SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

# BULLETIN

PROMOTING A TRUSTED & SUSTAINABLE
NON-LIFE INSURANCE INDUSTRY
FOR SOUTH AFRICA

JUNE 2020

# CONTENTS

# 1 From the Desk of the CEO

As a result of the COVID-19 pandemic and social distancing regulations, the South African Insurance Association (SAIA) Board agreed to utilise a virtual, digital platform for the purposes of holding its Annual General Meeting 2020 (AGM). This is not only in line with its MOI provisions, but also aligned with global trends as the world shifts to much more safe and remote digital ways of meeting and deliberating on important business issues. SAIA and related bodies will therefore hold its virtual AGMs on 23 July 2020.

At the end of May 2020, SAIA welcomed the Cabinet of South Africa's approval of a Draft White Paper on Fire Services, which seeks to begin a process of capacitating and modernising the Fire Brigade Services nationally. The Cabinet stated that "the White Paper outlines key policy proposals that will form the basis of the fire services legislation that will replace the current Fire Brigade Services Act, 1987" (Act 99 of 1987). It outlines the roles and responsibilities of both the national and provincial spheres of government in supporting municipalities. We believe that this is indeed a clear demonstration by the authorities that there is a will to move in the right direction in capacitating fire brigades to adequately deal with fire risks in South Africa.

The Road Traffic and Infringement Agency (RTIA) this month announced an indefinite delay in the rollout of the AARTO regulations. The Agency stated that due to the COVID-19 pandemic, its capacity had been compromised, therefore delaying the rollout date which was initially projected for 2020 mid-year. As an industry body, SAIA and its members remain in full support of the implementation of AARTO. In a statement released in 2019, we expressed our support for the implementation of AARTO as a tool that can be used to mitigate the unacceptably high rate of road crashes that has led to loss of lives and property. Our position has not changed.

The President, Mr. Cyril Ramaphosa, announced and proclaimed that certain sections of the Protection of Personal Information Act (POPIA) will take effect on 1 July 2020 and 30 June 2021, respectively. The proclamation is a significant milestone as the Act has been put into operation incrementally, with several sections of the Act having been implemented in April 2014. The sections which will commence on 1 July 2020 are essential parts of the Act and comprise sections which pertain to, among others, the conditions for the lawful processing of personal information; the regulation of the processing of special personal information; Codes of Conduct issued by the Information Regulator; procedures for dealing with complaints; provisions regulating direct marketing using unsolicited electronic communication, and the general enforcement of the Act.

In conclusion, it is sad to note that South Africa's COVID-19 related deaths recently passed the 2 000 mark. Our nation has continued to see a spike in the number of new confirmed cases since the country moved to Alert Level 3 at the beginning of June 2020. Our hearts and thoughts are with everyone effected, and particularly also with those who have lost their own lives in the healthcare frontline, selflessly giving care to the ill and isolated from their families. The untimely loss of these dedicated and selfless frontline health personnel is a devastating blow to the fight against the pandemic. They will, however, remain the true heroes and heroines of our time.

**Viviene Pearson**
**SAIA Chief Executive**

# 2 SAIA News

## 2.1 Notification of SAIA and Related Bodies' Virtual AGM - 2020

Please be advised that the 21st Annual General Meeting (AGM) of the South African Insurance Association NPC (SAIA) and related bodies will take place virtually on Thursday, 23 July 2020, with details of connectivity for members' participation to be advised.

By virtue of each member company's SAIA membership, they are automatically also members of AMUSA (Association of Marine Underwriters in South Africa) and SAAEI (South African Association of Engineering Insurers).

The following virtual Annual General Meetings will be taking place on the said date:

- Intermediaries Guarantee Facility AGM
- Association of Marine Underwriters in South Africa AGM
- South African Association of Engineering Insurers AGM
- South African Insurance Association AGM

SAIA would also wish to draw its members' attention to clause 4.6 of the SAIA Memorandum of Incorporation, which reads as follows:

"4.6 Electronic participation in Members' meeting

The authority of the Company to conduct a Members' meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, provided that the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting, is not restricted or varied by this Memorandum of Incorporation."

As a result of the COVID-19 pandemic and social distancing regulations, the association then decided to utilise a virtual, digital platform for the purposes of this meeting. The votes will then be tallied immediately, and the SAIA Board election results announced by the SAIA Chairperson, Mr Cedric Masondo, at the end of the SAIA AGM.

***Any correspondence and concerns regarding this process should be indicated by Members by way of email, addressed to Candy Lucas, candy@saia.co.za or 011 726 5381.***

# 3 Insurance Risks

## 3.1 Fire Risks Still an Industry Major Concern

Uncontrolled fire(s) continue to be of high concern for the non-life insurance industry, of which losses costs the industry millions of Rands on an annual basis because of many factors that could possibly be addressed. On Sunday, 7 June 2020, South Africa quietly marked three years since the memorable and haunting 2017 Knysna and Bitou wildfire disaster, which cost the industry approximately R5bn. This was, without any doubt, one of the worst wildfires on record in the Knysna region of the Western Cape, which razed through over 20 000 hectares - from Knysna to Sedgefield in the west, and to Plettenberg Bay in the east - destroying more than 1 000 homes, 5 000 hectares of forest plantations, and claiming the lives of eight people.

According to the Santam commissioned report produced by the Council for Scientific and Industrial Research (CSIR), the Research Alliance for Disaster and Risk Reduction (RADAR) and the Fire Engineering Research Unit (FireSUN) at Stellenbosch University, the Knysna fires were the worst wildfires disaster in South African history. The report found that the fires' severity was caused by a cocktail of factors including drought, low atmospheric humidity, strong winds and abundant fuel. The blaze, which lasted 5 days, was so hot that buildings and trees 300 meters ahead of the inferno began burning. At one stage, the fire is reported to have moved one kilometre every 10 minutes.

This Knysna incident will continue to serve as a reminder to all the stakeholders of how quick things can get out of control, leading to billions of Rands in loses. In the same breath, the non-life insurance industry appreciates therefore the critical role that the Fire Protection Association of South Africa (FPASA), an independent body originally formed by insurers in 1973, plays in this space. SAIA is currently working on a renewed strategic positioning with the FPASA, in terms of how they can add further value to the SAIA Property Protection Steering Committee’s (PPSC) strategic objectives of reducing incidents of fire and localised flooding in South Africa. Therefore, SAIA hopes it can forge a much closer, inter-woven working relationship with the FPASA going forward.

Key constraints to achieving the SAIA PPSC’s objectives is some of the inefficiencies and/or lack of risk mitigation strategies on issues, which are adversely affecting the non-life insurance industry, in key government infrastructures such as municipalities, more specifically fire brigades. Therefore, the approach includes a review process of how to support the local government support programme, pertaining to fire risk management, for optimal benefit to all relevant stakeholders and to the betterment of society in general.

The Knysna fire report makes several recommendations for government, communities, the insurance industry, and many other stakeholders. Key among these recommendations is the insurance industry which is urged to help build the capacity of municipal fire services to deal with wildfire prevention and response. The report also urges insurers to support prescribed burning by extending insurance cover for the execution of such preventive measures. It states that insurers could possibly help by requiring policyholders to undertake measures to reduce risk - for example reducing flammable materials and creating defensible spaces around their homes. The FPASA will therefore assist in providing the non-life insurance industry, municipalities, government agencies and communities with a well-resourced, capacitated association given their appropriate knowledge, experience and technical expertise on fire and localised flooding risk management issues.

While managing or controlling the presence of fire-prone vegetation and other combustible or flammable material on tracts of land, usually referred to as fuel loads; attending to all fire callouts - even if they don't appear threatening; greater focus on public education and awareness programmes on the risks associated with wildfires are also recommended, the report further urges communities to also join the local Fire Protection Association (FPA) and participate in setting up FireWise communities. Residents and landowners should work together with FPAs to map and monitor the extent and densities of invasive alien plant regrowth accurately; this is fundamental to determining the amount and duration of funding required to control the massive regeneration of invading plant species after fires.

It also hopes that this realignment of resources will further afford the FPASA and the non-life insurance industry enhanced opportunities for quick internal and external stakeholder engagements and turn-around times on issues elevated by captains of the non-life insurance industry.

***This article was written by Pamela Ramagaga, SAIA General Manager, Insurance Risks.***
**For more information, please contact Pamela@saia.co.za.**

## 3.2 Cabinet Approves White Paper on Fire Services

In a virtual cabinet meeting held on Wednesday 27 May 2020, the Cabinet of South Africa approved several initiatives including the Draft White Paper on Fire Services, which seeks to begin a process of capacitating and modernising the Fire Brigade Services nationally.

In its statement, Cabinet stated that "the White Paper outlines key policy proposals that will form the basis of the fire services legislation that will replace the current Fire Brigade Services Act, 1987" (Act 99 of 1987). It outlines the roles and responsibilities of both the national and provincial spheres of government in supporting municipalities. To ensure that this service is constantly aligned to the modern ways of managing fire disasters, it proposes research and data collection capacity.

The statement further outlined that in general, it also sought to align the Draft White Paper with other legislations passed post 1994 and which relate to local government. A wide consultation with all the relevant stakeholders and the general public has been undertaken, the Cabinet stated.

The National Disaster Management Centre (NDMC) believes that this reform is fundamental to better position the fire services to respond to the changing and growing needs of society as well as to contribute meaningfully in the achievement of the strategic objectives of the country's National Development Plan. The White Paper provides a framework for understanding the philosophy and approach espoused by the national government in the delivery of fire services in the country. The fundamentals of the White Paper are derived from the Constitution and the relevant post 1994 local government legislation.

In addition, and in line with international trends and practices, it also seeks to establish fire safety and prevention as core elements of fire services functions in order to prevent fires and ensure that precautionary measures are put in place to reduce the likelihood of fires thereby reducing the loss of lives, injuries, damage to property and the environment as a result of fires.

***This article was written by Pamela Ramagaga, SAIA General Manager, Insurance Risks.***
***For more information, please contact Pamela@saia.co.za.***

### 3.3 Administrative Adjudication of Road Traffic Offences (AARTO)

Following the Department of Transport's announcement in the second half of 2019, confirming that the Administrative Adjudication Road Traffic Offences Act, popularly known as AARTO, had been signed into law, its implementation has ground to an indefinite halt as a result of the COVID-19 pandemic.

In a statement released by the AARTO implementing agency, the Road Traffic and Infringement Agency (RTIA) on 02 June 2020, the RTIA announced an indefinite delay in the rollout of the AARTO regulations. The Agency stated that due to the COVID-19 pandemic its capacity has been compromised, therefore delaying the rollout date which was initially projected for 2020 mid-year.

The Agency concluded that it would communicate the new rollout date on conclusion of a review process currently underway. In his 2019 launch statement, Minister of Transport Hon. Fikile Mbalula stated that the AARTO Act will usher in 'Business Unusual' on our roads, as it will make way for the following provisions:

- Points Demerit System: This is an objective and fair system of identifying reckless drivers and law breakers so that we can remove them from the driving fold.
- Common penalties: All traffic violations throughout the country will carry the same penal values.
- Electronic service: This means that law enforcement can be effectively supported by technology, servicing documents by electronic means, such as e-mail. Similarly, infringers can exercise their options electronically.
- Infringement Appeals Tribunal: Where Infringers can appeal against the rulings of the RTIA to the tribunal.
- Repeal of court elections: Where Infringers do not have to be burdened by the courts for infringements.

SAIA and its members remain in full support of the implementation of AARTO. In a statement released in 2019, SAIA emphasised that the association fully supports the implementation of AARTO as a tool that can be used to mitigate the unacceptably high rate of road crashes that has led to loss of lives and property.

The press release issues by the RTIA can be found on the below link:

http://www.rtia.co.za/ruploads/aarto%20rollout%20date%20delayed%20due%20to%20covid-19-276.pdf

***This article was written by Katlego Bolsiek, SAIA Insurance Risks Manager. For more information, please contact Katlego@saia.co.za.***

# 4 Transformation

## 4.1 SAIA Consumer Education Update

Numerous relief measures have been initiated by the Government, Regulators and Financial Service Providers to assist consumers and small businesses experiencing financial difficulties due to the COVID-19 pandemic and national lockdown. Also, the financial sector under the National Consumer Financial Education Committee (NCFEC), chaired by the National Treasury, has made a concerted effort to publicise consumer information as widely as possible on topical issues that provide guidance on several relief measures relating to the financial impact inflicted by the pandemic.

### 4.1.2 SAIA Consumer Financial Education (CFE) Radio Programme

The SAIA Consumer Financial Education radio programme has conducted 27 interviews across three radio stations in four provinces, reaching an estimated 802 400 beneficiaries and incorporating topical issues currently affecting consumers within the non-life insurance industry. The programme has recently collaborated with the Banking Association of South Africa (BASA) in response to the call for consumers to better understand holiday payments offered by banks as a result of the pandemic, and the processes and implications thereof. As a result of the Disaster Management Act that brings into life social distancing regulations as part of the lockdown regulations, SAIA has scaled down on most of the face-to-face projects. However, the radio programme will be extended to the end of the year.

### 4.1.3 Building Resilient Businesses Programme

In partnership with the Small Enterprise Development Agency, SAIA hosted seven Zoom webinars during the month of May and June 2020 with a total of 406 SMMEs to equip them with financial and risk management competencies. The programme further broadcast radio interviews on two community radio stations in KwaZulu-Natal - VOC FM, Umkhondo FM, Moutse FM, and a TV interview on SABC news.

Please see linked below one of our Small and Medium Business discussions on YouTube:

**https://tinyurl.com/yare7ess**

### 4.1.4 Know Your Cash Programme

Further to the digital campaign on social media platforms and you-tube, the programme has hosted 2 financial literacy zoom workshops with tertiary students across the country reaching 34 631.

### 4.1.5 SAIA Collaboration with BASA

SAIA was recently invited by BASA to participate in its radio campaign to speak about insurance in general. The interview took place on Friday, 19 June on two KwaZulu-Natal community radio stations (Intokozo FM & Uthungulu FM) during their breakfast shows. The interview attracted a lot of interest from listeners and SAIA attended to many questions. SAIA has in return offered BASA an opportunity to speak on our radio platforms about the various relief programmes offered by banks during the covid-19 pandemic.

***These articles were written by Zanele Gigaba, SAIA Transformation Manager. For more information, please contact [Zanele@saia.co.za](mailto:Zanele@saia.co.za).***

# 5 Governance

## 5.1 Covid-19 Business Interruption (BI) Insurance Claims and Complaints Developments

The COVID-19 pandemic and the resultant lockdown has created unprecedented socio-economic challenges for individuals, businesses, and the economy at large. SAIA continued to commend the ongoing efforts of the President and various government departments to address the challenges and mitigate the impact of COVID-19.

Globally, regulatory authorities are responding in various ways to address the impact of COVID-19. Recently, in South Africa, the Financial Sector Conduct Authority (FSCA) issued a stance on BI insurance. The FSCA advised that in its engagement with various insurers, it has established that BI insurance policy wordings can be categorised into six categories, each with its own requirements that must be met for a valid BI insurance claim and has called on insurers that underwrite specific categories of the BI insurance to promptly pay claims provided policyholders can prove the requirements for a valid claim.

South Africa will also be seeing its first BI insurance claims court case later this year. This is a landmark case that will be precedent setting.

The Ombudsman for Short-Term Insurance (OSTI) issued a press release in which it advised that it recognises that BI insurance complaints are complex and require specific expertise and that it will determine whether the complaint is one that the office can or cannot deal with.

In the United Kingdom (UK), the Financial Conduct Authority (FCA) has brought a test case on business interruption (BI) insurance, which is likely to provide legal clarity on the extent to which BI insurance cover applies in the context of the disruption stemming from the COVID-19 pandemic.

SAIA is monitoring developments and will continue to update members accordingly.

***This article was written by Mashudu Mabogo, SAIA Legal Specialist.*** **For more information, please contact [Mashudu@saia.co.za.](mailto:Mashudu@saia.co.za)**

## 5.2 Partial Commencement of The Protection of Personal Information Act 4 of 2013 (The Act)

The President, Mr. Cyril Ramaphosa, announced and proclaimed that certain sections of the Protection of Personal Information Act (POPIA) will take effect on 1 July 2020 and 30 June 2021, respectively.

The proclamation is a significant milestone as the Act has been put into operation incrementally, with several sections of the Act having been implemented in April 2014.

The sections which will commence on 1 July 2020 are essential parts of the Act and comprise sections which pertain to, among others, the conditions for the lawful processing of personal information; the regulation of the processing of special personal information; Codes of Conduct issued by the Information Regulator; procedures for dealing with complaints; provisions regulating direct marketing using unsolicited electronic communication, and the general enforcement of the Act.

A transitional period of one year starting from the newly announced commencement dates will be provided after which compliance is required. Accordingly, businesses and organisations that process personal information must ensure that they comply with the Act by 1 July 2021.

The reason for the delay of the commencement of the sections which are to commence on 30 June 2021 is that these sections pertain to the amendment of laws and the effective transfer of functions of the Promotion of Access to Information Act, 2000 from the South African Human Rights Commission to the Information Regulator. In this regard, the Commission must finalise its functions referred to in the PAIA and all mechanisms must be in place for the Information Regulator to take over these functions.

***This article was written by Mashudu Mabogo, SAIA Legal Specialist.* For more information, please contact Mashudu@saia.co.za.**

# 6 Operations

## 6.1 Notification of Prudential Authority's intended withdrawal of Intermediaries Guarantee Facility Limited's non-life insurance licence

The Intermediaries Guarantee Facility Limited (IGF) recently received a letter from the Prudential Authority (PA) informing that they intend withdrawing the IGF non-life insurance licence. IGF has in turn informed the PA that it accepts and agrees with this course of action.

The PA informed that they will apply section 29 of the Insurance Act, which is the withdrawal of a licence, read with sections 122 and 162 of the Financial Sector Regulation Act (FSR Act), to supervise an insurer with guarantees subject to prescription. The Financial Sector Conduct Authority (FSCA) is in agreement with this decision by the PA.

This would mean that an insurer, even though its licence has been withdrawn, could continue to conduct specific insurance activities for a specified period under specified conditions, in an agreed orderly fashion.

IGF is in the process of writing to all intermediaries and insurers to provide an update on the status of IGF and to inform insurers of the requirements for lodging a claim that arises during the prescription period, as part of the above licence withdrawal process.

## 6.2 Board consideration of applications for the return of collateral security provided by Intermediaries Guarantee Facility Limited guarantee holders

The Intermediaries Guarantee Facility Limited's (IGF's) Board is in the process of considering various applications for the release of collateral security that was required and provided by IGF issued guarantee holders, to issue the guarantee at the time.

This is an important part of the winding-up process that will have to be completed before deregistration of the company takes place.

A separate list has been drafted for old collateral, older than three years, that was not affected by the prescription period, for processing and release.

Intermediaries will again be invited to apply to have their collateral security considered for release by the IGF Board on a case by case basis.

***This article was written by Charles Hitchcock, SAIA Chief Operations Manager.* For more information, please contact Charles@saia.co.za.**

# 7 Industry News

## 7.1 Construction Risks - The Responsibility to Insure

In circumstances where Insurers find themselves unable to indemnify a policy holder at the time of a loss, these will only serve to perpetuate the already poor public perception of insurers and will expose the Client to unnecessary risk.

The key issues remain the lack of understanding of the cover provided by the Construction Risk insurance policy and of the various Contract Agreements that the Broker's Client enters into, coupled with policies which are not adequately tailored to suit the Client's circumstances.

This erodes the relationship between Insurer, Broker and Client, and reinforces the notion that the Insurance industry declines claims unreasonably and are thus not to be trusted.

It is therefore very important for the Insurer and Broker to familiarise themselves with the relevant standard forms of Contracts which could be used for the various types of construction works.

### Who is responsible for effecting insurance?

The type of Contract Agreement/Conditions of Contract to be used will depend on the Employer's (Principal's) preference as well as the Works to be executed. Two common methods in which parties can Contract are either through a bespoke Contract or a standard form of Contract.

a) Bespoke Contracts - This is a type of Contract that is specially drafted and fully customised to cater for the specific needs or requirements of the relevant parties and the Contract in question.
b) Standard Form Contracts - There are usually risks and issues which will be common for all construction projects and activities. Accordingly, a number of "standard form" Contracts have been developed which set out standard terms for a construction contract, and also detail the Risks to be carried by both the Employer and the Contractor.

Most common Specific types of standard form Contracts used in South Africa;

i) FIDIC – French Initials for International Federation of Consulting Engineers (1999) Short Contract and Red, Yellow and Silver Books
ii) GCC – General Conditions of Contract for Construction (2010)
iii) JBCC – (JBCC series 2000) Joint Building Contracts Committee (Principal Building Agreement, or alternatively, Minor Works Agreement)
iv) NEC – New Engineering Contract (Engineering and Construction Contract and Engineering and Construction Short Contract)

The Contract will stipulate the details of the Insurances required for the Works, site, employees, materials, plant used, third parties, etc.

The obligation to effect and maintain the Contract Works and / or Public Liability insurance will be agreed between the parties and be captured within the Contract document.

It is important to note that the obligations that arise out of the Contract between the parties cannot be replaced by the insurance policy nor can the insurance policy assume an obligation not created in terms of the applicable Conditions of Contract. To this end, it is of utmost importance that all parties concerned understand that the cover provided by the insurance policy specifically follows what was agreed contractually and thus, that the policy will not respond to an event or to an extent not provided for under contract.

### Common Mistakes and misconceptions leading to rejections of claims:

i) Only the party that is contractually responsible to arrange the insurance in terms of the Contract between the Contractor and the Employer may do so in order for cover to exist. In other words, even if a policy has been arranged by the party that is not contractually responsible to do so, no cover will exist.
ii) The policy is NOT subject to average and as such, the sum insured under the works section must represent the Contract Value at award. If the insured value is less than the Contract Value, no cover will exist. In other words, the Contract Value stated on the policy does not act as a first loss limit.
iii) Plant, machinery, tools, etc. belonging to the Insured are not covered unless:
   a) the policy has specifically been endorsed to include such items,
   b) the items in question are custom made scaffolding, shuttering, tools or jigs for example that have been manufactured specifically for that contract, the cost of which is included in the contract value, and as such, will not be used on another contract as they have no residual value.
iv) All consequential losses such as standing time lost, loss of income due to delays, etc. are excluded unless project delay cover has been arranged – this can only be done in cases where the Insured is the Employer.
v) Liability cover only provides for injury or damage to third parties or their property and does not provide cover for workers or other people employed in terms of the contract.
vi) Loss or damage as a result of strike or riot is excluded and cover must be arranged with Sasria.
vii) If work on the contract site ceases for the period stated in the policy, the policy is deemed to be lapsed.

viii) Defective workmanship, products, materials or specifications are excluded but any loss or damage caused as a result thereof is covered but only if the cost to repair the resultant damage is additional to the costs to make good the defect. The extent of this cover can vary in different insurers wordings.

ix) Cover is provided for goods stored securely on site or temporarily off site as well as in transit to site but not whilst stored at the Insured's own premises or suppliers' premises, even if the goods are already allocated to a contract, unless the policy has been endorsed to this effect.

x) Theft is covered but unexplained disappearances not identifiable in time or place are excluded.

xi) Cover for the works and for third parties or their property is provided but both sections exclude existing property in the custody, care and control of the Insured for the performance of the contract. The Surrounding Property extension must be added in order that damage to such property will be insured.

xii) There is no cover for penalties, guarantees, etc.

xiii) Loss, damage or injury as a consequence of the removal of support and vibration is excluded unless the policy has specifically been extended to include this.

xiv) Loss, damage or injury as a consequence of pollution, contamination or seepage is excluded unless caused by a sudden and unforeseen fortuitous event.

xv) As with all insurance policies, all reasonable precautions must be taken to prevent loss or damage occurring as well as to minimise loss or damage once an incident has occurred.

## Conclusion

Therefore, provided that at underwriting stage, the abovementioned common claims misconceptions are addressed, and all parties have a sufficient understanding of the insurance products and common contracts forms, we should be in a position to eliminate the majority of the rejected claims and improve the perception of the insurance industry, thus providing a much needed uncontested and smooth claims experience for our insured clients.

***This article was written by Mark Barrow, National Marketing Manager: Mirabilis Engineering Underwriting Managers.*** **For more information, please contact markb@mirabilis.net.**

## 7.2 Digital Communication methods in the spotlight

*Opinion piece:*

With digital communication methods in the spotlight thanks to the Covid-19 crisis, brands are re-examining how they interact with stakeholders. How can you strengthen relationships with loyal stakeholders and establish new ones in a time of rapid digital change?

Ironically, the current circumstances have led to people communicating more. With a quarter of the world's population on lockdown, a lot of people now have more time to focus on building, strengthening, or restarting relationships free from outside distractions. In many cases, we find ourselves talking more and having more meaningful conversations.

From a business perspective, I think it forces brands to completely rethink their communication strategy – how they communicate, who they communicate with, and what they communicate.

Quite apart from showing empathy and contributing to the community effort where they can, a lot of businesses are focusing their communications on existing stakeholders and stakeholder care rather than acquiring new stakeholders and customers, which I think is the right approach.

I cannot imagine any business at this time would indiscriminately push promotional campaigns. As the chairperson of INSETA, I would want to take care of my existing stakeholders, make sure they are ok and that they have confidence in the seta and the means to continue to participate or engage with the seta, whatever it may be, as Seta's we continue to remain the authoritative voice of our sector and the labour market.

**Going digital for the first time**

Lots of businesses are also now dipping their toe into the digital space for the first time. It is obvious why – the brick-and-mortar shops are closed, so of course, they are forced to focus on digital.

Those just starting out with digital should choose a communication method that is personal, interactive, and engaging. You should not just be sending out blanket newsletters via email marketing. No one wants to receive them at the best of times, let alone now. Rather, you want a channel where users can answer back, and engage with the brand by asking for info, help, or to try a new range of services. At INSETA we have embraced digital technology and our stakeholders have in turn embraced this way of communicating and in turn we have been able to provide instant communication and solutions to stakeholders immediately.

Unlike email, Microsoft Teams improves employee communication, productivity, and teamwork by integrating all forms of collaboration into one single user interface – this includes, chats, documents, shared files, meetings, etc.

Only messaging can offer this kind of real-time response. It is a dual way of communicating, rather than one-way. If you want to respond to marketing emails, you need to look for a customer care email address or phone number… it is a hassle. Majority of us are still at home, we are all in communication mode, is that the right strategy to pursue? Probably not.

Now that most brands do not have a physical presence, it is more important than ever to establish a dialogue with your customers. Forward-looking brands understand this. And if your customer care workers cannot come to work because of social distancing or they are self-isolating? That is why chatbots were created. It does not take months or even weeks of development to create a basic chatbot. So, you can – and should – still help your stakeholders during this difficult time, something that INSETA will be looking into as a way of streamlining communications 24/7 with no waiting time. For instance, when used on your website they can provide fast, automated answers to most questions. Their use prevents customers from waiting a day or longer to receive responses as they would have in the past.

**Staying safe**

Security is another thing to consider. You want to be sure that whatever channel you use, you have the same peace of mind as you would during an in-person chat. If you are worried your conversation is not private, it adds unnecessary stress. And I think we all have enough stress in our lives right now.

**The new normal?**

It is too early to speculate, but the current situation could have long-lasting effects on how we communicate. A lot depends on where we are economically speaking once we get out of this. But I would imagine messaging apps will be the go-to choice for customer care in an omnichannel strategy. A lot of companies have had their hands forced to adapt to this new reality, and so they have incorporated messaging into their strategy at a much more rapid pace than they usually would have – we're talking under a month for what would normally take them three to four months. Once they see what can be done, they could well continue like this after the crisis, because it is more cost-effective, gets higher rates of engagement, and it is a lot more personal. Why would they go back?

If we assume that this crisis will have a very strong economic impact, a lot of consumers will be reluctant or unable to go back to their previous purchasing patterns. They will not revert to the type of mass consumption from before the crisis but will be much more careful about what they buy. This means they will demand personalised offers, personalised services, and the personalised marketing approach that messaging gives you.

They will have more choice too – a lot of these smaller companies have a head start, because they are a lot more advanced in terms of digital communications compared to more established, traditional players. Traditional companies will have to work hard to catch up. It could level the playing field somewhat, which would be good for consumers and small businesses.

However the current crisis plays out, it is obvious messaging has an important part to play for both consumers and brands alike and we at INSETA are enjoying the benefits of messaging as a new way of communicating with our sector.

***This article was written by Sihle Joel Ngubane – Chairperson of the Insurance Education & Training Authority (INSETA). For more information contact: Governance@inseta.org.za.***

# 8 SAIA Circular – June 2020

| **MD Circulars – June 2020** | | |
|---|---|---|
| MD-2020-027 | Initial Notification of SAIA and related bodies Annual General Meetings AGMs 23 July 2020. | 02-06-2020 |
| MD-2020-028 | New Membership Confirmation- YardRisk Insurance Limited. | 02-06-2020 |
| MD-2020-029 | Reminder - FIC Risk Assessment Progress. | 24-06-2020 |
| MD-2020-030 | Request for Emerging Risks Information from the SARB. | 24-06-2020 |
| MD-2020-031 | Invitation to The ASISA Computer Security Incident Response Team (CSIRT) Standing Committee. | 25-06-2020 |
| MD-2020-032 | Request for Information on Additional Member Contribution in Response to COVID-19. | 30.06.2020 |
| **SG Circulars – June 2020** | | |
| SG--2020-075 | Invitation to comment on Draft Joint Guidance to Disaster Management Regulations. | 02-06-2020 |
| SG-2020-076 | Joint Standards – Significant Owners. | 03-06-2020 |
| SG-2020-077 | New Commencement Date Ombud's Schemes. | 03-06-2020 |
| SG-2020-078 | Alert Level 3 Regulation published. | 03-06-2020 |
| SG-2020-079 | The OSTI 2019 Annual Report website is now live. | 03-06-2020 |
| SG-2020-080 | (VSS) List Survey Feedback Results and Notification of the Cancellation of the Project. | 03-06-2020 |
| SG-2020-081 | Industry Response to Request for the Industry to Subsidise MBRS Sanitation Costs. | 03-06-2020 |
| SG-2020-082 | BI Insurance Complaints and the Role of the OSTI. | 05-06-2020 |
| SG-2020-083 | Appointment of SAIA General Manager Insurance Risk. | 12-06-2020 |
| SG-2020-084 | Suspension of the Issuance of Certain New Insurance Licences. | 17-06-2020 |
| SG-2020-085 | The IDS Steering Committee. | 19-06-2020 |
| SG-2020-086 | Precautionary measures to limit the spread of the Coronavirus Disease. | 22-06-2020 |
| SG-2020-087 | Financial Sector Laws Amendment Bill Tabled. | 22-06-2020 |
| SG-2020-088 | COVID 19 -FSCA's Stance on Business Interruption Insurance. | 22-06-2020 |
| SG-2020-089 | Selected South African insurance sector trends March 2020. | 22-06-2020 |
| SG-2020-090 | Invitation to Comment on Draft Notice re Levies on Financial Institutions. | 23-06-2020 |
| SG-2020-091 | Partial Commencement of the Protection of Personal Information Act. | 23-06-2020 |
| SG-2020-092 | Alert Level 3 Lockdown Regulations. | 29-06-2020 |
| SG-2020-093 | First Insurance Claim Case to be heard in September. | 30-06-2020 |

**IMPORTANT NOTICE**
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