



SAIA – ☎ (011) 726 5381

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1 LATEST NEWS

Insurance Crime Bureau (ICB)

After a long process of investigation, the SAIA on behalf of the SAIA Fraud Committee and Fraud Task Team is recommending that an Insurance Crime Bureau (ICB) be established for the industry.

The ICB will not replace existing investigative units in member companies. The ICB investigative unit will become involved only when:

- More than one company is involved. In such cases, they will co-opt investigators from the relevant companies as well.
- Serial offenders are identified.
- The involvement of organised crime is identified.

The investigative units of individual companies will remain in place to investigate member specific fraud and crime.

The services to be offered by the ICB to members include:

- Sending out alerts when patterns are identified within a specific company, for investigation by that company.
- Identifying patterns across companies, and the industry, and investigating these with the involvement of relevant member companies.
- Identifying, and communicating, modus operandi to members.
- Communicating with the authorities and other relevant role players in order to facilitate investigations across industry.
- Creating public awareness about insurance fraud and crime.
- Managing the industry Fraudline.
- Hiring out its investigators to companies that do not have investigative units.

The technology to be used is the key to the success of the ICB. The technology partner selected after a vigorous process of inviting and receiving proposals, is Memex.

The business case was presented to the bigger role players in the industry through an ICB Road Show in January and several more members will be visited before the next SAIA Board meeting on 19 February 2008.

To date, the SAIA has received the verbal or written expression of intent to participate in the ICB from 6 members, including most of the major insurers. More members are expected to come on board before the SAIA Board meeting.

An MD Circular was sent to all member companies on 24 January 2008 to invite them to participate in this initiative. The concept will finally be presented to the SAIA Board on 19 February 2008.

☎ **Further information : Barry Scott**
✉ **barry@saia.co.za**

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2 FINANCIAL SECTOR CHARTER

The Financial Sector Charter (FSC) - 2007 reporting

The year 2007 has come and gone and there is still no clarity on what is going to form the basis of reporting and monitoring transformation in the sector going forward, a revised Charter or the Codes? If there is no announcement or some kind of intervention in the next few weeks, then it is

almost certain that the sector will be governed by the Codes. However, we have not yet lost hope of having a gazetted charter some time later in the year.

Despite the uncertainty, the sector's performance for 2007 still has to be measured. The DTI has confirmed that the sector should base its reporting on the FSC for 2007.

As in the previous years, the SAIA is organising a series of workshops that will assist its members with reporting for 2007. Depending on the Charter Council Board Meeting taking place on 7 February 2008, the following dates are proposed:

- Johannesburg: 13 and 18 February 2008 at the Johannesburg Country Club (Auckland Park)
- Durban : 11 February 2008
- Cape Town : 22 February 2008

Please note that there are two sessions for Johannesburg due to the anticipated number of interested parties. However, the second date for Johannesburg will be cancelled if the response is not as positive as we are currently anticipating.

The workshops are free for all SAIA members. The fees for non-SAIA members and other SAIA delegates are as follows:

Communiqué subscribers: R1 000

Other delegates: R 2 000.00

Could you kindly indicate whether or not you will be attending, how many people from your company will be attending and which is your preferred venue by Friday, 1 February 2008 at 14:00.

☎ **Further information : Thabo Tlaba-Mokoena**
✉ thabo@saia.co.za

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Previous reference: Articles on FSC has featured in the June – November 2006 and March – November 2007 issues of the Bulletin.

3 LEGISLATION

Consumer Protection Bill

The third draft of the Consumer Protection Bill was at table at and authorized by the Cabinet on 5 December 2007.

The Bill is currently being considered by State Law Advisors for certification.

It is anticipated that the third draft will be published in February/March/April 2008. Once the Bill has been published the industry will glean whether or not it has been exempted from the application of the Bill.

☎ **Further information : Oupa Skosana**
✉ oupa@saia.co.za

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

Insurers' Synoptic Reports

Following our previous article regarding the finalization of the explanatory and guidance notes by the Regulator, the SAIA can confirm that to date it has not received any reply from the Regulator whether or not the guidelines have been finalised.

✉ **Further information : Oupa Skosana**
✉ oupa@saia.co.za

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

4 OTHER SAIA ISSUES

SAIA consumer education booklet and pamphlets

The SAIA Consumer Education Committee was instrumental in compiling the latest SAIA consumer education booklet and pamphlets to educate existing policy holders and members of the public about the short-term insurance industry and in specific give relevant and useful tips on short-term insurance.

This consumer education initiative is the result of a dedicated SAIA Consumer Education Committee, who drafted the material and gave it to Denis Beckett to re-write in a consumer friendly manner.

Examples of these new user-friendly documents are being sent to all the SAIA member companies. We have a limited number available, but wish to distribute this to as many policy holders as possible. Please let me know if you need more to distribute through existing channels as we might be able to provide each member company with about 200 or more of each of the pamphlets and the booklet free of charge. However, should you want to order a large amount for your own account, I will facilitate the process or put you in contact with the printers directly.

We want to take this opportunity to give a special thanks to TransUnion, who co-sponsored this initiative.

✉ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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Image and Reputation: Crime Project

The SAIA Image and Reputation Board Committee approved a R500 000 sponsorship for a detective training project in Gauteng, using Proudly Insurance funds in 2007.

The project commenced on 3 December 2007, with two courses finalised in December. The 2008 courses have started. The project includes a total of 20 courses training 500 detectives. This is a joint SAIA / Gauteng Provincial Police / Business Against Crime project.

A joint continued awareness campaign has been agreed upon with the Police and Business Against Crime. A media conference was held on 5 December 2007 and media coverage, both print and electronic, followed at the end of 2007.

Media releases will be distributed to the media regularly. A graduation ceremony for all 500 detectives trained is being planned to which several high level guests as well as the media will be invited.

For more information, please contact Adèle Joubert, SAIA Public Relations Officer, at 011 726 5381 or Lorinda Nel at Business Against Crime at 011 883 0717.

☎ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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Image and Reputation Board Committee

The SAIA Image and Reputation Board Committee met on 25 January 2008. The committee discussed various issues relating to the image and reputation focus area of the SAIA, including the Crime Project as well as the Insurance Crime Bureau. This committee also discussed elements of a future image and reputation strategy for the industry.

☎ **Further information : Barry Scott**
✉ barry@saia.co.za

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SAIA VACANCY: Stakeholder Relationship Manager

The South African Insurance Association (SAIA) invites applications for the position of SAIA Stakeholder Relationship Manager. The SAIA Stakeholder Relationship Manager reports to the SAIA Chief Executive.

The SAIA Stakeholder Relationship Manager is responsible for the image and reputation campaign of the South African Insurance Association (SAIA) representing the short-term insurance industry at strategic and operational level.

Image and reputation has been identified as one of the three main focus areas to be addressed by the SAIA by its Board, together with transformation and legislation and regulation.

The duties of the incumbent of this position include:

- Drafting, managing and implementing the image and reputation strategy according to the guidelines set by the SAIA Board, SAIA Image and Reputation Board Committee, and the SAIA CE.
- Managing and implementing the projects related to this strategy.
- Drafting, managing and implementing a stakeholder relationship strategy.
- Managing and implementing the public relations campaign (external communication).
- Managing and implementing the internal communications strategy of the SAIA.
- Acting as facilitator for the following SAIA committees:
 - SAIA Image and Reputation Board Committee
 - SAIA Consumer Education Committee
 - SAIA Fraud Committee
- Facilitating identified issues for the industry.
- Representing the SAIA and the industry on various relevant outside committees.

The requirements for this position include:

- A degree in communications, or any other relevant field.
- Insurance industry knowledge.
- Excellent communication skills.
- Excellent writing and media skills.
- Management skills.
- Experience in the insurance industry and related fields, as well as in the communications/media field.

CVs should be sent as soon as possible, but no later than 15 February 2008, to Barry Scott at barry@saia.co.za.

SAIA Communiqué membership Q&A

Why Communiqué?

The Association received an increased number of enquiries from other industry stakeholders and non-member companies, a growing interest in the SAIA publications and continued requests for inclusion onto SAIA distribution lists for information, advice and assistance over the past few years. This has reinforced the need for a product to allow the Association to extend its range of services to non-members within the financial services industry.

Promising to add value to all new subscribers the 'SAIA Communiqué' will ensure access to all the Association's activities and up to date information on industry matters.

Who does this product cater for?

- Brokers
- Underwriting managers
- Lawyers
- Accountants and consultants
- Interested individuals / professionals in the financial services industry

Who does it not cater for?

- Industry regulators
- Media
- Not-for profit industry associations or organisations with which the SAIA conducts joint initiatives to the betterment of the short-term insurance industry (e.g. the LOA, the Banking Council, SAFSIA, IBC etc.)

What does it offer?

Members of the Communiqué have access to SAIA communication, including the following publications:

- Bulletins
- Synopsis (when available)
- Annual reviews
- Circulars of your choice
- Media releases "Hot off the press"
- Invitations to SAIA workshops/seminars at reduced fees

Industry associations and bodies will receive the SAIA publications at no cost, provided they do not distribute these publications to their members. Copyright exists on all SAIA documentation distributed, and is included on all materials produced.

The SAIA members receive the above as part of their membership. Bulletin's and media releases are also distributed to the media and other industry bodies free of charge. Communiqué membership therefore is for stakeholders other than the above.

Communiqué members are also able to access certain documents by logging onto the website (www.saia.co.za) and using their user id and password which will be sent to them after registration.

What does it cost?

2008 subscription is R5 850.00 (excluding VAT). This applies for organisation and/or individual membership. New members joining later in a year will qualify for discounted rates:

- 1st quarter (Subscription during Jan – March) : R5 850
- 2nd quarter (Subscription during April – June) : R4 400
- 3rd quarter (Subscription during July – Sep) : R2 950
- 4th quarter (Subscription during Oct – Dec) : R1 460

The above prices exclude VAT.

How do I subscribe?

Download and complete the renewal / subscription form on the SAIA website and attach it to a confirmation email to adele@saia.co.za before 14 February.

You are welcome to send the SAIA Communiqué renewal / subscription form to anybody that you think might be interested to become a SAIA Communiqué member.

☞ **Further information : Adèle Joubert**
Tel: 011 726 5381
✉ adele@saia.co.za

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Fraudline representative

Please send the correct details of your Fraudline representative for 2008 to adele@saia.co.za.

☞ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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The impact of new regulations

We refer to an interesting article by Dario Focarelli and Carlo Savino, in The Geneva Association *PROGRES*, No 43 of June 2006, where the perceived impact of the new regulations on the business environment of insurers is analysed by way of a survey.

This article is interesting in that there may be more than a few points of correlation with the results of essentially similar efforts in our own jurisdiction.

Reference to a well managed industry with low costs, stability and consumer protection are the stated objectives – the individual companies themselves making the considerable effort in costs and time to comply.

The questionnaire touched on the following areas of regulation:

- Adoption of new accounting principles IAS /IFRS
- Solvency 2
- Transparency requirements
- Internal controls
- Privacy
- Class action

In summary the main sample results were as follows:

- All respondents regarded the current regulatory burden as being heavy, believing that the burden would increase in the next few years.
- The cost of compliance is estimated at 4% of overhead expenses.
- The majority of companies feel that regulation is a spur to innovation.
- The relationship between costs sustained and expected benefits, though positive, is not statistically significant. Those sustaining higher costs do not necessarily consider that they are receiving greater benefits.
- Life companies and group parent companies sustain the highest costs for regulatory compliance.
- The highest regulatory costs are due to Transparency Rules, followed by IAS/IFRS, the new Corporate Governance rules and the Solvency 2 project. The majority of companies believe that each of these regulations will spur innovation.
- In the medium term the organisational impact of new rules on internal controls will be greater than that of class actions or privacy rules.

Other findings:

- The industry expects a substantial increase in compliance costs over the next two years.
- Two thirds of respondents considered the regulations were sufficiently effective with respect to their objectives.
- The majority of companies responded that although the resources necessary for compliance were substantial, there was an opportunity for innovation.

The above results may point to more than a few interesting implications for our own industry going forward.

 **Further information : Charles Hitchcock**
 charles@saia.co.za

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International Financial Reporting Standard 4, Phase II

The SAIA Finance Committee late last year held a meeting at which the discussion paper on IFRS 4, Phase II was debated.

The Committee agreed that all SAIA members should familiarise themselves fully with the contents of the discussion paper as there are far reaching consequences proposed therein.

The use of the Exit Valuation Model for valuing a short term insurer's liabilities was questioned in the light of historical practice and the new proposed treatment where each insurance policy would be regarded as a financial instrument that has a market price.

A single provision is raised for the expected outcome of the insurance contract at time of sale that could result in either a loss or a profit being recognised at inception. This estimate would only be revised should the overall portfolio of risk to which this contract belongs reflect experience that suggests a revision is needed.

The same basis of accounting for insurance would be used in both life and non-life companies.

Investment aspects of all insurance contracts would be unbundled as required by IAS 39 and this could potentially affect ART contracts.

There are many issues relating to the way we do business, record transactions and report the results of operations that may well change fundamentally should the proposals be accepted.

To date there has been seemingly very little attention paid to the above Reporting Standard. SAIA urges members to study the Discussion document, to debate and comment thereon.

Previous reference: Articles on Financial Condition Reporting have featured in the May 2004, January – April 2005, July 2005, August 2005, November 2005, December 2005, January 2006, April – December 2006, and January – November 2007 issues of the Bulletin.

INSETA helps financial services industry to compliance

The SAIA has received the following media release from INSETA

In November 2007, a total of 550 brokers and financial advisors completed vital assessments for their licenses in compliance with the Financial Advisory and Intermediary Services Act (FAIS) Fit and Proper requirement.

This is according to the Insurance Sector Education and Training Authority (INSETA), which in conjunction with its appointed provider, Imfundo, conducted a national assessment on 17 November 2007 to assist brokers and financial advisors in all categories to attain the credits they need to qualify for licences.

According to Mike Abel, CEO of INSETA, the assessments were designed to provide a fast and user-friendly way for financial practitioners to comply with what is often perceived to be intimidating legal requirements, without compromising on quality standards.

“INSETA is once again playing a leading and significant role in supporting the insurance sector through this critical support project enabling these professionals who qualify to remain in practice,” he said.

In terms of the FAIS Act, existing brokers/financial advisors (or new entrants into the sector after 2004) in South Africa were required to achieve their outstanding or remaining credits by 31 December 2008.

Prior to the November assessment, there were approximately 20 000 brokers and financial advisors (estimated by the Financial Services Board (FSB)) who needed to complete either 30 or 60 credits. Those who entered the insurance industry in 2004 have until the 31st December 2008 to qualify and those who entered the industry after that date have until the 31st December 2009.

To help smooth the path for these individuals, INSETA developed an assessment that consists of a basic multiple choice answer sheet based on case studies relating to situations that brokers encounter in the daily exaction of their tasks. Curricula and answer sheets were made available to candidates to assist with preparation.

INSETA also set up a dedicated FAIS project office and support was available through the help desk at INSETA's Call Centre to make the process as trouble-free as possible.

Of the 550 that wrote INSETA assessments, the average pass marks were as follows:

- Category A: Long Term
32 people wrote, 74% overall average
- Category B1: Personal Lines
172 people wrote, 66% overall average
- Category B2: Commercial lines
226 people wrote, 77% overall average
- Category C: Long Term
120 people wrote, 60% overall average

Arnold van der Linde, President of the Board of Directors of the Financial Intermediaries Association of Southern Africa (FIA) said that the FIA congratulates INSETA, Mike Abel and his team on the initiative, which allows thousands of brokers and advisors to prove their level of knowledge easily and effectively. "This brilliant way of speeding up the process ensures that only those that have the knowledge can without hassle prove their credits and carry on with providing service to consumers," he said.

Jose Antao of Luso Africa Insurance Brokers – one of the brokers who took part in the November assessments – agrees. "It is undoubtedly a fantastic way for those of us with a good number of years of experience, and those that have reached a certain age, to obtain the credits that they are worthy of, without having to spend hours, days and weeks completing projects, and only to obtain the same amount of credits or less," he said.

Other industry voices have also praised INSETA for its role in setting up and funding the assessments. John Arnesen, CEO of the Financial Planning Institute of Southern Africa (FPI) said that the initiative is good for the financial sector and that it also opens the door to those intermediaries who want to belong to the professional bodies such as the Financial Planning Institute of Southern Africa (the Professional Body for Financial Planning).

Also typical of the feedback by candidates who were surveyed after the assessments, was the comment by Mr Sikoshana who said, "Thank you very much, INSETA, for your commitment".

Mr Samuel Isaacs, Executive Officer of the South African Qualifications Authority added that the initiative was an outstanding example of how the National Qualification Framework (NQF) enables the learning of professionals to be quality assured to give the public greater protection in terms of accountability for the financial services they receive.

"Here is a stunning example of how INSETA, SAQA (the overseer of the NQF), and the Independent Institute of Education (IIE) with Imfundo (the INSETA accredited provider) was able, within the NQF, to work to ensure quality qualifications and credits for this sector," he said.

"The insurance industry is a dynamic and growing sector. It makes a significant contribution to the GDP of the nation. A project like this not only professionally equips the advisory workforce in the industry but also promotes stability and talent retention in the sector," said Abel.

The November assessments were the first round of assessments to be run. Further assessments will be run by INSETA in June and November annually until 2009.

As the Insurance Sector Education and Training Authority, we are certainly doing our part and I feel sure that the upcoming assessments will draw the many thousands who need credits to qualify by the deadlines set by the Financial Services Board, said Mike Abel.

☎ **Further information : Laurel Holmes**
Tel: 0861 130013 / 011 544 2000
✉ **www.inseta.org.za**

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Insurance Fraudline Update

Insurance Fraudline Report Summary					January 2007 - December 2007		
Month	Calls	Clutter	Tests	Reports	Short Term	Brokers	Life
Jan-07	213	199	0	14	2	11	1
Feb-07	190	177	0	13	11	0	2
Mar-07	220	211	0	9	2	1	1
Apr-07	194	182	0	12	6	1	2
May-07	211	204	0	7	7	0	0
Jun-07	218	209	0	9	4	0	2
Jul-07	226	211	0	15	9	2	4
Aug-07	194	181	0	13	8	0	2
Sep-07	171	164	1	7	3	2	0
Oct-07	224	207	0	17	9	0	1
Nov-07	262	249	1	16	6	0	2
Dec-07	177	165	0	13	9	0	2
Total	2500	2359	2	145	76	17	19
Total since Nov 2002	19163	18279	13	899	445	117	185

Please note that the attached table's first total is a record of calls from January 2007 to December 2007. The second total reflected is from the period of inception of the Fraudline which is November 2002 to December 2007. If you wish to see the full list, please contact Adèle Joubert, SAIA Public Relations Officer.

☎ **Further information : Adèle Joubert**
 ✉ adele@saia.co.za

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Previous reference: Articles on Insurance Fraudline have featured in the April 2001, July 2001, August 2001, November 2001, February – April 2002, September – December 2002, February – December 2003, January – December 2004, January – December 2005, January – December 2006 and January – December 2007 issues of the Bulletin.

5 IDS “Insurance Data System” Update

The Insurance Data System at a Glance

SAIA, in partnership with TransUnion, has successfully established an information sharing platform to the benefit of the short-term insurance industry at large in its fight to combat fraud.

TransUnion is the proud service provider for the South African Insurance Data System and continue to drive the value of the system aligned to your industry needs. The Insurance Data System, holding 4,5 million claims records and 1,8 million policies, provide the platform for participants to get a single, integrated view of policyholders, their previous performance and their assets.

The companies participating in this data pool include:

Insurers

- ABSA Insurance
- AIG
- Alexander Forbes
- Compass

- Constantia
- Hollard
- Lion of Africa
- Momentum STI
- Mutual & Federal
- Outsurance
- Regent
- Santam
- Telesure Group Services
- Zurich SA

Brokers

- African Independent Brokers
- FNB Insurance Brokers
- Indwe Insurance Brokers
- MultiFund Financial & Insurance Services
- Standard Bank Insurance Brokers

Underwriting Managers

- BrokerNet Underwriting Managers
- CIB Insurance Solutions
- Ensemble Underwriting Managers
- EVB Underwriting Managers
- Execuline Motors Underwriting Managers
- Lleader Underwriting Managers
- Watermark Underwriting Managers

Welcome to the participants who joined the fold in 2007.

Looking ahead, TransUnion, on approval from you as participants, will assist banks by notifying them when the insurance has been cancelled on their financed vehicles. This solution is driven on the value of the policy information held on the Insurance Data System and will not be possible without the support of each participant.

☎ **Further information : Tersia van Rooyen**
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Previous reference: Articles on IDS have featured in the August – October 2003, January – October, December 2004, January 2005, March 2005, May 2005, June 2005, July 2005, August 2005, September 2005, October 2005, January – December 2006, and January – November 2007 Issues of the Bulletin.

6 BUSINESS AGAINST CRIME

Microdots technology – Addressing the issues: A South African perspective

The key challenge facing law enforcement remains the need to improve the identification of motor vehicles. Investigations have proved that in almost all serious vehicle-related crimes and in many road traffic offences, primary and secondary identifiers (licence number, vehicle identification number (VIN), engine number and covert identifiers) have been altered or removed in order to conceal the crime and identity of the vehicle.

The high percentage of un-recovered, stolen and hijacked vehicles and the high percentage of unidentified recovered vehicles (unidentified by police and by staff of the Original Equipment Manufacturers (OEMs) prove the inadequacy of the current vehicle identification methods.

The improvement of the identification of motor vehicles is a priority of Business Against Crime South Africa and its partners. Many alternatives have been assessed. The most significant and promising alternatives were the marking of the vehicle in multiple places (multiple parts marking or 'whole of vehicle marking') by means of laser etching or by using barcode labels. However, most of these alternatives were seen as expensive, impractical, inaccessible and ineffective. In addition, there were concerns that the fitment could damage the motor vehicles. History in South Africa has proved that criminals only need a short period of time (less than 2 years) to acquire the necessary knowledge to be able to remove all covert markings (especially barcode labels).

During the assessments done by Business Against Crime South Africa, microdot technology has emerged as being head and shoulders above the rest in securing (preserving) the identity of the vehicle. However, many manufacturers, importers and builders of vehicles (also referred to as OEMs) have indicated that they do not agree that microdot technology is the answer to the vehicle identification problem while others have taken the initiative and embraced the technology in one form or another.

A number of issues against the use of microdots are frequently raised. Business Against Crime South Africa is of the opinion that many of these reasons raised are not correct and are based on the misunderstanding of the concept of the microdot technology as an additional vehicle identifier.

The objective of this document is to address all pertinent issues regarding microdot technology.

Concept of microdot technology as an additional vehicle identifier

The concept of microdot technology as an additional vehicle identifier which enables whole of vehicle marking (WOVM) rests on the following important factors:

- The main function of microdots is *securing the identity of the vehicle* through marking the vehicle, and its parts, in multiple places with a unique identification number that will make it easier to identify recovered vehicles where the primary and secondary identifiers have been removed.
- The strength of microdots as an identification tool is in the *number of dots* (approximately 10 000) and the fact that dots are applied in overt and covert places (88 different positions).
- Microdots are mainly used as a *forensic tool* by police services to give an indication of the identity of the vehicle.
- The *investigation process* followed by the police when using microdots to determine the identity of a vehicle or part does not differ from the process followed when using the current VIN, engine number or covert markings.
- A motor vehicle and its parts can be marked with microdots indicating a *different unique identification number other than the VIN number (i.e. can be microdotted more than once)*.
- Microdots *do not replace* the need for other security measurers (e.g. vehicle tracking, locks, alarm systems and immobiliser systems).

Issues raised:

Issue	Response
1. The application of microdots delays the manufacturing process.	<ul style="list-style-type: none"> ▪ The application of microdots in the OEM environment does not have to form part of the manufacturing process. It is acceptable that Vehicle Identification Number (VIN) based microdots can be applied before distribution to the dealer network (e.g. distribution centres). ▪ The off-line manual process can be done at less than 4 minutes per vehicle. ▪ The use of robotics to apply microdots can speed up the process to below 3 minutes per application. ▪ Robotics have been developed for both on and off-line application

<p>2. It is expensive to mark replacement parts.</p>	<ul style="list-style-type: none"> ▪ It will not be a requirement in South Africa to mark replacement or crash parts and the decision will be left to either the owner or the insurer of the vehicle. (There will be enough of the original dots left on the vehicle to identify the vehicle.) ▪ If the replacement parts are marked, it will be marked with a unique PIN (not VIN or same PIN). The required database will point to the vehicle that was fitted with the replacement part.
<p>3. Problems will be experienced with the use of used parts that are microdotted. Illegitimate prosecutions will take place when a part with a different microdot is found on the vehicle.</p>	<ul style="list-style-type: none"> ▪ To the contrary, the use of microdots might even protect the owner of the used part from being inconvenienced by unnecessary investigations as currently caused by the duplication of engine and part numbers. ▪ Microdots are a forensic tool. Further investigation will be required if microdots are found on a replacement part. If the part belongs to a stolen vehicle, the police will take action. ▪ The above-mentioned investigation process does not differ from the current processes followed by the police to determine the legitimacy of parts by using part or engine numbers.
<p>4. Microdots can be removed with solvents, grinding it off, painting over it, etc.</p>	<ul style="list-style-type: none"> ▪ The sheer number of dots and the fact that dots are applied in overt and covert places makes it impossible to remove all dots. Examples in South Africa exist where criminals have gone to extra lengths in attempting to remove the dots. In all cases undamaged dots were found without major effort. ▪ The fact that a microdotted vehicle is entered into a database will lead an investigator to look for dots, even if they are sprayed over. If a model range is known to be marked by the OEM, it is fair to assume that any vehicle in that range from a cut-off date was marked.
<p>5. Dots can be forged.</p>	<ul style="list-style-type: none"> ▪ Forgery is almost impossible due to the fact that it is a requirement in South Africa that a certified microdot supplier must add covert features to the microdot and to the adhesive, linking it to a specific dot manufacturer. ▪ The equipment to manufacture microdots is extremely expensive and not readily available. ▪ Counterfeited dots have never been found in South Africa to date.
<p>6. Microdots can easily be detected and can therefore be removed and/or forged.</p>	<ul style="list-style-type: none"> ▪ The easy detection of the microdots with cheap and readily available equipment is an advantage and not a disadvantage. Again, the strength of microdots is in the number of dots sprayed in covert and overt places.
<p>7. Dots can be replaced or over sprayed by other dots.</p>	<ul style="list-style-type: none"> ▪ The over-spraying of the dots will not remove the original dots. The original dot can still be found and the original identity can still be determined. ▪ The adding of alternative dots to a vehicle will only increase the probability that the original identity of the vehicle can be determined (i.e. leaving a fingerprint). ▪ Microdot suppliers in South Africa must comply with the BAC Protocols that prescribes the rules for issuing and manufacturing of dots prior to endorsement. For example, records must be kept of all dots manufactured and issued; microdots displaying a specific number (i.e. VIN or PIN) may never be reproduced. This is controlled by the databases and system used in the manufacturing process.
<p>8. Police need equipment and training to be able to use the dots.</p>	<ul style="list-style-type: none"> ▪ The reading of the dots only comes into effect if the original identifiers (i.e. VIN, Engine number) has been removed or altered and form part of the forensic investigation. Thus, it will mostly be used in the vehicle safeguarding sections.

	<ul style="list-style-type: none"> ▪ Equipment to read dots is very cheap, readily available and easy to use. ▪ Alternative forensic equipment to read altered VIN and Engine Numbers, imported from Europe, is 2000 times more expensive and specialised training is required. ▪ Many covert markings can only be interpreted by OEMs and not by the police. ▪ The cost of acquiring the service of the vehicle identification specialists from the OEMs is in most cases more expensive than the cost for one microdot reading kit.
<p>9. Microdots are not effective in reducing motor vehicle thefts and hijackings.</p>	<ul style="list-style-type: none"> ▪ The main purpose of microdots is to secure the identity of vehicles and not to reduce vehicle thefts and hijackings. Microdots should never replace other security measurers (e.g. vehicle tracking, locks, alarm systems and immobiliser systems). ▪ Microdots - although a passive deterrent - act as an audit trail for police services that lead back up the criminal's delivery channel. Criminals understand this and therefore prefer not to engage with the product as it increases the chances of damaging their businesses. This is therefore a pro-active approach. ▪ An analysis that was done by Business Against Crime South Africa on the 0 to 2 year old Minibuses and Midibuses (i.e. 2005 and 2006 year models) indicated that it does have an effect in South Africa. During the analysis of the 2006 vehicle theft and hijacking information, a specific model which is 100% microdotted (i.e. Toyota Quantum) was compared with other models in this class which are not microdotted. The analysis indicated a decrease of 87% for the dotted model compared with its nearest competitor (according to number of vehicles registered) and 79% compared with the national average for this class. ▪ The recovery rate of microdotted stolen vehicles is much higher than vehicles not marked and act therefore as a deterring factor for theft syndicates.
<p>10. Microdots are not effective in improving the recovery rate of vehicles.</p>	<ul style="list-style-type: none"> ▪ In South Africa, vehicle tracking systems are still the most effective in recovering vehicles and should never be replaced by microdots. However, these systems are relatively expensive and not everyone can afford it. ▪ Furthermore, the above-mentioned analysis done by Business Against Crime South Africa indicated that the recovery rate for the 100% microdotted model was a remarkable 91% compared to the 52% of other models in this class which are not microdotted.
<p>11. Microdots are not effective in identifying motor vehicles.</p>	<ul style="list-style-type: none"> ▪ Microdots have proven to be highly successful in identifying motor vehicles in South Africa. ▪ Police records in South Africa confirm that all recovered vehicle of the models that are 100% microdotted (i.e. all Nissan's manufactured after October 2006 and all Toyota Quantum's) have been identified. ▪ It is accepted that the success of identifying vehicles will depend heavily on the frequency of the vehicles dotted (i.e. if not all vehicles of a model are dotted, the police might not look for the dots).

<p>12. The cost of microdotting all new vehicles will be high and will increase the price of the vehicles.</p>	<ul style="list-style-type: none"> ▪ In South Africa, the cost of microdotting vehicles is between R200 and R250 (i.e. +/- €20) if fitted by OEMs and if volumes are big enough. On an average vehicle, it represents less than 0.1% of the price of the vehicle. Robotic application and high volumes, could see prices reduced further. ▪ The microdotting of vehicles is used as a marketing tool in South Africa and the profit margin on it is healthy. To keep the microdotting sustainable, it is important that OEMs “sells” the microdots at a profit. ▪ There are a growing number of microdot suppliers in the SA so manufacturers will be able to freely negotiate on both product and cost.
<p>13. Microdot Fitment Centres might not adhere to the protocol of fitment.</p>	<ul style="list-style-type: none"> ▪ It is important that all involved parties (Microdot manufacturers, Vehicle Manufacturers or Importers, Applicators, Authorities etc) adhere to the Standard that has been developed. Without strict adherence to all requirements of a common standard, the process will be flawed. ▪ Enforcement by law to an if-fitted application of microdots and all associated activities is a prerequisite to successful and secure systems operation.

Conclusion

Business Against Crime South Africa have assessed many available options and solutions to the vehicle identity problem, spreading the net both locally and internationally, and have evaluated these relative to the needs of the local environment. Microdot technology has emerged as being head and shoulders above the rest in securing the identity of vehicles.

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Previous reference: Articles on BAC have featured in the every issue of the Bulletin

7 PRESS CLIPPINGS

Publication	Person/DN	Subject
November 2007		
Cover 1/11/07	# 64301	Accounting Standards Board (IASB): The black box governing the accounting for insurance contracts – both domestically and internationally – is in the process of being opened
Directorship 3 rd Quarter 2007	# 64449	The Companies Act: Panel discussion: The Companies Act, Sustainability and King III
Business Day 1/11/07	# 63677	Setas: Setas defend their R3.7bn cash pile – Training bodies reject finance minister’s criticism
Business Report 1/11/07	# 63678	Busa: Busa takes empowerment challenges to the bourse
Financial Mail 2/11/07	# 63750	Financial Sector Charter (FSC): Skills boost – Recognising the enormous possibilities
Saturday Star 3/11/07	# 63708 * SAIA	Blackouts: Power suppliers face avalanche of lawsuits
City Press 4/11/07	# 63709	Motor insurance: How to drive down the cost of your vehicle insurance
Beeld 6/11/07	# 63749	Road Accident Fund (RAF): Padfonds betaal nie vir die beserings

Star Motor News 8/11/07	# 63839	Road safety: Technology can cut down on accidents
Mail & Guardian 9/11/07	# 63881	Nuclear: Nuclear industry radiating life
Business Report 14/11/07	# 63963	Alexander Forbes: Alexander Forbes wastes no time filling Moyo's shoes – Bruce Campbell takes helm
Sowetan 14/11/07	# 63968	Consumer issues: Pay-when-you-can insurance – Affordable accident and funeral cover can be bought at a local supermarket
Citizen 16/11/07	# 64042	Motor repair industry: Panel beaters on march
Star 16/11/07	# 64043	Motor repair industry: Auto body workers protest against Mutual & Federal (M&F)
Business Day 20/11/07	# 64096	Motor repair industry: Panel beaters - Hammer it home
Business Day 22/11/07	# 64174	Crime stats: Crime remains major fear for Jo'burgers
Beeld 22/11/07	# 64179	Fais Ombudsman: Ombudsman het 'ouboet'-plan om publiek beter te beskerm
Financial Mail 23/11/07	# 64356	Nuclear: Nuclear Industry – Second reactor mooted
Citizen 26/11/07	# 64296	Floods and storms: R600 million flood damage
Business Report 26/11/07	# 64297	Nuclear: New SA nuclear plant could be 10 years off
Citizen 24/11/07	# 64298	Floods and storms: Flood havoc in coastal towns
Star 26/11/07	# 64299	Floods and storms: Western Cape facing flood damage of over R600m
Citizen 26/11/07	# 64354	Road safety: Tough new road rules – Harsh : Asset seizure for non-payment of fines
Citizen 27/11/07	# 64355	Floods and storms: Floods to cost SA millions
Beeld 27/11/04	# 64363	Road safety: Traffic fines – Demerit system – Boete kan jou 'n TV of motor kos
Business Day 28/11/07	# 64385	Financial Sector Charter (FSC): BEE code awaited
Financial Mail 30/11/07	# 64450	Hollard: Room to move
Financial Mail 30/11/07	# 64451	Financial Sector Charter (FSC): BEE battle lines drawn
December 2007		
Business Day 3/12/07	# 64452	Financial Sector Charter(FSC): Diversification the BEE buzzword as Royal Bafokeng makes an R8bn hop
Sake 24 4/12/07	# 64471	Financial Sector Charter (FSC): Broad-Based Black Economic Empowerment (BBBEE): Codes of Good Practice: Banke bly teen 25% - swart eienaarskap
Business Report 4/12/07	# 64496	Nuclear: Mitsubishi asked to fund SA nuclear plants
Sowetan 6/12/07	# 64500 * Refilwe	SAIA, Business Against Crime: The short-term insurance industry has contributed R500 000 towards

		the training of 500 police officers in Gauteng as part of business' initiative against crime
Star 7/12/07	# 64526	Crime Stats: Nqakula reports decline in contact crimes
Beeld 7/12/07	# 64529 * Viviene	Fraud: Oneerlikheid met eise jaag premies vir versekering op
Business Day 7/12/07	# 64534	Financial Sector Charter (FSC): Bickering officials threaten to undo hard work of finance sector charter
City Press 9/12/07	# 64539 * Refilwe	SAIA: The Gauteng provincial police service received a cash boost of R500 000 this week for the specialised training of detectives
Beeld 10/12/07	# 64547	State of the market: Versekerers se winste daal – Groei in geskrewe premies neutraliseer dit grootliks
Business Day 11/12/07	# 64564 * Refilwe	Survey: Short-Term Insurance: <ul style="list-style-type: none"> ▪ Insurers joins fight against criminals ▪ Further regulation expected to hammer profit prospects ▪ Motor accidents bug industry ▪ Reporting method to limit risk ▪ Upbeat forecast for 2008
Moneymarketing 31/12/07	# 65129	Mutual & Federal (M&F): Mutual & Federal (M&F) take out
Moneymarketing 31/12/07	# 65130	Compliance Corner: FAIS, FSOS and the Role of the Statutory Ombud

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

8 RADIO AND TELEVISION COVERAGE

Kyknet (English) - Medium

Ontbytsake (Afr)

10 Dec 2007 06:16:58

Swartland Wine Route - Repeat

An insert on the Swartland Wine Route. The wine route includes 18 wine farms. The Swartland Winer route is sponsored by Santam.

☞ Further information on all of the above-mentioned radio and television coverage: Adèle Joubert
 ✉ adele@saia.co.za

9 CIRCULARS

The following circulars were issued during the month of November/December 2007: (Number of circular, title, date issued and contact person)

SAIA

SG 2007/075 Update Progress Report: Business Against Crime SA (12/11/07)
 Contact: Viviene Pearson

SG 2007/076 INSETA's FAIS Assessments: Roadshows (1/11/07)
 Contact: Barry Scott

SG 2007/077 Survey of members on the availability of Access (Mzansi -Type) products (12/11/07)
 Contact: Thabo Tlaba-Mokoena

- SG 2007/078 South African Nuclear Pool request for capacity for foreign nuclear risks (15/11/07)
Contact: Charles Hitchcock
- SG 2007/079 FSB Third Quarter Special Report on results of the short-term insurance industry (15/11/07)
Contact: Sonja Etsebeth
- SG 2007/080 Regulation 4, Section 45 of the short-term insurance (Act 53 of 1998) register of the status of credit intermediaries (30/11/07)
Contact: Melanie Pillay
- SG 2007/081 December office closure (6/12/07)
Contact: Sonja Etsebeth

AMUSA

- AM 2007/067 IUMI at IMO – Bulletin 3 – November 2007 (5/11/07)
Contact: Barry Scott
- AM 2007/068 Casualty Report: MV"MOLE DISCOVERY" (15/11/07)
Contact: Barry Scott
- AM 2007/069 Casualty advice" VENUS SCAN" (30/11/07)
Contact: Barry Scott
- AM 2007/070 Australian Market IUMI Report (4/12/07)
Contact: Barry Scott
- AM 2007/071 IUMI Copenhagen Conference 2007 CD (4/12/07)
Contact: Barry Scott
- AM 2007/072 IUMI Loss Prevention Committee: Black sea ports (4/12/07)
Contact: Barry Scott
- AM 2007/073 Overage premium agreement with Maritime Carrier Shipping (MACS) (6/12/07)
Contact: Barry Scott
- AM 2007/074 Casualty Report: "KROKUS" (14/12/07)
Contact: Barry Scott
- AM 2007/075 AMUSA/SURVEYORS/SAFSIA liaison meeting minutes 6 December 2007 (18/12/07)
Contact: Barry Scott

ENQUIRY (any queries)

- EQ 2007/002 Request for insurance details – Recovered vehicles (8/11/07)
Contact: Jeanette Bosman

SAIA MD (Managing Directors)

- MD 2007/027 Consumer Credit Insurance questionnaire and survey (1/11/07)
Contact: Refilwe Moletsane
- MD 2007/028 Survey of members on the availability of Access (Mzansi-Type) Products (12/11/07)
Contact: Thabo Tlaba-Mokoena
- MD 2007/029 Consumer Credit Insurance Enquiry questionnaire and survey (15/11/07)

Contact: Refilwe Moletsane

MD 2007/030 SAIA draft submission to National Treasury (18/12/07)
Contact: Refilwe Moletsane

MD 2007/031 SAIA Board Minute (20/12/07)
Contact: Refilwe Moletsane

MD 2007/032 African Bank Concept Paper (21/12/07)
Contact: Thabo Tlaba-Mokoena

SAMIA

SM 2007/004 IMIA News Sheet No.7 (22/11/07)
Contact: Charles Hitchcock

SM 2007/005 IMIA – New interesting claims (11/12/07)
Contact: Charles Hitchcock

SANP (Nuclear circ to Foreign Pools)

SANP2007/001 Provisional notice of cancellation (11/12/07)
Contact: Charles Hitchcock

✉ **Further information on all of the above-mentioned press clippings : Sonja Etsebeth**
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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, ✉ E-mail: adele@saia.co.za ☎ Tel: (011) 726 5381, 📠 Fax: (011) 726 5352, for more information.



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