



LOOKING BACK ON INSURANCE CONFERENCE 2015

by Hanna Barry, Moneyweb

If you ever wanted to rub shoulders with people from Japan, France, Germany, the USA and Bahrain at the same time and in the same place, then you would have had the chance to do so at the 42nd annual Insurance Conference. These were just a handful of the 29 countries represented at by far the most multi-national conference yet. Nestled in the Pilanesberg, Sun City once again played host to this much-anticipated event, which this year took place from 26 to 29 July and was attended by more than 1 200 delegates representing 402 organisations.

Under the banner Africa Rising, the theme of this year's Conference was Risky Business, highlighting that the short-term insurance industry, particularly on the African continent, finds itself poised to take advantage of compelling growth opportunities while also positioned in a world that is riskier and more volatile than ever.

"We need to convince potential customers how important insurance can be in supporting economic growth," emphasised Inga Beale, CEO of Lloyd's of London in her address at the opening of the Conference's business sessions.

According to Beale, a 1% rise in insurance penetration leads to a 13% reduction in uninsured losses. Excluding South Africa, insurance penetration in Africa is just 0.73%, rising to 2.4% when South Africa is included, which is still about 65% of the world average.



The first female CEO ever in the history of this 327-year old insurance market, Beale stressed that when catastrophe strikes, insurance ensures that private capital rather

than public funds are used to rebuild a country. She said that whereas 70% of losses following the Christchurch earthquake were insured, only \$35 billion worth of losses from the Tohoku earthquake in Japan were insured, leaving taxpayers to pick up a \$200 billion tab.



Dr Andreas Shell, Global Head of Claims Short-tail at Allianz Global Corporate and Specialty (AGCS), pointed out that the best way to sell insurance is to pay claims. Dr Shell put the spotlight on a topic that came up throughout discussions at the conference: the importance of placing the client at the centre of the insurance process and going the extra mile to communicate and be transparent with clients.

Sharing her first perspectives on the short-term insurance sector, Santam CEO Lizé Lambrechts said that there was too much of a product focus and not enough of a client focus in the short-term insurance sector.

“I think we need to engage a lot more with clients to really understand what it is that they really want, and hopefully in that way we can actually increase the penetration because we do have a big problem with penetration in the industry,” Lambrechts, Santam’s first female CEO, said.

Lambrechts worked for Sanlam from 1985 to the end of last year, most recently as head of Sanlam Personal Finance, and said that while the two insurance sectors are more disparate than she expected, the high levels of skill on the short-term side have been a [pleasant surprise](#).

Highlighted by Beale and Lambrechts, low levels of insurance penetration was once again raised during a discussion on motor insurance, since just 35% of South African drivers are insured. This increases the cost of insurance for the limited insured pool, which in turn prevents people from entering that pool.

Dr Eugene Watson, CEO of the Road Accident Fund (RAF) urged insurers to come up with innovative new products to attract the previously uninsured. Santam’s John Melville highlighted “the culture of impunity” on South African roads, where a high accident rate drives expensive repair costs for insurers, pushing the cost of insurance up.



In the same way that the industry tackled the problem of hijacking together with Business Against Crime South Africa (BACSA), Melville urged [a collective response to road carnage](#).

National Treasury's Ismail Momoniat once again challenged insurers to drive transformation in the industry's approach to customer outcomes and question why more people are not buying their products.

In keeping with the focus on good customer outcomes, regulatory changes were once again a topic of extensive discussion, indicating [just how much attention](#) they are receiving from insurance companies locally and globally.

While supporting improved regulation, Daryl de Vos, MD of reinsurance company, Africa Re, argued that the cost of compliance would to some degree be passed on to consumers. The Financial Services Board's (FSB), Caroline da Silva countered that in the shift away from tick-box compliance to outcomes-based regulation, many changes were simply a part of doing good business and should not be approached as a regulatory cost.



Other stand-out presentations were delivered by Willis Group's Peter Armstrong, who both shocked and enlightened delegates on the risks of cyber crime, noting that more than one billion user credentials were stolen in 2014 and the average cost of 'denial of service' interruptions, such as when an internet banking site is down, is \$48 000 an hour.

At a macro level, Economist Chris Hart gave a sobering talk on the state of the South African economy, while Strategist Chantel Ilbury, of Mind of a Fox fame, painted future scenarios for the country.



Hart's colleague at Investment Solutions, Chief Investment Officer, Glenn Silverman gave an overview of the BRICS grouping of nations, based on their book, Half Way There. The message? Brazil, Russia, India, China and South Africa have each reached a "key inflection point" and need now to define their higher purpose.

"The countries and the bloc are still evolving, the outcome lies in their hands, thus they are only halfway there," said Silverman.

Social scene

The social calendar did not disappoint at this year's Conference. Sunday's golf sponsored by Matrix, was once again over subscribed, with both the Gary Player Golf Course and Lost City Golf Course packed with club-swinging four-balls. A few brave souls exchanged golf clubs for bicycles and cycled the 160-odd kilometres from Johannesburg to Sun City hosted by Centriq.

Following a vibrant AIG Welcoming Cocktail party on Sunday evening, Tracker's theme party – Winter Wonderland – was as always a 'dress-up and dance the night away' affair on Monday.

Tuesday evening's gala dinner, sponsored by Allianz and Africa Re, was an elegant affair where the COVER Awards paid tribute to the men and women who make the industry tick. CEO of Aon Benfield, Simon Chikumbu won the COVER Excellence Award for Reinsurance, while former Santam CEO, Ian Kirk was recognised for excellence in the Short-term category. Rob Ansell won the COVER Excellence Award in the Intermediary category.

Stand winners included Bluespec, as best newcomer; King Price, for the most interactive stand; and Marsh Africa, for the most innovative stand.

A heartfelt **thank you** goes to all our sponsors for their participation at The Insurance Conference 2015. Our registration was seamless and effortless with the assistance of the technology and guidance of the **Global Choices** team.

To all attendees, speakers and exhibitors **thank you** for making the conference meaningful and we look forward to seeing you next year.

An event that's clearly not to be missed, be sure to save the dates for next year's Insurance Conference from 24 to 27 July.

[Print friendly version](#)

Thank you to our sponsors



Principal Media Sponsor



International Media Sponsor



Media Sponsors



Copyright © 2015 IISA, All rights reserved.
You are subscribed to the IISA Newsletter

Email: pthunter@iisa.co.za

Tel: 0861 00 4472



POWERED BY
OAKHURST INSURANCE