The breadth and diversity of risks faced by businesses today are more widespread and interconnected than ever before.

South Africa has become an increasingly complex place to do business. Structural challenges, sluggish growth fuelled by potential electricity shortages, strikes and high unemployment make for a difficult and uncertain environment. It seems likely that 2019 will be no exception, particularly given that it is also a general election year. To improve long term certainty and unlock investment and growth, structural constraints will need to be addressed systematically.

While South Africa managed to slip out of a technical recession after the economy saw a 2.2% rebound in Q3 2018, the World Bank has projected that South Africa’s economic growth will accelerate more slowly to only 1.3% in 2019, held back by constraints in household credit extension, high unemployment rates and lowered government spending due to fiscal consolidation.

As insurers, we also face an uncertain and rapidly changing environment. In recent years, rates have reached unsustainable rapidly changing environment. In recent years, rates have reached unsustainable

The speed of digital advancement and the reliance on technology makes this a particularly challenging risk for businesses and one which will continue to rise up the agenda. No business can afford to be complacent about the potential impact of cyber risk.

Cyber-crime is a real and present danger and we are seeing attacks becoming increasingly common and more sophisticated. It is not possible for businesses to defend against all eventualities. IT and risk managers need a united front to avoid gaps and vulnerabilities. Businesses need to have plans in place to deal with the consequences of an attack or a breach, so that when an incident occurs, it can be quickly contained, reducing the financial and reputational impact. The potency and diversity of cyber threats makes any vulnerability an urgent priority.

Political Risk and Trade Credit Risk

was the second most cited cause for concern. The current political turmoil continues to drive an increase in business indecision, social unrest, riot risk and a flight of foreign investment. As businesses continue to expand across borders they are faced with a number of geopolitical threats such as expropriation, discrimination, political violence, forced abandonment, trade agreements and exchange controls.

As we draw nearer to an election in May 2019, there is a risk that more uncertainty which could further erode business and consumer confidence. Given the current uncertainty, we may see a deepening of strategic risks arising from economic, political and regulatory factors.

Terrorism was the third greatest concern amongst Africa’s risk management community. Recent years have seen an increase in major terrorism events across the world, and the insurance sector continues to play a vital role in promoting economic growth. The industry has its work cut out for 2019 to address the complex and fast-evolving risks that clients face. Putting dynamic, fit for purpose insurance solutions on the table that are up to the task will no doubt be a key priority for 2019.