



The Guardrisk Update

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Incorporating Aids Update

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EXPERTS suggest that in every country where the Football World Cup has been hosted the sector that gained the most value was the insurance industry (*Business Day, 24 Jul*). This is not only because of the construction and insurance of stadiums and other infrastructure, but also by providing travel insurance for visiting fans.

AFTER some years in which losses fell considerably below the norm, claims in the short-term insurance industry are returning to normal loss patterns (*Business Day, 24 Jul*). There have been some pricing adjustments over the past 12 months, underwriting requirements have become stricter, and there is a greater focus on risk management.

THE LOA is finalising the terms of reference for the probe into some of its members that allegedly paid more commission than the law allowed (*Business Report, 16 Jul*). This investigation was necessitated by non-compliance with statutory commission regulations and provision of non-cash incentives by some LOA members.

WHILE there is recognition internationally, especially from the World Bank, that South Africa could compare with the best in the world as far as good corporate governance was concerned, there are areas in which the country is weak (*Business Report, 9 Jul*). The areas where SA is particularly weak are: succession planning, implementing strategy, making IT decisions and risk management.

INTERNATIONAL cyber criminals are using 2010 to target South Africa, forensic investigators have warned (*The Star, 26 Jul*). Cyber criminals are into "everything" and businesses and individuals should be on the alert. Cyber attacks range from credit card fraud and phishing for banking information to cyber punks, botmasters and cyber kamikazes.

Workplace stress impacts on the bottom line

Stress in the workplace poses a significant challenge to corporates. More and more employees, at all levels, are suffering from work-induced stress, which not only weakens the company's most valuable asset – its staff – but also directly affects the bottom line.

Short-lived or infrequent episodes of stress pose little risk – and, indeed, some degree of stress may even be good for us. But, when stressful situations go unresolved, fatigue and damage sets in and the ability of the body to repair and defend itself can become seriously compromised. As a result, the risk of injury or disease escalates.

In the UK alone it is estimated that work-related stress is responsible for six million days of sick leave a year, with stress being linked to many minor and major illnesses. And there is no quick fix: one source estimates that workers who must take time off work because of stress, anxiety or a related disorder will be off the job for about 20 days.

The UK's Chartered Institute of Personnel and Development (CIPD) says that mental ill health is the second largest cause of sickness absence from work, with stress, depression and anxiety accounting for more than half of these cases. In 1995 the number of people claiming incapacity benefit from suffering from mental ill health was 25%. By 2006 that had risen to almost 40%. An employee relations advisor for the CIPD says: "HR practitioners and line managers need to be able to recognize the warning signs of stress: mood changes, having difficulty with interpersonal relationships, changes in performance, uncharacteristic changes in temper, unusual short-term absences. Working excessively long hours is also a symptom of not coping at work, as well as not taking holiday time."*

A major workplace stressor is technological advances such as the growth of the internet, e-mail, mobile phones and BlackBerries, which have created a frenetic pace of working life, blurring the line between work and home. In the global village that today's world has become, there's also the reality of having to interact with colleagues and clients working in different time zones. All of this means that, for many workers – especially senior executives – their homes have become an extension of the office, rather than a sanctuary where they can get away from it all.



But it's not just executives on a brutal schedule that are suffering from stress. The malaise affects workers at all levels, with unrealistic deadlines, low levels of support from supervisors and lack of worker involvement in decision-making mostly blamed for causing stress among workers down the line.

Employers not only have a moral obligation to help employees create a work-life balance, it's not inconceivable that they could face liability suits from employees who have been driven "over the edge" by work related stress. And, if that's not enough reason to instill a culture of work-life balance in the organization, studies show that stressful working conditions are actually associated with increased absenteeism, tardiness, and intentions by workers to quit their jobs, all of which have a negative effect on the bottom line.

*Source: *The Times*, 6 June 2007

Risk Barometer

RECENTLY published Solvency II proposals suggest support for the underlining rationale but concern about implementation challenges (*Insurance Day, 12 July*). The cost of compliance for insurers is likely to be high, with the costs in the UK running into hundreds of millions of pounds.

ACCORDING to a study of UK risk managers' buying habits, buyers on both sides of the pond seriously consider alternative risk transfer over traditional insurance solutions (*Insurance Day, 23 Jul*).

A 20% drop in US property insurance rates is due to several factors, including capital-market competition driving down premiums after diverting nearly 10% of reinsurance business from the traditional risk carrying sector (*Insurance Day, 6 Jul*). The relationship of the capital markets and the reinsurance industry has shifted considerably since 2004 and 2005 from a complementary relationship to a more competitive one.

REINSURANCE buyers are paying less for coverage than they did a year ago as reinsurers have replenished their capital and fresh capacity continues to enter the market (*Business Insurance, 2 Jul*). Rates are generally softening, though they are eroding less than some had expected. In contrast to last year's crunch, sufficient capacity is available for most cedents – even for many property catastrophe risks that faced capacity problems last year.

PROFESSIONALS accused of misconduct by UK regulators can take advantage of a new insurance product to avoid the financial cost of investigations by watchdogs (*Insurance Day, 20 Jul*). The liability cover, which is designed for a specific person and does not extend to the employer, offers liability limits between £100,000 and £1m for the insured

EVEN some risks that generally aren't attractive to directors and officers' liability insurers are finding good deals in the softening D&O marketplace (*Business Insurance, 2 Jul*). During midyear renewals, risk managers typically negotiated 5% to 15% rate cuts and obtained broader coverage terms and conditions.

AidsGuard Update

Aids Barometer

TREATING babies infected with HIV as soon as they are diagnosed rather than waiting until they show signs of illness dramatically increases their chances of survival, according to a South African study (*Business Day, 26 Jul*). The research could change the way doctors around the world care for the half a million HIV-positive babies born each year. Despite the government's free programme for preventing mother to child transmission of HIV, at least 50000 infected babies are born in SA each year.

RESEARCHERS are still unsure whether the anti-HIV gel used in the aborted international study involving South African women was harmful, but it clearly did not protect women against HIV (*Business Day, 26 Jul*). Clinical trials were stopped in January, after interim analysis of trial data from about 1400 women in SA, Benin, Uganda and India showed the gel might do more harm than good.

WHILE HIV-positive patients now live longer thanks to antiretroviral drugs, they face a higher risk of a host of age-related illnesses such as cardiovascular disease and dementia (*Business Day, 24 July*). As SA's government expands its treatment programme for people infected with HIV, these age-associated illnesses are set to become more problematic.

Nearly half of all people living with HIV/Aids globally are women, but there is alarmingly little research into their unique medical needs (*The Star, 24 Jul*). A staggering 76% of all HIV-positive women live in subSaharan Africa. When having unprotected sex, women are eight times more likely to become infected with HIV than men.

TWO SA laboratories are investing millions of rand in HIV/Aids drug research in a quest to break into the antiretroviral manufacturing market, which will be worth R8bn annually by 2011 in SA alone, or US\$7bn globally (*Financial Mail, 20 Jul*). Peptides, derived from amino acids, are designed to bind to an HIV protein called gp120 so HIV cannot attach to the body's immune-fighting CD4 cells. If the HIV can be blocked you can theoretically stop or significantly reduce viral infection of cells.

HIV kills brain cells and prevents stem cells from dividing and forming new cells, according to a recent study (*Reuters, 15 Jul*). The damage to cells contributes to HIV-associated dementia, which can cause confusion, sleep disturbance and memory loss.



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