

# 07 The Role of the Broker



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## Brokers must help insurers shift the narrative from price to value with more focus on risk management

Business and consumer confidence have a major influence on economic activity, including demand for insurance. As we entered 2025, 80% of broker respondents expressed confidence in the business outlook for the year ahead – a hopeful signal for both insurers and Brokers.

However, confidence ebbs and flows in line with macroeconomic and political developments. Key factors influencing the risk landscape midway through 2025 include geopolitics and the resultant trade wars, climate change, technology, and cybercrime, – alongside concerns over the stability of South Africa's Government of National Unity (GNU). By June, brokers were factoring in a downward revision in the International Monetary Fund's (IMF) GDP estimate for South Africa, from 1.5% down to just 1%.



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Whatever the economic backdrop, brokers remain the powerhouse of traditional insurance, with Santam's Broker Solutions business reporting R34.3 billion (R31 billion in 2023) in premium, placed by more than 3 000 brokers, in 2024.

Broker-insurer relationships have been tested in recent years due to tough underwriting actions implemented by insurers in response to global and national catastrophe events such as the COVID-19

pandemic, the July 2021 civil commotion in South Africa, and the April 2022 after Kwa-Zulu Natal floods, and several severe flooding events in 2023.

**Disciplined underwriting is the gatekeeper of profitable, sustainable insurance – and actuarial pricing, risk modelling, and risk selection are non-negotiable to balance top-line premium with sustainable margins. Setting the right price, has helped us trade through 107 years of risk and underwriting cycles.**

**Santam is committed to restoring insurer-broker relations, interacting with 1 200 brokers (across nine provinces and 16 regions) during our 2024 Broker Connect Sessions. Our 2024 roadshow helped us to explain underwriting actions in the context of significant changes in the local and global risk landscape, and our subsequent broker communications have highlighted the need for continued focus on risk management advice.**

We need our broker partners to help us shift the narrative from price to value and risk mitigation – and to help clients understand the rationale behind underwriting interventions. We believe good progress is being made in this regard.

Our 2025 Broker Exchange, previously Broker Connect, reinforces the strategic imperative that brokers become proactive risk advisers without compromising on disciplined underwriting

requirements – we want to empower our brokers to stand out as insurance experts during client interactions. The objective is to create unexpected value that goes beyond insurance – customer experience (CX), enhanced through the broker channel, is becoming an important strategic lever in a market dominated by price.

The 2024-2025 Insurance Barometer survey confirmed Santam as one of the top brand choices among brokers. This recognition is derived from various factors, including the brand's trusted 107-year history in South Africa, our exemplary claims-paying record, and our strong balance sheet. This recognition is derived from various factors, including Santam's trusted 107-year history in South Africa, our exemplary claims-paying record, and our strong balance sheet – building trust between broker, insurer, and policyholders.

An interesting finding from this year's survey was that more than half (56%) of personal lines consumers buy their insurance via a broker. This is in contrast to the rising trend of direct to consumer insurance observed in the industry for a number of years. But it may be reflective of the population sampled. It makes sense that many personal lines customers buy direct insurance; entry-level personal lines clients are often more efficiently served by direct insurers, as the cost-to-serve can make them less viable for traditional broker channels. However, as the client's needs and assets evolve, the need for risk advice then leans towards purchasing through a broker.

There are some demographic trends worth exploring here, as the percentage of respondents who claim to use a broker when buying short-term insurance is higher than average for existing Santam clients (74%), for those aged 60 and older (65%), and among high earners (63%).

Anecdotally, younger consumers are more price sensitive and more comfortable navigating direct-to-consumer or digital channels. The survey findings reflect this with 62% of consumers aged 25-34 and 50% of 35-44 year olds opting to purchase through direct channels. Those in Gen Z and subsequent generations are also more likely to buy insurance for a single need, such as a standalone motor vehicle, versus the more comprehensive set of covers purchased by older or wealthier individuals among the Millennial or older generations. Mature, wealthier individuals hold more assets and face more complex risks, for instance, insuring wine or art collections, which increases their need for tailored risk advice.

**Being a multi-channel distributor presents unique challenges and opportunities. In this case, Santam has to weigh up whether to respond to demographic trends through our traditional broker or direct channel. This conundrum has driven product innovation, and Santam is developing a modular insurance solution that will provide cover flexibility and improved service for clients who transact through both the direct and broker**

**channels. The solution will provide a tailored view for each client and allow for real-time quoting, among other benefits.**



### Consumers Want

- 47%** transparency on what influences premiums
- 40%** breakdown of policy extensions, exclusions, and wordings
- 38%** risk management tips
- 37%** visibility of claims impact on premiums

The need to service clients in the digital world is also transforming brokers, with many of the country's larger brokerage houses working on their own digital capabilities. It is more cost-efficient for brokers to service smaller clients by adopting automation and digitisation across their distribution infrastructures.

**The idea is to attract digital natives by deploying technology and retain them as their cover needs evolve, essentially growing together.**

Brokers are well placed to meet clients' expectations in most of these areas.

Santam is leading the way in broker enablement while driving awareness and accessibility of proactive risk management practices. Our SmartProtect platform provides both brokers and consumers – whether Santam clients or not – with access to expert advice and third-party service providers for risk management installations – an added benefit is enhanced customer experience. We've also invested in a Risk Identification and Assessment training programme that equips brokers with the skills to assess risks, enabling them to help clients better understand and proactively manage their specific risks.

Commercial brokers have had their work cut out in recent years, helping businesses navigate exclusions and cover restrictions. The preference is for insurers and brokers to work together to balance risk-appropriate solutions with suitable levels of self insurance. This resonates with Santam's multi-year drive to support its broker partners to transform into trusted risk advisers, not just risk transfer agents.

Brokers assess each client's unique risk landscape using the full range of tools at their disposal and recommend affordable, risk-appropriate solutions tailored to each unique risk profile. Proactive risk management can span from geospatial modelling

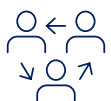


of on-the-ground risks, to constructs like excess structures and self-insurance where appropriate. At the extreme, brokers are well placed as trusted advisors to have a tough conversation about building protection or potentially relocating a client's manufacturing facility, warehouse, or another fixed asset if, e.g. it is located along a flood line

**Sustainable, well-managed businesses that meet scientific underwriting criteria are a benefit to both insurers and brokers, strengthening the overall insurance pool.**

One of the encouraging findings from the survey is that half of business respondents are taking positive action to keep insurance premiums in check. They are spending more on early warning systems, security, and vehicle tracking to reduce exposure to crime, poor economic growth, and significant infrastructure challenges. Risk management is key for sustainable insurance, and sustainable insurance is a key pillar of the domestic economy. It takes a concerted effort between business, broker, and insurer to mitigate risk effectively and maintain uninterrupted business operations.

Competitive pricing remains a key determinant in the insurance buying decision.



Around **43%** of brokers (up from **39%** in 2023) changed their insurer recommendation following premium increases, while affordable rates (**34%**) topped the chart as the number one feature brokers look for when dealing with an insurer.

Santam's SmartSME solution will improve commercial lines insurance penetration by offering a limited, no frills, packaged insurance solution for small, medium, and micro enterprises (SMMEs). The product provides basic cover alongside a bouquet of additional cover options and services.

There is concern over subdued volumes of new business quotes, consistent with the overall market. We believe this is partly due to economic pressures, which is confirmed by price being the number one factor. The concern is that more businesses and consumers are underinsured or uninsured. We have, however, seen some growth in the high-net-worth (HNW) individuals segment.

Importantly, business respondents rated excellent service (33%) and a good track record in claims settlement (31%) almost as important as price. In this context, Santam believes that trust, driven by an exemplary claims payment track record and

the unexpected value derived from going 'beyond insurance', gives our brokers an edge when advising clients on cover options.

**Santam is working hard to shift the narrative from price to value among its broker fraternity. Client experience is one way to differentiate because product differentiation features lower in a price-focused market.**

Quality products that meet clients' needs stood out as important motivators for insurance buyers among both commercial (39%) and personal lines (41%) respondents. Achieving product differentiation is often easier in the commercial segment, where product and risk complexity are heightened. For personal lines, products tend to be commoditised. In either segment, brokers and clients should focus on value over price.

A misconception emerging from the latest survey is that business interruption (BI) cover is unavailable or prohibitively expensive – 44% of business respondents said the cover was unaffordable. Santam indicates that businesses are largely underinsured in this area, and this is a big concern. This presents an opportunity for brokers to educate their clients on the many perils for which affordable BI cover is available. We'd like to see a marked uptick in BI covers over the coming months as this is an exposure that can cripple a business.

Core broker activities remain consistent despite the dynamic macro outlook. Survey respondents in this group said they spent most of their time engaging with clients and prospective clients (50%) and administration and compliance (37%). They say insurers can assist them by offering efficient and fast claims, pricing, quoting, and servicing.

This request aligns with the key demands by businesses and consumers. Giving our brokers an edge in fulfilling these requirements remains a strategic imperative for Santam.



#### What Insureds Want

**Corporate & Commercial:**  
**49%** Efficient claims handling  
**45%** Knowledge & expertise  
**45%** Good service/client experience

**Consumers:**  
**62%** Knowledge & expertise  
**50%** Hassle-free claims

Our approach is two-fold. Firstly, we empower brokers with the information, tools, and training to excel in broker-client interactions. We pride ourselves on the fact that Santam is acknowledged as the best training provider in the industry, as we invest a lot of time and resources into this. Secondly, we have made significant investments in technology to enhance operational excellence, including optimised quoting and underwriting decision making, streamlined claims processing and exceptional service throughout the insurance value chain.

Policy clarity was a recurring theme in the Insurance Barometer survey. Transparency and simplicity in communication between insurers, brokers, and clients is critical. By refining processes and providing brokers with clear, actionable insights, Santam aims to improve the overall client journey. This includes ensuring brokers are equipped to identify gaps in coverage and present tailored solutions that resonate with the unique needs of each client.

Two-thirds of brokers said they wanted a clear breakdown of policy extensions and exclusions. Unfortunately, the varied insurer responses to grid failure and pandemic introduced ambiguity and the potential for differences in interpretation of policy wordings, especially in complex multi-insurer contracts.

Policy wording reviews are underway to provide consumer-friendly, unambiguous, and understandable explanations of cover. Santam has also reinitiated our popular broker advisory forum workshops. These day-long workshops bring insurers and brokers together to identify and solve challenges in areas like market conditions, policy wordings, processes, product, and technology.

**Encouragingly, it appears that great strides have been made in building a risk-aware approach to insurance over the past two years, with 90% of broker respondents reporting they view themselves as risk advisors or risk managers.**

In Santam's experience, the risk mitigation over risk transfer approach is stronger at mid-market and at commercial lines brokerages. In our last Insurance Barometer, we highlighted a shift towards national brokerages building out expert-led Risk Management Practices (RMPs) to advise clients on appropriate risk management interventions. This trend has gained some momentum over the past two years. National brokerages have continued to expand with risk engineering departments that conduct on-site risk assessments at renewal or onboarding before taking the risk to market for a quote.

**In contrast, some smaller commercial brokerages may occasionally rely on prior-year schedules for renewals, requesting updated quotes without always completing the necessary risk surveys. The Holy Grail is for all brokers, small or large, to move from selling policies to advising on risk. This has been the driving force behind Santam's**

**new Risk Identification and Assessment training program, which aims to make risk surveying skills accessible to brokers.**



Finally, technology is seen as a major driver of insurance and insurance broking innovation. The artificial intelligence (AI) revolution featured prominently on our 2025 Broker Roadshow programme, and we encourage our brokers to consider how this and other technologies can improve practice efficiency, and free up more time for broker-client interactions.

Santam has been using machine learning and predictive analytics in our claims, pricing, and underwriting environment for some time – and technology and AI adoption across the broker office is a key focus. At a more tangible level, Santam has an in-house innovation lab where we conduct research on Internet of Things (IoT) devices and surge protectors.

**Looking ahead to the remainder of 2025 and beyond, our focus is on streamlining ease of doing business and enabling brokers while maintaining strong underwriting practices. We are committed to delivering unexpected value, beyond traditional insurance offerings, through our SmartProtect value-added services initiative, in a market where price often dominates.**

**Enhancing the client experience through operational excellence and investing in developing talent remain key priorities as we compete for scarce insurance skills. Close collaboration and transparent communication between insurers, brokers, and clients is essential to shift the narrative to one where proactive risk management dominates.**