



# The Guardrisk Update

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Incorporating Aids Update

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**SOUTH** Africa is one of the world's worst when it comes to carbon emissions (*Business Day, 28 Nov*). Although 89% of companies recently surveyed thought there were business opportunities linked to climate change, there was "a disconnection between awareness of climate change and action on the issue".

**EXECUTIVES** often worry that work on "soft" management issues is not only difficult to quantify but also hard to justify with boards and sceptical "short-termist" investors (*Business Day, 27 Nov*). Reassuringly, however, new research highlights the way initiatives to boost talent, strengthen values and reinforce corporate culture appear directly to improve the bottom line.

**SOUTH** Africa has one of the highest lightning-ground-flash densities in the world (*The Star, Nov, 24*). Lightning-related deaths in this country are about four times higher than the global average.

**THE** banking industry plans to spend R1bn introducing smart cards as soaring credit card fraud threatens to choke the R40bn industry (*Business Day, 27 Nov*). Credit card fraud in the first six months of the year was 59% up on the previous year's first half.

**THE** Independent Regulatory Board for Auditors has received 800 reports of alleged irregularities and contraventions of accounting regulations by SA companies since the regulator rolled out its guide on reportable irregularities 18 months ago (*Business Day, 15 Nov*). One of the most serious transgressions relates to tax evasion. Other reported breaches include contravention of tax legislation and the Companies Act, reckless trading and inappropriate accounting practices.

*GUARDRISK Update wishes all its readers a joyous and peaceful festive season, and a New Year filled with health, wealth and happiness. The next issue of Guardrisk Update will be published in February 2008.*

## Insurance claims to make you smile

**A**s everyone moves into holiday mode, Guardrisk Update takes its customary break from serious business risk issues to look at some of the funny things that people say on that section of the claim form reserved for recounting the event that led to the loss "in your own words"...

- I started to slow down but the traffic was more stationary than I thought.
- I misjudged a lady crossing the street.
- I bumped into a lamp-post which was obscured by human beings.
- I was driving my car out of the driveway in the usual manner, when it was struck by the other car in the same place it had been struck several times before.
- I heard a horn blow and was struck in the back. A lady was evidently trying to pass me.
- I told the other idiot what he was and went on.
- The car in front of me stopped for a yellow light, so I had no choice but to hit him.
- Car had to turn sharper than was necessary owing to an invisible lorry.
- The other man altered his mind so I had to run into him.
- If the other driver had stopped a few yards behind himself the accident would not have happened.
- I unfortunately ran over a pedestrian and the old gentleman was taken to hospital, much regretting the circumstances.
- She suddenly saw me, lost her head and we met.
- A cow wandered into my car. I was afterwards informed that the cow was half-witted.
- Three women were talking to each other and when two stepped back and one stepped forward I had to have an accident.
- A bull was standing near and a fly must have tickled him because he gored my car.
- There was no damage done to the car, as the gatepost will testify.
- I was proceeding along the road at moderate speed when another car rushed out of a side turning and turned upside down in a ditch. It was his fault as he said.
- I blew my horn but it would not work as it was stolen.
- There were plenty of on-lookers but no witnesses.
- I left my car unattended for a minute and, whether by accident or design, it ran away.
- I can't give details of the accident as I was somewhat concussed at the time.



Source: *The Internet*

## Risk Barometer

**UK** government plans to reform the financial compensation scheme could force insurers to make advance payments into a US-style fund (*Insurance Day, 3 Dec*). The current system asks business to pay in arrears after a company has gone bust. The Northern Rock debacle has triggered a review of the scheme, which critics say leaves the UK lagging far behind other economies.

**CORPORATE** America faces a myriad of potential perils associated with climate change and risk managers need to educate themselves about the possibilities and what they can do to manage them (*Business Insurance, 3 Dec*).

**IN** recent years, UK executives and managers have been increasingly targeted by new criminal justice legislation, and it is now clear that senior personnel are at greater risk of inadvertent criminal liability and possible imprisonment than at any time previously (*Insurance Day, 2 Nov*).

**INTEREST** in alternative risk transfer mechanisms continues to grow "fairly significantly" despite ongoing softness in insurance prices (*Business Insurance, 19 Nov*). Historically, when insurance prices fall, the use of captives, risk retention groups and other self-insurance practices recede as premiums flow back to traditional insurance. That isn't happening today and reflects corporations' growing comfort with assuming greater amounts of risk.

**THE** number of lawsuits filed against US insurers is set to rise next year despite other financial institutions expecting to see a reduction in litigation (*Insurance Day, 1 Nov*). 93% of insurance companies surveyed faced legal disputes in US courts, while one-third of insurers admitted to being involved in more than 20 simultaneous actions.

**BUSINESS** interruption coverage only goes so far in protecting a company from catastrophic losses, and risk managers should consider additional insurance to cover serious disruptions in their operations (*Business Insurance, 5 Nov*). To complement business interruption coverage, companies should consider insurance for supply chain problems.

# AidsGuard Update

## Aids Barometer

**TRAINING**, prevention, counselling and testing programmes will only have limited success unless employees have access to a treatment solution (*Business Day, 29 Nov*). Whether funded by the company, through a medical scheme or provided by an NGO project, there must be a treatment plan in place that is communicated clearly. If people know how to access treatment they're more likely to acknowledge there's something to be gained from knowing their status.

**SA** faces a "lethal cocktail" of corruption and shoddy oversight within HIV/Aids programmes, according to new research which identifies political lethargy as a major constraint in tackling the pandemic (*The Star, 1 Dec*). SA is an example of how an absence of clear and decisive leadership damaged HIV prevention activities, a new report found.

**OVERTAKEN** as the largest funder of global HIV/Aids programmes, the World Bank is now focusing on easing the economic damage inflicted by the disease in Africa (*The Star, 30 Nov*). The organisation will also focus on finding ways of controlling the spread through better prevention, care and treatment. Its changing role has been forced by billions now available through other donors. Global funding for Aids reached \$9-billion in 2007 compared to \$1,6-billion in 2001.

**THE** United Nations has sharply reduced its estimate of the number of people worldwide infected with the AIDS virus, from 39,5-million to 33,2-million (*Business Day, 3 Dec*). The news is important because it is likely to result in revised estimates of the resources needed to prevent new cases and treat those already infected. The report did not contain country-specific details, which are expected to be released only in five or six months' time, but it says SA remained the worst-affected country.

**EVEN** if the spread of HIV/Aids was halted immediately, the economic impact would be felt for the next 50 years (*The Star, 28 Nov*). Declining gross domestic product growth, depleted human capacity, attrition in the health and education sectors and falling agricultural yields and production all pointed to the most "strident" alarm signals to date.

**SA** is on track to meet a United Nations target for reducing mother-to-child HIV transmission by 2010, according to the UN Children's Fund (*The Star, 26 Nov*). The country is one of 17 low and middle-income countries that are set to achieve the target of reducing mother-to-child infections by 50%.



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