

Insurance research agenda

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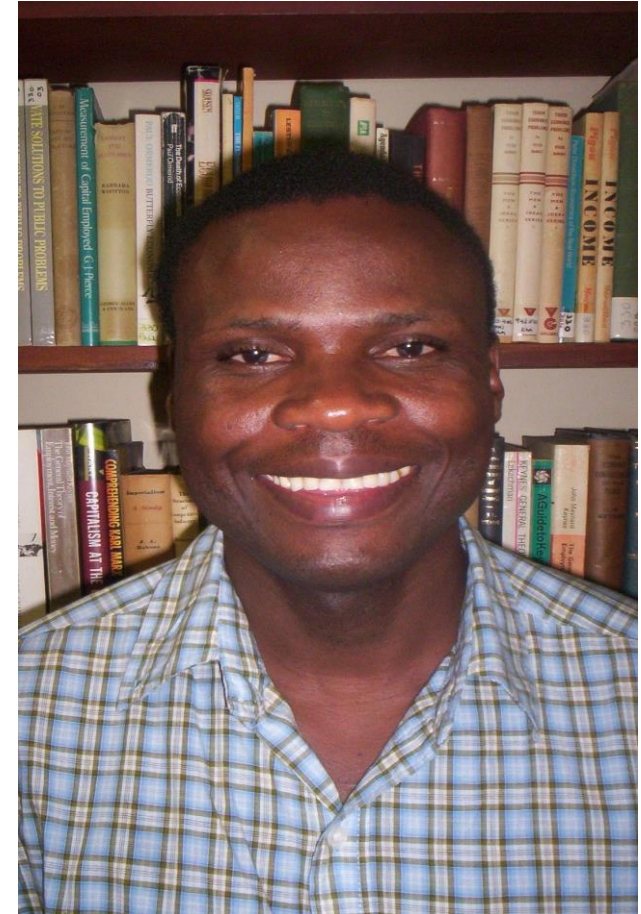
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Insurance division

- Insurance Technical Research Wit's comparative advantage
- “Mainstream technical research placed within conventional mainstream economic theory”
- Of course Wits has many other divisions, schools and faculties
 - Economics
 - Labour economics
 - Financial economics
 - Gender studies
 - Equity and inequity studies
 - Etc
 - Business Sciences
 - Human resource
 - Management
 - Marketing
 - Etc

Congratulations

- Pholile Dladla on obtaining her PhD
- Dr Albert Mushai and being promoted to status of Senior Lecturer



Albert: emanating from his PhD

- Short-term insurance generally covers losses arising from
 - Injury, death, disease sickness and incapacity of people
 - Loss or damage to property
- Insurance provided
 - Private institutions
 - State institutions
 - Alternative risk transfer mechanisms
- One of the oldest most well recognised problems
 - Injury or disease attributable to occupational activities
 - Compensation provided by the state via worker's compensation

Occupational diseases

- In the history of South African there is not a single known case where an employee successfully sued his employer for compensation
- Richard Spoor
 - Thor Chemicals
 - Thirty or so years ago Thor Chemicals was successfully sued in the UK for occupational health problems in South Africa
 - Cape Asbestos plc
 - About 20 years ago a multibillion rand class action case was launched in the UK involving about 20 000 South African claimants
 - The case succeed but Cape Asbestos never paid indicating it would file for bankruptcy
 - Gencor
 - Almost without missing a beat summons was then issued in SA for R400 m from the same claimants
 - Gencor was busy merging to become Rio Tinto and decided to pay the R400 m in trust to settle the matter
 - Silicosis
 - Issued summons in the High Court - case dismissed
 - Appeal to the SCA – case dismissed
 - Could not find a n advocated to argue the case in the CC – attorney – argued the case itself - succeed
 - Thembekile Mankayi v. AngloGold Ashanti Ltd (2011),
 - R6 bn fund established

Enter Dr Mushai

- Application of the economic theory of externalities to occupational accidents and diseases
- First person in the world to apply this theory to the problem of occupational injuries and diseases
- Enterprises create costs which are imposed on innocent third parties and these costs are not included in the price
- Costs can be internalized via workers compensation
- Thus:
 - The common law is totally unsuited to deal with the problem
 - Trusts are equally unsuited and are in any event subject to capture and evidence suggests the Gencor Trust faced this problem

Published two articles

- “The Long Road to Compensation for Silicosis Sufferers in South Africa”
- “Critical perspectives on trusts as a compensation option for occupational diseases in South Africa”
- Richard Spoor not impressed writes a letter to the editor
- The health and safety community very interested arrange a debate between Richard Spoor and Albert Mushai
- Albert’s argument is essentially an academic argument and not a policy opinion
- In the end there is general consensus that Albert is correct but there are particular circumstances in SA which lead to the current position but going forward the outcome Albert set out is the correct desired outcome

Inseta's impact

- Inseta provided 11 Bursaries for honours students
- Resulted in 40 honours students in the next year (from about 200 applicants)
- ***Honours research reports***
- Albert's research opened the door to further research
- "Did jurists and society anticipate the theory of externalities with respect to the worker's compensation?"
- **Many other honours research reports**

Ralph Segowa



Sasria: Mushai and MacGregor (2016)

“Insurance of Politically Motivated Risks Including Terrorism: The Case of South Africa”

- Sasria liable for indemnification of KZN riots
- Article is currently being widely read and quote and the role of Sasria is being examined
- First capital injection from the state in its history



Business Interruption Insurance

- Interest round the world because of the covid pandemic
- Led to BI Claims and litigation
- FA News Apprentice topic
- MCom by research Penny Spentzouris
- A series of articles for FA News
- First of the series in the next edition

Way forward – to engender insurance research

- Wits comparative advantage - insurance technical knowledge
- Continue to set out the essential body of knowledge
 - Two books
 - Research into delivery, assessment and accreditation systems
- Continue to do research into the industry
 - Small and Medium Enterprises
 - Impact of Inseta
- Infrastructure
 - Knowledge Repository
 - Research conference
 - Collaborative research
- Human resource development
 - Bursaries for students taking honours, masters and PhD