Nedlac Summit 2023: Resilience in the face of adversity: Social Partners' preparedness for crises

Speaker's notes:

An overview of the crisis situations facing SA and the likelihood and impact of these

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Good morning to all the esteemed participants and delegates at the 2023 Nedlac Summit and all protocols observed.

I have been asked to give an overview of the crisis situations facing South Africa and the likelihood and potential impact of these risks today.

Introductory remarks

The South African Insurance Association (SAIA) represents the non-life (or short-term) insurance industry. It is important to note that the non-life insurance industry is directly impacted by the risk landscape in all its forms and challenges in the form of insurance claims and/or impact on cost of insurance and insurability. So, we experience the consequences of the loss events faced by individuals, business, the economy and the country directly.

It is also important to emphasize the role of the non-life insurance industry in the broader economy and society. Insurance is necessary to enable individuals and businesses to recover from losses caused by unexpected events. It also enables growth in the economy as it allows access to finance which is needed to acquire assets, start and build businesses, and create job opportunities.

Risks/crises facing the country

The risk landscape has been changing drastically in the last decade or so, and particularly in the last three years. We believe that some of these risks are systemic in nature and could lead to potential unaffordable insurance and/or uninsurability which would massively impact the economy and the country.

Categorising the risks that are keeping the non-life insurance industry awake at night:

 Pandemic (and other health related risks on a local or regional level, e.g. cholera outbreak):

Likelihood: High Impact: Big - Massive (scale)

• Electricity crisis (loadshedding and potential national or regional grid failure) Loadshedding:

Likelihood: High Impact: Big

Potential National grid failure:

Likelihood: Unlikely Impact: DevastatIng

• Lack of infrastructure maintenance – especially in critical infrastructure

- Electricity
- o Fire-fighting services
- Water infrastructure
- o Ports, rail and road
- o Etc...

Likelihood: High Impact: Big

Increased climate change related events

Likelihood: Inevitable Impact: Big – Huge (scale)

Social and/or political risk

An unequal and exclusive society

Unemployment

o Geo-political tensions

Likelihood: High Impact: Big

• Earthquakes due to natural and/or man-made causes (e.g. as a result of mining, not maintaining infrastructure, etc.)

Likelihood: Increasing Impact: Medium – Big (scale)

• Crime and criminality (including corruption)

Likelihood: high Impact: Devastating and Pervasive

I have listed the risks above, but I need to emphasize that many of these risks impact each other. For example, crime and corruption are part and parcel of many of the problems listed here. A lack of proper infrastructure will make the impact of a severe weather event worse, and a severe weather event will impact infrastructure negatively. A lack of service delivery, inadequate or failing infrastructure will increase social risk.

In closing

As someone from the insurance industry, I have naturally used the word 'risk/risks' throughout this talk. However, as per the topic for this session, we all know that these risks have already materialised and are indeed crises that need to be addressed urgently.

I don't want to make my contribution all about doom and gloom – especially on a Friday morning. The crises we are facing in South Africa are not only evident in South Africa, but to a lesser or a greater extent, all over the globe.

There are solutions to these serious problems/challenges. And we can address many of these challenges – but only if we do it now and together.