



Canvassing Risk— The Specialist Way

SANTAM SPECIALIST RISK BAROMETER

First Edition

2025

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01 Introduction



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Navigating complexity with clarity and specialist insight

The 2025 Santam Specialist Solutions Risk Barometer survey was conducted against a backdrop of heightened complexity – an environment shaped by economic pressure, climate volatility, infrastructure strain, cyber threats, and evolving regulatory demands that continue to redefine the risk landscape.

At Santam, we view this Risk Barometer not only as a reflection of external conditions but also as an important resource to drive and inform conversations with our clients, brokers, and partners about building resilience in an uncertain and evolving risk landscape. With it, we aim to measure how effectively the insurance industry and all its stakeholders adapt to change, with the ultimate goal of ensuring longevity.

South African businesses must respond to these macro factors with considered, well-informed action, so as not to introduce new and unexpected risks. So, while rising costs and margin constraints drive heightened price sensitivity, care must be taken not to sacrifice product and service quality throughout the value chain.

As underwriters, we must respond to the rising frequency and severity of catastrophic weather events, which are reshaping global risk pools and driving up reinsurance costs,

while simultaneously amplifying domestic infrastructure challenges. Energy instability, logistics blockages, and cyber fragility all erode resilience. The evolving business landscape is accompanied by regulatory changes and new compliance standards, which further complicate the risk environment for all stakeholders.

Clients, brokers, and underwriters face the same exposures within the evolving risk landscape, but the way they are impacted differs. Clients worry about affordability; brokers are concerned about demonstrating their value in sourcing adequate cover and appropriately addressing needs; and underwriters have to balance changing risk appetite with sustainable pricing.

The Santam Specialist Solutions Risk Barometer serves as a navigation tool, distilling perspectives from across the industry to show where education, discipline, and innovation are needed. The survey findings also draw attention to our specialist insurance solutions and how these fit into the comprehensive risk management strategies that clients deploy to operate sustainably, locally, and across borders. The survey is designed to highlight the predominant risks impacting clients, brokers, and underwriters across sectors and test their risk mitigation and transfer responses. It explores how climate volatility affects claims in the Santam

Property and Construction & Engineering portfolios and reflects on how Santam Financial Lines is positioning for increased exposures arising from environmental, social, and governance (ESG) shortcomings and rising litigation trends, to name a few.

By studying responses from business leaders and professionals across industries, we are able to identify critical protection gaps and inform future focus areas. This Santam Specialist Solutions Barometer highlighted three major protection gaps.

First, cyber resilience stands out as a poorly understood risk with low uptake across industries, despite being a top systemic threat. Second, the evolving nature of climate-related perils puts businesses at risk of being uninsured, not due to inadequate sums insured, but due to shifts in risk exposures, notably in property, construction, and agriculture. And third, rising ESG, governance, and litigation risks are outpacing uptake of Directors' and Officers' (D&O) cover.

Santam Specialist Solutions is well-positioned to close these gaps through a combination of technical expertise and tailored underwriting. Bridging them, however, requires sustained broker education, simplification of product narratives, and consistent client engagement.

The business leaders and professionals who participated in the survey offered valuable feedback on industry responses to the fast-rising systemic risks they face in the broad cyber liability field, with a serious red flag arising from the disconnect between an appreciation of this risk compared to the uptake of insurance solutions.

The survey also showed how companies' price sensitivity, driven by tough operating conditions, has led to poor uptake of essential covers in areas such as Motor Fleet and Accident & Health. Supply chain fragility arising from growing geopolitical pressures, sanctions, trade tariffs, and war have affected the Aviation and Marine business lines. These insights have highlighted a need to position specialist insurance solutions as strategic resilience tools, not nice-to-haves.

Another key conclusion is that brokers play an indispensable role in risk identification, mitigation, and transfer. The Santam Specialist Solutions Risk Barometer showed that **80%** of businesses continue to place their insurance

through a broker, recognising the value brokers provide in the specialist space. This finding underscores that clients want a trusted, experienced partner to help them interpret risk, navigate complexity, and secure the right cover.

When drilling into the detail of the other **20%**, it emerged that some respondents prefer purchasing standard cover types directly from insurers but still rely on brokers to help them navigate the right coverage for more complex specialist lines of insurance. In other words, the finding is not a rejection of brokers but a reminder that the risk landscape is varied and often situational. There is a clear reliance on brokers across our market, which affirms the role they play in simplifying complexity, strengthening trust, and ensuring specialist solutions are placed where they add the greatest value.

Specialist insurance can be seen as an investment in competitiveness, serving a dual role as an enabler of business continuity and a form of resilience capital. For clients, our business lines are core governance instruments safeguarding their reputations and balance sheet integrity. As underwriters, our task is to connect technical detail with business outcomes by providing solutions that keep companies operational, compliant, and credible in front of all stakeholders.

The Santam Specialist Risk Barometer serves three critical functions. First, as a market navigation tool, it gives clients and brokers clarity in a risk environment that is clouded by uncertainty. Second, it is a vehicle for education and advocacy, unmasking misconceptions responsible for gaps in coverage, and promoting the adoption of solutions that build resilience. And third, it underpins leadership and trust by positioning Santam Specialist Solutions as more than an insurer.

The Specialist Risk Barometer is a manifestation of our goal to be knowledge partners, invested in helping businesses and brokers succeed in turbulent times. This commitment to transparency and insight is what sets us apart and reinforces the specialist promise: Best Expertise. Best Service. Best Relationships.

It is our hope that our broker partners will find value in the Specialist Risk Barometer Report and that it will be used to guide meaningful interactions with clients, so that together, we can begin to close the risk protection gap.

A word from our leadership team

Manisha Chiman: Casualty, Travel Insurance, Accident & Health and Motor Fleets

Today's casualty and health risk landscapes span corporate, human, and operational exposures. Excelling in these business lines now requires a clear understanding of how governance, employee wellbeing, and mobility interlink, forming a new frontier where regulation, reputation, and resilience converge.

Casualty and health risks are increasingly defined by the sophistication of exposure rather than the availability of cover. Social inflation, extended legal liability chains, and a more assertive regulatory environment demand precision in policy wording, claims interpretation, and client advisory.

Motor fleet portfolios, once driven primarily by

the frequency and severity of loss or damage, now hinge on supply-chain fragility, rising repair inflation, infrastructure degradation, and duty-of-care accountability. Our forward agenda is to underwrite for interconnectivity.

To do so requires building liability, fleet, and health solutions that anticipate systemic ripples rather than responding to them in isolation. Together with brokers, we are using analytics, loss intelligence, and governance insights to align our products with the realities of modern enterprise risk. True product leadership lies in foresight and an innate ability to convert the unseen interdependencies of people, assets, and operations into measurable resilience.

Curt Meyer: Corporate Property, Construction & Engineering, and Marine

The Santam Specialist Risk Barometer offers a timely reflection of how the built environment, infrastructure, and trade ecosystems are evolving under the combined weight of climate volatility, geopolitical tension, and economic pressure.

Risk is no longer siloed within the property, construction, engineering, and marine classes; it has become systemic and interconnected, shaped by global and local forces that extend far beyond traditional underwriting parameters.

Ageing infrastructure, inflation, and weather volatility continue to challenge valuation adequacy and project feasibility, while political instability and shifting trade routes test the predictability of marine and logistics exposures. And the task before us is to ensure that risk assessment evolves at the same pace as these risk realities.

The survey findings confirm that resilience in the corporate property and construction & engineering business lines depend on the

alignment of three disciplines: accurate data, proactive maintenance, and forward-looking solution design.

Santam Specialist Solutions is responding to the changing risk dynamic by moving from reactive cover to anticipatory resilience. This requires integrating climate analytics, engineering intelligence, and geopolitical awareness into how we price, prevent, and protect. Working hand-in-hand with our broker partners, we are deepening our technical capability through data-driven models, geo-coded risk mapping, and adaptive underwriting frameworks that reward proactive risk management.

Discipline in pricing, valuation, and collaboration are key differentiators in today's disrupted risk landscape. Santam Specialist Solutions will continue to apply innovation, insights, and technical rigour to underwriting, and in so doing help South African and African firms to remain insurable, investable, and resilient in a rapidly changing world.

Daniel Stevens: Agriculture Crop and Heavy Haulage

Agriculture and haulage have become bellwethers for South Africa's broader economic resilience. These sectors are vital to sustaining food security, trade flow, and employment nationally, and across the continent. Today, these enterprises operate amid climatic extremes, infrastructure deterioration, and persistent input cost inflation, each interlinking and compounding to expose new layers of systemic risk.

The consequences of interconnected risks are far-reaching and include longer recovery cycles after extreme weather events, higher cargo losses due to transport disruption, and increased vulnerability of rural economies to volatility beyond their control. The challenge is to shift underwriting from a lens of incident response to one of resilience architecture.

To do so, Santam Specialist Solutions is designing programmes that account for multi-seasonal exposure, regional hazard clusters, and the true interdependence between production and mobility. This approach calls for disciplined underwriting supported by scenario analysis, valuation accuracy, and the integration of continuity-based cover structures.

We are working closely with our broker partners to expand our role beyond indemnity to preserving the integrity of South Africa's food and freight systems. This demands informed dialogue and a focus on operational readiness, supported by data. By combining technical insight with a sustainability mindset, Specialist Solutions aims to strengthen the economic arteries that keeps the economy moving, delivering an insured and resilient nation, that is also intelligently engineered.



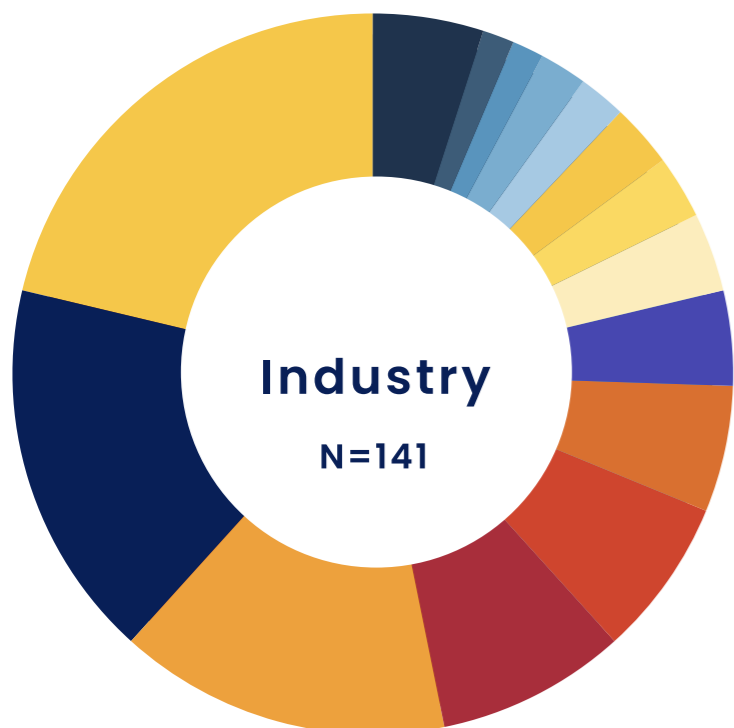
02 Research methodology and sample

225 telephone and online self-completion interviews were completed in July and August 2025. Interview length varied from 25 to 45 minutes depending on respondents' company profiles

Corporate Business Leaders

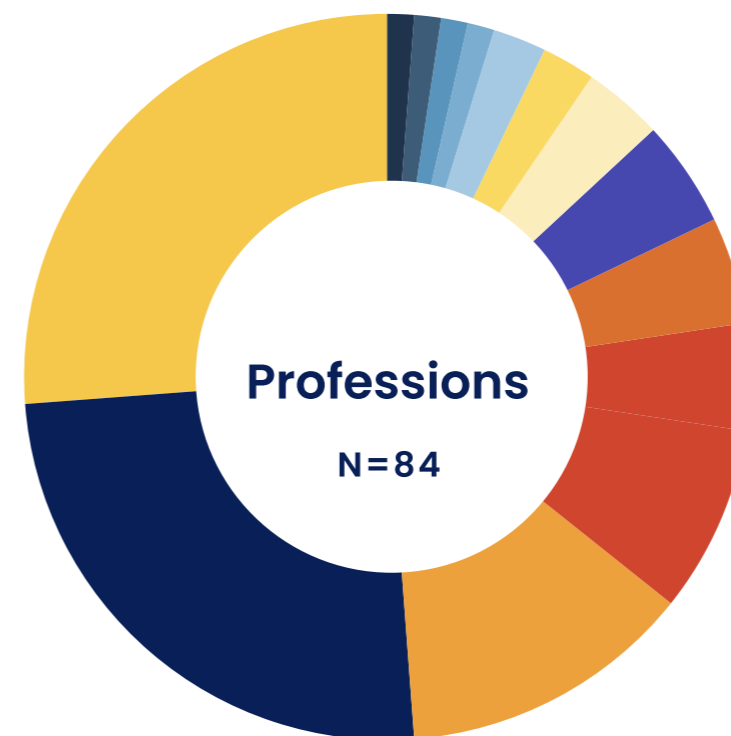
Size

77	Small (6-49 employees)
45	Medium (50-199)
15	Large (200-1,999)
4	Very large (2,000+)



30	Manufacturing
24	Transportation & heavy haulage
21	Wholesale & retail
12	Hospitality & tourism
10	Construction
8	Education
6	Agriculture
5	Professional, community, social & personal services
4	Information & communication
4	Health & social work
3	Financial & insurance activities
3	Mining & quarrying
2	Marine
2	Power & infrastructure
7	Other

Professionals



Size

43	Small (6-49 employees)
27	Medium (50-199)
12	Large (200-1,999)
2	Very large (2,000+)

22	Project manager
21	Accountant
11	Quantity surveyor
7	Estate agent
4	Attorney
4	Engineer
4	Management consultant
3	Architect
2	Compliance officer
2	Occupational therapist
1	Advocate
1	Auditor
1	Insurance assessor
1	Labour broker

03 Key Themes and Trends



73%

Suffered financial pressures and distress in the past 24 months
(Rising input costs, inflation)



52%

Exposed to fraud and internal crime
(Employee theft, inadequate internal controls, rising syndicate crime)



48%

Experienced climate and weather-related damage
(Flooding, hail, storm, and infrastructure failure impacting operations)



35%

Labour and operational disruptions
(Retrenchment, skill loss, graduate quality decline, emigration, safety incidents)



43%

– Believe the threat of kidnap is an issue for their business in South Africa



Political and Societal Instability

(Infrastructure degradation, construction mafia, protests, crime syndicates
– heightening operational and insurable risk exposure)
– Qualitative emerging theme identified across industries



04 Construction & Engineering



Mark Barrow
Manager: Underwriting
and Support



Yatinne Ramdin
Claims Manager

Infrastructure growth fuels cover demand, evolving risks test underwriting

South Africa's construction and engineering sector is steadily rebounding, and we've seen increased competition from both established and new insurers employing aggressive, non-technical pricing, which continues to weigh on underwriting discipline.

Brokers and contractors alike are chasing reduced rates to retain business while inflation, exchange rate volatility, and global tensions drive up project costs and disrupt timelines. The market remains soft, but its long-term sustainability demands that insurers deliver technical underwriting and consistent claims support rather than simply competing on price.

The Santam Specialist Solutions Risk Barometer survey tested sentiment among a sample of contractors and engineering companies across projects ranging from R50 million to over R1 billion. Survey findings confirm that local business confidence is subdued, with small projects slowing, and large or mega projects representing less than 5% of the market.

Organic premium growth remains constrained as currency volatility, inflation, and global tensions drive up project costs and complicate underwriting decisions. Santam Construction & Engineering is also concerned that some insurers

are relaxing important coverage safeguards within terms, conditions, and exclusions, potentially exposing themselves and their clients to greater risk. This backdrop highlights both the competitive pressures in play and the need for underwriting discipline and claims expertise to stand out in a crowded market.

The Covid-19 pandemic prompted a sharp slump in quoting activity for construction and engineering policies. While volumes have not yet returned to 2019 levels, a recovery is firmly underway, and momentum is building. Key drivers include the government's infrastructure push, with R322.2 billion earmarked for public projects in 2025, and the Economic Reconstruction & Recovery Plan stimulating demand in the energy, transport, and water sectors.

While public sector investment is lifting demand, private sector projects remain more cautious, often delayed by financing challenges and the high cost of capital.



Partnerships between government and private investors could be a key growth driver over the medium term.

The survey confirmed the long-term nature of construction and engineering insurance, with **37%** of projects having a duration longer than six months. In our experience, project timelines range from as little as one month to as long as five years, though initial schedules are typically optimistic, and delays commonplace.

The longer the project duration, the greater the clients' and insurers' exposures to evolving risks due to economic or political shifts, supply chain disruptions, inflation, and extreme weather. Long-duration projects complicate underwriting as risk profiles can change significantly over time, with the potential for multiple claims across different project phases, including site preparation, structural work, and finishing. This also introduces challenges in attributing losses, while rising labour and material costs contribute to higher claim severity over time.

It's crucial to have a comprehensive risk management plan in place for longer projects. Brokers and insurers must work with firms to ensure safeguards like contingency budgets and robust contracts are included. Active monitoring of the plan and insurance policy is necessary to keep coverage aligned with changing conditions.

Construction projects are impacted by a number of increasingly interconnected risks. One in four respondents said they had experienced weather delays in the last 12 months; **33%** reported building in areas prone to hail, flooding, or high winds; and **15%** said they were affected by natural disasters over the past five years.

Underwriters are responding to the growing impact of climate and weather volatility. They have invested in data and modelling tools to better predict weather-related and geological exposures, sharing these insights with clients to help them design stronger risk mitigation strategies.

Clients are actively encouraged to adopt resilient design and construction practices to reduce vulnerability to weather-related perils. Santam uses geo-coding and risk mapping to identify vulnerable areas and applies higher deductibles where exposure is unavoidable, tighter sub-limits, or excludes high-risk perils, where necessary.

Crime is another claim driver on construction sites. Contractors often face margin pressures, which means site security is underfunded or neglected, leaving insurers carrying much of the risk. It was not surprising to learn that one in 10 respondents reported theft or vandalism incidents over the past two years as criminals and criminal syndicates target high-value items like copper cables and solar panels.





“ **Aside from the financial consequences, theft disrupts project timelines and damages trust between contractors, principals, and insurers. Proactive security measures and clear allocation of responsibility are critical.** ”

Santam’s multi-year focus on risk mitigation over risk transfer is bearing fruit. The vast majority of construction and engineering firms are implementing risk mitigations such as weather-proofing strategies during the design phase **(96%)**; fire extinguishers, sprinkler systems, or staff training to mitigate fire risk **(96%)**; and digitally tracking valuable tools **(81%)**.

These interventions should form part of pre-construction risk assessments, and while they add costs, failing to implement them can contribute to far greater losses. Collaboration with brokers and clients early in project planning allows insurers to assist in setting realistic budgets for risk mitigation, ensuring they are not sacrificed later due to site security and access control, fire risk management, and weather and climate resilience are non-negotiable and could become policy requirements over time.

Focusing on site security, respondents reported a range of physical security measures, including secure storage **(70%)**; security guards on site when construction is not underway **(52%)**; security around the site perimeter **(48%)**; and security guards on site 24/7 **(41%)**. Physical security needs are usually agreed during the pre-construction phase, but are often abandoned to save costs.

Insurers must incentivise strong security through conditions and excess structures rather than simply declining cover. This approach rewards responsible behaviour while keeping protection in place.

Emerging technologies, including AI, are having a positive impact in the Contractors All Risks (CAR) space. They enable proactive monitoring of safety, progress, and maintenance, helping to prevent accidents before they occur. Drones are now widely used for surveying and site

security, while AI-driven design optimisation can reduce errors and improve efficiency. Firms are also using technology to geo-fence and monitor expensive equipment in real time. These innovations are beginning to reflect in underwriting, with insurers acknowledging reduced risk where proven technology is deployed. In time, early adopters may benefit from competitive pricing.

On the flip side, the fast-track adoption of new technology introduces new risks. AI systems and automated monitoring tools depend on connectivity, power, and stable software. Failures, whether from bugs, hardware issues, or integration errors, can create blind spots in safety monitoring and can even bring projects to a halt. Cyberattacks are another concern: compromised project data, equipment controls, and safety systems could result in physical damage, injury, and liability risks.

This means cyber resilience is becoming just as important as physical risk management on construction sites. Insurers should respond by offering guidance on cyber hygiene and, in some cases, extending cover to address emerging exposures.

Sub-contractor insurance is in the spotlight, with **85%** of respondents insisting their sub-contractors are insured. Contracts typically require both main and sub-contractors to insure their assets, including vehicles, plant, equipment, and tools. Proof of cover should always be requested at project inception. Enforcing sub-contractor insurance requirements is a marker of strong risk culture. It helps prevent delays, disputes, and futile claims against the CAR policy.

CAR take-up is extremely high, largely driven by financing requirements. Banks will not release project funds without proof of cover. Challenges arise when principals initially self-fund without insurance, then seek CAR when finance is required to complete the project. Insurers cannot backdate cover, which means defects or hidden damage from earlier phases may remain uninsured.

The frequency of low-value claims, which accumulatively chip away at insurance pools designed for large losses is a concern. Insurers

and brokers must work together to educate clients about the long-term benefits of taking on smaller claims themselves. Excess structures should be adjusted so that contractors absorb minor losses. This approach should also encourage better site-level risk management.

Respondents singled out cost **(33%)**, broker recommendation **(29%)**, claims service **(21%)** and customisation **(17%)** as their main considerations when taking out construction and engineering cover. Although cost pressures are real, claims experience and technical understanding should outweigh a purely price-driven decision. We use data-driven underwriting and portfolio segmentation to avoid unnecessary loadings, and work with brokers on emerging risks and renewal terms to deliver truly customised solutions. Over time, this builds a healthier, more sustainable market for everyone.

CAR cover should be arranged as early as possible, preferably during the quoting phase, so that risks are properly considered in project design and pricing. Although **48%** of respondents are initiating cover at this stage, **37%** still wait until they win the contract, and **15%** wait until they are planning the physical build. Earlier engagement benefits both the client and insurer by ensuring seamless risk protection. In the event that commercial realities delay the process, indicative terms can be provided with flexibility to confirm and refine once the project is secured.

The survey also explored how firms provided for defects and liability after project handover. More than **80%** of respondents specify a period of three to 12 months, depending on the contract. The key requirement is that the defect must originate during the construction period, even if it only becomes apparent after handover. Contractors should always ensure their policy terms align closely with contractual obligations to avoid gaps.

Finally, there is a growing demand for A-rated underwriters for large construction and engineering projects. Santam is addressing this demand by unifying its specialist divisions under the Santam Specialist Solutions brand, streamlining operations, and strengthening market presence. We have also secured access to an A-rated solution for risks outside South Africa through our new Lloyd’s syndicate licence, Santam Syndicate 1918. A-rated capacity offers reassurance to financiers and enhances project bankability. With the increasing globalisation of infrastructure financing, the ability to combine local expertise with international security is a significant differentiator.

The outlook for construction and engineering is positive, with many opportunities ahead. But growing risks make it vital to follow best practices and maintain clear communication between contractors, principals, and insurers to prevent disputes and build trust.

05 Corporate Property



Chester Rambau
Executive Head:
Underwriting and Risk



Hans Schollenberger
Executive Head: Underwriting
and Reinsurance



Linda Dayanand
Executive Head: Operations



Chris Potter
Portfolio Executive

Client resilience and insurer innovation shape the future of commercial property cover

Large commercial and corporate property insurance sits at the intersection of a complex, evolving risk environment and high-value assets. This class of insurance protects buildings and other property assets against loss or damage from fire, flood, and other perils, with solutions typically structured through collaboration between broker, client, and insurer.

Over the years, Santam Corporate Property has built a notable portfolio in this class, split across mining (25%) and non-mining (75%) sectors in South Africa and the rest of Africa. In our ongoing interactions with these large commercial and corporate insureds, we have encountered increasing mentions of operational challenges due to rail, road, and utility infrastructure.

The 2025 Santam Insurance Barometer reinforced this message, with respondents singling out crime,

economic instability, and failing infrastructure as their top concerns. Climate change, also referred to as weather volatility, and cybercrime rounded out the top five.

The 2025 Santam Specialist Solutions Risk Barometer survey explores a subset of the property book, by polling commercial property owners of offices (73%), warehouses (46%), and mixed-use buildings (46%) on their insurance cover experiences.

The survey raised two clear client-side responses to evolving risks. First, many property owners have invested in self-reliance measures such as solar and water systems to strengthen their resilience against deteriorating infrastructure. Second, most building owners are keeping up with regular maintenance, a discipline that helps to limit loss severity.

Insurers have made small tweaks to underwriting processes in response to investments in self-reliance measures. Building owners who have invested in risk improvements such as backup solutions for both power and water qualify for favourable terms and ratings, and attract increased appetite from insurers. Risk improvement installations should be included in the declared or insured value and attract the same rate as the balance of the risk.

The Santam Specialist Solutions Risk Barometer showed improved posture on property maintenance and valuations, illustrated by the intervals at which survey respondents undertook exercises. Roof inspections and upgrades are carried out every three to four years, with a mean of 3.7 years, while property valuations are typically carried out every two to three years, with a mean of 2.7 years.

Santam Corporate Property can confirm significant maintenance- and prevention-related investments by the insureds in the private sector. However, unoccupied buildings or buildings that are not frequently tenanted do not always receive the same level of care.

Part of this spending is a direct response to municipal and state-owned infrastructure that has not seen the necessary level of investment and maintenance in recent decades, affecting enterprises reliant on them. Shortcomings in areas like emergency services, water, power supply, and transportation can delay incident response or post-incident repair, in either case

contributing to higher insured losses. The rising frequency and severity of extreme weather events is affecting commercial property insureds, with almost half (47%) of respondents experiencing hail, flood, or windstorm damage over the last five years.



Santam Corporate Property is very concerned with the emerging risk landscape, especially concerning flooding and wildfires. Climate change and higher asset concentration in catastrophe areas remain high on our risk management radar.


Damages following the 2017 Durban and 2022 KwaZulu-Natal (KZN) floods have forced underwriters to implement a variety of risk selection and mitigation measures. Similarly, the 2017 Knysna fires and the April 2021 Table Mountain fire spreading to the UCT campus

“Government infrastructure shortcomings in areas like emergency services, water, power supply, and transportation can delay incident response or post-incident repair, contributing to higher insured losses”


TOP 5 CONCERNS



SOCIETAL ISSUES



ECONOMIC CHALLENGES



POLITICAL RISK



CLIMATE CHANGE



CYBERCRIME

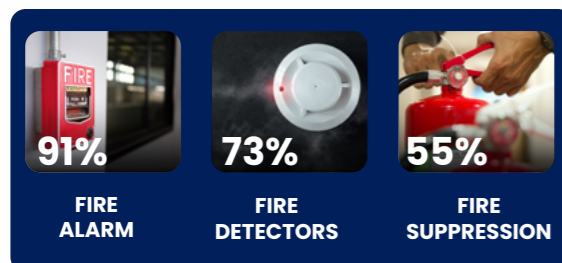


highlight the effects of reduced rainfall, drought, and strong winds on the spread of fire. Wildfire-prone areas are particularly considered in the selection and rating of that risk.

Occupancies with high fire loads are frequently required to have automated fire suppression, especially for premises exceeding **2 500 m²**. Sustainable underwriting now also requires water pumps and tanks where municipal water supply or pressure is insufficient, and gaseous fire suppression is required where clean rooms and data centres form part of a building occupancy. Against this backdrop, the survey finding that commercial property owners had fire alarms (**91%**), fire detectors (**73%**), and fire suppression systems (**55%**) is unsurprising.

Escalating weather-related perils have caused some local insurers to scale back coverage, impose higher deductibles, or withdraw entirely in some cases as they seek to reduce their accumulation exposure in flood zones. As a result, several larger insureds have turned to the London market to externalise their risks, an option only viable for firms able to meet the higher premium thresholds required.

Tight underwriting conditions and exclusions related to flood and grid failure have further contributed to this shift. However, recent grid collapse exclusions still provide cover for property damage, even when it coincides with a power generation disruption. As risk appetite for flood gradually returns, particularly from overseas markets with significantly lower accumulation exposure in KZN, facultative solutions are increasingly being made available.



New, international market entrants have made it easier for brokers to access additional capacity. In some cases, the absence of coverage limitations has encouraged insureds to place 100% of their risk into markets like London. However, questions around claims-paying ability and the efficiency of the claims process remain a concern, especially when tested in a real loss scenario.

The complexity, size, or value of a claim will likely determine whether this trend toward externalised placements continues. In practice, involving multiple foreign reinsurers can introduce delays and reduce the efficiency of claim settlements.

The Santam Specialist Solutions Risk Barometer survey reflects a welcome trend towards purchasing insurance cover for loss of income consequent to property damage. In our experience, the majority of Santam Corporate Property policyholders take some Business Interruption cover, but the extent of that cover and the indemnity periods vary based on each insured's risk appetite.

Brokers play an indispensable role in placing and renewing commercial property cover, with around **70%** of business leaders and professionals participating in the survey saying they reviewed their property cover with their broker annually.



The advice function provided by the broker is key in securing adequate and appropriate cover and to negotiate favourable terms with reputable insurers.

Given the evolving risk and insurance landscape, Santam Corporate Property

would like to see an annual review as standard practice.

In a segment dominated by low-volume, high-value placements, you need an insurer with the capability to understand and price large risks appropriately. Insurers that demonstrate reliable risk modelling will find better terms and capacity from the global reinsurance market and thus be able to offer competitive service and capacity. However, scale does not absolve insurers from seeking innovative ways to achieve underwriting resilience in this class.

Deductibles or excesses have long been used to balance on-the-ground risk exposure between an insured and the insurer. While most survey respondents (**68%**) were happy with the deductibles on their commercial property, **29%** expressed a desire for an easing. In practice, flood deductibles are guided by insurers' and reinsurers' flood models, in turn based on emerging data and historic loss experiences.

Insureds can improve their risk posture by conducting formal property risk surveys, with **40%** of respondents doing so over the past 24 months. Of these respondents, **12%** have made structural improvements to mitigate flood risk, and **34%** said they were investing in adaptive climate infrastructure.

Santam Corporate Property welcomes this trend, noting that broker collaboration and risk engineering surveys are essential in building client awareness of climate-related risks. We maintain that risk mitigations should be considered jointly between insurers, brokers, and insureds.

Insurers are also increasingly turning to advanced tools such as digital platforms, geo-coding and predictive modelling to keep pace with climate and other natural catastrophe risks. Such tools are also in use by our global reinsurance partners, and by the risk engineers whom brokers turn to when advising clients.

The survey confirms that commercial property insurance is evolving on all fronts. Clients are investing to achieve resilience; brokers are reinforcing the importance of annual reviews; and insurers are applying new tools and models to manage natural catastrophe risk and assist with its placement.

For Santam Corporate Property, sustaining this balance ensures our leadership in keeping cover affordable and available in an increasingly uncertain risk environment.

06 Casualty: Liability



Miguel Malaj
Business Head: Liability, Construction and Single Projects



Jonathan Kaiser
Head of Claims: Liability, Professional Indemnity and Construction

AI, product recall, and supply chain disruptions are shaping the liability insurance landscape

There is a long list of external calamities that can disrupt supply chains, often resulting in third-party liability claims. These range from Black Swan events like the Covid-19 pandemic, to climate change-related extreme weather such as drought-linked transit restrictions in the Panama Canal, to the manmade disaster of the Ever Given running aground diagonally across the Suez Canal, to geopolitical events such as the Russia-Ukraine war and conflict in the Middle East, to name a few.

The Ever Given grounding blocked the Suez Canal for just six days but caused massive delays in global shipping and highlighted the vulnerability of single points of failure in a global logistics network. These risks are compounded by economic pressures due to geopolitical tensions, including international sanctions or trade tariffs, such as those enacted by the United States (U.S.) in recent months.

Supply chain disruptions, flagged by both the WTW Global Supply Chain Risk Report and the World Economic Forum (WEF), have become a permanent feature of the business risk landscape. Key findings include that 63%

of companies report higher-than-expected losses due to supply chain issues; fewer than 8% believe they have full control over their supply chain risks; and that geopolitical risk (19%) is the top concern for businesses.

The Santam Specialist Solutions Risk Barometer surveyed business leaders in manufacturing to gauge their view of liability protection in a volatile environment. It found that one in three manufacturing leaders have switched suppliers in the past five years, driven by pricing, quality, and reliability concerns or by factors beyond their control such as climate change, economic conditions, and geopolitics.

As leaders in the broadform liability class, Santam Liability views any form of supply chain disruption as a grave risk for manufacturers and those consuming their products – because interruptions tend to cascade through to pricing and, more critically, quality.

There are various risk management strategies that can be implemented to prevent or reduce supply chain disruptions. A notable trend is that offshoring, once popular with manufacturers,

is giving way to onshoring or nearshoring (to neighbouring countries) with the aim to simplify their supply chains by managing geopolitical instability, logistics, and quality concerns. Another response is to use artificial intelligence (AI) to reduce supply chain complexity.

A recent study of 254 global manufacturing companies reveals that AI is being introduced to manage critical points of the supply chain, including inventory management, SLA conformance, quality control, and inspections, enabling manufacturers to generate performance reports and identify deviant suppliers.

AI is also being used as a simulation and predictive tool to identify supply chain risks and prevent or minimise their impact. One practical application is the use of the ‘Digital Twin’ model, which analyses manufacturers’ existing supply chains, simulates disruption scenarios, and tests the effectiveness of contingency plans.

Each time a product manufacturer drops an established supplier for a new one, they shift from ‘tried and trusted’ to experimental uncertainty. It is also worth noting that each new supplier introduces multiple unknowns into the supply chain. A manufacturer may only have five suppliers, but those five suppliers can have as many as 20, with another 50 at the next level.

To inform appropriate, proactive risk mitigation measures, manufacturers should undertake a full supply chain source-tracing exercise to determine how conflict, natural calamities, or

sanctions might disrupt this extended chain. South African manufacturing leaders are aware of these risks. Nine-in-10 of the manufacturing respondents said they had control measures in place, with a similar number saying they did regular audits of their suppliers.

Santam Liability’s claims data shows that the primary drivers of claims in the product space are change of supplier and insufficient testing. Pre-and post-production testing are equally important to ensure adequate quality control. Without regular product testing, manufacturers lack the evidence they need to defend themselves if faced with a liability claim. Economic pressure also plays a role here, with cost-cutting often leading to shortened development cycles or reduced testing, which increase the risk of defects going unnoticed.

Case Study

A food manufacturing client is facing a R35 million lawsuit because, although their ingredients were tested prior to shipping, the ingredients that were subsequently mixed with the client’s product led to fetid or tainted food products. Nobody thought to mix the intended ingredients ahead of time to test and establish what the final product would or should taste like.

Another chief concern arises from local food manufacturers using substances that have been banned in other countries. Food products should be the last place manufacturers include experimental or unsanctioned ingredients, and a substance being banned in one country ought to be sufficient reason to ban it locally.



The 2004 global condiments recall illustrates how changing a key supplier can introduce risks. In this case, spices sourced from a new supplier contained the banned food dye Sudan 1, an orange-red azo dye previously used in non-food products like solvents and polishes, and illegally in food and cosmetics for colour enhancement. A global recall had to be initiated within 48 hours.

Ongoing scrutiny is indicated for the food manufacturing sector, and all stakeholders should work together to improve the pace and extent of regulatory interventions. It is unacceptable for manufacturers to hide behind regulations that often lag scientific findings by decades. Case in point, it took until 16 January 2025 for the US FDA to finalise its ban on Red 3 for use in foods and dietary supplements. The dye had been banned from topical drugs and cosmetics since 1990, and the FDA was already aware of cancer concerns from the dye's use from the early 1980s. Disturbingly, food products containing this dye may still be legally found on shelves until 16 January 2027.

The Santam Specialist Risk Barometer explored manufacturers' interaction with suppliers. It found that **67%** of business leaders in manufacturing had written contracts setting out each party's duties, with these contracts being reviewed by external (**60%**) or in-house (**40%**) attorneys. Additionally, around half of respondents said they made sure their suppliers had liability insurance.

Santam Liability encourages brokers and their clients to engage their insurer to ascertain whether the contracts concluded with third-party suppliers address the chief areas of concern. Contract certainty gives significantly more peace of mind to both the client and the underwriter. Real-world disputes, such as contamination claims where parties had not agreed on key testing responsibilities, highlight why contract certainty is vital.

On the liability side, the Consumer Protection Act (CPA) applies to every transaction for goods or services within the country. This Act exposes the entire supply chain including manufacturers, importers, distributors, retailers, and service providers, to liability for harm caused by defective products. This heightens the risk of litigation as a claimant need only prove that a product was defective and caused harm, and may then pursue action against any or all parties in the chain. Unlike under common law, they do not have to prove that a specific supplier was negligent.

Although insurers will ultimately pass liability to the party that is at fault, which is a time-consuming process to determine, third parties have the right to claim from anyone in the supply chain. So, any hope of making a meaningful recovery is directly dependent on each supplier in the chain having appropriate insurance cover to defend themselves. Companies are, therefore, encouraged to obtain proof of insurance from all suppliers.

All but one of the manufacturing leaders surveyed said they had broadform liability insurance in place. They noted broker recommendations (**59%**), price (**24%**), and contractual requirements (10%) as key influencers when taking up this cover. From our perspective, broker-insurer relationships are more important than ever. Together, we help clients understand the risk landscape and design solutions that best protect them.

Survey respondents also prioritised mock product recalls (**67%**), while **73%** said they had audited their recall procedures, and **83%** had done a cost analysis for a batch recall. Having an effective and well-managed recall procedure in place will benefit and protect firms against serious risks. Preparation is vital and recall cover is non-negotiable, especially if the product is shipped across borders.

Just as workplaces must run regular fire drills, companies should conduct mock product recalls to test their procedures, and understand the costs involved. A well-managed recall plan protects consumers from harm, safeguards brand reputation, and helps avoid regulatory fines. Many businesses with complex sales networks or high-risk products use certified recall consultants (such as NSF International) to test, simulate, and design and refine procedures tailored to the business's needs for maximum effectiveness.

AI is revolutionising demand forecasting, inventory management and logistics planning, enabling businesses to reduce waste and improve efficiency. In the broadform liability context, this technology offers significant potential to reduce certain risks while simultaneously introducing new, often less quantifiable, exposures.

The WEF has already warned that supply chain leaders must balance the potential of AI-driven innovations with the risks they pose, including algorithmic bias, ethical concerns, and cybersecurity vulnerabilities. AI gone rogue can cause real harm: in 2024 to 2025, we saw self-driving vehicles dragging pedestrians, health insurers' algorithms denying care and an AI error wiping out \$100 billion in market value within hours.

In the product liability world, AI-led automated quality control systems can eliminate human error by tirelessly monitoring production lines with precision and catching defects before products leave the factory. This proactive approach reduces the likelihood of product liability claims due to manufacturing defects. But AI-led risk controls still require human oversight.

The biggest concern is around AI-inspired designs or products without human involvement or sign-off. If an AI-powered system makes a faulty decision that causes harm, for example a miscalibration by an automated system leading to an accident, it can be exceptionally difficult to determine the cause.

Brokers will need to educate their manufacturing clients on the new liabilities they face due to AI implementation, such as potential algorithmic bias errors or cyber-induced shutdowns. It is also likely that corresponding cyber policies will be needed to address an overreliance on AI in quality control.

The message from the Santam Specialist Solutions Barometer is clear: supply chain volatility, product recalls, and new technology exposures must be managed through collaboration between brokers, clients, and underwriters, with a focus on pragmatic risk mitigation and adaptable liability cover.

07 Casualty: Professional Indemnity



Anton Meyer

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Closing the gap: professional indemnity in a world of emerging risks

Professional Indemnity (PI) cover remains underutilised across much of the South African market despite its role in protecting professionals from potentially devastating liability claims.

Low adoption reflects a mix of misconceptions about who needs PI, cost sensitivity in strained economic times, and the belief that policies are too complex or difficult to obtain. In addition, brokers and their clients often prioritise more tangible products like asset insurance, leaving a protection gap that exposes professionals to significant financial and reputational risk.

Only **36%** of the 225 professionals surveyed had PI insurance in place, significantly below what would be considered acceptable in the modern professional landscape. After all, PI insurance is a critical safeguard against claims of negligence, errors, or omissions in the delivery and execution of professional services.

The survey reflects a widespread underestimation of risk among professionals, particularly in sectors where liability exposure is high, such as built, legal, and financial services. It is also concerning that small, medium, and micro enterprises (SMMEs) and independent

“**Brokers and their clients often prioritise more tangible products like asset insurance, leaving a protection gap that exposes professionals to significant financial and reputational risk.**”

professionals dismiss this cover as only necessary for high-risk professions or larger firms.

In practise, many professional firms only take out PI cover where there is a contractual stipulation between them and their customer to do so. This is seldom the case for smaller contracts, meaning PI cover is not considered a priority. Underwriters need to address the combination of financial constraints, misconceptions, and limited promotion through targeted education and strategic broker engagement.

Respondents who had PI insurance singled out convenience and efficiency in obtaining cover, claims-paying ability, scope of coverage,

affordability, and contract vetting or risk management services as key motivating factors. This list of criteria reflects broad market sentiment and aligns closely with the evolving demands of professionals across industries.

Convenience and efficiency in obtaining cover are paramount in a digital-first environment where clients expect seamless onboarding and policy management, while claims-paying ability remains a cornerstone of trust in the insurer-policyholder context. Professionals rightly prioritise insurers with a proven track record of honouring valid claims promptly and fairly. As for the scope of coverage, professionals are on the hunt for comprehensive protection against traditional PI liabilities as well as emerging cyber liability and artificial intelligence (AI) related exposures.

Santam’s professional indemnity offering meets professionals’ holistic needs through a combination of digital tools that streamline policy issuance; robust underwriting practices that ensure coverage adequacy and optimal pricing; and value-added services such as contract review and risk advisory. By integrating technology with personalised service, we aim to meet and exceed the expectations of modern professionals and the broker partners who advise them.

Santam Specialist Solutions is already making extensive use of AI and digital tools to transform claims handling and underwriting across our business lines, including PI insurance.

In underwriting, intelligent document processing (IDC) is used to extract and analyse data from submissions, enabling faster risk

assessment and quote generation. In claims, AI tools can summarise complex documentation, detect patterns in claim narratives, and assist with general research. Together, emerging technologies are enhancing accuracy, reducing processing times from days to minutes, and improving decision-making consistency.

The accelerated uptake of AI and digital tools by professionals presents somewhat of a double-edged sword. On the one hand, AI can enhance accuracy, efficiency, and consistency in drafting, design, and analysis, potentially reducing human error. On the other hand, it introduces new liability risks, including algorithmic bias, false outputs, and cybersecurity vulnerabilities. Errors generated by AI tools, especially when used without adequate oversight, can lead to significant PI claims.

Santam Specialist, therefore, maintains a strong emphasis on human oversight of AI tools to ensure fairness and mitigate bias, always combining technological innovation with professional judgment to deliver a more responsive and reliable PI insurance experience. The non-negotiable is that while AI is an important tool, it cannot be used without human supervision.

As the regulatory landscape evolves, insurers will likely introduce specific conditions, endorsements, or exclusions related to AI, making it essential for professionals to stay informed and proactive. The integration of AI into professional workflows requires a corresponding evolution in risk management and insurance strategy.



Our broker partners play an important role in educating clients on AI best practice, including advising on the governance frameworks, human supervision, and validation of AI outputs across the client's business. Brokers should also advise clients to disclose their AI usage during the underwriting process and assess whether their PI policies adequately cover AI-related exposures. Brokers can also assist with reviewing overall policy limits, endorsements, and exclusions to ensure alignment with operations.

PI insurance is often perceived as abstract and complex when compared to tangible products like corporate property or construction and engineering insurance. Due to its complexity, brokers may find it difficult to articulate the value of PI cover in a compelling way, particularly given the long-tail nature of PI risks where claims often materialise long after a professional service has been delivered.

PI underwriting is intricate and requires detailed information about the clients' professional activities, contracts, and risk management practices. Brokers and underwriters must work together to ensure these requirements are fully met. In fact, one of the conclusions from the Santam Specialist Solutions Risk Barometer is that brokers need more help from insurers to adequately promote PI cover. Ultimately, brokers and insurers have a shared responsibility to educate clients.

Insurers must take the lead in simplifying policy language, providing accessible resources, and demonstrating the real-world impact of PI claims. Brokers, on the other hand, are uniquely positioned to engage clients directly and tailor educational efforts to specific industries and risk profiles. By fostering a deeper appreciation and understanding of PI risks, we can help brokers position it as an essential component of a comprehensive risk management strategy for professionals. It's essential to move beyond

transactional exchanges and embrace a consultative approach that emphasises risk awareness and mitigation.

The increasing frequency and severity of climate-related events, such as the April 2022 KwaZulu-Natal (KZN) floods, highlighted how interconnected risks can drive PI claims, particularly against professionals in the built environment. Structural failures linked to inadequate climate resilience are becoming more common, leading to PI negligence claims. As a result, climate risk assessments are likely to become a standard component of the design process and a key underwriting requirement.

A further reason to consider climate change is the fact that local infrastructure is often inadequate or poorly maintained, adding another level of risk to professionals involved in construction projects in affected areas. To mitigate liability, professionals must integrate climate data, resilient materials, and adaptive design principles into their work, while brokers should encourage clients to document how projects account for flood zones, infrastructure shortcomings, and weather volatility. Failure to do so may expose firms to negligence claims in planning and execution.

A deeper dive into claims trends offers a useful foundation for broker-client interactions in this business line by creating awareness of the real risks impacting a specific industry. For example, PI claims in the architecture and engineering fields often arose due to under-quoting, inexperienced staff on complex projects, inadequate supervision, or misunderstandings about covers held by sub-contractors.

To address these issues, underwriters generally consider fee income, project complexity, staff qualifications, and the firm's approach to quality assurance with particular attention to the use of subcontractors,

supervision protocols, and whether subcontractors carry their own PI cover. **Underwriters rely on brokers to conduct comprehensive reviews of the applicant's business, internal governance structures, project history, and team experience. Brokers can help by identifying potential red flags during the application process, for example, projects with aggressive pricing, rapid growth that may outpace internal capacity, and over-reliance on junior staff for high-stakes assignments.**

Brokers should also encourage clients to maintain detailed documentation of project planning, supervision, and risk management practices. Another useful tip is to ensure that contracts are drafted correctly, and that variation orders are set down in writing rather than being verbally agreed. By presenting a clear and transparent risk profile to brokers, professionals can facilitate a smoother underwriting process and secure more favourable terms.

The Santam Specialist Risk Barometer survey revealed that **45%** of professional firms had reduced staff, **20%** deployed digital technology, and **14%** increased outsourcing of services over the past two years in response to declining business confidence.



Unfortunately, a professional's response to tough economic times often introduces new, unforeseen risks that materially increase PI exposures.

A professional firm that lays off senior staff introduces the risk of too few people being available to mentor and guide young upcoming talent, resulting in basic mistakes or oversights simply due to lack of

experience. Implementing robust internal controls, maintaining clear documentation, and ensuring that outsourced services are properly supervised and governed by contracts with appropriate indemnity clauses help to proactively address these risks.

Underwriters have to navigate both domestic macroeconomic challenges and the constraints that arise out of insurance market cycles. The sheer volume and duration of PI claims, coupled with strained loss ratios and an increasingly litigious landscape, create pressure on insurance capacity, pricing, and reinsurer appetite for this risk, contributing to tight underwriting conditions and upward pressure on premiums.

Reinsurers remain broadly supportive of the PI insurance class, but they are becoming more selective, favouring insurers with disciplined underwriting and robust risk management frameworks. Emerging exposures such as AI-related risks and climate volatility add further complexity; continuous adaptation and strategic partnerships are required to ensure sufficient capacity is maintained.

The Santam Specialist Risk Barometer underscores the need for greater awareness among independent professionals and SMMEs, stronger broker engagement, and more consistent education to bridge gaps in PI cover. Ultimately, a collaborative effort between insurers and brokers is essential to ensure that professionals are adequately informed and empowered to make sound risk management decisions.

By combining innovation with transparency and client-focused solutions, Santam Professional Indemnity is providing the long-term support that professionals need in today's evolving risk landscape.

08 Casualty: Director's & Officers



Roeanne Lazarus
Head: Financial Lines



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Brokers are crucial to building awareness and driving greater uptake of D&O

Executives at South African firms are acutely aware of their statutory duties under the Companies Act, yet few take out Directors' and Officers' (D&O) cover. These executives often dismiss this cover as optional in the mistaken belief that company indemnities are adequate.

The Santam Specialist Solutions Risk Barometer survey showed that **95%** of leaders report knowing their legal obligations, yet only slightly more than a third of business leaders (**35%**) and professionals (**40%**) have D&O cover.

The reasons cited for this discrepancy are cost concerns, misunderstandings about coverage scope, and an overreliance on internal governance. These are all valid reasons individually, but it leaves executives' personal assets exposed to regulatory action or shareholder claims.

Brokers often encounter resistance to financial lines covers due to complex policy wordings. In the D&O space, the best workaround is for brokers to explain that directors' personal assets are at risk if they are accused of a wrongful act, even if the allegations are unfounded.

Directors are tasked with guiding their company through a figurative minefield of regulations unique to their particular industry. In the execution of these tasks, an array of stakeholders could trigger enforcement through complaints, while regulators can initiate investigations or enforcement action of their own accord.

The Companies Act, which is the legislation broadly applicable to most companies, imposes fiduciary and statutory duties that are enforceable by regulators, shareholders, and even employees. Without D&O cover, directors may have to fund their own legal defence, as well as any resulting damages or settlements. Furthermore, indemnification by the company may not apply if the claim involves gross negligence, fraud, or regulatory breach.

“Over 70% of respondents without D&O insurance said their broker had not mentioned the cover.”

Over 70% of respondents without D&O insurance said their broker had not mentioned the cover, or that they could not remember their broker discussing it. This points to a systemic gap in broker engagement and education, and presents a clear opportunity for growth in the financial lines insurance class.

A multi-pronged approach is needed to strengthen broker engagement in D&O. This includes embedding D&O training into broker development programmes, integrating it into renewal templates, and introducing incentive structures that reward proactive risk discussions. Brokers should also share anonymised case studies and real claim examples to make the risk more tangible, along with personal liability scenarios that illustrate directors' exposures under the Companies Act.

In a somewhat anomalous finding, **72%** of the C-level executives surveyed said they were concerned about being held liable for a breach of their duties as directors. Elevated awareness followed by inaction is a behavioural paradox that underwriters often encounter in risk management. It may be explained by optimism bias on the part of executives, thinking “this will never happen to me” or giving in to the illusion of control created by having strong internal processes in place.

Despite being aware of the risk, executives often underestimate the likelihood of being sued or investigated. Some may experience risk fatigue and ultimately push the risk down the priority list in favour of more immediate operational threats, delaying action until a peer is sued or a regulator intervenes, or resist cover out of overconfidence.

To move executives from awareness to action, brokers and insurers should reframe D&O as a leadership tool rather than a risk response. Taking out proper D&O cover shows that directors have thought ahead, that they understand the risks that come with their roles, and have taken sensible steps to manage them. It's part of acting with care and diligence, not only to protect themselves but to safeguard the organisation as a whole. In that sense, **D&O sits naturally alongside the King IV principles: doing the right thing, leading with foresight, and strengthening trust in governance.**

Another somewhat contrary insight from the survey is that **93%** of leaders keep careful minutes of board meetings. Minutes are a great defence tool as they provide evidence of decision-making and help demonstrate that directors acted with due care and in the best interest of the company. This discipline also supports compliance with section 76 of the Companies Act, which outlines directors' duties.

But minutes are not a shield against litigation, and directors can still be accused of wrongful acts and be investigated by regulators, including the CIPC, FSCA, or SARS, for outcomes, not process. They can also be sued by shareholders or employees if their decisions caused financial harm. **It's important to note that directors can be held liable for failing to act, not just for actions taken; minutes may not capture what was not said.**

We believe another factor in the low uptake of D&O cover is the long-tail nature of this liability class, and uptake would almost certainly improve if directors had a clearer understanding of the nature and severity of these claims. D&O claims involving financial misstatements, governance failures, or regulatory breaches can occur years after the act. Directors can face investigation or litigation long after they have moved on from a firm and can still be held liable in their personal capacity for past actions. This delayed exposure means that critical run-off cover or tail extensions are often overlooked.

Recent South African history has shown how fraud, whether it implicates the company or its leaders, can have prolonged financial and reputational consequences that neither governance measures nor good intentions can fully mitigate. In those circumstances, directors should consider their own position and how a lengthy legal battle may drain their personal resources before a not guilty verdict clears their name.

For allegations of this nature, most domestic policies will respond by covering the costs for defending the director against the allegation,

even if the claim involves fraud. Cover is provided until a court or tribunal delivers a finding in the proceedings against the director; if cleared, the policy continues to respond. However, if the director is found guilty, the insurer may seek to recover defence costs which have already been paid.

D&O claims tend to spike during economic downturns, particularly in the wake of business rescue proceedings, insolvencies, or corporate failures, when shareholders and creditors are more likely to question capital allocation decisions, M&A activity, dividend policies, and executive remuneration.

The current low-growth, high-pressure environment locally is contributing to increased shareholder dissatisfaction, which often leads to litigation or regulatory scrutiny. Shareholders are more vocal, boards are under pressure, and trust in leadership is fragile. This environment amplifies the risk of class actions, derivative proceedings, and regulatory investigations, while failures in environmental, social and governance (ESG) disciplines often lead to challenges from civil groups or shareholders.

Over the past few years, boards have come under mounting pressure to respond to cybersecurity and ESG risks. King IV compels directors to integrate ESG into strategy and oversight, while shareholders and regulators increasingly demand transparency on climate, diversity and inclusion, and governance. Additionally, both the Protection of Personal Information Act (POPIA) and Companies Act place directors directly in the firing line for data breaches or inadequate cyber resilience, and failing to act on known vulnerabilities.

Brokers need to reframe D&O cover as a governance enabler in addition to a risk mitigation tool. With the cover in place,

leaders can demonstrate accountability while protecting personal assets in a complex risk environment. Practical steps for brokers include prompting ESG and cyber questions during D&O discussions with clients, grounding the conversation in real-world claims examples, and tailoring messaging for industries with rising exposure, such as fintech, NPOs, and asset managers.

The rapid uptake of digital technology and AI is reshaping the risk landscape for directors, and there are already credible scenarios where AI-related incidents could trigger a D&O claim, requiring legal assistance under the policy.

For example, if a board approves the deployment of an AI system that subsequently causes harm through discrimination (biased hiring algorithms); reputational damage (offensive content generation); or privacy breaches (unauthorised data scraping), directors may be accused of failing to exercise proper oversight, for example, ensuring proper testing, compliance with governance frameworks, or disclosing the risk. This will be a violation of their duties under section 76 of the Companies Act.

Under the draft King V Code, boards are expected to treat cyber resilience and AI oversight as core governance duties, not technical afterthoughts. Whether a breach arises from a traditional cyberattack, human error, or an AI-driven threat such as deepfake fraud or automated ransomware, directors may be questioned on whether they exercised adequate foresight and control. Regulatory scrutiny under data protection and conduct standards, or shareholder actions alleging governance failures, could follow.

In such cases, D&O insurance becomes essential; it typically covers defence costs and investigations stemming from alleged wrongful acts, provided the loss does not emanate from deliberate misconduct or fraud.

When advising clients, brokers should emphasise that costs for defending a D&O



case can quickly escalate, so it's essential to ensure adequate limits of indemnity. Defence costs are not the only component of a D&O claim (court fees and reputation management costs are covered), but they are often the largest, and it's best to recommend limits that reflect worst-case scenarios rather than perceived risk. Brokers should also pay close attention to firms in high-risk sectors such as fintech, mining firms, and listed entities, and review run-off risks for retiring directors.

Santam Financial Lines encounters some confusion about the potential overlap between Commercial Crime and D&O covers: these protect against very different exposures. The important message to clients is that these covers are complementary, not substitutes.

D&O is designed to shield individual directors when they are accused of wrongful acts such as breach of duty, misrepresentation, or negligence, typically responding with defence costs, settlements, and damages.

Commercial Crime protects the firm's

balance sheet against direct financial loss from theft, fraud, or forgery, whether by employees or external actors. The Santam Specialist Solutions Risk Barometer indicates that one in four businesses has seen fraud or employee theft increase over the past five years, highlighting the importance of this class – and the risk of assuming that D&O alone is a sufficient protection.

The Santam Specialist Risk Barometer puts directors' liability in the spotlight, revealing glaring inconsistencies in understanding around this business line and its uptake. AI adoption, economic stress, cyber exposure, ESG scrutiny, and shareholder activism all contribute to circumstances that can trigger significant claims.

In this environment, D&O is both a safeguard for personal assets and a marker of sound governance. Commercial Crime, meanwhile, plays a complementary role in protecting the company's balance sheet against fraud and theft. Positioning both as essential elements of financial lines cover is the most effective way for brokers and underwriters to bridge the gap between awareness and action.

09 Motor Fleets



Mpho Chokwe
Head: Motor Fleets

Fleet insurers adapt underwriting approach amid heightened climate, technology, and infrastructure risks

Commercial vehicle fleets remain highly exposed in South Africa’s evolving risk environment, with businesses facing the financial fallout from **accidents, theft, hijacking, and rising repair costs.**

Economic stagnation, escalating crime, failing road and port infrastructure, and volatile weather all compound the challenges of operating fleets. Inflation and exchange rate pressures drive up repair and replacement costs, while crime syndicates continue to target high-value vehicles and cargo. These pressures confirm that motor fleet insurance is deeply affected by the broader risk landscape, requiring careful underwriting and strong risk management partnerships.

Business leaders who participated in the Santam Specialist Solutions Risk Barometer survey have shown resilience, with many expanding their insured fleets and planning further vehicle acquisitions in the next 12 months. For insurers, fleet growth exposes them to increased risk because with more vehicles on the road, the frequency of accidents tends to rise, resulting in higher severity losses, leaving portfolios vulnerable if the growth is not properly

underwritten. Fleet growth does not necessarily translate into increased premiums because motor fleet policies are generally rated on an overall policy rate, with larger fleets often benefiting from a reduced rate.

Rapid growth introduces another risk: the shortage of skilled commercial vehicle drivers. To pre-empt this, fleet operators and owners must invest in continuous training and development of drivers and focus on employing experienced drivers as they scale. This protects assets and promotes a safety culture.

Driver training and telematics are non-negotiable when it comes to maintaining an efficient fleet; both contribute to reducing claims frequency and severity. Human error remains the biggest contributor to road accidents; skilled drivers can reduce accident frequency, improve fuel consumption, and reduce vehicle wear and tear. Telematics assist with real-time monitoring to help fleet operators identify drivers who may need further training,

thereby reducing reckless driving and enhancing claims management. Investing in drivers and telematics has the triple benefit of reducing premiums, operational costs, and road accidents.

Santam Motor Fleets recognises brokers as powerful influencers of client behaviours and essential partners in risk management. As motor fleet clients scale up, brokers play a vital role in informing them of the insurance implications of risk posture, and they must also educate clients about the net positive impact of technology. Clients who enforce responsible driving measures and promote preventative and specialised maintenance of fleets will be perceived by insurers as better risks.

Innovations in artificial intelligence (AI), digital platforms, and predictive analytics have the potential to rewrite fleet management best practices. In fact, AI is already an integral part of creating solutions for clients. Predictive analytics improve vehicle maintenance by processing engine health and tyre pressure data in real time, and warning of potential breakdowns before they occur. This reduces the need for costly roadside call-outs for mechanical breakdowns.

AI is known for its ability to process reams

of unstructured data, making it useful for monitoring driver behaviour over cabin video feeds. Overall, this technology has untold potential for real-time risk assessment and response.

The latest Santam Insurance Barometer raised concerns over failing, poorly maintained infrastructure, especially in the broader transport and logistics sector. Poor maintenance of the country’s road infrastructure has had a tangible, negative impact on fleet insurers. Malfunctioning traffic lights, potholes, and uneven road surfaces contribute to a higher accident frequency and often increase the severity of collisions.

Fleet managers are paying closer attention to route planning and scheduling so that their drivers and vehicles can avoid the most seriously impacted roads. And although this may increase operating costs for the fleet owner, it aligns with the requirement to employ preventative rather than reactive risk management.

Topics such as inflation and supply chain disruption, often mentioned in global risk reports, introduce significant pressure in motor fleet underwriting too. The problem insurers face is two-fold: on one side, rising parts inflation means that accident repair costs increase. On the other hand, the rising cost of repair parts leads to more vehicles being deemed uneconomical to repair.



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To remain sustainable, insurers have to adjust premiums to reflect the true cost of claims. If insurers do not price risks correctly, claims will eventually exceed premiums. The resulting instability will see many businesses becoming uninsurable due to high loss ratios. Fleet owners need to view their insurance premiums as a risk management tool rather than an expense line item. Being appropriately insured can save businesses from loss of profit and reputational risks that follow a period of long-term downtime if they experience an accident, hijacking, or theft.

Most respondents to the Santam Specialist Solutions Risk Barometer survey agreed that climate volatility and the rising frequency and severity of extreme weather events impacted their operations. Motor fleets are particularly exposed to damage and disruption that follows hail, flooding, and severe storm events. The impact of climate volatility on motor fleets is evidenced in two recent mega-loss events, the April 2022 KwaZulu-Natal floods and a significant hailstorm in Johannesburg in November 2023.

These disasters showed that historic loss trends are not necessarily the best way to think about future loss exposures. Erratic weather is making it more difficult for underwriters to estimate the probability and quantum of future losses. Consequently, insurers are adopting a more forward-looking underwriting model based on what might happen in the future, shifting from a reactive to a proactive underwriting approach.

This introduces a hard-to-understand concept of actuarial versus economic insurability. Brokers will be pivotal in explaining this new thinking to clients – including highlighting changes in pricing and the introduction of new policy terms and conditions.

Driver behaviour is only one part of the behaviour-related insurance challenge. In our experience, companies' responses to broader economic pressures often contribute to loss or damage. One example is delayed maintenance; another is operating with older fleets. Santam Motor Fleets is encountering more and more clients who are struggling to maintain vehicles optimally, let alone replace ageing assets.

From a risk appetite perspective, older vehicles may be insured for third party, fire, and theft only, with comprehensive cover being withheld. From an underwriting appetite perspective, we may consider offering comprehensive insurance on older vehicles if the insured upholds stringent maintenance protocols. This once again highlights the importance of maintenance and investing in drivers to improve fleet lifespans.

Another developing trend is the preference to hire-in vehicles on a long-term basis rather than buying new vehicles in order to reduce costs. It appears fleet operators no longer see the value in owning their entire fleet, instead opting to rely on vehicle rental companies.

The world is moving towards digitising processes to streamline day-to-day operations and make things easier to manage. This holds true in the fleet management industry too, where many fleet operators are using digital, online fleet management systems to reduce costs and improve efficiencies. Fleet operators must remain cognisant of the potential increased threat of cyberattack attached to technology adoption, and should employ the necessary risk management measures.

Brokers need to discuss the disruption a cyberattack might have on clients' operations and highlight the benefits of including a cyber policy alongside their motor fleet policies.



10 Emerging Business



Londani Zulu
Chief Executive Office
Santam Emerging Business



Macinee Mariah
Manager, SME Casualty

Big insurance for small business: helping SMMEs build real resilience

Small, medium, and micro enterprises (SMMEs) are the lifeblood of South Africa's economy, yet their approach to managing risk often looks different from that of larger corporates. With limited capital and human resources, many business owners wear multiple hats and must make every decision count. In this environment, accessibility, affordability, and simplicity become top priorities, and outsourcing becomes a necessity when internal capacity is stretched.

The Santam Specialist Solutions Risk Barometer survey provides valuable insight into how South African businesses perceive and manage risk. The survey found that **85%** of business leaders review their policy documents, a figure that rises to **94%** among firms with turnover above **R100 million**. However, this discipline is often much lower among smaller businesses, as many rely heavily on brokers (if they have one) to interpret policy details and ensure their cover fits their needs.

The Risk Barometer survey revealed that **78%** of business leaders buy insurance through a broker. Unsurprisingly, this trend declines considerably in the SMME space, where cost pressures drive decision-makers toward cheaper, direct

insurance options. While convenient, one-size-fits-all policies can leave dangerous gaps in cover that only become visible at claims stage.

“ Santam SME Casualty For small businesses, good advice can be the difference between recovery and closure after a loss. ”

Santam SME Casualty and Santam Emerging Business work closely with our broker partners to equip them with simple tools and modular products that make it easier to guide entrepreneurs toward the right cover. We see brokers as trusted advisors who are as essential to a business as a private banker or financial planner. Their expertise helps business owners to identify coverage gaps, interpret complex policy wording, and navigate the insurance landscape with confidence.

In today's economy, financial strain often forces SMMEs to cut costs by outsourcing activities, digitising processes, and adopting AI tools to improve efficiency. However, these strategies introduce new exposures spanning contractual liabilities and professional errors, to data breaches and cybercrime.

That's why Santam Specialist Solutions is developing starter product options that include data protection at limits that make sense for SMMEs, as well as scalable Public Liability and Professional Indemnity (PI) tiers. Our modular cover design evolves as businesses grow, while digital engagement platforms make it easier for clients and brokers to manage cover online.

As part of our underwriting approach, SME Casualty continues to emphasise that underinsurance doesn't only apply to assets: inadequate liability limits can be just as damaging. For example, a single professional error that triggers a data breach could lead to third-party claims, reputational harm, and regulatory penalties. By combining PI protection with optional cyber add-ons, we're helping businesses close this gap.

From experience, we know the low uptake of specialist liability products such as PI, Directors & Officers (D&O), and Commercial Crime isn't because SMMEs face fewer risks, but because they don't recognise how exposed they are. Many entrepreneurs see these covers as nice-to-haves or assume their

businesses are too small to attract lawsuits or fraud. Overly technical policy language can also be intimidating when what is needed is straightforward, relevant protection.

Our preferred approach is to simplify policy language, develop digital self-assessment tools, and integrate consumer financial education (CFE) modules into products. These initiatives empower entrepreneurs to make informed decisions with confidence. Brokers remain central to this process. By using client-relevant case studies (for example, a small professional practice sued for negligence, or a family business defrauded by an employee), they can demonstrate how quickly a claim can cripple an SMME and why the right protection matters.

Recognising this, Santam Emerging Business has introduced first-loss cover and affordable entry-level extensions to make meaningful protection accessible. From a liability perspective, Santam Specialist Solutions urges businesses to purchase the highest liability limits they can reasonably afford, as exposures are unpredictable and can escalate quickly.

The dual approach of affordability through Santam Emerging Business and adequacy through SME Casualty ensures SMMEs are not left exposed. Brokers play a vital role in shifting the conversation from **“cheapest premium”** to **“appropriate protection.”** That's how, collectively, we close the underinsurance gap.



SMMEs face the same interconnected risks that larger firms do, from climate volatility to infrastructure failures. Many small companies suffered unrecoverable losses during the April 2022 KwaZulu-Natal (KZN) floods because they lacked insurance protection. Poor road infrastructure also affects small logistics-dependent businesses, driving up accident rates and maintenance costs.

To make inclusion a reality even for the smallest businesses, Santam Emerging Business champions the vision of “big insurance for the little.” We design scalable, modular solutions that balance affordability with real protection. A prime example is our collaboration with SASRIA SOC Limited, through which we lobbied for an affordable product tailored for micro and small businesses after the 2021 KZN unrest. These businesses can now secure R500 000 of cover for as little as R5 per month.

The Santam Specialist Risk Barometer survey found that nearly one-third of businesses have experienced employee fraud, and this trend is rising. Small businesses are especially vulnerable because they often lack internal

controls to detect irregularities early on. Even a single incident can disrupt cash flow and damage client relationships.

Here, prevention is key. Simple steps such as introducing whistleblowing channels, tightening payment controls, or using digital payment systems can greatly reduce exposure. Santam Specialist Solutions is developing fraud awareness resources and risk management toolkits for emerging businesses to help strengthen these defences.

South Africa’s small business sector is resilient, ambitious, and central to economic growth, but its success depends on how well it anticipates and manages risk. As SMMEs embrace digital tools, outsourcing, and new ways of working, their risk landscape grows more complex. This makes trusted advice, appropriate cover, and enduring partnerships more critical than ever.

At Santam Specialist, we believe insurance for small enterprises goes beyond policies to protection that empowers growth. By combining broker expertise, innovative product design, accessible cover, and clear policy wordings, we’re helping entrepreneurs build businesses that can withstand shocks and thrive over the long term.

Together with our brokers, we’re turning insights into action and complexity into clarity, delivering on our promise of simple, reliable, and affordable cover for small and growing businesses.



11 Accident & Health



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Comprehensive GPA cover builds employee trust and employer resilience alongside group risk and statutory covers

Frequent workplace injuries, rising crime, and slow government payouts have caused serious financial constraints for South African employers. Against this backdrop, Accident and Health (A&H) cover serves as a vital bridge between accident and recovery, giving employers the financial support they need to protect both their operations and their people.

Business leaders participating in the Santam Specialist Solutions Risk Barometer survey singled out work-related accidents (57%) and crime (33%) as the major causes of injury over the past 12 months.

The survey findings emphasise the wide-ranging effects of such incidents, from the direct medical consequences of accidents to the emotional toll of crime. Santam Accident & Health addresses these risks by offering a wide range of Group Personal Accident (GPA) policy benefits.

Features such as trauma counselling for victims of violence, daily lump sums to offset non-medical expenses such as transport and accommodation during hospitalisation, and additional benefits in the event of accidental death or disability provide employees and their

families with crucial support. For employers, these benefits reduce disruption and ease the financial burden of unforeseen events.

Around one-in-five firms (17%) indicated that they had incurred material financial losses for an employee being off work for an extended period due to injury. This stems from having to cover two remuneration costs for a single position at once: the salary of the absent employee and the additional expense of a temporary replacement.

Santam Accident & Health's GPA policy helps ease this financial strain by providing income protection during periods of incapacity resulting from an accident, allowing businesses to redirect funds where they are most needed. For instance, employee wellbeing benefits extend beyond medical care, covering trauma counselling for victims of violence or other traumatic events that extend to family members and witnesses. The policy also covers retraining costs in case of a new role and workplace adaptations to ensure accessibility and functionality for permanently disabled employees. These benefits are essential to support a holistic recovery.

The GPA policy also acknowledges the unique risks posed by South Africa's high crime rate and provides additional protection for employees. If an employee suffers death or permanent disability resulting from crimes such as hijacking, assault, kidnapping, or armed robbery, an additional 10% compensation is paid.

A dual focus on protecting balance sheets and supporting employee wellbeing makes A&H cover a valuable addition to any employee benefit programme.

Statutory protection for workplace injuries already exists through South Africa's Compensation for Occupational Injuries and Diseases Act (COIDA), which requires employers to register and contribute to a COID fund. In theory, this ensures cover for employees injured or made ill at work; in practice, the system is hampered by delays, poor administration, underpayment, and poor enforcement – leaving both employers and workers exposed to prolonged financial strain.



The survey showed that around half (47%) of business leaders in manufacturing

had submitted a COID claim in the last 12 months. Almost all of those who submitted claims complained of lengthy delays for compensation, and half had to pay a deposit for an employee's hospitalisation or treatment.

It's important to note that there is no overlap between A&H cover and COID. GPA is a complementary policy designed to fill any gaps in cover and support; it provides access to an expert to assist with the COID claims process and compensates for any shortfalls of income not covered by COID.

The GPA policy also applies more practical criteria to assess recovery and disability than the Compensation Commissioner (the state official responsible for adjudicating COID claims), meaning that claims for temporary disablement can often be settled faster, with income shortfalls paid sooner if sufficient medical evidence is supplied. The GPA policy allows for interim payments on account that can be made while the statutory process is underway. Permanent disability is also handled separately, with lump sums paid under the GPA policy's own impairment criteria.

The Employee Injury Assist value-added service is a standout feature of the GPA policy. It provides hands-on support and expert guidance for employers following an employee accident. The benefit includes preparing and submitting complex COID claims; ensuring compliance and avoiding costly penalties; managing return of earnings



submissions; and reducing admin burdens for HR and line managers.

The GPA policy also provides access to specialist guidance on claims through the Road Accident Fund (RAF), South Africa's statutory compensation scheme for road accident victims. The benefit assists with legal representation, administration, medico-legal reports, loss of support reports, actuarial reports for loss of earnings, and accident reconstruction. This comprehensive support helps employers and employees pursue RAF claims efficiently, maximising recoveries and minimising complications.

Together, these services help ease financial strain and ensure employees get timely access to care and compensation. There is, however, an important distinction: all drivers and passengers injured in a vehicle accident are automatically entitled to claim from the RAF, including those injured while using a vehicle for work. By contrast, employees can only claim under COID if their employer is registered and the injury occurred in the course of employment.

Broker and client education remains a priority, and Santam Accident & Health goes to great lengths to inform employers that they must be registered with COID for their employees to access its statutory benefits. Steps have also been taken to address employers' desire for immediate relief rather than waiting for lengthy COID processes. To the extent possible, the GPA policy ensures employers and employees are not left exposed while the statutory claims process plays out.

The latest survey indicates a healthy uptake of group risk schemes among employers, with respondents providing income protection (77%) and retirement benefits (87%) to their employees. The GPA policy fits neatly alongside these benefits by offering

accidental death, disability, and emergency medical shortfall expenses.



Group income protection is primarily designed to cover illness or incapacity, while GPA supports employers by helping to manage operational and financial risks, and extends the safety net to comprehensive employee wellbeing support. It also offers cover extensions for crime, kidnap, and other workplace risks, making it a valuable complement to existing benefits.

Cover can also be tailored to different employee groups at an employer, such as executive level or factory worker, enhancing benefit packages and helping employers make their commitment to staff wellbeing more visible. This strengthens retention and ensures cover is meaningful across the workforce.

Brokers have an important role to play in improving uptake by drawing on the expertise within Santam's Accident and Health team, who are open to joining client meetings to explain how GPA integrates with existing group income protection benefits and provides additional support.

Incidents of kidnap and ransom were dominating the news headlines during the Santam Specialist Solutions Risk Barometer survey process, with **43% of business leaders indicating kidnapping was a threat to their business domestically, and 33% saying it was a threat to employees travelling abroad.** These responses also confirmed significant misperceptions about this cover type.

The GPA policy is, however, not a replacement for a full Kidnap and Ransom (K&R) policy, which provides immediate assistance through a crisis management team that advises a family member on how to proceed, together with law enforcement.

The importance of a K&R policy is demonstrated by the 70% of respondents who said they turned to the South African Police Services (SAPS) as their first point of contact following a kidnapping. Law enforcement typically does not have the specialist skills, resources, or international reach needed for complex kidnapping or extortion cases. A K&R policy provides access to professional consultants who specialise in crisis response. They can advise on best practices during a kidnapping incident, coordinate with law enforcement and international agencies, manage negotiations and ransom payments, and provide trauma counselling and post-event support.

There are other elements of overlap here. The K&R policy includes some GPA-type benefits for different triggers, for example, if accidental bodily injury occurs as a result of the kidnapping.

The complex intersection of insurance covers such as GPA, group risk, and dedicated K&R, along with the statutory COID and RAF arrangements, shows why clear communication between broker, employer, and insurer is so important.

In our world, brokers typically lead policy structuring and placement while employee benefits consultants assist with benefit integration at the employer level. Aside from underwriting support, Santam Accident & Health offers flexible benefit categories and customisable policies to match clients' needs.

12 Santam Specialist Solutions Roundup

From Agri-crop to cyber to mobility: keeping a finger on the pulse of South Africa's specialist businesses

Crafting insurance programmes for large, complex, or unconventional risks requires dedicated expertise and a bespoke approach to underwriting. If a client's operating risks exceed the scope of standard short-term policies, then Santam Specialist Solutions steps in.

In this section, we provide a brief overview highlighting some of the pressing concerns and trends across our other specialist lines covered in the Specialist Solutions chapter of the Santam Insurance Barometer, published in June this year. In so doing, we offer a holistic (if brief) view of our Specialist Solutions business in its entirety.

Santam Aviation

The aviation market has seen a significant influx of capacity over the past two years, leading to premiums falling by **20%** to **60%**, even as exposures rise.

Parts inflation and a shortage of local maintenance and repair facilities have sent claims costs higher, and concerns are mounting that deteriorating SA-U.S. relations could worsen the outlook. Weak local growth is also shrinking the market, with fewer new aircraft being sold.

Proposed legislative changes by the South African Civil Aviation Authority present a major challenge. The call for the immediate overhaul

of aircraft engines older than 12 years is widely viewed as impractical and could ground up to **70%** of the general aviation fleet. We are monitoring developments.

Opportunities are presented in drone aviation, with growth materialising, and we see this as the future of the domestic aviation industry. Strict licensing and other legislative requirements are presenting some challenges, but we are leveraging our expertise in navigating legislative issues to overcome any hurdles.

Santam Heavy Haulage

Local transport businesses came under significant pressure in 2024-2025 due to crime, deteriorating infrastructure, and weak economic growth. Rising fuel costs and currency fluctuations further added to operating cost inflation.

Santam underwrites a large portion of the country's privately owned heavy commercial vehicles (HCVs). Trucks valued at over R5 million are being added to policies daily, and the weakening exchange rate and steep inflation in replacement parts costs mean write-offs are becoming more common.

Risk mitigation and careful risk selection are

essential to underwrite sustainably in this space, with a strong focus on driver behaviour. Over the past three years, the market has shifted from passive monitoring to actively cultivating safer driving habits. Advances in AI, predictive analytics, and driver behaviour apps – aided by telematics – are proving instrumental in reducing exposures.

Santam Marine

Marine continues to grow on the back of partnerships with Sanlam Allianz and a renewed focus on aligning risk and pricing. Regionally, civil conflict in Mozambique has disrupted cargo movement, while global trade tensions due to the Russia-Ukraine war and Red Sea conflict area continue to impact shipping routes and accumulation risks.

Local marine insurers have had to contend with more frequent floods, damaging storage and transit facilities, alongside rising cargo theft, hijacking, and warehouse robberies. Underwriting responses include war cover exclusions and higher NATCAT excesses.

A shortage of specialist skills remains a concern, but also creates opportunities to upskill talent and adopt AI tools to improve risk modelling and claims management. In terms of innovation, there is scope to develop a disruption-type cover to address ongoing interruptions in trade flows.

Santam Travel Insurance

The travel market has yet to return to pre-pandemic levels, held back by weak domestic demand, ongoing financial strain on South African travellers, and volatility affecting the cost of dollar-based airline tickets, and fewer aircraft servicing the country.

Emerging trends include stronger demand for long-haul cover among South Africans visiting family overseas, as well as digital nomads and international students. Pricing has remained relatively stable, but claims costs are climbing due to rand depreciation and global medical inflation. A growing concern is the cost of medical treatment in Dubai, where costs have risen sharply, at rates well above general inflation. This experience is due to the surge in travel to and through Dubai, and Santam is looking at ways to adjust long-haul premiums to offset these pressures.

Santam Cyber and Technology Risks

South Africa remains the most targeted country in Africa for cyberattacks, with airlines, financial services, telecoms, and tourism industries frequently targeted due to the sensitive customer data they hold. No business, large or small, is immune to this risk. IBM's 2024 data breach report showed financial services suffered the highest average breach costs at **R75.31 million**,





followed by the industrial and hospitality sectors. And Sophos research indicates only **52%** of South African companies hold dedicated cyber cover, leaving nearly half significantly exposed. At Santam, we saw a sharp increase in Cyber policies between 2022 and 2024, albeit off a low base.

Insurers can boost cyber insurance uptake by enhancing their product offerings and providing meaningful value-added services. Recognising human error as a leading cause of incidents, Santam Specialist Solutions provides free employee awareness training to policyholders. A Santam monitoring tool adds further protection to small businesses by scanning the Dark Web for leaked data and tracking more than **350** cybercriminal communities, helping to detect threats before they lead to breaches.

Santam Agri-crop

Climate change and weather volatility stood out as a top concern among agricultural businesses in the recent Santam Insurance Barometer, with **64%** of farmers ranking it as their primary concern. Farmers can adapt the type of crops they plant, but factors such as failing infrastructure, geopolitics, and changing weather systems significantly impact their logistics supply chain.

Alongside pioneering parametric solutions, the business is using geocoding and geo-mapping to strengthen underwriting. Affordable, reliable cover remains essential to

protect farmers against erratic rainfall, hail, and shifting planting windows.

A growing skills gap in farm management and operations is a major emerging concern. Farm workers lack the training to operate and effectively interpret data from modern farming technologies like drones, sensors, AI-driven decision-making tools, and automation. Without the right skills, the productivity and sustainability benefits of these innovations remain out of reach. An ageing workforce with many experienced farmers retiring and a lack of young farmers entering the field compounds the problem.

In closing

The shifting risk landscape calls for ongoing innovation and stronger collaboration between brokers, clients, and insurers. The Santam Specialist Solutions Barometer survey shows rising expectations among business leaders and professionals for proactive risk intelligence and specialised advice.

Santam Specialist Solutions remains focused on disciplined underwriting, tailored products, and service excellence. As risks emerge in areas such as cyber, environmental liability, and supply chain disruption, we will continue leveraging partnerships and technology to deliver relevant insurance for a diverse client base.

13 Conclusion



Alicia Narainsamy
Executive Head: Digital Innovation

Brokers are no longer just intermediaries; they are strategic partners in resilience

The Santam Specialist Solutions Risk Barometer survey offers a unique window into how business leaders and professionals respond to the evolving risk landscape. It helps brokers and underwriters to understand how firms are managing risk at the intersection of economic pressures, climate volatility, infrastructure failures, cyber threats, and regulatory demands.

This survey revealed some concerning red flags, such as cost-driven decision making, a growing gap between risk perceptions and reality, and underinsurance. Although respondents showed increasing awareness of their risk exposures, many still see specialist insurance as discretionary rather than foundational.

Poorly understood technology-related risks, from artificial intelligence (AI) errors to cyber dependencies, reveal how underinsurance has shifted from having inadequate sums insured to the total absence of important business lines. The industry's immediate task is twofold: to close the education gap, and to align product uptake with the true shape of modern risk.

The Santam Specialist Solutions Risk Barometer findings serve as an evidence base for client

engagements; it enables brokers to turn insight into action and data into dialogue, and as a starting point for designing effective insurance solutions. These findings empower brokers to shift conversations from price to purpose, and to reposition specialist covers as instruments of governance and resilience, rather than cost items.

The combination of data and trusted client relationships allows brokers to perform a stewardship role as architects of risk solutions and custodians of business continuity, holding the blueprint for client resilience. By turning insight into informed action and ensuring that short-term economic pressures do not compromise long-term security, brokers help build resilience for both clients and underwriters.

For insurers, the challenge is to balance affordability and accessibility while maintaining technical rigour. This demands underwriting discipline, supported by data-driven insights and digital tools that enable pricing agility without compromising cover integrity. The route to a sustainable future for client, broker, and insurer is to deliver affordable, risk-appropriate cover

through innovation rather than concession – sustainability is not about cheaper premiums, it's about smarter, more precise cover.

The Santam Specialist Solutions Risk Barometer serves as a compass for industry decision-makers by benchmarking behaviours across industries and sectors. At Santam Specialist Solutions, we champion shared accountability between broker and insurer on the one hand, and client and insurer on the other. We value collaboration and collective intelligence as ways to deliver economic and social stability. By sharing insights, investing in partnerships, and leveraging technology responsibly, we can raise the bar for technical excellence, and client understanding.

AI is rapidly accelerating innovation, but algorithms that deliver efficiency can also introduce vulnerabilities. The industry has a shared responsibility to make sure that AI augments human judgement without compromising ethics. Insurers must not only adopt AI, they must govern it. The same principle applies to other systemic risks like in the climate, cyber, and environmental, social, and governance (ESG) realms where collective governance, cross-sector collaboration, and a mutual commitment to responsible innovation are key to ensuring long-term insurability.

The insights in the Santam Specialist Solutions Risk Barometer will contribute

to positive innovations for clients, brokers, insurers, and the broader economy over the next couple of years. Each edition builds on

“The question is not how fast we innovate, but how wisely we do so, ensuring that technology delivers fit-for-purpose solutions.”

the last, offering clearer evidence of how collaboration and insight translate into better risk management and stronger market practices.

Over the years, we have seen brokers step up as strategic partners in risk resilience; clients investing in self-reliance and preventative measures; and insurers leveraging AI for underwriting precision.

The tone of the market is shifting from protection to preparedness, and from simply insuring against risk to positioning for it through intentional design. This is evidenced by the growing number of business leaders and professionals who are investing in preventative measures, risk defences against flood and fire, security, staff training, and technology, to name a few.

Our clients, with assistance from our broker partners, are clearing the way for us to

practise disciplined underwriting and offer specialist solutions priced for long-term sustainability. Modern underwriters are being recognised as risk partners who will reward clients that invest in risk mitigations via improved pricing and policy structure.

We can confidently say that industry innovation through technology is occurring faster than anyone imagined. **The future is already here – accelerated technology adoption and innovation are no longer a differentiator; they are the baseline.** As technology reshapes finance and insurance, we must be vigilant to ensure that AI intelligence does not outpace human integrity.

We believe stewardship will emerge as a future differentiator. And future industry leadership will derive from brave collaboration, responsible innovation, and how intentionally we design for the risks of tomorrow. This is our mandate.

At Santam Specialist Solutions, we view the integration of technology and expertise as fundamental to our role in helping clients and brokers navigate an increasingly complex world. **The future of risk management rests on combining digital foresight with human discernment while turning complexity into clarity and disruption into direction.**

As an industry leader and insurance partner, our focus remains on advancing sound risk management and sustainable risk transfer. Our role is to elevate stakeholders across the insurance value chain while instilling confidence in insurance as the backbone of a functioning economy. If the past decade taught us to expect disruption, the next will demand that we engineer resilience through insight, intelligence, and impact. That is how we will build a stronger, more confident industry, one capable of not only weathering volatility, but of leading through it. The path forward lies in collaboration over competition.

