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## THE WORLD AS WE NOT KNOW IT – THE NEW NORMAL

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They say a change is as good as a holiday. However, with the vast negative changes that the world is pebble dashing lately, they couldn't be more wrong. The latest trends indicate a direction of change in values and needs, which is driven by forces unknown and manifest itself already in various ways within the world today. The question remains: what might these trends imply, what should we be aware of, and up to what point can we as humans adapt to vulnerability?

Excessive increase in cost, a higher frequency of extreme weather events and state emergencies, the breakout of the Covid 19 pandemic, and the loss of biodiversity to name only a few. All these changes have an important - often negative - impact on our physical and psychological health.

The effects on the human race are happening now on the timescale of people alive today. Millions of people are at risk of extreme poverty. This is an extremely important world crisis, as poverty lasts a long time. What we do not now know is what other zoonotic epidemics shall be emerging next.

The fact that we are dealing with Covid right now, has a vast impact on the revenues and balance sheets of companies and governments. It has dramatically shrunk the GDPs of these sectors and reduced their capacity for expenditure on everything from economics to security issues, rural development, and infrastructure.

Insurers have not escaped the vast impact of the pandemic, though fortunately, they managed to respond quickly to the crises. The situation did bring a variety of opportunities within the insurance industry, although, at the same time, an even larger number of challenges emerged:

- Business issues – Customer and Service delivery in the Workforce
- Operational resilience and technology issues
- Financial and Accounting issues

### **Business issues – Customers and Service delivery in the workforce**

In most countries, face-to-face interaction effectively ceased with the breakout of the pandemic, with many customers using digital platforms. Historically, the means of communication within the insurance industry were conventionally paper-based, and the market needed to immediately decide on changes to allow digital support and access to customers. The need emerged for simple digital self-service communications, and resources had to be realigned across organizations to



adapt to customer interactions. This accelerated shift to digital distribution in sales and operating models have required overcoming significant hurdles, such as personal contact with customers, poverty, ignorance of customers, and the inception of working-from-home.

### **Operational resilience and technology issues**

Operational processes have been put under tremendous pressure, with the risk that certain procedures and controls may not be applied in a consistent manner. IT and other support services have a major financial strain. For example, it may be difficult to detect or retrieve data centers, supplier resources, and recovery procedures to name only a few. Despite these tensions, the insurance industry has responded well with remote access and obtaining the appropriate hardware, software, and electronic equipment. Business continuity plans are now being updated in real-time.

### **Financial and Accounting issues**

The Insurance market is still faced with balancing consumer expectations and financial stability. The financial impact on the industry will be significant and shall not be fully known for years to come. Earnings densities are likely to rise due to a decrease in revenue and an increase in claims for some parts of the insurance industry. Travel claims and general non-motor claims have dramatically increased during these unprecedented times. With many customers working from home; fewer motor accident claims are evident. Financial uncertainty and an increase in poverty have triggered fraudulent and exaggerated claims., therefore creating the need for new reviews and trend analysis to identify the key triggers for fraud. Insurers should carefully examine the terms and conditions of their policies to decrease the likelihood of potential legal challenges.

The bottom line and conclusion therefore are; the world has changed and is still changing; therefore, humanity will also need to change their ways and means of thinking and doing in order to adapt to and embrace the new normal.

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