

IG eZine July 2017

Especially distilled for Business Insurance Consumers and Insurance Professionals

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GENERAL

Is polygraph testing a legitimate means to curtail criminal behaviour in the workplace?

In considering the use of a polygraph test (also referred to as lie-detector test) to deter criminal behaviour in the workplace, or to screen prospective employees for a job in a high-risk position of trust; a certain measure of caution must be exercised by employers. [More](#)

Here's why workplace diversity makes business sense

Companies that embrace workplace diversity and inclusion as a source of growth and innovation for their businesses will perform better than those that don't and that applies as much to small businesses as it does to large enterprises. [More](#)

Twin Peaks making grim progress

Dr Azar Jammie, a leading South African economist, is of the opinion that the Twin Peaks plan is an attempt to stave off further downgrades by rating agencies, rather than to address the issues which are strangling the economy. He lists a number of fundamental structural reforms needed to uplift the country's longer-term economic growth rate. [More](#)

Whither international capital flows?

A number of reports that surfaced in the past two weeks painted an interesting picture of the efficiency of capital allocation and international capital flows when viewed together. The conclusions have important implications for the future of the South African economy because of its dependence on foreign capital. [More](#)

FAIS, TCF, RDR, Twin Peaks & Other Regulatory Updates

FIC proposes to include [Short-term Insurance](#) within the ambit of FICA
FSB Issues [Twin Peaks Newsletter](#): Issue 1 - The South African Perspective
Financial Services Regulation in South Africa - [Twin Peaks refresher](#)
Fais and the future of [Level 2 REs and CPD](#) – July 2017
[Why I love FAIS](#)
Are you ready for [outcomes-based regulation](#)?
FSB Appeal Board Clarifies [Factual Causation](#)
Notes on the [Insurance Bill](#)
[NHI White Paper](#) Published
[FSB Appeal Board](#) again rules against FAIS Ombud
[Key Individual](#) cannot delegate accountability
ConCourt Judgement on [medical schemes savings accounts](#)
[CPD Revisited](#)
[Key Individual](#) cannot delegate accountability
[Robo-advice](#) could narrow the advice gap, but will it?

SHORT-TERM

Incident staging on the rise

The Insurance Crime Bureau says they are seeing increased activity in the areas of “**Incident staging**”, which are in some cases linked to “**3rd Party scams**”, as well as possibly including “**Money Raising**”, and even in some cases “**Rental Car fraud**”. [More](#)

Organising an Event? What you need to know about event liability cover

According to Steve Levitt, Aon South Africa, the distinction between who is responsible is blurred and he believes that all parties should have their own event liability insurance cover in place, whether you are a sponsor, supplier, contractor, event owner, advertiser or events coordinator. [More](#)

5 Things to keep in mind before buying buildings insurance

Investing in a **buildings insurance policy** is a big commitment. Every month you pay a premium in order to enjoy the peace of mind that your buildings will be covered in the unfortunate event that something goes wrong. [More](#)

3 tips for getting quality first-time insurance

There's a first time for everything and this is your first time considering proper insurance to comprehensively protect you and your family. You've worked hard to gain some financial security, and now you need to make sure it stays that way. [More](#)

From the desk of the SAIA CEO- June 2017

In support of our government's long-term vision to transform our economy and eradicate the triple challenges of poverty, inequality and unemployment, the SAIA held its inaugural Indaba on 10 May 2017 to discuss with our stakeholders how to support the NDP objectives. [More](#)

Global insurance premiums increased in 2016, overall growth outlook remains positive

Global insurance premiums increased by 3.1% in real terms in 2016, a fairly solid outcome in an environment of moderate global economic growth, Swiss Re Institute's latest *sigma* report says. [More](#)

The effects of fire and flood on actuarial forecasting models

Reinsurers are feeling the pressure as estimated insurance payouts for the recent Knysna fires (and worst storm to hit South Africa in 30 years) are running above R5 billion. [More](#)

Prioritising opportunities using Red/Yellow/Green?

A client recently said they were not happy using the standard red/yellow/green colour scheme in the Probability-Impact (P-I) Matrix for risk prioritisation, because it was “*designed for threats*”. For organisations who want to use an integrated risk process to manage opportunities alongside threats, this is a common perception - but it is wrong! [More](#)

Hannover Re expands its Insurance-Linked Securities activities

Hannover Re has completed three further transactions as part of its Insurance-Linked Securities (ILS) activities, thereby underscoring its wealth of experience and expertise in the field of alternative risk transfer. [More](#)

Bryte SA Crime Tracker: March 2017

Bryte Insurance, a proactive business risk specialist, has released its March 2017 **Crime Tracker**; an indicator of long-term crime trends in South Africa as captured by insurance claims. [More](#)

Increases to OSTI monetary jurisdiction

The Board of Directors of the office of the Ombudsman for Short-Term Insurance has determined that the jurisdictional monetary limits be revised, purportedly to align with inflationary increases. [More](#)

Hollard Insurance Group completes Regent acquisition

The Hollard Insurance Group, South Africa's largest independent insurance group, has cemented its place as South Africa's second-largest short-term insurer, with the completion of its R1.8 billion acquisition of the Regent Insurance Group from Imperial Holdings. [More](#)

Can a conference ever be described as "thrilling"?

We certainly think so. This year at SAUMA 2017 there were choppers, AK47s, a skirmish on the Congo River, parliamentary showdowns, a political assassination in Umlazi, espionage in Addis Ababa, consorting with Beijing – and all this before lunch was served! [More](#)

Top 10 reasons why your business needs cyber liability insurance

The internet asks a lot of questions of its users. How should the internet interact with nation states? What opportunities can it offer criminals? How should legislation and regulation apply to the seas of data that constitute the heart of the new digital economy? What are the implications of outsourcing data processing to cloud providers and the growing use of personal devices to conduct business? We are still coming to terms with many of these issues. [More](#)

Risk readiness is decreasing says AON SA CEO

As South Africans grapple with what the real implications are of South Africa's sovereign downgrade, several other economic and political developments both locally and around the world will further impact how risk mitigation and insurance is managed in a post-downgrade economy. [More](#)

HEALTHCARE

The reality of medical aid late-joiner penalties

The law does not favour late-joiners to medical schemes. **Anyone who is 35 years or older** will be eligible to pay a late-joiner penalty fee, according to the underwriting guidelines in the Medical Schemes Act. Late-joiner fees are permanent! [More](#)

Medical Aid Gap Cover insurance is a must have for consumers

The need for gap cover insurance in South Africa is greater than ever because without it consumers can be out of pocket to the tune of hundreds of thousands of rands following medical treatment. [More](#)

NHI: The possible future role of medical schemes

The future of medical schemes under NHI is still unclear, though the White Paper mentions they may have a 'complementary' function. [More](#)

NHI promises equality of care

Implementing NHI will be an enormous task but promises equality of care for everyone. [More](#)

National Health Insurance Issues: Basket, Budget and Biceps

Health care remains a volatile topic as a mirror to reflect the socioeconomic status of millions of South Africans. As such, the construction of a National Health Insurance Scheme remains both topical and controversial. [More](#)

LIFE, RETIREMENT (incl. Employee Benefits) and INVESTMENT

Financial planning: a business reinventing itself

The world is currently poised at a very interesting point and we're facing significant challenges economically and politically. These challenges are not new, but we need to prepare our clients for a few rough years ahead. [More](#)

Potentially problematic life insurance policy wordings

One would imagine that, at the time of drafting thought would be applied to the how the intention and purpose of the policy stacks up when the facts on a claims matter do not fit the narrowest interpretation of the wording. It is surprising how often this appears not to be the case. [More](#)

How to Choose the Right Funeral Plan

A leading registered insurer says that it is important that the industry does what it can to ensure that funeral plans are exactly what they should be - safe and reliable. [More](#)

Four years in – taking a look at how financial advice models evolved in the UK

With the Financial Services Board's Retail Distribution Review (RDR) regulations looming, South Africa's intermediaries are understandably nervous. However, in the experience of the UK's David Ferguson, the local investment community has nothing to fear. [More](#)

Without a Will there's no way

When a family elder dies, sibling disputes over who gains legal ownership of the family home, can potentially tear families apart. The lack of a Will in such a scenario, is a key factor. [More](#)

State run National Social Security Fund on the cards again?

Introduction of umbrella funds was supposed to have bred a new era of cost and administrative simplicity. To an extent, it has. But it has also sparked fresh layers of complexity. [More](#)

Allan Gray launches Umbrella Retirement Fund

Allan Gray has announced that its highly anticipated new commercial umbrella fund, the Allan Gray Umbrella Retirement Fund, is now officially open for business. [More](#)

Pension Fund Administration - Litany of irregularity

With the Pension Funds Adjudicator having called on the Pension Funds Registrar to investigate the conduct and licensing conditions of Akani Retirement Fund Administrators, it isn't only she who continues to be unhappy with Akani. [More](#)

A new way of looking at retirement income

With the prospect of equities and other growth assets outperforming guaranteed rates, retirees tend to favour living annuities in pursuit of a higher income. This could prove disastrous. [More](#)

Aftermath of Marikana – Union Rivalry extends to Pension Funds

It's ominous that Union rivalry now extends to the pension-fund space. That Amcu has set out to form its own retirement fund, in opposition to the Mineworkers Provident Fund traditionally comprising mainly NUM members, is the tip of an iceberg. [More](#)

Glacier Capital Enhancer – providing more certainty in unpredictable times

Glacier has launched the second issue of its Capital Enhancer. The solution is a tax-efficient investment linked to the performance of a global portfolio, and offers capital protection as well as an enhanced return with uncapped upside. [More](#)

Major leap for Africa at G20 summit

The G20 Leaders' Summit, in Hamburg, Germany, has recorded positive outcomes for global development, with significant benefits for the African continent. [More](#)

G20 should build digital economy friendly to growth, jobs: Xi

Chinese President Xi Jinping says the Group of 20 (G20) members should build a digital economy that is friendly to growth and employment. [More](#)

New World Economic Forum Investment Model Set to Transform Digital Adoption

The WEF announced the launch of a second White Paper on “An Investment Framework for Digital Adoption”. It illustrates an investment model that can be used to quantify the costs to achieve universal internet access and adoption. [More](#)

Stephen Koseff: “No transformation without growth”

South Africans need to work together and find a new social pact that transcends ideologies and backgrounds and unite under a common goal to tackle the problems that we are facing today, and which we will be facing in the future. [More](#)

Yours sincerely

Michael E. Stoker
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