



DECEMBER 2023



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CEO FOREWORD AND BUSINESS UPDATE

JP Blignaut

CEO, Bryte

Dear Business Partners

What a year it has been. Amid undeniable challenges, we have witnessed no shortage of victories. As a country, we experienced both the highs of hosting the first ever Formula E World Championship on sub-Saharan Africa soil and achieving a record-breaking fourth Rugby World Cup win. All whilst contending with the lows of a sluggish economy and unrelenting load shedding.

We are in the business of managing risk, and that means we are well-positioned to see opportunity in adversity. Reflecting on 2023, I am pleased to share the key milestones and achievements that have shaped Bryte over the past year.

It is said that momentum begets momentum. That has certainly characterised our progress in 2023. Having completed key projects relating to replacing our administration platform, the direct-to-customer Travel Insurance website (available to brokers to white-label), and the seamless relocation from Marshalltown to Rosebank, the groundwork for a productive and successful 2024 has been laid.

Strategic shifts and forward planning

Our relocation is about more than a change of scenery. It is a strategic move that brings us closer to our valued stakeholders, underscoring our commitment to accessibility and collaboration.

Similarly, structural changes such as the elevation of Edwyn to the board will provide an invaluable layer of strategic foresight to our leadership. His wealth of experience is set to play a valuable role to me as CEO in steering the business to new heights.

As a company that embraces innovation, we are excited about our collaboration with LeaseSure, the nation's leading insurtech platform for real estate. The partnership exemplifies our commitment to providing cutting-edge solutions to our clients.

Putting people first

We achieve our goals because of the excellent work of our people. We are exceptionally proud of our world-class people management practices, which confirms our commitment to fostering a workplace where every individual is empowered to reach their potential and, thereby, provide the highest levels of service to customers.

Purpose-driven planning

Flying the Bryte flag has always meant living up to our core purpose: safeguarding our customers' businesses and ensuring livelihoods through a lens of excellence and people-first principles. While mindful of acute challenges – from global vulnerabilities to the unique challenges we face in South Africa – I am consistently impressed and heartened by the resilience exhibited by our employees, broker and business partners. Through collaboration, we remain a beacon of strength for our customers.

As the year ends, I wish you all a refreshing and inspiring break.

Together, let us embark on the new year with renewed vigour, driven by a shared vision and the resilience that defines Bryte.

Sincerely,

JP Blignaut

CEO, Bryte



Photo by Michael Olsen on Unsplash

INSURING TOMORROW: ANTICIPATING EMERGING RISKS

In a world increasingly shaped by unforeseen challenges, brokers must expand their risk assessment horizons beyond traditional economic indicators. The current risk landscape encompasses many factors, from global economic turbulence, such as the wars in Ukraine and Gaza, and associated supply chain disruptions to local challenges, like deteriorating infrastructure and the escalating impacts of extreme weather events.

One of the significant challenges impacting South Africa is the energy crisis, with over 321 days of loadshedding in 2023 to date. This highlights the importance of transitioning to renewable energy and underscores the economic toll of energy instability, with an estimated R1.6 trillion impact on the economy this year.

Climate change adds to the risks, compelling businesses to contribute to a just transition to renewable energy, aligning with global initiatives like COP28.

Cyber vulnerabilities remain a persistent threat, with a 300% increase in cybercrimes reported by the FBI since the onset of the COVID-19 pandemic. Businesses must establish robust systems for continuity and resilience to counter external pressures.

In this heightened risk environment, insurance intermediaries play a pivotal role. Brokers must stay informed about the evolving risk landscape to provide valuable advice to clients. Digital technologies offer opportunities for enhanced customer service and quicker claims processing, reinforcing the broker's position as a trusted advisor.

To manage risks effectively, brokers must distil complex information into digestible client insights. Regular updates and proactive engagement ensure that risk mitigation strategies stay relevant as realities change.

Explaining policy changes and advocating for adequate coverage becomes paramount in a high-inflation environment. While the broker's role evolves regarding customer engagement channels, embracing technological trends like automation can streamline processes, enhancing customer satisfaction and ensuring compliance.

As we navigate the complexities of the global and local risk landscape, it is evident that brokers are not just intermediaries but crucial partners in securing a resilient future. By understanding, adapting, and leveraging technological advancements, brokers can continue to provide invaluable support to clients in an ever-changing world.



FUTURE-READY BROKER PARTNERSHIPS: SKILLS DEVELOPMENT IN 4IR

The South African economic landscape is currently experiencing a high level of turbulence. Factors such as limited access to quality education, a shortage of skilled workers, and growing automation necessitate innovative approaches for developing future insurers and brokers. The question arises of what the brokers of the future will look like in the challenging South African business environment amidst the Fourth Industrial Revolution (4IR).

Importance of adaptation for broker partnerships

Integrating technology into the insurance sector brings opportunities. Aware that some believe it will eventually lead to job loss, Bryte is committed to enhancing broker partnerships through skills development in the Fourth Industrial Revolution.

The Fourth Industrial Revolution, characterised by rapid technological advancements, digitisation, and automation, presents challenges and opportunities for the insurance industry. In the world of broker partnerships, adaptation is critical to survival and success. As the Fourth Industrial Revolution reshapes industries, brokers must embrace change and equip themselves with new skills to remain relevant. Failure to adapt could mean being left behind in a rapidly evolving landscape.

Understanding the evolution of broker skills in the digital era

Traditionally, brokers relied on interpersonal skills, networking, and market knowledge. While these skills are still necessary, they must be complemented with digital literacy and technical proficiency to navigate the digital era. The ability to adapt these traditional skills to the digital space is crucial.

As technology evolves, new skills are emerging that brokers need to master. These include data analysis and interpretation, understanding artificial intelligence and automation, and leveraging digital marketing strategies. Embracing these emerging skills will enable brokers to leverage technology and stay ahead of the curve.

Artificial Intelligence (AI) and automation have the potential to revolutionise broker processes and streamline operations. Exploring AI applications in brokerage operations can unlock various benefits, such as enhanced efficiency, improved accuracy, and reduced manual workload. From chatbots that assist clients with basic inquiries to machine learning algorithms that analyse complex insurance policies, AI can bring a new level of sophistication to the broker-client relationship.

Fostering partnerships for skill development

One skill development avenue is collaboration with industry associations and professional networks. These organisations are dedicated to fostering knowledge-sharing and learning opportunities. By actively participating in industry events, conferences, and workshops, brokers can expand their network, gain insights from industry experts, and stay updated on the latest trends and technologies. These partnerships offer an invaluable platform for skill development and growth.

Ultimately, brokers can position themselves as valuable and future-ready players in the insurance ecosystem by fostering a culture of continuous learning, collaborating with industry partners, and leveraging data and AI. Embracing the future and staying ahead of the curve will enable broker partnerships to navigate the evolving landscape and meet clients' changing needs, ultimately securing their relevance and success in the Fourth Industrial Revolution.

CREATING A CLIMATE OF TRUST

Global warming makes partnership more important than ever.

Climate change is a complex problem. The earth's climate is an enormous complex system, with even small changes in one area leading to massive, unpredictable outcomes. As a result, global warming makes weather events more extreme and more challenging to anticipate.

How can we manage this new era of uncertainty? In one sense, insurance is all about assessing the risk landscape and providing clients with the advice and protection they need to manage those risks. However, as volatility increases, current solutions may become outdated.

This challenge is hardly unique to South Africa. In the United States, homeowners in high-risk areas – notably, California and Florida – find it increasingly difficult to find an insurer to cover them. In Germany, the risk of floods is pushing up the cost of insurance coverage.

Customised climate advice is key

Practically speaking, what can insurers do to protect clients and protect against premium increases? Given the complex nature of climate risk, there are no one-size-fits-all solutions.

Insurance brokers, therefore, have a critical role to play. Brokers are especially well-positioned to consider their clients' particular risks and advise on the type of insurance available, the unique risks they face, and the most effective risk mitigation strategies.

Let's put these concerns in context with a practical example. An analysis of Bryte's claims data shows that extreme weather events have steadily increased in KwaZulu-Natal in recent years. That is hardly surprising. However, the data also shows an increase in the cost of an insured event and a significant broadening of the geographic area in which CAT events occur along the KwaZulu-Natal coast.

Property owners who are broadly aware of the increased risk of flooding and other natural disasters will often not fully appreciate the role inflation plays on their insurance cover. They may also incorrectly assume their property is in a relatively low-risk zone.

Consequently, with a client's underinsured risk, they are often unaware of relevant potential exclusions and may lack effective risk mitigation strategies.

Common sense and hard truths

Brokers have an indispensable role to play, carefully assessing clients' risks and levels of cover on a case-by-case basis. Of course, that may also involve some hard truths. Climate risk increases the overall level of inflationary pressure, which can be an added challenge amid a sluggish economy. Here, brokers and insurers can play a critical role in devising innovative ways to help clients manage costs and protect cash flow while ensuring they adequately protect their assets.

Some points to consider include:

- Underinsurance is a major problem. As the cost of repairs and replacement increases, clients need up-to-date guidance.
- Property owners shouldn't get complacent because they are not in traditional high-risk areas. Flooding, fire, hail and other extreme weather events are becoming more frequent in more places.
- Risk management is evolving to meet new threats. Clients need the appropriate measures to protect their assets and effectively meet insurance requirements.
- In the long term, managing climate risk will require advanced new technologies and integrated strategies. Advanced analytics can help with more precise risk modelling. At the same time, policymakers, municipalities, insurers, businesses, and other stakeholders must collaborate to share insights and develop ways to manage climate risk

