



SAIA – ☎ (011) 726 5381

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# **1 LATEST NEWS**

## **SPECIAL GUEST ARTICLE: New national strategy to promote consumer education**

*A new national strategy, which aims to address consumer financial education (CFE) from a different perspective, is on the cards. "Although the strategy is in draft format and is still being discussed, it promises to have a great effect on CFE," says Olivia Davids, head of the Financial Services Board (FSB)'s Consumer Education department.*

*"Due to changes in the regulatory, environment, a fresh approach to CFE was necessary. These include the introduction of the National Credit Act, Consumer Protection Bill, amendments to FSB legislation and a restructure of the economy," says Davids.*

*"We believe that it is a national imperative to have a financially literate population. South African consumers find themselves in ever changing complex financial services markets and are faced with a multitude of choices.*

*"Without a national framework, many initiatives by various bodies, organisations and government departments were up till now short-term, varied in quality and the effectiveness of such initiatives not appropriately measured. This resulted in many short-term initiatives that led to a fragmented approach to consumer education.*

*"To address these challenges, the FSB embarked on a consultative process to develop a national framework and implementation strategy for CFE. This included a discussion forum to comment on the existing strategy and plan ahead. It also included drafting a discussion document for a revised strategy, facilitating a focus group discussion, circulating a draft framework for comment and developing an implementation strategy from the framework," Davids explains.*

*The SAIA has played an active role in participating in all discussions and by making substantial comments on documents which were developed out of the consultation process.*

Central to the new strategy is the establishment of a Consumer Financial Education Central Coordinating Committee (CCC) for consumer education. Davids says the committee plans to have its first meeting later this year. The FSB will be responsible for the secretariat of the committee and the membership will be drawn from the following:

- Industry bodies and associations
- Regulators
- Government departments
- Consumer representatives
- Ombuds offices

Other stakeholders will also be invited according to expertise required.

"The idea is to centralise and coordinate the various roleplayers' CFE projects and programmes, thus ensuring that CFE makes a more significant contribution to financial literacy in South Africa," Davids says. The committee will also establish guidelines for coordinating consumer education regarding:

- implementing financial consumer education programmes
- educating consumers on what products and services are available and which may be most applicable to their circumstances
- ensuring that consumers are cautious when buying financial products
- making consumers aware of their rights, responsibilities and recourse options when buying financial products

The committee will also develop partnerships through memoranda of understanding.

An example of an effective collaborative approach to educating consumers is provided by the SAIA. Member organisations have made financial contributions to the SAIA who have worked in partnership with the FSB on some projects to facilitate implementation. The FSB supports the SAIA's efforts to encourage collaboration by implementing consumer financial education at an industry rather than an individual corporate level.

We congratulate SAIA on their new consumer education strategy as well as the accompanying principles and guidelines for implementation.

## **Sub-committees**

It is envisaged that sub-committees will be constituted to deal with issues such as identifying projects, monitoring the implementation of projects, establishing a research agenda, liaise with stakeholders, review existing consumer education materials as well as recommend new materials for development.

## **Funding**

The expectation is that the consumer financial education activities of the members of the Consumer Financial Education Central Coordinating Committee (CCC) will be funded by the member institutions themselves.

However, additional funding may be accessed through the Financial Services Consumer Education Foundation.

“All roleplayers involved in the national strategy will continue with their projects as in the past. We believe, however, that the repetition of messages will have greater impact on the consumer,” Davids says.

She stresses that the idea is not to trespass on any of the participating bodies’ mandates. “Each will continue within its own culture and mandate but we hope all will join forces and work within the priorities of the CCC.

“We believe that the financial education of consumers should be part of the social development conscience of all financial institutions and bodies in South Africa. Budgets for these should not be seen as a luxury but standard item on the budget agenda,” Davids says.

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

 **Further information : Olivia Davids**  
 **oliviad@fsb.co.za**

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## **State of Emergency Services**

The SAIA has received an approach from some members to discuss the poor state of the country’s emergency services.

As background, the SAIA commissioned a report in 1999 investigating the state of the emergencies. This report concluded that the state of the emergency services was indeed poor, and that urgent Government intervention was required. Although the report was presented to Government, it appears that the corrective action required was not carried out.

The matter was considered by the SAIA Board, which agreed that the SAIA Chairman, Mr Ronnie Napier, should convene a meeting with the Fire Protection Association and Government representatives to discuss the matter.

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

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## **Mining Rehabilitation Guarantees**

Member insurers are reporting that the Department of Minerals and Energy appears to be no longer accepting mining rehabilitation guarantees from short-term insurance companies.

This matter has been picked up by the SAIA, which will be addressing insurers' concerns to Government.

☞ **Further information : Barry Scott**  
✉ [barry@saia.co.za](mailto:barry@saia.co.za)

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### **Agricultural Technical Committee**

At the request of members, the SAIA has created a new committee, namely the Agricultural Technical Committee. Any member wishing to participate is requested to contact Barry Scott ([barry@saia.co.za](mailto:barry@saia.co.za)).

☞ **Further information : Barry Scott**  
✉ [barry@saia.co.za](mailto:barry@saia.co.za)

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### **Board Committee: Reinsurers**

Following discussions with SAIA reinsurer members, the SAIA Board has agreed to create a new committee, titled, Board Committee: Reinsurers. This new Board Committee will address issues specific to reinsurers.

☞ **Further information : Barry Scott**  
✉ [barry@saia.co.za](mailto:barry@saia.co.za)

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## **2 LEGISLATION**

### **Insurance Laws Amendment Act (ILAA) 2008**

#### ***Binder regulations***

The second ILAA Binder Workgroup meeting of 2009 was held on 14 April 2009. At this meeting, the updated Workgroup Terms of Reference and the Matrix identifying possible types of binder agreements were discussed. All association representatives have been asked by the Financial Services Board (FSB) to populate the Matrix for submission to the FSB by 8 May 2009. The intent of the Matrix is to generate discussion only as to the current practices and the SAIA has called for input from all the SAIA members.

The third Binder Workgroup meeting of 2009 will be held on 13 May 2009 in order to assimilate all the input across the entire financial sector and to generate further discussion towards the drafting of the regulations.

#### ***Demarcation regulations***

The third Demarcation Workgroup meeting of 2009 was held on 3 April 2009. It was noted at this meeting that the SAIA were in the process of analysing policy and marketing information into distinct broad groupings.

It was agreed at this meeting that a review of the typologies of products is imperative and to this end the SAIA and the Association for Savings & Investment South Africa (ASISA) have been requested to submit documents outlining the typology of products for discussion at the next meeting. The typology exercise will seek to expand the initial four broad categories agreed at the first workgroup meeting.

#### ***Data connectivity***

The Data connectivity information session which was to be held on 21 April 2009, has been rescheduled for 27 May 2009. At this event, members of the insurance and broker industries will convene to receive an update on the progress and measures being taken to facilitate compliance with the Insurance Laws Amendment Act 2008 - Section 48A (5) (c), in a cost-effective, efficient, and globally competitive way.

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

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

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### **Second Hand Goods Act, 2008**

The Second Hand Goods Bill was assented to on 30 March 2009 and gazetted on 1 April 2009. As the Bill stands, there remain implications to dealers in scrap metals, which may be construed to include motor salvage. The drafting of regulations is now underway and members will be advised of further progress.

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

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

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### **Companies Act, 2008**

The Companies Bill was assented to on 8 April 2009, and gazetted on 9 April 2009. The new Act includes sections to enhance accountability and transparency, and to formulate a business rescue plan.

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

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

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## **3 OTHER SAIA ISSUES**

### **New ad hoc Task Team to revisit the SAIA Code of Good Business Practice**

***Members are invited to nominate representatives to be part of the new ad hoc Task Team with the objectives to revisit the SAIA Code of Good Business Practice, the mission/vision statement of the SAIA, as well as the role and functions of the SAIA.***

The SAIA Board approved the reviewing of the SAIA Code of Good Business Practice at the end of 2008. Research work in this regard has started but it is now time to put together a temporary ad hoc Task Team to urgently consider and draft a new code for the industry within the new SAIA Image and Reputation Strategy which includes a stronger self regulatory environment as one of its elements, as identified by the SAIA Board Committee: Image and Reputation.

In addition, this Task Team will consider the current mission/vision statement of the SAIA, as well as the roles and functions of the SAIA as these were identified by the SAIA Board Committee: Image and Reputation as related urgent matters to be addressed together with the reviewing of the code.

The SAIA invites all members to nominate a representative to this Task Team. It is envisaged that the work of the Task Team will be quite focused and intense but will finish as soon as the objectives are reached. The Task Team therefore will have a short life span directly linked to its objectives. The project timeline includes submission of a draft new code to the SAIA Board on 4 August 2009, after the draft has been considered by the SAIA Board Committee: Image and Reputation in the second half of July 2009.

Please forward the name and contact details of your representative to Viviene Pearson at [viviene@saia.co.za](mailto:viviene@saia.co.za) before 8 May 2009.

For more information, contact Viviene Pearson at the SAIA on 011 726 5381 or [viviene@saia.co.za](mailto:viviene@saia.co.za).

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✉ [viviene@saia.co.za](mailto:viviene@saia.co.za)

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### **Members to complete questionnaire as participation in consumer education is now a requirement of SAIA membership**

We herewith remind members to indicate their choice of participation in the 2009 SAIA consumer education projects by completing the consumer education questionnaire that was sent via SG Circular 2009/018 and MD Circular 2009/004 on Tuesday, 24 March 2009 and again via SG Circular 2009/028 and MD Circular 2009/006 on Thursday, 16 April 2009.

We would like to thank those members who have already sent their completed questionnaires to SAIA and urge those members who have not yet returned theirs to please email their completed questionnaires to [adele@saia.co.za](mailto:adele@saia.co.za) before Wednesday, 6 May 2009 (the extended deadline date).

The SAIA will supply debit notes as soon as the completed questionnaires are received. Members are requested to pay their contributions as soon as their debit notes are received, and before Wednesday 20 May 2009.

Should you require more information on the options of participation or on the projects that have been implemented using the pooled SAIA funds, please contact Viviene Pearson on 011 726 5381 or [viviene@saia.co.za](mailto:viviene@saia.co.za).

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

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### **SAIA media and stakeholder conference to take place in May 2009**

A media and stakeholder conference will take place from 11:30 – 14:00 on Thursday, 14 May 2009 at the Wanderers Club in Illovo to mark SAIA's eighth consecutive annual donation to Business Against Crime South Africa (BACSA) as approved by the SAIA Board at its meeting on 3 February 2009. The SAIA pledged R1 535 000 on behalf of its members.

The money donated will be used for:

- A road safety breathalyzer project identified as important for the industry
- BACSA's Violent and Organised Crime Initiative that includes vehicle crime and other crime areas such as business robberies and household robberies

An invitation to the above event was distributed on Friday, 24 April 2009. Should you wish to attend, RSVP to Noliitha Goba before Friday, 8 May 2009.

SAIA would like to take this opportunity to formally thank its members for their contributions, and specifically its members who do not write motor insurance for their voluntary pledges. 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 including members who do not write motor insurance business.

☎ **Further information : Adèle Joubert**  
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## **4 GUEST ARTICLES**

### **Insurance Data System (IDS): Success for Gauteng Department of Health and TransUnion partnership**

The Gauteng Department of Health recently embarked on a partnership with TransUnion Credit Bureau to address concerns around patient classification. People with various levels of income are classified into different categories which determine the fee charged by the hospital. Without the ability to verify the information supplied by patients, the hospital is forced to accept the information at face value and place the patient in the relevant category.

At the Germiston Hospital patients were not accurately disclosing their employment status and were subsequently incorrectly classified into the wrong category, these patients were charged the minimum fee of R20, generating an income of between R2 000 and R3 000 per day.

Through the utilisation of TransUnion's Individual Trace product, a product that validates consumer contact information including updated employer details, telephone numbers (home, work and cellular) and address information, Germiston Hospital has seen more than a 200% increase in daily revenues. They are now collecting between R6 000 and R10 000 per day.

Juliet Mashiane, a supervisor in the revenue department of Germiston Hospital, praised TransUnion for the benefit they have added through the ability of allowing Germiston Hospital to authenticate information provided by patients. The hospital is now in a position where they can use the ID number provided and automatically receive the up to date employment history for the patient, which assists in the correct classification of the patient.

"As of now we really benefit from this service because patients are correctly classified according to their income. This enables us to increase our daily collections. Nowadays we are even collecting more than R200 000 per month, exceeding our target of R181 000 per month," says Juliet.

The Gauteng Department of Health is confident that revenues will be increased across the province through the implementation of this process in all the Government Hospitals. This will have a direct impact on the quality of service available to patients.

As a global leader in credit and information management, TransUnion creates advantages for millions of people around the world by gathering, analyzing and delivering information. For businesses, TransUnion helps improve efficiency, manage risk, reduce costs and increase revenue by delivering comprehensive data and advanced analytics and decisioning. For consumers, TransUnion provides the tools, resources and education to help manage their credit health and achieve their financial goals. Through these and other efforts, TransUnion is working to build stronger economies worldwide. Based in Johannesburg, with global headquarters located in Chicago, Illinois U.S.A., TransUnion is Africa's oldest and leading provider of data-based business intelligence solutions. Visit [www.transunion.co.za](http://www.transunion.co.za) or [www.mycredit.co.za](http://www.mycredit.co.za) for more information.

For more information, contact Cliff Young on phone: (011) 214-6549 or email: [cyoung@transunion.co.za](mailto:cyoung@transunion.co.za).

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

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## **The South African Insurance Crime Bureau (SAICB): Available position: Investigator**

The SAICB is seeking the services of an investigator. Below follows the detail of this position.

### **Responsibilities**

- To assume full leadership responsibility for a team of professional investigators from various short-term insurance companies that will be handling different syndicate investigations
- To providing overall leadership and direction for investigations
- To check and validate all investigation outcomes from the various investigations
- Team development and performance
- General day to day management of teams
- To liaise with all relevant participants of the investigation including SAPS, NPA, SARS, etc.
- To provide regular feedback to the Operations Manager and other role players on all current investigations

### **Qualifications**

- Matric
- FAIS Accreditation or a FAIS recognised qualification will be highly beneficial
- Leadership, management and/or insurance related studies completed or in progress will be beneficial
- Relevant criminal and related legal courses

### **Experience**

- Investigation experience within the short-term insurance industry for at least 3 years is required
- Previous experience in organised crime including commercial investigations and motor, non-motor, business and fire investigation will be highly beneficial
- SAPS/investigation/organised crime experience

### **Skills and competencies**

- Leadership and management skills
- Excellent administration and organisational skills
- Excellent interpersonal and communication skills (verbal and written)
- Computer literate
- Self disciplined and self motivated
- Problem solver who has initiative
- Negotiation skills
- Stress/change tolerance
- Tenacity and resilience
- An analytical thinker
- Customer service oriented
- Deadline and results oriented
- Attention to detail
- Takes ownership and responsibility
- Adaptability
- Able to handle conflict effectively

The closing date for applications is 11 May 2009.

For further information contact Melanie Pillay on [melaniep@saicb.co.za](mailto:melaniep@saicb.co.za) or Hugo van Zyl on [hugovz@saicb.co.za](mailto:hugovz@saicb.co.za).

☎ **Further information : Hugo van Zyl**  
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## **Business Against Crime South Africa (BACSA): The profile of a wanted vehicle**

### **Introduction**

In view of the high rate of vehicle theft and hijackings in South Africa, it is not surprising that the risk profile of vehicles features prominently in purchasing decisions. Unfortunately, the lack of reliable published information on vehicle risk profiles results in decision-making that relies on anecdotal information, or worse, information gleaned from unreliable sources.

This document looks at the vehicle crime holistically by:

- looking at the general characteristics of vehicle crime in South Africa
- giving a general overview of the profile of a wanted vehicle
- defining “risk” as a method of measuring the risk profile of vehicles
- looking at the factors that influence the risk profile of vehicles

The document further gives general guidelines when buying a vehicle.

### **General characteristics of vehicle crime in South Africa**

#### ***The nature of vehicle crime in South Africa***

The high levels of violence associated with vehicle crime and a relatively low vehicle recovery rate of 43% for stolen and hijacked vehicles confirm that organised crime is primarily responsible for vehicle theft and hijackings in South Africa. Criminals (i.e. professional thieves and robbers) are in this ‘business’ to make money and not to take the vehicle for a joy-ride.

#### **What is driving vehicle crime in South Africa?**

As with all businesses, the success of this ‘business’ is determined by the market, which encompasses the demand and supply for vehicles.

Unfortunately, many of the market forces that determine the illegal vehicle market are exactly the same as those of the legitimate market.

#### ***The markets for stolen and hijacked vehicles***

Criminals use the following markets to dispose of stolen and hijacked vehicles:

- The South African motor vehicle market, accounting for the disposal of approximately 50% of stolen and hijacked vehicles
- Exportation to other countries, accounting for approximately 30% of stolen and hijacked vehicles
- The Second-hand parts market (i.e. chop shops), accounting for approximately 20% of stolen and hijacked vehicles

### **General profile of a wanted vehicle**

An analysis done by BACSA over a number of years has identified the basic characteristics of the vehicle crime market. These characteristics have not changed much over the years.

It was found that predominantly older vehicles (7 – 21 years old) are of higher risk of theft, while 1 to 4 year old vehicles are at the highest risk of robbery (hijacking).

Sedans are the most frequent target for criminals. However, mini-buses and pick-ups are at a much higher risk of being stolen or robbed than any other type of vehicle. The risk of robbery for mini-buses is the highest.

It was also found that entry-level (less expensive) vehicles of popular makes and models are of high risk in all age groups and classes of vehicles. Closely linked to this is the legitimate market volume. It was also found that vehicles with a high market volume are normally of high risk.

Although all of the above-mentioned is true, it was found that in some cases, irrespective of the age, type or market volume, the brand characteristics (for example performance or the status associated with a vehicle) do play an important role in the risk profile of a vehicle. As in the legitimate market, some vehicles are more desirable than others.

To understand these findings, a number of factors were looked at and are described below. Most of these factors are closely linked and influence each other.

### **Risk of theft and hijacking**

Although the market volume does play a role in the risk profile of a vehicle, the raw number of vehicles stolen or hijacked is obviously not always a good indication of the risk that such a vehicle holds for the owner of the vehicle. It is obvious that the more vehicles available to be stolen, the more vehicles will be stolen. This, however, is not always a good indication of the risk that the specific vehicle holds for the owner of the vehicle.

In an effort to determine the risk of a vehicle being stolen or hijacked, it was found by BACSA that the risk is best determined by reference to thefts or hijackings per thousand vehicles registered rather than numbers. For example, if 100 000 vehicles of model A are registered and 400 vehicles are stolen, the risk (or rate) will be 4 per 1 000. If 50 000 vehicles of model B are registered and 300 vehicles are stolen, the risk will be 6 per 1 000. Thus, even though more of model A have been stolen, the risk of theft that model B holds for the owner is 33% higher than that of model A.

However, it was also found that the risk calculation is only accurate for models with large sales and is not accurate for models with small market share.

The findings in this document are based on the above-mentioned risk calculation.

### **Factors that influence the risk profile of vehicles**

#### ***The effectiveness of anti- theft devices***

The role that security and anti-theft devices have on the risk profile of a motor vehicle should never be underestimated. It plays a major role and includes not only the electronic security or anti-theft devices but also the manner that the original vehicle identity is protected (for example, the marking of a vehicle).

The above illustration demonstrates that the effectiveness of the anti-theft devices play a major role alongside the other factors discussed in this document and causes many exceptions to the rule.

#### ***The role of electronic security devices (Anti-theft devices)***

The sophistication of electronic security or anti-theft devices has a major impact on the overall theft incidence of a model range.

The effect of this can best be seen in the entry-level models. In an effort to cut costs and to be competitive in its market segment, many of these entry-level models are fitted with a low level anti-theft device. Others have no anti-theft device at all. The theft rates for these vehicles are normally very high.

A sophisticated anti-theft device that cannot be defeated at the roadside might lead to a higher risk for hijackings, especially if it is a high performance vehicle.

### ***Marking of vehicles***

As mentioned previously, most of the stolen vehicles are intended for the South African market. To be able to sell the vehicles in South Africa, the original identity of the vehicles needs to be changed or concealed. The easier it is to remove or conceal the identity of a vehicle, the more desirable the vehicle will be to criminals.

Investigations have proved that in almost all vehicle-related crimes, the primary and secondary identifiers (licence number, VIN and engine number) have been altered or removed in order to conceal a crime or the identity of the vehicle.

It was found that models that are standard fitted with micro-dots are less desirable for the organised criminals. It is impossible to hide the original identity of such vehicles due to the efficacy of the micro-dotting technology.

### ***The market volume of a specific model***

The market volume of a specific model has a major influence on the total number of vehicles likely to be stolen or hijacked as well as on the risk for theft and robbery. When a model makes up a large percentage of the vehicle fleet, it will feature highly in the actual number of vehicles stolen. Most of the entry-level (less expensive) vehicles, especially those which have been in the market for a number of years, fall into this class and are of high risk.

This is mainly due to the fact that the high number of vehicles and the high turn-over in the legitimate market make it easy to dispose of stolen vehicles. It is easy for an illegal vehicle to disappear in the large number of legal vehicles in the population.

The high demand for second-hand parts to repair damaged vehicles or to upgrade vehicles also plays an important role in the demand for vehicles.

On the other hand, newly released or lesser known models typically have low theft numbers and low risk profiles. This is mainly due to the fact that the illegal market for the stolen vehicles has not been fully developed.

Exotic vehicles, such as Porsche, can be expected to have very low theft numbers and low risk profiles due to their scarcity and high visibility on the second-hand market with very low demand for used parts.

However, it is important to note that although the above might be true for most models, some models in any group have a notable lower or higher risk than the average. Other factors do play an important role in the risk profile of models, of which the most important is the scurrility device fitted to the vehicle.

### ***Age of the vehicle***

It remains a characteristic of the vehicle crime market that predominantly older vehicles (i.e., those between 8 – 18 years old) are of higher risk of theft, while 1 to 4 year old vehicles are at the highest risk of robbery. The average age of a stolen vehicle in 2007 was 12 years, while the average age of a robbed vehicle was 7 years.

This can be attributed to:

- The efficacy of improved anti-theft measures in newer vehicles. It is easy to steal older vehicles to hide its original identity and difficult to steal new vehicles
- The fact that many of the older vehicles fall into the large market volume segment where there is a high demand for second-hand vehicles and second-hand parts

However, the exception is new vehicles for which the body design has not changed much over a number of years. These vehicles are of high risk for theft due to the high demand for second-hand parts to repair damaged vehicles or to upgrade older vehicles. The risk profile for these vehicles increases if the efficacy of installed anti-theft measures is poor or outdated.

### ***Desirability (brand characteristics)***

Some makes and models are particularly attractive to professional vehicle thieves because of their brand and performance characteristics.

This is especially true for the more expensive medium market volume vehicles. Many criminals would like to be seen in these high performance vehicles or require the vehicle to perform hijackings, house robberies, business robberies and cash-in-transit robberies. There remains a market for a high performance used vehicles offered at 'affordable' prices.

Again, the risk profile for specific models within this class is influenced by the efficacy of the anti-theft measures of the vehicle.

### ***Intended market***

Some vehicles are stolen or hijacked for a specific market. For example, four-wheel drive vehicles and pick-ups are, in many cases, stolen or robbed specifically for the export market to African countries. Mini-buses are stolen and hijacked for the internal taxi market and second-hand parts market.

In some instances, vehicles are hijacked or stolen for their freight. The generally higher recovery rate in South Africa for trucks indicates that the goods rather than the vehicles are being targeted.

### ***Geographical area where the vehicle is used***

The risk for a specific model of vehicle in an area in which a vehicle is used is also influenced by the proximity of the intended market. For example, four-wheel drive vehicles will be at higher risk, if used in areas near a border. It will be quicker and of less risk for the criminal to take the vehicle over the border than to transport the vehicle from other areas. Other vehicles, for example, light delivery vehicles and light passenger vehicles will be in high demand and at high risk in the bigger cities.

### **General guidelines when buying a vehicle**

The above-mentioned facts should be taken into consideration when buying a new or used vehicle. Although it might not necessarily influence the final decision when buying a vehicle, it should be used to manage the risk associated with the vehicle.

It is further recommended that the following should be considered:

- Never buy a vehicle without the eNaTIS registration certificate and never buy an unlicensed vehicle. Check the information, especially the VIN, engine number, make, model and colour on both the registration certificate and licence disc. Make sure that the information on the two certificates corresponds and that it is the same as the information on the vehicle. Check for spelling mistakes on the certificates (especially with regard to Afrikaans spelling). Any such obvious mistakes would suggest the likelihood of a fraudulent transaction.
- Ensure that your vehicle has a good quality security device installed. Any VESA accredited fitment centre can be contacted to check your system. VESA assures that the vehicle security equipment suppliers and their products are re-evaluated annually and that they conform to a minimum allowed standard. If you have not complied with your insurance requirements for vehicle security in the event of a claim, you may have to pay additional excesses or even have your claim repudiated. Read your policy, if it states 'VESA Approved

Security System' and you do not have a valid VESA Certificate, you could be in for a nasty surprise. If you are in doubt, contact your broker. More information can be found on [www.vesa.co.za](http://www.vesa.co.za).

- Tracing devices should be considered, even for cheaper and used vehicles. The owner of the vehicle should insure that only tracing devices of reputable suppliers are used. More than 75% of all stolen/hijacked vehicles fitted with recovery devices are recovered by these reputable companies.
- It is strongly recommended that vehicles are microdotted. All new Nissans and BMWs are all microdotted as a standard option by the manufacturer. Most of the other manufactures and importers do have the option to microdot the vehicles. Owners of new vehicles should insist that all vehicles are microdotted. Used vehicles should also be microdotted by the owner of the vehicle. More information can be found on [www.datadot.co.za](http://www.datadot.co.za).
- Verify the information of the vehicle. TransUnion Auto Information Solutions has long provided a vehicle verification service to motor dealers and financial institutions allowing them to check the 'pedigree' of a used vehicle. This service has now been made available directly to the general public on the internet. Simply by logging on to [www.myautoinfo.co.za](http://www.myautoinfo.co.za), a consumer can purchase a peace of mind Auto Check report at a cost of R92. This check will raise alerts about discrepancies with the vehicle's VIN and engine number (where any such discrepancy is often an indication of fraudulent activity), as well as the date of manufacture and the vehicle's make, model and colour. It will also indicate whether there is any outstanding finance owing on the vehicle. In addition, the Auto Check will pick up whether a security alert has been placed on the vehicle by its rightful owner – an anti-crime tactic widely used by car rental companies, for example, to prevent hirers from attempting to sell the rented vehicle to unsuspecting consumers and dealers.

Due for release in early 2009, a revision to the Auto Check report will now also include a SAPS indicator - whether the car has been reported stolen or is wanted in connection with an investigation into an alleged crime. This SAPS information was previously only available to authorized motor dealers in the form of a TransUnion Verification Report (HPI). In any event, before signing on the dotted line, consumers should protect themselves by insisting on being furnished with a current Verification Report from the dealer or alternatively by obtaining an Auto Check directly from [www.myautoinfo.co.za](http://www.myautoinfo.co.za). Queries can also be directed to the TransUnion Auto Information Solutions Customer Services Centre on 011 428 2013.

- Buy from highly reputable dealers which are members of organisations such as the Retail Motor Industry (RMI) or the Independent Dealer Association (IDA). It is always better to buy from these reputable dealers that can be traced and held liable if any problems later arise. Beware of private sellers, especially if you don't know the owner. Check that the address on the registration certificate is valid and that the person is living at the address.
- It is always a good idea to do a mechanical check on used vehicles. The Automobile Association (AA) can assist with this. Request them to also check the stamped VIN and engine numbers of the vehicle for any changes. It is also sometimes very difficult for a non-technical person to find the VIN and engine number on the vehicle. The AA can also assist by verifying the vehicle's information via the AA Autocheck service provided by them.
- And then, the most important rule, if you are in doubt or do not feel totally sure about a vehicle, walk away and don't buy it!

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

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## 5 PRESS CLIPPINGS

Publication	Person/DN	Subject
Cover 1/03/09	# 72357 # 72358	<b>Motor Repair industry:</b> SAIA: Interim Measures The impact of the <b>Insurance Laws Amendment Act</b>
RISKsa (March) 2009	# 72367	Embattled <b>Inseta</b> causes confusion in insurance training sector
INmag (March) 2009	# 72410	<b>SAIA:</b> The short-term insurance industry is an industry to be proud of
Nose week 1/03/09	# 71995	<b>INSETA</b> in the spotlight
FANews 2/03/09	# 71969	<b>State of the market:</b> A snapshot of the short-term insurance industry
Star 2/03/09	# 71958	<b>Road safety:</b> Replacement of 80 000 old taxis 'on the track'
Beeld 3/03/09	# 71986	<b>Road Accident Fund (RAF):</b> Regslui pak Padongelukkefonds oor die bepalings
Beeld 3/03/09	# 71981 # 71980	<b>Motor industry:</b> Dalende motorafset byt versekering Korttermynversekeraars in Suid Afrika
Sake Beeld 3/03/09	# 71979	<b>Short-term insurance:</b> Dekking op korttermyn 'n moet – ook as sake druk
Beeld 3/03/09	# 71978	<b>State of the market:</b> Korttermyn-aandele kan weer helder lig bereik na donker tonnel
FANews 3/03/09	# 71992	<b>National Health Act:</b> Health care in South Africa 2009
Star 4/03/09	# 72002	<b>Towing industry:</b> Don't fall into the tow-truck trap
Business Day 5/03/09	# 72013	<b>MiWay Insurance:</b> Reward for good driving
Business Day 5/03/09	# 72014	<b>AMUSA:</b> Africa not up for maritime challenges – naval chiefs
Citizen 5/03/09	# 72015	<b>Road Accident Fund (RAF):</b> Companies urged to think about disability insurance
Sunday Times 8/03/09	# 72123	<b>Ombudsman for Short-term Insurance:</b> Recovery of excess payments a thorny issue
Business Report 18/03/09	# 72216	Directors must rethink liability implications of <b>Companies Bill</b>
FANews 18/03/09	# 72348	<b>Insurance industry:</b> A win-win for insurer and insured
Star 23/03/09	# 72218	<b>Basic car insurance:</b> Products that cost more than they add value
Citizen 30/03/09	# 72341	Loss-maker <b>Mutual &amp; Federal (M&amp;F)</b> pays out bonuses
Business Day 30/03/09	# 72346	<b>Competition Amendment Bill:</b> Competition body turns to top court on bill
Business Day 31/03/09	# 72366	<b>Consumer Protection Bill:</b> Bill to tighten insurance gaps

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

## **6 RADIO AND TELEVISION COVERAGE**

### **Talk Radio 702/Cape Talk Simulcast (English)**

A Word On ... Anchored by Leigh Bennie, 1 Apr 2009 19:06:05

#### **Discussion on the reasons why some insurance claims are rejected**

(Int:) Paul Roelofse - Resident Financial Expert: Talk Radio 702

(Int:) Brian Martin – Ombudsman for Short-term Insurance

Mentions: Financial Services Board, Pension Fund Adjudicator

### **RSG (Afrikaans)**

RSG Landbou, 13 Apr 2009 12:46:01

#### **A discussion about the impact of fire on insurance**

(Int:) Hannes du Plesis - Santam Agriculture

### **Talk Radio 702 (English)**

The John Robbie Show, 15 Apr 2009 06:57:24, 16 Apr 2009 07:45:46, 20 Apr 2009 06:49:54, 21 Apr 2009 06:46:45, 23 Apr 2009 06:49:06

#### **The traffic report is brought to you by ABSA iDirect. Giving you huge savings on your motor and household insurance**

### **SABC 2 (English)**

Agriculture Today, 17 Apr 2009 13:24:50

#### **The evaluation of crop damage by insurers are probed as well as how premiums are determined**

(Int:) Jacobus de Beer - Manager, Insurance Crop Services, Santam Agriculture

☞ **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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## **7 CIRCULARS**

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

### **SAIA**

SG 2009/017 Regulation 4, Section 45 of the Short-Term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (2/03/09)  
Contact: Princess Mlambo

SG 2009/018 New SAIA Consumer Education Strategy: Contribution towards the 2009 SAIA Consumer Education Projects (11/03/09)  
Contact: Adele Joubert

SG 2009/019 Preferred service providers – SAARSA Request (12/03/09)  
Contact: Thabo Tlaba-Mokoena

SG 2009/020 SAIA Human Resource Committee (23/03/09)  
Contact: Thabo Tlaba-Mokoena

SG 2009/021 Form and manner of notification to Registrar of Financial Services Providers regarding debarment of representatives under Section 14 of the Financial Advisory and Intermediary Services Act, 2002 (27/03/09)  
Contact: Refilwe Moletsane

SG 2009/022 Regulation 4, Section 45 of the Short-Term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (31/03/09)

Contact: Princess Mlambo

## AMUSA

AM 2009/013 Clauses available from Witherbys (04/03/09)  
Contact: Barry Scott

AM 2009/014 Casualty Notice "PRECIOUS" (17/03/09)  
Contact: Barry Scott

AM 2009/015 IUMI Registration Bruge 2009 (18/03/09)  
Contact: Barry Scott

AM 2009/016 AMUSA Report Back Cancellation (19/03/09)  
Contact: Barry Scott

AM 2009/017 SAMSA Maritime Notice 10 of 2009 (26/03/09)  
Contact: Barry Scott

AM 2009/018 SAMSA Maritime Notice 11 of 2009 (27/03/09)  
Contact: Barry Scott

AM 2009/019 SAMSA Maritime Notice 12 of 2009 (27/03/09)  
Contact: Barry Scott

AM 2009/020 Casualty Report "NEPAYIA" (27/03/09)  
Contact: Barry Scott

AM 2009/021 Casualty Report BOW ASIR" (27/03/09)  
Contact: Barry Scott

AM 2009/022 IUMI Statistics Spring Edition (31/03/09)  
Contact: Barry Scott

## SAIA MD (Managing Directors)

MD 2009/004 Contribution towards 2008/2009 SAIA Consumer Education Project (09/03/09)  
Contact: Vivienne Pearson

✉ **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 to become a SAIA communiqué member.

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