



SAIA – ☎ (011) 726 5381

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1 LATEST NEWS

SPECIAL GUEST ARTICLE: IISA Report

2009 arrived with many new challenges for the Insurance Institute of South Africa (IISA). One of our key issues to be dealt with early in 2009 is the decision by the IISA to apply to become recognised by the Financial Services Board (FSB) as a representative body under Section 6 [3] [a] [iii] of the Financial Advisory and Intermediary Services Act of 2002.

We are very fortunate to be able to report on strong indications of support from the Financial Intermediary Association and the South African Insurance Association (SAIA) as well as from numerous other industry bodies with regards to our application to the Financial Services Board. We expect the appointment to be announced to the market in the first half of 2009.

As a separate venture, we are embarking on a review of much of our course material that we provide to various educational facilities in South Africa and other Southern African states, to ensure that the information is relevant and up to date with all market developments and legislative changes.

Our efforts to develop short course work books are progressing well and we will report further on this issue over the next few months. The intention is to develop short course work books which can lead to learner delivery around South Africa assisted by our various Local Insurance Institute bodies.

IISA Promote Insurance Professionally (PIP)

We are already planning our next session which is likely to cover the subject of FAIS Fit and Proper requirements for the industry after our last two very successful sessions on the Road Accident fund (RAF).



Sun City Conference 2009

We are already enjoying strong support in bookings for the IISA 2009 conference at Sun City on 28 and 29 June 2009. To avoid disappointment please ensure you make reservations via our conference website: www.iisa.co.za. The new shortened version of the conference enjoyed very positive support last year and looks set to have even stronger representation from the industry this year.

We have done away with the formal black tie dinner and will start on the Sunday with a smart casual welcoming cocktail party followed by a theme party on the Monday evening to enable delegates to be back at work on Tuesday 30 June 2009. On the Sunday, delegates can enjoy a game of golf on the great courses at Sun City.

We had a visit from Nigeria by the President, Mr Adeyemo Adejumo and his deputy during February 2009 and are exploring ways of affecting a closer working relationship with the Nigerian Institute and market.

We are also endeavouring to further cement our close association with the Chartered Insurance Institute (CII) in London, who have made significant progress in lifting the level of professional education and training in the UK. They have also developed a very successful CPD (Continuing Professional Development) model, which we will be used to assist our local developments in this regard. We will also be working closely with the FSB in terms of their CPD model to ensure that the industry presents one comprehensive and topical CPD to the market place.

 **Further information : David J Harpur**
 **elma@iisa.co.za**

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

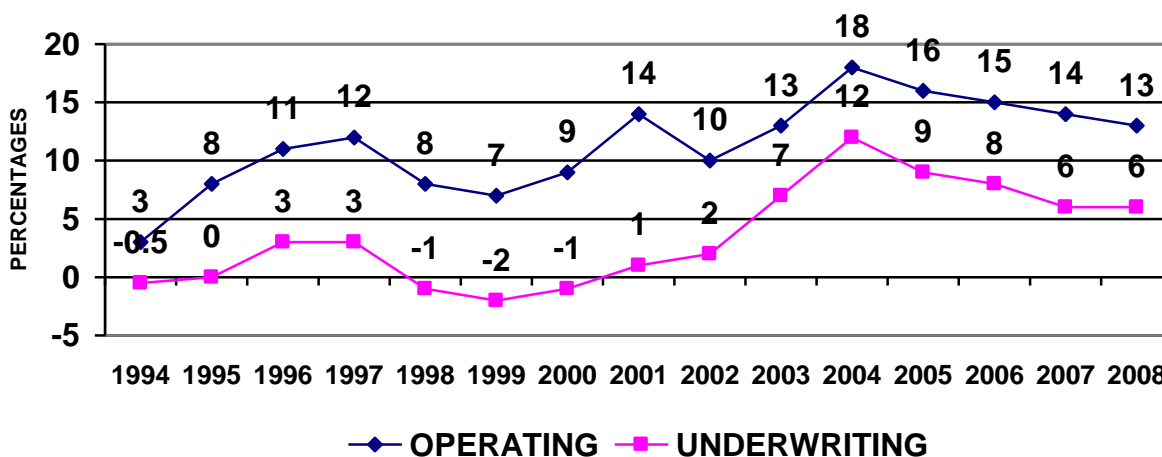
Industry results - Typical insurers (typical insurers, for the purpose of this report, are those insurers who offer most types of policies to, mostly, the general public).

The table below sets out combined statistics (net after reinsurance) for typical insurers for the calendar years 2003 to 2008. The figures are unaudited.

	2003	2004	2005	2006	2007	2008
Net premiums R'm	19 774	24 211	26 828	31 093	34 351	37 556
Underwriting profit/(loss) R'm	1 381	2 932	2 542	2 482	2 169	2 327
Underwriting and investment income R'm	2 554	4 303	4 304	4 588	4 851	5 064
Claims (as % of earned premiums)	67	59	63	65	66	66
As % of net written premiums:						
Management expenses and commission	26	26	26	25	27	27
Underwriting profit/(loss)	7	12	9	8	6	6
Underwriting and investment income	13	18	16	15	14	13
Net premium increase (year to year)	17	22	11	16	10	9
Surplus asset ratio (median)	45	37	40	42	43	40

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

RESULTS AS PERCENTAGES OF NET PREMIUMS



Four of the twenty-four insurance companies classified as typical insurers reported an underwriting loss for the year ended December 2008 compared with six (of twenty-four) who reported an underwriting loss for the nine months ended September 2008.

Three of the twenty-four insurance companies reported an operating loss for the year ended December 2008 compared with three (of twenty-four) for the nine months ended September 2008.

Statutory surplus asset ratios

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

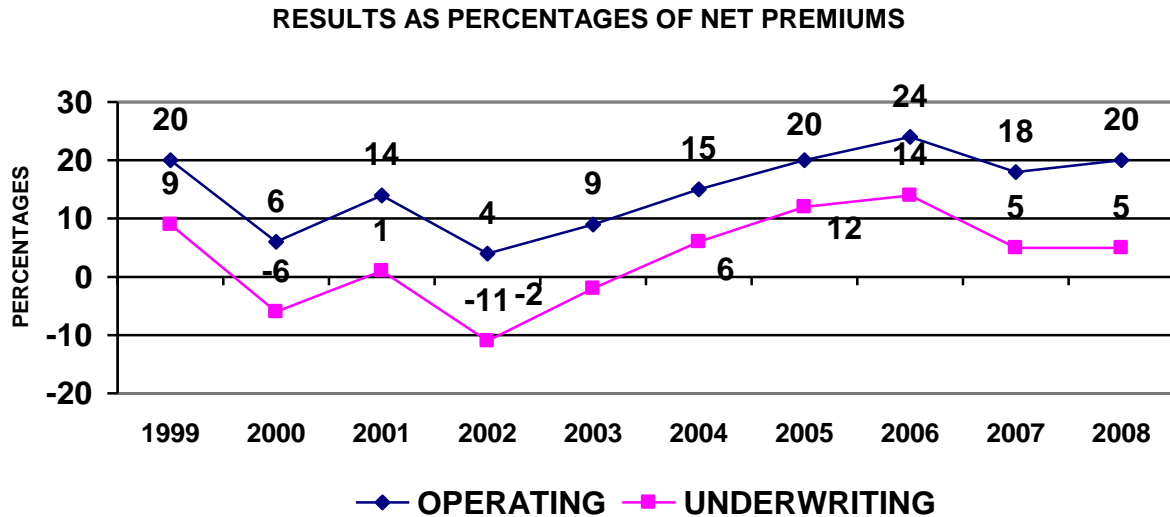
	Number of insurers					
	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008
Below 15%	1	1	0	0	0	1
Between 15% and 20%	0	0	1	0	1	1
Between 20% and 25%	2	0	1	3	0	1
Between 25% and 30%	3	3	3	3	6	2
Between 30% and 40%	4	8	5	4	2	8
Between 40% and 50%	2	1	2	4	5	4
Between 50% and 100%	7	5	6	4	5	4
Above 100%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

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 2008. The figures are unaudited.

	2003	2004	2005	2006	2007	2008
Net premiums R'm	2 773	3 486	4 239	4 144	4 511	5 460
Underwriting profit/(loss) R'm	(65)	220	529	568	224	295
Underwriting and investment income R'm	240	506	857	980	810	1 079
Claims (as % of earned premiums)	57	56	52	52	62	67
As % of net written premiums:						
Management expenses and commission	39	34	28	31	33	25
Underwriting profit/(loss)	(2)	6	12	14	5	5
Underwriting and investment income	9	15	20	24	18	20
Surplus asset ratio (median)	47	46	56	59	60	56

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



Of the ten operational cell captive insurers, three have reported an underwriting loss and none an operating loss for the year ended December 2008 compared with three of ten who reported an underwriting loss and one an operating loss for the nine months ended September 2008.

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

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

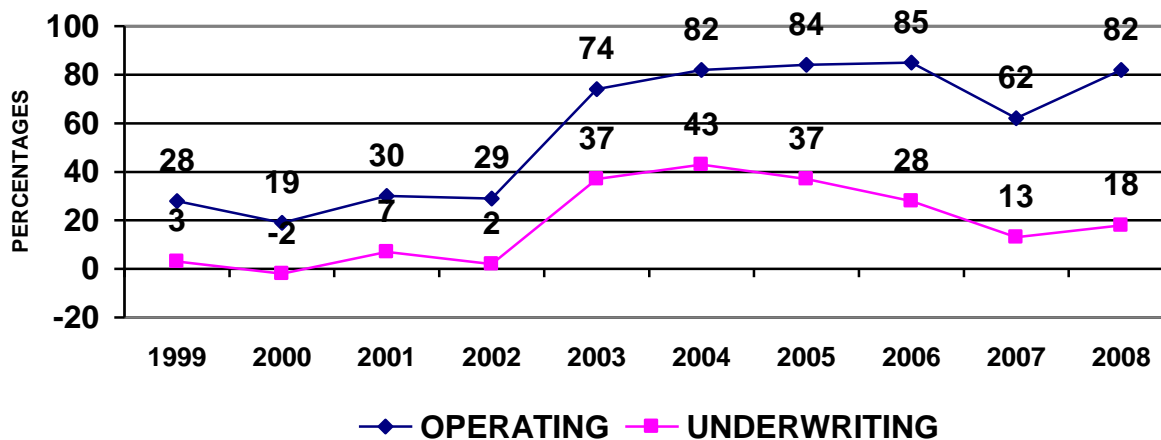
Industry results - Captive insurers (captive insurers, for the purpose of this report, are those insurers who offer cover of the risks of the owners' company or companies only).

The table below sets out combined statistics (net after reinsurance) for captive insurers for the calendar years 2003 to 2008. The figures are unaudited.

	2003	2004	2005	2006	2007	2008
Net premiums R'm	308	214	165	144	200	185
Underwriting profit/(loss) R'm	114	92	61	40	26	34
Underwriting and investment income R'm	227	176	138	122	125	152
Claims (as % of earned premiums)	47	52	74	63	84	79
As % of net written premiums:						
Management expenses and commission	16	7	-11	11	2	4
Underwriting profit/(loss)	37	43	37	28	13	18
Underwriting and investment income	74	82	84	85	62	82
Surplus asset ratio (median)	214	318	329	437	435	334

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

RESULTS AS PERCENTAGES OF NET PREMIUMS



Four of the eleven captive insurers have reported underwriting losses and two operating losses for the year ended December 2008 compared with five of the eleven captive insurers who reported underwriting losses and two operating losses for the nine months ended September 2008.

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

	Number of insurers					
	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 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	11

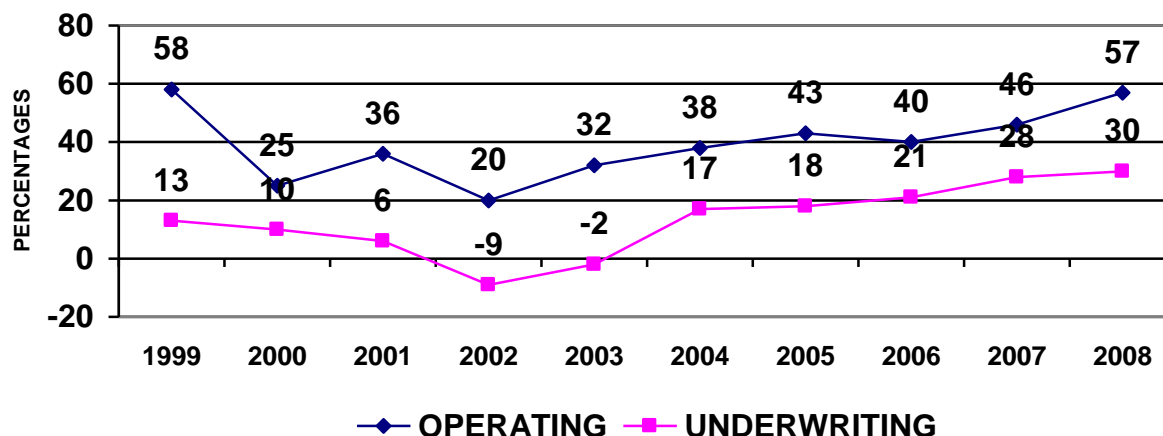
Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2003 to 2008. The figures are unaudited.

	2003	2004	2005	2006	2007	2008
Net premiums R'm	2 047	2 808	2 497	3 293	3 872	4 976
Underwriting profit/(loss) R'm	(48)	477	444	699	1 078	1 514
Underwriting and investment income R'm	652	1 067	1 081	1 308	1 779	2 839
Claims (as % of earned premiums)	70	55	51	48	43	40
As % of net written premiums:						
Management expenses and commission	33	25	29	28	27	27
Underwriting profit/(loss)	(2)	17	18	21	28	30
Underwriting and investment income	32	38	43	40	46	57
Surplus asset ratio (median)	121	163	117	120	72	77

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

RESULTS AS PERCENTAGES OF NET PREMIUMS



Twelve of the thirty-three operational niche insurers have reported underwriting losses for the year ended December 2008 and three have reported operating losses compared with sixteen of thirty-four for the nine months ended September 2008 reporting underwriting losses and five operating losses.

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

	Number of insurers					
	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008
Below 15%	0	0	1	0	0	0
Between 15% and 20%	1	1	0	1	0	1
Between 20% and 25%	1	1	0	0	1	2
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	9
Above 100%	16	17	17	19	14	13

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

The table below sets out combined statistics (net after reinsurance) for re-insurers for the calendar years 2007 and 2008. The figures are unaudited.

	2007	2008
Net premiums R'm	1 899	2 388
Underwriting profit/(loss) R'm	192	37
Underwriting and investment income R'm	651	492
Claims (as % of earned premiums)	58	64
As % of net written premiums:		
Management expenses and commission	30	34
Underwriting profit/(loss)	10	2
Underwriting and investment income	34	21
Surplus asset ratio (median)	146	149

Four of the seven operational re-insurers have reported underwriting losses for the year ended December 2008 and none has reported an operating loss compared with five of seven re-insurers reporting underwriting losses and none operating losses for the nine months ended September 2008.

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

	Number of insurers	
	December 2007	December 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	1
Between 40% and 50%	0	0
Between 50% and 100%	3	2
Above 100%	4	4

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

Update on Financial Condition Reporting (FCR)

The following circular letter has been received from the Financial services Board (FSB)

Update on Financial Condition Reporting (FCR)

The purpose of this letter is to provide an update on the process initiated by the Financial Services Board (FSB) to implement Financial Condition Reporting (FCR) in the South African short-term insurance industry.

The FSB published for comment an Issues Paper on FCR in December 2006. A large number of responses were received.

The main points raised by industry players include the following:

- The prescribed model is considered overly complex and difficult to utilise. It is seen as a “black box”, which does not aid proper understanding of the risks and methodology.
- The prescribed model does not adequately allow for the benefits of non-proportional reinsurance. This results in an onerous capital requirement for insurers making extensive use of non-proportional reinsurance.
- The prescribed model is not considered suitable for cell captives and reinsurers.
- There are concerns about the cost of implementing FCR and developing internal models.
- There are implementation concerns arising from the scale of the difference in capital that may be required under the proposed prescribed model relative to current capital requirements.

The FSB has considered these issues and proposes to address the main concerns through the steps detailed below. The intention behind these measures is to follow a more pragmatic approach to FCR implementation and to take into account some of the unique features of the South African short-term insurance industry.

Recalibration of the prescribed model

A recalibration exercise is being undertaken to simplify the prescribed model, with the aim of making it more understandable and to reduce the complexity of various technical calculations.

The recalibration will not entail a complete overhaul of the proposed method, but will rather make changes to certain features while retaining the overall structure of the prescribed model. Simplifying the prescribed model will necessarily lead to the loss of some specific features of the earlier proposals, which may have captured specific characteristics of the data, but which were considered to add limited value relative to the additional complexity that they introduced.

The recalibration exercise is being driven by a small working group formed in 2007 with representatives from the FSB, SAIA and the Actuarial Society of South Africa. The letter of engagement with Deloitte was signed at the end of October 2008 and the process has commenced. The results of the recalibration are expected by the end of April 2009.

The recalibration exercise is utilising data from statutory returns up to 2007. The recalibration will exclude data from insurers writing cell business only, cell captives and reinsurers, as these categories of insurer have characteristics that may distort the overall results. The exercise will thus focus on a prescribed solvency basis for the “typical” short-term insurer. Separate investigations for cell business, cell captives and reinsurers will be undertaken once the initial recalibration exercise has been completed.

At this stage, no changes to the calculation of the outstanding claims reserves, unearned premium reserve and unexpired risk reserve are proposed. The methodology to calculate the incurred but not reported reserve is also likely to stay the same, but the factors themselves may change due to changes in the data to be used.

It is intended that the asset capital requirement will be adjusted to allow for credit risk.

It is currently proposed that calculation of the total capital requirement will remain similar to current practice, except for adjustments to allow for a “maximum event retention” (MER). In summary, it is proposed that the total capital requirement will be calculated by:

- Determining separate requirements for assets and insurance;
- Allowing for the fact that the assets backing the capital requirement may be insufficient during an investment shock; and
- Assuming independence between the asset and insurance risk requirements.

Internal models

In parallel with the recalibration exercise, the FSB aims to issue updated guidelines on internal models for industry comment during the first half of 2009. The guidelines will incorporate international developments, in particular the International Association of Insurance Supervisors’ (IAIS) standard on the use of internal models for regulatory capital purposes, approved in October 2008.

The FSB has embarked on several on-site visits to assess the progress made by insurers in developing internal models, including the identification of common difficulties. The FSB will issue a report on the findings of these visits.

It is envisaged that the “certified model”, as described in the December 2006 Issues Paper, will be replaced by the concept of a “partial” internal model.

Updated Issues Paper

Following the recalibration exercise, a further Issues Paper will be published for public comment, highlighting the main proposed adjustments to the prescribed model, the internal model methodology as well as changes to insurance capital requirements.

Impact Study

The National Treasury and the FSB have agreed to undertake a study to assess the potential impact of the introduction of draft FCR proposals on the short-term insurance industry and policyholders, prior to the finalisation of these proposals.

Implementation

The Insurance Laws Amendment Act, 2008 (No.27 of 2008) put in place enabling provisions that will allow for the future implementation of FCR.

The implementation date of FCR has yet to be finalized and will be informed by ongoing consultations, including the proposed Impact Study. Taking into account sufficient lead time, it is likely that the implementation of FCR will not take place before 2011.

The FSB encourages insurers to engage in discussions with the FSB during the process of developing FCR. It is intended to put in place a broader representative consultation forum to ensure that the views of all relevant stakeholders are adequately considered.

We would like to take this opportunity to thank all the short-term insurers who have provided input into the FCR process to date and look forward to a vibrant process of consultation and co-operation going forward.

Yours sincerely

J Dixon
Registrar of short-term insurance

For further information on FSR contact Charles Hitchcock on email: charles@saia.co.za.

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

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2 LEGISLATION

Insurance Laws Amendment Act 2009 (“ILAA”)

Insertions of section 19(A) in Act 53 of 1988

Statutory actuary

Differing interpretations have been noted amongst the SAIA members regarding the new requirement under the Insurance Laws Amendment Act 2009 for the appointment of a statutory actuary.

Section 19A provides:



“(1) A short-term insurer shall **from time to time appoint, and at all times have, a statutory actuary under the circumstances determined by the Registrar**, either generally or in a particular case.

(2) A short-term insurer may appoint an alternate to act in the place of its statutory actuary during his or her absence for any reason.”

The SAIA raised concern regarding the differing interpretations within the industry at their recent meeting with the Financial Services Board (FSB) held on 24 February 2009. The FSB advised that the appointment of the statutory actuary will be determined by the Registrar under certain circumstances and therefore this Section 19(A) will only be applicable when the Registrar determines the parameters. It is anticipated that the Registrar will issue a Directive which determines the circumstances for the appointment of a statutory actuary.

Insurance Laws Amendment Act 2009 (“ILAA”): Demarcation of health policies and medical schemes products

The second (“ILAA”) Demarcation Workgroup meeting was held on 26 February 2009 where members provided an update of the progress that has been made since the first Workgroup meeting. In addition, the meeting discussed the Terms of Reference of the National Treasury consultant and revised time lines for the project leading up to the drafting of the regulations.

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

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<p>Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, January – November 2008 and January 2009 issues of the Bulletin.</p>
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3 OTHER SAIA ISSUES

Annual Business Against Crime Donation

The SAIA Board at its meeting on 3 February 2009 approved the annual donation to Business Against Crime South Africa (BACSA).

Background

Since 2002 the SAIA members who write motor insurance have been contributing to an annual Business Against Crime donation to be used towards combating vehicle crime. Overall, vehicle crime has reduced by approximately 30% over the last five years, and BACSA has made a significant impact on this reduction.

SAIA members who do not write motor insurance were previously not involved in this initiative.

New donation approved

The donation approved by the SAIA Board on 3 February now includes SAIA members who do not write motor insurance. The following was approved:

An amount of R1 500 000 will be sponsored by SAIA **motor insurance members**. R500 000 of this money will be used for a road safety breathalyzer project identified as important for the industry. The remaining R1 000 000 of this amount covered by the motor insurers will be donated to Business Against Crime SA to be used in their Violent and Organised Crime Initiative that includes vehicle crime and other crime areas such as business robberies and household robberies.

SAIA members who do not write motor insurance are asked to make voluntary contributions towards an additional target of R500 000 to be added to the above mentioned R1 000 000 to be used towards BACSA's Violent and Organised Crime Initiative. Non-motor members are urged to positively respond to this request as it is imperative for all our members to join the fight against crime.

SAIA members who do not write motor insurance are advised that the view of the SAIA Board is that the annual donation to combat crime and improve road safety will include all SAIA members from 2010 on a compulsory basis. Members should therefore budget for this expense for 2010.

Collection of funds for the donation

SAIA members who write motor insurance have been invoiced as per the normal formula followed.

SAIA members who do not write motor insurance are requested to send their pledges for their donation to Vivienne Pearson at the SAIA (011 726 5381 or viviene@saia.co.za) as soon as possible so that we can finalise this matter by the end of March 2009.

☎ **Further information : Vivienne Pearson**
✉ viviene@saia.co.za

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Request to participate in a short-term educational spread to be published in Personal Finance on 30 May 2009.

Bruce Cameron recently requested SAIA to collaborate with Personal Finance on a double page short-term insurance educational spread that will be published on 30 May 2009. SAIA's view is that this is an excellent opportunity to educate existing policy holders who are not reached by Financial Sector Charter (FSC) initiatives.

The spread would contain all the details of the various options of short-term insurance focusing on motor, home, household and consumer credit insurance; how to assess insurance needs; and the do's and don'ts of short-term insurance. Personal Finance will lead in that same week with information about the state of under insurance and the measures being taken by the industry to reduce costs as well as claims (for example reducing road accidents).

In the interest of making a contribution to the education of its readers, Independent Newspapers will discount its normal advertising price by 40 percent for the double page spread.

Normal price for a double page spread excluding VAT: R532 051.20

Discounted price excluding VAT: R319 230.72

The cost of this spread will be spread among SAIA members on a voluntary basis. The share of each participating member will depend on the number of participating members. The member companies that participate will have their names and logos published in the body of the educational spread.

Please note that this is not a survey where advertisers submit editorial copy as a trade off for advertising. Although Personal Finance will appreciate input from the industry and will refer the final spread to SAIA to confirm factual accuracy it is important for reasons of credibility that the staff of Personal Finance write and design the double page educational spread.

Personal Finance will make the spreads available to SAIA for publication in other newspapers at no cost apart from any transmission and repro costs. Additional copies can be printed if required, but this will come at additional cost.

Personal Finance is distributed in the Saturday Star and the Pretoria News Weekend in the Gauteng area; the Independent on Saturday in KwaZulu Natal; and in the Saturday Argus in the Western Cape. Latest AMPS figures indicate a readership of 755 000 readers, most of whom are in the short-term insurance target market.

Please note the deadline for confirmation of participation is: 26 May 2009.

Chris or Marita from Personal Finance will contact you between 2 & 27 of March 2009 to confirm if your company would like to participate and to discuss further arrangements.

If you have any queries on the above or require further information please contact Chris from Personal Finance directly on 021 422 1094 or email, chris.naidoo@inl.co.za.

The SAIA urges members to participate in this worthwhile effort to educate current and potential customers with a view to contribute to a positive image and reputation of the industry.

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

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Detective Training Graduation Ceremony

The Detective Training Graduation Ceremony that took place at the Linder Auditorium in Parktown on Thursday, 26 February 2009 showcased SAIA's efforts on behalf of its members to win the fight against crime.

Gauteng Premier, Mr Paul Mashatile, who delivered the keynote address specifically thanked SAIA for its financial contribution on behalf of its members and praised the short-term insurance industry for contributing towards such a worthy cause.

The Detective Training Graduation Ceremony was the culmination of a SAIA awareness project, facilitated by Business Against Crime South Africa (BACSA) and funded by Proudly Insurance funds.

The aim of the ceremony was to celebrate the successes of the R500 000 project that took place during the course of 2008 through which 500 detectives in the Gauteng Provincial Police Service were trained, to recognise these detectives for their achievements and to create awareness in order to motivate other individuals, companies and industries to follow the example of this first ever

public private partnership by joining hands with the authorities to make our country a better place for everyone.

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

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The SAIA Annual Review and AGM

The 2008/9 SAIA Annual Review, themed 'Collaboration,' is in its early stages of production and will be distributed at the SAIA Annual General Meeting (AGM) and Cocktail Function that will take place at the Johannesburg Country Club in Auckland Park on Wednesday, 22 July 2009 from 16:00.

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

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4 GUEST ARTICLES

Insurance Data System (IDS): TransUnion internal reporting changes

TransUnion is committed to remain focused on key industries, and as such, has made some changes to our internal reporting structures.

After many successful years as the executive for insurance and healthcare, Chris van Rensburg is now heading up our Direct to Consumer division. He will be looking at new and innovative ways of educating the consumer, as well as delivering their credit reports and other solutions directly to them. Tersia van Rooyen has also been promoted from the Insurance marketing team to the marketing manager for the Direct to Consumer marketing area. Both Chris and Tersia will be missed in the respective insurance teams, but we wish them well in their new ventures.

The insurance sales team will now form part of the bigger consumer sales team, headed up by the very experienced Robin Wagner. Robin will look after insurance and healthcare as well as his existing portfolio of banking, retail, telecommunications and government. Robin comes with vast experience in analytics and decisioning and we are sure that he will add immense value to the insurance portfolio.

From a marketing perspective, Jenny Theunissen still acts as marketing manager for insurance and healthcare, with Clifford Young replacing Tersia as product manager. The marketing department is headed up by Ian Logan.

We trust that this structure will ensure constant innovation and a fresh approach to delivering solutions to the insurance industry.

☎ **Further information : Tersia van Rooyen**
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Business Against Crime South Africa: 500 Detectives Trained through Anti-Crime Partnership

This media release was distributed on 26 February 2009: Today, the members of the South African Insurance Association (SAIA), Business Against Crime South Africa (BACSA) and the Gauteng SAPS celebrated the successful completion of the SAIA funded training of 500 detectives from the Gauteng SAPS. The Gauteng Premier, Mr Paul Mashatile delivered a keynote address saying the following about this important intervention:

“In line with our ongoing commitment to build a crime-free Gauteng, any initiative that seeks to improve investigatory capacity in the province is significant and is welcomed,” says Mashatile.

SAIA, a key partner within the initiative, said the following: “When we were approached by BACSA in 2007, we readily saw the merits and a wonderful opportunity to support the capacity-building within our SAPS Detective Services. The short-term insurance industry is adversely impacted by the unacceptably high levels of vehicle crime and insurance fraud, and we are concerned about the increases in house and business robberies. A detective training project with the potential to impact positively on all of these serious crime types is a logical place for the SAIA to contribute to the combating of crime in the province. We are inspired by the vision of a safer, more secure South Africa that can benefit all, and not just the industry. Targeted contributions from SAIA in excess of R 1 million per annum to fight crime through partnering with BACSA have led to decreases in vehicle crimes by approximately 30% since 2002,” says Ronnie Napier, Chair of the SAIA Board.

BACSA CEO, Sipiwe Nzimande had the following to say of the initiative: “This is an example where business has tangibly contributed to the fight against crime. Investing in the people that work at the coal-face of crime scenes is a fundamental necessity. Without the successful collection of evidence from crime scenes, efforts to build trial-ready cases will not succeed. We hope that this training will lead to improved investigations; faster processing of cases through the courts, higher prosecution and conviction rates within the province. We congratulate the detectives who have completed the training today and commend SAIA for their unwavering commitment to this endeavour. Given the enormity of the crime challenge, partnerships such as these are critical,” says Nzimande.

The Gauteng Provincial Commissioner, Mr P. Naidoo, thanked both SAIA and BACSA for their support. “This training of detectives will go a long way towards improving service delivery. We want to strengthen partnerships and we look forward to continuing with partnerships such as these in order to fight crime more effectively,” says Naidoo.

Sipiwe Nzimande adds that “this initiative must be seen within the broader context of efforts to improve the performance of the Criminal Justice System as a whole. A Criminal Justice System with competent law enforcement agencies which performs at consistently high levels will deter crime. This is a dream of every law-abiding citizen and business in the country. Such an initiative takes us closer to realising that dream.”

The initiative was the idea of Provincial Commissioner Naidoo and the SAPS leadership who approached BACSA to leverage support from the business community for improving the capacity and performance of Gauteng detectives. At that time, it was identified that the low levels of training of detectives was contributing to a large number of investigated cases being withdrawn by prosecutors. This was a serious concern as cases in South Africa need to be proven beyond reasonable doubt. However, unless detectives in the Gauteng SAPS had sufficient capacity to manage the complex nature of investigations at all levels, this outcome was unlikely.

Two initial pilots were conducted in 2007 capacitating 41 detectives on confessions and admissions, statement-taking and report-writing, investigative interviewing, crime scene and stress management. The evaluation of the pilot found that all detectives benefited from the training without exception and their confidence; skills-levels in managing investigations, and obtaining evidence from crime scenes had improved. With the pilot showing the desired results, a more extensive roll-out to detectives was fully supported by SAPS Management in Gauteng.

“This is where SAIA came to the party and saw the value of sponsoring formal training for the SAPS which would augment the skills and capacity of detectives to manage their day-to-day duties more effectively. The course itself was customised to meet police requirements but also brought the best that business had to offer in terms of expertise. The training provider, PACE Consultants is SASSETA accredited, and specialises in training that supports high impact interventions and sustainable outcomes. It is our hope that the success of this initiative will be rolled-out to other priority provinces in the country as the business case for this is now compelling,” says Lorinda Nel, BACSA Project Manager responsible for the initiative.

South African Insurance Crime Bureau (SAICB): SAICB launches website

The South African Insurance Crime Bureau (SAICB) website will go live on 1 March 2009 – www.saicb.co.za.

The website will primarily be an information site that will keep the industry and the public up to date on the SAICB's activities, successes and latest happenings. The site will also have several options to report alleged insurance crime or fraud.

The website has a direct link to the Insurance Fraudline, including contact details for email, the call center, a sms number and the website detail. The Insurance Fraudline has been in existence since 2002, and has been a valuable tool for the short-term insurance industry as managed by SAIA. It is now managed by the SAICB to assist us in the fight against insurance fraud and crime.

The SAICB currently has 11 member companies, namely: Santam, Mutual & Federal, Hollard, Outsurance, Lion of Africa, Zurich, Standard Insurance, Absa Insurance, Regent, Telesure, and MiWay. Any short term-insurer or other organisation who wishes to learn more about the SAICB may contact Hugo van Zyl on hugovz@saicb.co.za or Melanie Pillay on melaniep@saicb.co.za.

5 INSURANCE FRAUDLINE UPDATE

Insurance Fraudline Report Summary					August 2007 - January 2009		
Month	Calls	Clutter	Tests	Reports	Short-Term	Brokers	Life
Aug-07	194	181	0	13	10	0	3
Sep-07	171	164	1	7	5	2	0
Oct-07	224	207	0	17	15	0	2
Nov-07	262	249	1	16	13	0	3
Dec-07	177	165	0	13	10	0	3
Jan-08	261	249	0	15	11	1	3
Feb-08	258	242	0	18	15	0	3
Mar-08	197	186	0	12	12	0	0
Apr-08	181	163	1	20	18	0	2
May-08	199	183	0	17	12	1	4
Jun-08	181	170	0	12	7	0	5
Jul-08	258	243	0	15	11	0	4
Aug-08	157	147	0	10	8	0	2
Sep-08	158	145	0	16	8	1	7
Oct-08	148	136	0	12	7	0	5
Nov-08	166	160	0	6	3	0	3
Dec-08	170	162	0	8	4	0	4
Jan-09	219	215	0	4	3	0	1
Total	5052	4760	3	310	228	9	73
Total since Nov 2002	24204	23016	15	1111	688	115	308

***Please note that the total number of calls reflected do not always add as a result of dropped calls**

Please note that the attached table's first total is a record of calls from Month 20?? to Month 2009. The second total reflected is from the period of inception of the Fraudline which is November 2002 to Month 2009. If you wish to see the full list, please contact Adéle Joubert.

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

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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, January – November 2008 and January 2009 issues of the Bulletin.

6 PRESS CLIPPINGS

Publication	Person/DN	Subject
Star 13/01/09	# 71130	<u>Cross-border</u> car theft syndicate bust – R10m worth of vehicles seized in Lesotho
Business Report 13/01/09	# 71131	SA's next <u>nuclear</u> power plant to come on stream by 2019
FANews 13/01/09	# 71138	<u>FAIS Ombudsman:</u> Sloppy administration hits broker hard
Citizen 14/01/09	# 71158	<u>Pebble Bed Modular Reactor (PBMR)</u> firm breaks through
Citizen 14/01/09	# 71160	<u>Cross-border operation:</u> Police smash car syndicate in Lesotho
FANews 19/01/09	# 71233	<u>Short-term insurance ombudsman</u> wants quicker turnaround
Pretoria News 20/01/09	# 71224	<u>Motor industry:</u> Confusion rife on law covering new number plates
Business Day 20/01/09	# 71240	<u>Consumer Protection Bill:</u> Bill aims to strengthen consumer rights
Star 21/01/09	# 71261	<u>Crime statistics:</u> Finally some good news for crime in country
Business Report 23/01/09	# 71278	<u>Mutual & Federal (M&F)</u> braces for first loss in 6 years
Business Report 23/01/09	# 71280	<u>International Accounting Standards:</u> Insurers feel IFRS is too onerous - PwC
Business Day 23/01/09	# 71282	<u>International Accounting Standards:</u> Study finds insurers meet requirements
FANews 26/01/09	# 71308	<u>Mutual & Federal (M&F)</u> warns of investment income slump
Sowetan 27/01/09	# 71357	<u>Consumer Protection Bill:</u> Plain and easy for investors
FANews 27/01/09	# 71358	<u>Vat / Tax:</u> Manuel has no room to manoeuvre
Citizen 29/01/09	# 71417 # 71418	<u>Fraud:</u> Identity theft on increase in SA as hackers find it all too easy <u>Santam</u> earnings drop doesn't faze analysts
Star 30/01/09	# 71435	<u>Second-Hand Goods Bill:</u> Dispute over sale of second-hand goods
Business Report 30/01/09	# 71436	<u>Nuclear</u> bid had funding – Areva
Business Day 30/01/30	# 71437	<u>Competition Amendment Bill:</u> Motlanthe flexes muscles on key bills
Business Day 30/01/30	#71438	<u>International Accounting Standards:</u> Companies to adopt business reporting standard

7 RADIO AND TELEVISION COVERAGE

Talk Radio 702/Cape Talk Simulcast (English)

The World at Six with Bruce Whitfield

6 Feb 2009 18:23:32

Mutual & Federal has reported a loss for the year to the end of December and a cut in its dividend.
(Int:) Keith Kennedy - Chief Executive Officer: Mutual & Federal
Mentions: Nedbank, Santam, Old Mutual

SABC 3 (English)

The World Today

9 Feb 2009 06:06:29

Short-term insurance giant, Mutual & Federal's fortunes continue to deteriorate through to 2008, market turbulence has also convinced the board not to declare a final dividend.

Classic FM (English)

The Internet Economy

13 Feb 2009 19:03:03

MiWay says in its first year of business it turned the world of insurance upside down. On 24 of February 2009, the company will launch its new product that will change the way that motor insurance rating is done. Renee Auto explains.
(Int:) Renee Auto - CEO: MiWay.co.za

Summit TV (English)

New Retirement Thinking

23 Feb 2009 18:50:50

A discussion about the short-term insurance for pensioners and retirees
(Int:) Hillary Agrella - Hillary Agrella Insurance Brokers

RSG (Afrikaans)

RSG Landbou

24 Feb 2009 12:39:19

A discussion with Rudo Goss, of PSG Consult, regarding short-term insurance
(Int:) Rudo Goss - Director: Short-Term Insurance: PSG Consult

RSG (Afrikaans)

Geldsake

24 Feb 2009 17:33:18

A discussion with Michiel Reyneke, regarding the financial results of Santam.
(Int:) Michiel Reyneke - Financial Director: Santam

Summit TV (English)

News @ 18:00

24 Feb 2009 18:01:22

Santam sustained a 35% drop in full year headline earnings. The insurer is blaming losses on its investment portfolio and warned there could be more to come.
Logo: Santam

Talk Radio 702/Cape Talk Simulcast (English)

The World at Six with Bruce Whitfield

24 Feb 2009 18:24:38

The first half of last year characterised by serious corporate claims with fires being one of the primary concern.

Santam's profits fell but its underwriting business of insurance did well as oppose the investment performance.

(Int:) Ian Kirk - Chief Executive Officer: Santam

Talk Radio 702/Cape Talk Simulcast (English)

The World at Six with Bruce Whitfield

24 Feb 2009 18:42:07

Andrew analyses the day's market performance. AECI released its results for December 2008.

Exxaro has a reliable customer in Eskom. Santam, Old Mutual, Metropolitan, Liberty, Sanlam and Momentum have a large book of business.

(Int:) Andrew Vintcent - Investment specialist: RMB Asset Management

Classic FM (English)

Classic Business Show

24 Feb 2009 18:49:03

A discussion on South Africa's leading short-term insurance company, Santam's financial results.

(Int:) Ian Kirk - CEO: Santam

Summit TV (English)

Company Results

24 Feb 2009 19:17:06

Santam sustained a 35% drop in full year headline earnings. It is blaming loses on its investment portfolio and warn there could be more to come.

(Int:) Ian Kirk - CEO: Santam

Visual: Santam

SABC 3 (English)

News @ 22:00

24 Feb 2009 22:10:08

Short-term insurer, Santam posted a 45% drop in full year profits for the period ending December last year but second half profits increased sharply. The company says overall earnings were lower largely due to falling investment returns.

East Coast Radio (English)

Market Update

25 Feb 2009 06:37:17

Short-term insurer Santam boasted a 35% drop in full year headline earnings.

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

8 CIRCULARS

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

SAIA

SG 2009/001 Notice of new SAIA Consumer Education Strategy (12/01/09)
Contact: Vivienne Pearson

SG 2009/002 MUA Insurance Company: Resignation from Knock-for-Knock Market Agreement (12/01/09)
Contact: Sonja Etsebeth

SG 2009/003 2008 FSC Reporting Process (13/01/09)
Contact: Thabo Tlaba-Mokoena

- SG 2009/004 RMB Specialised Lines Ltd – New SAIA Member (14/01/09)
Contact: Sonja Etsebeth
- SG 2009/005 Insurance Laws Amendment Act 27 of 2008: Drafting of Regulations for Health Insurance / Medical Schemes Demarcation (27/01/09)
Contact: Refilwe Moletsane
- SG 2009/006 Consumer Credit Insurance Enquiry: SAIA commentary document (28/01/09)
Contact: Refilwe Moletsane
- SG 2009/007 The Financial Sector Charter (FSC) – 2008 Reporting (29/01/09)
Contact: Thabo Tlaba-Mokoena
- SG 2009/008 Insurance Fraudline: Transfer of the service to the South African Insurance Crime Bureau (SAICB) (30/01/09)
Contact: Vivienne Pearson
- SG 2009/009 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (30/01/09)
Contact: Princess Mlambo
- SG 2009/010 Interim Measures – Reconfirming position (30/01/09)
Contact: Thabo Tlaba-Mokoena

AMUSA

- AM 2009/001 Joint Cargo Committee – Cargo wording (6/01/09)
Contact: Barry Scott
- AM 2009/002 Casualty Report: “MSC RHONE” (19/01/09)
Contact: Barry Scott
- AM 2009/003 AMUSA / SURVEYORS / FIA Liaison Committee Minutes (19/01/09)
Contact: Barry Scott
- AM 2009/004 SAMSA Marine Notice No.6 of 2009 – SAMSA Policy on Vessels Carrying Bulk Grain Calling in South African Ports (20/01/09)
Contact: Barry Scott
- AM 2009/005 Institute Replacement Clauses (21/01/09)
Contact: Barry Scott
- AM 2009/006 Casualty Report: “JOLLY MARRONE” (21/01/09)
Contact: Barry Scott
- AM 2009/007 Casualty Report: “SAFMARINE SOYO” (28/01/09)
Contact: Barry Scott

IGF

- IG 2009/001 Bordereau for the 4th Quarter 2008 (30/01/09)
Contact: Princess Mlambo

SAIA MD (Managing Directors)

- MD 2009/001 Notice of New SAIA Consumer Education Strategy (12/01/09)
Contact: Vivienne Pearson



Further information on all of the above-mentioned circulars : Sonja Etsebeth



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 to become a SAIA communiqué member.

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