

Leading experts warn the world about the dangers ahead

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FANNEWS

FINANCIAL & ADVISORY NEWS

TAKING THE LESSONS OF 2020 INTO 2021

**FNA VS Compliance: Advisers
still tripping up on section 8(1)
of the Code**

**Motor insurers take note:
Replacement parts cannot
compromise an insured's safety!**

THE WORLD OF WORK 2021... SMARTER, FASTER, SIMPLER



Benefits from T-Day retirement fund reforms

TRENDS THAT WILL SHAPE THE LIFE INSURANCE INDUSTRY GOING FORWARD

Advice landscape going into 2021

The year 2020 was one where industries had to accelerate the rate of digital transformation significantly, without warning. However, it certainly taught us some lessons which will shape the landscape of advice going into 2021.

Advisers should not see the pandemic not as a Black Swan event (totally unexpected massively disruptive event), but rather as a Grey Rhino event (a highly probable but neglected threat with enormous impact). The business of life insurance is about dealing with the Grey Rhinos of everyday life, at the same time as hedging against devastating Black Swan events. The lessons have been many and varied but let us focus on key areas:

■ **Human touch** - Research shows how much humans need real-time and regular physical and emotional connections

to maintain their overall wellbeing. Our advisers have learnt how to augment their relationships, combining personal empathy with connection technologies, when unable to meet clients. This has allowed them to tackle the next learning.

■ **Constant reviews** - The massive economic turbulence has shattered financial stability for most people. At the same time, the protection and investment benefits of their life insurance portfolios have never been more important. Our advisers have learnt to balance life needs, with a client's financial circumstances, to secure the best options available.

■ **New opportunities** - The rapid acceleration of digital disruption in the workplace, in consumer behaviour and in lifestyle choices has opened a door that was only slightly ajar to most of us beforehand. Our

advisers have learnt that we are on the threshold of a brave, but uncertain new world of challenges and opportunities.

If further Grey Rhinos appear in the future, we should remain alert, informed, open-minded and humane, to overcome the obstacles and capitalise on the opportunities to the benefit of all.



Johan Minnie
Group Sales Director
Liberty

TAKING THE LESSONS OF 2020 INTO 2021

The year 2020 brought about many challenges. However, as Stephen Richards once said, "With every challenge you face, there is an opportunity hidden that will lead you towards the path of wealth and abundance." With this in mind, **FANEWS** spoke to a few industry experts about the lessons they learned in 2020, which they are taking into 2021.



A fine balance of legal certainty

We have seen various court challenges, regarding business interruption cover, over the past few months.

Policyholders believed that they had cover for the losses they suffered, as a result of Covid-19 and the consequences thereof (which includes lockdown). Insurers stated that it was not the intention for business interruption cover to cover a pandemic such as the one we are currently experiencing.

This misalignment led to the courts having to interpret the contracts (policies) between the policyholders, and insurers, to determine the rights of the policyholders and the obligations of the insurers.

When reading through the judgements, very technical arguments were presented on behalf of both parties. Words such as 'causation', 'text-in-context', 'sound commercial sense', 'un-business-like result', '*contra proferentum principle*', etc.,

are seen in most of the judgements. The words are technical legal terms that are often only understood by individuals that have had some legal training.

It is risky for insurers, and binder holders with a mandate to determine policy wordings, to be in a situation where contracts (policies) are drafted by individuals who are not trained in law, when the Courts, who ultimately decide on the interpretation of these contracts, rely on technical legal arguments when there is a dispute around these contracts.

Legal experts, however, have a way of writing so technically that it is difficult for a person who does not have a legal background to understand the document. With the legislative requirement that insurers should treat customers fairly, the drafting of policy documents require a fine balance of legal certainty and understandable language.

The learnings from the business interruption claims is that insurers and binder holders should implement controls that will ensure that balance is achieved. This will probably be best achieved through a process where policy documents are reviewed by legal experts, and by someone who can confirm that the language used will be clear to individuals who are neither experts in law, nor in insurance.



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