employ to do so.

Diverse products and propositions will offer varied solutions to your existing client base, so if one product is negatively impacted by turmoil in the economy, the others thrive, helping you grow in the future. Providing sufficient, holistic advice to that base will remove the need for them to look elsewhere for other solutions. Having a diverse talent pool also helps in developing unexpected offerings that better meet the needs of a diverse client base, in the way that they need them to be met.

BEHAVIOURAL BIASES

Behavioural biases such as herd mentality are tough to change, particularly in the life insurance space. It's a natural protection mechanism that leads people in the direction that others are taking, because it offers a sense of safety – but that sense can also be wrong.

There's always a tension between the way we expect our clients to behave when the tide turns and the way they actually do, because it's our role to advise them to act based on the bigger picture, rather than the behaviour of the herd. That, in addition to our own behavioural bias, is something we need to examine as part of the Stability Formula.

A life insurer that understands its own biases and those of its clients can better serve both sides. When we serve clients and bear in mind their biases, we are better able to guide them and help them take action, with the ultimate aim of ensuring that everyone is better off.

AGILITY PARTNERS

Rather than looking for partners who are agile, it's important to focus on those who can be partners in your agility. The difference is subtle: there are partners who are able to move quickly for their own sake and there are partners who are able to move quickly in the same direction as your business.

Digital-enablement was a great example of this in the last two years everyone was forced to make the leap to digital, but some did it for the sake of survival, while others did it to grow and future-proof themselves and their partners. Those who were able to provide real agility helped their partners pivot when needed and were able to deliver valuable business services that met the changing needs of their partners and their partners' clients.

The ability to seize an opportunity presented by instability is rare – but we've seen the positive results reaped by those who were informed, agile and bold enough to invest at the depths of the COVID storm. You need to be that partner to your client – and you need partners who will be that support to your business.

Control is a concept relative to the situation you find yourself in so putting in place mechanisms that will help you take control in different situations is the best way to help you navigate them and provide the opportunity for the best possible outcome for your clients. Learn to sail in all conditions.

SHORT TERM INSURANCE

"WE HAVE SEEN AN ABSOLUTE EXPLOSION ON THE EVENT SCENE, AND IT IS ANYTHING FROM KIDDIES' ENTERTAINMENT RIGHT THROUGH TO BIG CONCERTS BEING PRODUCED AGAIN IN SOUTH AFRICA, WHICH IS MARVELLOUS TO SEE"

- **DENISE HATTINGH, KEU**

HOW THE INSURANCE INDUSTRY CAN MITIGATE SA'S CLIMATE-RELATED LOSSES

Thabiso Rulashe, Stratezgic and Market Intelligence Manager at Santam Insurance

Earlier this year, KwaZulu-Natal experienced such severe floods that Santam could only describe the phenomenon, which washed away houses, roads, bridges, and business premises, as the most prominent natural catastrophe in the short-term insurer's history.

This disaster was more severe on the business's pocket than the 2019 Durban Easter floods, the 2017 Knysna fires, the flash floods in Durban and Gauteng that same year, and the flooding on the Garden Route in November 2021 – with Santam's gross exposure estimated to be R3.2 billion.

Unfortunately, the high frequency of these significant loss events in the last five years is now considered the new normal for the country by international brokers like Aon.

What this means for South African insurers is that they are now retaining more risk than ever before. This increased risk subsequently creates an urgent need throughout the industry to understand these and other potential future climate-related risks, including reviewing risk premiums associated with natural catastrophes.

WHY CLIMATE CHANGE IS A LOOMING CHALLENGE FOR THE INSURANCE INDUSTRY

South Africa faces numerous risks today, but none are as severe and misunderstood as climate change. While countries realise that the continued emission of greenhouse gases will cause further warming of the planet, and this warming could lead to damaging economic and social consequences, the exact timing and severity of physical effects are difficult to estimate.

For example, South Africa's economic losses to climate-related activities already pose a significant challenge to the country's economic development and impact the most vulnerable our society In addition, flooding and fires aren't foreign threats to the country.

However, the potential for more frequent and extreme weather events means the industry must find ways to plan for and mitigate these unknown threats. The rise in climate-related losses threaten the profitability of insurers. There's also the risk that climate change could lead to a reduction in insurability. Historically, insurance models paid out periodically on extreme events. However, given that extreme weather events are becoming the "new normal", insurers must pay out more frequently. Insurance premiums will, therefore, rise to levels many can't afford, which will only worsen the industry's ability to cover these losses.

Nearly 200 countries agreed in December 2015 to reduce greenhouse gas emissions and accelerate the shift towards a low-carbon economy to prevent the catastrophic effects of climate change. This reduction implies moving away from fossil fuel energy and related physical assets. However, relying on clean and energy-efficient technologies isn't a likely short-term reality for a country like South Africa, which still burns fossil fuels such as coal to generate energy and maintain jobs.

As a result, and considering the mounting losses, it is no longer feasible for insurers to ignore climate change or postpone addressing its effects on underwriting, pricing, and investing. But, most importantly, on their bottom lines. The climate change uncertainty may soon render the historical loss data that catastrophe models rely on less accurate for future loss projections. Instead, insurers must adopt new innovative tools, such as scenarios and predictive analytics, to broaden climate change risk assessment and map out possible outcomes more accurately.

THE POSSIBILITIES OF SCENARIO ANALYSIS IN CLIMATE CHANGE PLANNING

The nature of climate risks and the inherent uncertainty about future events makes it difficult to assess them using standard risk modelling methodologies.On the other hand, scenario analysis is a well-established technique for developing strategies that can be flexible and robust in the face of plausible future developments. This method offers a flexible methodological framework better suited to exploring the risks that could crystalise in different possible futures. Although scenario analysis doesn't give insurers a complete description of the future but highlights various possibilities, its potential is already an integral part of climate resilience resources like the U.S. Climate Resilience Toolkit. The website incorporates scenario planning as a valuable decision support method for integrating irreducible and uncontrollable uncertainties into climate change adaptation and other planning in natural resource management. Furthermore, a TCFD report recommends that organisations, including insurers, use scenarios as tools to identify climate risks and assess the financial impact of climate change. The use scenarios also help to understand and take advantage of climate-related opportunities. These tools help improve the understanding of climate change impacts, long-term business planning, enterprise risk management, and the inclusion of goals and targets to drive sustainable and resilient business operations.

WAY FORWARD FOR COMPANIES

Companies have always navigated a changing business environment. Companies not only face physical risks, as climate change impacts their operations, water supplies, infrastructure, supply and distribution chains and electricity supply. They are also expected to manage and adjust to economic, regulatory, and technological changes that support climate change mitigation and adaptation. Businesses tend to be unprepared for long term impact to their operations, clients, employees, suppliers, and other stakeholders. Therefore, as the first step in managing climate change impacts, companies, including insurers will have to undertake vulnerability assessments to consider how their businesses will operate under different future climate conditions. Scenarios can be a tool to help the companies explore uncertain futures and make wiser decisions in the present. Companies can also stress test the robustness of their strategies and think strategically about long-term climate-related risks and opportunities.

THE ROLE OF CYBER LIABILITY INSURANCE

IN PROTECTING SA BUSINESSES

According to recent research, South Africa is the world's sixth biggest cybercrime hotspot, with ransomware attacks alone having doubled over the last year.

This is a stark reminder that the prevalence and scale of recent cyber-attacks on businesses of all sizes has rendered reliable cyber security a necessity. Adequate cyber liability cover is a vital component of guarding against the exponential damage that can be wrought by even the most rudimentary cyber-attacks.

High-profile data breaches resulting in millions of rands in accumulated damage continue to capture media attention and make headlines across the country. While much focus is placed on the financial impact of data loss or downtime, a large proportion of the damage extends beyond the initial impact of the crime. Long-term reputational damage, operational disruption and the loss of intellectual property have far-reaching effects on victims of cybercrime.

Furthermore, while cases of cybercrime in large corporates and governmental departments are widely publicised, the danger posed to small businesses is just as critical. For a small business, the knock-on effects of a data breach could have serious consequences, including decreased productivity, the cost of defending third-party liability lawsuits and irrecoverable revenue losses. In light of National Cyber Security Awareness Month, I urge business owners to review their risk management strategies and processes, and to ensure that all their bases are covered as far as mitigating the risk of cybercrime is concerned.

Cyber criminals are becoming increasingly sophisticated, which is why businesses need robust cyber security policies. Prevention should be your first line of defense, but in the event that a cyber-attack cannot be avoided, having the backing of cyber liability insurance can assist in softening the blow and help your business to recover as quickly and cost-efficiently as possible. Cyber-attacks can take several forms. In South Africa, ransomware attacks are the most prevalent and involve digital extortionists holding a company's data 'hostage' until a specified amount of money is paid. The extent of the takeover could range from taking down a business's website to total Distributed Denial of Service (DDoS) attacks which disable entire networks, services or infrastructure.

Other cyber threats include electronic fund transfer or payment redirection fraud. Often referred to as "man-in-the-middle attacks", in these cases, electronic payments are intercepted by cyber criminals. In addition to these more common forms of cybercrime are malware attacks, identity theft, social media attacks and social engineering attacks. A cyber-attack can set in motion a chain of events that can continue for months and years after the incident. It is therefore crucial that businesses arm themselves with the most effective cyber liability insurance that covers multiple risks simultaneously.

Currently businesses have access to two main types of cyber products. First-party cyber cover can be packaged as a value-added product with a rate that is linked to the company's annual turnover. Alternatively, full cyber cover is comprehensive and will include first- and third-party cover for several potential losses.

"A cyber-attack can set in motion a chain of events that can continue for months and years after the incident. It is therefore crucial that businesses arm themselves with the most effective cyber liability insurance that covers multiple risks simultaneously."

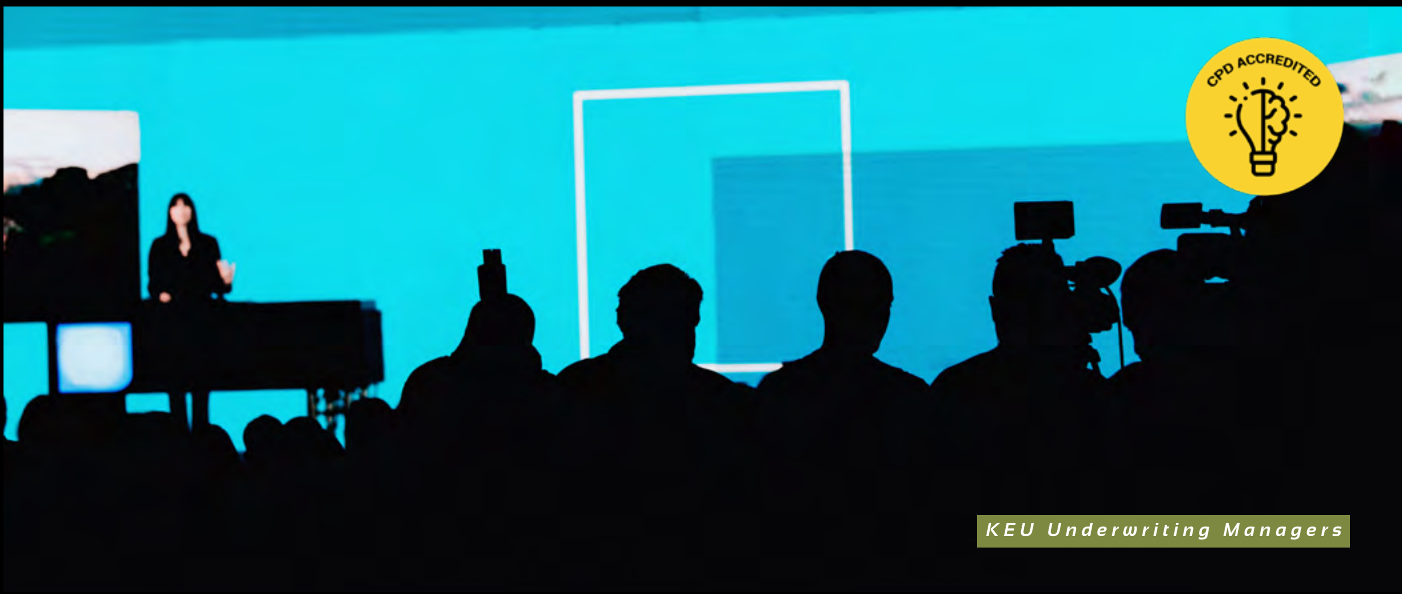
Several liabilities need to be considered, including the potential for third-party claims and the associated legal defense costs. Lengthy court proceedings resulting from cases of data theft or manipulation can prove exorbitant and potentially crippling. Furthermore, a comprehensive cyber policy will include reimbursement for a third-party claim in the event that the company's computer network was breached by malware and negatively impacted the third party.

Cover for media liability is also a wise consideration and will provide financial reimbursement in the event that a company has to defend a third-party claim for defamation, breach of copyright or privacy rights violations as a result as the company's media activities. Victims of cybercrime will require forensic support in investigating the source and cause of the crime, which on its own, is a costly endeavour for which business' should consider insurance.

In an increasingly digital business environment, the importance of cyber liability insurance cannot be overstated. Business owners are advised to discuss the potential risks that abound within the digital world with their adviser and find ways to supplement their insurance policies with thorough and regularly updated risk management protocols.


ONLINE COURSES
Quality CPD Made Easy
A comprehensive CPD portal with relevant, comprehensive CPD content for all your CPD requirements.
About our CPD Portal
THE NETSTAR CPD HUB

EVENTS LIABILITY
THE OPPORTUNITIES EMERGE



Part two of our discussion on business opportunities for brokers in the vibrant film and events industry with Denise Hattingh, Managing Director and Iola Edmayer, Executive Director at KEU. In part one the focus was on Film and Television, and we will now be looking at Events Liability.

Tony: This discussion is especially interesting for me because we are now starting to attend lots of live events again as the industry is starting to open. Denise, can you give us your thoughts, on opportunities for yourself and brokers as the industry starts to recover?

Denise: We have seen an absolute explosion on the event scene, and it is anything from kiddies' entertainment right through to big concerts being produced again in South Africa, which is marvellous to see. Now, very often, brokers of the insured forget about the insurance aspects that tag along, especially the newer entrants into the events market, who do not always understand the importance of events liability. And it is not only the importance, but by law, it is promulgated that you must insure your event for event liability as a minimum. Your JOC certificate will not be approved without a events liability policy and proof of insurance.

It does not matter whether you have a big performance at one of the big stadiums, or you have artists performing on the stage with kiddie entertainment at one of the parks, for instance. All of that must be insured where there is a gathering of people. And not to forget about the business struggle, the conferences being hosted daily in South Africa at the big conference centres, but also in the smaller venues, all those events must be insured for liability cover. We have seen an increase in liability claims, people are more informed when it comes to claiming. We then should also not underestimate event cancellation. We had a massive storm in Johannesburg yesterday afternoon, and that would influence your event. Your open-air events are going to be influenced by weather and potential cancellation thereof is going to have a big financial impact. Insureds and brokers need to understand how they can manage weather, non-appearance and so forth.

"This cover is much wider than just event organizers. It is very often the corporate clients that will require the cover. Brokers need to understand what the product has to offer, what is needed by their own insureds and how we can then provide the solutions for them."

Tony: How have the risks facing this segment changed over the past couple of years? Has there been an impact on how people view the risks and how they look at providing insurance for that?

Iola: It is a combination of changes that took place. COVID taught us many new lessons. In some of the events, for example, they are taking a lot better care in terms of who is coming in, who is going out, the hygiene aspects and the safety aspects thereof.

Then on the other side, we have a two-fold, where they were so desperate coming back into the event industry that it is one event after the other without taking due care. It is a combination between the causes and effects of what COVID had on the industry.

As Denise said earlier, there is an increase in the number of events and each person is trying to create big entertainment to get more people to participate in their events, because there are so many events now. As a result, we have seen an increase in risk and claims. People are taking chances, in terms of the claims, where they would bump their toe and feel done in while it is not always the organizer's fault.

Tony: Where do the opportunities lie for brokers in this space? How do they increase their market share in the events industry? For instance, how do they go about doing that and what role do they play, in terms of the relationships?

Denise: There is a handful of very well-established events brokers out there. It is such a busy, vast market now, and very often what we find is that the insured comes to us very belatedly with a broker saying, I did not know that I had to do this, or I did not know that I could get insurance for the non-appearance or the liability or weather cover. It is important for brokers, even with your current client base, to ensure that people understand that there is a massive exposure there. You could have a big corporate being a main sponsor on a big conference, do they understand that they could be held liable because they are sponsoring an event?

What I am urging brokers to do is to understand what events are about. Very often your stock standard client has an events exposure. They could be hosting small events, or they could host a product event. They could be part of an exhibition where they need events liability cover as well. So, this cover is much wider than just event organizers. It is very often the corporate clients that will require the cover. Brokers need to understand what the product has to offer, what is needed by their own insureds and how we can then provide the solutions for them.

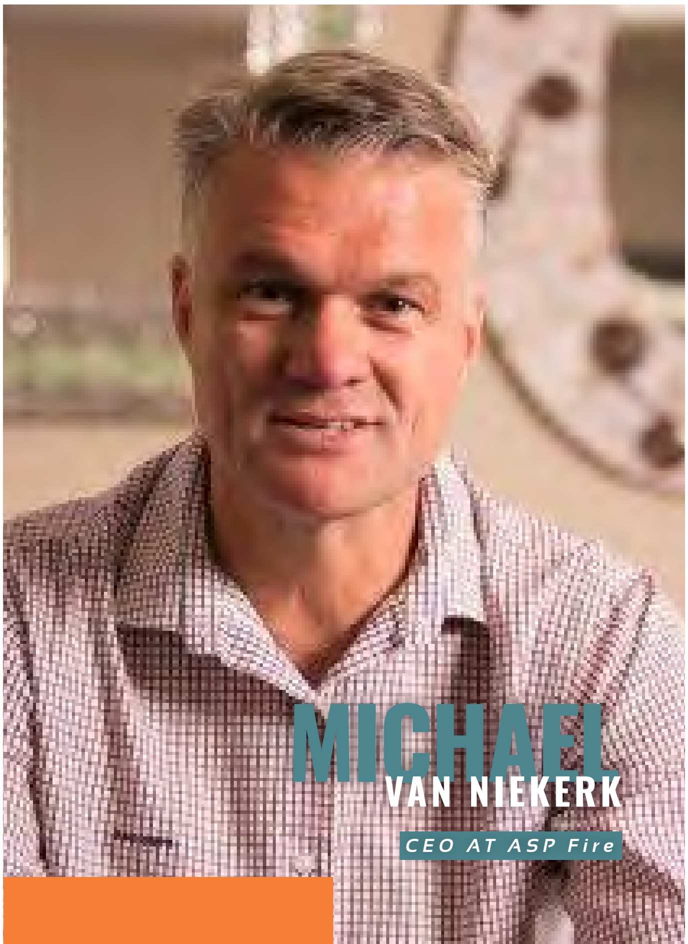
Iola: When you have a look at the events, everything involved in that event, who is setting up the chairs, the marquis. Those Marquis can be insured on an annual basis whilst in storage, transport, and being hired out. The actual equipment that they use, the camera, the stage, sound equipment, all that equipment can be insured under an annual policy. If you look at some of the additional entertainment that they provide, especially when having a look at where children are involved, like jumping castles, those subcontractors always need to have their own insurance. Are the jumping castles themselves insured, the petting zoos, the mechanical rides etc?

Tony: So, the opportunity then goes right where the broker is insuring an event. You might pick up other clients that are suppliers to that event. So, it is not just a once off, they can specialize in this sort of thing.

Denise: Correct, all the subcontractors involved in an event need to be insured, specifically for that exposure. We have not even started touching on the sporting events and participants. We have a massive influx of mountain biking, road running, off-road running, and mountain biking type of events. That market is incredibly large, with trends like wine estates becoming involved. They would open their venues to some of these mountain bikers or some of these runners. You have a specific liability as a result thereof. You have the medical fraternity, the sweepers, and, especially when they do these events over a couple of days, you have specific companies coming in, setting up the teams, breaking it up whilst the guys are running or cycling, and then going to the next point to start again.So, you have all that infrastructure around events, not only what happens in the city and the bigger centres, but also what happens out in the open in nature.

STOP YOUR INFRASTRUCTURE PROJECT

GOING UP IN FLAMES



It is critical to incorporate fire-safety planning during the inception phase of an infrastructure project so that important design aspects such as escape paths and the structural stability of any buildings can be established prior to critical design elements being locked in.

Additional factors such as the intended use of the buildings and the resultant fire load and associated fire risks must be considered.

For example, these include automatic sprinkler protection. Regulatory fire-safety requirements such as fire detection, smoke control ventilation, fire extinguishers, fire hose reels and fire hydrants, together with on-site stored water supplies, must be included in the early design phase.

Meanwhile, the post-construction phase of any infrastructure project must focus on training, inspection, testing and maintenance of all fire-safety equipment, from sprinklers and fire alarm systems to fire hose reels, extinguishers and fire hydrants.

Leaving the fire-safety design of a building to the end of the construction phase results in a sub-optimal design that requires a great deal more funding and effort to implement effectively.

The construction phase of a building project is characterised by higher risks related to hot works that are not protected by fire equipment as it is not functional at this stage. This also applies to building refurbishment or upgrade projects.

A strong focus on ongoing training, inspection, testing and maintenance of all fire equipment must be in place to ensure that life-safety systems are fully operational at all times and that trained personnel are able to carry out First Aid firefighting before trained fire department professionals arrive on the scene and are able to intervene.

Buildings represent high-value assets that house large personnel populations, expensive equipment or critical services. The fire protection of these assets, people, equipment and services must be achieved at the lowest possible cost, while attaining the highest level of fire protection. It is only by engaging the services of professional fire engineers at the concept development stage of a project that one is able to attain balance cost and benefit.

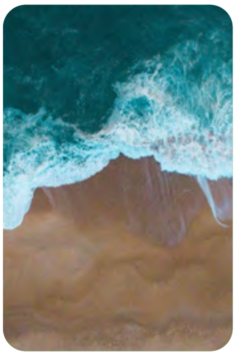
TOGETHER WE CAN MAKE A DIFFERENCE

HEALTHY OCEANS

CRITICAL TO LIFE AS WE KNOW IT

While the outlook is pessimistic, not all is lost and we can still change things around if we all do our bit to be part of the solution not the problem. Keep our oceans clean, pick up litter, help to create an ocean environment that your grandchildren and their grandchildren can enjoy.

Dr Anthony Bernard, Marine Scientist,
South African Institute for Aquatic Biodiversity
https://www.saiab.ac.za/scientists.htm

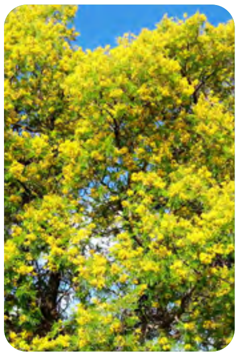


THE IMPORTANCE OF PLANTING TREES

A CRUCIAL PART TO PLAY IN OUR LIVES

The best solution is to avoid planting invasive species, instead eradicate and replace them by restoring natural vegetation. This includes planting native trees and plants that are fit for the chosen area. By doing this we provide an opportunity to our native species to restore in its natural system.

Stefani Vos
Landscape Practitioner, Living Lands
https://www.livinglands.com/



THE CLIMATE IS CHANGING

Our cities are changing. As home to more than half the world's population, they are where the fight against climate change will be won or lost. We need to fundamentally transform how we consume and live in this world. As individuals we need to adjust our expectations around what we think we need to be happy. We need to rebuild our sense of community. We need to focus on self-help but also on helping others.

Dr Anthony Dane
Founder, Change Pathways
http://www.changepathways.co.za/#about

PROTECT OUR MARINE ENVIRONMENT

MAKE SMALL BUT SUSTAINABLE DECISIONS

Choosing to stay in environmentally friendly accommodation on your beach retreats and choosing to eat only green-listed fish are small decisions that have large impacts. Bymaking small changes every day we can make a huge difference.

Dr. Abby Gilson,
Coastal Research Group, Rhodes University
https://www.ru.ac.za/zoologyandentomology/research/coastalresearchgroup/

SAVE OUR GROUNDWATER

PLANT AN INDIGENOUS GARDEN

Groundwater in South Africa is under threat from invasive alien plants.Alien species are infamous for their excessive use of resources, including water. One easy way that everybody in South Africa can make a difference is by planting indigenous plants rather than alien ones. This would reduce the spread of alien invasive plants in the country and support the preservation of our groundwater reserves.

Professor Iain Paterson,
Center for Biological Control, Rhodes University
https://www.ru.ac.za/centreforbiologicalcontrol/

WORK TOGETHER FOR A SUSTAINABLE FUTURE

#NOTIMETOWASTE

Infiniti Insurance is inspired to make a contribution of this nature in order to support the accomplishment of the Sustainable Development Goals and the creation of a more sustainable future by increasing awareness, facilitating the exchange of knowledge, and reinforcing capacity.

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TECHNOLOGY

INNOVATION

"THE GAP BETWEEN MARKET OPPORTUNITIES AND INSURERS' ABILITY TO LAUNCH PRODUCTS THAT ADDRESS THOSE OPPORTUNITIES IS PARTICULARLY DIFFICULT TO CLOSE"

- LOUW HOPLEY, ROOT

BEST PRACTICES TO SECURE YOUR ORGANISATION

KEEPING HEALTHY AND SAFE IN THE DIGITAL WORLD

In tech industries critical messages need to be repeated often. Sometimes they can be complicated, so we reach for analogies to make messaging, particularly around problem-solving, more relatable. Discussing cyber security and the rise of ransomware attacks is more critical than ever because the problem is more prevalent than it's ever been. Finding effective ways to drive the messages home so that true change can rapidly take place is a constantly inventive process. Making the complexities of cyberattacks sound familiar, and strategies to defend against them look obvious, does not diminish the serious nature of the risks and the remedies.

Emerging from two years of pandemic-related restrictions and resulting impacts on business, the concept of hygiene is immediately relevant to IT. When we were under attack from a virus, we wore masks, we washed our hands, were careful around others and defended ourselves and those most dear to us. Hygiene also brings to mind how we look after our teeth.

Dental hygiene is impressed upon us to defend against decay and infection; the processes by which we keep our teeth clean, healthy and strong are a best practice way of living. We can apply these analogies directly to the topic of cybersecurity, which needs its own practices of hygiene.

"Finding effective ways to drive the messages home so that true change can rapidly take place is a constantly inventive process."

October was Cyber Security Month and globally we witnessed an alarming spike in ransomware attacks on large corporations, maliciously affecting millions of citizens whose personal data was compromised. That is the publicly known tip of a huge iceberg wreaking havoc all year and involving many organisations across the 16 countries surveyed in Veeam's 2022 Ransomware Trends Report.

The report presents a confronting picture of the effectiveness and pervasiveness of bad actors. It shows that 80 percent of attackers seek out mainstream systems with known vulnerabilities, and that nearly 50 per cent of data centre servers, remote offices and cloud-hosted servers were targeted and encrypted in 2021. The figures will be higher for 2022 and we will see multi-layer, end-to-end attacks. It is an insidious infection spreading globally. It is therefore time for an end-to-end clean-up of data management with a heightened plan of defence.

THE THREATSCAPE IS EVOLVING

Cyberattacks are getting more sophisticated. Longer dwell time, less obvious pattern recognition capability with intermittent encryption, all make an attack more difficult to detect. With the ability of attackers to branch out horizontally, erasing data at will, a ransomware payment within deadline won't have prevented rapid data theft, deletion, or both.

If your house contains valuable possessions, you are unlikely to display them by an open door under spotlights. You are going to lock the doors and get motion detector lights. If you have an alarm, you are going to set it, and you will teach everyone in the family how to set that alarm before they go out or go to bed. The home security analogy is another way to consider cyber security. Reduce the threat of inviting thieves to your home. Reduce the threat of having your company's data stolen or wiped.

BEST PRACTICES TO PROTECT A BUSINESS

Every individual in a business is part of the security solution. Hire backwards in the pipeline, find young hungry graduates who can be trained from the start in these practices. Break through the silo mentality and teach everyone in a company to be aware, alert and proactive, so that the cyber cleaning process is constant and when a breach occurs, nobody is paralysed. Much of the threat vector can be eliminated with simple, mandatory steps, teaching all staff to focus on the big picture while paying attention to the small details.

Don't click on that link. Practice patch management. Change the password. Update the firmware. Train users on Phish. Set up multi factor authentication, not just for remote access, but for all critical applications. The simplest way to exfiltrate data is to use the applications already in place that do not cost extra. They are the human components of everyday digital cleaning and essential before even looking at backup processes.

Another analogy: you look both ways when you cross the street, even when you know it is a one-way street. That is what everyone needs to do – be cognisant. Take that extra small step, and if everyone does that, the combinatorial effect is a powerful defence against the threatscape. Some businesses even do role-playing as part of staff training. Play "hackathon" for the day and find out what you can do to break the system. And then look at how you respond.

BACKUP IS THE LAST LINE OF DEFENCE

The house is clean and in order, but theft can and will still happen. Secure backup is your last line of defence against ransomware. You can only recover what you backed up. Ransomware has democratised data theft, since targeted data only needs to have enough value to the victims, so they are convinced to pay ransom to recover that data.

This model of ransomware has been successful despite increased investment in defensive security technologies. Look for a software-defined approach with no lock into proprietary hardware, working with your company's existing architecture and operating both on-premises and in the cloud. Ensure it is a portable data system that can be moved securely at a moment's notice. When there is an attack, the data can be brought back, but not to where it was stolen from. The nuance is how that data is retrieved and how quickly it is secured in a new destination.

Good digital hygiene will always be a company-wide responsibility. There is no single person, regardless of role, who is not a participant in the security response team for your organisation. Your team is your defence force. And your data service provider is an essential weapon in your armoury. Working together, the battle can be won.

3 THINGS TO KEEP IN MIND ABOUT INSURTECH APIs

The number one challenge insurance companies face today is their ability to innovate at speed. The gap between market opportunities and insurers' ability to launch products that address those opportunities is particularly difficult to close. Much of this challenge is a result of the technical debt insurers have built up over many years, with inflexible processes baked into legacy IT systems.

LOUW HOPLEY

Co-founder and CEO of Root

Insurers struggle to adapt their existing applications to meet the evolving needs of the market, often because these systems were never designed to support the pace of change consumers expect today. But, the integration layers that companies have built over the years to connect their various systems hold the key to leveraging modern, service-oriented platforms. Using these existing layers, they can increase their agility without significant investment in people and time to rip and replace their older systems.

Insurtech providers have built platforms that take advantage of low-code APIs to provide flexibility to insurance companies. With these, insurers can accelerate product development without sacrificing the integrity of their existing systems. The key benefit of an API is the certainty it provides around the output of any given operation. This gives product teams a sound foundation for product development, which allows them the freedom to use their understanding of the market with no need for in-depth technical skills.

Whether you're an existing insurance company or a new entrant, an API-driven service enables you to quickly create new products without reinventing the wheel. However, the insurtech platform underlying the API must be flexible enough to meet your specific requirements. For example, some insurers process information in real-time and others still use batch processing. All of these processes need to be accommodated on the insurtech platform you choose.

INSURERS KEEP THREE THINGS IN MIND WHEN THEY CONSIDER HOW TO APPROACH INNOVATION:

1. Data Quality

Check that the insurtech platform the API will run on was designed with data quality at its core. That means the data that's passed across to the systems can be used to fuel additional data-driven initiatives. With additional quality controls in place at the API level, the adage of "garbage in, garbage out" need not apply.

2. Let the Code do the Work

Many companies try to build utility services which are common across the industry - such as sending policy documents to clients. When services are already available via a common platform that can easily be linked via API to their core systems, rather use these services instead of duplicating efforts.

3. Play Nicely with Middleware

Choose an insurtech platform that can work with your existing middleware and integration levels. Low-code APIs make it easier to integrate with these critical interfaces because they ensure that the required information is always available. APIs may have been around almost as long as computers, but modern APIs enable organisations to reach beyond the limitations of their existing systems to connect with functionality that helps them keep pace with market innovation.

THE START OF A DIGITAL JOURNEY

Tavio Roxo, CEO of OWLSTM software is talking to us about starting out and setting up your digital journey.

Tony: One of the ideas that we spoke about previously is how do you create a burning platform in this environment. What would the motivation be to go digital?

Tavio: My experience is that a burning platform will always develope, whether it is intentional or unintentional. So, whether the burning platform is a result of operational inefficiencies, which are causing great difficulty within a business, or whether it is a decision made by the exco, by the board, or by the shareholders saying that the current model and structure is just not working.

It could be operational reasons as there are many attributes and aspects which people must consider, ultimately deciding to change a core platform within their business. The burning platform is something which always forces the jump, as it were, because it is an uncomfortable jump. Change is a difficult item for employees to deal with in a business and the technical change comes with its own difficulties when you do it. So, people are reluctant to do it and need motivation.

Tony: Now you have created the burning platform and you set the vision; How do you get the staff on the bus? How do you get them to buy in? What is needed for them to see the picture?

Tavio: It will make their life easier, as simple as that. For example, a claims clerk receives an email, and she must physically retype everything into the system. By eliminating that little work packet for her, she is immediately happier with the system. That makes her life easier. If you have someone who is doing a cash allocation that takes eight minutes to do, and you reduce that down to one minute because all the information's prepopulated, that person is happy.

Then the exco, if they can get their report by clicking a button or checking a dashboard, that makes them happy. So, these are the items which, all totalled up together, would help get the staff on the bus. Once again, change is difficult.

Tony: Now, once you have gotten there and you have implemented, people get used to what they have and the efficiency, how do you keep the momentum of change, to make it a continuous process of innovation and evolution?

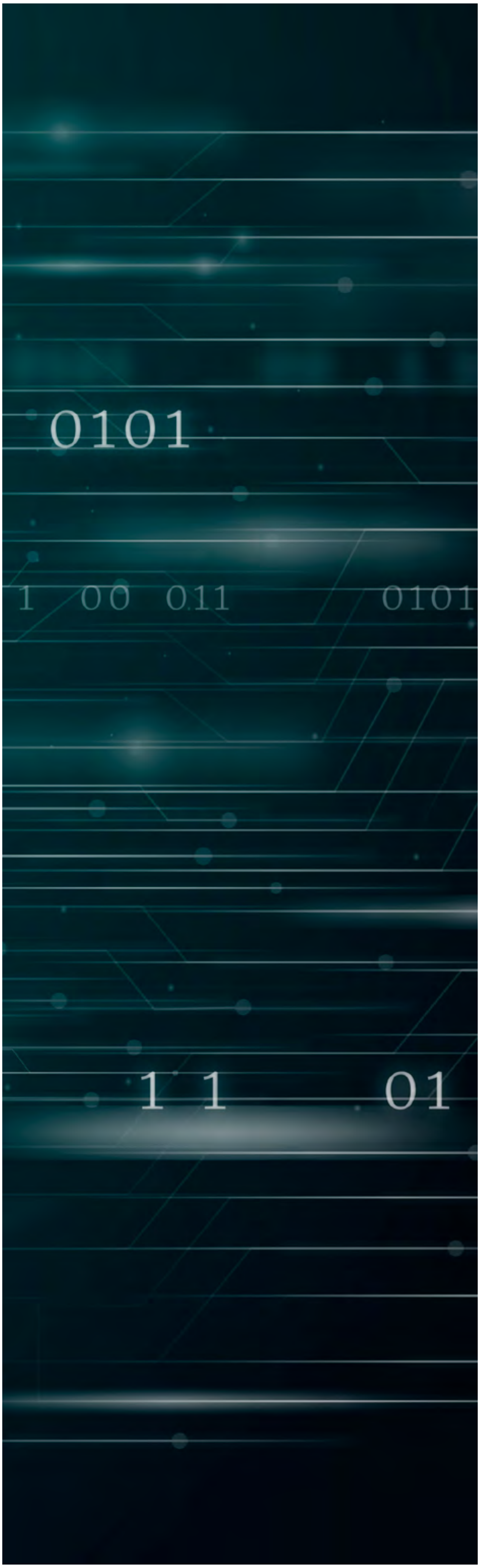
Tavio: What my experience has taught me is that once we have deployed, there is a natural evolution and constant modification and upgrading of what is required. That in turn creates this line of innovation. I use the following example sometimes: If I offer you the functionality that, every time you walk in and out of your house, an SMS will be sent to your wife. You say, wow I did not need that functionality, but now that I have it, that is cool. Then the follow up question from you would be: If the SMS could send a photo as well. I say, yes you can send a photo. So now you have evolved already, and your requirements have evolved.

But now if you can do a photo, can you send a quick five second video clip of the local weather, so that I can notify my family what the weather is like at home. And so, it moves from the point where you did not even need an SMS to the point where you are sending out a weather description. Basic example, but just to illustrate the fact that there is a constant evolution once you have deployed a system in your business that is working to make your life more efficient.

Tony: From your perspective and that of the client, it is important for you to measure the success of that deployment and the value brought by the new technology. How do you do that?

Tavio: For our clients, a commercial rationale is usually the one which is utilized. Which is, a CapEx, license fee and cost of the software versus the amount of business that you did pre-software and post-software and the amount of efficiency that you might have realized in terms of various operational elements in your business. But, for everyone, when they are looking at a software and they are trying to establish whether it was a successful software deployment or not, would be to ask whether it has reduced our pain points or whether it has increased our pain points?

The difficulty with that course is that for the first while, after you go live, you do have difficulties, so you must take a sort of three- or four-year view. But if you do and you wake up some time later and something which used to take you three days to complete at the end of every month is now a report that takes a few minutes, that is a massive efficiency. ***That is a reduction of pain points, which will make someone very happy.***



EVENTS TO LOOK TO IN FEBRUARY..

2023 ANNUAL REFRESHER WORKSHOP

Join the Financial Planning Institute of Southern Africa for their Annual Refresher Workshops, hosted over four regions across the country (Joburg, Pretoria, Cape Town, and Durban). Limited seating available, so, book now to avoid disappointment. Experts have been lined up to discuss a wide range of topics, ranging from practical advice about retirement and tax planning, to the future of the profession.

Register Here

INSURETALK 2023

The Insurance industry have seen value in online conferencing so whether working from home, the office or in a hybrid environment, InsureTalk is the ideal platform and conference of choice which connects, entertains and educates professionals from across the insurance industry. Book your 2023 dates now. **(eligible to earn 2.5 CPD hours.)**

Register Here

INSURTECH SESSION: THE FUNDAMENTALS OF SUCCESSFUL INSURANCE

Join us on the 08 February for a landscape assessment, presented by PPS Group CEO, Izak Smit. Register here