SA - A FALLEN ANGEL?

Big Data - the new ‘oil’

Old Mutual Insure steps out of the box
10 000 employers trust us with their employee benefits.

We don’t know what keeps your employees up at night. We don’t know whether it’s worrying about the future or their finances. But we do know that lost productivity due to sleepless nights can cost your company up to R46 000 per employee.

That’s why we give your employees real support, and peace of mind, with comprehensive benefits like Trauma Counselling, Retirement and Life Cover. It’s why more employers trust us with their employee benefits than any other.

To give your bottom line the Liberty Corporate Advantage, speak to your Financial Adviser, visit liberty.co.za or call us on 011 408 2999.

The Advantage of Knowing
The views expressed in the editorial, advertorials and advertisements are not necessarily that of the owners, publishers and editorial staff. Readers following any advice contained in the magazine do so at their own cognisance.
We live in interesting times and change is the only constant. I know it is a cliché but it is exactly the way I experience the world, our politics, and our amazing industry at the moment. You cannot walk anymore; you have to run or else you will fall behind if you do not.

One interesting change we have seen is with the Financial Intermediaries Association of Southern Africa (FIA) Awards which has always been a very glamorous affair leading into late night parties. The Awards, hosted on 8 June, saw the format change completely to an early evening event where people came dressed in business attire… no more glam and dressing up. There was quite a variety of responses about this; but at the end of the day change is as good as a holiday. Being less dressed up did not take away the importance of the awards companies received and it was, once again, quite interesting to see who walked away as winners.

The new research company, Ask Afrika, definitely brought in some good changes and I get the feeling that brokers feel slightly more comfortable with the end result. Well done to the FIA with what they have done this year. I am looking forward to seeing what the future of the Awards will look like.

I have the privilege of connecting with people on a regular basis and it always warms my heart when I see how many companies really have a passion for independent intermediaries.

My dad started this magazine while he was an independent intermediary and when I think of content for the magazine and the future of our industry, I usually think of the bigger intermediary market, product and service providers. My heart, however, goes a bit softer when we talk about the small scale independent intermediary… and I always wonder where FAnews would have been had he still been alive. I rest in the fact that we are doing a lot of things right, because business is good, but I always hope to get feedback from the industry and specifically from the intermediary force on how we can keep on improving on the product and service we are delivering. Please give us feedback… we would really like to hear from you on what you need more or less of in FAnews.

One of the broker focussed companies I have recently dealt with quite a lot is Old Mutual Insure and I am quite keen to see what the rebrand will do for their business. Maybe it was time for a change, and although there are costs involved, it is important to look at the bigger picture. I am excited for them.

Enjoy the read; till next time!
Here are five reasons why you should be talking about the FPI Professionals Convention taking place in Cape Town (and book your seat of course)

**Member Registration Fee**
- R 6 000 - Standard fee
- R 6 900 - Standard fee

**Non-Member Registration Fee**
- R 7 000 - Late registration fee
- R 8 050 - Late registration fee

You can’t always choose what happens to you in life, but you can choose to be healthy and get rewarded for it.

We believe that whether your clients are healthy or living with a chronic condition, they have the power to change the way they behave, which is why, we have tailored solutions specific to your clients’ needs and lifestyle.

**Here is what’s in it for healthy clients...**
With Vitality Rating they can receive immediate value through an additional premium discount of up to 15% on qualifying benefits. If your clients are healthy, they can lock-in their Vitality Rating discount for whole of life while being able to earn significant financial rewards over time for managing their health and wellness.

**Or do you have clients living with a chronic condition?**
If they are living with a condition that previously prevented them from receiving comprehensive life cover, then the Managed Care Integrator offers qualifying clients the opportunity to get a minimum discount of 10% on their health loadings for life, severe illness and disability cover. If your clients are living with Diabetes, HIV or are overweight you can now offer them a competitive premium through the Managed Care Integrator.

www.discovery.co.za    @Discovery_SA    discoverysouthafrica    Discovery_SA    youtube/DiscoverySA

Discovery Life is an authorised financial services provider. Registration number 1966/003901/06. Terms and conditions apply.
Vital protection against cybercrime

The recent global cyberattack has highlighted the need for insurance against this fast-growing business risk.

In May of this year, the world’s biggest ransomware attack affected more than 150 countries and paralysed massive systems such as those of FedEx, Britain’s hospital network and Germany’s national railway, highlighting the severe impact of cybercrime on businesses.

As companies all over the world, including in South Africa, scramble to ensure their IT systems are robust enough to withstand such attacks, Santam says that insuring against cybercrime is critical.

Celeste Buitendag, cyber underwriter at SHA Specialist Underwriters, a wholly-owned subsidiary of Santam, says over the past 12 months, 38.5% of businesses surveyed by SHA have been hit by cybercrime. This statistic suggests that a South African business is now far more likely to fall victim to cybercrime than to a more “conventional” crime like robbery or theft.

Buitendag warns that, as the recent attacks show, cybercrime is rife and growing. “Ransomware attacks are extremely prevalent in South Africa: We receive more and more phone calls from businesses following an incident where their computers have been encrypted and a ransom demanded in the form of bitcoin currency.”

According to a SecurityIntelligence article, if cybercrime continues to compound at the current rate, it could cost $2 trillion by 2019 – a threefold increase from 2015.

“However, most of the businesses we surveyed still seem to be relatively impervious to the looming threats,” says Buitendag. “Sixty-six percent of our sample of 200 still believe they are not at risk of such an attack. This stems from the perception that

Santam is an authorised financial services provider (licence number 3416).
cybercriminals using ransomware only target big organisations, where there is the potential to extort millions. In reality, the cybercrime world works much like the more ‘conventional’ crime world, where criminals range from petty thieves through to large, organised crime syndicates.

“A freelancer who works on his or her laptop in a café is as much at risk of having data seized in a ransomware attack as a large corporate organisation. Ransomware is indiscriminate; if your computer has a vulnerability, such as an update that hasn’t been installed, you can fall victim to it.

“In fact, the ‘one-man shop’ is probably more likely to pay the ransom because they are less likely to have backed up their data as regularly as a larger company with full-time IT staff. This makes them an attractive target, and also explains why the average ransom amount has increased from around $350 to over $1 000, according to the latest report from Symantec.”

A serious threat
Buitendag explains that what makes cybercrime such a complicated issue is that it is a moving target with creative and highly sophisticated cybercriminals constantly “reinventing the wheel” to bypass firewalls, antivirus software and outdated software in their attempts to befuddle IT professionals.

“There are countless types of cybercrime. Ransomware attacks involve encrypting all the data on a company’s hard drives and servers, and demanding a ransom in exchange for returning the data. Phishing uses fake email messages to get personal information which is then exploited, whereas hacking involves shutting down or misusing websites or networks. The list goes on.”

Buitendag continues: “In the US and Europe, victims are legally obligated to report an attack, and the statistics are staggering. In South Africa, we are not yet compelled to report a data breach or cyberattack, so the statistics are likely to be grossly under-reported. Even so, the 2016 Norton Cybersecurity Insights Report showed that over 8,8 million South Africans were the target of online or cybercrime in 2016.”

She notes that statistics are expected to rise when the Protection of Personal Information Act comes into effect. It is anticipated that the regulator will have finalised the regulations and processes by the end of 2017. “Once the true picture emerges, hopefully more businesses will start to take the threat more seriously.”

Buitendag suggests the following to protect a business or individual against a cyberattack:

• Implement a robust backup strategy that backs up your data daily.
• Don’t skimp on IT support.
• Get adequate insurance cover.
• Update your antivirus software regularly.
• Don’t open suspicious emails or attachments.
• Block unnecessary ports.
• Keep your operating systems current.
• Don’t only back up data – check how to restore this data too.
• Ideally keep three copies of data – two locally (e.g. on an external storage device) and one offsite.

Cyber cover
With the rise of the “internet of things”, more and more aspects of our businesses and private lives have become digitised. This translates into more and more areas of our world becoming vulnerable to cybercriminals. This explains why, according to SecurityIntelligence, spending on cyber insurance has swelled. In the US, it grew from $1 billion two years ago to $2,5 billion in 2016.

“SHA has been offering insurance against cybercrime for three years. To date, this insurance is most often sought after a company has suffered losses due to a cybercrime incident. We are hopeful that more people will protect their businesses proactively – before the damage is done,” says Buitendag.

SHA’s cover is designed to cover the “lifespan” of an attack. “It negates the losses of a business in terms of reputation by covered fees for a public relations service, getting a network up and running by offering access to highly skilled IT professionals, and covering the financial losses that the business has experienced.

“As a stand-alone policy or top-up on an existing policy, cyber cover is a strong pre-emptive strike to ensure a business is less vulnerable in this area.”

For more information about cyber cover at Santam, visit https://sha.co.za/products/cyber/.

Celeste Buitendag
Cyber underwriter
at SHA Specialist Underwriters
My concept of insurance and its value was the perception I had developed from my parents. They considered it to be too expensive and a grudge purchase.

Assistance policies
However, as Professor Vivian was quick to tell us, insurance is important to the South African economy as it is a form of savings and encourages saving across all consumer groups.

Millions of funeral policyholders know that a few Rands a month can ensure that anyone can have a respectful burial and that the family that is left behind will bury their loved one in a dignified manner.

Our industry however, needs to develop beyond offering assistance policies. It is our responsibility to create other insurance products that will gain that respect and will continue to encourage the concept of saving.

Financial inclusion
National Treasury’s 2011 policy paper “A safer financial sector to serve South Africa better” lists, as one of the four key financial sector policy priorities expanding the access through financial inclusion.

Financial inclusion means that all individuals and businesses have access to useful and affordable financial products and services that meet their needs and that such financial products and services are delivered in a sustainable way.

Stable financial conduct means people and businesses plan for everything from long term goals to unexpected emergencies. Financial inclusion does not only benefit the disadvantaged but benefits the economy as a whole because it is linked to a country’s economic and social development, and plays a role in reducing extreme poverty.

The government has played a key role in facilitating financial inclusion by adopting the Financial Sector Charter. In addition South Africa is working towards fulfilling its commitment to implement the G-20 Principles for Innovative Financial Inclusion.

The nine core G-20 financial principles are:
1. Leadership: Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.
2. Diversity: Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.
3. Innovation: Promote technological and institutional innovation as a means to expand financial system access and usage, including by addressing infrastructure weaknesses.
4. Protection: Encourage a comprehensive approach to consumer protection that recognises the roles of government, providers and consumers.
5. Empowerment: Develop financial literacy and financial capability.
6. Cooperation: Create an institutional environment with clear lines of accountability and co-ordination within government; and also encourage partnerships and direct consultation across government, business and other stakeholders.
7. Knowledge: Utilise improved data to make evidence based policy, measure progress, and consider an incremental test-and-learn approach acceptable to both regulator and service provider.
8. Proportionality: Build a policy and regulatory framework that is proportionate with the risks and benefits involved in such innovative products and services and is based on an understanding of the gaps and barriers in existing regulation.
9. Framework: The regulatory framework needs to be based in the context of a globalising world. The framework needs to grow and build on good regulatory practice. International standards as well as national circumstances need to be considered and must support a competitive landscape.

Practise and apply
Despite financial inclusivity being a legislative requirement, each one of us has the ability to practise and apply at least one of the above nine principles. It is our social responsibility to contribute to financial inclusion in the manner we are best able to.

Let us change the view of insurance. Let us build a positive perspective. Let us all contribute to alleviating poverty.
THE POWER OF CONSISTENCY:

WINNER OF MORNINGSTAR BEST FUND HOUSE AWARD, TWO YEARS IN A ROW.*

Consistency is the only currency that matters.
visit prudential.co.za

No smiley face can replace the warmth conveyed by the smiling eyes of a loved one; no cartoon red face can show the genuine embarrassment we show when we blush, no amount of LOLs can tell us when someone is having a belly laughter with tears in his eyes.

It’s about the reach
Vanessa K. Bohns, an Assistant Professor of Organisational Behaviour at the ILR School at Cornell University and author of ‘A Face-to-Face Request Is 34 Times More Successful than an Email’ says, “You could send an email to 200 of your friends, family members, and acquaintances. Or you could ask a few of the people you encounter in a typical day — face-to-face — to donate to a cause you care about. Which method would mobilise more people for your cause?”

“Despite the reach of email, asking in person is the significantly more effective approach; you need to ask six people in person to equal the power of a 200-recipient email blast. Still, most people tend to think the email ask will be more effective,” continues Bohns.

The argument in favour of face time is that telephone or email communication lacks important nonverbal cues to help us understand the message.

The power of persuasiveness
In research Mahdi Roghanizad of Western University and Bohns conducted, 45 participants asked 450 strangers (10 strangers each) to complete a brief survey. All participants made the exact same request following the exact same script; however, half of the participants made their requests over email, while the other half asked face-to-face.

People were much more likely to agree to complete a survey when they were asked in-person as opposed to over email. These findings are consistent with previous research showing that people are more likely to comply with requests in person than over email.

Participants who made requests over email felt essentially just as confident about the effectiveness of their requests as those who made their requests face-to-face, even though face-to-face requests were 34 times more effective than emailed ones.

*Why do people think of email as being equally effective when it is clearly not? In our studies, participants were highly attuned to their own trustworthiness and the legitimacy of the action they were asking others to take when they sent their emails. Anchored on this information, they failed to anticipate what the recipients of their emails were likely to see: an untrustworthy email asking them to click on a suspicious link,” said Bohns.

Indeed, when we replicated our results in a second study we found the nonverbal cues requesters conveyed during a face-to-face interaction made all the difference in how people viewed the legitimacy of their requests, but requesters were oblivious to this fact,” continued Bohns.

A shift in communication
According to Paul Booth, PhD, an assistant professor of media and cinema studies in the College of Communication at DePaul University in Chicago, “There has been a shift in the way we communicate; rather than face-to-face interaction, we tend to prefer mediated communication. We would rather e-mail than meet; we would rather text than talk on the phone.”

Awash in technology, anyone can hide behind the text, the email, the Facebook post or the tweet, projecting any image they want and creating an illusion of their choosing. They can be whoever they want to be. And without the ability to receive nonverbal cues, their audiences are none the wiser, says Susan Tarданico, Forbes Contributor and author of ‘Is Social Media Sabotaging Real Communication?’

“This presents an unprecedented paradox. With all the powerful social technologies at our fingertips, we are more connected - and potentially more disconnected - than ever before. Every relevant metric shows that we are interacting at breakneck speed and frequency through social media. But are we really communicating? With 93% of our communication context stripped away, we are now attempting to forge relationships and make decisions based on phrases. Abbreviations. Snippets. Emoticons. Which may or may not be accurate representations of the truth,” continued Tarданico.

“In the workplace, the use of electronic communication has overtaken face-to-face and voice-to-voice communication by a wide margin. This major shift has been driven by two major forces: the speed/geographic dispersion of business, and the lack of comfort with traditional interpersonal communication among a growing segment of our employee population: Gen Y and Millennials. Studies show that these...
generations – which will comprise more than 50% of the workforce by 2020 – would prefer to use instant messaging or other social media than stop by an office and talk with someone,” said Taridanico.

When looking at the graph, published by Lori Lewis, Vice President of Social Media at Cumulus Media on LinkedIn, it is evident that social media is taking the world by storm and it is an effective tool in promoting businesses through networks such as Twitter, Facebook and LinkedIn to reach consumers.

There is no doubt that social media’s effect on our ability to interact and communicate is visible throughout all areas of society, so what does this mean for interpersonal communication?

Media’s effect on our ability to interact

“Glance around a restaurant and you’ll be hard-pressed to find people have their heads down using their cell phones to text, Tweet, or update their Facebook statuses — all while sharing a meal with others at their table,” continued Booth.

According to Booth, studies have shown that people actually are becoming more social and more interactive with others, but the style of that communication has changed so that we’re not meeting face-to-face as often as we used to.

“That said, our interactions on social media tend to be weak ties—that is, we don’t feel as personally connected to the people at the other end of our communication as we do when we are face-to-face. So while we are communicating more, we may not necessarily be building relationships as strongly,” Booth says.

Three key issues are surfacing regarding the role social media now plays in people’s communication styles, Booth notes. First, when we communicate through social media, we tend to trust the people on the other end of the communication, so our messages tend to be more open.

Second, our social connections are not strengthened as much through social media as they are face-to-face, so we don’t tend to deepen our relationships—they tend to exist in the status quo.

Last, we tend to follow and interact with people who agree with our points of view, so we aren’t getting the same diversity of viewpoints as we’ve gotten in the past.

So what’s missing?

But when we communicate online, whether it’s on Facebook or through email, or when we tweet or text, what’s missing? What specific elements do we miss out on when we trade face-to-face communication for connecting through our computer or phone?

It may seem obvious to some, but we tend to forget about the importance of body language, voice inflection, and the simple act of looking someone in the eye during a conversation.

Our facial expression, physical gestures, and the emotional tone in our voice alter the meaning of our words, which is why it is very difficult to express ourselves fully and authentically in an email or text or even in front of a Skype screen. So what’s missing are the feelings that inform the words.

How to reconnect words to feelings? Fewer texts, less Facebook, and more face time. Face to face communication still remains the best and most complete way of getting our message across.
Are you looking to become compliant or seeking further opportunities, or are you a school leaver or new entrant into this vibrant sector of the South African economy?

Qualifications

- Long Term Insurance NQF L4
- Short Term Insurance NQF L4
- Short Term Insurance NQF L5
- Retail Insurance NQF L4
- Wealth Management NQF L4
- Wealth Management NQF L5
- Generic Management NQF L4
- Generic Management NQF L5
- Contact Centre Operations L4

We offer both Generic Programs and customised Programs that aid clients in strengthening their culture, performance and retention of staff.

FAST FACTS

Masifunde boasts excellent throughputs and uncompromised quality Education
One of the first training providers to achieve Quality Council for Trades and Occupations’ (QCTO) accreditation in the insurance sector
The preferred provider within the Financial Services Sector
Masifunde’s technological innovation enables them to take education into rural and outlying areas

CONTACT US

Tel: 086 111 4798
Email: changealife@mtc.co.za
Website: www.mtc.co.za

Address: The Glass House Office Park, 309 Umhlanga Rocks, La Lucia, Ridge, Umhlanga, 4319
Top industry players were recognised as the Financial Intermediaries Association (FIA) recently announced the winners of the 2017 FIA Awards.

For the first time ever, the research around the FIA Awards was done by Ask Afrika (Pty) Ltd and FAnews caught up with Bernice Gaum, Research Executive at Ask Afrika, to find out about the methodology they used and what they bring to the table with their expertise.

Question: During the research process what method and format did you use?

Ask Afrika was briefed on the methodology applied by the previous survey partner and special care was taken to match the ‘old’ and ‘new’ methodologies. The survey result still reflected the experience of product suppliers based on product, service, relationship, quality and overall satisfaction.

The FIA partnered with Ask Afrika to reconceptualise and invigorate the data collection process and engagement with stakeholders and members for the 2017 FIA awards. To accomplish this, the research process was divided into two phases.

Phase 1 - The survey, conducted by way of a short online questionnaire, was designed and distributed to all FIA members. In total, more than 8 000 contracts were rated by FIA members in 2017.

Phase 2 - A more robust diagnostic questionnaire was designed to gain further insight into why FIA members rated a company in a specific way and to identify actionable levers for product suppliers. This survey was launched in our call centre.

For this phase of the research, a random sample was pulled from the database. A statistical method (central limit theorem) was used to review the minimum sample for inclusion of a product supplier’s ratings in the awards (in other words whether they qualify for inclusion). Each category had a number of finalists that was communicated by the FIA.

Question: Were brokers and advisers keen to participate in the survey?

The FIA members were very responsive. During the initial discussions with members, it was expressed that some members felt their opinion was not sought in previous years and a decision was made to offer this survey to each and every FIA member.

Question: Do you believe brokers and advisers trust the results and see it as fair and true?

This is an independent measure asking about the issues that FIA members expressed as important to their business. The results were also independently audited and series of statistical tests on the data reinforces the validity and reliability of the results.

Question: What do you bring to the table… why Ask Afrika?

Ask Afrika has over 21 years of experience in the research industry. The Ask Afrika Orange Index® is the most widely referenced customer service benchmark since 2001 with comparisons across 33 industries and 135 companies in 2016 including the financial, medical scheme and insurance industries.

Earning this reputation in the industry requires methodological and sampling rigour and depends on the experience and qualification of a senior team, providing credible conversations with our clients and stakeholders. All research undertaken by Ask Afrika is underpinned by reputational validity and its awards are audited externally and internally to ensure complete transparency and validity.

Question: Going forward, do you believe the FIA can add categories like technology companies who play a massive role in the intermediaries’ businesses?

Pertinent issues such as technology and regulation are important to FIA members; but such categories were not built into the process for 2017. We will continue to build a relevant and valuable measurement process in partnership with the FIA as we strive to invigorate the awards and do not rule out the possibility for new categories from 2018.

OFFSHORE DOESN’T HAVE TO BE ‘OFF THE BOOKS’

A Special Voluntary Disclosure Programme (SVPD) has been implemented for a limited period to 31 August 2017. Disclosing undeclared offshore assets and investments allows you to be fully compliant. Old Mutual International’s Investment Portfolio+ is a convenient, tax-efficient and cost-effective structure designed to help consolidate and manage your offshore investments with ease.

To find out more about the Special Voluntary Disclosure Programme and Old Mutual International’s INVESTMENT PORTFOLIO+, please contact your Financial Adviser, Regional Offshore Specialist or call +27 (0)21 524 4726.
More than a thousand individuals from the financial services sector gathered at the 19th FIA Awards, where top industry players were recognised as the FIA announced the winners of the 2017 FIA Awards.

Well done to the FIA for hosting yet another great function and congratulations to all the winners.

THE WINNERS

- **Short Term Insurer of the Year – Personal Lines**
  Santam Insurance

- **Short Term Insurer of the Year – Commercial**
  Renasa

- **Short Term Insurer of the Year – Corporate**
  Santam Insurance

- **Underwriting Manager of the Year**
  Leppard

- **Long Term Insurer of the Year – Risk**
  PPS

- **Product Supplier of the Year – Investment Product Lump Sum**
  Allan Gray

- **Product Supplier of the Year – Investment Product Savings**
  Allan Gray

- **Product Supplier of the Year – Employee Benefits**
  Sanlam EB

- **Product Supplier of the Year – Healthcare**
  Momentum Health

- **Product Supplier of the Year – Health Insurance**
  Stratum Benefits

More than a thousand individuals from the financial services sector gathered at the 19th FIA Awards, where top industry players were recognised as the FIA announced the winners of the 2017 FIA Awards.

Well done to the FIA for hosting yet another great function and congratulations to all the winners.
Intermediaries chose Santam as their top choice in both corporate and personal insurance. How do you feel about winning in these categories?
The fact that this award was voted for by intermediaries is a strong endorsement of Santam’s enduringly high service levels, innovative product offering and on-going commitment to helping intermediaries deliver value to their clients.

You are doing something right. What is your secret?
Our intermediaries are a crucial link to both our corporate and personal clients and our relationship with them is a cornerstone of our business. We believe the Santam brand has high consideration among intermediaries because we invest significantly in building capabilities in our claims and service delivery areas both to their benefit and those of their clients.

Do the FIA awards present an opportunity to determine if Santam is effectively meeting the changing demands of the market?
The annual FIA Awards present Santam with an essential yardstick to determine whether we are effective and meeting the changing demands of the market. We continue to work hard at providing good and proper insurance by introducing initiatives aimed at improving our offering and delivering client focused solutions through our extensive network of intermediaries.

What is your message to intermediaries?
A large part of our success has been founded on keeping a focus on clients and providing them with trusted insurance products when and where they might need them. These principles have always been fundamental to our strategy and success in the insurance market and at the heart of the business is the relationship we have with our intermediaries. We thank them for their loyal support and for acknowledging us once again.

Edward Gibbens
Executive Head of
Commercial and Personal
Santam

Quinten Matthew
Executive Head of
Specialist Business
Santam

2017 FIA Awards: Short Term Corporate - Santam
Quinton Matthew, Executive Head: Specialist Business at Santam accepts the Short Term Insurer of the Year – Corporate award from Lizelle van der Merwe, CEO of the FIA (left) and Peter Olyott, President of the FIA (right).

2017 FIA Awards: Short Term Personal Lines - Santam
Edward Gibbens, Executive Head: Commercial and Personal at Santam accepts the Short Term Insurer of the Year – Personal Lines award from Lizelle van der Merwe, CEO of the FIA (left) and Peter Olyott, President of the FIA (right).
This is the first time Renasa has been nominated for the FIA Awards. What was your response when you were informed?

It was a welcome accolade to be recognised among companies as respected as the finalists in both the Commercial and Personal Lines categories of these prestigious awards. On hearing about our nomination, we were truly thrilled.

You are doing something right. What is your secret?

Renasa is focused solely on the intermediated channel and its mission is to place its intermediaries in a more competitive position than their competitors. We offer a personal service to our intermediaries by experienced and qualified broker service managers who are always accessible to intermediaries, visit frequently and, if business volumes justify, could even be based in the intermediary’s offices. In this fashion, intermediaries are in a position to obtain confirmation of cover quickly and to deliver an efficient and competitive service to their clients. Renasa has invested heavily in a modern cloud-based infrastructure that provides the benefits of scale in terms of both actuarial pricing and claims cost optimisation while leaving the intermediary free to bind cover and settle claims swiftly and, if they wish, achieve all these ends while operating on their independent platforms.

How important is this win for Renasa?

We are absolutely thrilled. With the investment Renasa has made in systems and processes to raise the bar on efficiency in the personal lines market, we thought that, if we were to be a serious contender, it would have been in the Personal Lines category and, when we did not succeed there, I contented myself with Renasa having been nominated a finalist in eminent company. When we were announced winners in the Commercial category, it did not at first register, but when it did, I was enormously elated. Ours is a team effort and this is a team win. Much is owed to the wonderful support we have enjoyed from our intermediaries for which we are deeply appreciative.

What is your message to intermediaries?

Firstly, we would like to thank our intermediaries sincerely for their unstinting support. We can always do better and we will continue our efforts to provide better products and services, improving the competitiveness of our intermediaries and ensuring that the intermediated channel, and most importantly, independent advice, survives and is sustainable despite the many factors currently disrupting the market and the intermediated segment in particular.

Jon Rosenberg
Chief Executive Officer
Renasa
2017 FIA AWARDS – INSURER OF THE YEAR

WINNER – COMMERCIAL LINES
FINALIST – PERSONAL LINES

"WHY DO WE INSURE WITH RENASA, ROGER?"

"BECAUSE OUR BROKER RECOMMENDS THEM, ARCHIE, AND HE NEVER LETS US DOWN!"

Your Best Friend In Insurance.
www.renasa.co.za
LEPPARD UNDERWRITING
Underwriting Manager of the Year

How do you feel about the win?
The fact that it is an endorsement from our clients makes it a really big deal for us. We have a passionate team and we place our clients at the core of everything we do. We feel honoured to have received this huge vote of confidence from our brokers.

What did you do right?
It will be interesting to see the actual detail in the reports from the research and understand where we are getting things right, but also where we can improve. Leppard have been around for 26 years and we always try to be consistent about how we go about our business.

How important is this win for you?
We are thrilled for our team who have worked very hard and deserve this pat on the back.

What is your message to intermediaries?
Leppard wants to thank you for your support and partnership over the years. We will continue trying to offer a superior service and product to the market and we look forward to many more years of success together. We would also like to make special mention of Lombard as our partners and thank them for their support.

Stuart Sinclair
Director
Leppard Underwriting

2017 FIA Awards: Underwriting Manager - Leppard
Leppard Underwriting accepts the Underwriting Manager of the Year award from left to right Peter Olyott, President of the FIA; Steve von Roretz, Director at Leppard Underwriting; Lizelle van der Merwe, CEO of the FIA; Stuart Sinclair, Director at Leppard Underwriting; Glenn Standen, Managing Director at Leppard Underwriting; and Doug Laburn, Director at Leppard Underwriting.
It is well known that behind every successful company is a solid team …

KEU would like to thank all our staff and brokers for your support and dedication, resulting in our nomination for the FIA Best Underwriting Manager category of the Year 2017.
PPS
Long Term Insurer of the Year - Risk

How do you feel about the nomination?
It is a very big honour for PPS to be recognised as part of the FIA Awards and this is our first nomination ever. We worked very hard since 2015 to improve our value proposition to our accredited intermediaries and this nomination validates not only the effort that was put in by the PPS staff, but also that our strategy to improve the PPS experience for the intermediaries was the correct one.

What, do you believe, have you done right to win?
PPS started with an internal focussed strategy in July 2015 to be more intermediary friendly. We set ourselves a goal to be the provider of choice for intermediaries in our target market within three years.

How important is this win for PPS?
As PPS is a niche player in the industry we regard this nomination as a major achievement and honour. We firmly believe that PPS has the best offering for graduate professionals. The nomination is proof that we have stepped up our game and PPS can now be seen as a value adding business partner.

What is your message to intermediaries?
PPS is fully committed to the intermediated distribution model. As such we are fully aware that we need to continuously improve our value proposition. We are, therefore, working on various initiatives that will assist us in meeting the expectations of our intermediaries. Watch this space!

Wimpie Mouton
Executive: Life Broker Services
PPS

2017 FIA Awards: Life Risk - PPS
Wimpie Mouton, Executive: Life Broker Services at PPS accepts the Long Term Insurer of the Year – Risk award from Lizelle van der Merwe, CEO of the FIA (left) and Peter Olyott, President of the FIA (right).
For the first time in FIA Awards History, there were 353 502 winners in a single category.

This year, the Financial Intermediaries Association (FIA) awarded PPS as the winner of the Long-Term Insurer of the Year in the Risk category.

Yet we’d like to think our win is more than an award, but an honourable reflection of our service to our special breed of intermediaries. The ones who we share our success with for the great strides we’ve made together, taking our 353 502 members to great heights and now being recognised for our efforts and our mutuality ethos.

Here’s to many more wins, with all 353 502 of us.

Visit pps.co.za to find out more about our financial solutions for graduate professionals.

Life Insurance | Investments | Financial Planning | Short-Term Insurance | Medical Aid

PPS offers unique financial solutions to select graduate professionals. PPS is an authorised Financial Services Provider.

#RAREISREWARDING
ALLAN GRAY
Product Supplier of the Year – Investment Product Lump Sum & Investment Product Savings

How do you feel about the win?
We are grateful to be nominated as a finalist in both Product Supplier of the Year: Investment Product Saving and Investment Product Lump Sum. We are extremely grateful for advisers and investors’ continued trust and confidence in us. However, winning awards or getting on the nominations lists is not our focus. We are focused on consistently delivering excellent service to financial advisers and clients.

You are doing something right. What is your secret?
We are steadfastly focused on creating long term wealth for our clients. Everything we do is centred around achieving this. Allan Gray’s client service philosophy is to build trust, confidence and satisfaction with each interaction, whether with advisers or clients. We aim to make doing business with us as simple and seamless as possible; the interaction should be a good and professional experience. We work hard to make sure that our investment platform offering reflects the needs of financial advisers and their clients.

Your view on the awards?
We are grateful for the nomination but winning awards is not our focus. We always say that past performance is not necessarily a guide for the future. We start every day striving to provide excellent service to our clients. This is what counts and what will keep clients invested, especially during downturns, so that they can enjoy the returns when they come.

What is your message to intermediaries?
We are living in times of uncertainty. Be the voice of reason for your clients and encourage them to remain focused on their long term plans and let us know if there is anything we can do to assist.

Jeanette Marais
Head of Distribution and Client Services
Allan Gray

2017 FIA Awards: Investment Product Lump Sum - Allan Gray
2017 FIA Awards: Investment Product Savings - Allan Gray
Raymond Mhere, Regional Manager at Allan Gray accepts the Product Supplier of the Year - Investment Products Single Premium award from Gavin Came, Chair of the FIA Financial Planning Executive Committee (left) and Peter Olyott, President of the FIA (right).
THE FURTHER YOU TRAVEL,
THE MORE OPPORTUNITIES
YOU’LL FIND.

Nothing stops the caribou when it’s on
the move. Not snow, not lakes and rivers,
not even mating. After all, when you only eat
grass and lichen, you make sure it’s the very best grass
and lichen, even if you have to travel 3000km to get to it.
Allan Gray and our global asset management partner Orbis
share the caribou’s philosophy. We know that the further you go,
the greater your investment prospects. That to be a successful
investor you have to access opportunities beyond the 1% of the
global equity market represented by South Africa. We realise that
the choices out there can be overwhelming, so we’ve narrowed
down the options to what we think are the most fertile offshore
investment opportunities, in the Orbis Global Equity Fund.
To be more like the caribou call Allan Gray on 0860 000 654
or your financial adviser, or visit www.allangray.co.za
SANLAM EB
Product Supplier of the Year – Employee Benefits

You had some new competition in your category. What do you think is the reason for new finalists coming to the fore this year?
The umbrella fund space represents the fastest growing segment of the retirement savings landscape. Asset managers are recognising the potential latent in this space and are starting to compete more actively for a share of this rapidly growing market. We welcome these new entrants and we hope that they will push the market towards greater efficiency and innovation, which must be to the benefit of fund members.

What does winning this award mean for Sanlam?
It means that our focus on improving financial outcomes for members is recognised by our most important partners – intermediaries. Having won the award many times in the past, it represents, and is affirmation from intermediaries that Sanlam is on the right track in empowering intermediaries to add even greater value to our shared clients through our engagement model, service proposition and technological suite.

What is your message to intermediaries?
Sanlam firmly believes that intermediaries have an absolutely critical role to play in the employee benefits space. We have consistently lobbied industry stakeholders, the regulator, the media and the public to emphasise the key role that intermediaries do fulfil and can fulfil into the future. In the context of uncertainty, complexity and scarcity - the role of the intermediary is paramount and advice is what intermediaries do best.

Viresh Maharaj
Chief Executive Officer
Sanlam Employee Benefits: Client Solutions
Our commitment to your future has been recognised. Again.

We’ve been awarded the 2017 FIA Product Supplier of the Year in the Employee Benefits category. It’s the 5th time in 7 years, and an independent award that’s judged by the experts in the industry - financial advisers. For our clients, it’s reassurance that their retirement savings are in good hands and for our employees, it’s affirmation that what they’re doing, they’re doing very, very well. Because that’s what makes us Wealthsmiths™.

Sanlam is a Licensed Financial Services Provider.

www.sanlam.co.za
MOMENTUM
Product Supplier of the Year – Healthcare

This year was noteworthy for Momentum as they were nominated in four out of the ten categories. How do you feel about winning Product Supplier of the Year?
The recognition received at the FIA awards represents an acknowledgement of the renewed focus the company has to cement Momentum as a client-centric and innovative service provider that is able to meet the needs of the clients they service.

You are doing something right. What is your secret?
By providing solutions and services that resonate well with our clients, we feel we are getting it right in meeting diverse needs of South Africans and providing a holistic approach to financial wellness. Obviously Momentum’s added value components, like HealthReturns and HealthSaver, are appealing to our consumers. We are able to deliver on our promise of enhancing and unlocking financial wellness. This naturally also reflects on the relationship we have with financial advisers and the ease of doing business with Momentum.

How important is this win for you?
We are very pleased to have been recognised by the financial advisers who are the engine of the industry. At Momentum, we recognise the integral role that advice plays in the financial wellness of our clients. This accolade confirms that we are making strides in our client-centric strategy and we will continue to strive for excellence and innovation in our engagement with our stakeholders.

What is your message to intermediaries?
The multiple nominations for FIA Awards are testimony that the independent financial adviser community has embraced holistic financial planning and has acknowledged Momentum as being able to deliver on that; and their willingness to partner with us on that journey.

Damian McHugh
Head of Marketing
Momentum Health

2017 FIA Awards: Healthcare - Momentum
Damian McHugh, Momentum: Head Health Marketing accepts the Product Supplier of the Year – Healthcare award from Lizelle van der Merwe, CEO of the FIA (left) and Peter Olyott, President of the FIA (right).
Thank you to every financial adviser that picked Momentum Health as the best product supplier in healthcare.

We appreciate your ongoing support!
STRATUM BENEFITS
Product Supplier of the Year – Health Insurance

How do you feel about the nomination and win?
We feel excited. A sense of accomplishment reigns amongst our team of brand ambassadors. Being the first winners of the Health Insurance: Product Supplier of the Year Category in 2016 was exceptional; being nominated this year, once again, is undoubtedly another proud moment for us.

The recognition will not only validate our brand but also serves as confirmation that we are doing many things right; that our brokers share the same beliefs we do and that our product offering and service delivery have set the benchmark once again.

There are only two finalists listed in the Product Supplier of the Year – Health Insurance category. Why do you think this is?
There are numerous product suppliers in the gap cover industry which leads us to believe that it is not necessarily the playing field that is unique but rather that the voters look for something unique and refreshingly different which they might not find with other gap cover providers. The FIA members have high standards and specific expectations when it comes to what makes a provider different and memorable and we are honoured to be top of mind.

What is your message to intermediaries?
We want to thank each broker who voted for us and for believing in us. Without their support and loyalty, we would not be the company we are today. We look forward to strengthening our partnerships even further; here’s to the mutual successes we will achieve – together!

Marco Fonto
Managing Director
Stratum Benefits

2017 FIA Awards: Health Insurance - Stratum
Marco Fonto, Managing Director at Stratum Benefits accepts the Product Supplier of the Year – Health Insurance award from Lizelle van der Merwe, CEO of the FIA (left) and Peter Olyott, President of the FIA (right).
Checkmate!

As proud 2016 and 2017 FIA Product Supplier of the Year: Health Insurance winners – we thank our partnered brokers for crowning us once again. We are honoured by the prestigious acknowledgement of being the market leaders; providing best-in-class medical shortfall solutions and unparalleled service excellence.

Your unwavering support and belief inspire us to remain on top of our game.

Our sights are set on the year ahead and into the future as we strategically advance to new heights.

Congratulations to all the 2017 FIA finalists and winners.

www.stratumbenefits.co.za
In order for financial planning to truly benefit the client, the mindset has to change from one of selling a product to one of providing financial advice to guide the client towards reaching their financial lifestyle goals.

Value based engagements

When the Retail Distribution Review (RDR) comes into effect, it will place a lot more focus around the value that has been added to a client engagement, rather than the value of a transaction.

To this end, we are trying to steer away from transaction based engagements, and rather focus on value based engagements. The current industry norm is to remunerate and reward intermediaries based on the value of their transactions.

In order for financial planners to deepen engagement in households, it is important to note that apart from providing a solution, the idea is to have a solid plan for the client to follow. Just like a road trip, this journey needs to be evaluated regularly in order to effect adjustments for lifestyle changes. The focus should be on the plan and the value that adds to a client, and not just a “box drop” sale. This entrenches doing what is right for the client and ultimately, leads to lifelong client relationships.

Co-create client’s lifestyle

We need to find out what our clients’ dreams and goals are – are they saving for their child’s tertiary education, saving for an overseas holiday or simply to pay off their house? Each life stage requires careful consideration and financial planners should help co-create their client’s lifestyle. The goal is to ultimately protect their current lifestyle and at the same time give them the guidance to enhance their future lifestyle.

In an age where DIY financial planning is on the rise, financial planners need to prove their worth now more than ever. In the era of Baby Boomers, people wanted to save for their retirement because this was the done thing, but younger generations are more focussed on the present-day and desire instant gratification. They are accustomed to digital solutions that enables them more control over their decisions. Embracing these initiatives and partnering with clients will further entrench relationships and consequently help clients sculpt their ideal financial portfolios.

Forming a habit

The majority of South Africans do not understand the real value that financial planners can add. Most people get triggered into buying life cover as bond collateral, and income disability out of fear. Very few South Africans actually take the time to plan for positive reasons. Most calls to action are fear based. We need to change that because the better they can prepare, the more peace of mind they can have and the less likely they are to implement fear-based solutions.

When it comes to educating people about the importance of using the services of a financial planner, face to face engagement on a consistent basis to enable people to see the benefits of planning is important. Doing this from a young age to entrench the correct financial behaviours is imperative. It needs to become a habit. People need to understand that by making the right decisions early in their life could very well help them avoid having to make drastic lifestyle changes in their later years.

Financial planning is a journey, not a transaction. It is a partnership with the client where you can provide them with a roadmap of how they should be looking after their financial wellbeing, and walk the walk with them throughout their life stages.

Nico Coetzee
CEO of PPS Financial Planning
Know your heart and go for a health assessment.

The healthier your heart, the better your status, the more your rewards... like up to R1 000 per month in HealthReturns.

SMS MULTIPLY to 40717 to join | Get more info at momentum.co.za | Speak to your accredited Momentum financial adviser.

Terms and conditions apply. MMI Multiply (Pty) Ltd is a subsidiary of MMI Group Limited, an authorised financial services provider.
One needs to understand that corporate binders are currently granted by certain insurers in the short term market for various reasons, but with the advent of the proposed changes to the Binder Regulations from the Financial Services Board (FSB), these binders granted to brokers or non-mandated intermediaries may well be under threat and may become the exclusive domain of underwriting managers in the future.

Niche sector binders
These binders are dealing with large independent brokers or the multi-national and national brokers who have access to experienced and skilful underwriting staff, and a corporate client base that they understand well. This client base also has a large amount of trust in their brokers’ ability to deal with their needs efficiently and correctly for the insurer.

It is typically the more niche sectors of short term insurance, examples of which would include medical malpractice and professional indemnity generally, Group Personal Accident and General Broad-form Liability policies.

These typically are done on a scheme basis for the corporate’s employee base and the attention to strong administration accuracy and fast turnaround times is critical. It is also important to have the requisite skill and ability to manage the underwriting claims that would be outsourced in the binder from the insurer.

Lack of confidence
When one looks carefully at the recent Retail Distribution Review papers, it has become clear that there is a feeling that the regulator does not believe that brokers, regardless of their size or capacity have the relevant ability to manage commercial binders, let alone large corporate binders.

There is a feeling that brokers may maintain their personal lines binders given that those personal lines clients are the ones who require the quick turnaround of service.

However, commercial (which includes corporate binders) should be the exclusive domain of insurers and underwriting managers given that the underwriting and settling of claims skills required to manage these binders effectively does not reside with a broker whose first priority should be to provide quality advice to their client and act on behalf of their clients with respect to their dealings with insurers.

The regulator is of the view that such specialised insurance skills (underwriting and claims) required to manage these corporate binders would reasonably be expected to be found with insurers and underwriting managers only and that brokers should be more focussed on doing what they do best, which is providing sound advice and risk management.

Taken away
Brokers with corporate binders may in the near future find that their ability to manage these binders are taken away.

Given their skills and expertise in this area, it would be a pity for clients and insurers, and it is hoped that a workable compromise may be found with the Regulator.

Corporate clients are certainly capable of making sure they are treated correctly and not exploited in any way. They are currently finding well run and competitive corporate products being sold and administered by specific brokers who possess experienced and efficient staff and are able to manage the value chain very competently.

If the current proposals are promulgated, it will result in the products being managed directly by insurers with the broker only able to provide broker services on such products and it may be that the insurer, not being as close to the clients, or not being as familiar with the client’s business, will not be able to provide the same services and underwrite the policies as effectively.

Danny Joffe
Senior Legal Advisor
Hollard Broker Markets
That’s why we’ve helped nurture thousands of children to reach their full potential.

Along with our partner, Kago Ya Bana, we have big plans for South Africa’s littlest ones. By giving over 1,200 children and counting, the nurturing and education they need at foundation stage, we set them on a path to reach their full potential and thrive.

To learn how we’re enabling better futures every day, visit hollard.co.za/betterfuture

Art from the Creative Block Programme, www.yellowwoodsart.co.za/creative-block

The Hollard Insurance Co. Ltd (Reg No 1952/003004/06), Hollard Life Assurance Co. Ltd (Reg No 1993/001405/06) and Hollard Investment Managers Pty Ltd (Reg No 1997/001696/07) are Authorised Financial Services Providers.
What’s all the hype about InsurTech?

According to Investopedia, Insurtech refers to the use of technology innovations designed to squeeze out savings and efficiency from the current insurance industry model.

In 2016 there was a lot of hype around Insurtech, specifically in the UK with record levels of investment. In this article we take a look at how the Insurtech sector is maturing in South Africa.

Working on the next big thing

The topic of Insurtech is being discussed more and more around the world. I spent a week in the UK, one of the world’s financial innovation hubs, and had the privilege of attending the British Insurance Brokers’ Association (BIBA) Conference and Exhibition in Manchester. This gave me some fantastic insight into how the British Government and businesses are collaborating to drive innovation and development of the insurance industry in the face of Brexit.

What is immediately evident in the British context is how proactive businesses have been when it comes to investing in new concepts like Insurtech and Fintech. This eagerness to adopt new ideas is illustrated
by the ‘We Work’ office park in Aldgate, which is packed with glass cubicles full of developers working on the ‘Next Big Thing’.

There is a buzz in the air as teams of innovators huddle around tables laden with massive screens turning coffee, beer and Wi-Fi into new ideas. I could almost imagine having pizza box sized holes in the doors so that those inside would not need to be disturbed by opening the door.

BIBA is the largest insurance broker seminar in the UK. Recently much of the attention has shifted from traditional insurance providers to new Insurtech solutions, with tech exhibitors showcasing direct sales technology, customer portals and product innovations among many others. Venture Capitalists and Private Equity in attendance looked for innovative ideas and investment opportunities.

It seems as if 2016 was the year of Insurtech hype with tech talks showcasing concepts like blockchain, digitalisation and channel activation. 2017 is very much a year of development, with many of these technologies moving from R&D to practical applications and rollout, with a focus on technologies which enable the business of tomorrow.

What is happening in the UK?
It is all about the customer in the UK insurance industry at the moment. Growth and innovation are geared towards simplification, with mobile-adaptable portals and web interfaces which give customers the ability to transact with ease. Everything is aimed at improving the customer’s experience and meeting the customer’s needs.

New technologies are emerging to fill these requirements, such as the ability to create, launch and distribute new products quickly and with minimal IT involvement. Another key area is customer centricity and creating a single view of the customer across multiple lines of business. This in turn leads to the concept of usage-based insurance, which allows the customer to tailor their insurance coverage to suit their lifestyle, and turn products on and off at will. Finally there is a lot of excitement about the emergence of artificial intelligence technology, which promises to improve analysis of the ever-increasing volumes of data being generated.

The UK holds several advantages over South Africa when it comes to the development of new Insurtech.

The first major advantage is the value that the British Government places on Intellectual Property. There are several incentive schemes for tech entrepreneurs, which actively promote technology development. The availability of Venture Capitalists and Private Equity Investors also makes growth much easier for anyone who may be onto the ‘Next Big Thing’.

The second advantage is the competitive nature of the insurance industry in the UK. There is always competition in every facet of the industry, which results in access to more insurers as well as better service from service providers. This gives the customer a wide choice of service providers, which in turn drives innovation as the players in the industry seek to differentiate themselves by providing more value to the customer.

The third advantage is the nature of the client base in the UK. There is a massive middle class of customers who all have a similar level of access to technology. When dealing with customers in the UK, you can safely assume that they have smart phones, internet access and bank accounts no matter where they live or work. This allows innovation to be directed towards these platforms without the risk of alienating part of the client base.

The South African situation
South Africa represents several unique challenges to the development of new technology. Firstly, the variety and geographical distribution of the client base makes building scalable ‘one size fits all’ solutions very difficult. This in turn leads to increased cost and complexity when introducing and adapting any new technology to the South African market.

The second challenge is that of investment and business direction. In order for significant growth to occur, a technology company needs investment from outside sources. Unfortunately, the political and legislative climate in South Africa causes uncertainty in investors, which in turn makes attracting investment more difficult and results in reduced growth.

Finally, the insurance industry in South Africa faces a significant legislative barrier to entry. The Retail Distribution Review (RDR), the Protection of Personal Information (POPI) Act and other compliance regimes may serve to protect the nation, however they come at the cost of hugely increased operating overheads for the industry. This effectively creates a barrier to entry for new, smaller companies into the South African market, which in turn promotes monopolies.

The way forward
Surprisingly, given the above challenges, Insurtech in South Africa is in many ways more advanced than in the UK. Skills shortages and labor laws have forced companies to look for technology solutions to their problems. This means that most insurers are migrating or have already migrated to new technology, and so do not have the same legacy system issues as their European counterparts.

Mobile apps and client portals have existed for years; however there is an emerging shift in focus towards collaborative computing. This allows for the emergence of niche players who specialise in the construction of gateways and interfaces to other suppliers, who in turn specialise in managing their parts of the industry. This leads to an increasing need for specialist business analysis in order to ensure that the disparate systems are all talking the same language, and that nothing is lost in translation.

Many of the technology advances are currently geared towards the upper end of the market; however there is a growing need to provide the same level of service to the emerging market as well. The emerging market represents new challenges in the requirement for price sensitive solutions that are simple to distribute and service. Those who crack this conundrum will likely be the winners of tomorrow.

Steve Symes
CEO
Genasys Technologies
Calling time on a career of VIRTUE AND VALUE

For many people, there is no higher ambition in life than that of a life of service. These people put their shoulders to the wheel every day in the execution of their duties so that the financial services industry is run like a well-oiled machine, and that insurers and brokers alike receive unwavering support from industry bodies.

This sums up the professional career of David Harpur. After serving as the CEO of the Insurance Institute of South Africa (IISA) since 2009, Harpur retains his CEO role until the end of the year with Thokozile Mahlanguas the CEO designate.

FAnews spoke with Harpur about his time at the IISA and what the future holds.

Question: How do you feel about leaving the IISA?

My eminent departure from the IISA sometime later this year creates many mixed emotions in my mind. I am very pleased that I have been able to contribute to the IISA, its members, and the industry at large since taking up the CEO role in January 2009.

I hope to be able to contribute to the industry in the future in whatever role becomes available for me to do so whilst I have the energy, drive and passion to continue contributing in some meaningful ways.

Question: How has the industry changed over the years?

While the insurance industry has undergone and will undergo many changes over the years, the key requirement of the professionalization of the industry remains an ongoing challenge.

Insurance knowledge is still a vital basic tool that needs to be studied and understood as we evolve into the new digital world driven by many impacts that the Internet of Things (IoT) is having on our industry.

Some of the technological innovations happening at the moment will lead to the loss of many traditional jobs in the financial services and insurance industries, and new entrants will come with a different and varied skill base as current employees battle to grasp the new way of doing things.

The challenge for the IISA is to ensure that we are at the leading edge of delivering traditional insurance knowledge in a format that aligns with new technology and student interests as well as embracing new relevant courses to aid in the drive for professionalism.

Question: What is your greatest memory of your time at the IISA?

In terms of great memories created during my tenure at the IISA, the support of the market for many of our new initiatives has been immense. This includes our conferences and forums and more recently the launch of our IISA training centre.

I have enjoyed the support of many friends and colleagues in the insurance market and amongst the greater circle of support services as well as the insurance media. We have followed an inclusive philosophy of working together, with and alongside many other industry bodies to ensure that ultimately we are contributing to the delivery of “World class skills for a world class industry”.

If we have delivered a little of that, it makes me very happy but I am not sure that we have achieved the full delivery as yet. There is so much more to do and I wish Thokozile good luck going forward as the new CEO of the IISA.
"Every 8 minutes, Liberty pays out a claim, and changes a reality."

Simon, like many of your clients, won’t remember hearing that we paid out R4.3 billion in claims last year. What busy father would? He would however remember the one day he suffered from a heart attack.

He’ll remember receiving a monthly income allowing him time to recover, and a lump sum to help cover the additional costs that this heart attack brought into his life.

And most recently, he’ll remember being back at work, as well as doing what only daddies can do best.

For the past 60 years, we’ve been working every day for your clients’ one day. Ask about our comprehensive cover for all your clients’ life insurance needs, today.

Search LIBERTY CLAIMS

*Name has been changed to protect privacy.

Call 0860 456 789 or visit www.liberty.co.za
Over the last four years, the market share of commercial umbrella funds has increased by 70%, at the expense of standalone employer funds.

Positives outweigh negatives
This should be a good thing. Since an umbrella fund clubs together multiple employers and its employees in a single fund with standardised rules and a single board of trustees. It is more efficient to govern and administer than a stand-alone employer fund. Like all employer-sponsored funds, umbrella funds are also typically better than individual retail arrangements.

With employer-sponsored retirement saving, employees save for retirement as part of their conditions of employment (which should mean lower distribution costs for providers and thus lower fees) and employers represent a big enough group of employees to negotiate better fees than each employee could on their own. These advantages should result in better outcomes for members than what small and mid-sized employer-sponsored funds can offer, but this is not always the case.

The commercial umbrella fund market is dominated by large life insurers which together make up 85% of the market. Although there are some funds that offer super-efficient administration and simple products that sell themselves, mostly, umbrella funds today have a reputation for high costs, poor transparency and ill-disciplined (or maybe worse, contrived) complexity.

A good umbrella fund
Umbrella fund members need high quality investment management, value for money and great service.

Retirement savings should not be complicated at all: the service offered is standardised and price and value-for-money should be easy to compare. However, the way fees are disclosed varies from one provider to the next making decision-making challenging and often leading to poor outcomes for members.

Fee disclosure is critical to ensure that where a member or employer representative is exercising choice, they understand what they will be charged for and how much, and are equipped to make the right decisions.

Another key factor to consider is investment returns: investment returns have a large impact on retirement fund members’ capital over time. The best investment teams in South Africa are independent: they are not allocated assets preferentially from an in-house balance sheet and they do not have sales armies pushing their funds in an in-house distribution force. Without these advantages, independent managers are heavily dependent on their performance in order to run sustainable businesses: the survivors are better because of natural selection. A good umbrella fund should offer members unbiased access to the most highly-regarded SA investment managers.

Transparent easy-to-understand solution
A new entrant using technology to provide better service than the incumbents at a competitive and more transparent price could improve the South African retirement saving system.

The recently launched Allan Gray Umbrella Retirement Fund aims to give employers and members a transparent and easy-to-understand retirement saving solution. It has a simple product and fee structure, which means that employers and their employees have clear sight of contributions, returns and charges.

Members benefit from excellent service, access to their investments via a secure online account, competitive administration and investment management fees – and there are no hidden costs. The product makes things simple for employers and puts member needs at the center by offering an unbiased, limited range of high-quality investment managers, fair and transparent pricing and great service. Everyone gets the same excellent service regardless of their contribution levels.

The Fund offers no built-in risk benefits: retirement fund contributions are only used for their intended purpose, i.e. saving for retirement. Group risk cover can be arranged by putting the employer in touch with an independent risk benefits provider.

Saleem Sonday
Head of Group Savings and Investments
Allan Gray
COURPARET CREDIT –
a viable alternative to cash

Saul Doctor of JP Morgan, in a report titled ‘What Your Great-Grandfather Should Have Bought: Analysing a Century of Asset Returns’, came to the fascinating conclusion that on a risk-adjusted basis, corporate credit outperformed the other asset classes (government bonds, equities and gold) for the period 1919 – 2009.

There is no proxy index for South African corporate credit. However, given that corporates have generally issued debt at more than 160 basis points over Johannesburg Interbank Agreed Rate (JIBAR), this asset class has also delivered attractive risk-adjusted returns domestically.

How to access this asset class?
Very few corporate credit investment vehicles exist in South Africa, particularly for retail investors and those requiring daily liquidity. However, Investec Asset Management has developed an enviable long term track record of analysing and investing in corporate credit on behalf of such investors. The Investec High Income Fund invests largely in corporate credit as it offers an attractive opportunity to maximise income and grow capital.

The Fund is a specialist fixed income fund that aims to deliver a low volatility, yet compelling and competitive high yielding alternative to traditional bond funds and cash. The Investec High Income Fund offers access to investment-grade corporate credit and little exposure to duration, thereby cushioning the Fund’s capital against the impact of a changing interest rate environment. This is because the Fund typically invests in floating-rate notes, which offer a variable interest rate linked to money market rates.

Cyclical resilience
The focus on investment-grade credit, coupled with an active management approach, has yielded an offering that is designed to remain resilient across economic cycles. As a result, the Fund has the potential to deliver competitive returns on a consistent basis.

The application of this focused investment strategy has resulted in the Fund delivering consistent returns above cash and inflation through time.

Since inception, the Investec High Income Fund has outperformed its benchmark by 0.46% a year on average after fees, and by 0.87% a year since the change in benchmark on 1 July 2011.

A sound track record
Investment-grade credit refers to counterparties with a long term credit rating of at least BBB-. The development of the South African listed Debt Capital Market (DCM) has shown steady progress over the last 15 years.

A key feature during this period has been the evolution of the listed corporate credit market comprising predominantly investment-grade issuers. The listed DCM serves as an alternative source of funding for banks, state-owned enterprises and corporates. As a proxy for investment-grade credit, listed DCM issuers have had a strong run, with the only real default giving rise to losses for investors being the curatorship of African Bank Limited in August 2014.

Credit valuations and positioning
Given a more supportive global economic backdrop, we are cautiously optimistic.

There is a strong focus on stock selection, portfolio composition and liquidity management. We prefer defensive sectors with strong bottom-up fundamentals. Essentially, we seek to identify entities whose balance sheets are sound and that have good strategies in place to weather tough and uncertain conditions.

In conclusion, the Investec High Income Fund has an attractive gross running yield relative to cash of around 9.4%, with negligible duration risk. The team has been able to enhance the Fund’s yield without sacrificing on the quality of the underlying investment instruments.

Paul Hutchinson
Sales Manager
Investec Asset Management

Source: Morningstar and Investec Asset Management, since inception of the Fund’s A class on 02.04.00 to 31.03.17. Performance figures are based on a lump sum investment, NAV-NAV, net of fees, gross income reinvested, in ZAR. Highest annualised return: 16.1% (30.06.03) and lowest annualised return -4.3% (31.08.14)

12 month rolling performance figures. The total expense ratio is 0.92% and the transaction cost is 0.01%.
FAnews spoke to Alexandra Schudel, Head of Financial Lines and Casualty at Chubb Insurance South Africa, to gain a better insight into the cyber risk landscape as well as the company’s cyber offering.

**Question: Do you believe companies realise the seriousness of cyber risks?**

Our research suggests that they increasingly do. In 2015 we surveyed over 500 Risk Managers across Europe, Eurasia and Africa to ascertain what risks were keeping them awake at night. Unsurprisingly, technology risk ranked number one with almost half of respondents (43%) suggesting it was among their greatest concerns.

It was also found that technology risks consume more time and resources than any other emerging risk, and that companies expect it to have the greatest financial impact on their business.

However, despite this increase in awareness and interest in exploring cyber insurance, we notice that there is a false sense of security from companies in the middle market space in particular. They sometimes think that they will not be targeted as they do not have a high profile and are not household names.

Unfortunately, this is not the case as small to medium enterprises generally do not have specialised IT departments and focused awareness training programmes and are often most vulnerable. They are therefore at risk from attackers who see them as soft targets.

**Question: What do clients have to take into consideration when making the decision to get cyber cover?**

Companies need to ask the following questions when thinking of purchasing cyber cover:

- Is your board and management team proactive regarding discussion of technology risks?
- Do you have an incident response plan in place?
- Disaster recovery plans tested?
- Have you conducted vulnerability testing?
- Do you have employee training programs in place?
- Do you have adequate controls over third party business partners with access to your network?
- How reliable and up to date are your back-ups?

**Question: Why Chubb?**

Chubb has been a global leader in insuring cyber risks for the past 16 years. Our cyber policy, known as Cyber Enterprise Risk Management, provides companies with a holistic solution which includes first party and third party protection as well as pre-bind cyber risk assessment, post-event crisis management and risk transfer solutions.

Our policy covers all the key areas to effectively and efficiently deal with a cyber incident, from network and privacy liability, to media liability, business interruption, data asset loss and incident response costs.

In most scenarios we offer incident response costs with no excess payable by the client and without a sub-limit. We also do our underwriting up front, so when a claim occurs, the policy is able to respond immediately rather than having to validate warranties before next steps can be taken.

Moreover, our policy offers worldwide coverage to respond to the ever changing and growing regulatory burdens faced by businesses.

**Question: What is the worst thing a company can do following a cyber-attack?**

The first 24 to 72 hours of a cyber-attack are critical so the worst thing a company can do is to be unprepared.

As part of your incident response planning you need to review the types of data you have, the levels of sensitivity or importance associated with the different types, and the impact of a breach to them. You should identify critical information, security risks and put in place appropriate monitoring and controls. Information resources need to be inventoried and classified according to sensitivity and criticality.

If this has been done, it means that as soon as a breach is detected and communicated, you can quickly start to respond. Within the first 24 hours you should be equipped to determine the type of attack, impact and start defining an action strategy. A standard action strategy would involve the mobilisation of experts to assist with the attack.

Depending on the type of attacks this may include: IT forensics, public relations specialists, legal teams, fraud specialists and forensic accountants. The appointment of these specialists would typically be done hand in hand with the company’s appointed crisis management partner.

FAnews JUNE 2017
I am your data.
Protect me.

I sit in the cloud.

I am in your databases and devices.

I grow by 100 terabytes every day.

I am millions of confidential records.

Names, addresses, bank account details.

I want a particular kind of protection and level of service that comes from decades of experience insuring companies against the risk of network breaches and compromised data.

Not just coverage. Craftsmanship.™

Not just insured.

Chubb. Insured.™

www.chubb.com/za

©2016 Chubb. Coverages underwritten by one or more subsidiary companies. Not all coverages available in all jurisdictions. Chubb®, its logo, Not just coverage, Craftsmanship™ and all its translations, and Chubb. Insured.™ are protected trademarks of Chubb. Chubb Insurance South Africa Limited is an Authorised Financial Services Provider (FSP No. 27176).
For as long as I can remember, Mutual & Federal has been one of the biggest short term insurers in the South African market. The company has a proud history that dates back many years and has built a reputation around specific business principles.

OLD MUTUAL INSURE steps out of the box

Brian Johnson - Head: Distribution at Old Mutual Insure

This is set to get even better when Mutual & Federal steps out of the box of its traditional business model to become a fully integrated insurer in the Old Mutual stable. Under the new name, Old Mutual Insure, the company will be able to offer a wider range of services to its intermediaries and policyholders.

FAnews caught up with Brian Johnson, Head of Distribution at Old Mutual Insure, to find out a bit more about the rebranding.

Question: How does the rebranding change the company’s core values and strategy?

Old Mutual Emerging Markets has articulated its vision to become the African champion in financial services. The rebranding to Old Mutual Insure gives us greater visibility to allow us to grow our market share in the retail segment. This will advance the Old Mutual Emerging Markets growth strategy.

Our short term insurance business will continue to be part of Old Mutual Emerging Markets and rebranding to Old Mutual Insure is therefore a logical next step on our journey together.

The rebranding does not take away from our core capability of offering specialised short term insurance expertise. Old Mutual Insure will remain the short term insurance expert within the Old Mutual Group, which will now offer a full range of financial solutions under one brand.

Question: How will the rebrand further unlock the value that sits in the Old Mutual customer base, its brand and distribution channels?

Old Mutual Insure will work with Old Mutual to provide value propositions to customers, businesses and advisers that offer a one-stop solution. Shared services will lead to lower costs and more competitive financial services and products, which will ultimately make it easier for our intermediaries and customers to do business with us.

Shared services will also make funds available for expansion, higher risk product offerings, top-talent retention, innovation, marketing and for assisting brokers and advisers in managing their practices profitably. All of these will be to the benefit of our intermediaries and our customers.

Question: Do you believe you have timed the rebrand well?

The timing of the rebrand is strategic, with the timing of the listing of Old Mutual in South Africa, presenting an opportunity to be a part of a formidable brand.

This holds specific benefits that we will leverage to become Africa’s top short term insurer. These benefits include growing our share of the retail market, improving the customer experience, new opportunities for our company, our customers, our intermediaries and our employees, and extending our short term expertise.

Question: What does the rebrand mean for brokers?

Partnerships with brokers and financial advisers will remain a key focus for Old Mutual Insure. We continue to believe in the value of expert advice and the role it plays in improving customer experience.

Our new brand name will give us greater visibility in the market, which in turn will allow us to grow via our intermediated support base, both in South Africa and Africa. We remain committed to providing our brokers with the best short term solutions in the market.

Throughout our proud history we have been there in support of our South African brokers. And it is this positive attitude we take forward into the next chapter of our story as Old Mutual Insure.

www.ominsure.co.za

For more information visit
A remarkable feature of modern regulatory intrusion is that it does not appear to have any limits.

State intervention for microinsurance: JUSTIFIABLE?

In perspective with Prof Vivian

Robert W Vivian
Professor of Finance & Insurance
University of the Witwatersrand

Agata MacGregor
Lecturer in Insurance
University of the Witwatersrand

Justine van Vuuren
Associate Lecturer in Insurance
University of the Witwatersrand

It traverses beyond any known and sensible regulatory bounds and intrudes into what is usually regarded as the exclusive terrain of private sector management. It is for this reason we have described this modern development as bureaucratic managerial centralism.

Lack of limits
The regulator is not trying to regulate but rather run the financial sector. The regulator acts as if it is the head office of the financial sector issuing instructions to its various branches. It is for this reason we have also referred to it as regulatory nationalisation; nationalisation by regulators.

The lack of limits can be illustrated by the proposed statutorily imposed microinsurance (whatever that might be). The proposed Insurance Act has specific provisions for microinsurance. The question addressed in this article is if such legislation can be justified on any known basis and if not, on what new basis is it proposed?

For some considerable time now, in South Africa, the state has been trying to get the private sector to introduce microinsurance without much success.

In the banking sector, at the behest of the state, banks introduced the Mzansi accounts in October 2004. Five years later fin24 Archives announced the Mzansi accounts had flopped with 42% of the accounts being dormant. In 2010 it was estimated 15% of South Africans had a Mzansi account and by 2012, it had dropped to 6%.

The banks reported losing money on the endeavour. There may be considerable logic in providing banking accounts to lower income groups since this gives access to the electronic payment system. These considerations do not apply to microinsurance leading back to the question; so on what basis can state intervention for microinsurance be justified?

Life, liberty and property
In theory it can be argued that state intervention should occur when it is in the public’s interest. However, this is in any event too broad. State intervention should occur to protect life, liberty and property from others and then only when such intervention is in the public interest.

It is difficult to see that forcing the private sector to provide micro insurance falls under the ambit of protection of life, liberty and property from others. Forcing anyone to do something for someone else violates the other person’s liberty. The policing laws cover the protection of life, liberty and property objective. Insurance policies do not contain income or wealth exclusions to exclude lower income people. Microinsurance is not a class of insurance and is thus covered by normal policies. Various forms of “microinsurance” are taken up already, such as credit life insurance.

In the late 1800s in the US, legislation began to be introduced, with very little thought to what was happening, for reasons other than the protection of life, liberty and property. An example of this is the Federal Sherman AntiTrust Act in 1890. Under the notion of parliamentary sovereignty, the Act was passed. As time progressed, economists worked out a rationale for the existence of this kind of intervention. It had been realised that competitive markets produce optimum resource allocation and with the introduction of what is known as Welfare Economics, it was understood that competitive markets produced the greatest total utility i.e. satisfaction or social happiness.

If markets were not perfect (or efficient) then these produced inefficient resource allocation and then it was argued that legislation could be justified to correct what economist referred to as a market failure. In practice this did not work because the cost of regulation vastly exceeded any gains of eliminating monopoly profits. So some economists may argue the absence of microinsurance is a justification for intervention.

The absence of insurance markets
However, legislation to force the private sector to provide microinsurance cannot be justified on the grounds that market failure exists in the form of incorrect pricing. Microinsurance is not an issue of inefficient
markets (and by extension market failure), but an issue of forcing a market to come into existence that does not yet exist. The plan is that a form of insurance, i.e. microinsurance, be brought into existence. It is therefore an issue of non-markets; not inefficient markets.

Oddly, economists have expended some considerable effort in trying to understand why, in some cases, formal insurance markets have not come into existence. At least one leading economist, Kenneth Arrow, has argued the failure of markets to form could in itself be regarded as a form of market failure.

The quest then is to explain the absence of insurance markets. At least three Nobel Prize winners have tried to answer the question of absent insurance markets. Kenneth Arrow argued that in many cases alternative and more suitable risk shifting mechanisms exist and hence an insurance market would not be needed.

Another reason would be in cases were moral hazard was too great and consequently insurance markets would not form. George Akerlof argued that in cases where informational uncertainty was too great the parties would not be able to agree on the price, and where agreement on the price cannot be reached no market can form. Joseph Stigler argued that if high and low risks are pooled together, the market could be so unstable that it was not sustainable and could then cease to exist.

Equilibrium in supply and demand
The standard tool of the economist is the law of demand and supply. A market forms where demand and supply are in equilibrium. Not surprisingly in those rare cases where there is a demand but no supply it is because of government intervention. The starting point is to first look at demand and then supply. Therefore, the first question to be asked is if there is a demand for microinsurance.

In the case of microinsurance, is the absence of the market because of the lack of demand or the lack of supply? As indicated above it can be argued that banking accounts are desirable in the world of electronic cash. Although desirable, shortly after being introduced nearly half of the accounts became dormant and the costs of keeping the accounts open were borne by the bank. It seems there was inadequate demand for these bank accounts.

Unlike banking accounts, it is difficult in concept to see a great demand for microinsurance. If there is inadequate demand then government intervention is not justified and the provisions in the insurance Bill should not exist.

Insurers cannot supply insurance if there is no demand for this kind of insurance. In this case there is no market failure – there is simply no market. The private sector cannot provide a service if the service does not cover its own costs.

Insurance is labour intensive and not really sensitive to economies of scale. If banks battled to provide cost effective low income banking accounts it is highly unlikely insurers will be able to provide cost effective low income insurance products. Insurers have produced innovative low income products. Almost certainly the regulator will object to these on the basis that the micro insurer is not treating its customers fairly.

It does not look as if any justification for state intervention to provide microinsurance will be found.
When the Financial Sector Regulation (FSR) Bill, which will establish the Twin Peaks institutional framework, is finally enacted the FSB will be divided into two. The formation of a Market Conduct Authority will come into play and a Prudential Authority will also be formed, governed by the South African Reserve Bank.

The real risk
The Market Conduct Authority is set to become the Financial Services Board’s (FSB) key focus area and of course, aims to ensure the outcomes of Treating Customers Fairly (TCF) are met by the industry. To some this is overkill and excessive but to the vast majority it represents a leap forward, long overdue. Twin Peaks and its supporting legislation will lend hands to this, deterring disingenuous individuals in financial services from accessing or mistreating the retail customer on the street.

Consequently, compliance with these new principles blended with a rules-based approach will be tough to get used to for some. Market conduct risk has thus emerged as a real business risk facing advisers who are not geared up for the changes ahead.

A fair day’s pay
There are several key principles surrounding good market conduct. We can perhaps focus on one of the more important ones namely; the principle of Equivalence of Reward – in layman’s terms “a fair day’s pay for a fair day’s work”.

This principle would need to be implemented into an advisory business and measured to ensure that the firm is on the right side of the regulator. In effect, compliance to this principle will make it difficult to justify excessive charging where work undertaken simply bears no correlation to the effort involved.

One can expect the regulator to spend more time looking at how you earn your fees and the rates involved. It is unlikely that fees will be set but possible that fees may be capped if industry feedback shows widespread abuse. We need only look at insurance binder holders, and how the regulator can lose patience and cap fees.

Striking a balance
I was recently consulting to an offshore trust operation seeking to render professional trustee services in South Africa. On closer observation of their schedule of fees, I was astounded to find that a simple email cost £29 (just under R500) to send. This is a glaring example of where the equivalence of reward principle has somehow been lost, or indeed was never installed.

Our financial services industry as a whole has supported the TCF regime, although there remain some institutions and related stakeholders who are not exactly rushing to make changes. I am always amazed when I see that a firm will not implement TCF until they see some regulations on the matter, notwithstanding the fact that the FSB has consistently said that there will be no regulation to define fair treatment. I concur that if you need legislation to tell you what to do to treat your clients fairly, then we have an even bigger problem than we originally thought.

There is also increasing pressure to transform the industry and this includes bringing new entrants into the market. I do not see this abating in future, in fact quite the opposite. Too many rules can scare off the good guys as well as the bad, and this is where principles with a softer face may help ease the death of new entrants.

All advisers must be able to earn a fair remuneration for their work and the regulator will need to strike a balance accordingly to ensure that they are not open to charges of market exclusion.
Take out the uncertainty from the markets and offer your client a rate of up to 14% before tax* with our Guaranteed-return Single-premium Policy.

Your maturity value after five years is guaranteed and will be known from day one.

For individuals and trusts.

Highly competitive rates.

Co-Insured – in the event of the death of the main life insured, the policy can continue.

The policy can be used as security for a loan.

Assupol Life is a proudly South African company, with our roots firmly in place since 1913. We know insurance, as we provide products and services designed for South Africans, by South Africans, and we pride ourselves in understanding what our clients need.

Policy provisions apply

*Dependent on individual marginal tax rates and a guaranteed rate of at least 7.7%.

012 741 4272/3
grsp@assupol.co.za
www.assupol.co.za
Summit Place Office Park, Building 6, 221 Garsfontein road, Menlyn, Pretoria, 0181
Assupol Life Ltd reg no 2010/025083/06
Authorised financial services provider

A member of the Association for Savings & Investment SA.
However, the RDR update released during December 2016 brought home the reality that the FSB is very much switching into implementation mode on this key piece of regulatory reform.

A number of the insurance-related proposals (targeted for Phase I implementation) are currently making their way through the draft regulation process, to be promulgated and implemented over the course of 2017. More importantly, the RDR update document contains feedback on Phase II proposals, which are mostly aimed at the investment management and advisory industry.

Areas of change
The RDR update document confirms a number of areas where the FSB and industry have reached agreement on many of the original investment proposals. The debates on these proposals have been settled, and all that is left is for them to be formalised in regulation.

We urge financial advisers to investigate the extent to which the following proposals will impact their business, and to start planning how to deal with these changes:

- All platforms will be compelled to offer only clean share classes. This means no more fund rebates and no more all-in priced fund propositions;
- Investors will have to agree to all adviser fees in writing, and these will be recovered by redeeming assets from an investor’s investment account;
- Product commissions from insurance-wrapped investment products or structured products will not be permitted;
- Hundred percent allocations to investors will no longer apply when there is upfront adviser fees payable on a lump sum investment;
- Adviser trailer fees will no longer be paid from the annual management fee of unit trust funds, both domestic funds as well as offshore domiciled funds; and
- Stockbrokers and financial advisers will not be permitted to share brokerage or annual management fees.

The feedback document also indicates that we could see draft regulation and implementation in 2018. We expect implementation to focus on new business first, with firms probably receiving a two to three year grandfathering period to deal with legacy, non-compliant assets.

A new debate emerges
Perhaps the most important new take-away for independent investment financial advisers (IFAs) from the December update is the FSB’s concern that certain business arrangements between fund managers, unit trust management companies and financial advisers are structured very tightly. So tight in fact that one can make a case that these advisers are agents of a fund manager or of a unit trust management company.

In its RDR update, the FSB, for example, suggests that white label unit trust funds for financial advisers would in future only be allowed for product supplier agents (PSAs). The concept of a PSA is well defined in RDR documentation, and much of the debate over the past two years centred on defining the operational limitations of a PSA for the insurance and banking industries.

The proposed limits include:

- PSAs may only provide advice under the brand of the parent product provider;
- PSAs may only sell products from their parent product provider; and
- PSAs have limited access to third party products and only for cases where their product provider parent does not have a comprehensive product range.

Applying these insurance/banking guidelines for PSAs to the investment industry makes for a very difficult fit and results in a number of unintended consequences.

Whilst the consultation on this matter is at an early stage, it is clear that such a proposal would have a substantial impact on many of the well-established, investment-focused IFA firms in South Africa. This is particularly applicable for those who employ both a Category 1 advice and Category 2 investment management licence in their business. We expect a robust debate on these matters, and would urge financial advisers to become part of this very important discussion about their future.

Evaluate your business
After two years of discussions, RDR is moving into implementation. For investment advisers, now is the time to evaluate which areas in your business are impacted by the move to customer-agreed advice fees, and to start planning for this impact.

It is now up to advisers to become part of the discussion about when an IFA becomes a PSA of an investment manager, and what the implications are.

Jaco van Tonder
Adviser Services
Director
Investec Asset Management
Whether they’re perfect

Hollard Life will cover your clients.
Plus they’ll get 20% of their premiums back after five years, even if they claim.
Chat to a Hollard consultant or visit lifezone.hollard.co.za for info.

life • disability • critical illness • cancer
The report identifies defective product or work, crash and human error incidents as the largest causes of liability loss for businesses, based on analysis of insurance claims.

Causes of liability loss
The report says the potential for more expensive liability losses around the world is increasing, particularly in relation to global product recalls, corporate liability, cyber and environmental incidents. Additionally, new corporate liability exposures will arise from disruptive technologies and the more complex business models of the growing ‘sharing economy’.

The AGCS Global Claims Review analyzes over 100,000 corporate liability insurance claims from more than 100 countries, with a total value of €8.85bn (US$9.3bn), paid by AGCS, and other insurers, between 2011 and 2016. Over 80% of losses arise from ten causes.

The top ten causes of liability loss by total value of claims are:
1. Defective product/work 23%
2. Collision/crash 22%
3. Human error 19%
4. Accidental nature/damage 6%
5. Slips/falls/falling objects 6%
6. Water/fire/smoke damage 3%
7. Environmental damage 3%
8. Natural hazards 2%
9. Vandalism/terrorism 1%
10. Property damage 1%

According to Aon’s 2017 Global Risk Management Survey the top ten risks are:
1. Damage to reputation/brand
2. Economic slowdown/slow recovery
3. Increasing competition
4. Regulatory/legislative changes
5. Cybercrime/hacking/viruses/malicious codes
6. Failure to innovate/meet customer needs
7. Failure to attract or retain top talent
8. Business interruption
9. Political risk/uncertainties
10. Third party liability (including E&O)

FAnews spoke to Lee Stacey, Aon South Africa’s Chief Broking Officer; Maria Philippides, Director and Head of Insurance Practice at Norton Rose Fulbright; Simon Colman, Executive Head: Digital Distribution at SHA Specialist Underwriters and Storm Canham, Liability Team Leader at AGCS Africa about the liability loss landscape, how it has changed and what some of the concerns are for the future.

What’s major in South Africa?
When asked if the drivers behind the liability loss landscape have changed Stacey said, “The drivers have not changed but the exposure is increased by increased awareness of consumer rights and economic pressures.”

According to Canham, the increasing interconnectivity of companies by way of customers and suppliers sees global insurers being on hook for multiple claimsants from a single occurrence. “The increased consumer awareness together with a Liability Insurance Product that keeps expanding is also a contributory factor. Global consumption of products has increased which means more products are being manufactured which results in increased exposure and inevitably more claims.”
“I believe that the major risks affecting the liability insurance market at the moment are those that are based in consumerism,” said Philippides.

According to Colman, consumer awareness, legislation and an active legal fraternity all contribute to the caseload in most territories. “Here in South Africa, the man in the street enjoys protection under the Consumer Protection Act (CPA), POPI, The Companies Act, The Labour Relations Act and many others,” says Colman.

“As consumers have become more aware of their rights, they have a greater opportunity to enforce and protect those rights by bringing formal claims against a perceived wrongdoer. As such, when consumers believe that a product that they have purchased has caused them harm, they will bring a product liability claim or a professional liability claim, e.g. medical malpractice,” continued Philippides.

“In my view, the top cause of losses is human error or negligence, and I am not surprised that it features as the third highest cause in AGCS’ review. However, I would submit that it is also the cause behind defective work and collision claims, as well as other prominent claims such as professional malpractice,” continued Philippides.

Stacey believes that cyber breaches in South Africa are becoming a daily occurrence which has grown over the last two years in both frequency and scope.

**Concerns in the near future**

“From my discussions with several insurers, both local and global, I believe that one of the major concerns that they face relates to technological innovation and automation of systems and the disruption it can cause to their traditional processes and the typical methods of underwriting risks,” continued Philippides.

Colman believes there will be a continuous increase in the frequency and severity of claims in the cyber space if the global experience manifests here in South Africa. “Once POPI comes into full effect, and businesses are compelled to disclose cyber-attacks, the true depth of the exposure will become known. Right now, companies that are victims of hacking are not obliged to notify the public and the losses are effectively hidden from the public eye.”

Philippides says insurers will be facing challenges brought about by technological advances. “One such challenge is how to best and most effectively protect one’s clients’ data by not only implementing the best cyber securities possible but also by educating one’s staff on best practices relating to cyber security. With autonomous vehicles or robotic apparatus, the challenge will be to determine where liability will lie depending on who the operator of the vehicle or the equipment is, or which part of the equipment failed in any particular case where a claim is made. Product liability is likely to fill the gaps,” said Philippides.

“South African courts are still fair and reasonable. Our concern is that we could move away from this and start applying strict liability. We are also concerned about the Road Accident Fund and it’s sustainability. If it fails, legislation would have to be amended and we could see liability for injuries on the road coming back to insureds. This will increase the cost of liability insurance significantly. The same concern might apply to COIDA, a single court ruling could set precedent and insured’s would be sitting with an increased exposure overnight,” said Canham.

“From a globalisation point of view traceability of products is of concern to us as products now go through so many touch points with a host of different companies which makes the determination of liability trickier. A big concern to us is also ensuring that our technical skills constantly grow in relation to the world we operate in, we need to understand our clients and what they do at all times,” said Canham.

**Effectively mitigating risk**

“Overcome challenges by making technical capability a cornerstone of your business. Constantly learn and develop, be pro-active, work together with clients to understand what they are doing and the potential exposures that could result and ultimately develop new solutions to cater for these new risks,” concludes Canham.

“One school of thought is that restrictive wordings encourage greater risk management in a company. The threat of an uninsured loss due to a lack of compliance with policy conditions can be a good motivator to look a little deeper into the risk strategy. Another school of thought relates to the provision of risk management services by the insurer although in the corporate space many insureds have their own teams of experts,” concludes Colman.

“Undoubtedly the most effective way of preventing incidents from occurring or minimising their effect is through risk education and training not only in risk avoidance but also in risk mitigation,” concludes Philippides.

“As brokers, continuously look for opportunities to broaden cover and resist exclusions/restrictions. In mitigating risks, technological measures should be implemented by companies to protect data, employees should be made aware of their obligation to protect personal data and secure passwords and risk assessment should be implemented,” concluded Stacey.
Consider many sectors in the economy have and will continue to be affected, the downgrade will have severe consequences on the agricultural sector in South Africa. With this, we are reminded that agriculture always has, and always will play a major role in GDP growth.

FAnews spoke to a few insurers about what the downgrade means for the agricultural sector and if there is any silver lining in the near future.

Consequential factors
“All exchange-traded commodities are priced on global markets and South African farmers are price-takers. Since these are low-margin commodities, the exchange rate exposure means that farmers will be under increasing margin-pressure, which affects their ability to afford insurance for weather risk protection,” says Jutta Drewes, Agricultural Specialist at Munich Reinsurance Company of Africa.

“Exchange rate volatility and the increasing cost of borrowing will both have negative effects on the acquisition of machinery and equipment, as well as consumable inputs such as seed, fertiliser and agrochemicals. These are largely imported and will therefore become more expensive,” says Drewes.

According to Philip du Preez, Head of Agriculture at Old Mutual Insure, a weaker Rand will have an immediate impact on imports and if one considers that most agricultural machinery and equipment is imported, a weaker Rand will lead to an increase in the importation of this equipment.

“If one further considers the expected increase in interest rates, one can only imagine the pressure this will have on the industry, an industry that is already in distress due to droughts. Farmers rely in financing from banks and agricultural companies and the expected increase will put a lot of pressure on the costs of finance for these farmers,” says Du Preez.

“South African farmers have just emerged from a few consecutive years of crippling drought which have had really negative impact on their balance sheets. This is particularly the case for smallholder farmers who have smaller enterprises and are more vulnerable to the financial shocks caused by droughts, and now the downgrade and exchange rate depreciation,” continued Drewes.

Inevitably, Du Preez says farmers will have to get more done with a lot less money. “This could lead to job losses in specific areas where the country already suffers job losses and will have a devastating impact on the economy, especially in small towns.”

“Furthermore, food security is also under threat and it is not impossible that the downgrade could turn South Africa into a net importer of more commodities,” continued Du Preez.

When advice matters
“From an insurance perspective, we believe that the market will have to go back to basics. Brokers will have to make sure that their clients have the best cover possible to suit the risks – which does not mean the cheapest premiums but rather the best cover at the most reasonable price. We expect that the market will demand that clients be seen more often and that portfolios will have to change rapidly,” said Du Preez.

“Brokers increasingly carry the all-important responsibility of advising farmers wisely; especially where farmers’ cash reserves are eroded and cost-saving becomes a primary motivation. Under such conditions, it is important that advisers still advise wisely on the crop and agricultural asset insurance that farmers should procure,” said Drewes.

A silver lining
Du Preez concludes there is a silver lining. According to the recently released third production estimate report of the Crop Estimates Committee (CEC) for the year, SA farmers will likely harvest 14.53-million tonnes of maize in 2017, making it the second-biggest crop on record.

“South Africa’s farmers are highly resilient because of the weather risk we face, in an environment of regulatory uncertainty and with relatively little support from the state. This resilience stands them in good stead in tough times, and will help the community survive these times,” concluded Drewes.
To select the ideal FINANCIAL SERVICE PROVIDER for your business, find the one that delivers service excellence first.

Speak to us for our range of collection and payment services, premium financing, acquisition financing, and other financial services.

0861 4 INSURE
The pace at which technological developments are taking fold will eventually grab the industry, particularly brokers who have to manage the ever-changing landscapes to remain relevant as trusted partners of clients.

Brokers are expected to be at the forefront of these developments in order to serve clients efficiently.

Looking for easy options
Customers are looking for easier, more convenient ways to meet their needs – whether that is shopping for items, managing banking transactions or simply checking out news. According to an Ernest & Young report: A Global Perspective on the Future of Claims, customers will be the key driver behind the demand for a claims digitalisation process.

It is expected that self-service options are going to increase in the next ten years. This will be primarily driven by technology and millennial customer preferences. This will fundamentally change the manner in which brokers interact with their clients and insurers alike.

Dynamics of change
Large-scale technological changes in the market point to the challenges the future will bring for brokers in the insurance industry.

There are a number of dynamics driving changes in today’s auto claims industry. These include increased claims frequency and severity due to climate change, and changing weather patterns as well as intensified pressure to reduce loss adjustment expenses.

These dynamics are compounded by pressure from customers who are looking to save time, spend less and desire an easier, more convenient claims process. The transition to digitalisation might pose a challenge for brokers in the personal lines segment as clients could have an incentive to place risks directly with the insurer.

While many commercial and corporate clients will still turn to the broker for advice, customer service at claims stage is likely to be the key differentiator. Superior customer service will not be defined by the level of human interaction on offer, but rather by the level and quality of choice available to customers.

Outside influencers
The EY report adds that customer expectations are being defined from outside the insurance industry. Experiences such as those received by Uber and Amazon provide a customer experience baseline against which insurers are being compared.

The impact on brokers will be significant and will require a new partnership model to meet expectations of customers.

Virtual claims handling is expected to be the norm in the future. In addition, better data on claims incidents and clearer insights will form the basis of loss data (claims supporting documents) which will in turn require a quicker turnaround time from brokers and insurers alike in settling claims.

Claims alignment
Claims processing systems will have to be aligned between insurers and brokers through what is often referred to as B2B: transmitting claims information to insurers electronically.

This is absolutely vital as this mechanism will also allow the client to have the ability to see the claim progress via Apps that are now built into client service offerings by insurers and brokers. However, with the close collaboration that is expected to occur between clients, broker and insurers due to digitalisation, the risk of cybercrime could increase.

The future role of the broker in a digitalised insurance industry points to one in which adaptability and innovation will be vital in ensuring that the intermediary function remains a key value proposition in financial services. Progressive mechanisms which leverage technology on a gradual basis will ensure a seamless transition to the world of virtual reality.

Thapelo Mokau
Claims Expert
AON Benfield
To partner is to create

Understanding the potential of joint expertise motivates Lombard to partner with the right specialists. It's how we deliver client solutions and success.

Lombard. Partnering for Possibility.

www.lombardins.com
However, in the specialist lines market, Underwriting Management Agencies (UMAs) are presented with advantages that can set them apart.

Setting them apart
Specialist lines UMAs have a strongly defensible value proposition. The specialisation and focus UMA structures can bring is extremely powerful in building successful businesses, and it is believed that the intermediated distribution of specialist lines products will remain highly dominant for the foreseeable future.

For the most part, meaningful long term success in the UMA environment has been limited to those with specialist underwriting skills or a unique approach to the market that enables differentiation. These skills take years to build and there is no shortcut to success. They are also increasingly hard to find in the market today. This sets specialist UMAs apart and helps them to thrive.

A unique UMA structure
A UMA structure is unique in that successful UMAs invariably focus on depth rather than breadth. This means a business is built around a specific specialist class. This focus and ability to tailor the operation to meet the needs of the market, in that class, enables a differentiated outcome for both clients and brokers.

A business that has focus also tends to attract great people. Retaining focus requires a great deal of passion and commitment, and so people who work for UMAs automatically have those qualities.

Key to all of this is partnering with an insurer that is committed to playing a strong role in managing and guiding the back-end, freeing up time and energy for the UMA to focus on what builds value.

Finally, given how our distribution environment is regulated, a strong intermediary environment is vital. It is assumed that the specialist lines market will remain strongly intermediated for the foreseeable future.

This model remains the best way to service client needs in the transfer of highly complex risk. Fortunately, in the South African market, we have a competitive and skilled broker environment to interpret client needs and source the right types and levels of cover.

A lot of hard work involved
All of these factors contribute to creating a trading environment that is more favourable than in-house specialist business units or complex local risks being underwritten from overseas.

Make no mistake, there is a lot of hard work involved, particularly around the people and culture within the UMA, building the right scale to operate effectively, ensuring strong alignment and operational integration with an insurer, and investing in a technology infrastructure that enables future innovation.

Let us take a closer look at these:
• People and culture - Each UMA has its own DNA but the successful ones are dominated by highly skilled, independent-minded and entrepreneurial people.
• Right scale - The reality for both UMAs and insurers is that the cost of doing business is increasing and the competitive environment is getting tougher. Scale becomes an important factor in ensuring the ability to maintain operational efficiencies, weather any potential loss of business, and ultimately continue to deliver attractive returns.

At the end of the day it is a careful balancing act, but well worth it if done right.

Doug Laburn
Lombard Partnerships
Shift your brokerage into gear!

Sign up your brokerage today and give clients access to MiWay’s world-class Personal and Business insurance products and services. You can make use of any of our convenient quoting platforms such as the Online Broker Portal or our dedicated Broker Sales Call Centre Team.

Join the world of #insurancefreedom. Email us at brokers@miway.co.za today.

Car • Home • Business
Big Brother is watching — IS HE REALLY?

Telematics has been utilised internationally and in South Africa for many years. The take up has been slow considering the advancement of technology in the sector and the assistance and support that it can provide.

Therefore, the big question is why? Have customers come to understand the true value of telematics or are they still sceptical of the benefits?

Acceptance of telematics

Various research surveys on consumer acceptance of telematics have offered conflicting results. However, in general the biggest issue seems to be the invasion of privacy and drivers not understanding how the data obtained will be utilised.

The general sense is that there is still more of a negative attitude towards telematics rather than support, and this can be seen in specific examples where older drivers are more comfortable with on-board telematics than younger drivers.

Is this because the older drivers tend to drive more carefully and are more incentivised and motivated by achieving a lower cost for insurance and obtaining other benefits through embracing this technology?

Adequate transparency

Another pertinent question is whether there is adequate transparency in what insurers wish to achieve from the installation of telematic devices.

No doubt motor management, in terms of claims and the level of premium increases, has been a cause for concern for insurers over the years, coupled with inflation and exchange rate fluctuations. Telematics certainly points towards a solution that can reward drivers with cost reductions, allowing insurers to monitor drivers and reward them for ‘good behaviour’. This also enhances the ability of insurers to rate risks appropriately. If the above leads to lower premiums, for good drivers, why then is there a concern around privacy?

It stands to reason that telematics will also provide insurers with specific incident information (such as the exact time of an accident, exact speed etc.), raising consumer concerns that claims might be rejected on the basis of the information received.

Another concern might be that it could also lead insurers to cancel policies where habitual bad driving is identified. However, claims are dealt with individually each on their own merits and data would be a supporting component in ultimately settling a claim; telematics would certainly not be the driving force behind finally deciding the outcome of a claim.

More positives than negatives

The numerous advantages – a reduction in accidents and premiums – for both insurer and client should encourage drivers to embrace this type of technology. Another important factor to be taken into account is the future role that manufacturers can play.

Will there be a convergence between different forms of technology in motor vehicles that would mean being able to monitor driving behaviours, manage travel routes and medical emergencies, initiate automated driving and report vehicle engine and parts failures etc. This could mean the automatic inclusion of technology that will provide for all types of tracking, thereby giving a direct benefit to both driver and insurer.

Of importance to understand is that technology will become engrained in every sphere of everyday life. It is therefore critical that drivers and industry players alike share as much information as possible in order to address the negative perceptions that do exist.

In addition, client technology demands for the motor industry will also feature. Taking all factors into account there are more positives than negatives and the key aspect lies in providing customers with adequate and sufficient transparent information. This will give customers the confidence to install telematics and view the direct benefits: reduced premiums, improved efficiency and productivity.

Sedick Isaacs
Head: Business Support Services
Bryte Insurance
Just imagine what our tracking system can do for an insurance risk profile. From intelligent tracking that reduces the risk of a vehicle disappearing without a trace, to Driver Behaviour Monitoring that encourages safer driving. With Ctrack, the benefits to the insurer and the insured are equally assured. Contact us for more information.

0860 333 444 • telesales@ctrack.co.za • www.ctrack.co.za

By putting this ad upside down, we have reduced the risk of it being overlooked by 33%.

By putting this ad upside down, we have reduced the risk of it being overlooked by 33%.

0860 333 444 • telesales@ctrack.co.za • www.ctrack.co.za

By putting this ad upside down, we have reduced the risk of it being overlooked by 33%.
Despite these figures being lower than those of 2015, Rhys Evans, Director at ALCO-Safe, says the ongoing trend of high fatalities on South African roads seems set to remain a problem.

The World Health Organisation 2015 Country Profile of South Africa shows there were 13,273 fatalities on South African roads. This translates to 29% drivers, 38% passengers, with the remaining 33% being pedestrian fatalities.

In another report, the Road Traffic Management Corporation reveals that the total cost of road traffic crashes on South Africa’s road network for 2015 amounted to an estimated R142bn, equating 3.4% of GDP.

Devastating effects of road crashes

These figures, according to Etienne Du Toit, Chief Commercial Officer Momentum Short Term Insurance, show the devastating effects of road crashes on loss of lives and the economy. “They reveal that South African drivers are continuously getting behind the wheel fatigued, placing their lives and that of other road users at risk.”

The 2014-2015 statistics from Arrive Alive show that 20% of road deaths are a direct result of driver fatigue. “Accidents caused by driver fatigue are often fatal and usually happen when the driver fails to respond or react appropriately to an imminent accident,” continued Du Toit.

Professional drivers, Evans says, are no less susceptible to this way of thinking and transport and logistics companies often find themselves coming under fire when their drivers are involved in reckless driving incidents – particularly when substance abuse is involved.

“Drivers who operate vehicles for trucking, transport and logistics companies are often considered the worst culprits for the cause of traffic incidents. Commercial drivers typically drive cross country, often covering great distances at all hours, including at the dead of night. Boredom, solitude and exhaustion are just some of the troubles that they are plagued with and, sadly, many turn to the likes of alcohol and drugs to combat them,” continued Evans.

Healthcare initiatives

The lack of healthcare initiatives by the employers of truck drivers means managers and owners are potentially missing out on knowing that a driver may have an energy depriving condition such as diabetes which can cause them to fall asleep at the wheel when their sugar is too low or high, says Grant Carstensen, Manager at Hollard Broker Markets Trucking Insurance specialist division.

“Other energy deprivers healthcare initiatives uncover are nutritional deficiencies as well as epilepsy, HIV and AIDS,” he says.

In addition to health, Carstensen points out there are other issues that can cause driver fatigue and also prove the need for driver education, in some form, which should go beyond a leaflet or book. These include: an inadequate diet not geared toward maintaining energy levels, driving long distances without enough rest and cold weather when drivers tend to turn up the heaters causing drowsiness. Managers also need to know that while drivers may have been ‘off duty’ there is no way of knowing if they are fully rested or if they have been partying after lonely hours behind the wheel.

Solutions and driver assist

“Truck owners and fleet managers spend time and money maintaining their high cost vehicles but often fail to take healthcare initiatives that protect the power of their drivers who have the fate of those valued vehicles in their care,” continued Carstensen.

Carstensen points out that there are various ‘tech’ systems that fleet managers and owners can use to become involved in a caring way with the humans who literally drive their businesses.

• Install telematics that monitor fatigue. Investigate available options.
Some newer trucks have a ‘Lane Departure Warning’ where the steering wheel vibrates when the driver swerves. Keep monitoring the development of devices which may suit your fleet; and

There are telematics that monitor driving times and duration of trips. To be useful in combatting driver fatigue these need to be intelligently and understandably monitored by fleet owners and operations centres. For example, drivers can be telephoned and instructed to stop and rest if the facts show its time. It is also necessary to develop a relationship with the driver so that they take the advice on board and don’t decide he or she knows best – or are chasing a financial reward based on quantity.

Du Toit says financial advisers for commercial lines have an opportunity to bring greater value to client relationships, by playing an active role in educating them about the effects of road crashes on their overall financial wellness. They also need to advise clients against poor risk management practices that may potentially harm their business sustainability.

“Financial advisers should also warn clients about the dangers of engaging in extensive driving during the hours when they would normally be asleep, be it in the morning or at night,” continued Du Toit.

Promoting road safety awareness

Behaviour changes, according to Du Toit, can enhance road safety and the overall financial wellness of clients.

“The short term insurance industry and various stakeholders in this sector need to continuously innovate to find effective and lasting solutions to road safety. Promoting road safety awareness, with specific focus on each client’s financial wellness may be best place to start in changing behaviour. Being cognisant of the fact that healthy drivers - physically, emotionally and mentally - are safe drivers can help improve the safety of South African roads and overall financial wellness of clients,” concluded Du Toit.

“Taking proper care of your drivers’ health and energy is the smart way forward for all transport companies as the world is full of energy depleting stress and drivers spend a lot of time alone. Be their backup,” Carstensen concluded.

Grant Carstensen
Development Manager
Hollard Broker Markets - Trucking Insurance Specialist Division

Etienne Du Toit
Chief Commercial Officer
Momentum Short Term Insurance

Rhys Evans
Director
ALCO-Safe

When it comes to your clients, there’s no such thing as too much information.

Add value to your relationships and to your bottom-line by remaining relevant to your clients’ changing needs and life stages. Partner with Tracker to stay ahead of the game by making the most of the insights and knowledge we can provide as you navigate industry transformation. Call us on 0860 60 50 40 or visit tracker.co.za.
It is very important that players within the insurance industry stay updated with technological innovations, especially when it comes to technological infrastructure, in order to take advantage of the new developments and more importantly, start introducing the new innovations to clients.

The perfect balance
Technology is moving and changing at such an incredible pace that many companies are unfortunately struggling to keep up. Many technologies exist one day and are replaced the next day with something better. It is not always feasible to try to take advantage of every new development.

Therefore, it is extremely important to decide what will be best for the clients and the organisation and make a decision based on the perfect balance between these two considerations.

No business can go without modern IT systems in today’s world we live in. Failing to have IT systems can be compared to flying blind. While it is normal for computer hardware to become faulty and software to sometimes get corrupted by viruses, when a UMA has a finely tuned IT infrastructure in place, the IT team will be able to identify issues early and quickly find a solution.

However, if a UMA has outdated IT infrastructure, the business will face numerous challenges and problems including security, performance and flexibility. If the UMA cannot apply the latest security fixes for their applications, they will be left vulnerable and open to attacks.

Phase out old technology
IT performance can also have a big impact on day to day operations of the UMA. If the company cannot scale up on its IT infrastructure, the outdated structure will eventually not be able to improve the performance of the systems or hardware devices and result in slow response times, which in turn will lead to a drop in client service levels. It is advisable that the UMA has a plan in place to deal with old and outdated technology and phase them out the same way they would take advantage of new ones.

Flexibility of systems and processes are also a key factor when adjusting to IT changes in the insurance market. UMAs, insurers and brokers’ mind sets need to be changed in order to ensure that they do not resist change when it comes to new IT structures and how they are implemented. In any organisation it is important to have the correct change management procedures in place when new IT processes or structures are implemented.

Change is inevitable
While resistance to change is very general among many brokers, especially if you have been conducting business in a certain way for a very long time and now have to change the way you deal with the insurer or UMA, in the long run the change will be for the better.

As automation and artificial intelligence start playing a bigger role in the industry, changes to how insurers work is inevitable. Therefore, it is important that key stakeholders understand the benefits of change in order to accept the change as a collective effort from all.

There is an old saying “if it ain’t broke don’t fix it” but I believe that this does not apply to the insurance industry. Proper IT infrastructure will enable the business to work better and faster. Whenever an area of improvement is identified within a business, IT developments are often the solution to change and improve processes or procedures for the better.

RESISTING CHANGE in today’s world

Information Technology (IT) hardware and software need to work in harmony in order for any business to operate smoothly and achieve maximum efficiency. IT infrastructure is a critical component for any operation, including Underwriting Management Agencies (UMAs) and insurers.
ALWAYS INNOVATING
A STEP AHEAD OF THE REST.
Data in the 21st century is what oil was like in the 18th century: an immensely, untapped valuable asset; but it is not the amount of data that is important, it is what organisations do with the data that matters.

“It’s important to remember that the primary value from Big Data comes not from the data in its raw form, but from the processing and analysis of it and the insights, products, and services that emerge from analysis. The sweeping changes in Big Data technologies and management approaches need to be accompanied by similarly dramatic shifts in how data supports decisions and product/service innovation.” – Thomas H. Davenport in Big Data in Big Companies

Where Big Data is valuable

In an article on Wired by Simon Moss from Pneuron Corporation, it highlighted that we have a growing and increasingly clear market segmentation as to where Big Data value creation is real.

Big Data success is in discovery, trend analysis and aligned opportunity analysis. This may seem obvious, but less so are the two common denominators that are beginning to appear where Big Data value is gaining a viable foothold:

• Large new volumes of interactions: Web-based purchasing and digital retail, mobile activities, social media interactions and internet search criteria. In other words new homogenous data volumes.
• A focus on marketing opportunities: Increasing the potential hit rate of identifying customers for products – an exercise often undertaken by mass marketing and media expense.

Improve everything, day by day

Another article on Wired by Joris Toonders from Yonego expresses that we are in a digital economy where data is more valuable than ever.

It is the key to the smooth functionality of everything from the government to local companies; without it, progress would halt.

Data infrastructure should become a profit centre: For many companies, their data infrastructure is still a cost centre and should become a profit centre by using the data to improve everything, day by day.

Companies must begin treating data as an enterprise wide corporate asset while also managing the data locally within business units.

This enables sharing of data about products and customers – which provides opportunities to up sell, cross sell, improve customer service and retention rates.

By using internal data in combination with external data, there is a huge opportunity for every company in the world to create new products and services across lines of business.

A test which you are measuring is never worthless. At least you get new insights about if it is working or not (and why) and in the best case, you got insights and improved your business directly.

Make sure you have real time access to the most important data in your business. Only knowing your total revenue, profit or costs is not enough.

Knowing which KPI’s influence them and other business goals is much more important, because you learn how to improve your business. In fact, the value lies in micro data, not in macro data.

Competitive edge

Big Data affects organisations across practically every industry from Banking to Healthcare; it can be one of the biggest advantages any organisation can obtain and leverage off of, giving any organisation that competitive edge.

The question now is, how is your organisation going to use Big Data to your advantage?

Thomas Kieck
Business Development Director
Tial Technologies

Thomas Kieck
Business Development Director
Tial Technologies
With the rise of Millennials and the growing presence of the digitally savvy consumer, able to make their voices heard online faster than ever before, the industry is facing a new challenge. Platforms like Facebook, Twitter and Hellopeter have empowered consumers to share their opinions on customer experience whether good or bad.

A compelling route
The digital transformation and the Internet of Things can offer a compelling route to new clients and markets while enhancing insurers’ ability to retain their policyholders. We have seen that customers are more likely to buy from the same company if they provide outstanding customer service, and they are also likely to tell family and friends about their great customer experience.

The question is: are South African insurers ready to stride confidently onto the social stage and be part of the conversation?

A critical business tool
Creating a positive customer experience can give rise to armies of brand advocates, helping businesses to grow and thrive. Great customer experiences create a knock-on effect that leads people to talk and share. A digital strategy is rapidly becoming a critical business tool. Although only an estimated 10% of insurance business is currently being sold through digital channels, this figure looks set to multiply in the near future. Digital platforms offer simplified processes which encourage high levels of communication and interaction which invariably leads to happier customers.

The rising cost of infrastructure today makes product distribution and customer interaction through digital means a highly attractive option. It equates to lower human resource costs, greater accuracy as a result of the removal of human error and increased convenience for the customer.

A competitive advantage in the digital arena will require a comprehensive approach to technology that engages customers seamlessly across all channels (omni-channel) - both online and offline - and on their own terms. Customers increasingly do not want to be marketed and sold to via the traditional sales channels; they make buying decisions based on an informed consideration and sentiment that is shared online.

Digital transformation and innovation can lead to enhanced risk management, customer service and retention through full-cycle, multi-channel policy and claims management. Meanwhile, insurance-specific analytics will improve insight and analysis of customers, policies and claims.

Engaging with policyholders
It is for this exact reason that Customer Experience Management (CEM) should be made a priority. In a highly competitive environment, positive service experience that is shared via open social platforms is increasingly driving policy sales and retention. A seamless, real-time, multi-channel offering is now a baseline for good customer experience. The key to success for insurance suitors in this digital revolution will be to engage confidently and regularly with customers, smile online and, above all, be authentic and friendly. Policyholders expect a premium experience for their premium, and are not afraid to walk off with a more considerate and customer centric partner if they do not receive it.

Businesses are increasingly demanding a digitally literate workforce. The educational system is churning out digitally savvy learners and e-skills are becoming as important as a hardhat on a construction site. So why is the insurance industry still hesitant to move forward in the digital age?

Andries van Staden
Managing Director
Innovation Group
South Africa
In fact such data is seen as a key strategic industry resource that needs to be managed to derive maximum benefits for all stakeholders.

First initiatives highlighting data value
The first initiatives in the industry that required and highlighted the value of quality data were in the prevention of insurance fraud and crime fighting areas with the establishment of the Insurance Data System and the South African Insurance Crime Bureau respectively.

Both initiatives are dependent on quality data to generate maximum value for the insurance industry.

The development of Solvency Assessment and Management (SAM) over the last few years, and the imminent introduction thereof by way of promulgation of the new Insurance Bill, has further highlighted the need for quality data. SAM will require insurers to determine a risk profile of their companies taking into account all the risks they underwrite – this risk profile will indicate the quantum of capital required to conduct a sustainable business going forward. In order to achieve this, quality data is required.

The above paragraph leads on to another recent important development within the industry – the initiative by the regulator, the Short Term Insurance Binder Data project that has as its objective the creation of standards on the minimum data to be transferred from binder holders to insurers to enable insurers to accurately determine their obligations to insureds and company risk profiles in terms of the above paragraph.

A fundamental shift
In the past 20 years there has been a fundamental shift in how businesses perceive the value of information; this change is based on the premise that you cannot look at data in isolation, this change is based on four factors all influencing each other, and all working together.

To describe these four factors Gartner coined the phrase the “Nexus of forces”. Gartner identified that these four forces are working together to dramatically increase the volume and variety of data available but also increase our ability to consume and understand this data.

The four interlinking forces are:
1. Mobile phones;
2. Social media and the sharing culture;
3. Information - Driven firstly by cell phones and then by IOT devices; and
4. Cloud - cloud computing is the enabler and the integration layer.

A three-phase process that all businesses can follow to realise the potential value of their information assets is called Attributes, Analysis & Algorithms.

Attributes focuses on traditional simple reports. In the insurance context, for example, how many policies did we issue yesterday? Analysis focuses on empowering business users to gain insights from their data using tools such as dashboards and self-service analytics products and the final phase focuses on using machine learning algorithms to make predictions based on the data available.

Strong drive towards quality data
Following the above there is a strong drive towards quality data in the industry. Where is this quality obtained? It is widely accepted that quality is achieved firstly at the source and in this respect insurers are individually implementing their own individual projects to achieve an acceptable level of data quality.

By combining the “traditional” data stored in internal systems with publicly available data or potential data collected from “new technologies” we now have data in abundance. The challenge for businesses going forward will be to ascertain what information can assist in the decision-making process, what algorithms should be applied and ensuring that this information can be accessed timeously to be used in the decision-making process.

Data is a strategic resource that the industry has at its disposal with which to embrace the future and we believe that it should be managed for maximum benefit to the industry going forward.

Charles Hitchcock
Chief Operating Officer
South African Institute of Architects (SAIA)

Ian Gatley
Head of Data Management
Lombard Insurance Company
Meet your new generation of customers...

With Tial’s SystemA, you can integrate your entire enterprise and, at the same time, offer customers competitive, cost-cutting packages, getting the edge necessary in today’s razor-thin markets.

You can also adapt successfully to electronic markets by evolving into a service-oriented architecture that gives customers what they want, when they want it!

For more information about our product and service offerings, contact us today to schedule a meeting.

+27 (0)11 807 1030 • info@tial.co.za • www.tial.co.za
There is a secret formula to secure lifelong financial wellness...

Research indicates that approximately 500 000 South Africans, earning more than R30 000 per month, have defaulted at least once on payments in the past year. Even more distressing is the fact that less than 20 per cent of people have some form of a financial plan in place and people that are regarded as financially secure, struggle to implement their financial plans because they do not have a financial adviser.

This could explain why the vast majority of South Africans simply do not have enough money to support their lifelong financial journeys. As research highlights, this is not necessarily because of a shortfall in capital but rather a case of inadequate financial planning that results in individuals not managing their capital optimally. Also, people tend to base their retirement income stream on a monthly income ‘number’, often founded on their monthly income before retirement when this number might be influenced by their pre-retirement needs, without taking into account how these needs will change over time.

As a result, the average person does not have a clear understanding of their financial situation and how to plan effectively for today, not to mention the future and retirement.

The good news
Momentum has partnered with the University of South Africa (Unisa) to produce the annual Momentum Unisa Household Financial Wellness Index, which details the state of the nation’s financial wellness. Over time, this index provided us with unique insight regarding people’s perceptions and behaviours when it comes to managing their financial worlds. This insight enabled Momentum to develop an exceptional framework that helps your clients to have enough money to support their lifelong financial journeys which we refer to as financial wellness.

For your clients to be financially well does not only consist of being able to pay monthly bills; it is about so much more. For them it is about having enough money to provide for planned and unplanned expenses for today and in the future and to support their retirement dreams. However, the key to unlock optimal financial wellness for your clients consists of a detailed financial plan, supported by a monthly budget that is reviewed on a regular basis. But this can only be put in place when clients have access to good financial advice.

As financial adviser, you are tasked with making recommendations and should your clients choose to implement these recommendations, and stick to them, they are more likely to be in a position where they can protect themselves and their loved ones against unforeseen events because they now have control over their financial situation. This empowers families to ensure that they will have enough money to support their lifelong financial journeys.
A needs-based master plan
Knowing that people’s needs can be a strong driver to establish or change behaviour, our extensive research regarding people’s perceptions and interaction with money, led us to discover very specific financial needs that are associated with life changing events. Also, we identified four primary financial needs as people progress through certain stages of their lives.

Based on this insight we developed a financial wellness wheel where all primary financial needs are depicted. These four needs include protection for your clients, their families, their belongings and the need to plan and prepare for their future. Taking this one step further, we identified additional financial needs that could emerge from these primary needs and transformed this into practical, secondary financial requirements that are linked to specific stages of people’s lives.

This financial wellness wheel enables us to get a ‘snapshot’ of your clients’ financial wellness at specific stages of their lives. More importantly, because these primary and secondary financial needs are interlaced, the wheel provides your clients with a holistic, yet unique view of their state of financial wellbeing and the existing ‘gaps’ that might prevent them from enjoying optimal financial wellness, now and in the future.

However, good financial advice from your side plays a vital role in this process where the focus is less on the sale of financial products and more about ‘big picture thinking’ to ensure that your clients have enough money to achieve their lifelong goals. This forms the basis of a detailed and practical financial plan.

On a practical level
As a result of this unique framework, where the four primary financial needs link with each other in a seamless manner Momentum can create alternative avenues from where we can leverage additional capital for your clients without any extra cost to them. For this, we developed practical tools that can assist your clients to unlock unrivalled financial value which will add to their goal of achieving their desired level of financial wellness.

A lot of the engineering of these practical tools is based on our research telling us that there are a number of similar financial aspects which people battles with and the top three includes budgeting, managing debt and the perceived complexity of taxes.

Since a budget is the natural outcome of a solid financial plan, it enables your clients to manage their money more effectively thus empowering them to unlock more capital that can be utilised to provide for future needs. When it comes to managing debt, very few people are equipped to do this. However, being able to manage debt effectively, leads to consolidation and an increase in capital in the long run. When it comes to tax and how to structure this effectively, people tend to ask the experts instead of trying to understand how tax impacts their lives. But, if people had an understanding of how to structure tax well, in the context of their financial situations, it could result in more savings and access to increased retirement savings. This is where your advice can make a substantial difference in clients’ lives.
This, once again, illustrates why it is so important to have the right discussions with your clients because a tailored financial framework forms the basis from where a practical master plan emerges. From our side, this wheel also enables us to reallocate your clients’ capital in order to address all existing financial needs without extra cost to them.

In SA, the average retirement age stands at 60 years and should one live to reach the age of 100, which is very possible in our day and age, it means that retirement savings will have to last for at least 40 years. This is savings that were produced over a period of only 35 years if one assumes that a person entered the workforce at age 25. Clearly, this sum does not add up.

Should this same 25 year old individual choose to partner with you and Momentum, because of our unique financial wellness framework and innovative product offerings, we can generate additional capital for your clients that can last another 30 years into retirement, over and above the existing value attached to benefits at retirement age. This means that we can contribute a great deal of capital to your clients’ retirement. Knowing that only an estimated six per cent of South Africans can retire comfortably, our unique framework can thus add another 30 years’ worth of retirement savings at no extra cost to your clients.

This commitment to your clients’ financial wellbeing is articulated in our purpose which is to enhance the financial wellness of every individual, family, community and business. From a practical point of view, in partnership with you as trusted financial adviser, this involves the continuous process of assisting clients with planning and managing their money so that they can afford their expenses, planned and unplanned, and achieve their goals over their lifetime.

However, in order to implement a detailed master plan requires a change in behaviour. We understand how difficult it is to change existing behaviour because it requires a lot of discipline. This is why there needs to be definite commitment from your clients to change the way they think and interact with their money and this can be achieved through your constant support in a capacity as a financial coach.
Financial wellness multiplied

As stated in our purpose, we are committed to assist your clients to change their financial behaviour and this served as inspiration when we created Multiply, Momentum’s revolutionary engagement tool.

Multiply acts as the catalyst that unlocks more value from Momentum products. By doing the right things, such as being active and going for health and fitness assessments, your clients gain access to discounts, significant savings and can receive cash back. This can all be channelled into more benefits that ultimately increase their financial wellness. Your clients are thus motivated and rewarded in a fun way, both over the short- and long-term, when they reach milestones linked to wellness.

Therefore, by engaging with Multiply, as part of your clients’ ‘basket’ of Momentum benefits leads to great savings and cash back that could be channelled to life cover, disability, critical illness and income protection. This, together with longevity protection will not only address the needs of not being able to absorb shocks, but also provide additional retirement income. Together, this is how we ensure that clients have enough money to support their lifelong financial journeys and be financially well.

We walk our talk and have a proven track record; thus, we can confidently state that if your clients have a better life, life automatically multiplies.

Momentum is then the obvious choice.
n spite of this, cancer survivors continue to face the risk of a relapse with many life cover policies not providing the same level of cover for subsequent claims. This potential shortfall in cover is not just limited to the costs associated with recurring cancers, but any later claims for unrelated, serious conditions like paraplegia, Parkinson’s disease, heart attacks or burns that could place clients’ general and financial wellbeing at risk.

A dangerous game
Many clients are eligible for a pay-out of 100% of their critical illness cover only once with the unlikelihood of having cover for further related or unrelated claims. With accelerated products, the problem is compounded; your client’s cover for death might also have been reduced by a critical illness claim. In our opinion, this is unfair and inappropriate as your client’s death claim will certainly not have reduced due to the initial claim.

Critical illness products should not reduce death benefits and should continue to match clients’ needs after an initial claim. They should also continue to provide clients who recover from cancer with cover against potential relapses.

We will discuss some further features we believe are critical to ensuring that cover meets the needs of clients battling with cancer.

Cover for further claims
This approach extends further than a cancer relapse; forward-thinking products provide full cover for later claims that are unrelated to the first cancer claim. This type of cover also remains in place for an unlimited number of subsequent claims. In instances where a client’s cancer progresses to a later, more advanced stage where the client qualifies for a further claim, a suitable critical illness product will make provision for this.

They do this by accurately paying out the difference between the initial pay-out and the cover for the more progressed stage of the cancer.

Prognosis suited payout
A choice between lump-sum or recurring pay outs at claim stage is another way life insurers can match the needs of clients with cancer, especially in terms of expensive long-term treatments aimed at preventing a cancer relapse.

An example of this would be for clients who seek biological drug treatments like Trastuzumab, which is used to treat HER2-positive breast cancer and prevent recurrence under brand names like Herceptin and Herclon.

It is said to cost on average R550 000 for a one year of treatment, which is unaffordable for many South African medical schemes. By offering clients the option, for specific conditions, of an initial lump-sum plus a recurring pay out for a specific period of time, a critical illness policy could enable a client to afford this treatment.

Extended cover for non-recovery
Remember that cancer has the potential to cause your client to be bedridden or be unable to perform the activities of daily living (ADLs), leading to many unknown and unpredictable costs associated with the disease.

You can provide your client with further protection with a product that offers extended cover in cases where clients don’t recover. Forward thinking life insurance providers automatically include an additional benefit that pays up to 200% in total where the client does not recover from the illness and is unable to perform the ADLs.

It is already a feat to recover from a serious illness like cancer. The last thing your client needs is the prospect of financial hardship that goes along with a potential relapse. By advising a critical illness product that continues to match your clients’ needs accurately and immediately without discriminating due to previous claims, you will be able to give your client the best advice and cover.

Schalk Malan
CEO
BrightRock

A second chance at life is NEVER GUARANTEED

Three decades ago, a cancer diagnosis was a certain death sentence. But, with the advancement of the treatment and management of cancer, millions of people are now able to live full and productive lives after completing their cancer treatment.
Even the most skilled clockmaker cannot fix a watch with a hydraulic drill.

As a highly-skilled financial adviser, you too need more than blunt tools to provide your clients with sophisticated risk cover that accurately matches their needs.

With no 14-day survival periods on critical illness cover and no general waiting periods on permanent disability claims, BrightRock has removed the uncertainty of unnecessary survival periods. We recognise that clients have immediate financial needs when they suffer a serious illness or injury – regardless of the outcome. By removing these waiting periods, we pay claims most competitors would not pay, giving your clients and their loved ones added certainty when it truly matters. It’s just one more way we empower you to offer your clients life insurance that matches their changing needs with precision.

Get the first ever needs-matched life insurance that changes as your life changes.
According to the World Health Organisation, Alzheimer’s disease and other forms of dementia were responsible for the death of 1.54 million people globally during 2015 which is more than twice the number of deaths from this disease in 2000.

Other research suggests that one new case of dementia is diagnosed every four seconds worldwide. In an article, which was published in The Actuary, statistics from the Office of the National Statistics (ONS) indicate that various forms of dementia are now the leading cause of mortality in the United Kingdom (UK).

In fact, their latest analysis which was released in November 2016 indicates that deaths due to dementia have now replaced ischaemic heart disease as the leading cause of death.

There is ever increasing acknowledgement in the medical fraternity of a definite link between high blood sugar glucose and dementia. Researchers from the University of Bath were able to establish this in a recent study as a “tipping point” link.

Even more fascinating is the fact that they were able to pin-point the specific molecular link between glucose and Alzheimer’s disease which suggests that people who consume a lot of sugar but are not diabetic, are at greater risk of being diagnosed with some form of dementia. Yet, people with abnormal high blood sugar levels, as a well-documented characteristic of diabetes, also has an increased risk of developing some form of dementia.

Long term view
If you consider the fact that approximately 2.2 million people in South Africa are living with some form of dementia, as per the 2011 Census report, a different course of action must be considered. Also, one long term insurer’s claim statistics show that during 2015 they paid different types of claims for dementia to the value of approximately R3.6 million. This number was pushed up to around R6.5 million in 2016 for dementia across different benefits which are a significant increase. The increase is also a result of more claims as opposed to higher insured amounts.

Although it is still too early to know for sure whether the incidence of dementia in South Africa is really increasing we need to be pro-active. The early indication of increased claims in this and other areas is perhaps an indication that the time has come for long term insurers to be more concerned about the quality of primary health care in South Africa.

Linked to this is the vital role of financial advisers when it comes to ensuring that clients enjoy optimal critical illness and longevity cover for life-changing events including a dementia diagnosis. This is because of the fact that diseases like dementia which was previously considered as “less common” are now featuring much more prominently in claim events.

Improve the outcome
However, research indicates that regular exercise contributes a great deal towards improved memory and thinking skills. One such study conducted by the University of British Columbia found that regular exercise appears to increase the actual size of the hippocampus which is the area of the brain that controls verbal memory and learning.

The holistic wellness effect on clients who actively participate in regular exercise and make smart lifestyle choices is noticeable as an increased average life expectancy. Whereas the average life expectancy for the insured population in South Africa is 67, one insurer tracked the average life expectancy of members who actively engage with their wellness and rewards programme to 89 years.

Although there is currently no cure for any form of dementia, there seem to be well documented research that verifies, beyond a doubt, that healthy lifestyle choices could in fact go a long way to reduce or even avoid the onset of this terrible disease.
We’re celebrating turning 21 with our newest staff member – Gus The Bus. Gus is taking FMI staff teams around SA to capture the stories of 21 incredible people – clients we’ve partnered with during tough times of injury or illness, and who have gone on to do amazing things.

We’ll be sharing the #21Lives short films from August.

LIKE US ON FACEBOOK or VISIT FMI.CO.ZA to follow their stories
Seeking out the positives

Koranteng says, “Naturally, these developments create a certain level of anxiety amongst investors about the prospects of lower future economic growth and investment returns. However financial advisers well-designed investment strategies are designed taking into consideration that in local and global market, political and social events do occur from time to time and generally these events cannot be predicted.”

“The average fund member would probably not see an immediate impact in his retirement nest-egg. The longer term impact is however significant – would you want to invest in a country whose government is not seen as creditworthy? The downgrade will make it more difficult to attract long term investment which we need to stimulate economic growth. A stagnant economy is not good for investors, including retirement fund members,” says de Villiers.

“There is however some positives to potentially higher bond yields – pensioners wishing to purchase a guaranteed annuity at retirement will find it cheaper to buy the same level of retirement income. Similarly, defined benefit pension funds will also find it less expensive to outsource their pensioner liability to an insurer,” continued de Villiers.

On other risk-related issues Koranteng says, “Rising inflation as a consequence of the currency weakness could potentially reduce the possibility of an interest rate cut by the South African Reserve Bank. As a result the financial position of highly indebted households will remain challenging and put continued pressure on spending as well as the ability to service personal debt. Further possible credit rating downgrades will continue to keep business and consumer confidence at low levels and can negatively impact local economic growth prospects,” continued Koranteng.

Pensioners on the retirement journey

“As members approach retirement, many members choose to switch their retirement savings to a lower risk investment to ensure that they do not lose any of their hard-earned retirement capital. A frequent mistake that members make is to overreact to negative investment news and switch their retirement fund investment to cash and then to remain invested in cash for a number of years. This can seriously harm their planning for retirement as cash as an asset class is unlikely to generate the returns that members require over the long term to achieve a good retirement outcome,” says de Villiers.

Koranteng mentions that volatility is an inherent feature of investment markets and its level varies depending on prevailing economic and market conditions at the time. “Having a long term investment horizon, diversifying investments, avoiding market timing through regular contributions to savings will help clients. In addition, a qualified financial planner will enable investors to successfully navigate the investment market storms on their journey towards a secure financial future during retirement.”

Financial security at retirement

At the time of writing, Koranteng says the downgrade had not had significant consequences for future pensioners despite the volatility.

“Volatility in investment markets does not only represent risk, but can also represent opportunities for wealth creation on the journey to retirement. Time in the market has proven to be a very sound source of wealth creation for future pensioners on the journey towards financial security at retirement. In addition, sound investment principles such as financial education and increasing savings levels will assist future pensioners in achieving their future retirement goals,” continued Koranteng.

‘A retirement fund remains a must-have for the average South African. Not saving enough for retirement remains a far bigger problem than market volatility. A sound financial plan will be robust enough to allow members to approach retirement with confidence, irrespective of market volatility,’ concluded de Villiers.
High levels of employee engagement are said to increase operational performance, reduce staff absenteeism and improve staff presenteeism, which all lead to increased productivity.

A disconnect in business
It is however, concerning that in South Africa we are currently experiencing relatively low productivity levels.

Given the recent financial results from the insurance industry which reflect increasing disability claims, it is clear that the wellness of South African employees is waning, highlighting that there is possibly a disconnect between what business leaders are preaching and what businesses are experiencing.

A healthy and productive workforce
Most companies aim to have a healthy and productive workforce, with some actively demonstrating that they care for their employees by offering preventative care programs for their staff.

Since the health of workers is known to be influenced by a number of factors such as biological status, psychological health, risk factors in the workplace as well as the social environment and the availability of diagnostics and conventional healthcare, companies have a wide selection of care programs to choose from.

These can, for example, include any combination of transport, onsite clinics, wellness programs, legal aid, and financial planning, either offered directly by the employer, or by a specialised third party.

Preventative care programs
In South Africa preventative care is particularly valuable to employees, especially since outside of the workplace, many people do not have access to these interventions, and are often forced to live in stressed and hazardous socio environments, which on top of a failing public healthcare system, are resulting in increased incidents of illness.

This is when the authenticity of the caring corporate culture is really put to the test. In a fully authentic, caring culture, both preventative and rehabilitative care is embedded into the behavior of employees, not only through third party service providers, but through colleagues and supervisors, who are not only interested in the wellbeing of their colleague, but who also play an important part in their rehabilitation.

Without this, when rehabilitative care is outsourced to third parties, the disabled person is sometimes cut-off from the workplace and placed in the care of the service provider. Once the connection between the employee and the employer is cut off, the abandoned employee has no expectation of returning to that employer again, and the adverse health effects of unemployment hinder the rehabilitation progress, which could result in yet another person added to the unemployment statistics.

Address the needs of the workers
The International Labour Office (ILO) has stated that it is only when employers become empowered in disability/incapacity that lost-time claims and costs are reversed. The challenge is to plan and coordinate preventative, curative and rehabilitation services into a tailor made and cost effective program that addresses the risks of the specific workplace and the needs of the workers. Only then will the cost of lost-time claims be reduced.

Managing the work ability of the workforce is not only the responsibility of health and safety professionals but of all the role-players including the employer and the insurance carriers advising the correct product and support.
Medical schemes, however, derive no benefit from higher contributions, as there are no stakeholder dividends or bonuses to be paid out.

An undue burden
The industry is fragmented, crippled by extreme financial greed and abused by certain role players, often with little experience and visionary leadership. There has not been a permanent Registrar for the past three years. The last appointed Registrar of the Council for Medical Schemes (CMS) recently passed away only two months after being appointed.

The Registrar supports the “pay in full” scenario of Regulation 8 of the Medical Schemes Act (MSA). This is undoubtedly the single biggest catalyst behind the extraordinary high cost of private healthcare, as providers may charge schemes whatever they want to for the diagnosis, treatment and care of Prescribed Minimum Benefits (PMBs). This “blank cheque” interpretation places an undue burden on medical schemes and their members which, in turn, undermines the accessibility to private healthcare for approximately 83% of South Africans.

Above average contribution increases
There have not been any legislative tariffs for providers within the South African private healthcare sector for the last decade or so. While the MSA provides for PMBs to be reviewed bi-annually, the last review was in 2010, when the Department of Health rejected the proposal.

This resulted in an unpredictable, open-ended liability for medical schemes, with ultimately above average contribution increases, year after year. Medical schemes are non-profit organisations, meaning that their members have no choice but to continuously absorb these expenses by means of higher contributions.

On 12 May 2017, the Registrar informed all stakeholders that the consultative meetings for the PMB Review have been indefinitely postponed in order to allow stakeholders enough time to provide consolidated input into the National Health Insurance (NHI) process, as well as to align it with new policy developments. Policy development, however, may take years to finalise.

More than R40 billion has already been spent on the NHI over the past five years; yet, according to 2016 inspection records of the Office of Health Standards Compliance, hospitals and clinics in the NHI pilot programme are failing to improve any faster than those in the rest of South Africa.

Funding model is not sustainable
The proposed NHI will be aimed at concentrating power in the hands of government, with little or no room for the private healthcare sector to operate, as government will, directly or indirectly, control the availability, financing and delivery of all healthcare functions and services.

Our private healthcare industry has no competition. Unless and until the public sector can get its house in order, the current situation may endure indefinitely. Moreover, without suitably qualified doctors, South Africa has no healthcare system - public or private. Unless and until doctors are paid a reasonable wage (apart from those currently exploiting the system) we will not have sufficient doctors to support our healthcare infrastructure.

Our energies need to focus on making it work for all stakeholders (doctors, hospitals, medical schemes and government); not on fighting it to the benefit of one party and the loss of another. Regulations need to be put in place whereby reasonable limits are placed on the tariffs charged by healthcare providers, thereby alleviating the cost pressure on schemes, which will directly benefit all members.

Service providers will continue to milk the cash cow and to charge in excess of R1 000 per minute (R60 000/hour or R480 000/day) to perform, for example, a relatively simple surgical procedure under the PMB regime. Imagine, if all doctors charged that fee (and there is no reason why they shouldn’t), medical schemes will collapse within the next two decades, as the funding model is, quite logically, not sustainable.

Elmarie Jensen
Marketing Manager
Genesis Medical Scheme
Private medical schemes, regulated by the Medical Schemes Act of 1998, offer not only greater protection to members, but also provide networks to designated service providers. Private schemes are significantly more expensive excluding the best part of 84% of citizens not supported by basic healthcare.

**Drawing the line**

The dilemma is where to draw the line between medical scheme products and health insurance provided by short term and long term insurers.

After extensive consultation between the Ministers of Finance and Health – as well as the Council for Medical Schemes (CMS), the Financial Services Board (FSB) and affected stakeholders – the final Demarcation Regulations were published on 23 December 2016 with the main objective to clearly separate health insurance products from medical schemes.

The Regulations allow, among other things, insurers to continue with the provision of Hospital Cash Back Plans (HCBP) in a manner that compliments medical schemes while subjected to strict marketing and underwriting conditions.

Although HCBP are developed to mainly focus on a specific market segment that is unable to afford medical schemes, the reality exists that more often than not, medical scheme members are targeting HCBP products to gain – among other benefits – from the daily payout proceeds offered.

**Prone to fraud and abuse**

Although good arguments in support of the effectiveness of HCBP do exist, it is also true that this product is more prone to fraud and abuse.

HCBP is the catalyst in healthcare fraud as it occurs at all levels along the healthcare delivery chain. It involves employees, medical scheme members, providers of services and healthcare service providers.

Fraudsters are sophisticated and are more than aware of the newly published Regulations and the impact thereof on existing policies and future HCBP products. Whether a hospital cash back product is taken out with the intention to mislead the insurer, or if a policy owner becomes more educated during the policy lifetime and on claim stage exaggerates his injuries or illness to claim for a longer period (or blatantly lies about his injuries or illness), the product remains vulnerable to abuse.

Due to the nature of the product it can influence people to participate in fraudulent activities within the delivery chain.

Hospitalisation is the trigger for proceeds to pay out and the financial value is not related to the cost of healthcare. These products are mainly less expensive than a medical scheme due to lesser benefits available if compared to a medical scheme.

**Mechanical changes**

With reference to the Regulations, the maximum daily benefit limit is R3 000 irrespective of the number of days hospitalised. Current underwriting practices will change to a more cross-subsidy model allowing more risk related individuals entering the market.

Medical schemes on the other hand are equally susceptible to fraud, and in South Africa it is estimated that medical schemes lose between R8 billion to R19 billion every year due to fraud, abuse and waste.

Currently, the South African environment is the perfect platform to rationalise acts of fraud because of financial strain. This, and other opportunities, exists to either commit fraud or abuse current and existing products, or participate in waste practices.

It has therefore become even more important for all affected parties in the industry to establish effective fraud prevention analytic models or trusted partner relations who already have the necessary systems and data to triangulate, in order to identify syndicates or opportunistic clients.
Outcome-based investing is a game changer for local investors, according to Momentum Investments’ Chief Investment Officer, Sonja Saunderson.

“The true essence of outcome-based investing means a complete overhaul of the way we understand investor needs, make investment decisions, dialogue with investors and do business. It makes the investor’s goal the only benchmark that matters,” says Saunderson.

She believes that investor behaviour is driven by behavioral biases such as greed and fear with a focus often placed on short-term and peer investment returns, as opposed to long-term drivers creating successful outcomes. The industry is solution-driven and not product-driven and it often leads to a vicious cycle of sub-optimal outcomes.

Momentum Investments follows outcome-based investing as its philosophy given its role within MMI Holdings, which has a vision to be being client-centric and delivering financial wellness. Saunderson says: “We have re-organised our investment capabilities to align to the optimal way of constructing investment portfolios. This includes having passive and smart beta, fixed interest and liability-driven investments as well as alternative asset classes like private equity, property, commodities, hedge funds and others. This allows us to focus on the investment outcome and risk budget sought by the investor, and then deliver on that in a seamless way in an optimal portfolio.”

The five key steps to an outcome-based investment:

- Understanding the client’s need and setting the desired outcome.
- Formulating an appropriate investment strategy through our outcome-based construction approach.
- Regularly assessing progress and appropriateness.
- Continuous risk management.
- Framing all communications to the investor and assessing ongoing success in terms of the outcome.

Outcome-based investing means an emphasis on growth with control, something Saunderson says can be achieved through crafted solutions, which are diversified across multiple asset classes, investment strategies and mandates that match the specific objectives that have been set.

“Our ability to use multiple sets of skills spanning different types of traditional forms of investment management will lead to the best client outcome. We tailor solutions using three different tiers, namely asset allocation, investment strategies and mandate selection, and we can blend strategies to eliminate downside experiences. We blend in-house capabilities, which are designed to deliver on key components of our construction process like our cost-effective passive and smart beta capabilities; and complement these with other investment opportunities through smaller and more agile investment companies like ALUWANI and RMI Investment Managers for high returns and robust delivery. Where required, we also outsource to other best-of-class providers in the market for robust portfolio delivery.”

She says a key part of outcome-based investing is placing a priority on selecting the right investment opportunity. Diversification is key to outcome-based delivery and we focus on getting the right allocation of opportunities together. When we need to select a best-of-class provider for an investment opportunity, the investment philosophy and portfolio construction approach of the provider is important to us. “That matters more in the long run, in terms of matching the required strategy of the portfolio they will be used in, than the portfolio’s past returns or a brand name. Having a consistent philosophy and process is a better predictor of returns than the rear view mirror of yesterday’s results.”

Saunderson emphasises that outcome-based investing is not a cover for poor investment returns: “The key for us is framing the adequacy of returns solely in the context of the liability or required outcome set at the beginning and not being distracted along the journey. We can deliver choice and appropriate solutions in a very cost efficient manner because we use the best of in-house and external capabilities and evaluate investment opportunities and its merits on the basis of after-cost value add to clients.”
DID YOU KNOW?

Less than 20% of South Africans have **sufficient savings** to maintain their standard of living in retirement...

Momentum would like to help investors meet their financial goals with as few surprises as possible along the way. We can do this with our **outcome-based investment** solutions, where the investors’ needs are placed at the centre of the investment process. **It’s all about putting the investor FIRST.**

Want to know more?
Call us on 0860 546 533
or visit us at [www.momentum.co.za](http://www.momentum.co.za)
What can fintech bring to investments?

As more financial technology (fintech) companies enter the investment market, the obvious outcome will be greater competition as technology increasingly disrupts the status quo of what is typically an old and stale industry.

The potential capabilities that fintech brings to the table, and the rate at which innovation is happening in the sector, will mean that established investment businesses will either need to reengineer their legacy systems – which could potentially slow their rate of innovation – or choose to partner with fintech companies to boost their capabilities in terms of efficiency and market offering.

**Treading cautiously**

Most players seem to be adopting the latter approach. A recent PriceWaterhouseCoopers (PwC) report titled Redrawing the lines: Fintech’s growing influence on Financial Services reported that the broader sector – banks, insurers and investment managers – expect an average return on investment of 20% on the innovation projects they enter into with fintech companies over the next three to five years.

Those incumbents that own licences and do not choose to innovate in this way will possibly look to greater regulation to maintain the status quo to slow the pace of adoption.

Regardless, a great deal of innovation is already happening in the financial sector, and investment products are no exception. This is driving a shift away from the traditional one-size-fits-all investment offerings that helped incumbents achieve their economies of scale, particularly as automation and more dynamic user interfaces into investment platforms have made it possible to individualise investments to a greater degree.

**Disintermediation**

This has also resulted in a disintermediation of the investment industry, with a number of layers and complexity stripped out as investors now have a direct route into traditional funds. They also have access to a growing number of non-traditional investment options that new fintech has introduced into the mix.

While this disintermediation has fundamentally changed the role of the intermediary, the fact that fintech is driving industry diversification by facilitating greater vertical integration into non-traditional products means there is still an important advisory role needed to help educate investors and ensure they understand the new investment products on offer.

**Providing opportunity**

This type of fintech disruption is also an opportunity for intermediaries to diversify a client’s portfolio while simultaneously reducing the total cost of investing for their clients to deliver better real returns.

By embracing fintech in this way, the primary role of the intermediary becomes that of a filter, to sift through the latest innovations and educate the market on what is new and relevant. The advisory role in a tech-dominated industry therefore becomes vital, particularly considering the prevailing enthusiasm of the industry. Advisers and intermediaries will therefore need to closely track changes and keep abreast of new innovations to determine what is hot and what is no longer working as well.

**Tinging platforms**

The advice offered may also hinge on the type of investment platform and technology selected, especially as investment options increase with the introduction of direct ownership models in non-traditional assets as algorithms will become more effective in this regard. This, of course, will require a fundamental shift in how the intermediary generates revenue and charges for advice.

We can, however, expect that the influence of new fintech will take a generation or two to filter through and become entrenched. But for now, particularly with regard to investments, there is still an element of personalisation demanded, especially from high net worth individuals who invest large sums of money. The automation of robo-advisers will push more volume at the entry level of the market.

While this should help investors make better use of available options, fintech is certainly not the panacea to driving greater rates of savings as available income for investing remains the same among the broader population. As it stands, fintech’s greatest contribution to the investment sector will be its ability to reshape the spread of asset classes invested in due to the lowered costs and barriers to entry it facilitates.

**Advice is in investments**

Advisers and intermediaries will therefore need to closely track changes and keep abreast of new innovations to determine what is hot and what is no longer working as well.
OFFSHORE DOESN’T HAVE TO BE ‘OFF THE BOOKS’

On 1 October 2016, a Special Voluntary Disclosure Programme (SVDP) was implemented, for a limited period to 31 August 2017, allowing people to declare any undeclared offshore assets and investments they have. Disclosing this information not only gives you peace of mind but also allows you to be fully compliant. Old Mutual International’s Investment Portfolio+ is a convenient, tax-efficient and cost-effective structure designed for South Africans, helping you to consolidate and manage your offshore investments with ease.

To find out more about the Special Voluntary Disclosure Programme and Old Mutual International’s INVESTMENT PORTFOLIO+, please contact your Financial Adviser, Regional Offshore Specialist or call +27 (0)21 524 4726.
SA – a fallen angel?
Investing in a junk status economy

The ratings agency Standard & Poor’s (S&P) Global has noted that of the 23 countries it downgraded to non-investment grade (junk status) since the 1970s, only eight have managed to stage a comeback and regain investment grade. Yields changed very little and bank shares recovered from their lows, it can be argued that the markets have priced in the junk ratings information and have given South Africa the benefit of the doubt. Perhaps South Africa is being viewed as a fallen angel.

The odds are stacked towards never returning from junk, with 15 of the countries – 75% – having failed to construct compelling economic reforms to earn back the coveted investment-grade rating.

THE LONG ROAD BACK
The eight countries that managed to return have demonstrated that the journey back to investment grade can prove long and arduous. It can take on average five to seven years to regain investment grade status, with very different paths experienced along the way. For some countries, it was a quick stay (under 24 months for South Korea); while for others it was protracted, 12 years in the case of Colombia.

Investors have the ability to classify downgraded countries by making judgements on whether they will fall into the eight or the 15. The former group is normally referred to as fallen angels – countries with the ability to respond to the downgrade adequately and with agility, thus possessing great prospects of returning to investment grade. While it is a tough undertaking, it is possible to come back.

LIFE AFTER JUNK
There’s certainly life after a downgrade to junk status. A country’s infrastructure, either financial or physical, does not get destroyed all at once, unless there is a war.

The re-pricing of risk in assets does not alter the quality of financial services offered in a country as banks, central banks, and national treasuries continue to function efficiently.

Let us look at the story of South Africa. Now that it has become the latest country to be downgraded, questions remain about whether it will be classified as a fallen angel or not.

Judging from the response in the markets, where the rand has been resilient, bond yields changed very little and bank shares recovered from their lows, it can be argued that the markets have priced in the junk ratings information and have given South Africa the benefit of the doubt. Perhaps South Africa is being viewed as a fallen angel.

Barclays’ bond indices would equally be affected, with potentially material outflows observable.

Current exclusion
Already, due to their strict ratings criterion, which requires all three agencies to have South African debt investment graded, JP Morgan has excluded South Africa from all its benchmarks both in hard currency and rand-denominated indices. However, this has had minimal impact, with only about $2 billion in question.

Will this outcome alter the rules of engagement for investors?
What has become clear is that a country classified as a fallen angel can be viewed differently by investors, with potentially abundant investment opportunities. Due to the ensuing disagreements by investors about what the true intrinsic value of assets should be - disagreements which get accentuated during junk ratings - investors could find valuable assets cheaply.

Source: Prescient Investment Management and Investment Solutions, April 2017

Prevent further downgrades
South Africa is on the cusp of being booted out of global bond benchmarks if it receives further downgrades. From April 2012, the date it was announced that South Africa could be included in Citigroup Global World Bank Index (WGBI), up to immediately after its effective inclusion in October 2012, the country saw significant inflows.

As seen in the table above, should any of the two credit ratings agencies pull the trigger on South Africa’s ratings, it will set in motion approximately $10 billion of outflows from the bond market as forced selling is ignited by benchmark reweighting.

Lesiba Mothata
Executive Chief Economist
Investment Solutions

Table: Potential outflows from global bond benchmarks

<table>
<thead>
<tr>
<th>Exit rating requirement</th>
<th>Estimated capital outflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local currency rating at BB+ from specifically Moody’s and S&amp;P Global</td>
<td>≈US$10 billion</td>
</tr>
<tr>
<td>An average rating of all three agencies to be investment grade</td>
<td>≈US$5 billion</td>
</tr>
<tr>
<td>All three rating agencies to be investment grade</td>
<td>≈US$2 billion</td>
</tr>
</tbody>
</table>

Source: Prescient Investment Management and Investment Solutions, April 2017
Today, in investments, everything is connected. Like our economy and the power that keeps it running. That’s why our STANLIB Infrastructure funds play an integral part in keeping South Africa’s power running – because it’s both an excellent investment and something our economy depends on. At STANLIB, we’re proud to deliver returns that are as good for portfolios as they are for the future.

#ConnectedInvesting

If you’re in South Africa,
you’re in its power supply.

stanlib.com

STANLIB is an authorised financial services provider.
Since 2015, the JSE has run a project to improve its property indices.

It is expected that three new indices will be launched to replace the current offering; namely, the South Africa Real Estate Investment Trust (SA REIT), All Property, and Tradable Property indices.

These changes offer exciting investment opportunities that will raise the stature of listed property as an asset class.

**AN ESSENTIAL COMPONENT**

The property sector has been the best performing asset class since the inception of the South African Listed Property Index (SAPY) in 2003 having achieved remarkable growth. The market capitalisation of the SAPY is close to R500 billion today.

A key driver of growth has been the increase in geographical diversification of the SAPY. At the end of 2016, approximately 66% of the exposure of the index was South African based, down from 99% eight years ago.

This change has been the result of property companies diversifying their income streams to capture growth outside of South Africa as well as international companies seeking secondary listings on the JSE.

Increased offshore diversification

**MINIMISING VOLATILITY**

Property provides equity like returns, but with significantly higher dividend income. This can help to minimise the impact of market volatility.

For example, during the 2008 global financial crisis, local listed property lost only 4.5% compared to the far greater 23.6% loss for equities.

**BUILDING A FOUNDATION ON EXCITING OPPORTUNITIES**

**Calendar year asset class returns in SA over the past 13 years**

(See graph on the next page)

**GROWING PASSIVE INDICES**

The primary reasons for investing in property are its diversification benefits and inflation beating returns over the medium to long term. These benefits, together with improved liquidity of the sector, have led to the growth of passive index trackers and exchange traded funds (ETFs) that track the performance of baskets of property stocks.

Passive multi-asset class funds have performed well over the past few years due to a combination of a higher allocation to property and lower costs. Passive funds typically have a longer term investment horizon because performance is mainly driven by very stable strategic asset allocations over time.

**ADDRESSING PROBLEMS**

Although property as an asset class is attractive to asset allocators, improving the current index offerings could further boost the sector’s attractiveness.

The requirements of a good index depend on whether it is used as a benchmark for performance measurement, or if it is used as an investment vehicle.

For example, while being representative (having a high number of stocks) may be important for active funds, the ability to invest in that stock (liquidity by way of stocks being easy to buy and sell) is of greater importance to passive funds. The new indices proposed by the JSE address both these challenges.

**A BROAD BENCHMARK**

The All Property Index will serve as a broad benchmark of all listed property stocks tradeable on the JSE. It will increase access to property stocks with primary listings offshore, which have diverse geographical sources of revenue. Having more constituents (number of listed stocks) reduces excessive stock concentration and provides a diverse opportunity set from which active funds can extract excess returns over the index.

The Tradable Property Index will make available a tradable index of large and mid-size property stocks with reduced liquidity risks and trading costs. This may prove to be a popular underlying investment of low-cost index trackers and ETFs.

Considering new ways of constituting the property indices marks an important milestone in the development of the listed property sector. These changes will boost both active and passive investment strategies, and ultimately the savings and investment industry in South Africa.
The property sector has been the best performing asset class since the inception of the South African Listed Property Index (SAPY) in 2003.

Calendar year asset class returns in SA over the past 13 years

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>41.3%</td>
<td>50.0%</td>
<td>40.9%</td>
<td>26.5%</td>
<td>17.0%</td>
<td>31.7%</td>
<td>29.6%</td>
<td>8.9%</td>
<td>35.9%</td>
<td>22.8%</td>
<td>26.6%</td>
<td>8.0%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Equity</td>
<td>23.5%</td>
<td>48.2%</td>
<td>28.4%</td>
<td>19.0%</td>
<td>11.7%</td>
<td>14.1%</td>
<td>17.2%</td>
<td>8.8%</td>
<td>26.1%</td>
<td>8.4%</td>
<td>10.1%</td>
<td>7.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Bonds</td>
<td>15.2%</td>
<td>10.8%</td>
<td>7.4%</td>
<td>9.4%</td>
<td>-4.5%</td>
<td>-9.1%</td>
<td>15.0%</td>
<td>5.7%</td>
<td>16.0%</td>
<td>5.2%</td>
<td>9.2%</td>
<td>6.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Cash</td>
<td>8.0%</td>
<td>7.1%</td>
<td>5.5%</td>
<td>4.3%</td>
<td>-23.6%</td>
<td>-1.0%</td>
<td>6.9%</td>
<td>2.2%</td>
<td>5.6%</td>
<td>0.6%</td>
<td>5.9%</td>
<td>-3.9%</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>

Source: Bloomberg and STANLIB. Index total returns in ZAR were calculated using the SAPY, Top 40 Index, ALBI and STEFI.
Multi-asset vs equity funds…
what’s the choice over the long term?

Investing effectively confuses a lot of people because of the plethora of decisions that they face.

Let us explore this in a bit more detail. The first step along this convoluted path of making the best investment choice is of course identifying the goal of a particular investment and its investment horizon.

LOOKING FOR THE SILVER LINING
Once we know what horizon we are looking for, we enter the gateway of investment choices where we then have to select and match particular types of investment options to the goal and investment horizon.

But how do we make that selection on a long term investment with the goal of delivering financial wellness – and possibly more – to a retiree? We have already taken the first step of identifying the goal of the investment and its investment horizon.

Diversification has proven to be one of the key tools to balancing and managing risks. The risks I am particularly referring to – as there are many – are the possibilities of losing initial capital and the regular daily volatility of the investment value.

Volatility really only comes into play at the time of disinvestment.

THE DIVERSIFICATION PUZZLE
There are a plethora of methods of diversification which include geographical, industrial and asset class diversification.

Fortunately, the first risk (loss of initial capital) is a known risk, particularly within the equity arena and becomes negligible over an extended period of time.

Look at any of your equity index or tracker funds, particularly those which are diversified amongst various types of equities. Over the last 40 years, the performance of our local All Share Index has outperformed the average multi-asset portfolio. However, volatility is another story; think back to 2008.

So let us just look at the 75% in equities. Should one make use of the maximum allowance of 75% or increase the 25% invested in non-equity asset classes?

To repeat, over the long term, loss of initial capital becomes a non-issue. It is really just about volatility and definitely not about compromising growth.

In fact, that is another risk which must be taken into account.

Beating inflation, or at least retaining the purchasing power of the invested funds, is key. History suggests that on a long term investment, for example seven years and longer, with no drawdowns, equities are the key. However, diversification is essential. Every share chosen must add something or rather an investment growth quality to the overall portfolio which no other share does.

DO NOT OVER-DIVERSIFY
The All Share Index has delivered growth well in excess of CPI over the long term when compared to property. There is a lot of diversification, but there are elements of over-diversification – shares which share exactly the same growth drivers.

If your client has a strong stomach for volatility (rising and falling share prices) and the investment vehicle is not regulated, then it is almost a no-brainer. History is very clear about which asset class has the potential for the most growth.

South Africa has a rate of inflation which cannot be ignored. However, it is important to note that historical performance is not a firm predictor of future growth. Investing purely in equities, should theoretically deliver superior growth.

If only it were that simple. On paper, it all makes sense and the only fly in the ointment with an equity portfolio is your client’s emotional fortitude. Do they have a stomach for volatility?

This is where an adviser can never forget the importance of knowing their client. It is not just about what they need, it is about what they want in addition to excellent growth. You must deliver not only financial wellness - you are responsible for allowing them to have a good night’s sleep.

Joanne Brown
Principal Consultant (Sales)
Momentum Consult

Diversification has proven to be one of the key tools to balancing and managing risks.

"
Facing the junk status mountain

In April this year, market sentiment around South Africa’s future took a sharp nosedive when three global ratings agencies effectively lowered their outlooks of the future of the South African economy within a few days of each other.

First, Standard & Poor’s (S&P) downgraded South Africa’s foreign currency rating from BB+ to BBB- on 3 April, cutting it to junk status or non-investment grade. On the same day, Moodys placed South Africa on review for a downgrade and has kept it two notches above junk status so far.

Four days later, Fitch downgraded the local and foreign currency ratings to the lowest combined rating of the three agencies.

WHAT DOES THIS MEAN?
The harsh reality is that the move to junk status means that investment firms are more likely to move their money out of South Africa to more attractive investment destinations.

Other implications include a weaker local currency, which in turn will result in increased petrol prices, increased food prices, higher transport costs and a basic increase in the general cost of living.

The average South African is going to be hard-pressed to find extra money in their budget to meet all these simultaneous cost increases.

Job losses are also an increased risk in the current economic environment. At the same time, although interest rates have not been increased yet, this is widely expected by the market and will have a knock-on effect when the cost of borrowing goes up for the already over indebted consumer.

AN INVESTOR VIEWPOINT
In times of market uncertainty, investors tend to pull their money out of equities and channel it into cash, which is seen as a safe haven. However, this is not always the case and moving money into cash might not be the right long term solution.

The danger is that significant Rand weakness could result in higher inflation and unless the Reserve Bank starts putting through substantial interest rate increases, the real returns from cash could be eroded.

The good news is that returns can still be found within the market through some smart choices. For example, balanced and equity unit trusts often hold rand-hedge stocks where the majority of earnings are derived outside South Africa.

Examples of such stocks include SABMiller, British American Tobacco, Reinet and Richemont. In addition, they may invest in a range of asset classes to potentially offset some of the effects of these economic risks.

AUTOMATIC HEDGING
The savvy investor would do well to consider funds that automatically hedges risk. These funds are designed to provide investors with both protection and growth in times of volatility.

These funds do this by providing investors with a guarantee that the fund will never fall below 80% of its highest level ever. Basically, the funds consist of a balanced or equity unit trust and cash. An algorithm ensures that as the market rises, more is allocated to the unit trust and as it falls, more is allocated to cash.

This ensures that at the 80% highest level, there are no further losses for the investor. Over a five year period, these funds could deliver a return after all costs of roughly 10% to 11% a year.

This means that together with a lock-in of 80% of all historic gains, it has also provided investors with returns above the average of all funds in the high equity sector.

While junk status has negative implications for the South African economy at large, and there are definitely repercussions for South Africans in their everyday financial planning, it is worth remembering that market volatility offers windows of opportunity for the wise investor.

Craig Sher
Head of Research and Development
Discovery
Is the grass greener offshore?

The pressure to ship investments offshore seems to increase every day. With every ratings move and rand devaluation, the chorus grows louder.

Those dealing with clients need to urge caution amidst all the noise and advocate keeping a clear eye on their investment goals. Clients need to stay focussed on the long term outcome required from the investment and avoid any knee-jerk, fear-based attempts to time the market in the short term.

Simple prudence

A well-diversified mix of local and global investments is prudent for almost any significant portfolio. However, overweighting global investments could prove counterproductive.

What matters most is the reason for the investment in the first place.

If, for example, the investor’s primary objective is financial wellness in the form of a secure retirement in South Africa, then all that ultimately matters is the rand pay-out and investors and investment managers should stay fixed on that.

In recent times, we have often seen South African equities outperforming many global markets to a greater extent than the rand has fallen in value in the same period. So, a wholesale shift to global investments would have seen a negative return and there would have been additional fees incurred.

Paying the bills

If, however, the investment is designed to pay for a global education at a fixed point, it is advisable to be invested in the currency that will be used to pay the bills to avoid any loss in value through depreciation in that currency.

It is precisely at turbulent moments like the ones being experienced at the moment that the concept of outcome-based investing has enormous value. This is because it ensures investments are made with an eye on the only prize that matters, which is a reassuring journey to a pre-determined outcome.

Many investment companies need a complete overhaul of the way they do business, and making the investor’s goal the only benchmark they use is possibly the best place to start.

Counterproductive biases

Currently, too much investor behaviour is proven to be driven by counterproductive behavioural biases such as fear and greed with the focus on short-term and peer investment returns, as opposed to long-term drivers. The latter would create successful outcomes for investors.

This means the industry, in turn, is product-driven, as opposed to solution-driven, and this often leads to a vicious cycle of sub-optimal outcomes for investors.

Optimal alignment

To effectively execute an outcomes-based investments philosophy, a company’s investment capabilities should be aligned to the optimal way of constructing investment portfolios. This includes having passive and smart beta, fixed interest and liability-driven investments as well as alternative asset classes like private equity, property, commodities, hedge funds and others.

Where a company does not have the requisite capability, a pro-active approach should be taken to source or partner with other companies to access the necessary investment skillset. The company needs these diversified capabilities to focus on the investment outcome and risk budget sought by the investor, and then delivers on that in a seamless and re-assuring way in an optimal portfolio.

Advisers have a key role to play in this outcome-based investing process. They need to ensure investors are clear and realistic about their desired outcomes and then deliver a personalised investment portfolio specifically and optimally designed for that purpose.

And what often matters most is really good communication along the way that frames everything in terms of the goal and avoids the kind of short-term decisions that can destroy value.

Michael Adsetts
Deputy Chief Investment Officer
Momentum Investments

“

A well-diversified mix of local and global investments is prudent for almost any significant portfolio.

“
Investments setting sail for abroad... it’s all about risk

Investing offshore is not a yes or no decision; there are many factors to consider before taking your clients’ hard-earned money to foreign shores.

It is important to ensure that clients make the right investment decisions in accordance with their long term financial goals and plan.

LOOK AT BOTTOM LINES
Before considering investing offshore, take a look at your client’s finances. Are they still carrying debt? Do they have existing onshore investments that will cater for their needs locally?

Once you have answered these questions and some discretionary money remains, offshore becomes an appealing option.

ASK FOR THE WHY
The next question you have to ask is why clients want to go offshore. There could be numerous reasons behind their decision. Is it to diversify their investments? Perhaps your clients are thinking of sending their children to an overseas university.

Maybe they wish to hedge the currency or the political situation? It can also be that they wish to mitigate risks, including currency, political risk and making provision for education. Or maybe they have inherited money that is already offshore.

EXIT STRATEGIES
The next step is to decide how you are going to take their money overseas. When looking for international exposure, you have two options:

Firstly, they can invest directly. This means you would buy foreign currency and invest that directly into overseas markets. However, this route entails some administration as, depending on how much is taken out, it may require clearance from both South African Revenue Services (SARS) and the South African Reserve Bank (SARB).

Up to R1 million per year can be directly invested into an offshore foreign-currency fund without the need for tax clearance. Investors can apply to SARS and the SARB to invest more, but there is no guarantee that this will be successful if their tax affairs are not in order. Ten million rand per person or R20 million per family unit per annum can be invested directly offshore, with tax clearance. When all requirements have been met, investments can be made in the foreign currency that the client has selected and invested in whichever jurisdiction is preferred.

The second option is to obtain offshore exposure through a rand-denominated offshore unit trust or fund. This requires no special clearance from either SARS or the SARB. However, investments will pay out in rands and will only be made available here in South Africa.

Once again, it is imperative to determine the reason your clients need to invest their money in South Africa or offshore.

It’s important to choose a suitable investment vehicle like investing in a LISP, direct share portfolio or a life wrapper before you decide where to invest your client’s money. Each investment vehicle has its own specific pros and cons. Life wrapper products, for example, have beneficial tax rates and various estate duty benefits.

IS OFFSHORE A SAFE-SHORE?
When investing in any asset, be it equities or bonds, it’s important to understand that the same principles apply than if the money were to be invested locally. The risks are very similar, but globally the choice is far greater.

The diversification of assets remains the main strategic reason for offshore investment.

However, from a South African perspective, investors wish to invest in more stable economies for the opportunity to see potentially enhanced returns and a wider choice of investment options. For example: if investing in the pharmaceutical sector on the FTSE/JSE; the options are limited to three companies, namely Aspen, Adcock Ingram. However, within global markets, there is a selection of over 60 pharmaceutical companies, and that is just on the London Stock Exchange.

Not only do investment options increase exponentially, but investors can also hedge against the volatility of the rand.

Emerging markets caused great excitement in the past year; this is probably because they are generally the fastest growing economies. But, as usual, great returns are accompanied by greater risks and volatility. This is why you need to be wary of too much exposure to these markets, especially since South Africa itself falls into this category.

It is imperative to determine the reason your clients need to invest their money in South Africa or offshore.

Wayne Sorour
Head of Old Mutual International South Africa

It’s all about risk
Itransact, South Africa’s leading independent investment product platform has launched iSell an innovative online service for anybody who wishes to sell (and buy) investment policies before its maturity (pre-term) in a hassle free secure online environment.

The online policy exchange platform addresses the difficulties in dealing in the sale of pre-term investment policies by providing a free-market approach that enables willing sellers to access willing buyers in the following way:

1. **Sellers don’t know how, or where to sell their unwanted investment policies**
   Investors who want to cash in their investment policies before the maturity date at the best possible price now have a central convenient place to offer their policies up for sale.

2. **Buyers don’t know where to find sellers of unwanted investment policies**
   Interested buyers now have a central and convenient place to bid on second hand investment policies.

3. **Solving administrative difficulties in selling and buying of policies**
   The iSell platform will process all documentation, FICA formalities and money transfers.

### WHO IS THE PLATFORM FOR?

**Sellers**
Sellers of investment policies who would like to cash in their investment policies pre-term are frequently compromised. Restrictive policy terms and conditions, complexities and illiquidity usually lead to unattractive realisable values. Traditionally, sellers of investment policies that mature pre-term have two choices:

1. Surrender the policy to the issuing life company who in turn liquidates the policy and pays the seller, or;
2. Sell the policy directly to the life company trading desk.

Neither approach is sure to result in an optimal realisable value for the seller (investor).

**Buyers**
Buyers of term-based investment policies who seek investment alternatives can now bid online for pre-term investment policies at their own calculated fair values and in doing benefit from capturing the potential inherit returns offered by these policies at maturity.

**Financial Advisors**
Financial advisers who seek to combat the negative financial effects that are associated with surrendering an investment policy before its term. In this way, advisers may also prevent costly lapses and repayment of hard earned fees. Advisers also have more freedom to restructure the affairs of their clients without significantly impacting costs and expected values.

### Institutions
Institutions can provide their policy-holders with an alternative to surrendering an investment policy pre-term and as a consequence, the institution retains the asset on its books thereby avoiding any losses caused by the unwinding & administrative process.

### WHAT DOES IT COST?
Sellers pay a small administration and facilitation fee based on the value of the offer. Sellers are informed of this fee prior to accepting an offer ensuring that sellers are always able to determine the exact amount of money they will receive in their bank before selling their investment policy pre-term.

### HOW DOES IT WORK?
The selling and buying of second hand investment policies are handled in 3 easy steps.

1. **Registration**
   Sellers and buyers register online and upload their policy and FICA information for review and authorisation.

2. **Fulfilment**
   iSell lists all policies for review by buyers, receives all bids, and informs the seller of the highest bid.

3. **Settlement**
   iSell collects payment from the buyers and assists both seller and buyer in the transfer of the policy.

### WHO IS iSELL?
The iSell platform is a joint effort by Itransact a leading South African investment platform and fund Administration Company established in 1997 and Constellation Capital an innovative South African research, broking and structuring business with roots going back as far as the 1990’s.
PERFECT FOR:

- **Individuals** who need liquidity and the best price for their fixed term product.
- **Financial advisers** who seek to optimize their client portfolios and protect their clients from the harmful effects of early surrenders.
- **Institutions** who wish to retain their assets by offering fixed term product holders an alternative to surrendering.

**About The Calendar**

- All events, training, results and any other functions across all the different sectors of the insurance and financial services industry will be visible for all to see on The Calendar.

**YOUR SHOWCASE**

It does not matter if you operate in the short term, life, healthcare, EB or investment space; this is the place for you to showcase your events on The Calendar and create network opportunities.

**NO MORE EMPTY SEATS...**

The purpose of The Calendar is to ensure that no one misses out on any event and that there are no more empty seats.

**AS EASY AS PIE**

Upload your events on The Calendar yourself with 4 easy steps. And best of all, it is FREE to list your event on The Calendar!

**GROW YOUR FOOTPRINT**

Expand your presence in the industry by advertising on The Calendar.

---

Itransact is an authorised Financial Services Provider. Contact us on 0861432383 or visit our website www.itransact.co.za

---

www.thecalendar.org.za
The 2017 SAUMA Conference was held on 26 May where some of the industry’s leading professionals/speakers including a former Parliamentary leader of the opposition party, authors of a ground-breaking new book on Africa and corruption-fighting, and a non-captulating General of the Hawks KZN addressed a packed auditorium on a number of topics affecting the UMA industry.
PSG Insure scores at Santam Broker of the Year awards
PSG Insure took top honours at the Santam National Broker of the Year awards for 2016. PSG Insure won three of the five award categories, winning National Broker of the year 2016 – Commercial, National Broker of the year 2016 – Personal lines and National Broker of the year 2016 – Agricultural. The awards are based on year-on-year performance and profitable growth. Top left: Daniel Stevens (Santam - Head: National Brokers and Administrators); Sarel Steyn (Santam – Portfolio Manager); Natasjha du Plessis (PSG ST Admin - Head: Underwriting); Sonet Swart (PSG ST Admin - Head: Claims); Gys Botes (Santam - Key Accounts Manager) and Hantie Burger (PSG ST Admin – Head: Platform Distribution).

Bidvest Financial Services launch training academy in KZN
Bidvest Financial Services Academy was launched in Umhlanga Ridge at the Mayfair on the Lake building. The academy delivers learning and development courses not only to its employees, but it will also host a graduate development programme to fast track graduates into the financial services environment and develop their skills, as well as offer learnerships for entry level positions within Bidvest Insurance and Bidvest Bank. Seen on the photo: Japie van Niekerk (MD: Bidvest Financial Services) and Alexia Shuenyane (Executive Head of Human Capital for Bidvest Insurance) cutting the ribbon and officially launching the Bidvest Financial Services Academy in Durban.

New appointments in the industry
From left: Allianz Global Corporate & Specialty (AGCS) Africa appointed Catia Folgore as Senior Liability Underwriter; Fareedah Benjamin joined Sasria as the Executive Manager for Insurance Operations; Coface announced the appointment of Jacqui Jooste as Coface South Africa CEO-country manager, and African reinsurer One Re announced the appointment of Nicholas Davenport as Chairman. He succeeds Gilles Bonvarlet.

Industry pays tribute to a remarkable woman
With the sad passing on 17 May of Leila Moonda, General Manager: Governance and Transformation at the South African Insurance Association (SAIA). The industry pays tribute and celebrates the extraordinary life of this remarkable woman. She was highly respected in the industry, touching so many lives in a positive way. She leaves a legacy behind and will be missed.
EVENTS & happenings

**FMI celebrates #21lives with Gus the bus**

In celebrating turning 21, FMI staff teams embarked on a journey across South Africa to meet with and capture 21 mini-documentaries that celebrate the inspiring stories of #21Lives. The journey began when a fun and heartwarming sight of a branded vintage VW bus was cheered and applauded into Umhlanga in front of FMI’s offices in Durban. The bus, fondly referred to as “Gus the Bus” was welcomed by a team from FMI and their greater Bidvest family before it embarked on its first official journey, starting in KZN, who are at the core of their #21Lives Campaign. The #21Lives teams would travel around the country over the next two months to the provinces of KwaZulu Natal, Western Cape, Eastern Cape and Gauteng. On the photo below left: Chane de Fortier, Grace Winter, Brad Toerien (CEO of FMI) and Andrea Bodill.

**Europ Assistance sponsors team to run the Paris Marathon**

Europ Assistance (EA) proudly sponsored a group of 23 colleagues and friends from South Africa and France to run the 2017 Paris Marathon in April. The team managed to raise over R70 000 for the Organ Donor Foundation through this initiative, well exceeding the fundraising target. From left: Blake Dyason, Lucy Lightfoot, Gabbi Brodani Rego, Carel Nolte, Christie Colman, Wynand Snyman and Simon Colman.

**Insure Group Managers celebrates 25 years of business**

2017 marks a significant milestone in the journey of Insure Group Managers - twenty five years of successful business. Insure Group Managers celebrated this milestone at The Private Room. FAnews would like to congratulate Insure Group Managers on reaching this auspicious milestone and wishes the company many more years of success in its contribution to the South African insurance industry.
▲ New appointments in the industry
From left: Liberty Group announced the appointment of Derrick Msibi as CEO of Liberty Asset Management Cluster and STANLIB South Africa; Momentum Consult has appointed Bertie Nel as the new Head of Financial Planning; and The Insurance Institute of South Africa (IISA) has appointed Thokozile Mahlangu as CEO Designate. She will be taking over from David Harpur who has been at the helm of the institute for nine years.

▲ Auto & General invests in education
Auto & General Insurance recently awarded a bursary valued at R200 000 to a past student of the Itirele-Zenzele High School in Diepsloot. The insurer has supported the high school since 2013 with the goal of increasing the matric pass rate. Following a rigorous selection process, Moleboheng Motsoeneng was announced as the recipient of the bursary.

▲ Bonitas Medical Fund wins a Kasi Star Brand Award
Bonitas Medical Fund (Bonitas) was named the winner of the Medical Aid category in the Kasi Star Brand Awards - run by Ask Africa through The Target Group Index (TGI) - which looks at SA’s number one Township Brands. The Bonitas management team (from left to right): Charlotte Sanqela, Chief Financial Officer; Gerhard van Emmenis, Acting Principal Officer holding the Award and Kenneth Marion, Acting Chief Operating Officer.

▲ Allianz’s Delphine Maïdou announced twice as CEO of the Year in Africa
The Africa Economy Builders Awards announced Delphine Traoré Maïdou as CEO of the Year for the significant contribution she made to Africa’s economy as CEO of Allianz Global Corporate & Specialty (AGCS) Africa from 2012 to 2017. She was also announced as Insurance CEO of the Year at AfricaRe’s African Insurance Awards for her previous role as CEO of Allianz Global Corporate & Specialty (AGCS) Africa. Held in Kampala, Uganda at the African Insurance Organization’s (AIO) 44th Conference, the awards foster best corporate management, leadership, governance as well as innovative and sustainable growth in the insurance sector.

▲ New appointment - Liberty announced that David Munro, the current Chief Executive of Standard Bank Group’s Corporate & Investment Banking (CIB) division and a current Non-executive Director of Liberty, will assume the role of Chief Executive Officer of Liberty.

Santam awards Brolink top honour
In the annual Santam broker roadshow, Brolink achieved a top award. The official award is: Portfolio Administrator Award for Performance Excellence. From left: Andrew Coutts (Santam), Hendrik Heyns (Brolink) and Daniel Stevens (Santam).
FedGroup awarded for excellence - FedGroup was honoured for the fourth year running at the prestigious PMR Africa Excellence Awards. FedGroup won its fourth consecutive (and second consecutive gold) PMR Africa Award in the Group Life/Risk category. FedGroup was also named in the top three in the country in Investment Products, and Group Pension and Provident Funds, further underlining the high quality of the FedGroup offering.

Sygnia acquires db X-trackers - Sygnia has signed an agreement to purchase db X-trackers (RF) Proprietary Limited (“DBX”) from Deutsche Group Holdings (SA) Proprietary Limited for R325 000 000, subject to obtaining the necessary regulatory approvals.

Renew Risk Africa - C & G Renew Risk will now officially trade as Renew Risk Africa, a specialist Underwriting Manager in South Africa, writing on behalf of Guardrisk Insurance Company together with GCube Underwriting of London.

Leppard to acquire Manwood book - Leppard Underwriting has acquired the Manwood Underwriters book of business, with transfer set to take place on 1 July 2017.

Santam once again rated SA’s top insurer - South African consumers, have for the second year running, named Santam the top insurer in the country when it comes to meeting and exceeding their insurance needs. The results of the SAcsi Index are supported by Santam’s strong showing over the past few years in the Ombudsman for Short Term Insurance (OSTI) Report where the company has been consistently rated as a top performer in treating customers fairly.

Cartrack announces 2017 bursaries - Cartrack has announced the award of primary, secondary and tertiary-level bursaries for the 2017 year to the value of over R1 million. Cartrack has awarded 81 primary and secondary school bursaries to the value of R611 000 through its Education Fund. Thirteen bursaries for students studying at tertiary institutions, in fields of value to the automotive-technology industry, have also been awarded, to the value of R452 000.

GCR affirms Discovery Health’s rating of AA+(ZA) - Global Credit Ratings (GCR) has affirmed the national scale claims paying ability rating assigned to Discovery Health Medical Scheme of AA+(ZA), with the rating outlook accorded as Stable.

Sanlam and Santam conclude acquisition in SAHAM Finances - Sanlam and Santam confirm that all conditions precedent have been met, including all the necessary regulatory approvals, to increase their effective stake in Morocco-based SAHAM Finances S.A. (SAHAM Finances) by a further 16.6% to 46.6% for USD329 million plus transaction costs.

AGCS partners with US InsurTech Praedicat - Allianz Global Corporate & Specialty (AGCS) is working with Praedicat, the InsurTech analytics company based in Los Angeles, to identify the next generation of catastrophe liability risks for business customers far earlier than under current methods.

GCR accords rating of BBB(ZA) to Lion of Africa - Global Credit Ratings (GCR) has assigned an initial national scale claims paying ability rating to Lion of Africa Insurance (LoA) of BBB (ZA), with the outlook accorded as Stable.
Trumpery, tweets and turmoil... what we all need now is a little stability.

In this environment of low growth, low interest rates and high volatility, investors increasingly desire a product that delivers a high fixed income while their capital remains secure. FedGroup’s Secured Investment offers your clients all of these qualities on five-year investments of R5 000 or more, while they pay zero fees.

26 years of **consistent returns**

12.1% interest p.a.*

100% **secured**

**Zero fees** for investors

*Effective rate if the interest is reinvested over the 5-year fixed term

An authorised financial services provider. CIS No. 804

Reg. No. 1956/001143/07
“INSURANCE THAT HITS ALL THE RIGHT NOTES”

THAMI KHEMESE, PROFESSIONAL VIOLINIST, SOWETO STRING QUARTET

We’ve applied three decades’ worth of experience to refine our product offering, which is why our Car and Home Insurance products offer you complete peace of mind. We bring you all the usual policy benefits, as well as ones you might not have thought of, such as:

- Premiums guaranteed for a year irrespective of claims. Life-time guarantee on vehicle repairs. Optional Cash Back offered on all policies. R500 Unspecified All Risk cover included if household contents are insured, as well as power surge cover.

- Don’t take chances – get insurance from the people with experience.

VISIT WWW.AUTOGEN.CO.ZA OR CALL 0800 100 011 FOR A QUOTE