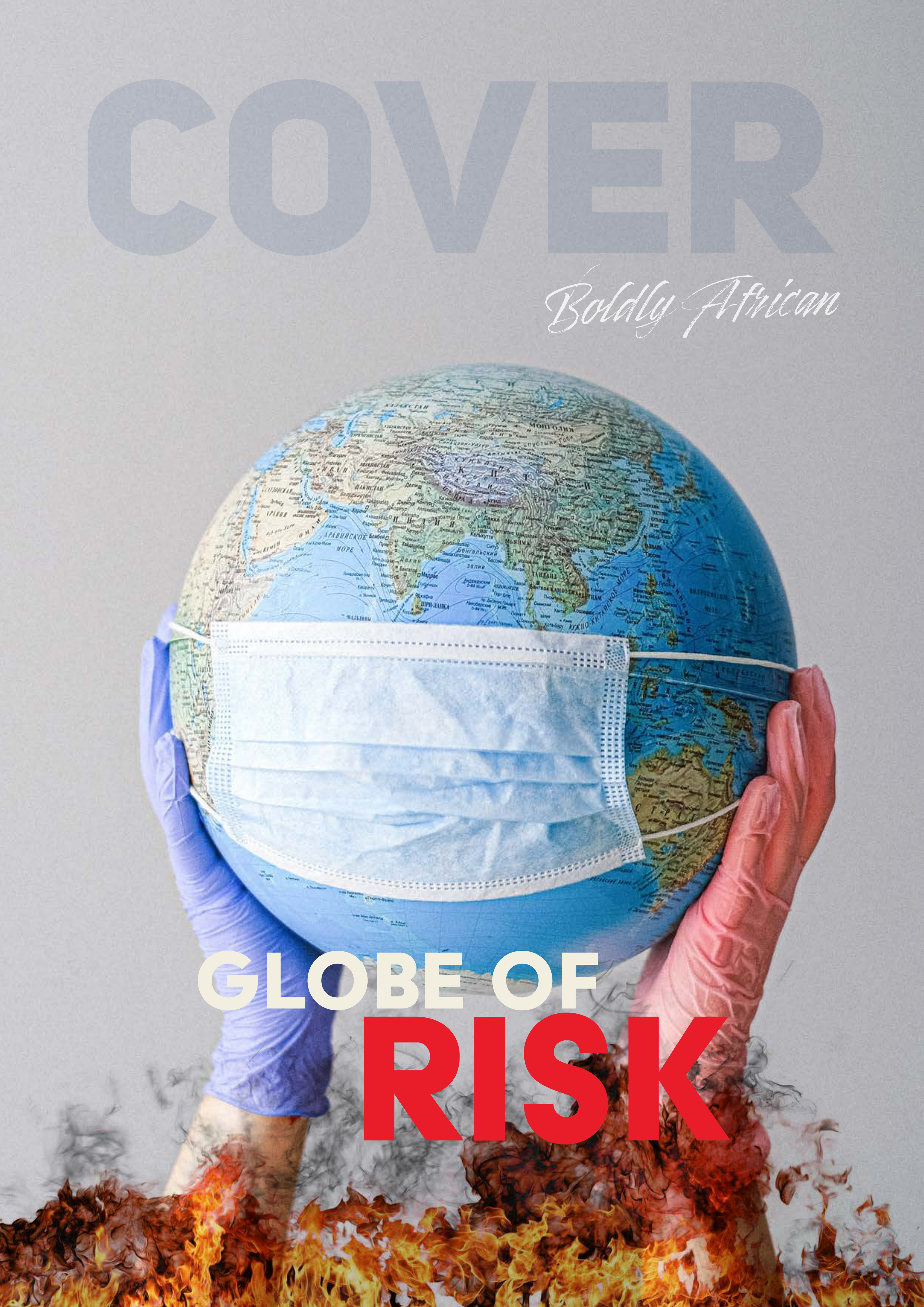

COVER
Boldly African
GLOBE OF
RISK


BEST
BROKER'S GO
CONT
SCREEEECH
SCREEEETTCH
NOOOOOISSSE
"THAT BROKER SOUNDS TRULY PROFESSIONAL, ROGER!"
"WHEN YOU'RE BACKED BY RENASA, ARCHIE, YOU'RE REALLY MAKING MAGIC!"


MUSIC
OT TALENT
TEST

Pandemic or Burning Platform

Tony Van Niekerk, Editor

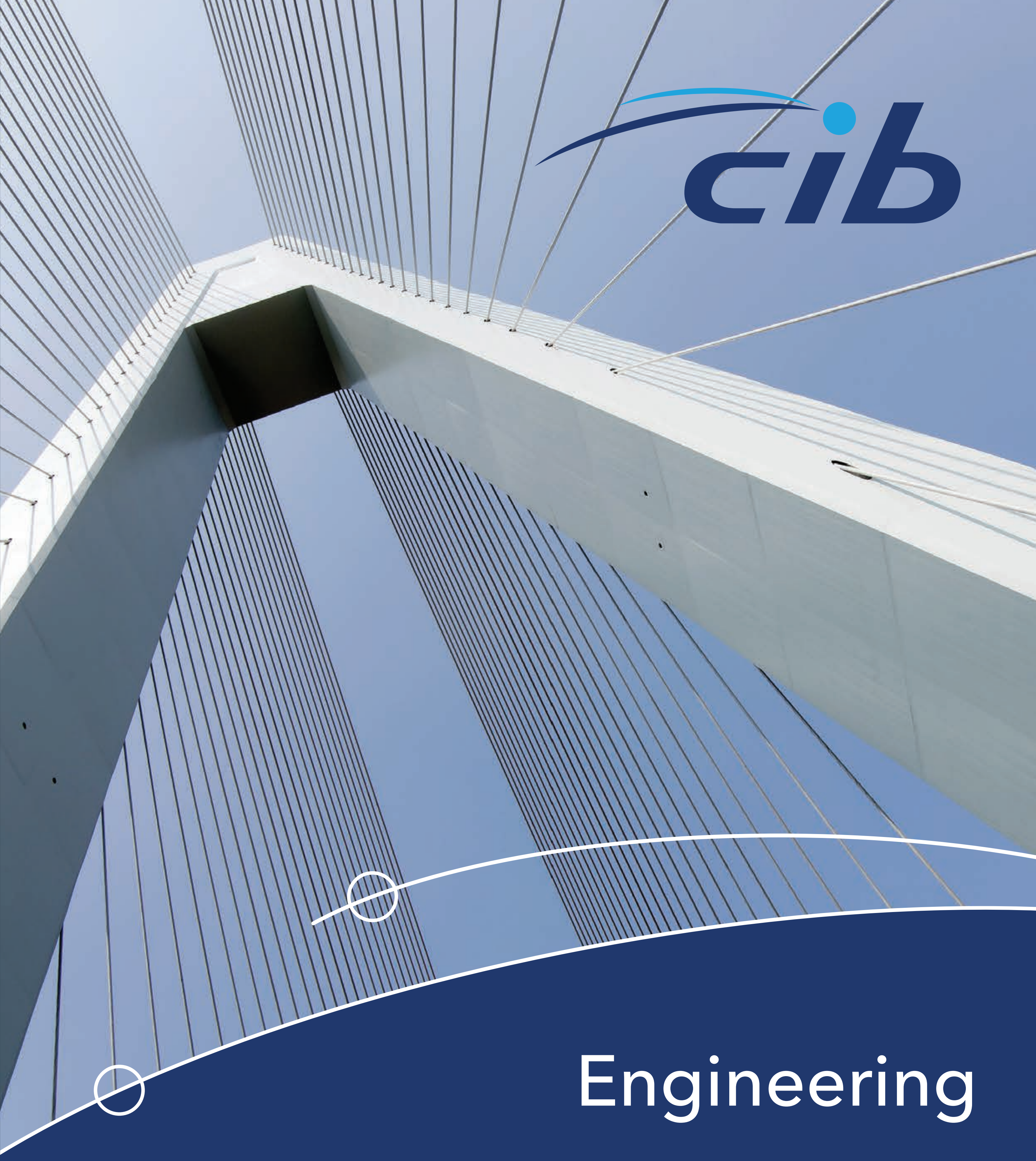
Louis Kahts, CIB, Head of Underwriting makes some interesting comments about our industry's response to the COVID-19 pandemic on page 17 of this issue. Being in a privileged position as editor of COVER, I followed with great interest, how companies responded to the challenge. The first CEO I interviewed after the lockdown was **Garth Napier, MD of Old Mutual Insure**. I still remember him saying, if I had asked him if 90% of their staff could work from home, he would have said it is impossible. Yet, they did it in less than two weeks. No weeks of planning, no strategy, simply action and management.

The term *"burning platform"* originates from a worker living on a North Sea oil rig who awoke one morning to a loud explosion and an all-consuming conflagration. The man stumbled to the platform's edge, where he was confronted by a 30-meter drop to freezing waters. Not a good choice to face. He decided to jump. In ordinary circumstances, nobody would ever consider plunging into icy waters. But these were not ordinary times and his platform was on fire. The man survived the fall and the waters. After he was rescued, he noted that a 'burning platform' caused a radical change in his behaviour.

There are various ways to benefit from burning platforms. When unexpected, such as in the case of the oil rig guy, all you can do is improvise, prepare as well as you can and take the plunge. The industry took the plunge and managed spectacularly. The wellbeing of employees, clients and various other industry stakeholders were continuously re-evaluated to ensure the health of the full ecosystem, with fantastic results. (as mentioned in Louis' article.)

The best thing to do is obviously to plan for the unforeseen, by building flexibility and adaptability into our leadership and staff, moving to greater acceptance of change and uncertainty. What we should be doing now is to learn from the fact that we did so many things we would never consider doing under normal circumstance, to great effect. Staff stepped up and did what most leaders struggle to grasp; the fact that staff can work with little supervision if the purpose and common goal is there. In this instance it was fighting a pandemic, understanding the threat and working together to ensure survival of all stakeholders.

We are faced with changing consumer behaviour, very low economic growth over the next few years and political uncertainty, calling not just for "out-the-box" thinking but for "out-of-character innovation". Leveraging off the way we managed the pandemic could just be the best strategic planning platform for our prosperity.



MAIN STORIES

AON 2020 RISK MAPS

According to the recently released AON 2020 Risk Map, the COVID-19 Pandemic Will Likely Accelerate Increasingly Interconnected Geopolitical Risks. “COVID-19 is shaping up to be one of the most disruptive, world-changing events in living memory” according to AON.

GAP COVER: HERE TO STAY (SIRAGO AND SETTAS ARTICLES)

Paying for healthcare has not only become vital in our lives but also extremely expensive. Medical Aid benefits is one way of trying to shield clients from unknown health expenses that may surprise them unexpectedly, but it has its limitations. This is where Gap Cover come in.

ROADMAP TO FINANCIAL SERVICES RECOVERY

Hentus Honiball, a partner at global management consulting firm Kearney, looks at the role of scenario planning in the the recovery process. He stresses that Financial Services businesses are vulnerable from the stresses on their own business models as well as their clients’ vulnerabilities.

POPI AND THE INTERMEDIARY

Clients give intermediaries access to a host of personal information, so it is imperative that clients trust that their information is safe and that it is only used for the specific purposes disclosed to them. How do intermediaries protect themselves by protecting their clients’ information

Boldly African

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

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

INTERACTIVE MEDIA MANAGER, ADVERTISING
Brent Munnik
brent@cover.co.za

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

CONTENT MANAGER
Dominique Taylor
dominique@cover.co.za

ONLINE TECHNICAL ASSISTANT
Mike Houghton
mike@cover.co.za

LAYOUT & DESIGN
Wesley Chipps
wesley@cover.co.za

Publisher
COVER Publications

Street address
25 Harbour Heights Drive,
Simonstown, Cape Town

Postal address
P O Box 2030
Sun Valley, 7985

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

Images: 123rf.com; pexels.com; pixabay.com; unsplash.com; istockphoto.com; shutterstock.com, or otherwise stated.


Ensuring a Bird's-Eye View Over Your Business
owls
software
Supercool Insurance software that is fully remote and cloud-based giving a 360° service solution for businesses in lockdown.
Lead sponsor at InsurTech 2020
www.owlssoftware.com
Johannesburg, South Africa
Cambridge Office Park
Cnr Oxford and Kirkby Street
Bedfordview
+27 82 950 7079
info@owlssoftware.com
Made in SA

SEPTEMBER 2020

The strength of the Infiniti community lies in the quality of our partnerships

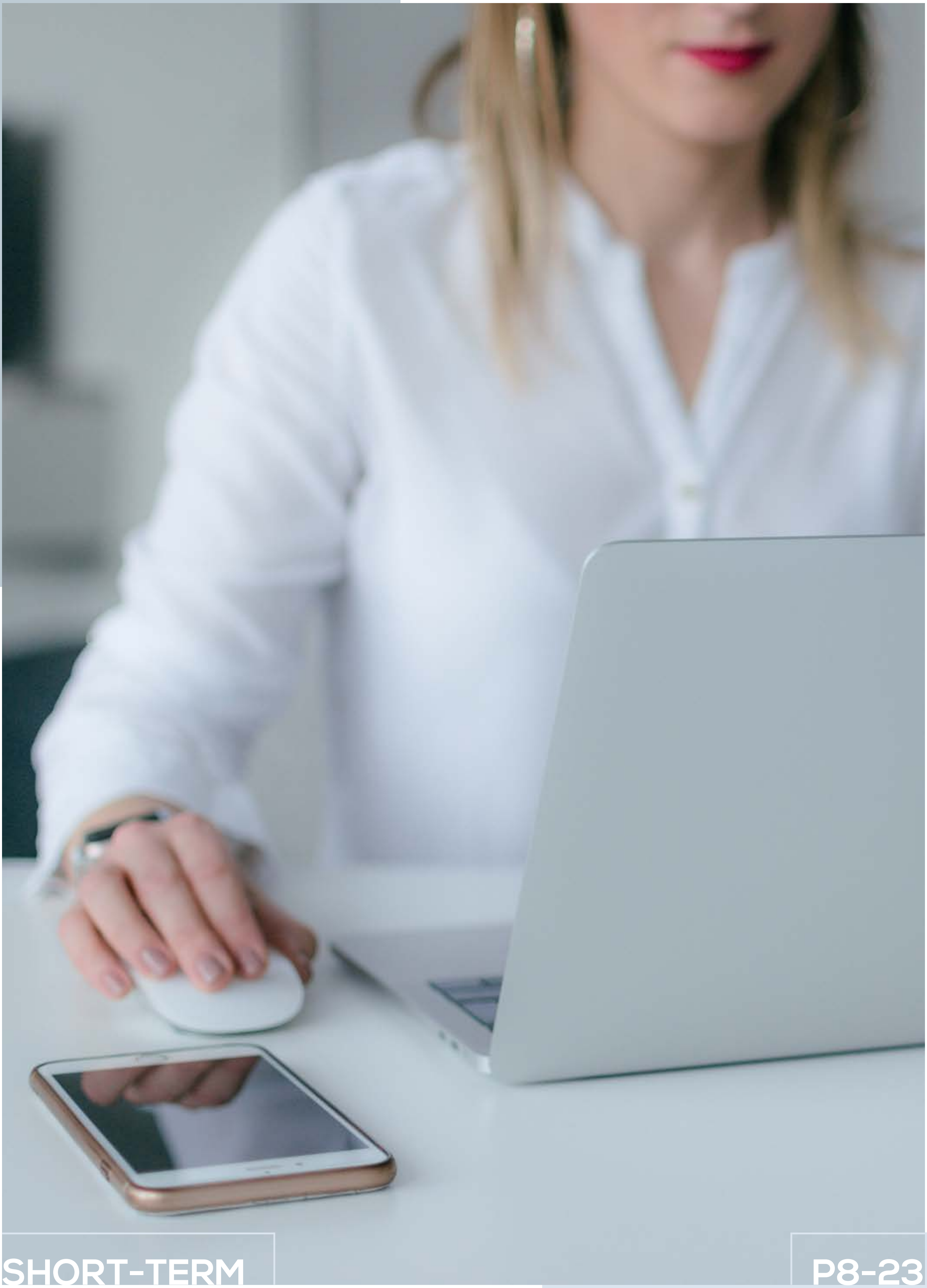
Infinti Insurance Limited is a leading A-(ZA) rated short-term insurer that provides insurance cover for your personal and business assets.
Infiniti specialist portfolios cover Aviation, Engineering, Guarantees, Heavy Commercial Vehicles, Liability, Marine and Watercraft.
Our advantage is the quality of our expert service and our commitment to excellence.

integrity | innovation | insurance

Contact Us
+27 (0)11 718 1200
www.infinitiafrica.com

infiniti insurance

Infiniti Insurance Limited is a Licensed Short Term Insurer and an Authorised Financial Services Provider. FSB Number 35914



SHORT-TERM

P8-23

A claim, just a click-away

Tjaart Oosthuizen, Head of Claims and Procurement at Western National Insurance

There are many factors that can lead a client to place their insurance with a specific insurer. However, when it comes to client retention, the claims process or claims payment, is often a deciding factor. Improving efficiencies within your system and trying to alleviate client stress and frustrations, is sure to aid retention.

Embracing technology in short-term insurance and claim management is the way forward, and one of the best ways to keep clients satisfied. This strategy is fast becoming the norm and as the adage goes, "adapt or die". While this can be daunting from the outset, it has many potential positives, particularly over the long-term (for insurers, brokers and clients). Here are five reasons highlighting why.

TIME WAITS FOR NO ONE

With online presence growing so rapidly, especially off the back of the global pandemic and various levels of lockdown, digital interactions have become more commonplace, and they occur at a rapid pace. The culture of immediate response and results, as in finalising of claims, is the new norm and is what clients expect. Automation of claims will shorten the life cycle of a claim as at its very core, it aims to accelerate the claim settling process.

EXACTLY WHAT IS NEEDED

Automation will also assist in reducing the risk within the claims process, as fewer touch points or human intervention should equate to a reduction in errors, many of which are human errors. Technology and automation are built with a purpose, to standardise the flow for claims, which in turn would lead to time saving and the improved experience for all involved.

CUTTING DOWN FUTURE COSTS

Automation of claims processing will improve how information is gathered, managed and integrated. The algorithms pertaining to future pricing modelling will be more accurate, due to improved information, and from an underwriting perspective it will also be a time saver. Decreasing the claims cost management and actual claims cost, will lead to better pricing models. Premium reduction due to more accurate premium calculations, is and will always be a key factor when selecting insurance cover, so any reduction in the premium will make a company more attractive and thereby more competitive.

HOW-TO KEEP TRACK, PERFECTLY

Technology improves monitoring and ensures accurate tracking of the claims process, and information, and being kept informed is also a key factor that is attractive to clients in this day. It is not only the frequency of the information shared but also the accuracy thereof, and with exact programmable touchpoints, the consistency and relevancy can be set as required. This is beneficial from a service delivery perspective and for the overall duration of claims. This speaks directly to TCF compliance and many other legislative requirements involved in our industry.

AUTOMATE TO INNOVATE

Automation as in the appointing of preferred service providers associated with a specific claim type (such as geyser or motor claims) becomes a seamless process based on the set criteria. Points of automation that exist where no intervention is required, have the added benefit of a reduction in possible fraud, and lead to a seamless process. It's important to ensure that the correct automation at the correct points is the innovating factor, as innovation is what distinguishes the leader from the herd.

WESTERN'S AUTOMATED CLAIMS PROCESS

Western embarked on the digital journey with the intention of streamlining the facilitation of its claims processes. Digitisation of the claim form allows clients to complete the claims online, at their convenience. Once the digital claim is completed it automatically triggers the internal registration process. This initiative has the benefit of reducing the time and potential risk involved in utilising the paper method of submitting and capturing claims. Online claims are the first step in a much bigger digitisation plan. Western's ultimate aim is to provide the consumer with the best service and most cost-efficient claims solutions.

Technology and automation by extension, have always been the driving factors for progression, and adapting to this technology is the best way to progress into the future, remaining relevant to clients all along the way.

Commercial crime: salient points from the 2020 global economic crime and fraud survey

Ablonia Ramela , iTOO Commercial Crime Underwriter

The 7th Edition Global Economic Crime and Fraud Survey complied by PwC comprised a total of 5000 individuals, of which 245 were South African respondents.

THE HIGHLIGHTS OF THE SURVEY WERE AS FOLLOWS:

- 73% of South African organisations are aware of fraud, which is higher than its global peers whose awareness is at 63%.
- South Africa is ranked third in the top ten countries reporting the most economic crimes with China and India taking up the first two spots.
- The percentage of South African businesses that have experienced economic crime has reduced notably for the first time since 2011. To date, the number of reported cases of economic crime has declined by 17%, from 77% in 2018 to 60% in 2020. However, the value of losses has risen as a result of the increase of senior management involvement in committing financial crimes. In 2018, 20% of fraud was perpetrated by senior management and increased to 34% this year.
- Asset misappropriation (23%) has always been the most prevalent economic crime experienced but has now been overtaken by Customer fraud (47%), bribery and corruption (42%) and Accounting fraud (34%). This is mainly attributable to the rise in cyber and accounting related crimes.
- 21% of financial crimes occur through collusion, 41% by internal perpetrators and 36% by external perpetrators. The majority of fraud related crimes are committed by internal staff who are trusted with the responsibility to run and care for the organisation.
- Over the next 24 months, it is forecasted that the most disruptive and significant economic crimes an organisation will experience are Bribery and corruption (19%), Accounting/financial statement fraud (16%), customer fraud (14%), cybercrime (11%), and asset misappropriation (10%).
- In the last 24 months, about 7% of respondents have lost more than $50 million (that is over R14 billion) across all economic crime incidents. The total costs associated with economic crimes are hard to quantify.
- A fair amount of organisations have adapted fraud detection and prevention programmes, however upon the discovery of a disruptive incident, 42% did not conduct further investigations, 59% of the incidences were not brought to the attention of the board of directors, 66% of the incidents were not reported to regulators or law enforcement and an alarming 72% of the incidents were not disclosed to the auditors. Only about 55% of the South African respondents on average, have put in place formal controls over antifraud programmes.

From the points highlighted above, we can gather that Commercial Crime is steadily becoming an uninsurable risk in South Africa. We have seen the market harden and insurers pulling out from this class of business due to high loss ratios.

WHAT CAN INSURERS DO?

- Insurers need to apply strict underwriting and pricing criteria to make sure that commercial crime remains a profitable line of business. This can be achieved by:
  - o Updating proposal forms in accordance with the changing market. It may not be feasible to do this on a yearly basis, therefore an alternative would be to add annexures or supplemental questionnaires to better understand a risk.
  - o Apply minimum deductibles according to industry type, turnover and geographical location. The norm

is for the deductible to be 10% of the sum insured, however this can be adjusted for each risk.

- o Ask for a detailed 5-year claims history, request risk improvement measures put in place in response to previous losses and warrant the policy by way of an endorsement.
- o Economic crime and fraud is evolving rapidly and therefore each risk needs to be assessed on merit.
- o Be open with brokers and clients on the reasoning behind underwriting decisions.

> *"Economic crime and fraud is evolving rapidly and therefore each risk needs to be assessed on merit."*

WHAT CAN BROKERS DO?

- Brokers need to make sure that they are knowledgeable on the product line they are dealing with.
- Know and understand their client's needs in order to provide appropriate and sound advice on which products are best suited for the client.
- Explain the state of the market to the client so as to manage their expectations.

WHAT CAN CLIENTS DO?

- Perform risk assessment investigations on an ongoing basis in order to quickly detect and mitigate fraud.
- Supplement technology with other tools such as implementing sustainable governance structures, seeking relevant expertise, as well as quick responses and adaptiveness to attacks for minimum impact.
- Offer fraud awareness training, introduce anonymous whistle blowing hotlines and encourage a culture of honesty and integrity.
- Conduct criminal and background checks on all employees.
- Tighten financial and internal stock controls, segregate duties between employees and make sure these are enforced and adhered to.
- Purchase insurance cover in the form of a commercial crime policy.

It is wise to be proactive instead of reactive to better manage the effects associated with economic crime and fraud.

Lockdown has forced us to think creatively and innovate

Louis Kahts, CIB, Head of Underwriting

For many, if not all of us, 2020 has been a year that's required a complete rethink of how to approach certain situations and for a while – especially during the hard lockdown period – normal, day-to-day activities have become almost alien.

The impact of lockdown on our careers has been even more demanding and challenging. The changes we have experienced are profound and, to a large degree, have shaped our future way of working and forced us to adjust to new employment rules and trends. The financial impact on our industry has been severe, to say the least. There are ample news articles available from industry players highlighting the loss of income, the loss due to claim payments as well as future expectations in terms of what the outcome might be. Then there's the reputational exposure that has engulfed our entire industry and left it bruised and tainted.

However, we have also seen some excellent positive innovations being brought about by the lockdown. It is crucial that we do not lose the thread of this thinking, nor stop innovating once lockdown restrictions have been lifted.

ASSET INSURANCE

One of the first aspects we were required to look at during lockdown was the fact that many employees are working from home. This was especially relevant during the first two months. Suddenly insurers had to start thinking about how to accommodate this new trend as, historically, the Electronic Equipment section for instance, is intended to cover assets while on the office premises, not while at the homes of employees.

Not all companies were geared to allow employees to work from home. It was not the norm to have laptops for all staff. Furthermore, most companies still use desktops, primarily for cost reasons, but also for the ability to increase memory and speed in these units. It was, however, easy to extend cover to residences of the employees and insurance companies were eager to assist. Certain factors needed to be taken into consideration, like lightning protection and security, but there is no reason that we should discard this benefit. Work practices have changed, and more people will work from home in the future. We should welcome this forced change to our thinking.

MOTOR INSURANCE

The lower traffic volumes on our roads has most definitely been one of the stand-out benefits we have experienced during lockdown. As mentioned above, lockdown led to most of our colleagues to work from home, especially during the first two months. Traffic is gradually increasing as the lockdown levels become more permissive, but many of our colleagues are still either working from home on a permanent basis or operating from the office on a limited number of days during the week.

Most of us would also have seen the number of products that have been created in the past couple of months targeting this work-from-home consumer. People spend less time in traffic, which consequently improves their risk profile. These consumers want to see some type of benefit. Fewer vehicles means fewer accidents and fewer opportunities for associated issues such as vehicle thefts and hijackings.

It is still difficult to estimate the benefit that this might have on our results. It will be interesting to see if there is a marked improvement or not. The fact remains that this trend has created the opportunity to look at conventional vehicle insurance and improve the market offering. Some insurers have offered kilometre-driven products in the past, and this has become extremely relevant during the lockdown. It will be important for all insurance companies to operate in this space if they want to be serious players and if they are committed to growth and client retention.

The complexity is to find the perfect position of being able to offer some type of discount while not causing a deterioration in results. Risk assessed rating remains relevant.

PROPERTY INSURANCE

One of the biggest concerns we have encountered during the past couple of months has been remedying certain clients' outstanding risk requirements.

The risk approach strategy of any underwriter will dictate what is acceptable and what is not. CIB believes that successful underwriting cannot be achieved without a sound risk management approach. Although it was difficult for some clients during lockdown, most construction and maintenance companies could return to normal working conditions relatively early as lockdown restrictions were lifted.

We focused on getting essential requirements completed first, while standard housekeeping requirements were remedied as soon as clients could visit their business premises again. It is, of course, beneficial that we are currently in stage 2 of the lockdown and that most companies can operate again, either at or near full capacity. Clients can therefore ensure that all requirements are met before we enter the rainy season.

It has been – and remains – important to understand different requirements, as well as the severity of the requirements, and to assist clients wherever possible.

This approach is another example of how underwriters can meet specific client requirements in terms of getting outstanding risk requirements resolved. It is sometimes worthwhile to understand client restrictions before simply limiting cover.

And always remember, changes should not be made at the expense of applying sound underwriting principles.

IN CLOSING

The impact of the current restrictions is not as severe as it was in previous months. Businesses can conduct themselves in mostly familiar circumstances and insurance companies can use the best of what they have learnt to offer our consumers more relevant products and solutions.

This is what I referred to in terms of the entire experience not only being negative. The past five months have created new ideas and new approaches to employment, risk management and product offerings.

Companies that will succeed in the future will take the lessons from this situation and use them to improve both their internal and external offerings. Who knows what the next challenge might be?

For the first time in years the insurance industry has been forced to really think creatively to ensure business retention and business growth. A challenge normally brings out the best in people and companies that are willing to accept it will see the positive in it and learn from it.

We are confident that our insurance industry has done just that, and we are exceptionally positive about our future.

Aon's 2020 Risk Maps

COVID-19 Pandemic Will Likely Accelerate Increasingly Interconnected Geopolitical Risks.

- Economic and political nationalism is on the rise as action to protect public health and domestic economies erodes long-established business norms
- Three in five developed economies face the potential for strikes, riots and civil unrest in 2020, which are likely to be exacerbated by the COVID-19 pandemic
- Supply chain resilience is under significant pressure in an increasingly dislocated world

Aon plc (NYSE: AON) has published its 2020 Risk Maps report, which finds that the novel coronavirus (COVID-19) pandemic will likely transform the geopolitical landscape. Extraordinary public health measures and a precipitous drop in global trade will continue to exert significant pressure on economies and governments and will reshape long-standing geopolitical norms.

Aon developed the *2020 Risk Maps* in partnership with The Risk Advisory Group and Continuum Economics, which examine political risk, terrorism and political violence globally. Aon's Risk Maps are designed to help firms better understand and navigate evolving exposures created by these uniquely challenging risks.

In today's complex geopolitical and economic environment, the maps enable clients to identify and track the different sources and degrees of risk, assisting businesses in planning and protecting assets, contracts and loans that could be adversely affected. This year's report includes a special analysis of the impact of the COVID-19 pandemic on these themes and the risks they present.

The socioeconomic implications of the COVID-19 pandemic are likely to be profound. Countries that rely heavily on tourism or retail, or where there is a higher human toll from the pandemic, will face greater potential for civil unrest and government-focused protest – a risk that was already elevated prior to the pandemic. Aon's report finds three in five developed economies face the potential of strikes, riots and civil unrest in 2020 – and it seems the COVID-19 pandemic will deepen those concerns.

Alicia Goosen, Chief Broking Officer at Aon South Africa, says there is an increased risk for civil unrest from a local point of view due to Government's ongoing lockdown provisions in addition to the recent announcement that the sale of alcohol is, yet again, prohibited. "It is crucial for risk managers and business leaders to review their insurance programs and interrogate their cover provided by the South African Special Risk Insurance Association (SASRIA) against the risk of loss or damage caused by protests, riots, strikes, civil commotion and public disorder."

SASRIA HAS STATED THAT:

- It will not cover burglaries or theft of liquor and that clients will need to claim from their underlying insurance policies.
- Business interruption or loss of income claims following a non material damage due to Covid -19 or lockdown regulations cannot be considered as a valid SASRIA claim.
- It will investigate the merit of each matter to decide whether it is a valid SASRIA claim.

The pandemic will also test supply chain resilience, as economic nationalism in the form of expropriation, currency controls, trade restrictions and near-shoring curbs globalisation. Additional economic consequences include labour market disruption, consumer anxiety that restricts overall consumption, wider risk premia for equities and corporate debt, and restriction in corporate bond issuance and lending.

"COVID-19 is shaping up to be one of the most disruptive, world-changing events in living memory. The pandemic has transformed the way we live and work, and new challenges have appeared across industries and territories. In an increasingly complex and volatile business environment, informed decision-making has never been more important," said **Vlad Bobko, head of Crisis Management, Global Broking Centre, Aon.**

"Through our Crisis Management practice, we have been supporting clients seeking to navigate these complex risks. Whether it is insulating against government intervention in emerging markets, preparing for sovereign and private counterparty defaults, or protecting people and operations from the threats posed by civil unrest, terrorism and kidnapping, our goal is to help protect against – and mitigate – a host of client exposures."

The economic and political effects from the COVID-19 pandemic will be deep, with state intervention at levels not seen during peacetime. Public health precautions have, in many instances, eroded existing norms – including trade, contracts, supply chains and monetary policy – creating potential new exposures for international firms.

Alicia Goosen, says, "Clients need to be very mindful of our Rand's trading volatility, ensuring that they review their sums insured regularly to accurately reflect the shift in the currency's exchange rate against the major currencies. The placement of assets policies are done on the basis of new replacement values to avoid average being applied to a claim; but amidst a volatile exchange rate, clients may find their current insurance covers woefully under-geared to match the volatility. An alternative approach that can be investigated with their insurers is provisions in their wordings to enable a fixed exchange rate for the insurance renewal period, thereby avoiding the application of average if there is a huge shift during the period."

Henry Wilkinson, head of Intelligence & Analysis and director at The Risk Advisory Group, said, "The COVID-19 pandemic is a turning point in global risk. The political, social and economic impacts are both immediate and profound, and systemically destabilising. Countries with an underlying risk of instability are likely to see negative trends accelerate as restrictions lift globally, with unrest and terrorism risks likely to rise. Old as well as new geopolitical fault lines are unsettling and becoming flashpoints, making crises and conflicts between states even more likely than in 2019. Businesses will need new strategies and tools to manage their exposure to survive and thrive. High-quality intelligence advice and data is a critical investment."

Continuum Economics Lead Economist Francesca Beausang said, "It is still unclear whether the COVID-19 backlash against globalisation is more than a knee-jerk reaction, but the possibility of the U.S./China trade war turning into a global trade collapse cannot be ruled out."

Additional key findings from the report include:

CIVIL UNREST,TERRORISM AND POLITICAL VIOLENCE

- Economic stagnation and frustration over a range of political, social and environmental trends are the primary drivers of heightened unrest in traditionally stable economies.
- Environmentalism is becoming an increasingly prominent cause of civil unrest.
- Extreme right-wing attacks are increasing and multinational businesses, particularly within the technology, banking and media sectors, are targets.

POLITICAL RISKS

- Governments are increasingly resorting to measures that regulate market transactions. Emerging market governments have responded to rising populism by erecting barriers to trade and investment.
- Emerging market investors face significant headwinds linked to government expropriation, which is undermining contract certainty and eroding investor confidence.
- Political interference in emerging markets is now taking increasingly indirect forms, such as tax pressure, export restrictions, more stringent regulatory requirements, contract reviews and a general increase in government involvement in specific sectors of the economy.

ECONOMIC RISKS

- The speed of individual emerging market (EM) recoveries following the COVID-19 pandemic will depend on the state's ability to control the health crisis itself, the state of the economy before the COVID-19 pandemic and how much fiscal and monetary policy stimulus is administered.
- Significant monetary and fiscal policies are needed to limit the pandemic's fallout on EM economies, though they will not fully offset it. Aggressive policy easing will not be enough to avert a fall in global growth by 1.3% in 2020.
- Global trade, labour and capital flows are severely challenged, as economic nationalism has become a widespread response to COVID-19.

Don't be caught out by the "seismic, tech-driven shift" in insurance

Just in time for COVID-19, a cluster of bold local disruptors is leveraging data analysis and Artificial Intelligence (AI) to price insurance more competitively and offer greater flexibility and convenience to consumers.

While it may be tempting to dismiss these apps and websites as a fad, you'd be better off taking the time to appreciate their very real financial benefits...for both consumers and advisers.

COVID-19 has prompted many South Africans to cancel their insurance policies. As a financial professional, you know this is a potentially disastrous move. But a client who's dealing with a dramatic reduction in income doesn't need your lectures... They need a practical alternative that will save them money while still keeping the really important stuff covered.

"A SEISMIC, TECH-DRIVEN SHIFT"

A May 2020 report entitled *Global Insurtech Market – Growth, Trends, and Forecast* notes that the Global Insurtech Market revenue will jump from $5.48 billion in 2019 to more than $10 billion by 2025. Another research house predicts that the Insurtech industry will experience year-on-year-growth of 41% between 2019 and 2023.

Like it or not, notes McKinsey & Company, "the insurance industry is on the verge of a seismic, tech-driven shift." A shift that has just been supercharged by a post-COVID world that is much more price-sensitive and far more open to tech-based solutions. The flood of innovative insurance products has made it possible for consumers to save money by quickly changing and customizing their insurance.

> *Like it or not, notes McKinsey & Company, "the insurance industry is on the verge of a seismic, tech-driven shift."*

HAVE YOUR CAKE...AND EAT IT

If you're worried about how you can reconcile the obvious logic of this approach with your very real need to pay your own bills... don't! The really good news is that the DIY revolution does not cut brokers out of the deal. Most Insurtechs offer attractive partner programs which not only pay a commission to advisers but also reward consumers with cash back.

While many big insurers are incorporating aspects of technology into their offerings, most of the biggest innovations are coming from native Insurtechs which truly put the power in the hands of the consumer. In practice, this could mean being able to choose which home items to insure (yes to the UHD flatscreen, no to the redundant DVD player) or having the ability to switch cover 'on' every time you take your mountain bike out of the garage and 'off' when you get back home.

> *Insurtechs aren't just more flexible and affordable; they're also far more user friendly.*

Insurtechs aren't just more flexible and affordable; they're also far more user friendly. Clients can sign up for a policy on their smartphones in under five minutes and make tweaks to cover in a matter of seconds. Insurtechs have also made use of video testimonials to drastically simplify the claims process. "We can manage other aspects of our lives on our phones," says **Jaclyn Prior of Santam-backed JaSure**. "Why should insurance be any different?"

MEET THE GAME-CHANGERS

In South Africa, Insurtech names to watch out for include Simply Financial Services (life, disability and funeral cover), Nobuntu (employee funeral cover and community-based pension savings) and JaSure which carved a niche for itself in on-demand (you choose when to activate/deactivate cover) insurance for portable possessions like bicycles, cameras and cellphones. JaSure has recently widened its scope to include home items and word on the street is that they're not stopping there...

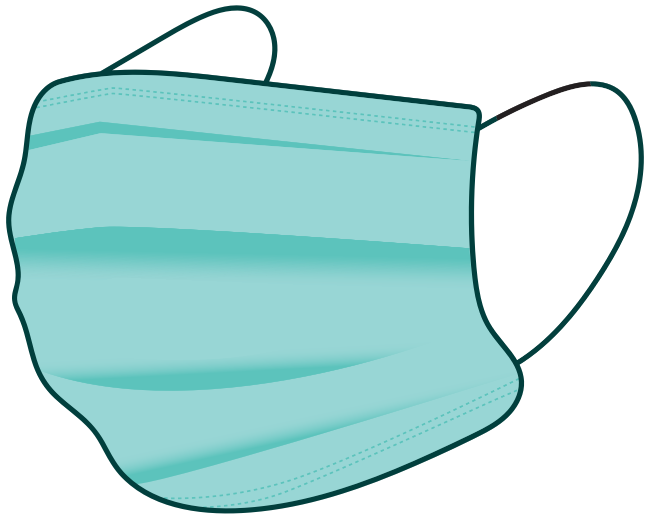
The new home items cover is especially popular among "renters who do not typically have home contents insurance," says Prior. But the ability to pick and choose what items to insure has also been embraced by homeowners who are now more price-sensitive than ever. "Leaving some of your less cherished belongings off the schedule will save you money," says Prior, "While ensuring that the things you love and need the most are covered."

Which brings us to the crux of the matter. While most readers should by now be convinced that the new wave of Insurtechs does have something to offer them, those of you who are still inclined to dismiss it as a fad should be reminded that Fintech has barely been around a decade and is expected to be worth $309 billion by 2022.

Why swim against the tide when you could ride the wave?

Professional indemnity during a pandemic

Aneesa Bodiat and Vanessa Rogers on behalf of Natmed Medical Defence



The COVID-19 pandemic has created a unique set of circumstances for medical professionals, many of whom would do well to be seek clarity from their professional insurers as they are: Natmed Medical Defence.

Medical malpractice insurance usually covers malpractice related to a medical practitioner's scope of practice, which is defined in the policy of insurance. For example, doctors acting outside of their usual scope of practice are not generally covered, unless they are providing medical care in a situation of emergency.

The Health Professions Council of South Africa (HPCSA) has indicated that healthcare providers may now need to act outside of their scope of practice in order to assist with the pandemic, and the standard of how a reasonable healthcare professional should act will be judged in the light of the current unusual circumstances.

But whether the treatment of a COVID-19 patient can be defined as an emergency situation will depend on the particular circumstances of each case and the severity of the patient's need for treatment (for example, whether they urgently require a ventilator or resuscitation).

Additionally, the wording of a healthcare provider's malpractice policy should be checked to determine what the policy covers, especially in relation to the treatment of COVID-19 patients. In the case of uncertainty, we suggest that healthcare professionals consult with their insurers or insurance brokers to confirm whether cover is provided and what the scope of that cover is.

Doctors should also brush up on their notification obligations, to ensure that they know when and how to notify an insurer of any potential claim.

Heroes of the crisis - Over the past decade South Africa has seen the steady increase in medical malpractice litigation, with claims of more than R1 million increasing by 550 percent compared to the previous decade; and claims of over R5-million increasing by as much as 900 percent over a five year period. Additionally, health departments face exorbitant medical malpractice claims.

Although healthcare professionals are the heroes of the current COVID-19 crisis, they will be faced with extremely tough situations and decisions as the pandemic worsens and the number of patients who contract COVID-19 increases. These situations and decisions may extend to:

- A range of surgical specialists being required to work in areas such as the ER or ICU;
- Retired healthcare workers being called on to provide support services to frontline workers, such as manning testing stations;
- Medical professionals with pending registration issues being permitted to continue practising; and
- Having to weigh up, as just one example, which patient (with reference to young, old, healthy, with comorbidities) gets a ventilator when these become limited.

While the HPCSA says it will consider "the extraordinary circumstances in which practitioners are working and the heavy demands placed on them during this period", Parliament has not issued any form of COVID-19-related indemnity for South African healthcare professionals. What is expected is that standards of reasonableness in patient care in relation to the treatment of COVID-19 patients may differ from the standards usually applied to the provision of general healthcare services.

Courts may be sympathetic towards healthcare practitioners, and it is unlikely that doctors who are seeing hundreds more patients per day due to the pandemic then they normally would, will be held to the same standards to which doctors under normal circumstances must adhere.

However, it is still required that healthcare practitioners consider their ethical and legal duties, and what can reasonably be expected of them during these difficult times.

If they have any uncertainty, it would be wise to notify their insurers – especially if a healthcare professional is being asked to provide care outside of their specialty or area of dedicated expertise, and to generally discuss the scope and nature of cover provided over this period.

Professional indemnity cover for estate agents

Clarissa Rizzo, Business Unit Manager of Professional Risks at Aon South Africa

"Professional indemnity insurance essentially provides an estate agent with indemnity in respect of legal liability arising out of the practice of their profession."

Property professionals operate today in an environment of ever-increasing requirements for better transparency, disclosure, accountability and governance.

Professional indemnity cover in the real-estate world is very similar to medical malpractice cover for doctors.

While the sale or rental management of a client's home may not require the precision of a surgeon, even a simple property deal or rental management can potentially be fraught with pitfalls that can land even the most diligent real-estate professional in a legal and financial conundrum.

PI cover for estate agents responds to the legal liability of all registered agents in the course and scope of their professional duties as a result of an error, negligence and/or omissions.

The cover typically comes in handy when a dissatisfied buyer or seller lodges a claim against an agent for giving the wrong advice; for an incorrect property evaluation; listing the property incorrectly; failing to disclose defects in a property or for misrepresentation. As the name suggests, professional indemnity cover does not cover claims of outright fraud or criminal acts. The only loss that may be recovered in the event of a claim is the actual financial loss that the claimant may have suffered as a result, and legal defence costs.

Professional indemnity insurance essentially provides an estate agent with indemnity in respect of legal liability arising out of the practice of their profession.

Professional liability doesn't just arise from a contract to do work for someone, but exists in common law and as such liability for damages can arise out of Errors, Omissions or Negligent Acts while rendering – or failing to render – a professional service. Any person who suffers harm as a result can have a claim against you.

PI cover will include the professional's own legal costs, as well as any damages and legal costs that are due to the claimant, up to a defined limit - which is why the limit purchased should always be considered carefully. Professional indemnity cover should be in accordance with the property market values that you operate in as an absolute minimum.

Many estate agents that enquire about a professional indemnity policy are skeptical about its merit, assuming that only careless professionals have to worry about a claim being lodged against them. This is not always the case, and even if an agent has acted in full accordance with the law and professional standards, if a claim is lodged against them they will need to defend their position and actions in a legal process, the defence costs of which can be onerous. Considering that a day in a high court could be in excess of R150k per day and that claims are typically long tailed by nature, taking years and huge legal costs before being finalised, the need for PI insurance to protect your reputation and ability to work as a professional is crucial.

A practitioner without PI protection could be liable for these costs, facing financial and reputational ruin. It is essential to take the best possible precautions when it comes to your legal exposure in the property market, as it simply is not worth putting your reputation and livelihood at risk.

THE FOLLOWING PI CLAIMS EXAMPLES ILLUSTRATE THE NEED FOR PI COVER FOR ESTATE AGENTS:

- The owner of a property brought a claim against the real estate agency for damages caused by the building contractor that had attended to repairs to the property.
- In another matter, the owner claimed that due to the negligence of the agent, the owner lost out on a prospective tenant.
- An owner made a claim where the agent was supposed to collect the rental and failed to do so.
- Another claim alleges that the agent failed to conduct proper inspections when the tenant vacated.

This is one market where 'trusted and well-established' expertise is critical when it comes to choosing an insurer to place your PI cover with. The services of an expert Aon broker are vital in evaluating your unique exposure to risk as a professional.

A broker with sector specific experience is invaluable in ensuring that your cover is adequate to cover your exposure to risk, complying with any professional body or legislated requirements, and that you are not exposed under any exclusions and conditions that may exist on your policy.

Notification obligations under a medical malpractice insurance policy

Medical malpractice insurance is a practical necessity in the current litigious environment, writes Aneesa Bodiat of Natmed Medical Defence (http://www.natmed.mobi/), as an unfavourable judgment can lead to severe financial and reputation consequences.

Some of the most serious cases, for example where healthcare practitioners are found to be negligent in causing a minor child to suffer a brain injury resulting in cerebral palsy, may result in a judgment being awarded in favour of the patient in an amount of R20 million or more.

A comprehensive medical malpractice policy can assist in covering the medical professional for legal fees and the costs of an unfavourable court order. However, insurance policies are contracts between the insurer and the insured. Reading the policy is vital in ensuring that the medical professional complies with the terms of the policy; and in ensuring the claim is accepted by the insurer.

One of the most important obligations of the insured is to timeously notify the insurer of a claim, or a potential claim. Identifying that a formal claim has been made is often easy, since a summons or other type of formal written complaint will be received. However, policies often require that potential claims, or events that may lead to claims, also be notified. This could include things like a request for medical records, where a claim has not yet been formally made.

Notification must be done even if the medical practitioner believes they were not at fault, e.g. if a baby is delivered and it is found that the baby has suffered some sort of injury in the womb, or potentially during delivery. Such an event should be notified even though the cause of the injury may be unclear at the time; this is especially so where the patient indicates displeasure at the outcome of a medical procedure. Any medical procedure that results in complications; where the patient complains verbally; or where the outcome of the procedure is unusual or makes the healthcare professional feel uneasy, should probably be notified.

Insurers prefer (and even require, depending on the wording of the policy) notification – even where a claim has not formally been made yet. This allows them to prepare for claims that may arise; to set aside reserve funds for potential claims and to manage their liabilities. It also allows insurers to set appropriate premiums based on risk. This is why insurers often write detailed notification obligations into the contract, which serve to ensure that the obligation to notify extends beyond the obvious formal claims that are received.

While claims may be discussed telephonically with the insurer or broker, it is important to note whether there is an obligation for the insured to also notify the claim or potential claim in writing. The notification obligations for renewal of the policy should also be noted, in case they require written notification of past claims or potential claims on renewal as well.

If you are unsure of whether to notify an incident or not, it is better to err on the side of notification and to ensure that you don't fall foul of the notification provisions in the policy.

Restart with Caution

The coronavirus pandemic has impacted African businesses and their employees – closing many operations.

With businesses in many African countries reopening after a period of inactivity, it is important that they remain vigilant about the risk environment in order to identify unknown problems which might have occurred during closure, as well as to mitigate losses that might occur as a result of reopening, according to a risk bulletin from Allianz Global Corporate & Specialty's (AGCS).

"Restoring operations at a facility that was once idle or vacant presents another set of loss prevention challenges, particularly to manufacturing plants with hazardous equipment or processes," explains **Deon Venter, Head of Risk Consulting at AGCS in Africa**. "For example, fuel-fired equipment may need to be restarted, which creates an additional risk of fires and explosions. There may be a reduction in workforce available to operate and maintain production equipment safely or to respond to emergencies. Also, lapses in maintenance of buildings, equipment and fire protection systems may create hazardous conditions."

Businesses should pay particular attention to the condition of electrical equipment and installations, as around 20% to 30% of AGCS fire claims are related to these. Insurers have also seen a number of claims from fires resulting from technical defects or operational error after machinery has been restarted or cleaned in preparation for reopening of facilities, which has then caused further disruption to operations.

AGCS analysis of insurance industry claims shows that fires already account for almost a quarter (24%) of the value of all business insurance claims over a five-year period – the major cause of losses – while faulty workmanship and maintenance (8%) and machinery damage (5%) rank as the 3rd and 7th top causes of claims respectively.

> *another essential action for businesses to consider before restarting operations is restoring site security.*

RESTORE SITE SECURITY

According to the AGCS bulletin *Coronavirus: Property loss prevention measures for restarting businesses after a temporary closure* another essential action for businesses to consider before restarting operations is restoring site security. A thorough self-inspection of the site, including all buildings and equipment, to detect and correct any unsafe or abnormal conditions, such as damage, maintenance issues, improper housekeeping or storage, signs of vandalism, etc. should also be considered. Businesses should also complete and reinstate any inspection, testing and maintenance procedures that may have lapsed since the shutdown.

As always when restarting idle machinery, operators should follow standard operating procedures and manufacturer guidelines for bringing shutdown equipment or processes back online.

FIRE RISK OF DISINFECTANTS

In addition, those facilities introducing alcohol-based (flammable) disinfectants, such as hand sanitizers, should implement proper fire safety precautions. This should include keeping them away from ignition sources, such as open flames, encouraging employees to rub their hands dry to allow vapors to safely dissipate, disposing of all waste rags in approved, normally closed containers, and storing flammables in designated cutoff rooms or approved cabinets.

"Prior to restarting operations is the ideal time to review the effectiveness of your business continuity plan," says Venter. "Revise the plan as needed based on lessons learned during the temporary shutdown to keep your emergency planning up-to-date."

Oak Tree Intermediaries: 10 Years on

Gordon McKean, Managing Director

WOW! Where have the last 10 years gone? They seemed to have literally just flown past.

When I left the corporate world to start my own new venture in Reinsurance Broking, it was June 2010, and the country was abuzz with sounds of vuvuzelas. Football fans had descended on our awesome country to watch the beautiful game. Hard to think how our business has transcended itself from having just a couple of clients in South Africa to now doing business with well over 30 companies and operating in around 15 countries on the continent (including Mauritius and the Seychelles) and how times change – if we just consider that when we started the business, we went from us hosting the World cup in 2010 to a point now in 2020 where we have a global pandemic on our hands and suffering through lockdown!

Our biggest success factor and differentiator, still has to be our personalised relationships which we hold with both cedants and Reinsurers and let's not forget Service – it is an ethos which I have personally bred in our offices, and I believe, the factor why clients keep on coming back to us.

Currently we have a team made up of 16 talented individuals. We basically have three divisions; (1) **Treaty – Headed up by Colin Griffiths** (2) **Facultative (Fac) Headed up by Andre Pienaar**, and then our (3) **Finance Department – Headed up by Nadine Smit**, who has a team of well-versed and experienced Reinsurance Accounting Professionals working with her in the team, all with B.Com qualifications.

In December 2019, we purchased a building in the Boskruin area in Randburg, and we renovated the place to make it modern and fresh, to fit in with our professional yet relaxed image. This was also to mark our 10th birthday, as well as give us further motivation for the next decade! We welcome anyone in the industry to pop in for a coffee and a chat! We are still aiming at a big 10 year birthday bash to mark the occasion, but we will have to wait for a bit of "normality" to prevail again, before that happens, but watch this space!

We are always on the hunt for new business opportunities, and no task is too big or small for us, be it Fac or Treaty! We have a dedicated team approach to business, which I am sure most of our clients will attest to. Oak Tree's target market has changed somewhat over the years to include not only insurance companies and Underwriting Managers, but also specifically looking to help start-up businesses such as specialist UMA's and Insurers. Specialty business is our forte and of course we still do a fair amount of Life and Health stuff too. We are also able to pinpoint the right partner for UMA's experiencing hardships with their current principals. If it is Fac you are after, then you'd be at the right place too! Our Finance and technical accounts team are probably one of the best in the country, if not on the planet! They ensure quick turnaround times when it comes to cash calls and technical accounts, whilst maintaining the highest standards and professionalism.

A big word of thanks needs to go out to all of our clients for the support over the last 10 years, and for bringing us to this memorable milestone. COVID-19 will not defeat us!

Stay safe and a big cheers to the next 10! Onwards and upwards!

Colin Griffiths Andre Pienaar

COLIN GRIFFITHS, HEAD OF TREATY

The temperament of July renewals is usually closely observed by the insurance industry and is seen as a sign of the approach reinsurer's will be taking on pricing for the coming January renewals.

This year was no different and prices were tough, which is somewhat understandable given the massive claims from the global pandemic. However, given that many insurers are also seeing a reduction in their own top lines, as insured's struggle to pay premiums or have opted for less covers or even increased deductible, no wonder many insurers feel this as a double "whammy".

The brief claims respite during the strict lockdown is already reaching normal levels again as crime and accident trends pick up.

One thing for sure, is that although the future looks tough, this industry of ours is resilient and prosperity will return one day, although no one is prepared to say when.

Now's the time to ensure you have the very best reinsurance security in place. At Oak Tree we pride ourselves in arranging appropriate reinsurance with the very best rated reinsurer's. Our analytics team assists with modelling reinsurance structures as well as pricing. We take a partnership approach with our clients and reinsurers alike and actively work on making it easy for clients to do business with us.

ANDRE PIENAAR, HEAD OF FACULTATIVE

As Oak Tree enters into its' second decade of operation we reflect upon the market conditions we came from ten years ago, where the market was deemed as being one of the softest ever experienced, to the reality of the hardest market conditions we have ever experienced, today.

The current pandemic has of course only worsened things further and we have darker days yet ahead.

The hardening of rates and drying of standard capacity for certain risks has forced the facultative broker to change pace and think out of the box and explore not only other markets but approach risks differently. As we seek optimal terms and support for our clients we look at what is affordable and reasonable for all parties. This approach means that Fac brokers need to look at risks through the eyes of an underwriter and explore different structures to better suit a successful placement.

Oak Tree's main reasons for its success over the last ten years (among the many) are our first class service delivery, putting our clients first and having a dedicated Fac team that can deliver on our promises, as evidenced throughout the entire lockdown period.

In a world where the personal touch and interaction will pose its' challenges post COVID 19, Oak Tree will continue to be at the forefront with our continuous client interaction and remain delivering a world class facultative service.

A FINAL WORD ....

If it is anything reinsurance related, please keep Oak Tree Intermediaries in mind. Experience, Service, and the most approachable and results driven broking team in the market!

Best regards, and stay safe.
Gordon McKean

OAK TREE
INTERMEDIARIES (PTY) LTD

FINANCIAL PLANNING

P24-44

Your client's investment journey is personal.

Investing and staying invested can sometimes feel like a rollercoaster of emotions for your clients, but partnering with us can make the outcome worthwhile.

Start of Ben's investment

Ben starts his investment journey with a diversified investment.

A pandemic hits and markets fall.

Ben checks the value of his investments daily and starts doubting whether the intended outcomes of his financial plan are still realistic.

Ben doesn't know what to do. He's afraid that he lost the money he's worked so hard for and invested so carefully.

Ben speaks to his financial adviser who calms him down by showing him the benefit of staying invested over time. The markets start to recover at the same time.

With our goal-based investing approach, you can help your clients stay invested, like Ben.

End of Ben's investment term

With our application of behavioural science and our approach to investment management, we help you to keep your clients' emotions in check so that they can achieve their investment goals.

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

Momentum Investments is part of Momentum Metropolitan Life Limited, an authorised financial services (FSP6406) and registered credit (NCRCP173) provider.

momentum investments

'Noise' matters: *for financial advisers and their clients*

Paul Nixon, head of technical marketing and behavioural finance at Momentum Investments and Greg Davies, expert in applied decision science at Oxford Risk

There is little doubt of the value that financial advisers add in getting clients to accumulate, protect and ultimately distribute their wealth.

However, financial planning is a professional service. And professional services involve judgement, which by its nature will be affected by inconsistencies.

Humans are prone to 'noisy' errors – unduly influenced by irrelevant factors, such as their current mood, the time since their last meal, and the weather. This chance variability of decisions is called 'noise'.

Noise is negative both from an advice and an investment management perspective – particularly when you are focused on delivering the best possible solution for clients' needs.

Momentum Investments are pioneers in South Africa with the outcome-based investing (OBI) philosophy that strives to create repeatable and consequently more predictable investment outcomes for clients.

From an investment perspective OBI is all about maximizing the probability of delivering a targeted outcome within an appropriate risk budget. The focus is on making fund returns less 'noisy' and therefore more likely to deliver on the targeted outcomes. All possible sources of investment returns and risk diversification is systematically evaluated: we look at different asset classes, alternative investment strategies within those asset classes, and negotiate the most appropriate mandates with the best investment managers available to deliver on these strategies.

The combinations of these mandates, strategies and asset classes are driven by the desire to minimise the negative effects of short-term fluctuations in returns on the ability of clients to achieve their investment goal. Managing 'noise' is exactly what OBI is all about.

But OBI is only half of the equation – more consistent investment outcomes paired with inconsistent advice due to 'noise' may still lead to a variable client experience.

INCONSISTENCIES

The most suitable investment solution for a client should differ based on the client circumstances it's recommended for, not the financial adviser that's recommending it. The two main sources of inconsistency in advisory processes are an overreliance on humans, and the heavily front-loaded nature of suitability assessments.

The aim is not to turn financial advisers into algorithms. Humans are wonderful at many things, but they are unreliable decision makers, especially where many moving parts are involved – as in risk capacity.

Upfront assessments are necessary but insufficient, and often overplayed. Suitability reflects circumstances, and circumstances change. Because this is inherently complex, we are drawn towards keeping the status quo. Overemphasising initial assessments makes investment solutions over-fitted to the client's circumstances at that single point in time, and unresponsive to subsequent changes. They drift away from what is suitable over time.

RISK TOLERANCE

An individual's willingness to take risk – is a single, largely stable, and easily quantified attribute, and therefore regularly weighed too heavily in determining suitable solutions. Suitability should be more responsive to Risk Capacity – an individual's ability to take risk – especially during an investment journey.

But Risk Capacity has many moving parts. Studies on multi-attribute decision-making show that even when people think they're assimilating evidence from all sources, they're really just filtering down to the few that stand out. And that few isn't consistent over time, let alone over different decision makers.

Establishing frameworks to drive consistency in diagnosing situations doesn't mean giving every client the same answer. It means those answers need to be within boundaries defined by a clear diagnosis of the problem. There are multiple paths towards remedying any situation, depending on client personality, circumstances, and engagement.

Identifying noise isn't about eradicating inconsistencies. It's about eradicating unjustifiable ones and evidencing justifiable ones.

As an industry initiative, Momentum Investments has initiated a project with the prestigious Oxford Risk in the UK and The Financial Planning Institute of Southern Africa (FPI) to shed some light on inconsistencies in the advice process and work together with financial planners to provide some guidance. The results of a formal study that is CPD accredited and recommendations on how, as an industry, we can create even more value for our clients will be published in the coming months.

Consistency of financial advice is a crucial concern, especially when we remember that advice isn't a single event, but an ongoing relationship, and that the regulations care not whether you get it right on average, but whether you get it right for each individual.

Volatile markets, uncertainty and unexpected events, like COVID-19, will come and go. What is more important is that your actual long-term financial plan is sound and free of as much 'noise' as possible to focus on what matters – staying invested and focused on long-term goals.

Changes in Cancer Classification

Tim Eppert, Life/Health Senior Actuary, Cologne

What is a cancer - and what is not? While the answer to this question is obvious in many cases, it is not always straightforward.

A disease is deemed as malignant or cancerous when there is an uncontrolled growth of cells that is invasive, i.e., the cells break through the natural boundaries of the body to places they do not belong and have the potential to spread to the lymphatic system and distant places of the body.

As life is always a continuum, it is not always clear where to draw the line. How likely is a tumour to spread and how fast must it grow to be considered cancerous? Next to purely medical questions, the label that is given to a disease will also change the perception of the person receiving the diagnosis. Therefore, redefining a disease as cancer is not that uncommon.

In Critical Illness (CI) insurance, cancer is the core condition and typically responsible for 50% to 90% of all claims. All definitions depend either explicitly or implicitly on the medical definition of cancer, and when the medical classification of a disease changes from non-cancerous to cancerous (or the other way around), it can change the decision whether or not a claim for this condition will be paid.

Reclassifications over time can make the decision of a claim's validity more challenging - and reduce the policyholder's understanding and acceptance as well. If reclassifications only affect rare conditions, the total effect on the insurance portfolio is limited and other changes such as in screening programmes or lifestyle behaviours will be more important for the long-term portfolio experience. But when changes have an impact on common cancers, insurers must consider how their portfolios might be affected. This situation can arise as the result of either a complete reclassification of certain diseases or a reclassification of the severity of a specific cancer.

The revision of the International Classification of Diseases (ICD), a medical classification list by the World Health Organization, is such an event. Currently ICD-10 is in use, but ICD-11 has already been published and shall be used for reporting from 2022 onwards.

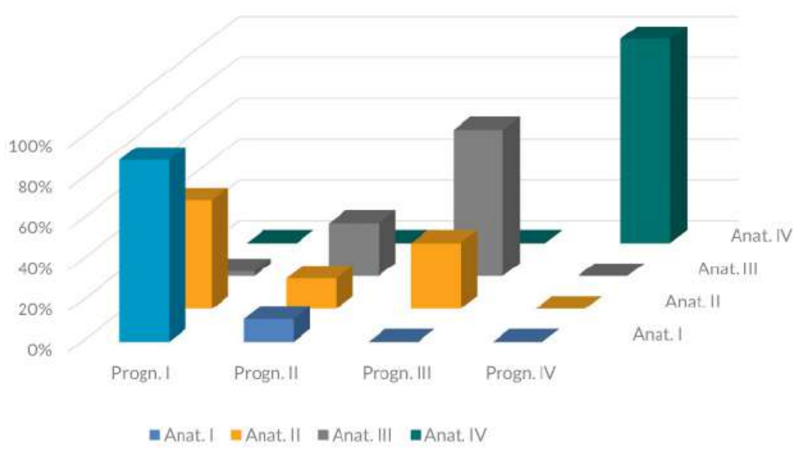
ICD-10 differentiates between malignant (C00-C97) and benign (D10-D36) neoplasms, and benign neoplasms are not considered as cancers. However, there are benign tumours of the brain that are life-threatening. They do not invade other tissue, but they grow and will increase pressure on the brain as the skull does not give additional

Snapshot of ICD-11 cancer classification

Neoplasms[1]

- Neoplasms of brain or central nervous system
- Neoplasms of haematopoietic or lymphoid tissues
- Malignant neoplasms, except of lymphoid, haematopoietic, central nervous system or related tissues
- In situ neoplasms, except of except of lymphoid, haematopoietic, central nervous system or related tissues
- Benign neoplasms, except of lymphoid, haematopoietic, central nervous system or related
- Neoplasms of uncertain behaviour, except of lymphoid, haematopoietic, central nervous system or related
- Neoplasms of unknown behaviour, except of lymphoid, haematopoietic, central nervous system or related
- Inherited cancer-predisposing syndromes

Graphic 1 – Distribution of Anatomic Breast Cancer Stages on Prognostic Stages According to AJCC 8th edition



Source: Gen Re calculation based on SEER data

space for the extra cells. ICD-11 does still differentiate between benign and malignant neoplasms for most types, but not for the brain and some other areas.

Policies that also cover benign brain tumours - and sometimes the less common benign spinal tumours - are not significantly impacted by the ICD revision, but this is different for more basic plans. While some brain tumours have always been classified as malignant, a significant number have not. And policies not covering a benign brain tumour also lack exclusions for less severe conditions of the brain e.g., brain cysts, a common and often incidental finding.

In CI markets with tiered benefits differentiate the benefit amount by severity, e.g., by TNM classification, which defines four cancer stages (and sub-stages) depending on Tumour size, affected Lymph Nodes and distant Metastases (see UICC, AJCC). With increasing understanding of tumour genetics, this classification may be replaced or at least supplemented by the genetic profile of the cancer.

Breast cancer classification is most advanced in this sense, and the AJCC cancer classification uses both a staging purely on TNM, called anatomic staging, and a so-called prognostic staging including new markers, such as the existence of oestrogen receptors on cancer cells to describe the disease. Based on US cancer registry data, we analysed how strongly this can whirl the current classification, as is shown in the following chart. For anatomic stage II cancers, most will be staged differently when using the genetic information as well.

A worst-case scenario for an insurer with a tiered benefit structure would be to pay for the higher of the old and the new classification. This is not a necessary outcome, but insurers need to be aware of the risk and think about strategies to cope with changing cancer definitions.

This may be a combination of risk-mitigation measures, such as limited durations, carefully worded definitions, policy terms and conditions and others. Talk to us to find out more.

ENDNOTE

1. https://icd.who.int/browse11/l-m/en

Tags: cancer, ci 101, dread disease, insurance claims, medical underwriting issues, underwriting

Getting to grips with cancer and your healthcare finances

Martin Rimmer, CEO of Sirago Underwriting Managers

The many cancer awareness days and months throughout the year are a reminder of just how prevalent this insidious disease has become in our modern lifestyles. There is hardly a family that has been untouched by a cancer diagnosis of a loved one or close friend during their lifetime.

There are over 200 different types of cancers affecting one in four South Africans and there is absolutely no discrimination across age, gender or social class when it comes to who is affected. Every year, over 100 000 South Africans will hear the words 'you have cancer', and six out of ten will survive their diagnosis, according to CANSA.

Protecting yourself against the impact of a health crisis is all about taking preventative action. Living as healthy a lifestyle as possible will lower your risks for cancer, while going for regular annual check-ups lead to early detection and treatment which has a far better prognosis than a cancer that is only detected at an advanced stage. It's also about sound financial planning to ensure that should you ever face a health crisis, you'll be able to focus all your energy on your treatment and recovery, and not have to worry about managing the potential financial hang-over that comes with a cancer diagnosis and treatment.

SURVIVING THE FINANCIAL CHALLENGES

Managing the physically and emotionally demanding treatment regimen and returning to health should be your top priority. Yet studies show that almost a third of cancer survivors experience financial burdens and significant out-of-pocket costs and shortfalls associated with cancer treatment in their healthcare funding strategies. Another significant factor is that many people are having to downgrade their medical scheme options during these

tough economic times, which means a commensurate reduction in benefits, including possible reduced cover for cancer treatment.

Earlier detection and treatment mean that the prognosis for surviving cancer is now better than ever. However, the cost of funding the treatment can be a major debilitating factor, even if you are a member of a registered medical scheme. While medical schemes typically cover the cost of certain cancer treatments as a Prescribed Minimum Benefits (PMB's), depending on what option you are on, your costs of treatment might not be covered in full and you could face onerous out of pocket expenses, co-payments and shortfalls.

Certain medical schemes might also only fund certain treatments partially like biologicals, if at all. If it's a matter of life and death and you need these treatments, some medical schemes will allow you to upgrade your option immediately, but in the instances where you are not able to upgrade and your medical scheme options does not allow for the appropriate cover, you could be forced to sacrifice your life savings or future financial security to gain access to these treatments.

COSTS ARE INCURRED EVEN BEFORE DIAGNOSIS

What many people don't consider is that diagnosing suspected cancer may involve expensive diagnostic tests and procedures such as PET scans, MRIs, biopsy and blood tests which medical schemes may impose co-payments or sub-limits on, costing you thousands of unbudgeted rand upfront.

Comprehensive gap options provides an 'Initial Cancer Diagnosis' benefit that pays you a lump sum of cash upon the initial diagnosis of malignant cancer which can immediately go towards recouping some or all of your upfront costs on the charges related to the cancer diagnosis.

"Medical scheme options typically fund cancer treatment in one of two ways – either up to a certain annual limit or up to a certain Rand value for the entire treatment."

Medical scheme options typically fund cancer treatment in one of two ways – either up to a certain annual limit or up to a certain Rand value for the entire treatment. Once these limits are reached, large co-payments of up to 20% are incurred on any further treatment. Gap cover provides additional cancer benefits which cater for these Cancer Co-payments once your medical scheme cancer benefit has been reached and treatment co-payments are applied, including those related to biological drugs. Depending on your gap cover option, these co-payment benefits are limited to the available Overall Annual Limit available on your option.

In some instances, when the medical scheme has a rand amount limit for their cancer benefits, certain gap options, like Sirago offers, make provision for an annual Hospital Booster benefit, providing for an additional R100 000 (option dependent) per beneficiary, per annum. The trigger for any cancer benefit from your gap cover policy is that the member must belong and participate on the registered treatment plan as determined by their medical scheme.

When it comes to breast cancer, breast reconstruction, if considered, is an important part of the recovery process and some medical schemes now cater for this either through risk benefits or via ex-gratia applications, but with varying limits. A Cancer Breast Reconstruction Benefit (option specific), like the one offered by Sirago, covers the gap portion of this reconstructive surgery up to 300% of the claim and in addition to this, we also make a substantial amount of money (option dependent) available for the reconstruction of the non-affected breast.

A cancer diagnosis has a profound effect on your emotional, physical and mental wellbeing and typically impacts your whole family and close circle of friends. During this time, make sure that your healthcare funding such as medical scheme benefits and gap insurance work hand-in-glove to provide you with access to the best quality healthcare and treatment in order to mitigate as far as possible the need to delve into your monthly disposable income or life savings.

We always advise clients to talk to an accredited financial services advisor, to put together a well-rounded healthcare funding plan to carry them through a possible health crisis, thereby ensuring that their only concern is a return to health when and if it happens.

Your female clients and *their financial destinies*

Shaeera Essop, Strategic Client Engagement Manager at Momentum Corporate

In a recent study of their client base, Momentum Corporate revealed that almost half of the employees on the FundsAtWork Umbrella Funds are women. With an almost 50/50 gender split across the client base, a one-size fits all approach to advice on employee benefits simply won't cut it.

Women deserve unique attention from financial advisers when it comes to building a financial future that is right for them.

When assessing which employee benefits are right for a specific company, it is important to understand the balance of men and women making up the employee base, the unique challenges they face as well as the industries that they work in.

ABILITY TO RETIRE IS A CONCERN

As the current COVID-19 situation has forced many working women to reassess their retirement plans, Essop says the situation is worse than many advisers may think, especially for women.

Out of the female retirement members, 88% are in the danger zone with an average retirement replacement ratio of 21%. This means almost all female members would receive around only 20% of their current salary in retirement.

When we start to look at things like longevity – and that women generally outlive men – the risk of female employees one day outlasting their money is a reality.

The truth is that few women take the necessary actions needed to improve their situation. Momentum Corporate's data shows only 7% of women made additional voluntary contributions to their retirement fund in June 2020.

During the COVID-19 lockdowns, women made up around 40% of employees whose retirement savings contributions were temporarily postponed or their pensionable salaries were reduced by their employers as part of the COVID-19 relief programme. This means that many women have even more reason to play catch up, especially considering so few of them make additional voluntary contributions.

WOMEN ARE UNDERINSURED AND NEED ADVICE ON COVER LEVELS

Even though women earn less, many of them are breadwinners in their households. In these unpredictable times, replacing their income is critical for all professional women, so death, disability and critical illness products are essential.

The data highlights high levels of underinsurance across women in their base, with 78% of females having an average life cover replacement ratio of only 24.16% and in the danger zone. Without life cover from other sources,

> *"the top five causes of female disability include cancer (22%), neurological (14%), psychiatric (14%), medical issues (11%), and acute musculoskeletal (8%)."*

the families of these breadwinners are likely to face serious financial challenges should they pass away.

At Momentum Corporate, the top five causes of female disability include cancer (22%), neurological (14%), psychiatric (14%), medical issues (11%), and acute musculoskeletal (8%). It is interesting to note that women claim disability twice as much as men for cancer-related claims and are three times more likely than men to suffer psychiatric conditions such as depression, yet they remain vastly underinsured.

There is a role for advisers to play here in order to close this cover gap. With the right adviser by their side, women stand a much better chance at falling on the right side of these statistics.

AGE IS MORE THAN JUST A NUMBER

Momentum Corporate's numbers show that Millennials make up over half of all women on their funds. Millennials, or Generation Y, is defined as anyone born between 1980 and 1996, which is arguably the largest chunk of working professionals in any market.

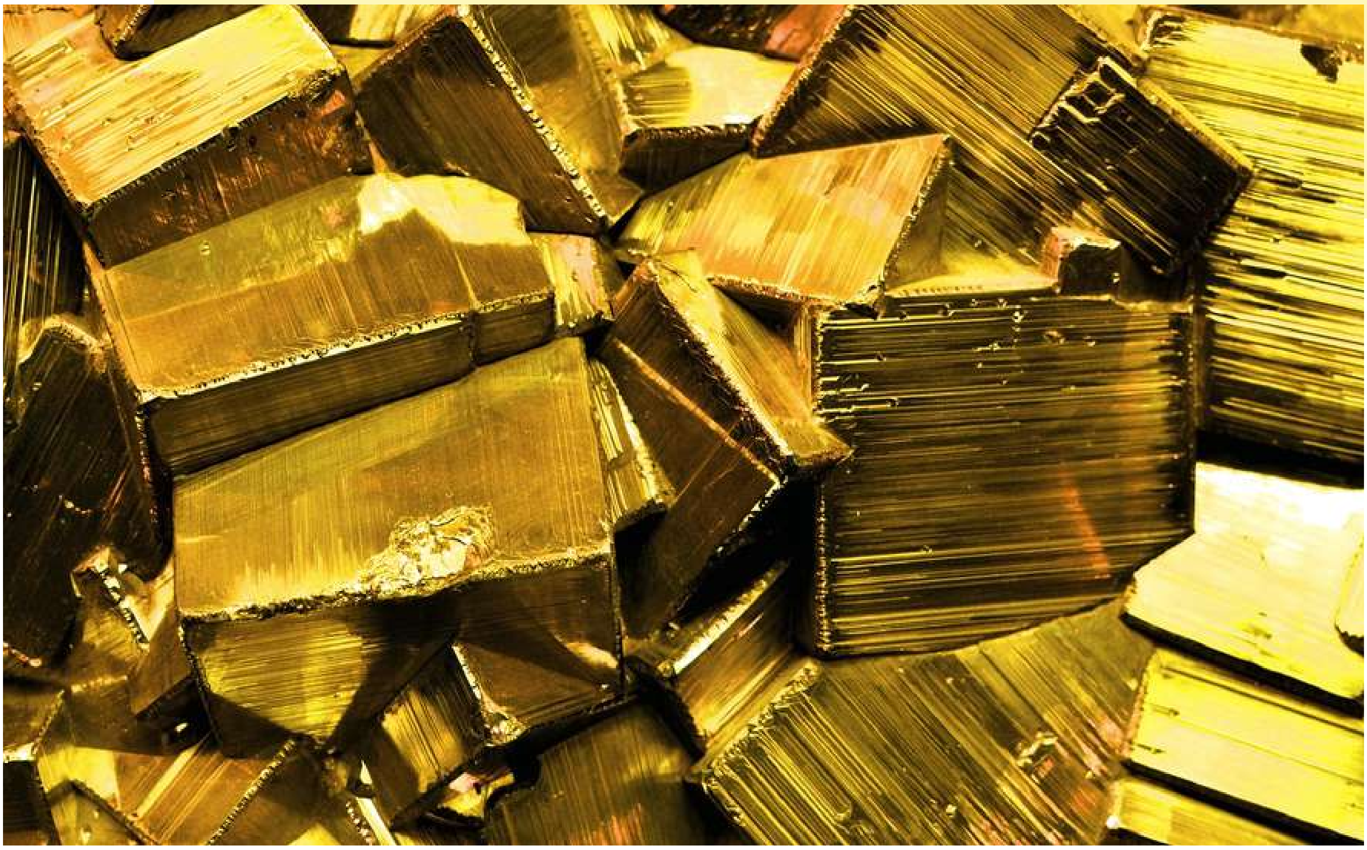
Millennials, and female millennials specifically, may have different views on employee benefits to other generations. In addition to this – they have more time to save and – generally speaking – would have youth and health on their side so this needs to be factored into investment choices, medical aid options and rewards programmes for female employees.

THE POWER OF STATISTICAL ANALYSIS IS KEY – ESPECIALLY WHEN COST CUTTING

While the pressures on employers to cut costs will likely only increase as the knock-on effects of an extended lockdown start to unfold, it's crucial that every effort is made to keep cover in place to protect both female and male employees on their journey's to success.

Working with an insurer that uses data driven insights to adapt cover levels for different types of businesses, industries and member bases is key to getting value in terms of the right cover in the right places.

Understanding how their group benefits fit into their broader financial plan – and making the most of them – is critical for women. As an adviser, you have the ability to ensure that women take the right steps to secure their financial futures.



Investing in commodities

Chantal Marx, Head of Research and Nicholas Riemer, Head of Investment Education at FNB Wealth and Investments

During recent market volatility, investors showed interest in gold as an investment. Gold prices tend to go up during periods of uncertainty and then subside during periods of stability. Gold is also priced in dollars, which means that it provides protection against a depreciating rand exchange rate.

Oil also received quite a bit of attention as a potential investment after falling to near two-decade lows in the first quarter. Oil prices are linked to economic activity and are also a function of the supply of oil – the prospect of weak economic growth and continued high levels of supply resulted in unsustainably low oil prices at the time.

Gold and oil form part of a wider set of investable commodities. Different commodities have different underlying drivers and understanding these drivers will offer investors the clarity required to successfully invest in this space –be it directly or indirectly.

WHAT ARE COMMODITIES?

A commodity is a basic good used in commerce that is interchangeable with other goods of the same type. Commodities are used as a key ingredient in the production of other goods and services or, in the case of gold, as a store of value. The quality of the commodity can differ slightly; however, it is essentially uniform across producers resulting in a standard value.

> *"Gold and oil form part of a wider set of investable commodities"*

Commodities are broken down into two categories: hard and soft. Hard commodities require drilling activities, such as mining. These include gold, copper, platinum group metals (PGMs) and oil to name a few. Soft commodities refer to raw materials that do not require drilling and are grown or farmed. Some examples include wheat, maize and coffee beans.

WHAT CAUSES COMMODITY PRICE CHANGES?

Supply and demand trends of the commodity causes prices to change. When there is an oversupply relative to demand, prices will decrease. This is what was seen in the oil market recently. A shortage of a commodity or high demand will push the price up. This can happen on account of a drought reducing the supply of soft commodities and buyers increasing demand on fears of losing production inputs. The basic concept when trying to understand commodity prices fundamentally is to evaluate global trends.

WHAT PRODUCTS ARE IN HIGH DEMAND OR SHORT SUPPLY AND HOW IS THIS EXPECTED TO CHANGE?

The simple commodity formula when evaluating trends:

- Expected Supply > Expected Demand = Price Decrease
- Expected Demand > Expected Supply = Price Increase

MEGATRENDS AND COMMODITY DEMAND

Understanding global trends is key when looking to invest in commodities. Megatrends are powerful, transformative forces that can change the trajectory of the global economy by shifting the priorities of societies, driving innovation and redefining business models. Identifying the potential for structural change and investing in expected transformations early can be a key driver of successful commodity investing.

Megatrends are long-term structural forces that evolve over time. In 2016, the “emerging global wealth” megatrend primarily focused on China’s rise. But since then, it has broadened to incorporate the emerging middle class in India, southeast Asia, and other developing economies. “Rapid urbanisation” has similarly incorporated the advent of smart cities and on-demand business models along with the infrastructure needed to support emerging megacities.

EXAMPLE: URBANISATION AS A MEGATREND

Cities have been hubs for talent and job opportunities. In the past decade there has been a huge increase in city developments in emerging economies requiring significant infrastructure. As cities develop, they require telecommunication networks. This requires twisted copper wire as copper is generally the most common mode of transmission used today.

Emerging cities account for a significant percentage of a country’s population as jobs and opportunities attract citizens. Transportation needs to evolve, which means increased demand for cars, trains, and buses as well as fuel. Raw inputs into the production of cars include platinum, steel, rubber and aluminium. Higher fuel usage pushes up demand for oil while a shift to electric-powered vehicles means batteries that utilise lithium and cobalt in the production process will be in high demand.

When analysing megatrends, investors need to link the demand to raw products that are required in the manufacturing process. If there is an increased demand in electric vehicles, this might mean a decrease in demand for oil and PGMs (used in catalytic converters) and an increase in demand for cobalt and lithium.

Looking at long-term investment opportunities in the commodity market means fundamentally understanding the evolving megatrends within the global economy. It is also important to take note of short-term factors such as supply disruptions or supply gluts, or sudden declines in demand when considering an investment in commodities.

INVESTING IN COMMODITIES

There are several ways for long-term investors to gain exposure to commodities:

1. Investing directly in the commodity: Investors have the option of purchasing and storing the physical commodity itself. This requires identifying a seller of the commodity, storing and insuring the physical raw material as well as then locating a buyer. Acquirers of the actual raw commodity are more often manufacturers looking to secure supply chain, as investors do not want the burden of buying, collecting, storing and selling the goods. Precious metals are bought and sold in their raw form such as Krugerrands; however, receiving and storing barrels of oil might not be as practical for an investor. Fortunately for long-term investors there are alternative ways of gaining exposure.

2. Commodity exchange-traded funds: A commodity ETF allows investors to gain exposure to commodities through an exchange-traded fund invested in physical commodities. JSE-listed commodity ETFs include platinum, palladium and rhodium ETFs, which track the price of these PGMs in ZAR terms. Other JSE-listed commodity ETFs include gold ETFs (NewGold or FirstRand Krugerrand Custodial Certificates).

3. Commodity exchange-traded notes: A commodity ETN allows investors to gain exposure to commodity prices through a structure that invests in derivative contracts. It is quite complicated but, most of the time, these notes will track the underlying price of the commodity quite closely. In addition to some of the commodities tracked by ETF providers, JSE-listed commodity ETNs include trackers of oil and silver ETNs along with soft commodity ETNs tracking corn or wheat.

4. Buying commodity company shares: The last option allows investors to gain exposure to the commodity market by purchasing shares in a company that produces the raw material. Mining companies such as Anglo American Platinum or AngloGold Ashanti mines for precious metals while Anglo American and BHP are exposed to a variety of commodities. Anglo American’s main commodities mined are copper, platinum, iron ore and diamonds. BHP has substantial exposure to iron ore, oil, copper and coal. A key consideration is that company share performance will not be based solely on commodity price changes. There will be internal performance measures that must be considered such as the management team, producer country currency changes, and regulatory and political factors.

Of course, there are also many companies that are indirectly impacted by commodity price changes –for example retailers tend to do well when oil prices are low because lower fuel prices place more cash in consumers’ pockets.

The reach is endless but as you move along the supply chain, the impact of major trend changes will be diluted.

Some bright spots in a tough economic environment

The rand shed 19% against the dollar in the first half of the year, which is bad news for things like the price of imports and overseas travel, but it does make South Africa more competitive globally, supporting local exporters.

Pointing also to the massive global stimulus, **10X Investments CEO Steven Nathan** said: "It is important to see that, even in this tough economic environment, it is not all bad news."

"Governments around the world are pouring a lot of money into their economies to stimulate growth, which could be positive for commodity and resource prices, where South Africa would be a beneficiary."

Noting that the rand had sold off significantly over the last 6 months reflecting a bleak macro-economic outlook, Nathan said the currency's poor performance was in line with other Emerging Markets. Brazil was down 26%, Mexico down 18%, Argentina down 15%, and Turkey and Russia down 13% in the year to June 30.

"This is not exclusively a South African story," he said. "Despite all the challenges in South Africa, a lot of what happens in South African financial markets is determined by the global sentiment towards Emerging Markets.

At times of crisis, uncertainty and poor economic growth, investors tend to flee Emerging Markets."

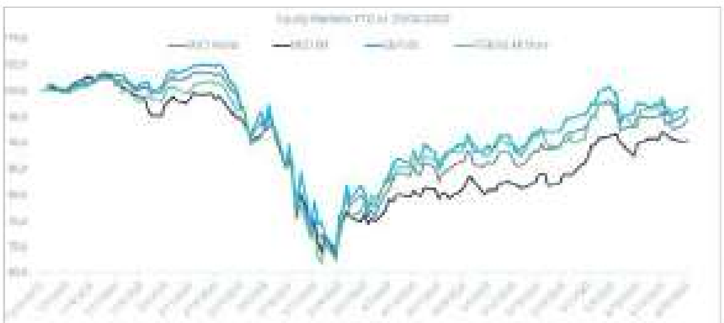
Nathan said that despite the rand selling off significantly the rand price of oil had fallen through April and May, putting downward pressure on the petrol price, thereby providing some relief.

He also pointed to the soft inflationary environment, with May CPI coming in at 2.1%. "This has provided scope for the South African Reserve Bank to aggressively cut the Repo Rate by a cumulative 3% to 3.5%, its lowest level in almost 50 years," he said.

He said the lower interest rate, coupled with lower inflation, softens the economic blows of the lockdown, and is a windfall for those who have not been impacted.

Nathan, who is also the founder of the disruptive asset manager, was updating clients on the 10X portfolios performance for the year to June 30.

Equity Markets YTD to 30/06/2020



Source: 10X Investments; Refinitiv Datastream, Total Returns

Watch the highlights of the mid-year review: https://10xinvestments.wistia.com/medias/b3c1tiidqi

"In March, markets around the world fell by 30%. It didn't matter whether you were in the US market or in South Africa, markets fell by about 30%, sometimes a little bit more," he said, adding that most of those markets had recovered by the end of June: "The JSE is down about 3%. In dollar terms, the US is down 2%, Developed Markets overall are down about 5% and Emerging Markets are down about 10%."

Nathan – who in South Africa is at the vanguard of asset managers who eschew stock-picking in favour of tracking an index – added that portfolio performance in the first half of 2020 had laid bare active fund managers' claims that they would be able to protect investors in times of market volatility.

"When the markets fell substantially in March, active fund managers had the opportunity to live up their promise of being able to see when markets were crashing and protect their clients," he said. "But that didn't happen."

The average High Equity portfolio of large active managers* fell by 11.5% in March; 10X High Equity fell by 9.7%. And then, in April when the markets rebounded sharply, the average large manager's portfolio rose by 9.9%, and the 10X High Equity portfolio rose by 11%.

"We did relatively better on the way down and on the way up, even before taking into account our lower fees," said Nathan.

Asterisk-free note:

**According to the Alexander Forbes Global Manager Watch Survey, Best Investment View Category*

Watch the full video presentation of the mid-year review: https://10xinvestments.wistia.com/medias/dnz0s9ue73

Navigating offshore opportunities

David Crosoer, Chief Investment Officer at PPS Investments

South African specific risk has highlighted the importance of diversification. At the same time, COVID-19 has opened opportunities for businesses, many of which might not be accessed by companies domiciled in SA.

So, how does one navigate the offshore environment, and ensure that a portfolio makes sense from a diversification perspective? When we look at foreign markets from the SA investor's perspective, the biggest risk to diversify is that the local economy will continue to underperform, and that global growth may disappoint.

Our thinking is not that SA is doomed to fail (there are signs that we may be turning a corner) but rather that our offshore holdings don't have to perform great if South Africa surprises on the upside, as in this scenario investors' SA assets will do well anyway.

Instead, we want our foreign assets to do particularly well in an environment that remains very challenging for SA. Of course, we want our foreign assets to do well too if South Africa performs adequately, but this is not necessarily the most important scenario investors should be concerned about when they put money offshore.

The PPS Global Equity Fund gives investors exposure to the New Perspective strategy of the partnership manager, *"The Capital Group itself was founded in the 1930s and has unrivalled institutional memory including how to manage money through the Great Depression, the Second World War, the 1970s stagflation and more recently the technology bubble of the late 1990s, the Global Financial Crisis of 2008, and the COVID-19 pandemic of 2020."*

Capital Group, which is one of the most successful global investment firms. The PPS Global Equity Fund (in US$) and PPS Global Equity Feeder Fund (in ZAR) gives SA investors exposure to one of their flagship investment strategies.

The Capital Group itself was founded in the 1930s and has unrivalled institutional memory including how to manage money through the Great Depression, the Second World War, the 1970s stagflation and more recently the technology bubble of the late 1990s, the Global Financial Crisis of 2008, and the COVID-19 pandemic of 2020.

Through this the Capital Group has built an enduring capability in identifying, nurturing and deploying portfolio managers to build on their success, and the New Perspective strategy has been successfully managed since the early 1970s. As a multi-manager that assesses managers all the time, we can see what a competitive advantage the Capital Group has, and how difficult it is for other firms to consistently replicate their success.

One of the big themes that the COVID-19 pandemic has accentuated is how it has exposed companies (and countries) with vulnerable business models. In our view, SA remains exposed, and although we all hope our country will surprise on the upside, an investment strategy that focuses on companies best poised to benefit from the current environment, rather than companies that look inexpensive, makes sense. In making this statement, we are well aware that 'bombed out' value strategies are likely to perform exceptionally well should the world turn out better than expected.

Fortunately, the Capital Group in the New Perspective strategy combines the insights of several portfolio managers who themselves are given a clean-slate to construct their best ideas. This means the PPS Global Equity Fund will never be beholden to one single idea or style, but rather than it can adapt as portfolio managers are challenged in their thinking, and new ideas come into their funds. This ability to successfully take advantage of different opportunities over a very long period accounts for the incredible consistency the strategy has delivered over time.

The PPS Global Equity Fund and PPS Global Equity Feeder Fund are aimed at making it easier for our investors to access offshore opportunities. The current environment is highly uncertain, but there may well be a place for the allocation to such a fund in one's portfolio.

DISCLAIMER

The realities of rental income as part of your retirement income

Richus Nel, Financial Adviser, PSG Wealth

The COVID-19 financial market experience has unsettled even those most experienced in financial market investing. Records were set for all the wrong reasons; the S&P500 this time only took 16 days to fall into a bear market compared to 38 days in 1987 (including the infamous 'Black Monday') and 118 days for the Great Financial Crisis in 2008.

Various property syndications and physical investment property conversations re-emerged as all confidence has been shaken in the global and local financial markets. The marketing message driven home to potential investors, is that physical brick and mortar is somehow relatively immune to economic/financial market cycles. While investing in physical property perhaps provides a sense of comfort or security to investors, there are various aspects that are discussed less often than the "success stories" that are more often bandied about.

THE REALITY OF OWNING PHYSICAL PROPERTY

Mortgaged investment property makes a lot of sense. You receive capital growth and income on assets you would not otherwise have owned. Landlords often don't share their horrid investment property stories with their friends, but they surely open up towards their financial advisers. Gardens and swimming pools neglected by tenants, to garage door issues, kitchen and bathroom maintenance, carpet and geyser replacements, leaking roofs, chimneys and sinking foundations, are just some of the stories I have heard. Anyone knowing their numbers can see that these unforeseen extras quickly dilute any form of investment profitability. South African landlords are mostly unprotected against non-payment, legal disputes, verbal abuse and (in extreme cases) personal safety concerns.

MARKET PRICES OR VALUE

RESIDENTIAL

According to the FNB Commercial Property Finance Team's Property Insights (May 2020) we should expect an economic shock worse or equal to that of the Great Financial Crisis (GFC) 2008-2009. The percentage of tenants paying on time dropped to an unbearable 54% by the end of 2008. According to the FNB report, it took 3.5 years to recover tenants in "good standing" (paying on time) to pre-GFC levels.

COMMERCIAL

Perhaps you think commercial property is different. The market prices of commercial property (selling prices and rentals) generally don't initially adjust in line with the required "price equilibrium" (set by market supply and demand). However, the properties remain vacant for longer, and this too is obviously a devastating outcome for investment properties. Being forced to sell vacant commercial property during times of crisis mostly requires owners to severely drop prices to find a willing buyer.

"I HAVE GOOD TENANTS"

Many landlords argue that they "have been lucky with good tenants". Everyone is (and feels) lucky, until their luck runs out. It would be rational to acknowledge that good tenants can also get retrenched and run out of financial options.

Unfortunately, there seems to be a remarkably close correlation between economic cycles and the buying/rental prices for physical property. This means that the risks in receiving your rental income, would peak during the same time when financial markets struggle to produce capital growth or receive dividend income. Diversifying financial market investment with physical property is therefore not a sound retirement diversification strategy.

THE FUNDAMENTALS OF A SOUND INVESTMENT STRATEGY

Liquidity is one of the most underappreciated considerations in making investment decisions. Liquidity mostly only gets attention once it has dried up and assets cannot be sold. Physical property can experience profoundly serious liquidity challenges during times of crisis, both from a resale and rental income point of view.

Diversification during good times can be seen as diluting great returns from star performing assets. This feels true until the day most of your wealth is nested in a Steinhoff, EOH or Tongaat Hulett. Due to the value size of physical property, this asset class makes it quite difficult for the average investor to achieve effective diversification. Investment property is a business and with hundreds of examples of businesses that fail during crises, one needs to question if it really makes sense that your retirement plan rests on a handful of illiquid property assets or unpredictable income streams, even though these can be profitable.

Holding costs and taxes have, over recent years, dramatically increased for South Africans and global property-owners. Governments are capitalising on the dependable taxes levied on physical property, while labour fees have sky-rocketed. I recently paid R800 for an electrician (call-out plus half an hour's time, no stock used). Landowners constantly find themselves being squeezed between rising ownership costs and stagnant national inflation-adjusted rental increases. The reduction in interest rates was a welcome interim relief and they should be taken full advantage of, as low interest rates will not be with us forever.

momentum
corporate

"Prosperity is not without many fears and disasters; and adversity is not without comforts and hopes."

Francis Bacon, 16th-century philosopher and pioneer of modern scientific thought

With you in these tough times.

WHAT SHOULD YOU DO?

It is extraordinary how quickly the pros can change into cons in the property arena, during times of crisis. My advice is to diversify debt-free investment property timeously into a financial market investment, considering the appropriate asset classes (mostly a combination) that have the best chance of providing for your income requirements, in line with your risk appetite and time horizon.

Your retirement income and cash flow cannot solely rest on tenants paying on time.

The intermediary voice of reason

COVID-19 is entrenching long-term shifts in consumers' attitudes, behaviours and purchasing habits, shows Accenture's Consumer Behaviour Research Report. Clients' evolving needs and expectations mean intermediaries should adopt an even more client-centric, empathetic approach. Now's the time to understand what clients really want from their financial planners. And if intermediaries don't know, they should ask.

Jacques Coetzer, General Manager: Strategy and Transformation at SPF Distribution, says intermediaries can play an essential role by offering an objective voice of reason to South Africans facing a myriad of financial challenges in the current climate. In times of uncertainty, people may panic and make rash – and potentially, regrettable – financial decisions about their savings and investment portfolios and how they respond to challenges pertaining to potential losses.

Theesan Moodley, General Manager: Intermediaries at SPF Distribution, adds clients might also consider cancelling "grudge purchases" like life cover in times of financial and economic stress and this may have dire consequences. For example, an individual's health may deteriorate unexpectedly, and render him unable to qualify for a new policy later. Moodley notes, "The intermediary should proactively reach out to clients to reinforce the relationship through this difficult period. It's critically important that the client and adviser stay close together."

Coetzer adds, "In times of economic downturn or difficulty, the same basic principles apply. The intermediary must be the voice of reason to help ensure a client doesn't act on incomplete or false information or a limited understanding of information."

SHIFTING CLIENT PRIORITIES AND EXPECTATIONS

Moodley and Coetzer believe that COVID-19 has altered how clients view their finances in the following ways:

1. Finances, front and centre: Changed circumstances may mean clients are more aware of money matters than ever before. There may be increased interest in understanding how investments and policies work together, for example. Intermediaries have a critical role to help clients reprioritise their financial portfolios and goals.

"intermediaries can play an essential role by offering an objective voice of reason to South Africans"

2. More technical questions: The need for a better understanding of money matters, coupled with information saturation and fake news, may mean clients spend more time trying to understand their finances and asking deep questions. They'll expect intermediaries to have up-to-date, credible information on-hand at all times.

3. A shift in values: The pandemic is making many people question not just their finances, but what they value most in life. The prospect of one's mortality can force a reassessment. Intermediaries can be part of this journey by providing an empathetic, supportive ear. People are seeking holistic advice that addresses their fears. Importantly, intermediaries need to ask whether their understanding of the assumptions they've made about clients are still valid. Now is the time to ask clients how they perceive the world and their place in it; what they really care about, now and in the long-term.

4. The whole experience is what matters: Intermediaries need to be fully operative and flexible enough to accommodate what is currently at play. This includes offering an omnichannel approach that is optimally convenient to the client. For example, offering a self-service section on a site, communicating digitally and introducing digital tools.

5. Focus on existing relationships: Intermediaries need to be as focused on retaining and building existing relationships as they are on seeking new business. Make it a priority to proactively reach out and reassure clients.

The success with which intermediaries are the 'voice of reason' for clients during this time, will depend on the extent to which clients trust them to fulfil this role. "Clients want something different from intermediaries right now.

They want someone who is even more supportive, empathetic and understanding than usual; to address their fears and concerns," concludes Coetzer. "If you're not sure what your clients want and need right now, ask them."

https://www.accenture.com/us-en/insights/consumer-goods-services/coronavirus-consumer-behavior-research

Is retail investor surge cause for caution?

Johanna Kyrklund Chief Investment Officer and Global Head of Multi-Asset Investment at Schroders

It's an old investment cliché that when your taxi driver starts giving you share tips, it's time to sell.

As someone who has been on the receiving end of cabbie investment advice during both the dotcom and – more recently - bitcoin bubble, I can attest to there being an element of truth to the old adage.

Perhaps the Covid-19 lockdown equivalent is when I read some of the comments below articles on news websites, and often see people saying that maybe they should buy Amazon shares given the number of deliveries everyone is getting.

Amazon – and indeed the other FAANGs (Facebook, Apple, Netflix and Google) – have led the sharp market recovery since the Covid-19 collapse, taking their valuations back to elevated levels. Amazon's share price rose 52% since 23 March to 4 June, during which time the S&P 500 index of shares has gained 42%.

Retail investors may have played no small part in this almighty market rebound. Online brokers saw a huge increase in new client accounts in March as retail investors saw an opportunity to invest in household names whose share prices had been pummelled. Retail trading activity on the main platforms has quadrupled. Robinhood, the stock trading app apparently favoured by millennials, saw a staggering 3 million new accounts opened in the first quarter.

The so-called "accidental saver" effect may be playing a part in this. Research has shown that many employed people in Covid-19 lockdown have found their disposable income increase significantly, as the costs of commuting, holidays, eating out and socialising have all but disappeared. As a result, many of these people have been saving - and investing – more of their spare cash.

It wasn't just the household names like Facebook, Amazon and Netflix that retail investors were buying either. Many were taking a deep value approach and snapping up airlines whose very existence had been brought into question as their share prices plummeted.

Retail investors are sometimes disparaged as being unsophisticated - buying high and selling low. But this behaviour appears to dispute that, as they were taking advantage of market falls to pick up shares at a discount to their previous price.

This is why I would not compare this most recent retail activity to the "irrational exuberance" and euphoria we saw during the dotcom bubble. However, I would sound a note of caution.

Economic data is dreadful, and although we may see a short-term bounce in economic data as lockdowns are eased, we remain concerned about the economic outlook for the next 6-12 months.

Until there is a vaccine, subdued economic activity is the only way to contain the virus, and the second order impacts on business and employment are yet to be seen.

Combined with civil unrest in the US, and continued tensions with China, we could see more volatile conditions over the summer for professional and retail investors alike.

With this backdrop, we continue to favour investment grade corporate bonds. Here, we think overall valuations look relatively attractive compared to other asset classes, especially considering the actions of major central banks which we think will provide considerable support for the sector.

Meanwhile, we are still slightly cautious on equities, and have a preference for those areas where growth is less dependent on the economic cycle. We think that many companies may struggle to maintain their profits as a result of Covid-19, and the market will reward those that can weather the shock to demand.

This is likely to accentuate the trend of "quality growth" shares (those investors are willing to pay a premium for on account of their growth prospects) outperforming "value" (those trading at a discount to their true value), at least in the near term.

If that's the case, those new investors in the likes of Amazon will have cause for cheer. But they may also want to keep an eye on those online comments and, lockdown permitting, pay attention when the taxi driver is talking.

Wealth tax: A plaster on an ailing economy

The discussion around a wealth tax is doing the rounds again. Given the state of the South African economy and the shortfall of tax collection, should wealthy South Africans be expected to pay a little more?

South Africa already has a long history of wealth transfer tax in the form of estate duty, donations tax and capital gains tax, but there has never been a tax on the net wealth holdings of individuals.

The idea of implementing a wealth tax is not a new idea, it has been on the table for almost three decades since the Katz Commission addressed it in 1994. The commission, however, recommended against the introduction of wealth tax.

When the Davis Tax Committee was tasked with investigating wealth taxes, it recommended a review of estate duties, and we subsequently saw a higher scale of estate duty implemented for estates larger than R30 million. The duty on these high-net-worth estates was increased to 25%.

Internationally, wealth tax has been utilised in many jurisdictions for decades, and existed in various forms, including inheritance tax, gift tax, recurrent wealth tax and non-recurrent wealth tax. Experience, though, has shown that wealth tax does not always meet its goals and several countries have introduced a wealth tax only to abandon it some years later. With experience under the belt, most countries have rather levied a wealth tax as a crisis measure to generate additional revenue in the face of an economic setback, but the tax usually has a short lifespan.

Currently South Africa is in a state of economic crisis. On top of an existing tough economy, South Africa must now mitigate the effects of lockdown and a global health crisis. This raises the question of whether a new solidarity wealth tax is the answer, and who would have to pay?

It is understood that a solidarity wealth tax would apply to people like our dollar-millionaires and other high-net-worth individuals. However, the exact definition of who falls into this category could be expanded, but it remains unclear at this stage. **Aroop Chatterjee, Research Manager: Wealth Inequality, Southern Centre for Inequality Studies at the University of the Witwatersrand**, proposed the following sliding scale:

- All wealth between R3.6 million and R27 million to be taxed at 3%;
- All wealth between R27 million and R119 million to be taxed at 5%;
- All wealth above R119 million to be taxed at 7%;
- Individuals worth less than R3.6 million would be exempt.

This is a complex structure, and a plan would be needed to ensure that wealth tax is accurately valued. In addition, administrative costs in a system that levies taxes on net wealth holdings can be prohibitive. Then, some forms of wealth are hard to measure, such as intellectual property and shares in unlisted companies, where other forms of wealth are easy to hide or to convert into asset classes that fall outside a defined base.

The reality is that the creation of proper infrastructure to levy a solidarity wealth tax could take years, it would not simply happen with the press of a button.

Given the vulnerability of South Africa's economy, with its low economic growth rates and little indication of any significant improvement in the near future, it would not seem appropriate to introduce a new wealth tax. We believe the measure could damage an already vulnerable economy. Rather than simply looking for new ways to transfer wealth via the tax system, the economy needs more jobs, education and economic growth if it wants to lift people out of poverty and thereby broaden the tax base.

We will only have a definitive answer to the question of a wealth tax in 2021, when Finance Minister, Tito Mboweni, delivers his budget in February. We will however, continue to monitor this situation closely.

Kindly note that this article does not constitute financial advice. All information and opinions provided are of a general nature and are not intended to address the circumstances of any individual.

TECHNOLOGY

P45-50

Digital Innovation in Health Insurance

Michael Settas, MD at Cinagi

Insuretech – the practice of deploying agile, adaptive, cost-effective and pre-emptive digital technologies to insurance businesses – is challenging the way the traditional insurance industry engages with customers and brokers.

It is upending and disrupting traditional insurance sales and service models in a sector that has been long overdue for a good dose of customer-centric innovation.

Agile insuretechs are geared to focus externally on the needs and preferences of customers and brokers, designing their solutions from the end-user's perspective – a major departure from the typical siloed, inside-out approach of traditional insurers that was often the result of maintaining outdated and cumbersome legacy platforms.

In developing our solutions, we spent most of 2019 using this insuretech methodology to better inform our service engagements with customers and brokers, with an overarching view to simplifying and streamlining them. After months of development, we finally launched our new gap cover provider – Cinagi – with all of these aspects designed into our systems and processes.

Yet is more to come but it has been a good start with excellent reviews so far.

Many of our front-end processes are automated such as applying online for cover, query resolution and electronic uploads for claims (typically the biggest pain point for gap cover clients). We also have automated claim adjudicating and premium allocations in our cloud-based back-end system, which drastically reduces the need for slow manual interventions.

Our back-end system is also integrated directly with our banker's systems, so that debit order premium collections flow directly from the policyholder's bank account into our insurer's bank account. This de-risks us and our insurer from relying on 3rd party collection agents.

In terms of our customer engagements we have done away with call centres and replaced it with an omni-channel approach, deploying two modern service platforms: Whatsapp Business and Calendly.

The Whatsapp channel is a menu-driven service platform for both brokers and customers. Basic query items have instant bot-driven responses but if at any stage you wish to speak to a consultant, you can select the relevant menu item and the chat is directed to one of our consultants to take over the service query.

"We have made sure not to lose the human touch"

We have made sure not to lose the human touch – we just decided to keep the human engagement for the more complex or involved service queries. For simple and quick queries, you can get answers to queries or documents downloaded within seconds using the automated menu items.

The Calendly platform on our website is better suited to more complex servicing requirements – you book a telephone appointment with us at a time that is convenient for you. You may know that you will be travelling home between 5pm and 5.30pm and it would then be convenient to receive a call from us.

This approach to servicing not only means that we slot into the time that is convenient for you, but it also means that our service engagement is pre-emptive. When you make the Calendly booking, we ask a few quick questions so that when we call you, we are prepared with the necessary information or answers that you are looking for.

We have also not left the innovation exclusively to the servicing side of the business. Cinagi's gap cover premium structure means that pricing is actuarially more accurate and sustainable.

In contrast to the traditional gap cover market, if you are single or a single parent, you pay a much lower premium on Cinagi than if you are, say, a family of five. Equally so, a lower entry age gives you a better price and so does having a medical scheme with richer cover levels.

These innovative product attributes offer more value to the consumer but to extract the value, we had to develop our systems accordingly. The gap cover market has traditionally avoided these value-adding attributes because of limited system capabilities, so incumbent gap cover insurers are going to need to do some catching up if they are to remain competitive.

It clearly emphasises that our insuretech approach not only gives Cinagi the servicing edge, but also adds more value to the consumer.

Insurance providers that do not embrace an insuretech approach will find themselves falling behind, as they struggle to deliver both service levels and products that are competitive in the market and futureproofed for an increasingly demanding and evolving consumer.

GENASYS

The next step in Insurance Technology evolution.

GENASYSTECH.COM

LONDON, JOHANNESBURG, CAPE TOWN

True historisation: the best way to deal with legacy data in an era of digitisation

Ludwig Dedekind, New Business Sales Executive at T-systems South Africa

The ongoing global pandemic has not only irrevocably changed the way businesses operate but has also forced many organisations to re-evaluate and reorganise their IT readiness for doing business in a post-lockdown world.

The current crisis has accelerated digital transformation for businesses across the globe, and while the initial priority for many CIOs at the start of the nationwide lockdown was to drive digital workforce collaboration and mobile device management, more spending will now be focused on digital transformation initiatives.

Specifically, many CIOs are now increasingly starting to prioritise a shift to public cloud services, as they realise that cloud migration can bring about the convenience and affordability that organisations need to manage their IT infrastructure and the computing needs of their employees.

However, while a move to the cloud should theoretically be easy, the reality is that there are a lot of challenges associated with migrating data. Most enterprises are complex and have multiple legacy systems that cannot or should not be moved to the cloud, yet the data that is stored in these systems needs to remain accessible, in line with operational or audit requirements.

MAJOR HEADACHE

Thus, for many organisations, such legacy systems are becoming a major headache and are purely kept alive for the data that resides in them. While they will no longer be part of the organisation's future estate, they are still very much connected to their operations and cannot simply be unplugged and switched off. Similarly, from a regulatory or risk perspective, many systems are often maintained solely to provide infrequent or sporadic access to data within a legacy database.

The question then becomes what should be done with this old data. Do you migrate it to the cloud? Or do you try and keep the legacy systems running in parallel to your current applications?

Up until now, the solution for many companies has been to move their legacy data to cheap storage in the cloud and hope it can be accessed quickly if and when needed in a few years' time. The major pitfall here is that if database licences are not kept up to date, this data might not be accessible, which could expose the organisation to a variety of legal and regulatory risks. At the same time, maintaining legacy systems in parallel can be costly and cumbersome.

Hence, the typical challenge faced by CIOs when looking at a cloud migration strategy is how to shut down redundant or obsolete business applications, while retaining meaningful access to historical data or corporate memory.

TRUE HISTORISATION

The solution lies in true historisation. This Involves migrating all relevant data from a legacy application to a cloud-based system, a read-only platform, where the original business logic is mimicked to provide familiar navigation for reporting or data extraction.

With the help of modern technology platforms, companies can make use of a secure end-to-end service that is tailored to the complex requirements of large and evolved system landscapes. If carried out correctly, historisation will allow all software, hardware and associated resources required to manage the original application to be fully decommissioned.

An organisation's legacy data is then available on a 24/7 basis in the cloud, and access to this now unchangeable data is as intuitive and fast as usual. Authorised users can visualise the data according to various criteria or create evaluations and reports, and when required, the same data can be extracted for analysis. This is especially crucial in an era of data analytics, which gives organisations the ability to make faster, more informed business decisions, by leveraging current and historical data.

True historisation can deliver 60-80%-plus cost savings, freeing up budget for more important digitisation projects. This is now more crucial than ever, as we are entering a period when the focus of many enterprises are shifting to cost efficiency, consolidation of IT estates and an acceleration to digital environments.

Additionally, the mid-term consequence of the pandemic is expected to be an increase in merger and acquisition activity, as financially struggling companies will become takeover targets. All of this will create more and more legacy, and not everything will make the jump to the cloud.

Historisation is the key to successfully managing legacy systems and data in an era of digital transformation.

Insurers will seek to benefit from open banking through partnerships post-COVID-19

Open banking has been transforming the financial sector, allowing for platforms to deliver customized digital products and the COVID-19 pandemic is set to accelerate this.

It can ultimately help consumers better manage their finances and reduce person-to-person interaction, something that insurers are also increasingly seeking to benefit from, as well as gaining access to customer information, according to GlobalData, a leading data and analytics company.

Findings from GlobalData's *2019 UK Insurance Consumer Survey* indicate that only 18.6% of motor insurance customers chose to purchase motor insurance online via a smartphone or tablet. This is in contrast to the 49.3% of consumers who chose to purchase motor insurance via a PC or laptop.

Jazmin Chong, Insurance Analyst at GlobalData, comments: "The increased implementation of open banking and greater understanding of customers' information will lead to an uptake of purchases through apps and mobile devices. This is due to the information exchange that insurers will have access to, allowing them to require less information from customers. It will also enable customers to use apps in a fast and more confident manner, as current app purchases still largely require extensive information that is more comfortable to fill out on a computer."

ByMiles was one of the first insurtechs to implement open banking in January 2020, offering customized motor insurance premiums that only charge consumers for their usage.

Chong continues: "ByMiles sells insurance through both its personal app and website. But due to the unique aspects of its product, the provider needed to adopt open banking in order to understand the financial risks associated with potential new customers, particularly as its pay-as-you-go services could lead to fluctuating monthly premiums. It no longer has to rely on credit scores or extensive background information and can offer customers a much more accessible purchasing journey instead.

"Going forward, more insurers will seek to benefit from open banking through partnerships. The emphasis on saving consumers money, and mobile usage, in a post-pandemic world, where disposable income is down and distribution channels are digitalized, should make open banking thrive. This will lead to a reduction in direct information exchanges between the customer and the insurer, which in turn will make the purchasing journey less complex and more adaptable to mobile app-based systems."

Achieving innovation success

Last time COVER caught up with Guidewire's Chief Evangelist, Laura Drabik, she highlighted three industry trends. This time we asked for her thoughts on the people side of things.

1. What mindsets, qualities, or talents have you found to characterize top innovators that you most admire and how does one cultivate these attributes?
a. Top innovators embrace the challenge and embrace the change.

b. They choose people who think differently even if its uncomfortable for the group.

c. They iterate. They don't need perfection and they don't need to build out the full process. When you iterate you create feedback loops better alignment with your target goals.

2. What metaphor best describes successful insurer innovation leadership styles? Do they change their leadership style based on circumstances?
a. Be the buffalo. Buffalo unlike cows, do something very unnatural. When they see a storm coming, they don't turn and run away, instead they charge right at it. Running as fast as they can into the storm. This counterintuitive act actually shortens the length of time they spend in the storm. Charge at the task at hand. Don't try to avoid it. Be the buffalo!

3. What is the most important thing an innovative leader could or should do regularly to stay effective and fresh in their work?
a. Talk to your customers. They have great ideas. They just don't know how to implement them.

b. Read. Every day I allocate an hour to reading on my industry, on insurtech and interesting periodicals like HBR case studies, Mckinsey, Forbes and Fast Company.

c. Stay connected to thought leaders in your industry. I am connected to senior leaders in our industry that I can reach out to and gather their input.

4. How does the legacy of an insurance company enhance or deter their ability to innovate? Do you have any examples of how insurers have built upon their company's legacy or have had to alter strategy because of their legacy, especially elements that have stifled innovation of late?
- The #1 factor effecting an insurer's ability to innovate is their culture.
- When a culture is one that is tied to the legacy way of thinking or doing business and they aren't open to new ideas, they will be severely limited in their ability to achieve their vision.
- If an insurer doesn't open up their minds to a new (better / efficient) way of doing business they will inevitably rebuild the legacy environment.
- Companies who have successfully innovated with Guidewire create an "innovation culture".

a. They create clarity around the change and communicate it well and often

b. They include team members with diverse talents – business, technology and people from outside the industry. One team with diverse talents.

c. And this leads us to the question of a shortage of skills which will hold back innovation and growth – the need to focus on talent development. Which is why Guidewire supports the IIG educational programmes such as The Insurance Academic Programme.

d. Challenge status quo. Successful companies don't rebuild the old factory. They build a new one. Some go as far as to even create a new brand symbolizing breaking away from the legacy mindset, products and way of doing business.

5. What have been the most surprising insurtech failures?
- **Chatbots losing momentum**. They are still a top theme, but declining in momentum. Conversational AIs need to evolve to help carriers achieve anytime, anywhere service. It's good for the consumer and its good for the carrier. Bots empower the carrier to transition employees from manual redundant activities to ones that require intelligence, empathy and skill. I think insurers weren't using them in the right way which is for low complexity, high-volume transactions e.g. Frequently Asked Questions. Also, AI isn't where it needs to be to make this a solid service approach… yet!

GOVERNANCE

P51-55

How the new POPI act affects intermediaries

Danelle van Heerde, Head of Advice Solutions at Sanlam

Cyber-attacks are on the rise during lockdown, increasing from the norm of 30 000 daily to 310 000 recorded on the 18 March as criminals exploit the unsecured home networks used by millions of office workers who are now operating remotely.

The Protection of Personal Information (POPI) Act aims to mitigate some of the risk with additional disclosures and increased security around access to client data. The POPI Act came into effect on 1 July 2020 giving all companies, including financial service providers and intermediaries, until 30 June 2021 to comply.

Intermediaries must ensure third party vendors have the proper security in place to protect against data breaches and ensure that their client information is stored securely.

The POPI Act supports the trust relationship between client and intermediary by creating a transparent process. Clients give intermediaries access to a host of personal information, so it is imperative that clients trust that their information is safe and that it is only used for the specific purposes disclosed to them.

After meeting with a new client for the first time, intermediaries must ensure they have permission to continue the relationship and to communicate with the client. Clients must also have the option of opting out or unsubscribing from email newsletters or marketing communications.

Processing relates to any activity concerning personal information and includes any operation or set of operations connected to that information. This can be lawfully done if the 8 conditions listed in the Act below are met:

1. ACCOUNTABILITY
Intermediaries must ensure all the provisions of applicable data protection laws are complied with and remain accountable even when third parties are used to process personal information on their behalf.

2. PROCESSING LIMITATION
Data can only be processed lawfully with consent from the client or with legal justification, for example where necessary to conclude a contract or to meet a legal obligation. Only data relevant to the purpose may be processed.

3. PURPOSE SPECIFICATION
The purpose for which data is collected must be specific, explicitly defined and legitimate. Clients must be informed of the purpose for which their personal information is collected.

"The POPI Act came into effect on 1 July 2020 giving all companies, including financial service providers and intermediaries, until 30 June 2021 to comply."

Personal information may not be kept for longer than is necessary than required to achieve the purpose, unless required by law, e.g. to meet the requirements of the FAIS Act.

4. FURTHER PROCESSING LIMITATION
Any further processing of personal information must be compatible with the purpose for which it was collected.

5. INFORMATION QUALITY
Reasonably practical steps must be taken to ensure that the personal information is complete, accurate, not misleading and updated where necessary.

6. OPENNESS
Clients must be aware that the responsible party is collecting their personal information, the purpose of collection and the consequence of not providing information.

7. SECURITY SAFEGUARDS
Reasonable precautions must be taken to secure the integrity and confidentiality of personal information and prevent loss, damage or unlawful access.

8. DATA SUBJECT PARTICIPATION
Clients may ask a responsible party to confirm whether their personal information is held, for detail of the information held and any third parties who may have accessed it and to correct or delete personal information.

If you manage a small business or brokerage, ensuring POPI compliance can be cumbersome. You may benefit from partnering with compliance experts to implement legislation and evaluate whether your third-party vendors are compliant as well.

Until recently, companies did not have a legal obligation to inform their clients when their data had been compromised. Under the new POPI act, companies have a legal obligation to inform their clients when data has been compromised or face a hefty fine of up to R10 million.

Overall, the POPI act has highlighted the importance of securing personal information both for clients and intermediaries. Intermediaries should welcome additional disclosures as an opportunity to further strengthen the trust of their clients.

Life in a remote world: tax enforcement in transfer pricing

Joon Chong, Partner & Karen Miller, Consultant at Webber Wentzel

Joon Chong
Partner

Karen Miller
Consultant

The unusual business conditions of the Covid-19 outbreak will require a more flexible approach from tax authorities when analysing transfer pricing in the 2020 year of assessment.

The Covid-19 outbreak in late 2019 / early 2020 has impacted the way we live daily and has had a devastating impact on the global economy. While countries struggle to revive ailing economies with interest rate cuts and capital injections, tax authorities need to be more flexible when enforcing transfer pricing for affected transactions in the 2020 year of assessment.

Most transfer pricing investigations start off as a desk audit when large amounts of data are collected and analysed by the tax administration. Most of this activity can be performed remotely. With reliable technology, the functional analysis interviews can also be conducted remotely. The main change to transfer pricing enforcement is the flexibility that tax authorities will have to exhibit when applying the arm's length principle.

One of the important comparison issues will be how business operations changed during the various levels of lockdown. Many multinationals have key individuals providing high value-add activities to the supply chain and operational effectiveness of the group. These personnel were dislocated from their normal place of work and had to carry out these substantial business activities remotely.

Many countries have provided guidance on the impact these employees have on tax resident status, employees' tax and permanent establishment issues, but very few have considered the impact on transfer pricing. Tax authorities would need to consider the people affected, the location, duration and importance of the functions they perform and the potential impact the dislocation could have on transfer pricing models. For example, there would be an impact on the intra-group services provided remotely rather than from a central location, and an impact on the development of the group's intangible assets.

The impact of remote working affects individual employees as well as supply chains. Many companies were forced to move aspects of their supply chains to a remote operation, for example when sales and distribution centres functioned remotely.

"One of the greatest challenges arising from the Covid-19 lockdowns has been the impact on the economy and the "new normal".

TAXING THE DIGITAL ECONOMY

The Organisation for Economic Co-operation and Development (OECD) is grappling with taxing the digital economy in its traditional sense (for example, Google or Amazon), and now Covid-19 is likely to see a greater shift towards conducting business activities remotely. The draft guidance from the OECD seeks to assist tax authorities to identify and tax profits arising in locations where a company has a digital footprint but no physical presence. With key changes in business operations to remote activities, this draft OECD guidance could also be relevant to businesses outside the traditional digital economy.

One of the greatest challenges arising from the Covid-19 lockdowns has been the impact on the economy and the "new normal". Tax authorities usually apply the arm's length principle by determining the profits from a transaction which entity XA in Country A entered into with a related party XB in Country B based on the comparability of the terms and conditions which would have existed had XA and XB transacted independently.

To justify a transaction as arm's length, taxpayers compile transfer pricing reports using benchmarked data. Benchmarking identifies internal or external comparable data using the most appropriate transfer pricing method (such as the transaction net margin method) for the relevant years, often with comparability adjustments made to the data. Tax authorities rely on this data to determine whether the company they are auditing has transacted with connected parties at arm's length. The benchmarking data is pivotal in enforcing the arm's length principle.

The challenge with comparability data is the time lag. Invariably, there is a two- to three-year lag before the data is available to be used for the year under review. An analysis supporting 2020 would normally rely on data available for 2016-2018. This data would create significant comparability issues as it would not reflect the impact of the devastating economic downturn or significant changes to business operations in 2020. Whether such data could be suitably adjusted is questionable.

Although the use of multiple-year data could provide a more reasonable comparison, it is still doubtful whether this data would truly reflect the impact of the pandemic and its associated economic recession. An alternative could be to use data from the previous recession years during the global financial crisis in 2007-2008. Although that historical data may provide a comparison for the current economic impact, it would not necessarily reflect changes in business operations as a result of more activities being carried out remotely.

Another alternative is to consider whether comparability adjustments could be made. Tax authorities often rely on these adjustments where there are comparability defects between the benchmark data and the tested party. Economic circumstances relating to the transaction under review are a key comparability factor.

The extent of any comparability adjustments should also consider the nature of the transaction under investigation. For example, a distributor selling a diverse portfolio of goods may be less impacted than a manufacturer that experienced significant operational downtime. The impact of the lockdown would have also been experienced differently depending on the nature of the tested party and the industry. Businesses which were already operating remotely would exhibit less dramatic changes than those which are historically bricks-and-mortar industries. Certain industries may also be more affected than others. In South Africa, the hospitality, airline, liquor and tobacco industries have been decimated, but those providing telecommunication services and online retailers are less affected.

In a benchmarking analysis, it is common to adjust the results of the comparables. However, it may be more accurate to adjust the financial performance of the tested party to "normalise" its profits for 2020. The difficulty of doing this lies in identifying and justifying the items on the income statement which should be adjusted. For example, bad debts or inventory write-offs could be considerable and significantly higher than in previous years. The company's overall costs may also have increased significantly, requiring an adjustment to the normal levels in previous years.

More scientific adjustments or analysis can be undertaken to determine how the drop in sales impacts profitability so as to apply adjustments to the comparable data. A less scientific approach could be for the tax authorities simply to accept a more appropriate point in the range, such as the lower quartile result of the data set to be an arm's length result.

It is clear that tax authorities will have to be open to differing approaches in adjustments to comparable data when investigating and enforcing transfer pricing for transactions undertaken in the 2020 year.

Taxpayers should also ensure that all commercial decisions and changes in business operations which have an impact on the existing transfer pricing model should be clearly documented and justified in anticipation of an audit by the relevant tax authorities.

Fund ordered to stick to its rules and pay withdrawal benefit

Pension Fund Adjudicator (PFA)

The Deputy Pension Funds Adjudicator Advocate Matome Thulare has interpreted a fund's rules differently and has upheld a complaint about non-payment of withdrawal benefit.

The complainant was employed at City of Tshwane Local Municipality (third respondent) from 1 June 2007 until 31 August 2019 and was a member of the Municipal Employees Pension Fund (first respondent).

Following his termination of service with the third respondent, the complainant commenced employment with the City of Mbombela Municipality (COMM) on 1 September 2019 for a limited period of five years without a pension scheme.

The complainant submitted withdrawal forms to the first respondent and had not been paid his benefit nor did he receive a formal response in respect of his withdrawal forms.

The complainant submitted that he personally visited the first respondent's offices in September 2019 and was informed that the first respondent's policy did not allow payment of his withdrawal benefit.

The first respondent submitted that in terms of its rules "a member shall not cease to be a member while he remains in the service of a local authority". It confirmed that the COMM is a participating employer in the first respondent.

The first respondent further submitted that the complainant is not permitted to withdraw from it and that the COMM is obliged to continue paying contributions on behalf of the complainant to the first respondent.

In his determination, Advocate Thulare said the rule that the fund relied on did not refer to the situation that the complainant found himself in i.e. the complainant had left the service of a local authority and had thereafter been employed on a contractual basis for a limited period by another participating employer in the first respondent.

He said if the complainant had been re-employed, he would not be entitled to a withdrawal benefit when he left the service of the third respondent and joined the COMM.

"It is apparent that this is not the case and that the rule cannot be used as justification for not paying the complainant his withdrawal benefit. The rule applies to a member who remains in service of a local authority participating in the fund; not one who has left and been re-employed.

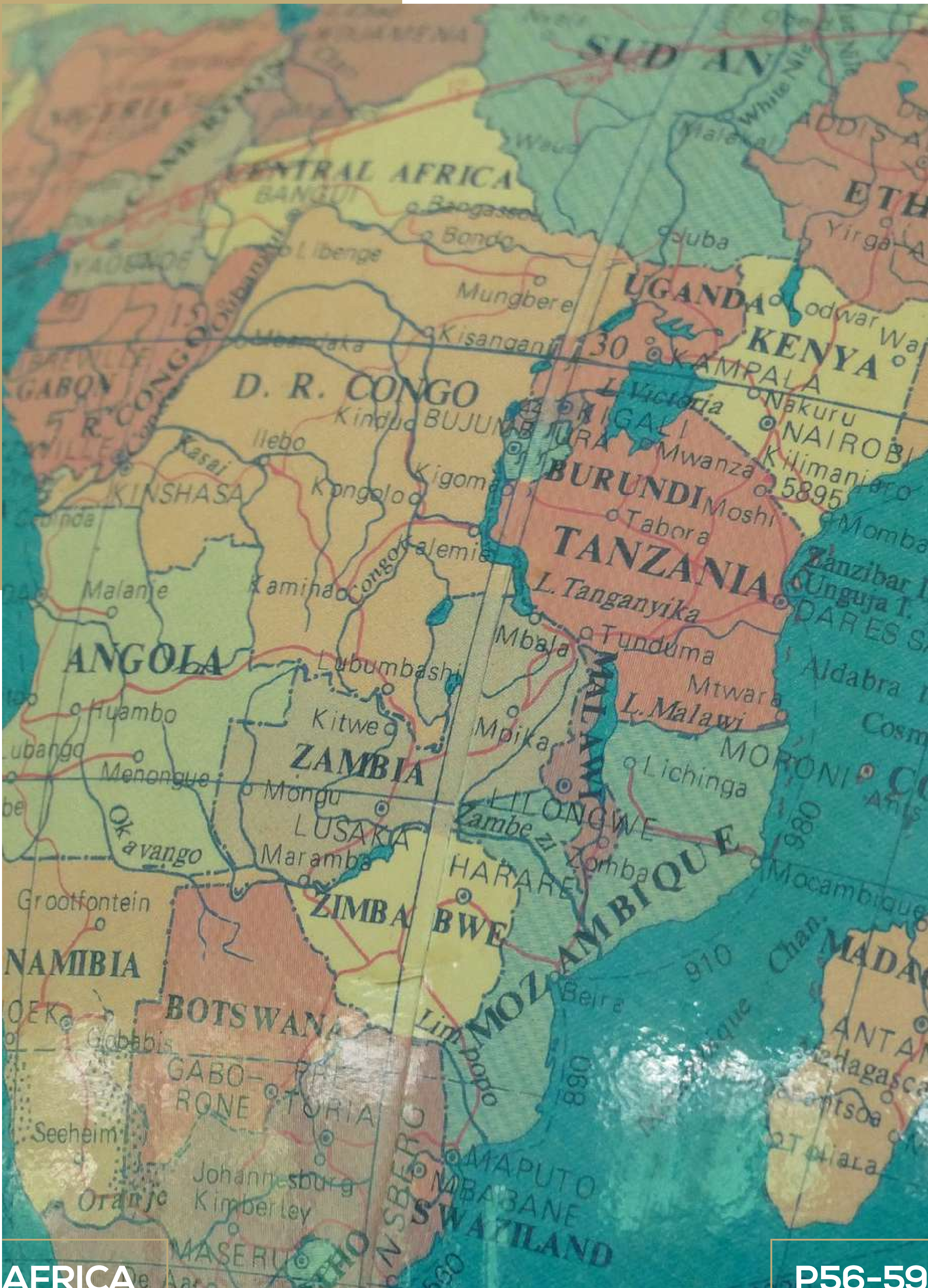
"There does not appear to be any purpose behind not paying withdrawal benefit to a member who has been re-employed by another participating employer on terms and conditions that do not require the member to continue being a contributory member of the first respondent.

"Accordingly, it is held that the rules of the first respondent do not permit the first respondent to not pay the complainant's withdrawal benefit," said Advocate Thulare in ordering that the complainant be paid his withdrawal benefit with interest.

ABOUT THE PENSION FUNDS ADJUDICATOR

The Office of the Pension Funds Adjudicator (OPFA) is a statutory body established to resolve disputes in a procedurally fair, economical and expeditious manner. The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of pension funds. The OPFA is situated in Pretoria, Gauteng.

For general enquiries or to lodge a complaint visit www.pfa.org.za, call 012 346 1738 or email Enquiries@pfa.org.za



AFRICA

P56-59

Africa still a prime investment destination

The webinar noted that the policy recommendations of the African Economic Outlook Supplement could be regarded as important opportunities for investments

ABIDJAN, Ivory Coast, September 14, 2020. Participants at a webinar to present the African Development Bank's (www.AfDB.org) African Economic Outlook Supplement (https://bit.ly/33pjJjy) to Asian audiences on Monday have endorsed the report as critical for post-COVID-19 Africa.

The supplement revises the growth projections and outlook for Africa for 2020 and 2021 and highlights the impact of COVID–19 on Africa's socio-economic landscape. It recommends policy responses to safely reopen economies and accelerate growth recovery.

"Despite the COVID-19 pandemic, investment opportunities still abound in Africa," said **Tetsushi Sonobe, the Dean of the Asian Development Bank Institute (ADBI)**. "Global markets are shifting to South Asia and Africa. In a sense, Africa is not very far for Asian investors who might be interested in the investment opportunities on the continent."

Around 350 participants attended the virtual event, which was co-hosted by the Asia External Representation Office of the African Development Bank. The audience included government officials, representatives from the African diplomatic corps in Asia, development professionals, representatives of civil society, academics and think tanks, students, journalists, and the general public

Sonobe observed that Africa's GDP growth is projected to quickly rebound in 2021 following steady growth before COVID-19.

Sonobe identified some of the potential opportunities highlighted in the African Economic Outlook Supplement: "A large market with a very talented youthful population; a three-trillion-dollar market opportunity through the African Continental Free Trade Area (AfCFTA) agreements; greater manufacturing potential as low-cost manufacturing opportunities continue to move to Africa; improved business environment; and improving macroeconomic governance."

Khaled Sherif, the African Development Bank's Vice President for Regional Development, Integration and Business Delivery said despite the pandemic affecting all African economies, its magnitude will vary considerably from country to country, depending on the economic characteristics and initial conditions of the countries.

"This urges us to avoid the one-size-fits-all solution to address the effects of COVID-19 in Africa. For that, the AEO Supplement notes that the continent will need the support and expertise of all. This is an opportunity to enrich the debate on what appropriate measures are needed to support African countries to recover from the pandemic, drawing particularly from Asian experience," Sherif said.

The webinar noted that the policy recommendations of the **African Economic Outlook Supplement** could be regarded as important opportunities for investments. Participants also observed that although Africa is human-resource-rich, Africa will need to work on closing its infrastructure gap – an issue the African Development Bank has made one of its top priorities.

The African Economic Outlook Supplement underlines the urgency to build the resilience of Africa's healthcare systems and economies to improve countries' preparedness for future shocks. This means that African countries will need to rethink their current development strategies and priorities, which have clearly shown their limitations.

"Policymakers must seize the new and real opportunities for participation in global value chains, particularly with Asia and within Africa and build the infrastructure needed to encourage large-scale teleworking, e-health, and distance learning architectures for a rapid, resilient, and sustainable recovery in a post-COVID-19 digital world," said **Chuku Chuku, Officer in Charge of the Bank's Macroeconomic Policy, Debt Sustainability and Forecasting Division.**

"The pandemic notwithstanding, Africa is open to business and we look forward to working with our Asian partners."

Released annually since 2003, the African Economic Outlook provides compelling up-to-date evidence and analytics to inform and support African decision-makers.

Click here to access the full report (https://bit.ly/3ktfY3x)

Strong land governance can help rebuild Africa

International Land Coalition for Africa (ILC Africa)

Secure land tenure rights can unleash the continent's potential. The continued spread of COVID-19 and the scorch of climate change in Africa have caused economies to contract substantially.

Lives and livelihoods are put at risk, as COVID-19 and the associated economic challenges continue to spill into an African food crisis. Before COVID-19, half of Africans faced food insecurity (https://mck.co/3mty5rQ) due to climate change and other factors, of which 50% are severely food insecure. And the number of people who are hungry might likely double in 2021. Land is a vital resource. It is essential to agriculture on which 70% of Africans rely for their livelihoods.

People-centred land governance is necessary to relaunch Africa's agriculture. We cannot stand and wait until the sector is crushed. From 15-17 September 2020, the International Land Coalition in Africa (ILC Africa), African Union Commission (AUC) and Intergovernmental Authority on Development (IGAD) convened various stakeholders on land governance to the Africa Land Forum 2020. Over 1000 development actors will grapple with one theme: Delivering on the African Union's Agenda 2063 for people-centred land governance in Africa (https://bit.ly/2GXzkPI).

"For 'the Africa we want' to be achieved, we must strategically address the burning issues of weak land tenure security, locust swarms that destroy crops in the Horn of Africa, regional insecurity and conflict that decrease effective land governance, and climate change-related droughts and flooding destroying crops and the livelihoods of millions of African smallholder farmers," says **Audace Kubwimana, ILC Africa Regional Coordinator**. "These concerns echo many aspirations on Agenda 2063's master plan for the transformation of Africa into the global powerhouse of the future in a few decades."

AGENDA 2063 AND LAND GOVERNANCE

Africa remains a huge net food importer, at a cost of more than $47 billion in 2018. COVID-19 restrictions are equally triggering higher lost income, as unsold and rotting food accumulates on farms. That was not the wish of Member States in 2013 when they adopted Agenda 2063.

Good land governance cuts across the aspirations and strategic goals of Agenda 2063 blueprint. To decrease food importation and escalating food prices, the implementation of AU's Declaration on Land Issues and Challenges at regional and national levels is imperative. Processes such as the Framework and Guidelines on

Land Policy in Africa, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in Context of National Food Security (VGGT), and the AU Guiding Principles on Large Scale Land Based Investments in Africa (LSLBI) provide the continent with instruments to make land a key driver of economic prosperity.

"The above-mentioned processes need to be strengthened, documented and monitored through effective multi-stakeholder approaches, multi-disciplinary discourse and continuous learning. We need to factor in the role of continental and regional integration institutions to enable a better implementation of the Africa Union Land Agenda. The 2020 Land Forum affords us the opportunity to assess how far we have come, and what needs to be adjusted so as to improve land governance on the continent," says **Dr. Janet Edeme, Head, Rural Economy Division, AU's Department of Rural Economy and Agriculture**.

YOUTH, GENDER AND UNEQUAL ACCESS TO LAND

For rural women and men in Africa, land is often the most important household asset for supporting agricultural production. It is also essential to providing food security and nutrition. According to the Food and Agriculture Organization (FAO) (https://bit.ly/3kfMllQ), secure land tenure is associated with higher levels of investment and productivity in agriculture. It also determines higher incomes and greater economic wellbeing.

Secure land rights for women and men are often correlated with better outcomes for them and their families. It strengthens women's bargaining power at household and community levels, leads to better child nutrition and favours lower levels of gender-based violence. In many African countries, however, both men and women have inadequate access to secure rights over land, with women being particularly disadvantaged.

The International Land Coalition-Africa's recent statistics reveal that while women constitute 70% of the active rural population and 80% of food production capacity in Senegal (and most of sub-Saharan Africa), only 13% have access to land and 2.6% hold secure land tenure rights. Furthermore, 61.2% of women say that lack of resources deepens inequality on access to land.

"I am happy to note that the Forum has given a prominent place to inclusion and gender equality in land governance. It is critical that the actors on the continent employ multiple pathways to gender equality agenda on land if we are to meet the targets set in the Agenda 2063. It is equally important for us to understand how meeting these targets unlocks the full potential and contribution of youth and women toward the Africa we want, in the COVID-19 era and beyond," says **Esther Obaikol, land governance expert at IGAD**.

Many questions will be asked. The Forum's task is to provide the answers.

GENERAL

P60-72

Democracy is not enjoyed by the unemployed

Xolile Mpini, CEO of Langeberg Unemployed Forum

In 1994 our people were promised "a better life for all" but, instead, we have observed that the government and its officials choose to listen to the few.

Those in proximity to political power are the few who are enjoying 'our' democracy. If this government is one of the people, why is it so difficult for its leadership and officials to listen to the people? They do not hear when the unemployed make suggestions about what is best for them.

Those in comfortable government positions think that what is best for them is also good for the unemployed. But, like a stuck record, we will keep informing them and reminding everyone that the only solution to address the scourge of unemployment in this country is a **Job Seekers Exemption Certificate (JSEC).**

This certificate can give back to the unemployed their dignity and the right to accept any job offer that suits them and allows them to care for their families. It will give them a bargaining tool that allows the unemployed to argue for a dispensation that will give every single unemployed person and every potential employer they approach for employment the legal right to bargain freely with each other and enter into agreements without the fear of breaking some labour law.

When government and its economic advisers talk about minimum wages, most people say "good, now the employers will have to pay their workers more"! But they forget, or just don't realise some important factors that occur on the ground.

First, that although the government has passed a law that says the employer has to pay an hourly rate of X rand, this does not mean that the employee will receive that amount. If the employer can't afford to pay that rate, the agreement might become fewer hours for the original pay if the employee does not lose the job altogether. In too many cases, the real minimum wage is zero.

What is usually forgotten or ignored by government planners and their advisers is that every law that increases the cost of employing people, means that someone somewhere is not going to get a job. The economists call these costs "barriers to entry into the labour market".

If these barriers to entry were not there, everyone who wants to work would have a job. If the legal barriers were removed, jobs would become available in the thousands and millions. Without these artificial barriers, there would not be more than 10 million unemployed people in the country trying to support suffering families. The Covid-19 lockdown has made many more people lose their jobs and change has become even more urgent.

The Langeberg Unemployed Forum knows very well that the people who would give jobs to the unemployed if JSEC was available are individuals, households and small businesses. For that reason, we wish to partner with other organisations that provide services and advice in these fields.

As far as we are concerned, it is important that the people who operate in this space (workers, small business, households, small farmers) should see each other as friends and partners in work, life, and business. There is a saying that if you are climbing a ladder with someone up ahead of you, the quickest way to the top is to push the person ahead of you up and not try and pull them down. We go along with that approach. The better the employer does, the better it is for the workers.

Based on our own experience, you will find unemployed people in all corners of South Africa waiting for whoever will offer them a job. With a JSEC in their hand, they will negotiate with the employer about the conditions of employment and the salary and come to an agreement.

The next step will be to enter into a simple contract that records matters such as the names of the employee and employer, JSEC number, start date, salary, working hours, rate of pay for overtime, number of working days leave, details of sick leave, probation period, notice and details of termination. JSEC wants to legalise that space and hence we call on the government to take the idea very seriously. The unemployed want to claim their dignity back and enjoy democracy like those who are employed.

JSEC has a very big advantage over all other proposals for making the labour laws more friendly to the millions of unemployed people and the employers who would employ them if conditions were different. Implementing it will take away the stress from employers who do not know the labour laws and are afraid to employ because they might make mistakes.

A simple piece of legislation will be needed to create space for the gap in the labour market that can be filled by the unemployed who now number many more than 10 million people. Another great advantage is that the call for JSEC to be implemented will not take away any of the privileges that the labour laws provide for people that already have jobs. Under these circumstances we are not trampling on the toes of members of labour unions.

We received an email from a lady farmer whose staff destroyed the farming enterprise and destroyed their own jobs. How many people in the country have destroyed their jobs in that manner? That is called biting the hand that helps you to feed yourself and your family! Our forum warns against that kind of negative behaviour.

It is our intention to work for better understanding amongst all individual South Africans so that they support each other and do not pull each other down.

Contact Xolile Mpini on 073 279 8189 if you wish to support this initiative. All assistance and input welcomed.

Covid-19 offers valuable lessons for businesses and their data science divisions

Dr Yudhvir Seetharam, Head of Analytics, Insights and Research: FNB Business

There's no doubt that the lessons Covid-19 has taught the world have been plentiful, often painful, but very valuable. The data science function has certainly not been left out when these often-hard lessons have been handed out over the past few months.

Fortunately, though, as with every challenging experience, if one is willing to seek the value from it, and use it to drive positive change and transformation, you emerge stronger and better prepared for any similar situation in the future.

And against the Covid-19 backdrop this is particularly true for data science teams and departments, but also for the businesses that employ them and the way in which these businesses and teams relate to each other.

One of the most significant lessons that the pandemic has taught business people and data analysts across the world is that data is not necessarily the silver bullet solution to every challenge that many organisations had come to believe it is. Covid-19 was a completely new global scenario, the likes of which nobody alive today had ever experienced before, and that none of us could ever have anticipated. From an analytics perspective this meant, quite simply, that no data existed that could be used to precisely model anything relating to the pandemic or its likely impacts. Obviously, as an event like Covid-19 progresses, more data becomes available, and modelling and predictions become slightly more possible, but not necessarily 100% reliable.

The key take-away of this post-Covid-19 insight is that it may be necessary for businesses, and even data scientists, to dial back their expectations of data analytics to more realistic levels. That may sound somewhat controversial coming from someone who makes his living in the data science field, but it's vitally important to have a realistic understanding of our industry and the role it plays in business. If there's one Covid-19 lesson that we all need to take to heart, it's that we must guard against falling into the trap of becoming entirely dependent on data as the sole source of information for the business decisions we make. When businesses allow that to happen, the very real potential exists for data to be transformed from a value-adding tool to a significant business risk. And what makes such a risk even more dangerous is that it will only be fully revealed in a situation, such as Covid-19, where a lack of data can cause total decision-making paralysis.

Another important lesson delivered by the stern Covid-19 task master is that irrespective of the industry you're in, digitisation is no longer a 'nice-to-have' it's an imperative. And it has to happen now. For a long time leading up to the pandemic, businesses in many industries were talking about the need for digitisation, or gradually rolling out their digital strategies. Most of those businesses were caught with their proverbial pants down, and are now having to find ways, and budgets, to quickly get up to speed in terms of digitising every aspect of their business possible. The business that fails to do this, or does it too slowly, will not just raise the risk of complete failure the next time a global crisis occurs; it will effectively ensure its own competitive failure and, in a very short time, it's inability to operate at all.

The third vital Covid-19 lesson has less to do with data and digital and everything to do with people. The data analytics field is not typically full of chatty extroverts known for their superior communications skills. Most who choose data science as a career path do so because of their love of science, research and critical thinking, and their preference for getting the job done over talking about how they intend doing so. However, for many organisations, the Covid-19 crisis revealed a glaring need for far better, and more honest, dialogue between data analysts and business and marketing professionals - particularly when it comes to managing expectations, setting boundaries and making sure everyone is on the same page when tackling a business challenge.

The bottom line is that, for the most part, business needs to work on becoming far more adept at clearly communicating exactly what they need from their data analysts. And those data analysts need to become far more vocal in expressing whether they can deliver those need within the parameters required. Under a business as usual scenario, the time, budget and human resources exist to smooth over the gaps and reach a mutually acceptable outcome. But as Covid-19 showed us, when a crisis occurs, time and resources are a luxury few have at their disposal; and the only realistic substitutes are clarity and honesty. And when these are applied properly, and data scientists are open at the outset about what they believe can, or can't, be done, business can prepare itself for the possibility that the required outcomes may not be achieved – and make timeous contingency plans.

Covid-19 is being widely touted as the catalyst the world needed to make the changes it must. This is true of the world of data science too. And while the changes required in our industry may not be as dramatic as those demanded of global economies and ecosystems, they are just as important to those who work in, or with, the data analytics field.

At the very least, Covid-19 should prompt us to paus for a few moments, step back from our work, and honestly assess what it is that we are trying to achieve in partnerships with the businesses and consumers we serve.

And I have every confidence that simply by doing that, and internalising the lessons we have learned, the value delivered by data science can be significantly increased going forward, without sacrificing the sanity or wellbeing of those delivering it.

SA's financial services sector:
A road map to recovery post the pandemic

Hentus Honiball, a partner at global management consulting firm Kearney

Financial services institutions are well placed when it comes to scenario planning. Their past experiences should assist them in navigating the local and global markets, as the nation comes out of a devastating pandemic.

The global economy is projected to contract sharply by 3.2% this year, according to the United Nations World Economic Situation and Prospects mid-2020 report. It is expected to lose nearly $8.5 trillion in output over the next two years due to the Covid-19 pandemic, wiping out nearly all gains of the previous four years.

The sharp economic contraction, which marks the sharpest contraction since the Great Depression in the 1930s, comes on top of anaemic economic forecasts of only 2.1% at the start of the year.

Covid-19 is a black swan event disrupting social and business activities across the world with unknown consequences and duration.

The financial services industry is double-exposed to the pandemic; in their own business model as well as through the risk of clients' default (in case of banks) or new claim patterns and investment income challenges (in case of insurers). In the long-term, Covid-19 will drive new opportunities for financial institutions through changing perspective of clients on ensuring risk and preparing for unexpected situations.

Safety, productivity, and connectivity of employees, as well as giving back control to clients and stabilizing operations are the most important business responsibilities that companies need to take into account.

The time to act is now, both in response to the long- and short-term impact of the pandemic. The three key pillars of the response should rest on safeguarding employees, engaging, and supporting clients and business, and adapting a company's operating models.

KEARNEY'S RESEARCH POINTS TO THREE PLAUSIBLE SCENARIOS PLAYING OUT FOR THE FINANCIAL SERVICES SECTOR:

- The V-shape – pointing to a quick recovery.
- The U-shape – 2020 is gone, but it will be fine; and
- The L-shape – indicating 18 months of downturn and recession.

The necessary protective measures need to be taken, rigorously and immediately. Financial institutions should urgently start working on post-pandemic threats and opportunities. Lessons learned from the 2008 Financial Crisis should be used to guide these measures.

THE MEASURES THAT SHOULD BE IMPLEMENTED TO PREPARE FOR THE THREE PLAUSIBLE SCENARIOS INCLUDE:

- Transform the organization's workforce and talent management processes
- Accelerate digitalisation of customer-facing processes to enable E2E (exchange to exchange) self-service
- Lead new value propositions and development of new products and services, addressing the new types of need for financial services, such as; government-supported growth, re-establishing credit facilities, new types of insurance products and trade finance solutions
- Increase process automation to make companies more immune in the future
- Adapt operating model and its costs, getting ready to run a reset transformation in case one of the worst scenarios materialises.

I recommend regular scenario planning as well as adjustments to business forecasts and objectives.

As the crisis from Covid-19 further evolves, scenario planning should be continuously updated to account for changes in business or other macroeconomic factors.

Further actions involve bi-weekly reviews of scenario parameters and frequent stress tests, regular revision of performance ratios and early warning signals criteria, a regular review of the strategic project portfolio against new priorities, and the integration and refinement of mitigation actions respective to the relevant scenario that is playing itself out.

Dealmaking opportunities in a time of crisis

Elnalene Cornelius and Tessa Brewis, CDH, Corporate and Commercial practice

The pandemic has forced many businesses into survival mode. For some, acquisitions and expansion plans have been shelved, the emphasis shifting to mitigating risks and maintaining the status quo.

Others find themselves in distress, requiring urgent cash injections to avoid going out of business. Such distressed businesses may not have access to debt funding in the current environment and finding equity partners could be their only means to sustain themselves. How can cash-rich investors and private equity funds, in particular, seize the opportunity to invest in private companies that present a good value proposition, despite of the constraints of the current situation?

BUSINESSES LOOKING FOR CASH INJECTIONS

Businesses in sectors such as hospitality, entertainment and tourism watched their revenues disappear overnight due to the Covid-19 restrictions. Many of these businesses now require urgent cash boosts to resume or reshape their operations and to stave off business rescue or liquidation. Seemingly immune longstanding household brands fall among these cash-strapped businesses, despite recently boasting stable and attractive balance sheets. Closely-held family businesses that may not have previously been open to private equity investors pre-Covid 19 are now having to rethink their position. Private equity investors bring advantages other than their obvious cash: Their business management expertise can also help such target companies navigate crises.

From an investor's perspective, loan funding to these businesses would be too risky and a subscription for equity by the investor would be a more viable mechanism to provide the business with the cashflows required.

THE INVESTOR EXPOSES HER/HIMSELF TO SHARED RISK BUT THE BENEFITS FOR THE INVESTOR INCLUDE-

- an investment opportunity at a lower consideration; and
- bargaining power to negotiate more favorable transaction agreements.

Investors can further manage their risks by negotiating put options and drag-along rights to facilitate their exit. Robust minority protection provisions would also be critical, giving the investor the opportunity to influence the business strategy to steer the company back to a profitable income stream, securing returns on its investment.

Given the looming uncertainty of the next few years, staggered investments through call options can also be considered, so that the investor can start with a smaller stake with the option to obtain more equity once the target company demonstrates its improved performance.

Time is of the essence for many struggling companies. Regulatory approvals, including Competition Commission approval, exchange control approval, the approval of governmental departments and waivers or approvals required from the Takeover Regulation Panel, to name a few, threaten to delay the implementation of such transactions. Legal advice on the optimal transaction structure should therefore be sought to avoid such pitfalls.

Investors can also consider loan funding with the option to convert a loan into equity at the appropriate time. Investors need to carefully strategise their exits, especially since successful IPOs are unlikely in the current climate. When negotiating put options, the investor should consider how the other shareholder/s would pay the consideration, so that it is guaranteed a full or substantial return should it exit through this mechanism.

COMPANIES ACT 71 OF 2008 CONSIDERATIONS

From a Companies Act perspective, the board may in terms of section 40(1)(a) only issue authorised shares for adequate consideration to the target company as determined by the board. The subscription consideration payable by the investor at a potential lower value should therefore still constitute adequate consideration to the target company for the equity in order for the target company to comply with section 40(1)(a) of the Companies Act. Should the transaction be structured in a way that the target company provides financial assistance to the investor, as contemplated in section 44 or 45 of the Companies Act, the target company must further be able to satisfy the solvency and liquidity test.

The directors of the investor and target company must also ensure that they comply with section 76 of the Companies Act by exercising their powers and performing their functions in the best interests of the company and with the necessary degree of care and diligence expected of a director during this time of concentrated risk. This is especially important for the deal principals of private equity funds that are directors. Such directors need to protect themselves from potential liability if something goes wrong with the investment or if it results in a loss for the fund.

CONCLUSION

As Winston Churchill famously said when working to form the United Nations after the Second World War, “Never let a good crisis go to waste”. A liquidity crisis for some could mean an investment opportunity for others. The benefits don’t stop at the investor: The investment could save a business and owners’ and employees’ livelihoods in the current economy when such lifelines are hard to find.

From an investor’s perspective pursuing business opportunities during an unusual time should, however, be carefully managed to maximise the potential upside and limit the additional risk that comes with it.

MARKET COVER

AN ICONIC NEW APPROACH TO BROKER SERVICING

Brad Toerien joins the ICON group

Richard Bowman, founder of ICON which holds two divisions (tech enablement for advisers, and distribution), is excited to welcome Toerien to the team, and believes the business is ready to make a significant impact in the industry.

Cae Town based broker consulting firm, ICON, has brought on life insurance industry leader, **Brad Toerien, to head up its expansion as CEO of ICON Connect**. "We believe Brad will drive our purpose-driven business to new heights; with the aim of making the industry a more transparent, customer-centric space, while leveraging the best of breed risk and investment product providers that we have in the ICON stable."

ICON turns the traditional Broker Consultant model on its head; servicing advisers through highly efficient digital engagement and broker consulting support. The company aims to disrupt Broker Servicing in the market through fiercely independent broker consultants, while enabling advisers to navigate industry changes and ensure that IFAs continue to offer objective, quality advice to customers.

Partnering with Bowman, Toerien hopes to revolutionise broker distribution; resulting in a model that's more efficient for product providers, more effective for brokers, and more valuable for customers. They have the audacious goal of driving distribution costs down to as little as 15% (where it currently costs providers anything between 30-70% of 1st year premiums.) Through this, they aim to commoditise independent advice and counteract some of the unintended sequences of the looming RDR legislation.

Toerien explains, "I've spent the past 16 years living out my passion for developing insurance cover that protects businesses and people: helping them through their toughest times - whether it be coping with an injury or illness, or losing a loved one. I've always believed in a product development cycle that places real customer needs at the heart of product solutions, and looks to help people holistically - emotionally, practically and financially."

Toerien, who previously led Life Insurer FMI as CEO, is known in the market as an innovator and challenger; leading first to market income-based products both locally and internationally. "Having spent the bulk of my career as a product provider, I'm excited to reinvent a different, yet highly impactful component of the value chain. Joining Richard and the ICON team, allows us the opportunity to reinvent distribution through leveraging independence and digital innovation. Broker distribution is an area ready for change and efficiencies. ICON can work with advisers to pursue the ultimate goal of delivering the best advice and quality cover to clients", says Toerien.

Toerien adds, "It's amazing what Richard and the dynamic team at ICON have already built in the past four years. ICON has massive potential to influence the industry, and I'm incredibly excited to be joining a new entrant to the market that's poised for exciting growth."

ICON encourages IFA's to get in touch should they want to explore a servicing contract where they can access a best of breed life and investment offering, with the value of one expert consultant. ICON strives to increase value-added services to help advisers grow their practice while remaining competitive.

SANTAM HAS NOW PAID OUT R870 MILLION IN RELIEF TO HOSPITALITY AND RETAIL SERVICES INDUSTRIES

Santam, South Africa's largest short-term insurer, has paid out, R870-million, nearly all of its R1-billion interim relief funds, in just over three weeks to the hospitality, leisure and non-essential retail services industries.

Interim relief payments have since August 5 been made to more than 2 000 businesses. The individual amounts paid range from R25 000 to R1.5-million. Two weeks ago Santam had already paid R506 million of the R1-billion, to qualifying policyholders. To date 2092 policyholders in the small and medium business sector have benefitted from the relief payments.

The month-long period provided for policyholders who are eligible for the interim relief payments to submit documentation ends on Friday, 28 August 2020.

Lizé Lambrechts, the Santam Group CEO, said the rate of payments to date suggests that the full amount of R1-billion allocated for interim relief will be paid out. The average time from receipt of documentation to payment is less than five days.

"These relief payments are being made to some of the most vulnerable small and medium-sized policyholders who have been worst impacted by the lockdown," she said.

The relief payments are the outcome of Santam's proposal to the regulators to help policyholders who have claimed for losses during the COVID-19 period, while awaiting the outcome of the legal process to determine the interpretation of Contingent Business Interruption (CBI) cover on their policies.

Santam has made relief payments to qualifying policyholders who have the CBI extension in their policy cover with the company. The relief payments equate to 70% of two months' value of the sum insured for Santam's policyholders in the hospitality, leisure and non-essential retail services industries. The two months are reflective of the period from late March until about May, when most businesses were restricted from trading due to the Level 4 and 5 lockdown alert in the country.

Lambrechts said the company continues to receive positive responses from both intermediaries and policyholders about the interim relief payments.

"It is evident from these positive responses that the relief payments are making tangible differences to small and medium-sized businesses. Recent feedback also suggests that businesses are starting to turn to their recovery plans as South Africans begin travelling for leisure purposes under Level 2 of lockdown restrictions," she added.

At the beginning of the COVID-19 pandemic the Santam Group announced an initial R400-million in relief efforts for policyholders, intermediaries, and suppliers, including a contribution to the Solidarity Fund. To date the Santam Group has contributed R1, 4 billion to COVID-19 relief efforts.

FIDELITY PARTNERS WITH AUTO & GENERAL INSURANCE

Fidelity Services Group in partnership with Auto & General Insurance is proud to announce the launch of Fidelity InSure – a comprehensive vehicle, home, and building insurance offering to complement and support the Group's existing suite of services.

Wahl Bartmann, CEO of Fidelity Services Group says, "Our partnership with Auto & General Insurance allows the Group to further enhance our customer value proposition by creating a holistic and full-spectrum service offering which encompasses home, work and vehicle security which now includes insurance to offer further peace of mind."

Bartmann confirmed the partnership with Auto & General Insurance will provide residential and larger commercial customers with the opportunity to consolidate their services from multiple suppliers under one comprehensive banner through the Fidelity Services Group of companies. "At a time when many South Africans are struggling financially this could prove to be an appealing offering," he says.

The Fidelity InSure offering will be automatically available to all current and future Fidelity Services Group customers and subsidiary company customers at competitive monthly rates. "Our teams will tailor complete customised insurance packages unique to each customer's individual requirements or the offering can be acquired as a standalone product offering."

Ricardo Coetzee, Head of Auto & General Insurance says that he is excited to embark on this journey with Fidelity Services Group. "Both Auto & General and Fidelity share a focus on reliability and innovation and our combined experience will ensure certainty in a world filled with change."

"The idea is to provide customers with a complete one-stop-shop range of products from home security to insurance.

The Group also offers a wider integrated portfolio that includes vehicle tracking, cash in transit, guarding, fire solutions, retail and commercial, cash management and other specialised services," concludes Bartmann.

NETSTAR EXPANDS CUSTOMER EXPERIENCE WITH NEW E-COMMERCE PLATFORMS

Netstar has launched its services on efficient, new e-commerce platforms that slash service times and boost effectiveness, as consumers increasingly do business remotely.

Netstar, a subsidiary of Altron, introduced a new e-commerce platform on its website to enhance digital interaction with its vehicle tracking and recovery customers, as online retail gains popularity following the Covid-19 pandemic and the lockdown.

Netstar has also partnered with Standard Bank UCount on a first-to-market, co-branded online purchasing platform. The offering lets UCount members sign up for Netstar Plus or Netstar Early Warning vehicle tracking, make payment and arrange fitment while earning rewards.

"The Covid-19 lockdown has contributed to a shift in South African consumer behaviour, and accelerated the move to digital retail," said **Dean Andrews, Netstar Marketing Executive**. "These are likely to be long-term changes, and these e-commerce platforms expand our positioning as a digital, customer-centric organisation."

The new Netstar e-commerce process shortens the onboarding time for new car-tracking customers to just two-to-three minutes. The buy-online functionality enables customers to complete their application and book a convenient fitment time and place.

"The new channels are all about being flexible and responding to customer needs," said Andrews. "If they prefer, new customers can now do business without having to wait for call backs, without phone logged contracts or the to-and-fro of telephone conversations to confirm details and schedule an installation time. Our customers can now complete sign-up any time, from anywhere."

"No more waiting to speak to an agent," reads a Netstar customer testimonial following the launch of the e-commerce platform. "No recording verbal contracts and no chance of misspelling, repeating etc."

Andrews said the e-commerce offerings positioned Netstar as frontrunner in the digital environment and allowed it to bring the peace of mind of vehicle tracking and recovery to customers quickly and conveniently, on the channel of their choice.

"If customers prefer to do business digitally, they can. Now you can get a tracking device online – quickly and easily – to protect you and your family".

SA-BORN GLOBAL HEALTH COMPANY EXPANDS OFFSHORE AMID COVID-19 LOCKDOWN

Local health risk management company opens offshore enterprise during global pandemic

In a 'baptism by fire' a South African-born company specialising in strategic health risk management services has successfully launched operations in Singapore, taking locally developed solutions to the South East Asian market in the midst of the global Covid-19 pandemic.

"One might think exporting technology-powered systems to South East Asia is the equivalent of 'carrying coals to Newcastle', however, this market is demonstrating a keen appetite for our strategic health consulting and risk management solution," says **Neels Barendrecht, CEO of Agility Risk Solutions**.

"With close to two decades of experience in the global market, and having successfully set up operations in other parts of Africa, Australia and the Middle East, expanding our international footprint to Singapore in the form of Agility Risk Solutions was the next logical step. Despite the turbulence of a global pandemic, we were able to successfully establish our latest offshore enterprise and mark our presence in this new territory.

"This is largely thanks to our historic experience in the South East Asian market, combined with years of experience across many parts of the globe that has taught us the importance of always planning for the unexpected."

The systems being rolled out in Singapore incorporate elements available in the South African market, including Agility's patented Patient Driven Care™ programme and utilising the artificial intelligence and rule based technology of Knowledge Objects.

"There are remarkable parallels and synergies that have sparked off new innovations in the transfer of our healthcare skills, technology and intellectual property for this market. Our launch into this market entailed delivery of health risk management solutions and technology to a leading Singapore health insurance provider with approximately 800,000 customers.

Apart from the technology system aspect, the contract also extends to advising on international best practice, norms and standards relating to health risk management," he says.

The first two modules of the wider health risk management system was launched during the height of the global pandemic when both South Africa and Singapore were in hard lockdown.

According to Barendrecht, the greatest hurdle proved to be international travel restrictions. However, this challenge was overcome with the power of online communications technology and through maintaining close contact with customers and colleagues. "With the six-hour time difference, we needed to ensure 18-hour availability, and the South African and Singaporean teams of Agility worked together symbiotically to effectively cover this extended international working day," he says.

"The dedication of both the South African and Singaporean teams to make this intercontinental project a success thus far, and under challenging circumstances, has been phenomenal. Having quickly adapted our usual face-to-face training processes to video conferencing and training videos, everyone was able to hit the ground running in a well-orchestrated manner to launch this new chapter.

MOMENTUM MEDICAL SCHEME PROVIDES CERTAINTY IN UNCERTAIN TIMES WITH AN ANNUAL WEIGHTED INCREASE OF 3.9%.

Momentum Medical Scheme has announced a weighted average annual contribution increase of 3.9% for 2021.

Sustained growth with a favourable profile in a stagnant market, coupled with stable financials, allowed Momentum Medical Scheme to announce a significantly low contribution increase in the market, without reducing benefits.

"Momentum Medical Scheme's average age of members sits well below the industry average, and as a result thereof, our long term claims forecast allows us to keep contribution increases lower than the majority of our competitors," explained **Damian McHugh, Head of Growth and Marketing at Momentum Health Solutions**. "When one factors in a pandemic such as COVID-19, the impact of a favourable member profile becomes even more important. While we have made provision for the unexpected future pandemic-related costs, we are able to focus more on helping our members retain their medical aid cover during these tough economic conditions."

The administrator for Momentum Medical Scheme, Momentum Health Solutions, allowed members of the scheme to fund their contributions from their HealthSaver accounts, which meant members who had positive balances could retain their medical aid cover, even if they have experienced cash flow shortfalls due to sudden unemployment or illness.

"In fact, the HealthReturns that members of these schemes can earn from Momentum through being active and living a healthy lifestyle, now made it possible for them to fund continued cover, in other words members were able to use their healthy lifestyle to also protect them financially during the pandemic," argued McHugh.

In addition to announcing a significantly low contribution increase, Momentum Medical Scheme retained stability in their product offering, with no reduction in benefits; in fact, in most cases the Scheme increased benefit limits.

Similarly, from the perspective of the administrator, Momentum Health Solutions has introduced enhancements to the HealthSaver+ account that will allow contributing clients to earn up to 10% interest, depending on their Healthy Heart Score and activity level. Conversely, these clients could enjoy interest rates as low as 0% on credit. “We have also made it easier for clients to apply for HealthSaver through the Momentum app where they could potentially sign up and have access to the account in mere minutes, even if they choose to also apply for credit,” McHugh enthused. “And, in exchange for just R36 annually, HealthSaver clients with more than R100 balance now get access to Hey Jude, a concierge service that will make it easier than ever to do anything ranging from finding a taxi or searching for a particular product to organising a birthday party – whatever they need the concierge service to assist them with.”

A unique innovation flowing from the company’s philosophy to provide more health to more South Africans for less, is the ability to donate GP visits to those in need. Clients simply use their HealthSaver funds to buy a voucher that recipients can use to see any doctor on the NetcarePlus GP network.

McHugh concluded, “Momentum Health Solutions remains focused on innovation and problem solving. In so doing, striving to meet the holistic healthcare and financial needs of companies and individuals across the spectrum, uniquely positioning us to provide a safe, affordable and seamless life-journey to our clients.”

SOUTH AFRICA RANKED AS TOP GLOBAL BUSINESS SERVICES DESTINATION

South Africa’s ranking as a top destination for Global Business Services – or offshoring business processes – has been reaffirmed as the country ranked the second most preferred Global BPO offshore destination in 2020 for the third consecutive year. South Africa overtakes the Philippines and was only just beaten by India which has a mature BPO sector. According to industry standards, South Africa’s growth over the past four years is at twice the global growth rate and increasing three times faster than past industry leaders, India and the Philippines.

South Africa’s Global Business Services (GBS) sector drew $250 million (R4 billion) worth of investments during the past financial year and has continued to thrive during the Covid-19 lockdown. The sector is primed to employ 500 000 people in the next 10 years according to Business Process Enabling South Africa (BPESA) and is a significant contributor to GDP.

“It’s good news for South Africa, and it’s very good news for youth employment, an area where some 50% of young South Africans are unemployed. South Africa’s GBS sector provides a crucial lifeline for thousands of people, notably previously disadvantaged and disabled young South Africans – who find meaningful and stable employment in South Africa’s burgeoning GBS sector, and an opportunity for career progression and personal development,” explains **Daniel Shapiro, a director and founder of Alefbet Holdings** which owns numerous collections and customer service BPO providers including iContact and Shapiro Shaik Defries and Associates (SSDA).

“South Africa is an increasingly attractive destination for global businesses to offshore their business processes. Global giants like Amazon have already recognised this potential and recently set up customer service operations here. As a country we have thousands of educated young South Africans in need of gainful employment; our IT and telephony structures are world-class; we have a stable political environment and one of the best constitutions in the world; our English accent and linguistic capabilities are amenable across many geographies including the US, UK and Australia; and our exchange rate makes it a particularly cost-effective exercise.

If you consider that the US minimum wage is US$15/hour, we are able to provide our services in South Africa, fully loaded and including management time at US$10-11/hour - making SA a very attractive option for outsourcing at a time when businesses across the globe are under enormous cost pressures due to the Covid-19 pandemic. SA is currently the third largest offshore location for UK and Australian organisations who enjoy up to 60% cost savings compared to onshore service delivery, along with a comparable if not better quality of service, cultural affinity and great work ethic of our people,” adds Daniel.

Impact Sourcing potential is huge

While South Africa’s GBS sector has enormous employment and investment potential, it is also a significant role player from an ‘impact sourcing’ perspective. Many global organisations find themselves in a position to make a profound difference within disadvantaged communities through what is known as ‘impact sourcing’. Also known as socially responsible outsourcing, it refers to an arm of Global Business Services that employs socio-economically disadvantaged individuals as principal workers in business process outsourcing centres.

“Alefbet’s Impact Sourcing Institute of South Africa is at the forefront of helping businesses unlock and develop a new pool of talent, uplifting the quality of life for disadvantaged communities and creating a powerful future workforce. Our model bridges the gap by sourcing people who struggle to access the labour market – either because they are outside traditional recruitment pipelines due to their lack of access to networks, or because transport costs from townships to jobs are high, or because they face physical disabilities which prevent their integration into the mainstream workforce. South Africa faces a burden of massive structural, youth unemployment. We believe that with the right leadership, investment and training, this large untapped pool of South African talent has the potential to be groomed into successful call centre agents serving both international and local customers, delivering great results for the Global Business Services sector, and uplifting communities, families and livelihoods in the process,” explains Daniel.

The Impact Sourcing Institute of South Africa focuses on upskilling and creating opportunities for society’s most vulnerable individuals, with an offering that includes the recruitment, hosting, training and eventually full-time employment for these individuals within the Alefbet ecosystem and extended client network.

THE RECRUITMENT COUNCIL

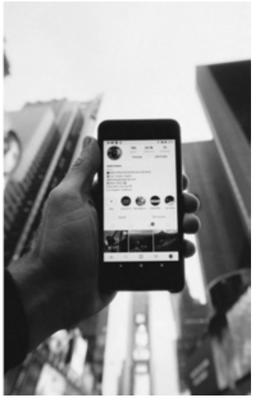
Website: recruitmentcouncil.co.za
Email: info@recruitmentcouncil.co.za
Contact Number: 084 413 1111
Landline: 010 001 6293

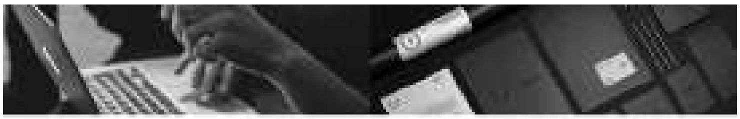
REGIONAL SALES MANAGER
COMMERCIAL INSURANCE
PORT ELIZABETH

3-5 Years Sales Management Experience
RE, FIAS, Commerce Qualification, Industry Related Credits
Strong Short Term Insurance Experience
Excellent People Management, Business Development and Strategic Exposure
Strong Flair for Target and Business Management at a Regional Level

R650 000 - R750 000 Per Annum, Benefits and Annual Bonuses

Reference: RSM Port Elizabeth





BUSINESS INSURANCE BROKER
PRETORIA

Strong Short Term (Personal and Business) and Insurance Experience
RE1 or RE5, Matric, 60 FAIS Credits or Full Qualification
Proven Business Development Track Record (prospecting, Networking, Relationship Management and Presentations)
Possess the Following Qualities: Resilience, Self Managed, Analytical, Innovative Thinker and a Passion for Sales
Fit and Proper (Clear ITC and Criminal Record), Own Transport and Drivers Licence

R18 000 - R50000 Per Month Basic & Commission, Travel Allowance & Company Benefits

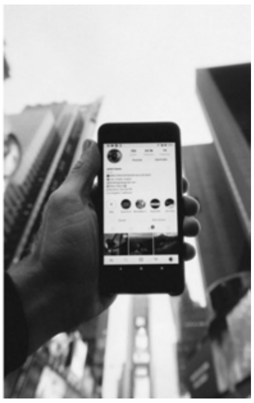
Reference: Business Insurance Broker | Pretoria

NATIONAL GENERAL MANAGER
SHORT TERM INSURANCE
GAUTENG

Proven track record in executing national Business Strategies and leading large teams
5-7 Years Proven Track Record within a Financial Services Environment
Knowledge of the Franchise and Broker Distribution Sector in South Africa
Execute Innovative Technological Solutions for Intermediaries Nationally
Governance and Risk Management Experience
Stakeholder Management of Product Suppliers
CFP or Industry Related NQF7 and RE1

Salary: R1.4 - R1.6 Million Per Annum + Bonus

Reference: National General Manager



REGIONAL SALES MANAGER
WEALTH AND INVESTMENTS
GAUTENG

Bcom or CFP and RE1 or RE5
5 Years Financial Planning and Wealth Experience
5 Years Proven Track Record of Management and Leadership Exposure
Strong Foundation and Understanding of Estate Planning, Tax, Complex Investments and Financial Planning Best Practice
Experience in Leading Large Teams of Seasoned Wealth Specialists

Salary: R1 300 000 - R1 500 000 Per Annum + Bonuses

Reference: Regional Sales Manager | Wealth and Investments