

of its team; and the app developer is the cell owner. The cell owner develops innovative solutions that plug into the insurer's IP to create an analogue platform, which forms the base and backbone culture of the future platform business and operating models.

In future, more often than not, personal lines insurance is expected to be embedded in products and services. For instance, asset and vehicle finance increasingly offers insurance as part of the package. The advancement of telematics and real time vehicle and driver connectivity has resulted in motor manufacturers building in features that enable the supplier to gather a material amount of data on a client's behaviour and risk profile – this data is then utilised by the manufacturer to understand its clients' needs much better and to more accurately assess, and thus better price the insurance exposure.

Globally, there is a trend whereby people want access to assets without necessarily owning them and, again, cell captives are best placed to respond to the insurance requirements in this scenario. Already, in mega cities around the world, corporate parking bays are less frequently occupied by employees than they are by vehicle rental companies making cars available to employees (often as part of the employee benefit offering), as and when needed. Enter the cell captive structure, which is able to price correctly based on the unique, ring fenced risk profile, rather than the traditional pooling of risk.

Growth in the cell captive sector

Further innovation occurred in 1999 when life cell captives were introduced to allow entities such as corporates and retirement funds

to self-insure an array of employee benefits such as mortality, morbidity and health benefits. These structures allow cell owners much flexibility, taking control of promised benefits, accessing profits emerging over time to maintain/enhance benefit levels whilst channeling reductions in required contribution rates to much needed retirement funding.

In South Africa, future growth in the cell captive sector is also expected to come through the concept's ability to deliver meaningful economic transformation and incubate black-owned insurance facilities. The insurer offers the necessary infrastructure like systems, sales, administration and financial processes and reporting within a regulated framework; and the cell owner is immediately ready to distribute its products and expand the business. This while growing capacity and gaining skills.

We may not see much growth in the number of cell captive insurers going forward, but there is no doubt that market share will continue to grow as cell captives cement their position as insurance innovation hubs.



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