

# at your service

Hospitality and C&I news

**FROM THE EXECUTIVE DIRECTOR'S DESK**



## Premiums to increase in 2012

**Denleigh Wilensky, Executive Director of HIC Underwriting Managers, forecasts that premium rates will**

**increase next year. Wilensky comments that there are three main reasons why she thinks this will happen:**

1. There have been several natural disasters over the last year, including the two earthquakes in Japan and Christchurch, and the flooding in Australia. Merely in respect of the Japanese earthquake Munich Re is expecting a hit of \$1.5 billion, Swiss Re is estimating its loss at \$1.2 billion and Hannover Re is looking at an estimate of \$250 million. Reinsurers will have to look at ways of recouping some of their losses and this would suggest that reinsurance is going to become more expensive. This cost cannot be fully absorbed by insurers and would have to be passed on to the consumer by way of premium increases. Reinsurance is a global business and therefore the costs of reinsurance in South Africa will also go up, although probably not to the same extent as in other parts of the world.
2. Over the past several years net operating costs for insurers have risen faster than the growth in premium income - from 25% of net written premium in 2006 to 31% for the first quarter of 2011. This trend needs to be reversed. However, with little economic growth forecasted for the immediate future and a relatively low inflationary environment in South Africa, there will not be sufficient natural growth in premium to outstrip the increase in expenses. Therefore it would seem that rate increases are necessary.
3. It is a fact that the insurance industry moves in cycles between soft markets and hard markets. We have been in a soft market for several years now and at some point the cycle has to reverse itself.

**EXECUTIVE DIRECTOR OF HIC INCREASES SHAREHOLDING**

Denleigh Wilensky, executive director of HIC (Pty) Ltd, has purchased an additional 5% shareholding in HIC from SUM Holdings. This takes Denleigh's shareholding up to 10% with the remaining 90% being held by SUM Holdings. Rory Gainsford, Managing Director of SUM Holdings, said he was very pleased that SUM had allow Denleigh to increase her shareholding to 10% as she had added enormous value to HIC and thoroughly deserved the opportunity.

**FEATURED CLAIM**



## HOUT BAY MANOR HOTEL ROBBED

Six men robbed the five-star Hout Bay Manor Hotel on 11 July. The men, wearing balaclavas, entered the hotel at 04:10 and were armed with a rifle and five hand guns. They demanded the safe keys and tied up the security guard. Eleven plasma televisions, computer equipment and the safe keys were stolen. The hotel, a client of HIC, has registered a claim with HIC.

Source: news24.com



# HIC's Underwriting Philosophy

Every insurance company should have an Underwriting Philosophy, and HIC is no exception. Aligned with our vision we felt it prudent to share with you our Underwriting Philosophy so that there is an understanding of why we ask the ten or more questions and request the additional information which we are unable to find ourselves.

**To remind you, HIC's vision is** To be respected by the insurance market and our clients as being the foremost or **leading Underwriter** to the **Hospitality and Commercial & Industrial Sector**.

## What exactly is an Underwriting Philosophy?

It is theories and/or attitudes held by underwriters or insurance companies which in many cases have been progressively developed and refined for best practice and

relevance over many years through the collective experiences of their people, which act as a guideline for their current day and future underwriting practices.

## HIC's Underwriting Philosophy is thus

- First and foremost to focus on **building long-term and genuine relationships** with all our business partners and clients. We want to partner with you long into the future.
- To focus on **prudent risk selection** in order to underwrite a **diversified and balanced portfolio of good quality clients** consistent with our risk appetite, as opposed to simply chasing volumes for a leading market share or to satisfy the requirement to grow by putting any business on our books.
- To focus on **proper evaluation of risks** so that we **understand the risk and exposure**

of every account.

- To focus on **proper risk commensurate pricing**.
- To **maintain** our **underwriting discipline in hard and soft market** cycles.
- To **progressively train and educate all our staff** to become skilled underwriters or claims handlers and equipping them with at least a client-centric attitude and the basic fundamentals of insurance.
- To **encourage our staff to apply their minds and improve their knowledge** as opposed to becoming pure data capturers and paper pushers.
- To **continually review our systems and processes** and revise them for **optimal efficiency**.
- To focus on our **Underwriting Profit** as we must achieve **a good return on investment for our shareholders** as this will **ensure our long term sustainability**.

## GUARDRISK IMPROVES BEE RATING

HIC's risk carrier Guardrisk recently received a level two Black Empowerment rating from the independent rating agency Empowerdex. This is an improvement on the level 2 rating last year.

## STAFF NEWS

Welcome to **France Houghton**, who joined our Underwriting team on 23 May.

**Charmaine Wessels** joined our Claims department on 1 July! Welcome Charmaine!

## IT'S A BOY

Congratulations to **Angelique Swart**, Polokwane branch manager, and her husband Paul on the birth of their baby boy Sean on 10 June.



Baby Sean



HIC is an authorised financial services provider (licence number 5072).

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