



SAIA – ☎ (011) 726 5381

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## **1 LATEST NEWS**

### **Short-term insurers elect new board for representative body (SAIA media release)**

The short-term insurers elected a new board of directors at the Annual General Meeting (AGM) of its representative body, the South African Insurance Association (SAIA), on 12 June 2008 in Johannesburg. The new SAIA Board consists of previous members who were re-elected as well as some new members. Current Chair of the SAIA Board, Mr Adam Samie, will remain Chair until the new Chair is elected by the new Board. Mr Samie is not available for re-election of the position of Chair of the SAIA Board due to time constraints, but will still be participating as a SAIA Board member as he was re-elected to this position.

The elected SAIA Board members are:

Mr Adam Samie:	Lion of Africa Insurance Company Ltd
Mr Adriaan Louw:	MUA Insurance Company Ltd
Mr Achim Klennert:	Hannover Reinsurance Africa Ltd
Mr Amit Khilosia:	Lloyd's
Ms Angela Mhlanga:	Compass Insurance Company Ltd
Mr Coenraad de Jager	Absa Insurance Company Ltd
Mr Herman Schoeman:	Guardrisk Insurance Company Ltd
Mr Ian Kirk:	Santam Ltd
Mr Joost Vink	AIG South Africa
Mr Junior Ngulube:	Munich Reinsurance Company of Africa
Mr Keith Kennedy:	Mutual & Federal Insurance Company Ltd
Mr Mike Durek:	ACE Insurance Ltd
Mr Mike Truter:	Credit Guarantee Insurance Corporation of Africa
Mr Nick Beyers:	Zurich Insurance Company Ltd
Mr Nic Kohler:	Hollard Insurance Company Ltd
Mr Willem Roos:	OUTsurance Insurance Company Ltd

In his last official address as Chair of the SAIA to the short-term insurance industry and other important guests at the SAIA Annual Cocktail Function that followed the AGM, Mr Adam Samie said that the environment the SAIA and its members operate in had changed so much that the SAIA had no choice but to reinvent itself to address a new priority of challenges.

“Our operating environment as short-term insurers has become increasingly complex and challenging, and SAIA’s role in facilitating dialogue and joint decision making between all role players is now more crucial than ever before,” he said.

Mr Samie said that he believed that the current immediate outlook did not look as positive as previous years for short-term insurers and that it seemed as if some concern existed about the current trading environment and the underwriting result going forward. He added that he believed the personal lines market was showing signs of severe strain, and that there were several factors driving towards a ‘perfect storm’ for personal lines insurers including the depreciation of the rand, ever increasing inflation rates, and motor vehicle accident rates.

“Ten years ago the cost of accidents amounted to less than 50% of the cost of vehicle claims, with crime being the more significant factor. Now, the cost of crashes exceeds 75% of the cost of claims, and this has become a far bigger focus for insurers,” he said.

Mr Samie said that he also believed that the market had become more challenging for niche players, including the consumer credit insurance providers.

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

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## **SAIA Annual Review**

The SAIA Annual Review 2008, themed “Reinvention”, has been released.

This theme was especially chosen to depict an association that is going through a process of renewal. This process started in 2006 with a strategic review of the SAIA by its Board, and gathered steam during 2007 when the new strategic focus was approved by the Board and SAIA members. While the association has served its members with diligence and dedication for more than one hundred years, the environment in which it operates has changed so much that it became necessary for the SAIA to reinvent itself.

The short-term insurance industry too is in the process of changing many previously established business practices and principles and will hopefully emerge as a better and more attractive industry, more suitable to the new milieu of consumer awareness and protection.

The primary issues that the industry has considered during 2007 and which will lead to fundamental changes in the way insurers and other role players go about their business in future, are reported on in the Annual Review.

This publication can be downloaded from [www.saia.co.za](http://www.saia.co.za) once the website is up and running. Should you wish to receive a hard copy, contact the SAIA Public Relations Officer, Adèle Joubert.

✉ **Further information : Adèle Joubert**  
✉ [adele@saia.co.za](mailto:adele@saia.co.za)

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## **2 FINANCIAL SECTOR CHARTER**

### **Consumer education**

The Economic Management Sciences (EMS) resource project, funded jointly by the SAIA and the Financial Services Board (FSB) and in partnership with the Department of Education (DOE) was approved for the 2007 projects, but will not be undertaken in time to comply with the FSC requirements as per the timelines of our projects for 2007.

A new project, very similar to the project that has been cancelled and also jointly funded with the FSB was proposed to replace this project. The Consumer Education Committee unanimously approved this project on 13 June 2008 and the Consumer Education Project Panel unanimously approved it on 20 June 2008, as per the selection and approval procedures.

The original project was the development of an EMS resource file for grades R to 9 with the SAIA funds being used for the production and printing of the resources going to Quintiles 1 and 2 (LSM 1-5) schools. The new project will still be the developing an EMS resource, but will be a digitisation of the FSB booklets 1-3 on financial literacy according to the National Curriculum, in the form of a CD and a supporting booklet. The SAIA funds will be used for the production and printing of these booklets and CDs.

SAIA's portion of the project will be completed by the first week in August as per the requirements, which is that all projects should be completed by the end of August, even though the project will continue with workshops into next year.

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<b>Previous reference: Articles on FSC has featured in the June – November 2006, March – November 2007 and January – April 2008 issues of the Bulletin.</b>
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## **Interim measures**

The Department of Trade and Industry (DTI) was approached by certain motor body repairer (MBR) representative bodies (for example, SAARSA) with the support of labour (for example, COSATU) on the issue of a lack of access for small black businesses into procurement opportunities within the short-term insurance industry.

A meeting of all relevant stakeholders was convened by the DTI on 23 November 2005 after which the DTI appointed Upstart Business Strategies cc (Upstart) to facilitate the process and get input from all the relevant parties to formulate possible solutions.

Based on the initial input, a report was compiled. The subject of the document is: "Access to short-term insurance industry supply opportunities for small black-owned towing and motor body repairer firms." The document was compiled by Upstart on instruction by the DTI to "facilitate consultation among the various parties with the view of coming up with a workable proposal on addressing the problem." The problem was described as "limited access by black automotive industry services providers to opportunities to supply their services to short-term insurers and their intermediaries." The document is dated April 2006.

Following from the above process were numerous reports and some agreements were reached. One of these was the "interim measures". This agreement seeks to address the problem as stated above while a long-term solution is being investigated. The interim measures outline a process that has to be followed where vehicles have been taken to black panel-beaters that are not on the preferred lists of the respective insurance companies. The insurance industry, through the SAIA, was involved in the compilation and confirmation of the interim measures. The SAIA further engaged its membership to ascertain that the process was understood and members were asked to sign the document to demonstrate their understanding and acceptance.

However, judging by the continuous complaints from the MBR bodies at the DTI forum meetings, it is apparent that the communication of this agreement, within our respective member organisations, is lacking or at best misunderstood. The interim measures are appended below to assist in the apparent communication problem.

### ***Recommended interim measures***

*It is submitted that in order to provide tangible, visible measures to the members of the MBR associations, certain interim measures with regards to the moving of vehicles from black owned MBR's who are not preferred MBR's should be adopted until the finalisation of this process occurs.*

*These interim measures must be objective, transparent and consistent. It is therefore recommended that the following criteria be met to ensure that removal, in the relevant cases, does not occur:*

- The panel shop in question must be member of an association that is participating in the DTI process.*
- The panel shop must have some form of insurance and public liability cover, for example fire, theft or defective workmanship cover.*
- The panel shop in question must be a black owned SMME, as defined in the Financial Sector Charter. Written confirmation must be received by the insurer within 24 hours.*
- The policyholder must feel comfortable to leave the vehicle in the panel shop.*
- The insurer's technical expert must be comfortable that quality, service and price will not be compromised.*
- If the vehicle is under OEM warranty, the panel shop must have OEM approval.*
- The panel shop must be prepared to accept the relevant insurer's labour rate fee and structure.*
- If the vehicle is taken to the repairer by a tow truck operator, insurers must have the right to remove the vehicle, if necessary, to avoid the "purchase" of the work done by panel beaters.*

*In the event that the panel shop in question does not deliver the service and quality expected by the insurer or the client, the MBR association, of which it is a member, must accept responsibility for creating and imposing consequences on the panel shop, together with the insurer.*

*Upon finalisation of the DTI process, this interim measure shall cease and it is therefore imperative that the MBR associations manage the expectations of their respective members right from the outset. Where an insurer has not removed a vehicle from a particular panel shop, the insurer is under no obligation to include the panel shop as a preferred supplier.*

*This process will be reviewed every six months to ascertain ongoing relevance.*

*The interim measure applies directly after its acceptance by all responsible parties.*

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<b>Previous reference: Articles on FSC has featured in the June – November 2006, March – November 2007 and January – April 2008 issues of the Bulletin.</b>
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### **3 LEGISLATION**

#### **Insurance Laws Amendment Bill 2008 (ILAB)**

The provisions of the ILAB 2008, published by the National Treasury on 9 May 2008, proposed significant amendments to the Short-term Insurance Act 53, 1988. The Bill's proposed provisions which were key to the short-term sector dealt with:

- Demarcation between health and medical schemes business
- Binder agreements and
- Enabling provisions for planned future introduction of Financial Condition Reporting

The SAIA, whilst it supported some of the principles enshrined in the Bill, raised concerns that no consultations were undertaken with affected industry participants as noted in Clause 4 of the Bill and further, that the industry was afforded limited time to review the Bill and to provide comments.

The Bill at face value failed to draw a distinction between different classes of binder agreements and intermediaries and did not provide certainty for the provision of accident and health policies within the short-term sector. The SAIA's comments on the Bill to the Portfolio Committee on Finance (PCOF) on 26 May 2008 and the subsequent presentation on 29 May 2008 raised these concerns.

In an attempt to address the concern raised regarding the lack of adequate consultation, the National Treasury and the FSB held a meeting on 2 June 2008 with the short-term sector representatives where a brief review of the Bill was undertaken.

Subsequent to this at a PCOF session held on 6 June 2008, the National Treasury responded to comments received on the ILAB and gave an undertaking that further consultative processes with all stakeholders would be undertaken.

This session was followed by the Treasury Workshop held on 10 June 2008.

At this workshop the Treasury, having considered the comments received, acknowledged that some provisions on the section dealing with binder agreements as well health and accident policies required further extensive and broader consultation. They therefore proposed new amendments to the Bill. These amendments enabled the promulgation of regulations to deal with various aspects of binder agreements and health and accident policies.

The SAIA in their response on 12 June 2008, following the review of the revised Bill, raised a concern that it was inappropriate that the rules which govern intermediary relations which is fundamental to the short-term sector are dealt with through regulations.

At the PCOF session on 13 June 2008, the Treasury and the Financial Services Board (FSB) provided feedback on the consultative process undertaken and presented the revised Bill which was adopted by the PCOF.

Treasury however advised the PCOF that areas which required further consultation in relation to technical issues would be dealt with through regulations and that in addition the ILAB will make specific provision for a consultative process around the drafting and finalisations of regulations including submissions to Parliament.

The Bill is now before the Select Committee on Finance. This Committee invited stakeholders to submit written comments on the Bill by 18 July 2008 and extended an invite to stakeholders to attend the public hearings that will be held on 5 August 2008. To this end the SAIA will consult with the SAIA Legislation and Regulation Board Committee in terms of guidance on the process of engagement on the Bill.

☞ **Further information : Refilwe Moletsane**  
✉ [refilwe@saia.co.za](mailto:refilwe@saia.co.za)

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**Previous reference: An article on the Insurance Laws Amendment Bill featured in the May 2008 issue of the Bulletin.**

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### **Amendments to the Financial Intelligence Centre Act**

The proposed amendments to the Financial Intelligence Centre Act were approved by the Parliamentary Select Committee on 12 June 2008. According to the Treasury, it is anticipated that the proposed amendments will be tabled before the National Council of Provinces before 30 June 2008.

☞ **Further information : Refilwe Moletsane**  
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**Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, and January – May 2008 issues of the Bulletin.**

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### **FAIS Fit and Proper determination post 2009**

The Financial Services Board (FSB) consultative process on FAIS Fit and Proper Determination Post 2009 is drawing to a close. The Short-term Workgroup (SAIA and the FIA) is currently reviewing the latest correspondence documents received from the FSB. Submission of comments should take place before 27 June 2008.

Respective individuals within the SAIA are requested to engage with the relevant representatives participating on the SAIA Legal and Compliance Committee and the SAIA FAIS Fit and Proper Workgroup in order to have an appreciation of the FSB proposal and its potential implications.

☞ **Further information : Refilwe Moletsane**  
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**Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, and January – May 2008 issues of the Bulletin.**

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## **Competition Amendment Bill**

The much awaited Competition Amendment Bill has finally been published for public comment.

Briefly, the Bill seeks to amend the Competition Act to clarify issues pertaining to concurrent application, introduce provisions aimed at addressing practises that prevent or distort competition, introduce the concept of market enquiries and to introduce provisions aimed at prosecuting individuals who cause firms to engage in cartel conduct.

The provision relating to market enquiries will enable the Commission to, out of its own initiative or request, conduct a market study at any time in respect of any market. However, before the commencement of the market conduct, the Commission is obliged to publish notice in the Gazette announcing the establishment of the study and the terms of reference, and invite the public to provide information.

The market enquiry is defined as a formal study of the general state of competition in a market for particular goods or services.

The Bill also creates criminal liability for directors or for persons in a position with management authority for knowingly engaging the firm in price fixing, market division or collusive tendering or for persons who ought to have known that the firm is engaged in price fixing, market division and collusive tendering.

The Bill will have an impact, albeit not immediately realised on the short-term industry. To this end, the deadline date for submission of comment is Friday, 27 June 2008. SAIA, via the Legal and Compliance Committee, has requested members to provide comments for collation and submission before the due date.

A public hearing on the Bill will be held on 29 or 30 July 2008.

☞ **Further information : Oupa Skosana**  
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**Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, and January – May 2008 issues of the Bulletin.**

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## **Confusion regarding the Protection of Personal Information Bill**

The Minister of Intelligence tabled the Protection of Information Bill, B28 – 2008, in Parliament on 30 May 2008. This deals with state security issues, albeit it introduces certain duties and obligations to natural and juristic persons.

Due to close resemblance in the names of this Bill and the Protection of Personal Information Bill, there had been confusion whether or not the Protection of Personal Information Bill had been published and tabled at Parliament.

The Law Commission of South Africa has confirmed that the Protection of Personal Information Bill has not yet been published.

☞ **Further information : Oupa Skosana**  
✉ [oupa@saia.co.za](mailto:oupa@saia.co.za)

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

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## **4 OTHER SAIA ISSUES**

### **Fraud combating successes webpage**

The SAIA will be launching a new section on our website to showcase fraud combating success stories from our member companies as soon as the website is up and running.

SAIA members have adopted a strong policy against fraudsters by proactively preventing, detecting, and prosecuting fraud wherever they find it to ensure that insurance fraud is prioritised and effectively prosecuted. This news page will showcase the successful detecting, prosecutions and prevention of fraud.

Input to this webpage would be greatly appreciated and those companies that would like to create a link to the SAIA fraud page from their websites please contact us.

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

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### **Micro-Insurance Discussion Paper**

The SAIA Task Team that was set up to put together the SAIA comment, on behalf of and with input from the industry, has met twice in June, divided up into teams and have been considering the issues from legal and compliance, prudential and risk, distribution, and micro-insurance general viewpoints.

SAIA members have also been invited to submit their first round of comments by 17 June 2008.

The SAIA Micro-Insurance Workshop took place on 11 June 2008 to further assist in informing our members and other role players about the relevant issues. This Workshop was presented and the debate facilitated by Doubell Chamberlain representing FinMark Trust and was hugely successful. More than fifty people attended the Workshop and feedback indicates that the Workshop was found to be extremely valuable.

The first draft of the SAIA submission was sent to members for their input on Friday, 27 June 2008. The deadline for the second round of comments from the industry is Monday, 7 July 2008.

Please send comments to Vivienne Pearson at the SAIA.

☞ **Further information : Vivienne Pearson**  
✉ **vivienne@saia.co.za**

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**Previous reference: An article on Micro-Insurance featured in the May 2008 issue of the Bulletin.**

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### **SAIA Consumer Education Strategy**

The SAIA arranged a FSC Consumer Education Workshop for Wednesday, 18 June 2008. The SAIA Consumer Education Committee members as well as other relevant role players such as the FSB and FinMark Trust participated in this facilitated workshop in order to re-evaluate the SAIA FSC Consumer Education Initiative.

Various issues were discussed which will be taken further as a starting point for a new strategy in terms of FSC consumer education.

This workshop was the start of a process to be followed to draft a new holistic Consumer Education Strategy for the SAIA, including various elements such as FSC consumer education,

non-FSC consumer education, and specific areas of concern such as consumer credit insurance consumer education.

☞ **Further information : Viviene Pearson**  
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**Previous reference: Articles on FSC has featured in the June – November 2006, February 2007, April 2007 – November 2007 and January – April 2008 issues of the Bulletin.**

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### **South African Insurance Crime Bureau (ICB)**

The South African Insurance Crime Bureau (ICB) Board of Directors met on 2 June 2008, and made various decisions including:

- The decision to appoint a Head: Operations. The person appointed in this position is Mr Hugo van Zyl who will start with his duties early in July 2008.
- The decision to additionally appoint a CEO with a strategic role to play in future, after the position and type of candidate has been researched properly.
- The decision to arrange a facilitated brain storming session for the ICB Board on 22 July 2008 in order to agree on the vision, role and strategic future of the ICB.
- The decision to appoint Memex as technology partner.
- The decision to collect the first funds payable from ICB members as soon as possible.

These decisions will be ratified as soon as the company registration is finalized.

Subsequently, the company registration has been expedited and should be finalized as soon as possible, and ICB members have been requested to pay their first amounts into a trust account by Friday, 4 July 2008.

The setting up of operations will commence early in July 2008.

☞ **Further information : Viviene Pearson**  
✉ [viviene@saia.co.za](mailto:viviene@saia.co.za)

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**Previous reference: Articles on the South African ICB featured in the February, April, June and August 2007, January – March 2008 and May 2008 issues of the Bulletin.**

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### **The Insurance Crime Bureau and Insurance Data System partnership**

As reported in the previous article, the South African Insurance Crime Bureau (ICB) is in its final stages of implementation and will be operating within the next few months if all goes according to plan.

The Insurance Data System (IDS) will be crucial in providing the ICB with its first, foremost and main data source. The IDS data is enriched by TransUnion and already offers more than the data submitted by the companies.

A very close relationship will be established between the IDS (and TransUnion) and the ICB. The ICB needs the IDS as a primary data source, and will be able to in turn assist IDS with some additional data. TransUnion also holds other data sources which could possibly supply the ICB with valuable additional information that could be very useful in the search.

The two different entities, ICB and IDS, offer distinctly different benefits, and have completely different focuses.

The IDS could mainly be seen as an underwriting tool and should be used by its members in this way. The ICB will focus on insurance crime fighting, with a focus on organized insurance fraud,

and will use the information supplied by IDS and other data sources as the starting point of its operations.

☞ **Further information : Viviene Pearson**  
✉ [viviene@saia.co.za](mailto:viviene@saia.co.za)

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**Previous reference: Articles on the South African ICB featured in the February, April, June and August 2007, January – March 2008 and May 2008 issues of the Bulletin.**

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### **Intermediaries Guarantee Facility (IGF)**

The maximum guarantee for the Intermediaries Guarantee Facility (IGF) has been increased from R50 million to R60 million as of 1 April 2008.

This amount will be increased by R10 million annually until 2012 when it will stand at R100 million.

For further information visit: [www.igfsec45.co.za](http://www.igfsec45.co.za).

☞ **Further information : Melanie Pillay**  
✉ [melanie@saia.co.za](mailto:melanie@saia.co.za)

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### **Financial Condition Reporting**

There have been no further developments on the subject since the April issue of the SAIA Bulletin that contained an article on the draft Terms of Reference of the proposed re-look at the current Prescribed Model (including the recalibration thereof).

SAIA will keep readers informed on any new developments.

☞ **Further information : Charles Hitchcock**  
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**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, January – September 2007 and the February – March 2008 issues of the Bulletin.**

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### **Shayela Approved: Trucking to disaster**

During the past month, Shayela has been involved in learning more about the Transport Education and Training Authority (TETA) training criteria. This is used to earn credits for drivers and encourage companies to claim for the completed training. The scary criterion is the education qualification required by participants to accumulate the 25 or 35 credits claimable from TETA.

Our concern is that most TETA training organisations seem to be spending far too much time on theory and not enough in the truck or bus out on the road. We interviewed 25 drivers varying in age from 30 to 65 and 80% of them have never done any form of defensive driving and unfortunately most have had crash claims at some time. Here we have the companies' survival hinging on a driver that is under serious stress to meet deadlines with deliveries in difficult off-loading and collection areas. Added to a driver's frustration is their lack of time and space management whilst conducting their duties.

When asked why they break speed limits, discard red lights or do not stopping at stop signs, the unanimous answers were that they would be in trouble for not achieving targets.

Strangely though, the drivers would still take leisurely lunches and smoke breaks. Only a few drove in the green band and even less of the drivers look far enough ahead to prevent sudden stopping. The concept of blind spot checks seemed to be a new revelation. The use of a handbrake during longish stops at intersections or traffic lights was not applied. In order to save fuel we recommended changing much quicker to a higher gear. Humans are creatures of habit and a dangerous habit that drivers have is that they tend to go to the right hand lane far too early if turning right, causing other drivers to manoeuvre aggressively past in the left hand lane, often "cutting" in front of heavy vehicles and busses.

We believe that if we can concentrate on general road sense and discipline we can encourage drivers to change their attitude, thereby instilling a culture of safer driving standards for all. Details will appear on the Shayela Web site [www.shayela.co.za](http://www.shayela.co.za). As we say: "Your safety is our concern but your responsibility." Drive with care and safe motoring!

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

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## 5 INSURANCE FRAUDLINE UPDATE

Insurance Fraudline Report Summary					January 2007 - May 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	20	2	0	0
May-08	199	183	0	17	9	0	3
<b>Total</b>	<b>3596</b>	<b>3382</b>	<b>3</b>	<b>227</b>	<b>117</b>	<b>18</b>	<b>25</b>
<b>Total since Nov 2002</b>	<b>20259</b>	<b>19302</b>	<b>14</b>	<b>981</b>	<b>486</b>	<b>118</b>	<b>191</b>

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

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

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 – May 2008 issues of the Bulletin.

## **6 INSURANCE DATA SYSTEM (IDS) UPDATE**

### **Profit in the pocket**

Not all companies need a full-blown fleet management system with live tracking of vehicles, but most need some assistance in managing the way company vehicles are used to optimise routing for both speed of service and fuel efficiency.

Smaller portable devices on offer from companies such as Garmin and TomTom have a range of options and offer fleet managers choices, from basic route guidance through to more complex route planning scenarios.

Two new models TomTom ONE and TomTom ONE XL, have recently been released, and now contain navigation maps for seven neighbouring countries.

In addition to the other 36 languages, the new models can now also offer voice guidance in Afrikaans. Products in the TomTom range include all-in-one navigation devices, which enable customers to navigate right out of the box.

While the Garmin or TomTom systems will not provide management information, they will go along way to avoid drivers getting lost, reduce the risk of prolonged presence in potentially dangerous areas, ensure faster deliveries and help reduce fuel consumption. General Packet Radio Service (GPRS) is a packet oriented mobile data service available to users of the Global System for Mobile Communications (GSM) and IS-136 mobile phones. GPRS has opened up a whole range of possibilities and fleet managers can now be connected 24 hours a day if required, but payments are based on the amount of data transmitted, not the time spent connected to the vehicles. This means real live data transfer - a vehicle can now be watched live positioned on interactive geographic information system (GIS) maps.

### **Impact on insurance**

So how do these technologies impact insurance? Stolen vehicle recoveries helps to keep costs down in the insurance industry. Tracking devices allow vehicles to be tracked and recovered, while micro dotting serves ensure that recovered vehicles are returned to the rightful owners, even if the vehicle identification numbers have been removed. The cost savings to the industry are substantial enough for insurers to offer fleet and vehicle owners premium discounts for fitting tracking systems and micro dotting to vehicles. Owners are also protected from losing their no claim bonuses and the subsequent premium increases, following a theft or hijacking, if the vehicle is recovered. Secondly, on an industry scale, overall costs are kept lower, which should theoretical serve to keep premiums down.

“We estimate that our 36 000 recoveries have saved the country between R3.5 - R4 billion in vehicle replacement costs alone,” says Gareth Crocker, Communications Manager for Tracker.

New technology has given rise to innovative new insurance products. One such product is Hollard’s ‘Pay as you Drive’ insurance offering, which bases premiums for motor insurance on the actual usage of the vehicle. The premium is determined by the actual kilometres travelled, monitored by SkyTrax tracking technology from Tracker. On the international scene, Seattle based insurer, Safeco, recently launched an insurance policy for teenage drivers called Teensurance.

Teensurance’s ‘Safety Beacon’ combined package (insurance and a GPS tracking device), offers parents the ability to monitor their teenage children’s behaviour on the road. Parents can set how far their children are allowed to drive, at what maximum speed and what time of day. Using an online interface, parents can track where their children (and cars) are, and how fast they are driving. If one of the boundaries is crossed, parents immediately receive a notification by phone. The same principles are applied in fleet management technology, allowing fleet managers and vehicle owners to proactively manage their risk exposure.

A few years ago, the contracts signed stated the information provided would not be divulged to or shared with third parties. Today, this is no longer the norm as the concept of information sharing is a working practice around the world.

Chris van Rensburg, the TransUnion Executive for Insurance, Direct 2 Consumer, explains that as technology and system infrastructures improve the ability to share information increase. "Since 2001, the insurance industry has worked together in a data sharing initiative, called the Insurance Data System, managed by TransUnion, which is a centralised database of claims and policy information to help the short-term insurance industry manage their risk and fraud," explains van Rensburg.

This means it is standard practice for your insurance policy application and/or call centre scripting to include a clause stating that you as the policyholder consents to your policy and claims information to be shared and to such information being disclosed to any other insurance company or its agent. "In addition," says van Rensburg, "as of mid 2008, insurance policy data will be used to notify the banks when insurance on a financed vehicle is cancelled, to address the problem of consumers cancelling their insurance cover shortly after purchasing a vehicle."

Collaborative data pooling makes it possible for insurers to have access to factual behavioural information so informed underwriting decisions can be made. Insurers and brokers are also in a better position to identify and manage fraud as claims information is shared and they can identify where duplicate claims are submitted to various insurers.

Consumers who conduct their insurance policies in an honourable way also benefit from this as they no longer have to pay for the consumers who abuse their insurance for inflated or duplicate claims; they can not be identified as 'good' risks and receive the best possible service at the most reasonable premium. However, the question arises whether the information recorded on tracking systems or information sharing systems can be used against you in the event of a claim.

In the US, where privacy is a major issue, Safeco, the providers of the Teensurance policy mentioned earlier, claims it cannot see data that's being collected, and will not be able to use it if an insured party is involved in an accident.

However, in South Africa, the answer is yes. If it can be proven that you were speeding at the time of the accident using the information stored on the tracking system, a claim can be repudiated on the basis thereof. Information regarding the use of the vehicle or where the vehicle is kept will also be available to the insurers via the tracking system, which means that insurers no longer have to rely on the honesty of policyholders – they have electronic proof of what actually transpired. The key to making technology work for you to manage your risks and keep insurance premiums low is to keep it fresh.

"Staying ahead of the criminals and harnessing the full power of technology requires fitting the latest state-of-the-art anti-theft and anti-hijacking devices," says Matrix Vehicle Tracking.

"The devices fitted two or three years ago may no longer offer sufficient security, as criminals have become much more professional and are also equipping themselves with training and technology.

"Due to the advancements in electronics, the latest products are generally smaller and can be fitted more covertly. New devices are also less likely to fail than older devices."

*Source: Fleet Magazine, May 2008, Monique Terrazas*

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

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## 7 PRESS CLIPPINGS

Publication	Person/DN	Subject
Cover 1/05/08	# 67595	<b>Consumer Protection Bill:</b> Some thoughts on the Consumer Protection Bill
Cover 1/05/08	# 67596	<b>Value Added Tax (VAT):</b> Value Added Tax Insurance
RiskSA 1/05/08	# 67597 * SAIA	<b>Consumer Credit Insurance Enquiry:</b> The LOA and SAIA have welcomed the release of the Consumer Credit Insurance Enquiry Report
RiskSA 1/05/08	# 67598	<b>Micro-insurance:</b> National Treasury is preparing a discussion document entitled 'The Future of Micro-Insurance Regulation in SA'. Interested parties will have until 31 July 2008 to comment.
Business Day 5/05/08	# 67047	<b>Micro-insurance:</b> Poor may get insurance under new proposal
Business Report 5/05/08	# 67048	<b>Financial Intelligence Centre Act (FICA):</b> Law funds blast new bill on Financial Intelligence Centre Act (FICA)
Business Report 6/05/08	# 67071	<b>Financial Intelligence Centre (FIC):</b> Anti-money laundering law amendments raise penalties
Citizen 7/05/08	# 67085	<b>Consumer Protection Bill:</b> Consumers' Bill of Rights
Beeld 7/05/08	# 67086	<b>Consumer Protection Bill:</b> Verbruikersbeskermingswet gee sy eerste tree
Business Day 7/05/08	# 67092	<b>Consumer Protection Bill:</b> Product liability bill alarms retailers
Business Day 7/05/08	# 67095	<b>Money laundering:</b> SA needs tougher laws to stop money laundering and terrorism financing
Business Report 7/05/08	# 67096	<b>Consumer Protection Bill:</b> New bill promotes rights of consumers
Citizen 7/05/08	# 67097	<b>Mutual &amp; Federal (M&amp;F):</b> Mutual & Federal may pay shareholders a dividend
Business Report 8/05/08	# 67108	<b>Financial Intelligence Centre (FIC):</b> Private sector rails against FIC burdens
Business Day 8/05/08	# 67109	<b>Financial Intelligence Centre (FIC):</b> Finance regulator bill 'too onerous'
Citizen 8/05/08	# 67111	<b>Mutual &amp; Federal (M&amp;F):</b> Mutual & Federal to pay unchanged final dividend
Business Day 8/05/08	# 67112	<b>Business Unity SA (Busa):</b> Business Unity SA's new head, Molefe, dismisses critics
Business Day 12/05/08	# 67179	<b>Consumer Protection Bill:</b> Consumers finally get long end of the stick
Business Report 13/05/08	# 67255 * SAIA	<b>Insurance Crime Bureau (ICB):</b> New bureau ready to tackle insurance crime
Beeld 13/05/08	# 67252	<b>Consumer Credit Insurance Enquiry :</b> Kredietversekering 'sal verder ondersoek moet word'
Beeld 14/05/08	# 67253	<b>Financial Intelligence Centre (FIC):</b> Kritiek op nuwe geldwas-wet verwerp
Business Report 19/05/08	# 67302	<b>Financial Services Laws:</b> Pension funds legislation ruffles LOA feathers
Business Day 19/05/08	# 67303	<b>Business Against Crime:</b> Making it their business to turn the tide on crime
Citizen 22/05/08	# 67397	<b>Medical Schemes (Guardrisk):</b> Guardrisk appeal rejected
Business Report 23/05/08	# 67433	<b>Medical Schemes (Guardrisk):</b> Guardrisk offends with duplicitous headline

Sake24 23/05/08	# 67476	<b>Hollard:</b> Hollard-sakeversekering in bemagtigingshande van die Etana
Beeld 26/05/08	# 67447	<b>Financial Intelligence Centre (FICA)</b> – FICA wysigings kan ramspoedige gevolge hê, waarsku regsvereniging
Business Day 26/05/08	# 67441	<b>Financial Intelligence Centre (FIC):</b> Finance bill 'may breach privacy rights'
Beeld 27/05/08	# 67477	<b>Brokers:</b> Herstrukturering kan makelaarsbedryf knou
Business Day 28/05/08	67475 *SAIA	<b>Financial Services Board (FSB):</b> Financial Services Board (FSB) onsite inspections 'not sinister'
Business Day 28/05/08	# 67594	<b>Financial Intermediaries Association of Southern Africa (FIA):</b> Insurance and Investment Awards: <ul style="list-style-type: none"> <li>• Santam takes honours at new body's awards</li> <li>• Risk management crucial</li> <li>• Discovery Life: Recognition a spur for greater endeavour</li> <li>• Life Offices: Transparency comeback</li> </ul>
Business Day 28/05/08	# 67496	<b>Credit Life:</b> Credit Life growth in the doldrums
Business Day 29/05/08	# 67515 * SAIA	<b>Insurance Laws Amendment Bill:</b> Minister 'too strong' in bill, say insurers
Saturday Star 31/05/08	# 67600	<b>Consumer Protection Bill:</b> New consumer bill aims to give you more protection
Saturday Star 31/05/08	# 67601 #67602	<b>Rising costs:</b> Rising costs signal that it is time to revalue insurance <b>New financial services club:</b> New financial services club may turn out to be a wolf in sheep's clothing
Saturday Star 31/05/08	# 67604 * SAIA	<b>Financial Services Laws General Amendment Bill:</b> Regulators oppose industry bid to weaken consumer-friendly law

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

## **8 RADIO AND TELEVISION COVERAGE**

### **East Coast Radio (English)**

News headlines @ 16:00, 2 June 2008

Newswatch @ 16:30, 2 June 2008

#### **Parliament gives the Treasury a deadline**

Parliament has given the Treasury one week to consult insurance industries to propose amendments to the insurance laws after the industry complained about not being notified about the amendments.

### **Radio Sonder Grense (Afrikaans)**

Geldsake

4 June 2008, 17:25:16

#### **Sanlam trading update**

Sanlam released a trading update today for the first four months of 2008 and Alwyn Van der Merwe speaks about the company's performance in terms of the operational side of the business  
Mention: Coronation, Santam and My Way, and Standard Bank.

(Int:) Alwyn Van Der Merwe - Director of Investments: Sanlam Private Investments

### **CNBC Africa (English)**

Personal Finance, 4 June 2008, 20:42:43

#### **A discussion on saving on short-term insurance**

(Int:) Mandy Barret - Glenrand MIB

(Int:) Ben Tonkin - Insurance Broker: FNB

### **Summit TV (English)**

Business & Insurance, 12 June 2008, 20:37:57

#### **A discussion about customers' commitment to short-term insurance in difficult times**

(Int:) Andrew Coutts - MD Commercial Lines: FNB Insurance Brokers

### **SAfm (English)**

Morning Talk, 20 June 2008, 11:36:14

Integritio

#### **A discussion about Integritio, which offers cheaper vehicle and household insurance for people who are over 50**

(Int:) Arnold van der Linde - CEO: Integritio

(Dur 00:03:02)

☎ **Further information on all of the above-mentioned radio and television coverage: Adèle Joubert**  
✉ [adele@saia.co.za](mailto:adele@saia.co.za)

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## **9 CIRCULARS**

The following circulars were issued during the month of May 2008: (Number of circular, title, date issued and contact person)

### **SAIA**

- SG 2008/026 Update: Enterprise Ireland Insurance Symposium (9/05/08)  
Contact: Barry Scott
- SG 2008/027 FSB Information Letter 2/2008 – Short-Term Insurance Act, 1998  
(Act 53 of 1998) (9/05/08)  
Contact: Barry Scott
- SG 2008/028 National Treasury Discussion Paper on Micro-Insurance: An invitation to SAIA members to nominate a representative to the SAIA Task Team looking into this discussion paper (14/05/08)  
Contact: Vivienne Pearson
- SG 2008/029 Application for membership of the SAIA – SaXum Insurance Limited (16/05/08)  
Contact: Sonja Etsebeth
- SG 2008/030 FSB Special report on the results of the short-term insurance industry: March 2008 (21/05/08)  
Contact: Sonja Etsebeth
- SG 2008/031 Financial Sector Charter 2007 reporting (22/05/08)  
Contact: Thabo Tlaba-Mokoena
- SG 2008/032 Financial Sector Charter reporting website (23/05/08)  
Contact: Thabo Tlaba-Mokoena
- SG 2008/033 National Treasury Discussion paper on Micro-Insurance: An invitation to attend a SAIA workshop on Wednesday, 11 June 2008 from 9:00 for 9:30 until 13:00 (23/05/08)  
Contact: Vivienne Pearson
- SG 2008/034 Draft letter for the application of exemption from Empowerment Financing (27/05/08)  
Contact: Thabo Tlaba-Mokoena

SG 2008/035 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the status of credit intermediaries (30/05/08)  
Contact: Melanie Pillay

## AMUSA

AM 2008/018 Unlicensed skippers (6/05/08)  
Contact: Barry Scott

AM 2008/019 IUMI Bulletin 4 – May 2008 (9/05/08)  
Contact: Barry Scott

AM 2008/020 Passenger vessels operating on inland waters SAMSA Marine Notices (9/05/08)  
Contact: Barry Scott

AM 2008/021 IUMI Vancouver Conference (15/05/08)  
Contact: Barry Scott

AM 2008/022 IUMI at IOPC Bulletin 4A (26/05/08)  
Contact: Barry Scott

☞ **Further information on all of the above-mentioned circulars : Sonja Etsebeth**  
✉ [sonja@saia.co.za](mailto:sonja@saia.co.za)

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## IMPORTANT NOTICE

Should you know someone who might be interested to receive the SAIA Bulletin, and other interesting short-term insurance related SAIA communication, let them contact Adèle Joubert at SAIA, ✉ E-mail: [adele@saia.co.za](mailto:adele@saia.co.za) ☎ Tel: (011) 726 5381, 📠 Fax: (011) 726 5352, for more information.



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