



SAIA - ☎ (011) 726 5381

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1 LATEST NEWS

SPECIAL GUEST ARTICLE: The year in review

By Ronnie Napier, Chairperson of the SAIA Board

I can hardly believe that a year has gone by since I wrote a guest article in the SAIA Bulletin of November 2008, after having returned to Chair the SAIA Board a month or so before. The past year has been a constant challenge, both to our members and our Association, because of the world wide economic downturn, from which South Africa has not escaped, and economic conditions have not yet returned to normal.

When I was asked to write the article this year, I felt that it would be appropriate to look at some of the successes of the past year and also to highlight the issues that are facing the SAIA for the 2010 year. The best way to do this is to review the work of the Board Committees in our identified strategic areas for the past year.

Transformation

This, I am sad to say, is the one bad news area. It is well known that the Financial Sector Charter Council has been unable to have the Charter gazetted despite the strenuous efforts of many people including our CEO, Barry Scott, who sits as a member of the Charter Council. As a result we must accept that unless a miracle occurs in the next few weeks, the Charter will be dead and the Secretariat will be closed down at the end of the first quarter of 2010. I confess to being saddened and disappointed by this development because of all the hard work that went into negotiating the Charter over several years. We also had a genuine belief in the early years of the Charter that the various stakeholders would always come together to find a solution to any problem that arose and that this would be one that would be in the best interests of the financial services industry and of South Africa. Sadly, other forces have intervened and it would appear that we must now accept the reality of the situation and that our members will have to revert to applying the Codes from now on.

Legislation and Regulation

A great deal of work has been done by the SAIA Board Committee: Legislation and Regulation this year following the promulgation of the Insurance Laws Amendment Act No. 27 of 2008. This has been to manage the process of drafting the demarcation of accident and health policies and medical scheme products and also the management of the process of binder agreements. Good progress has been made in these areas and it is now anticipated that the positions regarding binders will be clarified by the first quarter of 2010. The medical schemes demarcation may take a bit longer.

Image and Reputation

With the expected demise of the Financial Sector Charter Council, the very productive Consumer Education initiatives, which SAIA has conducted with the Financial Services Board (FSB), will now take on a different emphasis in 2010. However the Consumer Education initiatives for the last year have been highly praised by both the FSB and the Department of Education and it would appear that the short-term industry is getting its message through to Living Standard Measure (LSM) 1 to 5 people. Going forward the SAIA and our partners the FSB will be concentrating on other income groups and trying to get all consumers to have a better understanding of what the short-term insurance industry is about.

In addition, after a great deal of hard work, a new and more relevant Code of Conduct has been agreed to by the SAIA Board Committee: Image and Reputation and this will shortly be adopted by the SAIA Board and thereafter our members.

Motor

This was a new Committee at the beginning of 2009 but considerable initiatives have been promoted in the last year. SAIA has funded the establishment of an Alcohol Testing Centre in Randburg using the Drager System, which we believe will be effective in reducing the abuse of alcohol by drivers. In addition, we are busy with a major initiative to get all the stakeholders involved with road safety together, to attempt to reduce the appalling human toll which is taking place on our roads. As is well known by now, approximately forty people per day are killed on South African roads and many more maimed and seriously injured. We are working together to establish a forum of all interested stakeholders to try to do something to materially improve this situation. In addition we are working with Business Against Crime South Africa to try to re-establish border controls between us and our neighbouring countries and thereby to stop the flow of hijacked vehicles out of the country. If this can be achieved we believe the level of hijackings will be substantially reduced.

Fire Services Investigation Steering Committee

This Committee commenced its work during the course of the year because of the high level of commercial and other fires occurring in the country and consequent need from our members. This Steering Committee is operating with other stakeholders in the industry, namely the Fire Protection Association, the National Disaster Management Centre, the Fire Brigades themselves and the Institute of Fire Engineers to look at the problems. The Committee is working towards completing a report which will be discussed with the Minister of Co-operative and Local Government and other related Ministries early in the new year and will seek to suggest solutions to the present problems facing the fire services in South Africa.

South African Insurance Crime Bureau

The South African Insurance Crime Bureau (SAICB) has successfully completed its first year of operation under the leadership of Hugo van Zyl, supported by a number of our members. We have taken a strong line in fighting crime and fraud and believe that the work being done by the SAICB will assist these efforts together with the close relationship we have with Business Against Crime South Africa. In this regard we also assisted in the training of a number of detectives in the earlier part of this year and are considering extending this program.

As you can see, the year has been an extremely busy one and much work lies ahead to solve the problems which face the industry but which will indirectly have the effect of making life in South Africa better than it is now. I would like to thank all the SAIA Board members and the SAIA Committee members who have put in a tremendous effort in 2009 and ask them to continue with that effort for 2010 so that our efforts can be crowned with success.

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Special report on the results of the short-term insurance industry

For the period ended September 2009

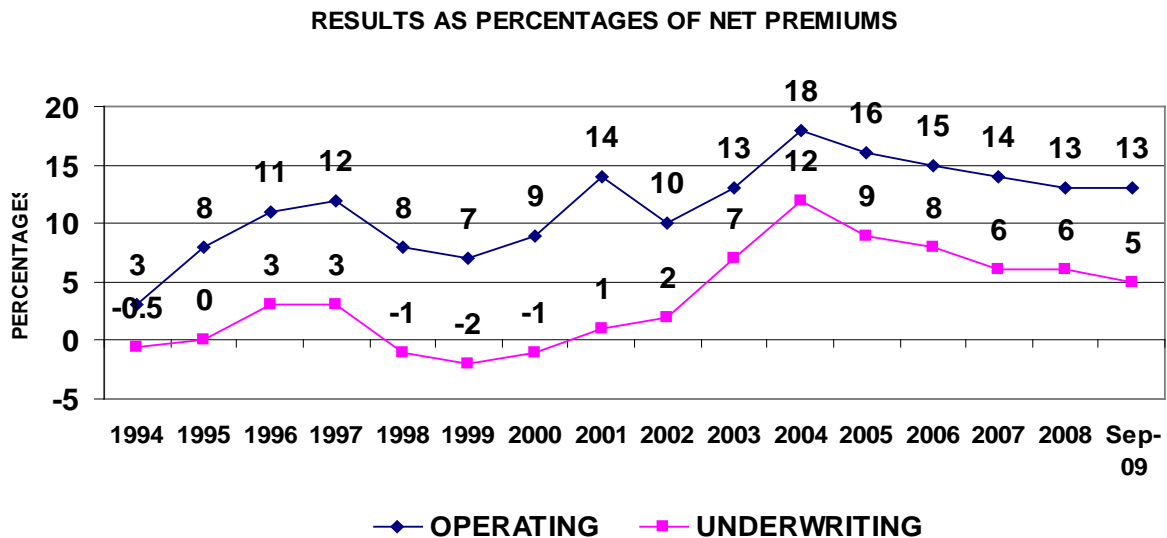
Industry results - Typical insurers (typical insurers, for the purpose of this report, are those insurers who offer most types of policies to, mostly, the general public).

The table below sets out combined statistics (net after reinsurance) for typical insurers for the calendar years 2004 to 2008 and for the first nine months of 2009 as well as comparative figures for the first nine months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	9 months ended Sept 2008	9 months ended Sept 2009
Net premiums R'm	24 211	26 828	31 093	34 351	37 556	27 843	29 791
Underwriting profit/(loss) R'm	2 932	2 542	2 482	2 169	2 327	1 636	1 499
Underwriting and investment income R'm	4 303	4 304	4 588	4 851	5 064	3 489	3 899
Claims (as % of earned premiums)	59	63	65	66	66	68	67
As % of net written premiums:							
Management expenses and commission	26	26	25	27	27	27	27
Underwriting profit/(loss)	12	9	8	6	6	6	5
Underwriting and investment income	18	16	15	14	13	13	13
Net premium increase (year to year)	22	11	16	10	9	10	7
Surplus asset ratio (median)	37	40	42	43	40	38	47

The following graph indicates how underwriting and operating (including investment income) results of the typical insurers have fluctuated over the past fifteen years and the first nine months of 2009.



Four of the twenty-five insurance companies classified as typical insurers reported an underwriting loss for the nine months ended September 2009 compared with six (of twenty-five) who reported an underwriting loss for the six months ended June 2009.

Three of the twenty-five insurance companies reported an operating loss for the nine months ended September 2009 compared with three (of twenty-five) for the six months ended June 2009.

Statutory surplus asset ratios

The following table indicates the spread of the statutory solvency percentages of the typical insurance companies.

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	September 2009
Below 15%	1	0	0	0	1	0
Between 15% and 20%	0	1	0	1	1	0
Between 20% and 25%	0	1	3	0	1	1
Between 25% and 30%	3	3	3	6	2	3
Between 30% and 40%	8	5	4	2	8	6
Between 40% and 50%	1	2	4	5	4	6
Between 50% and 100%	5	6	4	5	4	7
Above 100%	1	1	3	3	3	2

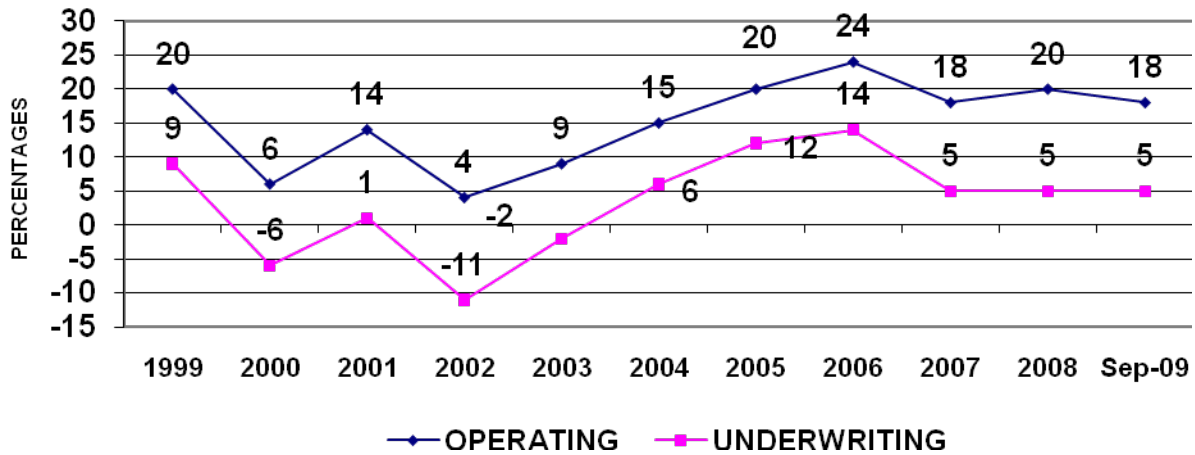
Industry results - Cell captive insurers (cell captive insurers, for the purpose of this report, are those insurers who offer insurance structures on a cell ownership basis for first party and third party cell owners).

The table below sets out combined statistics (net after reinsurance) for cell captive insurers for the calendar years 2004 to 2008 and for the first nine months of 2009 as well as comparative figures for the first nine months of 2008. The figures are unaudited.

	2004	2005	2006	2007	2008	9 months ended Sept 2008	9 months ended Sept 2009
Net premiums R'm	3 486	4 239	4 144	4 511	5 460	4 119	4 264
Underwriting profit/(loss) R'm	220	529	568	224	295	251	194
Underwriting and investment income R'm	506	857	980	810	1 079	829	789
Claims (as % of earned premiums)	56	52	52	62	67	66	64
As % of net written premiums:							
Management expenses and commission	34	28	31	33	25	26	26
Underwriting profit/(loss)	6	12	14	5	5	6	5
Underwriting and investment income	15	20	24	18	20	20	18
Surplus asset ratio (median)	46	56	59	60	56	56	55

The following graph indicates how underwriting and operating (including investment income) results of the cell captive insurers have fluctuated over the past ten years and the first six months of 2009.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Of the eleven operational cell captive insurers, two have reported an underwriting loss and two an operating loss for the nine months ended September 2009 compared with two of eleven who reported an underwriting loss and none an operating loss for the six months ended June 2009.

The following table indicates the spread of the statutory solvency percentages of the cell captive insurance companies.

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	December 2009
Below 15%	0	0	0	0	1	2
Between 15% and 20%	0	0	0	0	0	1
Between 20% and 25%	0	1	0	2	1	0
Between 25% and 30%	3	0	1	0	1	2
Between 30% and 40%	0	2	1	2	2	0
Between 40% and 50%	4	0	1	1	0	1
Between 50% and 100%	1	6	4	2	3	3
Above 100%	1	0	2	3	2	2

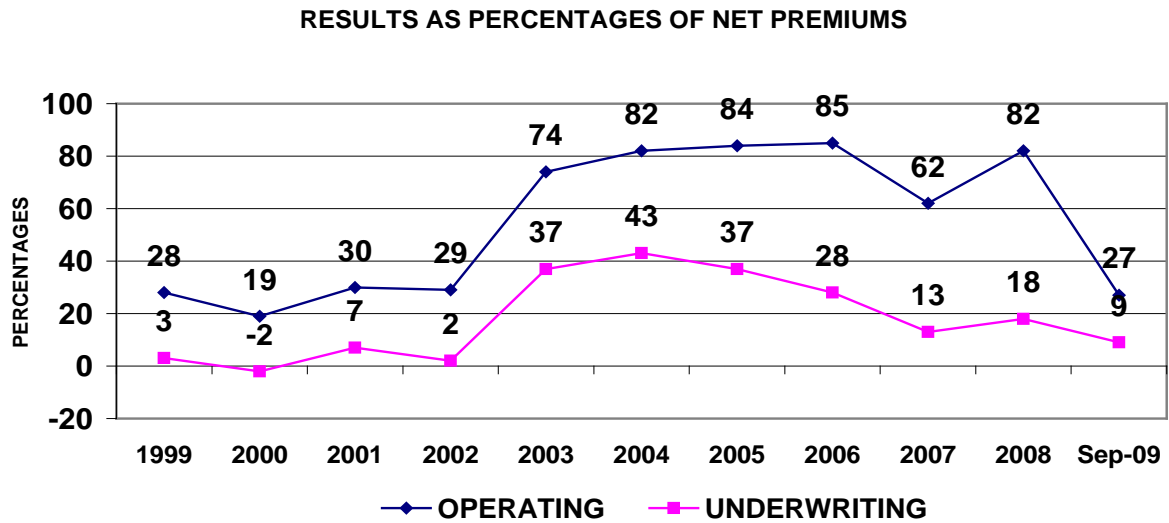
Industry results - Captive insurers (captive insurers, for the purpose of this report, are those insurers who offer cover of the risks of the owners' company or companies only).

The table below sets out combined statistics (net after reinsurance) for captive insurers for the calendar years 2004 to 2008 and for the first nine months of 2009 as well as comparative figures for the first nine months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	9 months ended Sept 2008	9 months ended Sept 2009
Net premiums R'm	214	165	144	200	185	168	512
Underwriting profit/(loss) R'm	92	61	40	26	34	(3)	44
Underwriting and investment income R'm	176	138	122	125	152	76	93
Claims (as % of earned premiums)	52	74	63	84	79	86	77
As % of net written premiums:							
Management expenses and commission	7	-11	11	2	4	12	2
Underwriting profit/(loss)	43	37	28	13	18	(2)	9
Underwriting and investment income	82	84	85	62	82	46	27
Surplus asset ratio (median)	318	329	437	435	334	352	369

The following graph indicates how underwriting and operating (including investment income) results of the captive insurers have fluctuated over the past ten years and the first six months of 2009.



Two of the ten captive insurers have reported underwriting losses and two operating losses for the nine months ended September 2009 compared with four of the ten captive insurers have reported underwriting losses and two operating losses for the six months ended June 2009.

The following table indicates the spread of the statutory solvency percentages of the captive insurance companies.

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	September 2009
Below 15%	0	0	0	0	0	0
Between 15% and 20%	0	0	0	0	0	0
Between 20% and 25%	0	0	0	0	0	0
Between 25% and 30%	0	0	0	0	0	0
Between 30% and 40%	0	0	0	0	0	0
Between 40% and 50%	0	0	0	0	0	0
Between 50% and 100%	0	1	1	0	0	1
Above 100%	12	11	9	10	11	9

Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

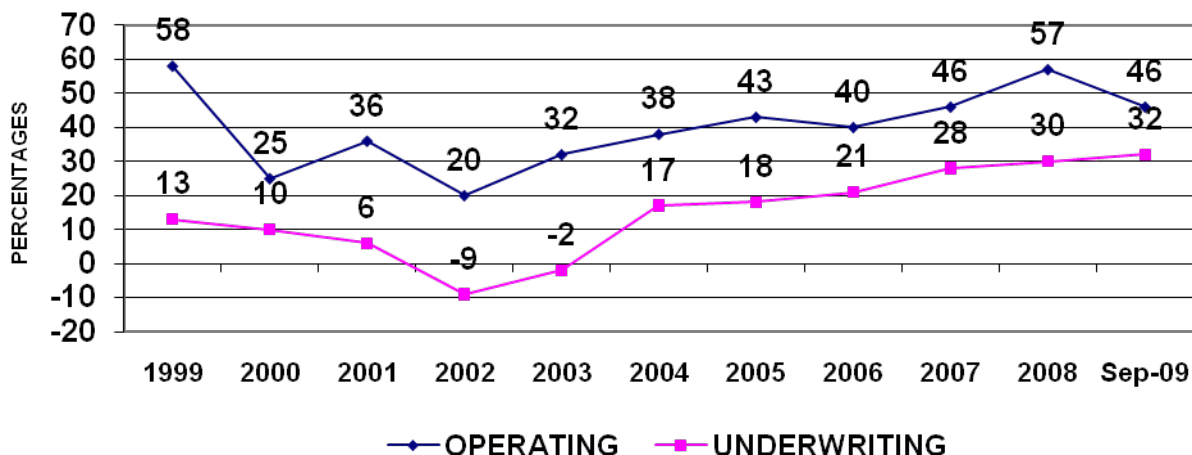
The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2004 to 2008 and for the first nine months of 2009 as well as comparative figures for the first nine months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	9 months ended Sept 2008	9 months ended Sept 2009
Net premiums R'm	2 808	2 497	3 293	3 872	4 976	3 941	4 287
Underwriting profit/(loss) R'm	477	444	699	1 078	1 514	920	1 359
Underwriting and investment income R'm	1 067	1 081	1 308	1 779	2 839	1 758	1 985
Claims (as % of earned premiums)	55	51	48	43	40	41	40
As % of net written premiums:							
Management expenses and commission	25	29	28	27	27	24	28
Underwriting profit/(loss)	17	18	21	28	30	23	32
Underwriting and investment income	38	43	40	46	57	45	46
Surplus asset ratio (median)	163	117	120	72	77	72	58

The following graph indicates how underwriting and operating (including investment income) results of the niche insurers have fluctuated over the past ten years and the first six months of 2009

RESULTS AS PERCENTAGES OF NET PREMIUMS



Fifteen of the thirty-four operational niche insurers have reported underwriting losses for the nine months ended September 2009 and eight have reported operating losses compared with eighteen of the thirty-three operational niche insurers have reported underwriting losses for the six months ended June 2009 and ten have reported operating losses.

The following table indicates the spread of the statutory solvency percentages of the niche insurance companies.

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	September 2009
Below 15%	0	1	0	0	0	4
Between 15% and 20%	1	0	1	0	1	2
Between 20% and 25%	1	0	0	1	2	2
Between 25% and 30%	0	0	0	1	0	0
Between 30% and 40%	2	0	3	2	4	4
Between 40% and 50%	2	3	3	5	4	2
Between 50% and 100%	5	9	6	10	9	8
Above 100%	17	17	19	14	13	12

Industry results – Re-insurers (re-insurers, for the purpose of this report, are those insurers who offer specialised cover, only to primary insurers).

The table below sets out combined statistics (net after reinsurance) for re-insurers for the calendar years 2007 and 2008 and for the first nine months of 2009 as well as comparative figures for the first nine months of 2008.

The figures are unaudited.

	2007	2008	9 months ended Sept 2008	9 months ended Sept 2009
Net premiums R'm	1 899	2 388	1 671	1 739
Underwriting profit/(loss) R'm	192	37	(26)	(65)
Underwriting and investment income R'm	651	492	292	231
Claims (as % of earned premiums)	58	64	68	74
As % of net written premiums:				
Management expenses and commission	30	34	35	29
Underwriting profit/(loss)	10	2	(2)	(4)
Underwriting and investment income	34	21	17	13
Surplus asset ratio (median)	146	149	146	142

Six of the eight operational re-insurers have reported underwriting losses for the nine months ended September 2009 and none have reported operating losses compared with five of the seven operational re-insurers have reported underwriting losses for the six months ended June 2009 and three have reported operating losses.

The following table indicates the spread of the statutory solvency percentages of the re-insurance companies.

	Number of insurers		
	December 2007	December 2008	September 2009
Below 15%	0	0	1
Between 15% and 20%	0	0	0
Between 20% and 25%	0	0	0
Between 25% and 30%	0	0	0
Between 30% and 40%	0	1	1
Between 40% and 50%	0	0	1
Between 50% and 100%	3	2	1
Above 100%	4	4	4

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2 LEGISLATION

A year in review: Legislation & Regulation

For the short-term insurance industry, 2009 has been a year filled with many exciting and not so exciting challenges. The SAIA Legislation and Regulation portfolio agenda has continued to grow as the Government strives to improve the state of the financial services sector in our country.

So let's review the legislation / regulation which the insurance industry was faced with this year and will continue to face in 2010.

Legislation & Regulation	Status
Insurance Laws Amendment Act (ILAA)	<p>Various projects involving compliance with the Act is underway. The SAIA, together with the Financial Services Board (FSB) and National Treasury are working on ensuring that the changes required by the Act do not have a negative impact on the way in which insurance business is conducted. Task teams comprising the SAIA, the FSB and the Association of Savings and Investment South Africa (ASISA) are working on the principles which will be considered when drafting the binder regulations. Over and above that, a project team is also working on a Data Connectivity Project aimed at creating an 'industry switch' for the industry.</p> <p>A further task team is working on the demarcation regulations of health policies and medical schemes products. National Treasury, through the assistance of a consultant, will undertake analytical review of data received from the insurance industry and the Council of Medical Schemes to determine the extent to which health policies are undermining the medical schemes environment.</p> <p>All work related to the ILAA is expected to continue into 2010.</p>
Second – Hand Goods Act 6 of 2009	<p>The SAIA made a submission to the Directorate of Police Services, requesting an exemption from the Act on the basis that the insurance industry does not 'deal in' second hand goods, but rather 'deals with' second hand goods. The outcome of the submission is awaited. Members are to note that, as the SAIA, we support the purpose of the act and therefore, as an industry, we encourage measures that will curb any potential criminal activity within our industry. Members are further requested to ensure that salvage registers are maintained and kept updated and supply chain risk management principles employed in the salvage processes to mitigate the elements of criminal activity.</p>
Protection of Personal Information Bill (PPI)	<p>It is our understanding that the promulgation of the Bill has been delayed to a future unknown date. This is due to the Portfolio Committee awaiting feedback from the Department of Justice and Constitutional Development. The SAIA have started a workgroup to discuss issues relating to the implementation of the Bill and the impact of the Bill on the insurance industry.</p>
Consumer Protection Act (CPA)	<p>While the insurance sector (long term and short-term) have been excluded from the Act, as an industry, we are still expected to comply. The FSB has appointed a consultant to undertake an alignment of the CPA with sector laws. This alignment will provide the industry with a basis of how to implement the requirements of the Act into our daily business operations.</p>

	<p>While opinions are varied as to the exact implementation date of the Act, it is advisable for members to start considering the impact of the Act on business operations. The SAIA has initiated a workgroup to discuss implementation and impact related issues with regards to the CPA. Details of and feedback from the workgroup will be published in future publications of the SAIA Bulletin and can also be obtained from the member company representatives on the workgroup.</p>
<p>Competition Act and Competition Laws Amendment Act</p>	<p>The Competition Commissioner's objectives are to ensure that small businesses do not suffer at the hands of the more established businesses. The Competition Commissioner has clearly stated that his office does not aim to discourage the development of business or to stifle innovation, but rather to encourage harmonious and equitable competitive practices while eradicating collusive behaviour among businesses. The SAIA will be approaching the FSB and National Treasury for guidance and to determine the extent to which the insurance industry is exposed to non – compliance in terms of the Competition Act. A workgroup consisting of SAIA members has been established to discuss the impact of the Act on the industry. Regular feedback will be provided in the SAIA Bulletin and through member company representation.</p>
<p>Companies Act 2008</p>	<p>Corporate Government, an element of Enterprise Risk Management Programmes, must be adapted to accommodate the Companies Act 2008 which was signed into law by the President on 9 April 2009. The new law would mean that the role and responsibility of directors, shareholders, lawyers, and so forth, in terms of reporting will have to change. King III is in draft format but will also need to be considered in light of the Act. For insurance companies entering into partnerships and transformational agreements like BEE transactions, these companies must ensure compliance with the Act.</p>
<p>AARTO Act</p>	<p>The SAIA is monitoring the development of regulations under the AARTO Act with regard to the impact of the Point-Demerit System on the insurance requirement for a 'valid driving licence' where a drivers licence has been suspended under the Act. For member companies, this would mean operational changes to systems and processes for underwriting and claims stages.</p>
<p>Policy Holder Protection Rules (PPR) -Variation to Rule 7.4</p>	<p>The variation to Rule 7.4 of the PPR provides for an extended period whereby a policyholder can lodge claims. This rule is expected to be implemented by 1 January 2010. To date, the FSB has not yet provided the industry with a clear and certain date of implementation. The matter has yet to go before the Minister before a formal communication regarding the implementation date will be released. The SAIA is monitoring the developments and have made the FSB aware of the tight timelines for implementation, should the decision to implement from 1 January 2010 still stand.</p>
<p>Financial Advisory Insurance Services (FAIS)</p>	<p>The FAIS Fit and Proper Requirements</p> <p>With the looming deadline date of 31 December 2009, individuals who will not then be able to meet the minimum Fit and Proper requirements will be faced with new challenges to as per the FAIS Fit and Proper Requirements Post 2009.</p> <p>Individuals who are currently studying towards a qualification can apply for a Part Qualification Recognition.</p>

	<p>Scenario</p> <p>Where an individual / representative, appointed in 2004 to 2007 has enrolled for a full qualification, but will not be able to complete the full qualification by 31 December 2009, this individual / representative can apply for “Part-Qualification Recognition” which means that the FSB will recognise the credits accumulated to date by 31 December 2009 provided that the full qualification is completed by 31 December 2011.</p> <p>The individual must have obtained the correct number of credits to meet the 31 December deadline. A certified statement of results indicating the subjects / modules completed must be attached to the application. Individual applications are required as each individual must sign a declaration form, therefore bulk application will not be considered. The deadline date for applications is 31 December 2009.</p> <p>The FSB has advised the SAIA that no applications for the extension to the deadline will be considered.</p>
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As the year draws to a close, the SAIA Legislation and Regulation Portfolio are gearing for another exciting year. Many of the issues above will be carried over into 2010 presenting us with the exciting challenge of implementing the rules and regulations set forth to improve our industry.

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Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, January – November 2008 and January – October 2009 issues of the Bulletin.

3 OTHER SAIA ISSUES

The SAIA Key Priority Area: Motor

In the latter part of 2008 the SAIA adopted, as one of its key strategic areas, unprecedented challenges experienced in the Motor class of business. Through a concerted effort in collaboration with member representatives, the SAIA embarked on various initiatives.

Below are some of the issues:

Formulation of SAIA Motor Strategic Document

With sustainability and affordability adopted as primary objectives for the SAIA Motor portfolio, a strategic document has been formulated which has identified all factors, at macro and micro level, which influence the industry’s motor business. A systematic thinking process will be adopted in order to enable the strategic document to show the relationship between all factors and solutions in achieving the objectives outlined therein. A key imperative for the SAIA is not how the members can grow the profitability of the respective motor books, but how all parties in the value chain can benefit.

Coalition on road safety

Road safety is one of the biggest challenges facing our country and it has been considered as an integral part of the SAIA’s Motor objectives. The continued increase in vehicle incidents was recognised as an area of concern, not only in the interest of the insurance community, but from a loss of life and a lack of co-ordinated initiatives in making South African roads safer, point of view.

A proposal for a review of the existing road safety initiatives was adopted by the SAIA, with the intention of creating a Coalition on Road Safety under the auspices of the SAIA. The process of engagement has been undertaken at various levels including Government (at National and Provincial level), Non Profit Organisations and other relevant stakeholders. The SAIA's strategic document attempts to outline the role of the SAIA on the Coalition on Road Safety.

SAIA Code of Salvage

The disposal of salvage by the insurance industry was one of the concerns during the latter part of 2008. Whilst the Code of Salvage between the SAIA and the Banking Association was not under question, the inconsistency in the application of the code was of concern as the matter also ties in with road safety, and to some extent motor vehicle crime.

During the course of 2009, the SAIA and its member representatives, in collaboration with the National Auto Mobile Association, formulated draft Technical Guidelines in line with the SAIA Code of Salvage to enable motor engineers to operate within defined parameters when coding salvage vehicles. This process forms a part of the broader initiative towards addressing road safety issues. It is anticipated that the final document will be presented in the first quarter of 2010 following consultation with all the relevant stakeholders.

☞ **Further information : Refilwe Moletsane**
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Environmental issues

The need for the insurance industry to become involved in the debate around sustainability including environmental issues, is becoming increasingly clear.

The SAIA attended the Unep FI (United Nations Environment Programme Finance Initiative) Global Roundtable that took place in Cape Town from 21 October to 23 October, during which the UNEP FI report on 'The global state of sustainable insurance – Understanding and integrating ESG factors in insurance' was launched.

At the subsequent Business Workshop on Climate Change, a joint BUSA and National Business Initiative (NBI), held in Johannesburg on 9 November 2009, the imperative to adopt a proactive rather than a reactive stance on engaging on climate change issues was again brought home quite sharply.

The SAIA also presented the insurance industry's perspective on Climate Change and its impact on South Africa at the joint Parliamentary Public Hearing on this important topic on 17 November 2009.

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New SAIA Code of Conduct approved by SAIA Board

The SAIA Board approved a new SAIA Code of Conduct at its meeting of 18 November 2009. This Code is the result of the intensive work of the SAIA Code of Conduct Task Team.

The new SAIA Code of Conduct will be reviewed after an initial period of 1 year to address any potential problems. Should any serious problems arise before the first review, these will be considered by the SAIA Board and the Code will be amended if necessary.

The new SAIA Code of Conduct will be launched to members in February 2010, after which it will become effective. The member launch will be followed by a public launch.

A presentation on the new Code will be arranged for interested members (should there be enough interest) before launching the Code to members.

For further information, contact Viviene Pearson at the SAIA on 011 726 5381 or viviene@saia.co.za.

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2009 SAIA Committee Lunch

The SAIA Committee Lunch 2009 took place at the Randpark Golf Club on 13 November 2009. The aim of this special occasion is to officially thank SAIA member companies and their representatives for their invaluable contributions towards helping SAIA achieve its goals and to recognize and reward extraordinary achievements.

The following awards were distributed:

- SAIA Committee Person of the Year - Mpume Dudula (Santam)
- SAIA Chair Person of the Year - Steve Smith (Credit Guarantee)
- Special Recognition Award - Herman Schoeman (Guardrisk)

We congratulate and thank each of these very special achievers for their ongoing hard work, passion and energy.

In addition, the following individuals, committees, workgroups and task teams received special acknowledgement.

- Individuals: Ronnie Napier, Gail Walters, Michael McCann and the usual hardworking individuals in the Legal & Compliance Committee, including Roy Stephen.
- Committees, Workgroups and Task Teams: The Commercial Technical Committee, The Technical Salvage Committee, The Consumer Education Committee, The Compulsory Third Party Motor Property Insurance Committee, The Appeal Mechanism Workgroup, The Protection of Personal Information Workgroup and the Code of Conduct Task Team.

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4 GUEST ARTICLES

TransUnion: Educate your employees financially and see the impact on your bottom line

By Chris van Rensburg, Executive, TransUnion Interactive

As the grip of the credit crunch continues to tighten purse strings world-wide, more and more consumers are experiencing financial stress. This is particularly true for those consumers who engaged in routinely poor credit management practices in the past – e.g. paying late, skipping payments or exceeding credit card limits. The impact of this type of behaviour is amplified in today's economy where escalating debt and unfavourable credit ratings make accessing loans and credit an elusive prospect.

Poor financial behaviour can impact negatively on family life and affect the ability to obtain credit for essential goods and services. What one doesn't often realise is that financial stress experienced by employees can also manifest itself in a multitude of ways in the workplace - all of which take the employee's mind and body away from work and ultimately could jeopardise their job - the primary source of their income.

Often, financial troubles follow employees to work, posing a substantial financial and operational risk to the business and its brand. While employers are not responsible for employees' financial behaviour, businesses do end up paying in other ways for their employees' indebtedness. Higher rates of absenteeism, reduced productivity, lowered morale and the loss of customers who seek better service are just a few examples of how an employee's financial troubles might affect a company's bottom line. In severe instances studies have shown, a company can see an increase in theft, aggression and termination of employment due to employees being overwhelmed by their financial situation.

In a recent case study conducted by TransUnion, 5200 anonymous employees across 12 divisions of an organisation were sampled to measure employees' level of financial stress and vulnerability. The credit histories of these individuals were compared with that of the South African credit active consumer. The results showed that close to one-third of the company's employees were experiencing some level of financial distress compared to the South African population.

To measure this impact on the bottom line, the study took those same employees and calculated the amount of work hours spent managing personal financial matters as time lost to the company, estimating that more than R4 500 000 is potentially lost each month due to employee financial anxiety.

Interface, a leading employee financial wellness solutions provider in South Africa, has seen an increase in employees seeking face-to-face appointments to discuss their personal finance concerns, such as managing budgets and understanding credit reports. "People are worried about losing their jobs due to the recession. They also realise that their performance is deteriorating because they can't get a handle on their finances. However, the good news is that there has been a marked increase in HR departments looking for life skills training for their workforce. More companies need to start following this trend," comments Valerie Leeming, Executive Director of Interface.

Employers can invest in tools to measure and monitor employee financial stress and this, combined with customised training interventions, could have a dramatic impact on the company's bottom line. Allocating funds for support programmes as opposed to losing time and profits through decreased productivity is one way that companies can reaffirm their commitment to employee wellbeing and the continued growth of the business. When companies take the steps to empower their staff with the tools to create healthy finances, individual productivity and focus increases because of the feeling of being valued and prioritised. "You cannot force someone to take control of their finances - the same way you cannot force someone to seek help for an addiction - but individuals are more likely to tackle the problem when provided with the resources, than without them," remarked Leeming.

Recent infrastructure and capacity investments are enabling TransUnion to implement a drive towards greater consumer and employee focus through Employee Assistance Programmes (EAPs). These programmes concentrate on financial health, work to educate the public about smart financial choices and demystify credit myths to encourage positive financial behaviour. TransUnion has adopted this innovative approach as a solution to minimising financial stress.

TransUnion works in partnership with Interface to execute another corporate EAP focused on creating awareness of ones credit report and understanding the information it contains.

The views expressed in this article are those of the author and do not necessarily express the views of SAIA

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INSETA: Appointment of a new Chief Executive Officer

Statement by the Chairperson of INSETA, Ivan Mzimela, to all stakeholders

The Council of INSETA is pleased to advise that Ms. Sandra Dunn has been appointed as the new Chief Executive Officer of INSETA and has taken up her role with effect from 1 November 2009. Sandra is no stranger to the SETA environment and brings with her a wealth of knowledge and expertise gained from some twenty years experience in the financial services sector and the banking sector. Sandra previously worked as the Deputy Chief Executive Officer of BANKSETA. We wish Sandra every success in her new role and look forward to working with her.

We would also like to take this opportunity to thank Sharon Snell, Chief Operations Officer who stepped into the Acting CEO role and the staff of INSETA for their continued dedication and hard work.

From the office of the new CEO, Sandra Dunn

"I wish to thank you for your confidence in appointing me as CEO of INSETA.

I have spent the past weeks settling in and engaging with the INSETA staff at all levels of the organisation to gain an appreciation for the team that I will be working with. I have been impressed with the level of enthusiasm, commitment and professionalism of the staff and have gained valuable insights into their potential. I am confident that we have a team that, with clear direction and focused development, will enable INSETA to be the innovative and responsive learning and development partner that is required by the sector and its stakeholders.

In addition, I have met with stakeholders in the sector to introduce myself, to explore views on the seta landscape in general and to gain more specific insight into what is expected of the INSETA. These views will be valuable inputs at the INSETA Strategic Conference on 30 November 2009.

With effect from 1 November 2009, Seta's were moved from the Department of Labour to the new Ministry of Higher Education and Training.

At a meeting on 3 November 2009, the Minister Blade Nzimande and Director General (DG) Mary Metcalfe of Higher Education and Training and Seta's, the Minister announced his intention to extend the Seta licenses and the National Skills Development Strategy II for a further year to 31 March 2011.

It is envisaged that the extension notices will be gazetted by the Minister on or before 15 December 2009.

I look forward to collaborating with our many stakeholders to make INSETA an organisation that we can all be proud to be associated with," says Ms Dunn.

Seta licenses extended for a further year to 2011

A recent media statement issued by the Department of Higher Education and Training stated that the Department assumed responsibility for the skills development and training sector in government from 1 November 2009. The information below was extracted from the media statement:

Despite gains made to date in the area of skills development and training, the Ministry of Higher Education and Training must address a number of challenges which have limited the effectiveness of the policy intentions.

The relocation of the skills development subsystem into the Ministry of Higher Education and Training provides an opportunity to reconceptualise strategies for skills development within the

larger unified higher education and training system with positive potential impacts on the post school education and training system.

"I wish to also announce that after consultation with the National Skills Authority, I will be gazetting the extension of the national skills development strategy two and current SETA licence by one year, from March 2010 to March 2011. I have informed all the Chairpersons of the Board of SETAs as well as their CEOs of this decision.

We are working to ensure the smooth incorporation of the skills development and training component and look forward to building a strong, focused team in the department with an overall goal of creating synergy between formal education and workplace training. The move is set to overhaul the education and training landscape in South Africa and we invite the private sector, organized labour and civil society to actively participate and join the skills revolution in our country," said Minister Blade Nzimande.

The views expressed in this article are those of the author and do not necessarily express the views of SAIA

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5 PRESS CLIPPINGS

Publication	DN	Subject
FAnews October 2009	# 76034	Health Insurance: Demarcation meets <u>National Health Insurance (NHI)</u>
Enterprise Risk October 2009	# 76142 # 76146 # 76147	<u>SASRIA</u> : SA's only special risks insurer celebrates 30 years Etana Insurance: <u>Marine insurance</u> in the global spotlight Legal & Compliance: <u>Cell-captives</u>
Sowetan 1/10/2009	# 75447	<u>New Alcohol Testing Centre</u> : Drunk drivers beware
Financial Mail 2/10/09	# 75539	<u>National Health Insurance (NHI)</u> : Will draft be good for health?
The Star 3/10/09	# 75521	New <u>Alcohol Testing Centre</u> opened in Randburg
The Star 5/10/09	# 75535	Nzimande punts planned <u>National Health Insurance (NHI)</u> scheme
Business Day 7/10/09	# 75627	<u>Protection of Personal Information Bill</u> : New bill set to protect personal information
FAnews 7/10/09	# 75745	The future of the South African <u>insurance industry</u>
Citizen 8/10/09	# 75722	<u>Protection of Personal Information Bill</u> : Bill will protect your personal info
Business Report 8/10/09	# 75723	<u>Commission</u> : Insurers hire more in-house sales agents
FinWeek 8/10/09	# 75624	<u>Santam Agricultural</u> : Risks efficiently managed
FAnews 8/10/09	# 75845	<u>Consumer Education</u> : South Africa's financial literacy challenge
Business Day 9/10/09	# 75724	<u>Accounting Standards</u> : Companies 'will be pushed' to disclose tax strategies
Northcliff Times Auto Review 9/10/09	# 75626	<u>Alcohol Testing Centre in Gauteng</u> : Drink-driving cup runneth over
FAnews 9/10/09	# 76319	<u>Consumer Credit Insurance Enquiry</u> : On part-time insurance salesman and 'automatic' policies

FAnews 13/10/09	# 75843	Motor Insurance: Why insurance premiums increase even as vehicle values decrease
Business Day 13/10/09	# 75752 # 75753 # 75754 # 75755 # 75756 # 75763	Insight Risk Management <ul style="list-style-type: none"> • King 3 Report: Two faces of company risk • Guardrisk: Creative self-insurance must involve other stakeholders • Risk management: Devising exposure strategies • Liability pressure: Seeing the big picture • Compliance: Framework provides a blueprint for compliance practice • Regulatory Laws: Vital to keep pace with new regulation
Sake Beeld 14/10/09	# 75784	Finansiele tussengangers (FIA) sluit hom by Busa aan
Business Report 14/10/09	# 75782	Crime: Small businesses fail to insure against crime despite clear threat to survival
Sake Beeld 15/10/09	# 75829 # 75830 # 75831	Fokus op korttermynversekering: <ul style="list-style-type: none"> • Sit op sy vir n bybetaling • Kies die regte versekering vir jou unieke behoeftes • Wees reg vir kragonderbrekings
Star 15/10/09	# 75833 # 75835	National Transport Month: <ul style="list-style-type: none"> • Call to action for road safety • National Transport Month: Focusing on the road-safety of children
Business Day 15/10/09	# 75837	Old Mutual makes fresh Mutual & Federal (M&F) bid
Business Report 15/10/09	# 75838	Old Mutual looks forward to fuller union with Mutual & Federal (M&F)
Business Day 16/10/09	# 75863	Protection of Personal Information Bill: Promotion of Access to Information Act: Protected Disclosures Act: Marketing and your right to privacy
Business Report 20/10/09	# 75924	Old Mutual 's bid for Mutual & Federal (M&F) may not fly
Business Day 20/10/09	# 75923	Accounting Standards: Changes loom for takeovers
Sabinet Law 21/10/09	# 76190	Stakeholders Seek Long Term implementation Timeframe for Personal Information Bill
ITWeb 22/10/09	# 76013	Protection of Personal Information Bill: More time needed for privacy Bill
Business Day 22/10/09	# 75952	Financial Sector Charter (FSC) 'close to death'
Business Day 22/10/09	# 75953	National Health Insurance (NHI): Poll favours state health insurance, if quality guaranteed
Sowetan 22/10/09	# 75954	Financial Sector Charter (FSC): High targets stall Banking Charter
ITWeb 22/10/09	# 76191	Protection of Personal Information Bill: Business wants more time for Privacy Bill
FAnews 28/10/09	# 76070	Consumer Education: Millions spent on financial literacy and generic insurance education

☞ Further information on all of the above-mentioned press clippings : Sonja Etsebeth
 ✉ sonja@saia.co.za

6 RADIO, TELEVISION ONLINE AND OTHER COVERAGE

RSG (Afrikaans)

Monitor

6 Nov 2009, 06:13:47

According to the South African Insurance Crime Bureau there has been an increase in the organised crime in the insurance industry. Yesterday, the organisation celebrated its first anniversary. Members of the Bureau are Santam, Mutual and Federal, Zurich, Hollard, Standard Insurance, OUTsurance, Mutual & Federal, Lion of Africa, ABSA, Regent, Standard Insurance, Telesure and My Way.

(Int:) Perumal Naidoo - Police

(Int:) Graham Wright - Chief Executive: Business Against Crime South Africa

(Int:) Hugo van Zyl - Operations Manager: South African Insurance Crime Bureau

Mention: Datadot, eNaTIS, SAIA, SARS

Highveld Stereo 94.7 (English)

Sports News

13 Nov 2009, 07:31:20

Eyewitness news is brought to you by Alexander Forbes motor and household insurance.

Ukhozi FM (Zulu)

Ezempundo (Education)

24 Nov 2009, 21:37:41

Discussion on what short-term insurance is all about.

(Int:) Mduduzi Luthuli - Old Mutual

Talk Radio 702 (English)

The John Robbie Show

25 Nov 2009, 06:57:27

A live read on getting reduced payouts from Alexander Forbes Motor and Household Insurance

 **Further information on the above-mentioned coverage : Sonja Etsebeth**

 **sonja@saia.co.za**

7 CIRCULARS

The following circulars were issued during the month of October 2009: (Number of circular, title, date issued and contact person)

SAIA

SG 2009/054 Regulation 4, Section 45 of the Short -term Insurance (Act 53 of 1998) Register of the status of credit intermediaries (1/10/09)

Contact: Naomi Engelbrecht

SG 2009/055 An invitation to participate in the SAIA Financial Education Fund (FEF) Consumer Education Project (2/10/09)

Contact: Vivienne Pearson

SG 2009/056 Request to participate in a short-term educational survey to be published in Finweek on 26 November 2009 (14/10/09)

Contact: Vivienne Pearson

SG 2009/057 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the status of credit intermediaries (30/10/09)

Contact: Princess Mlambo

AMUSA

AM 2009/055 Casualty report: "NORTHERN RELIANCE" (10/10/09)

Contact: Elsebe Vetten

AM 2009/056 Piracy advice: "KOTA WAJAR" (16/10/09)

Contact: Elsebe Vetten

AM 2009/057 Piracy advice: "AL KHALIQ" (27/10/09)

Contact: Elsebe Vetten

AM 2009/058 Re: "ANNABELLE SCHULTE" (27/10/09)

Contact: Elsebe Vetten

IGF

IG 2009/005 IGF Reinsurance Quota Share for 2010 (7/10/09)

Contact: Princess Mlambo

IG 2009/006 IGF Premium & Expense Bordereau 4th Quarter (13/10/09)

Contact: Tilly Welgemoed

SAIA MD (Managing Directors)

MD 2009/014 The Annual SAIA Board/ FSB/ National Treasury Lunch (20/10/09)

Contact: Vivienne Pearson

☞ **Further information on all of the above-mentioned circulars : Sonja Etsebeth**
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IMPORTANT NOTICE

Should you know someone who might be interested to receive the SAIA Bulletin, and other interesting short-term insurance related SAIA communication, let them contact Adèle Joubert at SAIA to become a SAIA communiqué member.

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