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## Insurers expect to be on even keel as tide slowly turns

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INSURANCE brokers are more bullish about economic growth prospects but remain less confident about attracting new business, according to results of a survey released yesterday by CIB Insurance Solutions. The firm said brokers surveyed in the fourth quarter of last year said they were slowly gaining confidence in the economy and did not expect to lose their existing customers.

The release of the survey coincided with an assessment yesterday by Compass Insurance, whose executive in charge of underwriting and claims, Dean Delpont, predicted tough times this year for firms selling domestic and vehicle insurance.

It also comes a few days after Ian Kirk, CEO of the largest short-term insurer, **Santam**, said the sector had yet to attain the same growth levels as just before the global financial crisis.

CIB sales director Jonjon Smit said while brokers may be less confident of new business this year, at least 78% of those polled said they were more confident of maintaining their customer book. Brokers had realised the value of their clients and were making "a more concerted effort to retain the business".

According to the brokers, the biggest challenge they will face over the next 12 months will be complying with new legislation and regulations, Mr Smit said.

The Consumer Protection Act, which comes into effect on April 1, and the new Financial Services Board regulatory examinations "are on everyone's minds".

"It is of the utmost importance that brokers familiarise themselves with their obligations in terms of these exams .

"They have been put in place to ensure those operating in the financial services industry are competent and knowledgeable."

Mr Delpont said new legislation and other regulatory requirements would affect brokers and the insurance sector.

As a result of the changes, insurers and reinsurers were having to re-examine processes, policies and systems. They were also reviewing agreements with partners and underwriting management agencies.

The insurance sector, particularly domestic and motor insurance, would continue to be under pressure this year.

"I am ... conservatively anticipating slow economic growth in 2011, which will (maintain the pressure on the insurance market) as consumers continue to reduce their insurance to crucial cover," Mr Delpont said.

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