



SAIA - ☎ (011) 726 5381

May 2008 - Issue No. 05/08

1	LATEST NEWS	2
	Special report on the results of the short-term insurance industry	2
	Information letter issued by the office of the Registrar of Short-term Insurance	9
	Insurance Laws Amendment Bill 2008	10
2	FINANCIAL SECTOR CHARTER	10
	FSC 2007 reporting	10
	Enterprise Development (ED) project.....	10
3	LEGISLATION.....	11
	Consumer Protection Bill	11
	Legislation under review.....	11
	Constitutional challenge	12
4	OTHER SAIA ISSUES	12
	Insurance Crime Bureau	12
	Treasury discussion on Micro-Insurance.....	13
	Short-term Insurance Convention	14
	Financial Condition Reporting (FCR)	14
	SA drivers, unaccountable for driving ability?	14
5	INSURANCE FRAUDLINE UPDATE	15
6	INSURANCE DATA SYSTEM (IDS) UPDATE.....	16
	Information sharing: The benefits of knowing.....	16
7	PRESS CLIPPINGS.....	17
8	RADIO AND TELEVISION COVERAGE.....	19
9	CIRCULARS	20

1 LATEST NEWS

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

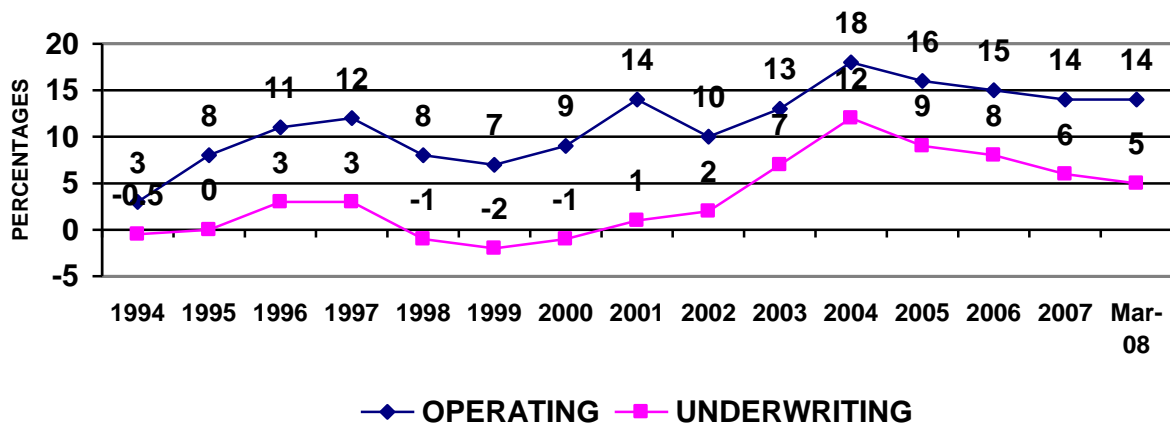
Industry results - typical insurers (typical insurers, for the purpose of this report, are those insurers who offer most types of policies to, mostly, the general public).

The table below sets out combined unaudited statistics (net after reinsurance) for typical insurers for the calendar years 2003 to 2007 and for the first three months of 2008 as well as comparative figures for the first three months of 2007. The figures are unaudited.

	2003	2004	2005	2006	2007	3 months ended March 2007	3 months ended March 2008
Net premiums R'm	19 774	24 211	26 828	31 093	34 351	8 440	9 033
Underwriting profit/(loss) R'm	1 381	2 932	2 542	2 482	2 169	421	446
Underwriting and investment income R'm	2 554	4 303	4 304	4 588	4 851	936	1 298
Claims (as % of earned premiums)	67	59	63	65	66	68	69
As % of net written premiums:							
Management expenses and commission	26	26	26	25	27	27	26
Underwriting profit/(loss)	7	12	9	8	6	5	5
Underwriting and investment income	13	18	16	15	14	11	14
Net premium increase (year to year)	17	22	11	16	10	14	7
Surplus asset ratio (median)	45	37	40	42	43	43	39

The following graph indicates how underwriting and operating (including investment income) results of the typical insurers have fluctuated over the past fourteen years and the first quarter of 2008.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Eight of the twenty-two insurance companies classified as typical insurers reported an underwriting loss for the three months ended March 2008 compared with six (of twenty-three) who reported an underwriting loss for the twelve months ended December 2007.

Four of the twenty-two insurance companies reported an operating loss for the three months ended March 2008 compared with four (of twenty-three) for the twelve months ended December 2007.

Statutory surplus asset ratios

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

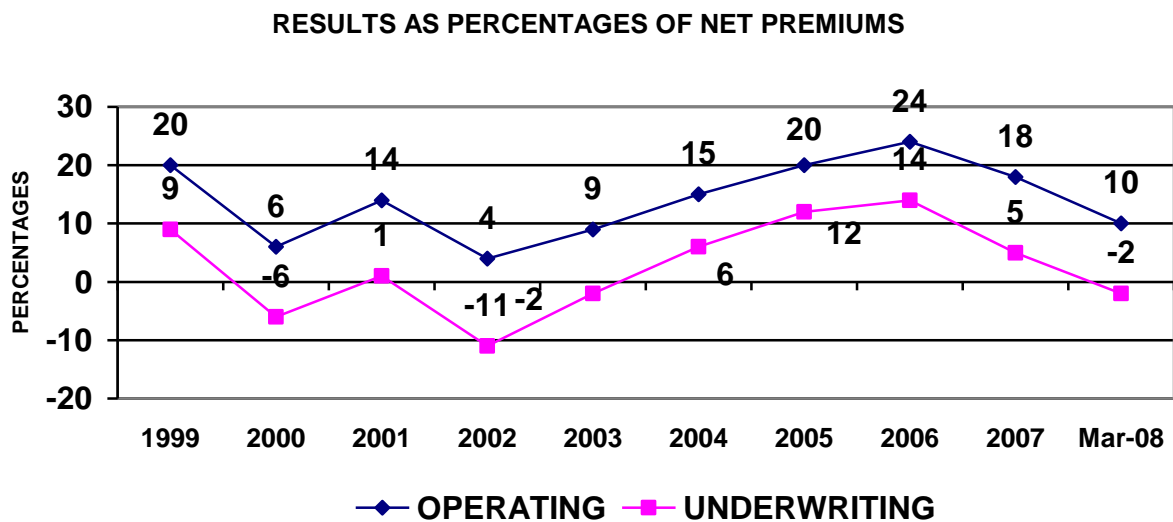
	Number of insurers					
	December 2003	December 2004	December 2005	December 2006	December 2007	March 2008
Below 15%	1	1	0	0	0	0
Between 15% and 20%	0	0	1	0	1	1
Between 20% and 25%	2	0	1	3	0	2
Between 25% and 30%	3	3	3	3	6	5
Between 30% and 40%	4	8	5	4	2	4
Between 40% and 50%	2	1	2	4	5	2
Between 50% and 100%	7	5	6	4	5	4
Above 100%	3	1	1	3	3	4

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 2003 to 2007 and for the first three months of 2008 as well as comparative figures for the first three months of 2007. The figures are unaudited.

	2003	2004	2005	2006	2007	3 months ended March 2007	3 months ended March 2008
Net premiums R'm	2 773	3 486	4 239	4 144	4 511	1 177	1 367
Underwriting profit/(loss) R'm	(65)	220	529	568	224	(62)	(29)
Underwriting and investment income R'm	240	506	857	980	810	81	136
Claims (as % of earned premiums)	57	56	52	52	62	64	76
As % of net written premiums:							
Management expenses and commission	39	34	28	31	33	37	21
Underwriting profit/(loss)	(2)	6	12	14	5	(5)	(2)
Underwriting and investment income	9	15	20	24	18	7	10
Surplus asset ratio (median)	47	46	56	59	60	61	64

The following graph indicates how underwriting and operating (including investment income) results of the cell captive insurers have fluctuated over the past nine years and the first quarter of 2008.



Of the ten operational cell captive insurers, five have reported an underwriting loss and one an operating loss for the three months ended March 2008 compared with three of ten who reported an underwriting loss and one an operating loss for the twelve months ended December 2007.

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

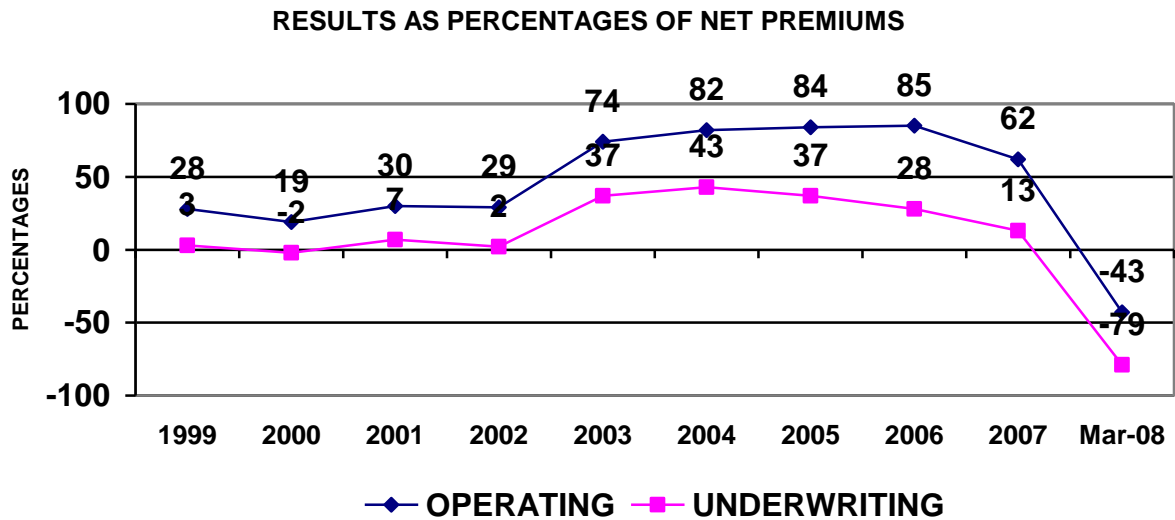
	Number of insurers					
	December 2003	December 2004	December 2005	December 2006	December 2007	March 2008
Below 15%	1	0	0	0	0	0
Between 15% and 20%	0	0	0	0	0	1
Between 20% and 25%	0	0	1	0	2	0
Between 25% and 30%	0	3	0	1	0	0
Between 30% and 40%	0	0	2	1	2	3
Between 40% and 50%	5	4	0	1	1	1
Between 50% and 100%	1	1	6	4	2	1
Above 100%	1	1	0	2	3	4

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 2003 to 2007 and for the first three months of 2008 as well as comparative figures for the first three months of 2007. The figures are unaudited.

	2003	2004	2005	2006	2007	3 months ended March 2007	3 months ended March 2008
Net premiums R'm	308	214	165	144	200	59	74
Underwriting profit/(loss) R'm	114	92	61	40	26	(39)	(58)
Underwriting and investment income R'm	227	176	138	122	125	(16)	(31)
Claims (as % of earned premiums)	47	52	74	63	84	173	202
As % of net written premiums:							
Management expenses and commission	16	7	-11	11	2	9	16
Underwriting profit/(loss)	37	43	37	28	13	(66)	(79)
Underwriting and investment income	74	82	84	85	62	(27)	(43)
Surplus asset ratio (median)	214	318	329	437	435	400	401

The following graph indicates how underwriting and operating (including investment income) results of the captive insurers have fluctuated over the past nine years and the first quarter of 2008.



Five of the ten captive insurers have reported underwriting losses and two an operating loss for the three months ended March 2008 compared with five of the ten captive insurers who reported underwriting losses and one an operating loss for the twelve months ended December 2007.

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

	Number of insurers					
	December 2003	December 2004	December 2005	December 2006	December 2007	March 2008
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%	2	0	1	1	0	0
Above 100%	12	12	11	9	10	10

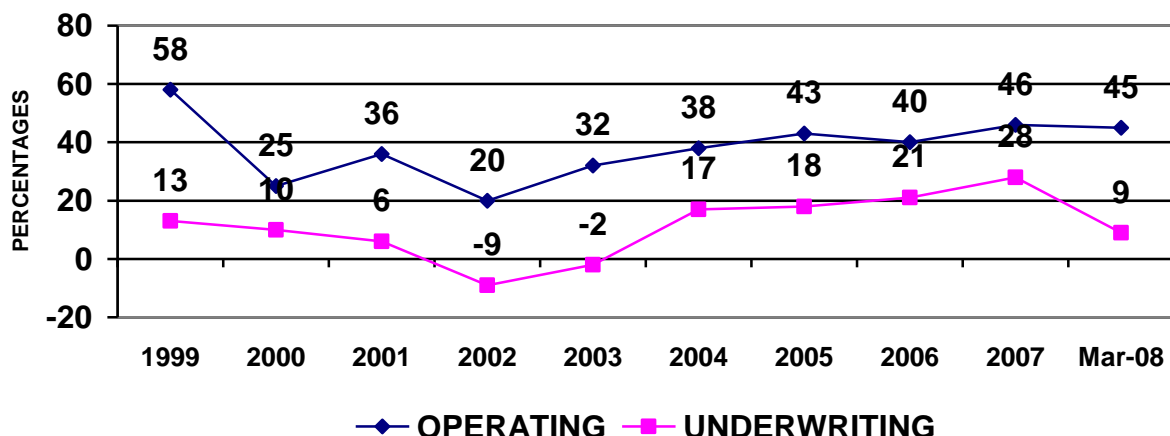
Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2003 to 2007 and for the first three months of 2008 as well as comparative figures for the first three months of 2007. The figures are unaudited.

	2003	2004	2005	2006	2007	3 months ended March 2007	3 months ended March 2008
Net premiums R'm	2 047	2 808	2 497	3 293	3 872	989	1 087
Underwriting profit/(loss) R'm	(48)	477	444	699	1 078	45	100
Underwriting and investment income R'm	652	1 067	1 081	1 308	1 779	204	484
Claims (as % of earned premiums)	70	55	51	48	43	68	39
As % of net written premiums:							
Management expenses and commission	33	25	29	28	27	19	24
Underwriting profit/(loss)	(2)	17	18	21	28	5	9
Underwriting and investment income	32	38	43	40	46	21	45
Surplus asset ratio (median)	121	163	117	120	72	112	80

The following graph indicates how underwriting and operating (including investment income) results of the niche insurers have fluctuated over the past nine years and the first quarter of 2008.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Fifteen of the thirty-three operational niche insurers have reported underwriting losses for the three months ended March 2008 and six have reported operating losses compared with twelve of thirty-three for the twelve months ended December 2007 reporting underwriting losses and six operating losses.

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

	Number of insurers					
	December 2003	December 2004	December 2005	December 2006	December 2007	March 2008
Below 15%	0	0	1	0	0	0
Between 15% and 20%	1	1	0	1	0	0
Between 20% and 25%	1	1	0	0	1	0
Between 25% and 30%	3	0	0	0	1	0
Between 30% and 40%	1	2	0	3	2	4
Between 40% and 50%	1	2	3	3	5	4
Between 50% and 100%	5	5	9	6	10	12
Above 100%	16	17	17	19	14	13

Industry results – Reinsurers (reinsurers, 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 reinsurers for 2007 and for the first three months of 2008.

The figures are unaudited.

					2007	3 months ended March 2008
Net premiums R'm					1 899	569
Underwriting profit/(loss) R'm					192	21
Underwriting and investment income R'm					651	119
Claims (as % of earned premiums)					58	67
As % of net written premiums:						
Management expenses and commission					30	29
Underwriting profit/(loss)					10	4
Underwriting and investment income					34	21
Surplus asset ratio (median)					146	138

Three of the seven operational re-insurers have reported underwriting losses for the three months ended March 2008 and two have reported operating losses compared with three of seven reinsurers reporting underwriting losses and none an operating loss for the twelve months ended December 2007.

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

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

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

[Back to Index](#)

Previous reference: Articles on short-term results have featured in the March 2000, September 2000, June 2001, September 2001, March 2002, August 2002, November 2002, December 2002, February 2003, August 2003, March 2004, May 2004, November 2004, February 2005, June 2005, August 2005, November 2005, February 2006, May 2006, August 2006, November 2006, February 2007, May 2007, August 2007, November 2007 and February 2008 issues of the Bulletin.

Information letter issued by the office of the Registrar of Short-term Insurance

Below is copy of the information letter issued by the office of the Registrar of Short-term Insurance on 7 May 2008. The letter advises insurers on the recent publications in the Government Gazette.

1. Introduction

Short-term insurers are hereby notified of the following Notices issued under the Short-term Insurance Act, 1998.

- *Notice 458 published in Government Gazette No. 30987 of 25 April 2008;*
- *Notice 462 published in Regulation Gazette No 8877 of Government Gazette No. 30988 of 25 April 2008; and*
- *Board Notice 30 published in Government Gazette No. 30987 of 25 April 2008.*

2. Purpose

- 2.1 The Minister of Finance, by virtue of the powers vested in him by the reference to “another maximum amount” in the determination of the maximum benefit amount that a friendly society may provide to its members as contemplated in section 7(2)(b) of the Short-term Insurance Act, 1998, determined in Notice 458 the maximum amount that a friendly society may provide to its members, as R7 500 with effect from 1 March 2008.*
- 2.2 The Minister of Finance approved an amendment to Part 4 of the Regulations issued under the Short-term Insurance Act in Notice 462 to increase the maximum guarantee amount to be provided by independent intermediaries who collect premiums on behalf of short-term insurers to R100 000 000 from R50 000 000 over a five year phase-in period, starting 1 April 2008.*
- 2.3 The Registrar of Short-term Insurance issued a statutory Notice in terms of regulation 4.4(a) of the Regulations made under the Short-term Insurance Act, 1998. Board Notice 30 amends the prescribed return which independent intermediaries, authorised to receive and hold premiums payable under a short-term policy, must submit to the South African Insurance Association.*

3. Rational

- 3.1 The amount in Notice 458 has been increased because of the eroding effect of inflation and friendly societies are now able to offer improved benefits to their members respectively.*
- 3.2 The amount in Notice 462 has been increased because of the eroding effect of inflation, growth and consolidation in the business of some independent intermediaries.*
- 3.3 The return prescribed in Board Notice 30 which independent intermediaries, authorised to receive and hold premiums payable under a short-term policy must submit to the South African Insurance Association, is consequential to the amendment of regulation 4.2 of Part 4 of the Regulations issued under the Short-term Insurance Act to increase the maximum guarantee amount to be provided by independent intermediaries who collect premiums on behalf of short-term insurers.*

4. Information sharing

This information letter and the notices are available on the website of the FSB (www.fsb.co.za). Insurers must bring this information letter to the attention of their appointed auditors.

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

[Back to Index](#)

Insurance Laws Amendment Bill 2008

The National Treasury tabled the Insurance Laws Amendment Bill on 19 May 2008 for review by the insurance industry.

The primary objective of the Bill, as noted, is to strengthen the legislative framework for a sound and well regulated insurance services industry and to provide financial market stability to industry players as well as consumers.

In terms of Section 3.2.10 of the summary of the bill, the further objective is to: “further regulate the limitation on remuneration to intermediaries by clearly distinguishing between the remuneration for services as an intermediary that an independent intermediary renders which are commissionable and services which are rendered by a person (which may also be an independent intermediary) in terms of a binder agreement with the long-term or short-term insurer, which are not subject to commission limits.”

SAIA, while they welcomed the bill is very concerned about the limited period of time afforded to the industry to review it. A short process of consultation was undertaken with the insurance industry in terms of reviewing the bill, a written submission was submitted and a presentation was given by the SAIA to the Portfolio Committee on Finance on 30 May 2008.

It was noted at the meeting on 30 May 2008 that further consultations regarding the bill will be undertaken with the affected industry participants.

☞ **Further information : Refilwe Moletsane**
✉ refilwe@saia.co.za

[Back to Index](#)

2 FINANCIAL SECTOR CHARTER

FSC 2007 reporting

Members have been receiving a flurry of important emails and circulars about the process to be followed when reporting. The SAIA's transformation department would like to acknowledge the challenges experienced by members during this reporting period. The two most prominent ones have been;

- The information technology (IT) challenges that the council experienced.
- The short period (5 days) within which members are expected to complete the process. (The system was made available on 23 May 2008 and the deadline is 31 May 2008).

The SAIA recognises the effort that members have made in submitting the reports for 2007.

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

[Back to Index](#)

Previous reference: Articles on FSC has featured in the June – November 2006, March – November 2007 and January – March 2008 issues of the Bulletin.

Enterprise Development (ED) project

The project started in 2006 as an industry initiative to broaden the supplier base of BEE compliant service providers, to enable the easy achievement of FSC procurement targets for members.

In the meantime, member companies were also struggling to meet the Empowerment Financing requirements of the charter due to the lack of suitable vehicles or projects. Since the ED project involves an element of investment in a black SME, the SAIA approached the Charter Council to

confirm whether participation in this initiative would enable members to score points under Empowerment Financing and the council responded positively.

This project has two main objectives:

- To uplift a sufficient number of excluded black small and medium panel beaters so that they can fulfil the requirements of all relevant stakeholders, including but not limited to insurers and motor manufacturers.
- In addition to broadening the BEE supplier base, the initiative is aimed at establishing a mechanism whereby other relevant stakeholders can fulfil their obligations as per the promises made when signing the FSC in terms of the procurement, enterprise development, targeted investment and corporate social investment.

The response from the FSC that the project may be used for Empowerment Financing scoring informed the SAIA's decision to expedite the process so that implementation may begin in 2008. This was on the background that the Charter Council had indicated that the short-term insurance industry should commit to honouring their obligation under targeted investments rather than rely on the banks to come up with a vehicle. The council also asserted that no exemption will be granted if this commitment is not demonstrated.

Through the FSC Enterprise Development committee, the SAIA appointed a project management consultant to expedite the process and outline a way forward. The Board received a presentation from the consultant and will provide guidance on the way forward in the next four weeks.

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

[Back to Index](#)

3 LEGISLATION

Consumer Protection Bill

The third draft of the Consumer Protection Bill was tabled in Parliament on 6 May 2008 and simultaneously the Department of Trade and Industry (DTI) briefed the Parliamentary Portfolio Committee of Finance on the Bill.

By close reading of the definition and industry discussions with the DTI it appears that the short-term industry will be excluded from the application of the Bill.

Of concern, however, is the introduction of a section that seeks to make retailers, producers, importers and distributors liable for consequential damages suffered regardless of whether or not they have been negligent. Once promulgated insurers should adjust their ratings accordingly.

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

[Back to Index](#)

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

Legislation under review

SAIA has in the past few weeks been reviewing new proposed legislation. Of concern is the short timeframe allowed by the legislators within which stakeholders or interested parties may submit their comments.

The SAIA has, in all its submissions to Parliament, raised concern regarding the issue.

Nonetheless the following proposed legislation was reviewed and comments submitted:

- The Financial Intelligence Centre Amendment Bill which seeks to broaden the powers of the centre and expand the responsibilities of supervisory bodies.
- The General Financial Services Laws Amendment Bill which seeks to amend the Financial Advisory and Intermediary Services Act of 2002 by defining certain expression, to empower registrar of financial services providers to conduct on-site visits and inspections of the business of providers and representatives and extend the powers and duties of the registrar regarding the grounds for suspension and withdrawal of licenses, amongst others.
- The Safety at Sport and Recreational Events Bill which obliges the organiser of an event to take out public liability cover for events organised.
- The Waste Tyre Regulations – The regulation were published by the Department for Environment and Tourism for comments. The purpose of the regulations is for providing requirements for the storage of waste tyres and providing a regulatory mechanism on how tyre dealers should deal with waste tyres. Underwriters should take note of the regulations when underwriting policies for companies in the tyre business.

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

[Back to Index](#)

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

Constitutional challenge

The matter between Guardrisk and the Council for Medical Schemes hit a brick wall when the Constitutional Court dismissed with costs the application for leave to appeal brought by the Council for Medical Schemes against the Supreme Court of Appeal judgement. The court, without hearing the application, reasoned that there is no prospect of success to appeal for such leave.

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

[Back to Index](#)

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

4 OTHER SAIA ISSUES

Insurance Crime Bureau

The Insurance Crime Bureau (ICB) is currently being established with 10 founder members. These founder members are Zurich, Santam, Mutual & Federal, OUTsure, Telesure, ABSA Insurance Company, Regent, Hollard, Lion of Africa, and Standard Insurance.

The Board of Directors have been appointed. The ICB Board had a first Board meeting on 20 May 2008, and the company is in the final stages of being registered as a section 21 not for profit company. Mr Servaas du Plessis was elected Chair of the ICB Board.

The next Board meeting will take place on 2 June 2008 at which decisions will be made with regards to the appointment of the CEO of the ICB, the go ahead for the technology partner to start with the setting up of the platform, and many more important issues. It is hoped that a CEO will be able to start on 1 July 2008 and the technology partner as soon as possible.

ICB member companies have agreed on a funding model and will be invoiced soon in order for operations to start in earnest.

☞ **Further information : Viviene Pearson**
✉ viviene@saia.co.za

[Back to Index](#)

Previous reference: Articles on the South African ICB featured in the January - March 2008 issues of the Bulletin.

Treasury discussion on Micro-Insurance

The National Treasury discussion paper on '*Reforming Micro-Insurance in South Africa*' was released in April for public comment. The deadline for comment is the end of July 2008.

This discussion paper seeks to suggest a framework for developing a coherent micro-insurance framework in South Africa, with a view to address specific current problems and gaps as well as facilitate future development in this arena.

Micro-insurance is increasingly being acknowledged world wide as an area that needs focus.

In order for the SAIA and its members to submit an informed industry position on this very important issue for the industry, the SAIA has decided to embark on an organised process with regards to ensuring that our submission would be meaningful. The following form part of this process:

Task Team

A Task Team was set up to look at the discussion paper and all its aspects in detail, to invite and collate industry input, and to write the submission to be submitted to National Treasury.

A SAIA General Circular was sent to SAIA member companies to invite them to nominate a high level representative to this Task Team. The SAIA Legal and Compliance Committee, SAIA FSC Steering Committee, SAIA FSC Access Committee, and SAIA Consumer Education Committee are also represented on this Task Team.

The first Task Team meeting will take place in the first week of June.

SAIA workshop

A SAIA workshop will be held for the wider industry in order to provide the bigger picture, as well as the background to the specific aspects addressed in the discussion paper. FinMark Trust will be giving presentations and leading the debate with regards to the background information and bigger picture. National Treasury will participate in the Workshop.

The date for the workshop is Wednesday, 11 June 2008 from 9:30 – 13:00. The workshop will be held at the Johannesburg Country Club in Auckland Park. Please let Nolitha Goba at the SAIA know on nolitha@saia.co.za or 011 726 5381 before 4 June 2008 if you wish to attend.

Invitation to submit comments from member companies

The industry will be given the opportunity to submit input after the SAIA workshop. The deadline for the first round of industry submissions is 7 July 2008. The final document will be circulated to the industry for final comment by 25 July 2008 in order for the industry input to be submitted to Treasury by the end of July 2008.

☞ **Further information : Viviene Pearson**
✉ viviene@saia.co.za

[Back to Index](#)

Short-term Insurance Convention

The South African Insurance Association has received an invitation for the annual Short-term Insurance Convention hosted by Actuarial Society of South Africa to extend to any interested parties.

This convention will take place at the Protea Hotel Balaika Sandton on 7 July 2008 from 8:00 to 17:00.

The wide range of topics (of both a technical and practical nature) is believed to be of particular interest to actuaries, underwriters and management and include:

- Regarding your happiness - Louis Fourie from Logic Filter (ex- Chairman of Citadel),
- Product innovation - A global perspective,
- Appropriateness of various reserving methods - A local perspective,
- Panel discussion on "The benefits and risks of sharing data", and
- The hitchhiker's guide to Engineering Insurance.

Due to the limited number of delegates that can be accommodated, the registration will be conducted on a first-come-first-paid basis.

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

[Back to Index](#)

Financial Condition Reporting (FCR)

Please refer to the April 2008 edition of this publication.

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

[Back to Index](#)

SA drivers, unaccountable for driving ability?

Shayela has successfully completed towing tests for Toyota and Jurgen's as a result of concerns being raised regarding towing mishaps over the long weekends in April. Although their insurance pays the claims willingly, most drivers believe that they can continue to drive at 140 or 150 kilometers per hour.

When the recommended towing speed of 100 kilometers per hour was discussed, these drivers argued that it is madness. They said that they would never reach their destinations driving that slowly.

The Shayela team was shocked to hear some of the comments about stabilizer bars, tyre pressures, tow ball heights and how they load trailers or caravans. One of the drivers told Shayela that a tow bar is so easy to make, he saves a R1 000 when hooking his 1 000 kilograms caravan to his self-made tow bar for his annual holiday to Scottburgh. He also bragged that it took him under seven hours.

Media representatives, who were invited to attend these tests, were astounded when Shayela proved that a vehicle hooked up to a caravan without a driver was safe and had no problems.

Shayela explained bad loading, tow bar height and tyre pressures before inviting the media to experience driving as per the incorrect method. The obvious result was that the drivers experienced discomfort over 90 kilometers per hour - so much so that a couple of them even stopped the vehicles to feel safer.

After a 50 kilometer trip, Shayela swapped the rigs to the correctly balanced combination. To the participants the improvement was so great, it felt as if a magic wand of comfort had been cast over them.

We were all in agreement that the problem is not mechanical and that the main cause of problems encountered was a result of human error. Safety is the responsibility of all the drivers on our roads.

Details will appear on the Shayela website www.shayela.co.za. As we say: *"Your safety is our concern but your responsibility."* Drive with care.

☞ **Further information : Basil Mann**
 ✉ basil@shayela.co.za

[Back to Index](#)

5 INSURANCE FRAUDLINE UPDATE

Insurance Fraudline Report Summary					Jan 2007 - April 2008		
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
Jan-08	261	249	0	15	8	1	0
Feb-08	258	242	0	18	15	0	3
Mar-08	197	186	0	12	7	0	0
Apr-08	181	163	1	3	2	0	0
Total	3397	3199	3	193	108	18	22
Total since Nov 2002	20060	19119	14	947	477	118	188

Please note that the attached table's first total is a record of calls from January 2007 to April 2008. The second total reflected is from the period of inception of the Fraudline which is November 2002 to April 2008. If you wish to see the full list, please contact Adèle Joubert.

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

[Back to Index](#)

Previous reference: Articles on Insurance Fraudline have featured in the April, July, August, November 2001, February – April, September – December 2002, February – December 2003, January – December 2004 and the January – December 2005, January – December 2006, January - November 2007 and January – April 2008 issues of the Bulletin.

6 INSURANCE DATA SYSTEM (IDS) UPDATE

Information sharing: The benefits of knowing

TransUnion was proud to not only sponsor the Association of Certified Fraud Examiners Insurance Fraud Seminar recently, but to provide a different perspective on sharing information as speakers at the event.

TransUnion Chief Executive, Chris van Rensburg and Group Forensics Manager, Udeen Singh, presented on the intelligent means in the fight against fraud through access to information and the interpretation thereof.

Let's take a step back. How do you define what information is worth storing? Simply that if someone value the information enough to ask for it, it is worth storing it.

Access to and the actual sharing of information rests on the principles of defining the value of the data, creating the right data structure, ensuring data quality and having the systems in place to extract this data.

These principles in theory seems achievable, even easy, but if one looks at each element, it is clear that very few organisations can boast to have them all in place and accessible.

TransUnion manages numerous databases for the cellular, insurance, medical and retail industries. These databases are all closed user group databases, but just imagine the possibilities if industries start sharing information...

To test our theory, we tried to create a simplistic case study. The objective was to link information from multiple data sets with just an identity number as a starting point.

One thousand ID numbers were matched to the Insurance Data System and the Credit Bureau Consumer Database.

The result:

- 187 of these identity numbers were matched to claims on the Insurance Data System valued at R1 500 000.
- 3 identity numbers were verified as deceased by Home Affairs, with 21 of these not matched to TransUnion's consumer database.
- 70 judgments and/or defaults are linked to these identity numbers, totaling R550 000.
- 1008 trading accounts, 142 micro loans and 21 trace alerts are linked to these identity numbers.
- In total, 1870 enquiries have been done on these identity numbers over a three year period, with 37 enquiries on one identity number and 197 micro loans enquiries.
- One identity number had 16 other consumers linked to the same address.

TransUnion's consumer information – consumer credit data and public records information - made it possible to identify and confirm these identity numbers with Home Affairs, and determine the age, gender, marital status and number of dependents linked to these identity numbers.

On review of the historical data held on the consumer database, the relationship can be seen on how many individuals are linked to the same residential address, and by viewing employment history, credit behaviour and the number of enquiries linked to these identity numbers.

Access to the Insurance Data System allowed us to view a detailed three year claims and policy history summary on the linked identity numbers from where vehicle information around the vehicle or vehicle owner were accessed to verify the information.

The case study clearly outlines the value that data sharing achieves by encouraging a diversity of analysis and opinions, enabling the exploration of links not envisioned by the initial investigation and permitting the creation of new datasets by combining data from multiple sources.

Source: Presentation by Chris van Rensburg & Udeen Singh of the Association of Certified Fraud Examiners Insurance Fraud Seminar

✉ Further information : Tersia van Rooyen
✉ tvrooyen@transunion.co.za

[Back to Index](#)

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, January – November 2007 and January – March 2008 issues of the Bulletin.

7 PRESS CLIPPINGS

Publication	Person/DN	Subject
FIA 1 st Quarter 2008	# 66927 *SAIA	<u>Donation to Business Against Crime:</u> Short-term insurance industry contributes over R1.4 million to fight vehicle crime
Beeld 1/04/08	# 66390	<u>Medical Aid Schemes:</u> Guardrisk wen appel teen skema-raad
Business Day 1/04/08	# 66388	<u>Guardrisk:</u> Banning of medical gap cover quashed
Business Report 1/04/08	# 66389	<u>Guardrisk:</u> Appeal court allows Guardrisk to offer gap cover for medical costs
Business Day 3/04/08	# 66459	<u>Financial Services Board (FSB):</u> Tshidi takes over reins of FSB from Barrow
Business Report 3/04/08	# 66483	<u>Medical Aid Schemes (Guardrisk):</u> When the law fails , it helps to get a choice
Business Day 3/04/08	# 66450	<u>Financial Sector Charter (FSC):</u> Finance sector BEE haggling goes on
Business Day 4/04/08	# 66699	<u>Lloyd's:</u> Take it easy, Lloyd's tells eager insurers
City Press 6/04/08	# 66516	<u>Financial Sector Charter (FSC):</u> Mashiya will have to find compromise
Sunday Times 6/04/08	# 66540	<u>Medical Aid Schemes (Guardrisk):</u> Insurer's win a consumer victory
Beeld 8/04/08	# 66548	<u>Micro insurance:</u> Versekering vir armes 'n tree nader
Citizen 8/04/08	# 66549	<u>Consumer protection:</u> Regulations proposed for insurance industry
Daily Dispatch 8/04/08	# 66590	<u>Micro insurance:</u> Small insurers to be regulated
Business Day 9/04/08	# 66567	<u>Council for Medical Schemes:</u> Court 'clips' medical aid registrar's wings
Mail & Guardian 11/04/08	# 66660	<u>Knock-for-knock agreement:</u> Taking the insurance knock – Paying for other's mistakes
Business Day 11/04/08	# 66661	<u>Life insurance industry:</u> Life insurance spending hits record high
Beeld 11/04/08	# 66667	<u>Life Offices' Association (LOA):</u> Al hoe meer polisse verval, word afgekoop
Business Report 14/04/08	# 66719	<u>Financial Intelligence Centre Act (FICA):</u> Changes mooted for dodgy cash law

Business Day 15/04/08	# 66735	<u>Life insurance industry:</u> Gloomy outlook for life sector as profits tumble
Business Day 15/04/08	# 66736	<u>Nuclear:</u> Nuclear power poses problems for Eskom
Beeld 16/04/08	# 66803	<u>Ombudsman:</u> Minder kla by langtermynversekering-ombudsman
Business Day 18/04/08	# 66845	<u>Hannover re:</u> New profit feat for Hannover arm in SA
Business Day 18/04/08	# 66846	<u>International Accounting Standards:</u> Move to clarify pension benefits
Business Day 21/04/08	# 66856	<u>Auditors:</u> Auditors take tough stance on managing risk
Daily Sun 22/04/08	# 66855 * SAIA	<u>Consumer Credit Life Insurance:</u> Shoppers to get answers
Sunday Times 20/04/08	# 66844	<u>Medical Aid Schemes (Guardrisk):</u> opens door for top-up cover
Business Day 23/04/08	# 6687 * Barry	<u>Consumer Credit Insurance Enquiry:</u> Slap on the wrist for insurance companies
Beeld 23/04/08	# 66876 *SAIA	<u>Consumer Credit Insurance Enquiry:</u> G'n stappe teen sewe oor kredietversekering en kommissie, sê regter
Business Day 23/04/08	# 66882	<u>Mutual & Federal (M&F):</u> Mutual & Federal sets sights on mass market
Mail & Guardian 24/04/08	# 66887 #66887 # 66847 # 66890 *SAIA	<u>Short-term insurance market:</u> <ul style="list-style-type: none"> • Guardrisk: Medical schemes : Landmark ruling for insurers • State of the short-term insurance market: Market begins to harden – Revised economic forecast will mean changes to the industry • Combat fraud by sharing data • Attracting foreign investment
Citizen 24/04/08	# 66905 * SAIA	<u>Consumer Credit Insurance Enquiry:</u> Insurance is a rip off
Business Day 24/04/08	# 66916	<u>Medical Aid Schemes (Guardrisk):</u> Medical schemes council to fight gap-cover ruling
Business Day 25/04/08	# 66954	<u>Short-term insurance market:</u> <ul style="list-style-type: none"> • Claims on the increase • Key role for brokers • Smaller players seek to consolidate • A step to winning fraud war • Innovation crucial for cost cutting • Total disclosure by client is vital
Business Day 29/04/08	# 66981	<u>Financial Services Board (FSB):</u> Draft bill would give Financial Services Board (FSB) sharper teeth
Sowetan 29/04/08	# 66984 * SAIA	<u>Consumer Credit Insurance Enquiry:</u> Ombud assists domestic
Daily Sun 29/04/08	# 67078 * SAIA	<u>Consumer Credit Insurance Enquiry:</u> Time to get it right!

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

8 RADIO AND TELEVISION COVERAGE

SAfm (English)

SAFM Market Update
30 April 2008, 18:22:19
Mutual & Federal

Mutual & Federal has launched a low cost short term insurance product, Insurance For All targeted at the low income market. The product will target the market in the LSM 125 categories.

(Int:) Kgomotso Lekola - Director: Mutual & Federal.

SABC 3 (English)

Rights and Recourse
5 May 2008, 12:18:54
Household insurance

A discussion about which laws govern household insurance and how policies work.

(Int:) Helm van Zijl - Ombudsman: Short-term insurance

(Int:) Ric Martin - Director: Routledge Modise

Mentions: Financial Services Board, Ombudsman.

Summit TV (English)

Business & insurance
8 May 2008, 20:39:51
Liability Insurance

A discussion about the need for liability insurance for businesses.

(Int:) Quinten Matthew - Head of Specialist Business: Santam.

Talk Radio 702/Cape Talk Simulcast (English)

A Word On ... Anchored by Leigh Bennie
14 May 2008, 19:04:40

Impact of inflation on short-term insurance

Discussion about the impact that inflation has on short-term insurance policies.

(Int:) Michael McCann - Regional Manager, Personal Business: Mutual & Federal

(Int:) Paul Roelofse - Residential Advisor: Talk Radio 702

Cape Talk (English)

News Headlines
23 May 2008, 06:32:04

South African Insurance Association

The South African Insurance Association is escalating efforts to try and combat fraud in the industry. The Association is setting up its crime bureau.

(Int:) Vivian Pearson - Spokesperson: South African Insurance Association

Mentions: Short term insurance industry.

SABC3 News (Market Report)

26 May 2008, 1:26:20 PM

Short term insurance industry loses millions of rands due to fraud.

Companies: SAIA

Interviews: Vivienne Pearson (LIVE)

Summit TV (English)

Company Results
28 May 2008 22:17:19

Santam

Santam will miss its profit targets for the half-year.

Talk Radio 702/Cape Talk Simulcast (English)

The World at Six with Bruce Whitfield

28 May 2008, 18:42:18

Santam Limited

Santam has reported today that the whole industry that it is involved in is being played by usually large industrial claims hurting its corporate division.

(Int:) Paul Theron - MD: Vestact

Mentions: Sanlam, Old Mutual, M&F, Fidentia, Standard Bank, Liberty Life, Liberty Holdings, Stanlib

☞ **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 April 2008. (Below are the number, title, date issued and contact person of each circular)

SAIA

- SG 2008/017 2007 Annual Transformation Reporting – Extension of deadline (2/04/08)
Contact: Thabo Tlaba-Mokoena
- SG 2008/018 FSB: Appointment of Executive Officer (3/04/08)
Contact: Sonja Etsebeth
- SG 2008/019 Blood alcohol test results: Information from the State Forensic Laboratories (3/04/08)
Contact: Melanie Pillay
- SG 2008/020 SAIA / SASRIA Forum (24/04/08)
Contact: Refilwe Moletsane
- SG 2008/021 Enterprise Ireland Insurance Symposium (16/04/08)
Contact: Barry Scott
- SG 2008/022 FSC - An update on the 2007 reporting process (21/04/08)
Contact: Thabo Tlaba - Mokoena
- SG 2008/023 Blood alcohol test results: Information from the Johannesburg Forensic Chemical Laboratories (25/04/08)
Contact: Melanie Pillay
- SG 2008/024 Survey: Disaster Risk Insurance in low income markets (25/04/08)
Contact: Vivienne Pearson
- SG 2008/025 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the status of credit intermediaries (30/04/08)
Contact: Melanie Pillay

AMUSA

- AM 2008/012 Casualty advice – “MSC LUGANO” (2/04/08)
Contact: Barry Scott
- AM 2008/013 Update on casualty report “MSC LUGANO” (16/04/08)
Contact: Barry Scott

- AM 2008/014 Casualty advice: "MSC SABRINA" (17/04/08)
Contact: Barry Scott
- AM 2008/015 Overage premium agreement with Maritime Carrier Shipping (MACS) (24/04/08)
Contact: Barry Scott
- AM 2008/016 Initial notification of the AMUSA Annual General Meeting on Thursday, 12 June 2008 (24/04/08)
Contact: Barry Scott
- AM 2008/017 AMUSA / SURVEYORS / SAFSIA Liaison Meeting Minute 3 April 2008 (29/04/08)
Contact: Barry Scott

IGF

- IG 2008/002 Bordereau for the 1st Quarter 2007 (16/04/08)
Contact: Tilly Welgemoed
- IG 2008/003 Initial notification of IGF Annual General Meeting Thursday, 12th June 2008 (24/04/08)
Contact: Melanie Pillay

SAIA MD (Managing Directors)

- MD 2008/012 Initial notification of the SAIA and related bodies' Annual General Meeting on Thursday, 12 June 2008 (24/04/08)
Contact: Sonja Etsebeth

SAMIA

- SM 2008/001 Request for statistics for IMIA (10/04/08)
Contact: Charles Hitchcock
- SM 2008/002 SAMIA Engineering Training Course for May 2008 (22/04/08)
Contact: Charles Hitchcock
- SM 2008/003 Initial notification of the SAMIA Annual General Meeting on Thursday, 12 June 2008
Contact: Charles Hitchcock
- SM 2008/004 Request for nominations for the SAMIA Executive Committee (29/04/08)
Contact: Charles Hitchcock

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

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, ✉ E-mail: adele@saia.co.za ☎ Tel: (011) 726 5381, 📠 Fax: (011) 726 5352, for more information.



COPYRIGHT WARNING NOTICE

Copyright subsists in this Bulletin. No part of the Bulletin may be reproduced, transmitted or downloaded in any form or by any means, without the permission of SAIA. © 1999-2008



Newsletter of the
South African Insurance Association

#67336