

# THE BLACK STONE VOICE

Monthly Newsletter for Black Stone Capital Members



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## A MESSAGE FROM THE MANAGING DIRECTOR

by Trevor Carty

As I sit here in the winter afternoon sun, I reflect on the last immediate period. July has been such an emotional month – firstly with real winter hitting Gauteng, I also issued our first round of ESG Sharecoin to all involved in our group companies (very exciting and more about this later), then the Zuma imprisonment, followed by the instability of the looting and bad behavior of a minority of South Africa's people. Then the miracles started one after another – we are rebuilding a better, stronger, and more equitable SA for all and we have all received a wakeup call that this poverty and inequality, the unemployment and the state of education all need a radical transformation. In-between all this chaos, I had my J & J vaccination and am now ready for global travel and acceptance and have played my part in the herd immunity drive. It was quick, painless and something I was very proud of - the way it all came together with technology and the human touch. Go team SA. Now let's look forward – next week I travel again to visit our partners in the Cape (and to watch the Springboks beat the British and Irish Lions in the first test at Green Point Stadium). August is Women's month and is our next public holiday – why not take mom somewhere special and celebrate your sisters, your daughters and the women who are so special in our lives.

### So, ESG Sharecoin – what is it and where are we going?

I have spent the last period with David and the management team strategizing on the future of our group and both Profile Corporate Services and Black Stone Capital have a great future.

We have been developing a shared value business model to enhance sustainability for corporates in a tough business environment. We have built a sustainability portfolio offering that focuses on environmental, social and governance issues, ESG - it is the way of the future and the way global asset managers look at companies to invest in. We have also engaged in finding suitable equity partners to bulk up our businesses with capital and to add value in structure and relationships for new business and to move us all to the next level. Our conversations have been incredible as we engage with private equity companies both locally and internationally and shared our integrated sustainable shared value model – watch this space. How exciting. In closing this newsletter, it has been rewarding to assist clients over these difficult times with their claims. We have had numerous Covid related health care and income protection claims. Business overhead expenses too has proven invaluable. And then there is SASRIA and the fire and theft claims arising from the mid-month mayhem. We truly do offer invaluable services and our advice and products that we offer give peace of mind and at claim stage make our work well worth it. Six weeks and we are into spring so wrap up warm, spoil the ladies and keep on keeping on until we next chat. Go bokke – 3 test matches and the Tokyo Olympics will have passed by then too.

Best winter regards, Trevor

# WE WON'T QUIBBLE OVER CLAIMS – JUST WATCH OUT FOR FRAUDSTERS, SAYS SASRIA

As calm begins to return to South Africa following days of violent riots that caused billions of rand in damage, questions are being asked about who will foot the bill. While some claims will be assessed by heavyweight insurers such as Old Mutual Group and Santam, the bulk of the burden will fall to one company: Sasria Insurance. Sasria, a state-owned firm with R8.5 billion in assets under management, was founded shortly after the Soweto uprising of 1976, when at least 176 people died in demonstrations led by school children against the apartheid government. The frequency and scale of political protests that followed prompted private insurers to stop offering cover to vulnerable businesses, and Sasria was created to fill the void. Sasria is not disputing the merits of claims related to the riots, only watching out for cases of fraud, Sasria's executive manager for insurance operations, Fareedah Benjamin, said in an interview. Many people and companies with Sasria policies may not even realise it, as commercial firms often include it in their own cover. All insured individuals have it alongside about 90% of businesses, Benjamin said. The company has centralised all applications so its most experienced handlers are able to process them quickly. "We are well capitalised and have adequate reinsurance in place that gives us the comfort that we can facilitate these claims," Benjamin said. The insurer has three times its regulatory minimum capital requirement, she added. This week's anarchic looting and destruction of all manner of buildings in two key provinces has thrust the company back into the spotlight. Formal estimates of the scale of the damage have yet to be calculated, but executives at Business Unity South Africa

said Thursday the number of affected firms may extend into the thousands. Listed companies to have reported the extent of their exposure include foods maker Tiger Brands, which said it lost R150 million of stock, and clothes retailer Mr Price Group, which saw 109 stores entirely cleaned out and hundreds more closed. But the rampage also swept up countless smaller businesses, many in underprivileged parts of the coastal city of Durban and Johannesburg, the economic hub. The violence has its origins in demonstrations against the arrest of former President Jacob Zuma, but those sensing an opportunity to enrich themselves transformed the demonstrations into a looting spree, the government has said. At least 117 of people have died and authorities have made almost 1 500 arrests to date. "We anticipate that in about two months' time, we will have a clearer picture once all claims have been reported and investigations and quantification have been completed," Sasria said in a statement on Friday.

Santam is monitoring the situation & in touch with Sasria about claims, the company said in an emailed statement. Old Mutual has put special measures in place to expedite payments, it said. The private property-and-casualty insurers may find they still have exposure even with the Sasria safety net, said Warwick Bam, head of research at Avior Capital Markets. "Business interruption policies could be triggered due to supply-chain disruption, lost production and store closures due to the risk of looting and violence," he said. Sasria collected R2.4 billion in gross written premiums and paid out R991 million in claims last year. In addition to covering public unrest, Sasria is also exploring options for Covid-19 insurance as South Africa battles rising infections and disruptions to its vaccine programme.

**This quote, by Sean Patrick Flanery, is about living our lives with a growth mindset and considering each day as an opportunity to become a better version of ourselves than we were the day before**

**DO SOMETHING  
TODAY  
THAT YOUR FUTURE  
SELF WILL  
THANK YOU FOR.**

# FAIS OMBUD SETTLEMENTS 2019/2020

The complainant was the executor of the estate for the late Mr H. Whilst finalizing the affairs of the estate, it was discovered that the deceased's existing life insurance policy had been cancelled and replaced with a new policy with another insurer. The complainant subsequently submitted a claim to the new insurer which was rejected as the insured had passed away prior to the inception of the policy. On further investigation the complainant determined that the application for the replacement policy had been completed on 20 February 2018 and that there was correspondence dated 14 March 2018 from the respondent instructing the deceased to cancel his existing policy.

This letter was signed by the deceased and forwarded to the existing insurer however, the replacement policy had at that time not yet been incepted. The replacement policy was supposed to incept on 1 April 2018 however, during the underwriting process there were concerns surrounding the results of the deceased's Body Mass Index ('BMI'). The results of the deceased's BMI resulted in the new insurer issuing an 'Acceptance of Offer Letter' which saw the inception date of the policy extended to 1 May 2018. As a result, when the deceased passed away on 13 April 2018, there was no policy in place. The complainant was of the view that the deceased had not been correctly advised to cancel the existing life insurance policy before the application for the new policy had even been accepted, let alone the new policy having been incepted. The complainant therefore held the respondent liable for the losses incurred as a result. This Office agreed with this view and the fact that the respondent had not acted with the required due skill care and diligence in the best interests of the deceased as required in terms of section 2 of the Code. This was communicated to the respondent who accepted responsibility for the losses incurred by the complainant and provided the complainant with an offer of

R1 000 000, the cover amount, in a full and final settlement. The offer was accepted by the complainant. Whilst the facts surrounding this matter would appear to have been rather straight forward and highlight the additional duty of care that a Financial Services Provider must exercise during the replacement of an existing life assurance policy the significance of this matter lies in the respondent's willingness to resolve the complaint for the total loss incurred, despite this amount exceeding this Office's R800 000 jurisdictional limit. The Rules on Proceedings of this Office do restrict the jurisdiction of this Office to the investigation of complaints where the losses incurred do not exceed R800 000 and any matter received that does exceed this limit would require that the complainant confirm in writing to forego any amount in excess of R800 000. However, the very same rules do provide that this jurisdictional limit may be exceeded should the respondent agree to it in the interests of proceeding with the investigation. It is therefore refreshing to note that, especially during this time where there is a heightened focus on treating customers fairly, a respondent has chosen to not only acknowledge the negligence that resulted in the losses incurred but was also willing to resolve the matter in full. It is this type of collaboration between industry and an institution such as this Office where the interests of the client are first and foremost, that will contribute further towards increasing the integrity of the financial services industry. Something that is not only part of the mandate of this Office but an aspect that we take very seriously, and we encourage more FSPs to follow the example above.

## GENOA - MED-MAL

### **Broker support**

At Genoa we are able to assist with all queries and product advice, as well as offer technical support when required by our broker partners.

### **Reliable administration**

At Genoa we have a reliable administration system that assists with efficient claims handling.

# THIS DAY IN HISTORY 1 AUGUST 1936 - GERMAN OLYMPIC GAMES

The 1936 Summer Olympics, officially known as the Games of the XI Olympiad, were an international multi-sport event held from 1 to 16 August 1936 in Berlin, Germany. Berlin won the bid to host the Games over Barcelona at the 29th IOC Session on 26 April 1931. The 1936 Games marked the second and most recent time the International Olympic Committee gathered to vote in a city that was bidding to host those Games. Later rule modifications forbade cities hosting the bid vote from being awarded the games.

To outdo the 1932 Los Angeles Games, Reich Chancellor Adolf Hitler had a new 100,000-seat track and field stadium built, as well as six gymnasiums and other smaller arenas. The Games were the first to be televised, with radio broadcasts reaching 41 countries. Filmmaker Leni Riefenstahl was commissioned by the German Olympic Committee to film the Games for \$7million. Her film, titled Olympia, pioneered many of the

techniques now common in the filming of sports. To outdo the 1932 Los Angeles Games, Reich Chancellor Adolf Hitler had a new 100,000-seat track and field stadium built, as well as six gymnasiums and other smaller arenas. The Games were the first to be televised, with radio broadcasts reaching 41 countries. Filmmaker Leni Riefenstahl was commissioned by the German Olympic Committee to film the Games for \$7million. Her film, titled Olympia, pioneered many of the

techniques now common in the filming of sports. Possibly one of the most controversial Olympic games of modern times opens in Berlin, Germany with a ceremony presided over by Adolf Hitler. The Games of the XI Olympiad were used by Germany as a tool for propaganda, to promote their ideology, and its promotion of the superiority of the "Aryan Race" by only allowing Germans of "Aryan race" to compete for Germany.



## REMINDERS

- Don't forget to send your compliance to [service@blackstonecapital.co.za](mailto:service@blackstonecapital.co.za)
- For service related queries, please email to [service@blackstonecapital.co.za](mailto:service@blackstonecapital.co.za)
- Please send your new business register to [service@blackstonecapital.co.za](mailto:service@blackstonecapital.co.za)



# PFIZER/BIONTECH BID FOR BOOSTER DOSES PREMATURE, MORE DATA NEEDED

Pfizer Inc's (PFE.N) push for health regulators to authorize a third dose of its COVID-19 shot, Reuters has reported, is not yet backed by evidence according to vaccine experts – despite the fast-spreading Delta variant. Pfizer and German partner BioNTech SE said last week that they will ask U.S. and European regulators within weeks to authorize a booster dose due to an increased risk of infection after six months. The companies did not share the data showing that risk but said it would soon be made public. A meeting with federal health officials to discuss the matter was scheduled for Monday (today), Pfizer said. In interviews with Reuters, some leading vaccine experts questioned Pfizer's rationale and said that more data was needed to justify a booster, especially as many countries struggle to "administer the initial vaccine doses needed to protect their citizens. "It's disappointing that with such a complicated decision they took such a unilateral approach," said Dr. Larry Corey, a virologist at Seattle's Fred Hutchinson Cancer Center who is overseeing U.S.-government backed COVID-19 vaccine trials. The rise of the Delta variant, first detected in India and now the dominant form of new

coronavirus infections in many countries, has raised concerns over whether currently available vaccines offer enough protection. Several experts say a booster shot would be warranted if there is a substantial increase in hospitalizations or deaths among vaccinated people.

"That's the line for boosters," said Dr. Paul Offit, director of the Vaccine Education Center at Children's Hospital of Philadelphia and an advisor on vaccines to the U.S. Food and Drug Administration. That has not been the case so far in the United States, where the overwhelming majority of severe illness occurs in unvaccinated people, he said.

"Shortly after Pfizer's announcement late on Thursday, U.S. health officials sought to reassure the public that anyone who already received two doses of the drugmaker's vaccine was protected against severe disease and death, even from the Delta variant.

"Americans who have been fully vaccinated do not need a booster shot at this time," the FDA and Centers for Disease Control and Prevention said in a statement.



**Are you a member of FPI?  
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phone 011 470 6000**