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1 LATEST NEWS

SPECIAL GUEST ARTICLE: FPASA insurer representation and research services

Since its inception in 1973, the Fire Protection Association of Southern Africa (FPASA) has been actively involved in research projects and insurer representation to the benefit of the industry.

Examples of research projects that have been undertaken include the development of a new evaluation document for the classification of fire brigades for insurance purposes which later formed the basis for South African National Standard (SANS) 10090:2003-Community protection against fire; the compiling of national fire loss statistics; a guidance note for the organisation and management of fire teams and a document to assist insurer's understanding of the new SANS standard addressing the classification system for thermal insulated building envelope systems.

Insurer representation interests include FPASA participating on South African Bureau of Standards (SABS) technical committees and work groups, the South African Qualifications and Certification Committee (SAQCC-Fire), the Fire Brigade Board and recently formed National Fire Service Advisory Committee.

One of the outcomes from a thorough business review of the Association conducted towards the end of 2008 was the need to facilitate insurer participation regarding the projects undertaken and to improve feedback to insurer stakeholders.

As a result, the Association is presently establishing an Insurer Project Advisory Committee (IPAC) with representatives from companies who participate as contributing members of the Association. It is felt that this group will provide guidance regarding necessary research topics and representation activities and will help monitor progress in relation to the approved project plans.

The Association is also represented in the recently formed SAIA Fire Services Investigation Steering Committee to monitor industry concerns regarding the state of the country's emergency services. FPASA conducted the audits of emergency services in the 1999 investigation commissioned by SAIA that resulted in a report to Government. The audit model will again be providing factual information, on emergency service preparedness and performance, as part of the Association's on-going fire brigades classification project.

Phase 1 of the fire brigade classification project will involve an initial 26 brigades throughout the country. The assessments will be risk-based using SANS 10090:2003 as the benchmark. Once a brigade has been classified, weight and speed of response will be monitored annually. Any improvement will be acknowledged immediately and the classification adjusted accordingly. Alternatively, any service delivery shortcomings will be discussed with the brigade concerned and an opportunity to address the shortfalls will be provided prior to any reduction in classification.

To improve feedback to insurers on projects and representation activities, the FPASA is presently considering suitable web-based solutions to facilitate a reporting and communication platform.

Presently all insurer projects are funded from the subsidy the Association receives from the industry. As a result, the circulation of reports and feedback on projects is limited to participating companies.

All contributing insurers also have full use of the Association's fire safety library, technical enquiry service and receive the Association's journal 'Fire Protection'. Special rates for technical and training services are an added benefit.

The FPASA would like to encourage short-term insurers who are not presently contributing members, but who would be interested in participating and benefiting from the insurer research and representation projects, to contact the Association's General Manager, David Poxon on 011 397 1618 or e-mail davidp@fpasa.co.za for further stakeholder details.

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

Further information : David Poxon
 davidp@fpasa.co.za

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The FSB special report on the results of the short-term insurance industry for the period ended June 2009

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).

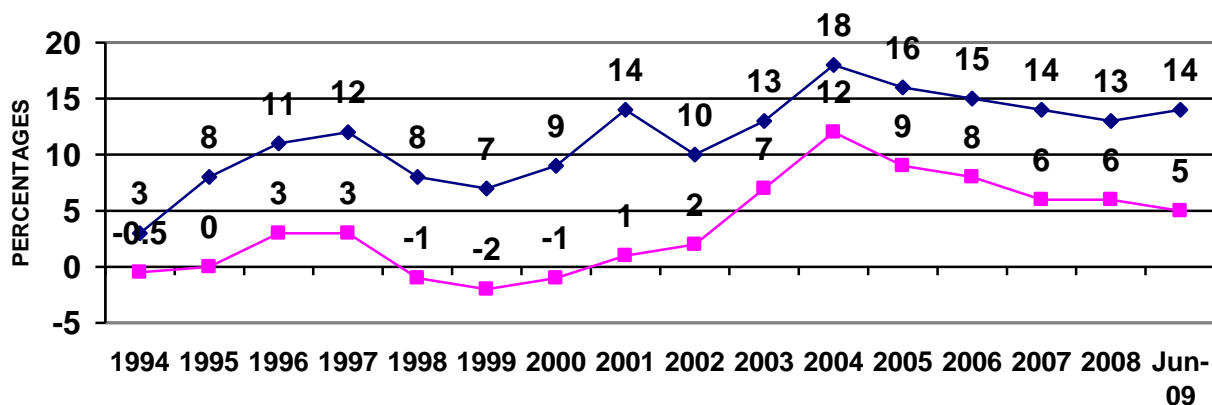
The table below sets out combined statistics (net after reinsurance) for typical insurers for the calendar years 2004 to 2008 and for the first six months of 2009 as well as comparative figures for the first six months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	6 months ended June 2008	6 months ended June 2009
Net premiums R'm	24 211	26 828	31 093	34 351	37 556	17 953	19 032
Underwriting profit/(loss) R'm	2 932	2 542	2 482	2 169	2 327	892	924
Underwriting and investment income R'm	4 303	4 304	4 588	4 851	5 064	2 267	2 754
Claims (as % of earned premiums)	59	63	65	66	66	68	68
As % of net written premiums:							
Management expenses and commission	26	26	25	27	27	28	28
Underwriting profit/(loss)	12	9	8	6	6	5	5
Underwriting and investment income	18	16	15	14	13	13	14
Net premium increase (year to year)	22	11	16	10	9	9	6
Surplus asset ratio (median)	37	40	42	43	40	39	46

The following graph indicates how underwriting and operating (including investment income) results of the typical insurers have fluctuated over the past fifteen years and the first six months of 2009.

RESULTS AS PERCENTAGES OF NET PREMIUMS



—◆— OPERATING —■— UNDERWRITING

Six of the twenty-five insurance companies classified as typical insurers reported an underwriting loss for the six months ended June 2009 compared with ten (of twenty-five) who reported an underwriting loss for the three months ended March 2009.

Three of the twenty-five insurance companies reported an operating loss for the six months ended June 2009 compared with five (of twenty-five) for the three months ended March 2009.

Statutory surplus asset ratios

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

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	June 2009
Below 15%	1	0	0	0	1	0
Between 15% & 20%	0	1	0	1	1	0
Between 20% & 25%	0	1	3	0	1	3
Between 25% & 30%	3	3	3	6	2	1
Between 30% & 40%	8	5	4	2	8	5
Between 40% & 50%	1	2	4	5	4	4
Between 50% & 100%	5	6	4	5	4	9
Above 100%	1	1	3	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).

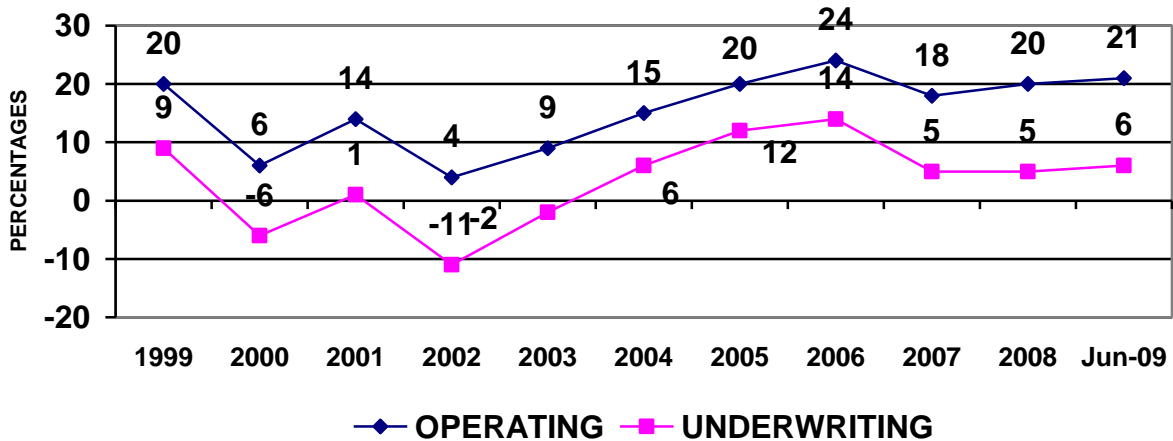
The table below sets out combined statistics (net after reinsurance) for cell captive insurers for the calendar years 2004 to 2008 and for the first six months of 2009 as well as comparative figures for the first six months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	6 months ended June 2008	6 months ended June 2009
Net premiums R'm	3 486	4 239	4 144	4 511	5 460	3 077	3 099
Underwriting profit/(loss) R'm	220	529	568	224	295	297	198
Underwriting and investment income R'm	506	857	980	810	1 079	663	654
Claims (as % of earned premiums)	56	52	52	62	67	64	65
As % of net written premiums:							
Management expenses and commission	34	28	31	33	25	19	20
Underwriting profit/(loss)	6	12	14	5	5	10	6
Underwriting and investment income	15	20	24	18	20	22	21
Surplus asset ratio (median)	46	56	59	60	56	51	67

The following graph indicates how underwriting and operating (including investment income) results of the cell captive insurers have fluctuated over the past ten years and the first six months of 2009.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Of the eleven operational cell captive insurers, two have reported an underwriting loss and none an operating loss for the six months ended June 2009 compared with four of eleven who reported an underwriting loss and two an operating loss for the three months ended March 2009.

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

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	June 2009
Below 15%	0	0	0	0	1	0
Between 15% & 20%	0	0	0	0	0	0
Between 20% & 25%	0	1	0	2	1	2
Between 25% & 30%	3	0	1	0	1	1
Between 30% & 40%	0	2	1	2	2	1
Between 40% & 50%	4	0	1	1	0	1
Between 50% & 100%	1	6	4	2	3	4
Above 100%	1	0	2	3	2	2

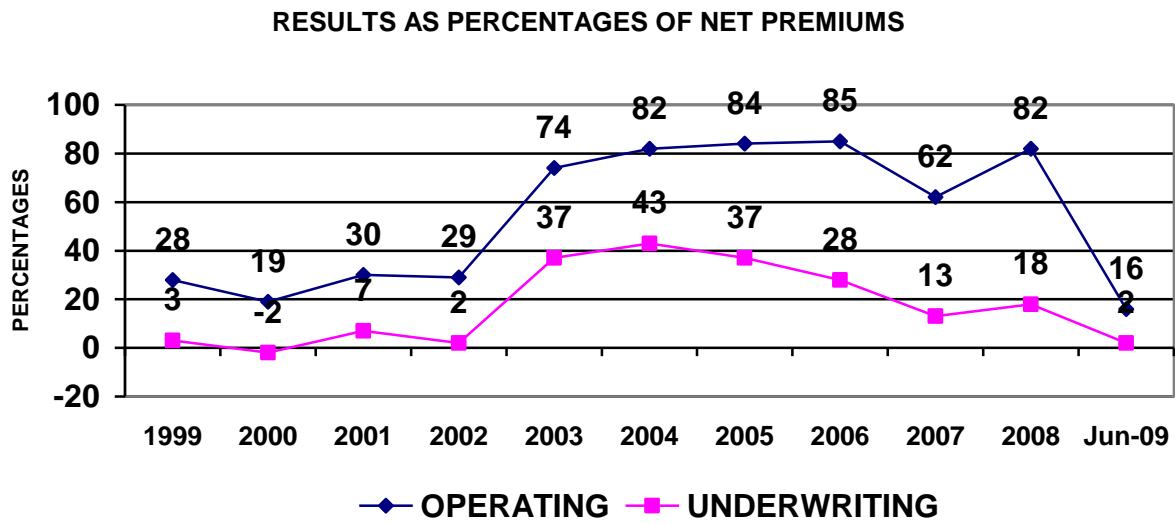
Industry results - Captive insurers (captive insurers, for the purpose of this report, are those insurers who offer cover of the risks of the owners' company or companies only).

The table below sets out combined statistics (net after reinsurance) for captive insurers for the calendar years 2004 to 2008 and for the first six months of 2009 as well as comparative figures for the first six months of 2008.

The figures are unaudited.

	2004	2005	2006	2007	2008	6 months ended June 2008	6 months ended June 2009
Net premiums R'm	214	165	144	200	185	137	377
Underwriting profit/(loss) R'm	92	61	40	26	34	7	9
Underwriting and investment income R'm	176	138	122	125	152	59	59
Claims (as % of earned premiums)	52	74	63	84	79	74	88
As % of net written premiums:							
Management expenses and commission	7	-11	11	2	4	12	1
Underwriting profit/(loss)	43	37	28	13	18	5	2
Underwriting and investment income	82	84	85	62	82	43	16
Surplus asset ratio (median)	318	329	437	435	334	409	335

The following graph indicates how underwriting and operating (including investment income) results of the captive insurers have fluctuated over the past ten years and the first six months of 2009.



Four of the ten captive insurers have reported underwriting losses and two operating losses for the six months ended June 2009 compared with four of the eleven captive insurers who reported underwriting losses and an operating loss for the three months ended March 2009.

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

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	June 2009
Below 15%	0	0	0	0	0	0
Between 15% & 20%	0	0	0	0	0	0
Between 20% & 25%	0	0	0	0	0	0
Between 25% & 30%	0	0	0	0	0	0
Between 30% & 40%	0	0	0	0	0	0
Between 40% & 50%	0	0	0	0	0	0
Between 50% & 100%	0	1	1	0	0	0
Above 100%	12	11	9	10	11	10

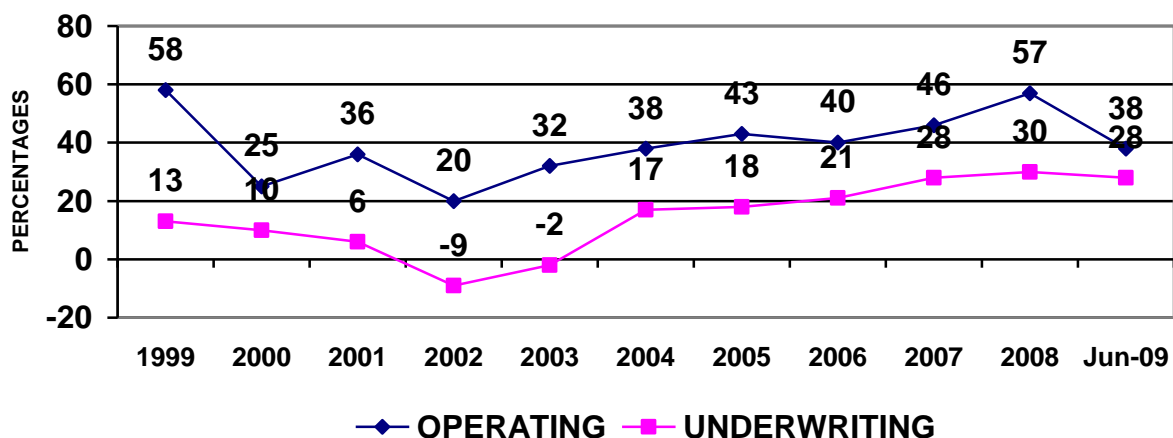
Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2004 to 2008 and for the first six months of 2009 as well as comparative figures for the first six months of 2008. The figures are unaudited.

	2004	2005	2006	2007	2008	6 months ended June 2008	6 months ended June 2009
Net premiums R'm	2 808	2 497	3 293	3 872	4 976	2 263	2 852
Underwriting profit/(loss) R'm	477	444	699	1 078	1 514	600	807
Underwriting and investment income R'm	1 067	1 081	1 308	1 779	2 839	1 110	1 071
Claims (as % of earned premiums)	55	51	48	43	40	38	39
As % of net written premiums:							
Management expenses and commission	25	29	28	27	27	24	34
Underwriting profit/(loss)	17	18	21	28	30	27	28
Underwriting and investment income	38	43	40	46	57	49	38
Surplus asset ratio (median)	163	117	120	72	77	65	60

The following graph indicates how underwriting and operating (including investment income) results of the niche insurers have fluctuated over the past ten years and the first six months of 2009.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Eighteen of the thirty-three operational niche insurers have reported underwriting losses for the six months ended June 2009 and ten have reported operating losses compared with sixteen of thirty-two for the three months ended March 2009 reporting underwriting losses and eight operating losses.

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

	Number of insurers					
	December 2004	December 2005	December 2006	December 2007	December 2008	June 2009
Below 15%	0	1	0	0	0	2
Between 15% & 20%	1	0	1	0	1	3
Between 20% & 25%	1	0	0	1	2	1
Between 25% & 30%	0	0	0	1	0	0
Between 30% & 40%	2	0	3	2	4	3
Between 40% & 50%	2	3	3	5	4	4
Between 50% & 100%	5	9	6	10	9	8
Above 100%	17	17	19	14	13	12

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 and for the first six months of 2009 as well as comparative figures for the first six months of 2008. The figures are unaudited.

	2007	2008	6 months ended June 2008	6 months ended June 2009
Net premiums R'm	1 899	2 388	1 097	1 201
Underwriting profit/(loss) R'm	192	37	(33)	(90)
Underwriting and investment income R'm	651	492	175	106
Claims (as % of earned premiums)	58	64	70	74
As % of net written premiums:				
Management expenses and commission	30	34	33	33
Underwriting profit/(loss)	10	2	(3)	(7)
Underwriting and investment income	34	21	16	9
Surplus asset ratio (median)	146	149	96	138

Five of the seven operational re-insurers have reported underwriting losses for the six months ended June 2009 and three have reported operating losses compared with five of seven re-insurers reporting underwriting losses and three operating losses for the three months ended March 2009.

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

	Number of insurers		
	December 2007	December 2008	June 2009
Below 15%	0	0	0
Between 15% & 20%	0	0	0
Between 20% & 25%	0	0	0
Between 25% & 30%	0	0	0
Between 30% & 40%	0	1	0
Between 40% & 50%	0	0	2
Between 50% & 100%	3	2	1
Above 100%	4	4	4

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

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2 LEGISLATION

Insurance Laws Amendment Act

Binder regulations

At the Binder Workgroup meeting held on 27 July 2009 the SAIA, South African Underwriting Managers Association (SAUMA) and Financial Intermediaries Association (FIA) representatives presented the short-term industry insurance intermediaries' matrix. The input provided by the short-term insurance industry on the Financial Services Board (FSB) Universal Matrix was acknowledged but a view held is that it is too high level for the short-term industry.

The SAIA/SAUMA/FIA matrix depicts the short-term insurance structures and to this end the following structures were presented and discussed:

- the call centre/on-line broker/full-time representative/tied agent
- the administrator with no discretion, which can be broker linked, performing outsourced administration for the broker/the insurer
- independent intermediary with binding authority
- the administrator performing outsourced functions with discretion
- the underwriting manager

The independence of an intermediary remains an area of concern for the Regulator where the intermediary performs a binder function on behalf of an insurer. It is hoped that the agency status will be determined during the process of engagement on binder regulations. The SAIA is now in the process of incorporating the SAIA/SAUMA/FIA intermediaries' document, presented at the last FSB Binder Workgroup meeting into the FSB Universal Matrix. It is anticipated that the process of the drafting and review of regulations by all relevant stakeholders will be completed during this last quarter of 2009.

Medical Schemes and Health Insurance demarcation regulations

The SAIA submitted the data for the various Health Insurance product typologies to the National Treasury on 14 august 2009. The data was aggregated where possible, but in several typologies

the data submitted was for individual member companies only. Due to the use of third party administrators, several member companies were unable to meet the data request. A survey questionnaire by product typologies was also undertaken with several member companies and a report has also been submitted to Treasury.

At the next Workgroup meeting, the Associations' (the SAIA and the Life Offices' Association) and the Council for Medical Schemes' submissions will be reviewed by the Workgroup.

✉ **Further information : Refilwe Moletsane**
✉ 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 – July 2009 issues of the Bulletin.

Consumer Protection Act 2008

The Consumer Protection Act (CPA) 2008 was signed into law in April 2009. In the previous issue of the SAIA Bulletin, it was reported that the Financial Services Board (FSB) was in the process of appointing a consultant to undertake a comprehensive assessment of all sector laws *vis a vis* the Consumer Protection Act. The matter is in abeyance awaiting feedback from the FSB regarding the alignment of the Consumer Protection Measures and the Sector Laws. The insurance industry will be kept informed of the development.

Members are requested to refer to the SAIA website, www.saia.co.za (link: <http://www.saia.co.za/content/view/84/57/>) to have a look at the opinion provided by Donald Dinnie on the impact of the CPA on the short-term insurance industry. (Please note that this opinion does not necessarily express the views of SAIA, however, it is provided to stimulate debate and should be applied to member companies' practices as deemed appropriate).

✉ **Further information : Karen Naidoo**
✉ karen@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 – July 2009 issues of the Bulletin.

Second Hand – Goods Act 6 of 2009

The Second Hand – Goods Act was assented and brought before Parliament in April 2009. The Act is now open for public comment which must be forwarded to Parliament by 24 September 2009. The purpose of the Act is:

- To regulate the business of pawnbrokers and dealers in the second – hand goods
- To limit the trade in Stolen Goods
- To promote ethical standards in the second- hand goods trade

The Government believes that the short-term insurance industry has a vested interest in the act and has called upon the industry for comments on the act.

The SAIA will collate all comments and provide Government with feedback. Members are requested to forward their comments to Karen@saia.co.za by 9 September 2009.

✉ **Further information : Karen Naidoo**
✉ karen@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 – July 2009 issues of the Bulletin.

The Protection of Personal Information Bill

The Protection of Personal Information Bill was tabled in Parliament on 26 August 2009. The SAIA is currently reviewing the impact of the Bill on the short-term insurance industry.

☞ **Further information : Refilwe Moletsane**
✉ 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 – July 2009 issues of the Bulletin.

3 OTHER SAIA ISSUES

Exemption in terms of the SAIA Consumer Education Strategy

The SAIA Board considered a request that the SAIA requirement regarding committing 0.2% of after tax profits to consumer education (also required by the Financial Sector Charter) should not apply to SAIA members who have received an exemption for this by the Charter Council. The SAIA Board approved this request.

In future, the SAIA requirement that all members should spend 0.2% of after tax profits on consumer education, with its various linked requirements, applies to all SAIA members with the exception of those who have received exemption for access and consumer education by the Charter Council.

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

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Consumer education initiatives

Below is an update on the SAIA Consumer Education Initiatives.

2008/9 initiative

The SAIA Financial Sector Charter (FSC) Consumer Education Final Report is being finalized. SAIA members and other consumer education representatives can expect to receive this report within the first week of September. It will also be uploaded on the SAIA website.

The Consumer Education Report Back Function is being arranged to take place in October 2009.

2009/10 initiative

There is still uncertainty on whether or not the Financial Sector Charter (Charter) will be gazetted. SAIA therefore made the decision to propose consumer education projects for 2009/10 that adheres to the Charter requirements, while also meeting the needs of the short-term insurance industry.

The SAIA Consumer Education Committee agreed with and approved SAIA's projects proposal after it was presented to them at the SAIA Consumer Education Committee meeting on 19 August 2009. This final proposal will be presented to the Consumer Education Project Panel for final approval at its meeting on Tuesday, 22 September 2009.

SAIA is in the process of securing additional funds to be allocated towards the 2009/10 consumer education initiative. Should SAIA receive additional funds for these projects, it would influence the funding summary section of the final proposal. The revised funding summary of the final proposal

would then be approved by the SAIA Consumer Education Committee before being presented to the Project Panel.

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

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SAIA Image and Reputation Strategy

The SAIA Image and Reputation Strategy was approved by the SAIA Board at its meeting on 4 August 2009. The elements of the strategy include:

- A self regulated industry, including a new Code of Conduct
- A stakeholder relationship and public relations campaign
- Initiatives, including consumer education, road safety, crime fighting and other initiatives
- Communication, including a new targeted publicity campaign as well as a new information sharing campaign
- SAIA identity.

The elements of this strategy are currently being implemented by the SAIA, and are in various stages of implementation.

The targeted publicity campaign requires additional funding in future, and this requirement will be addressed through the normal SAIA budget approval process.

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

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New SAIA Code of Conduct

The SAIA Code of Conduct Task Team is in the final stages of drafting the new SAIA Code of Conduct. A first draft of a new Code was discussed and incorporated into a next draft.

The SAIA is currently reviewing the Task Team's input on the latest draft, together with input received from various other sources including the Ombudsman for Short-term Insurance, other relevant bodies, as well as consumer journalists, which will lead to a final draft.

It is hoped that the final draft of a new SAIA Code of Conduct will be ready for submission to the SAIA Board before the end of 2009.

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

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Financial Education Fund (FEF) Grant

The SAIA's application for a grant for 245 494 Pounds Sterling from the Financial Education Fund (FEF) was approved by the FEF. The SAIA is in the final stages of entering into contracts with the FEF and the service provider for this project, Bright Media.

Through this consumer education project, the SAIA will use radio as a medium to convey consumer financial education messaging to consumers in South Africa.

The project will follow SAIA's Consumer Education Guidelines.

The aims of this project include:

- To improve the levels of knowledge and skills of lower income consumers in South Africa (LSMs 1 – 7) – many of whom are not current consumers of short-term insurance but potential consumers of our products – about general financial literacy concepts, and specifically about short-term insurance and relevant short-term insurance products in a generic fashion
- To change attitudes and behaviours regarding the use of general financial literacy tools and financial services products, especially short-term insurance products
- To empower these consumers through the above
- To link consumer financial education with uptake of relevant products
- To test whether radio/media is an appropriate vehicle for such consumer education
- To test whether there is a link between financial education and uptake of products

Through this project, 4 radio stations will be used to convey the messaging to the audience using indigenous South African languages. One similar radio station, where there will be no broadcast, will be used as a control audience. The financial education content will be conveyed through a 52 episode radio drama with characters that are relevant to this market.

The considerable research element of this project will inform the SAIA about future projects, as well as assist entities in South Africa and the rest of the world to ascertain the value and use of the media, specifically radio, and the methodology of edutainment in financial education.

SAIA member participation

SAIA members will be invited to participate in this project by providing information on their own relevant products for this market before and after the broadcasts, putting up call centre facilities to accept enquiries about their products, and reporting on such calls to the SAIA in order to draw the link between the education project and the potential uptake of products. Please look out for the communication in this regard that will be coming your way shortly.

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

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Global survey on the understanding and integration of environmental, social and governance factors in insurance underwriting and product development

The United Nations Environment Programme Finance Initiative's (UNEP FI) Insurance Working Group (IWG), comprising many of the world's leading insurers and reinsurers, and supported by academic institutions in the US and Europe, conducted a survey from March to June 2009. The nature and scope of which makes it the first of its kind ever.

This in-depth survey covered a wide spectrum of environmental, social and governance (ESG) factors, primarily as they relate to insurance underwriting and product development, such as:

- Environmental (E) - climate change, biodiversity loss & ecosystem degradation, water management, and pollution
- Social (S) - financial inclusion (microinsurance), human rights, emerging manmade health risks, and ageing populations
- Governance (G) - regulations, disclosure, ethics & principles, and alignment of interests

UNEP FI obtained around 260 respondents across the insurance value chain (i.e. insurers, reinsurers, brokers, agencies, insurance supervisors) from 60 jurisdictions worldwide-from Africa and the Asia-Pacific, to Europe, Latin America and the Caribbean, and North America.

The key findings and recommendations based on this ground-breaking global survey, collectively representing over 3 800 years of insurance experience and 2 600 pages of results, will be summarised in a report by the UNEP FI Insurance Working Group, which will be launched as the centerpiece report of the 2009 UNEP FI Global Roundtable in Cape Town.

Should you wish to view the scene-setting 2007 report, "Insuring for Sustainability", produced by UNEP FI visit: http://www.unepfi.org/fileadmin/documents/insuring_for_sustainability.pdf.

To learn more about the IWG, go to: http://www.unepfi.org/work_streams/insurance/.

2009 UNEP FI Global Roundtable

The 2009 UNEP FI Global Roundtable will take place in Cape Town from 22-23 October 2009. All SAIA members are invited to participate in this event.

Should anyone wish to receive the 2009 UNEP FI Global Roundtable invitation, contact Amanda Oosthuis (amanda@saia.co.za or 011 726 5381). Amanda can also forward SAIA circulars SG 2009/031, dated 7 May 2009 (#73726) and SG 2009/041, dated 3 July 2009 (#72745), to anyone who requires further information on this event.

For more information on this specific event, contact Larna Jackson at (011) 463 5085 or larna@soafrica.com.

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

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N3TC Road safety initiative

As part of their road safety programme, N3 Toll Commission (N3TC) has organised an event in conjunction with the Department of Health in Kwa-Zulu Natal. The event will take place on 1 October 2009 at the Bergville Truck Stop along the N3 (Johannesburg to Durban) route.

Ukhosi Radio will do a live broadcast on the day of the event, where on-site health tests such as eye-testing, blood pressure and diabetes will be undertaken. A similar initiative was hosted last year with an overwhelming response of appreciation and success in issuing drivers with prescription glasses, or emergency services for complications relating to undiagnosed diabetes.

Some SAIA members will be participating in this initiative.

Road Safety has been highlighted as one of the key areas of concern to the industry and a proposal on a coalition on road safety is currently under consideration and development by the SAIA.

Any member companies who would like to participate in this N3TC initiative is hereby requested to contact Ursula Moosa (ursula@saia.co.za) at SAIA.

☎ **Further information : Refilwe Moletsane**
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4 GUEST ARTICLES

TransUnion: Implementation of the Insurance Data System into your business processes is the key to your success

In order to derive the value from the system, the information that the Insurance Data System provides you needs to be seen as an integral part of your business process.

Increase premium income and identify non-disclosure

In an example, claims were registered by individuals where previous claims had not been disclosed at the time the new policy was underwritten. The new claims registered were repudiated due to non-disclosure. Additional costs were lost due to incorrect pricing of the premium.

Cost savings can take place by no longer phoning to confirm previous claims history

By having information available to you through the Insurance Data System on an individual's previous claims performance, you no longer have to incur the costs of phoning other insurers to confirm an individual's previous claims history. Checks can be done on-line once your claim is registered and a three-year history of an individual's claims performance is available to you.

Are you insuring your risk correctly?

At the time the premium is set, criteria that is taken into account to price the premium are previous claims and details around the risk being insured. Through information held on the Insurance Data System, you are able to confirm the asset and address information provided as well as identify previous claims experience.

Insurers who have integrated the Insurance Data System into their claims process have seen the benefit and will carry on seeing the benefit with the Insurance Data System as an integral part of their business.

For more information contact Jenny Theunissen; tel: 011 214 6183 and email: jtheunissen@transunion.co.za.

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

☎ **Further information : Jenny Theunissen**
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The Ecocentric journey – Fostering dialogue for resilient business

Have you ever asked yourself the question: “How resilient is my business to climate change?” Sounds like a question that is not relevant to you, but the truth is that climate change is one of the greatest threats facing humanity and every one of us are affected, including businesses. Although the impacts of climate change may vary from business to business, but the economy as a whole can play an important part in the adaptation and mitigation of climate change. For businesses, it is essential to operate in a sustainable manner.

As the leading short-term insurer in Southern Africa, Santam's purpose is to manage risk in a proactive manner and therefore we see the need to manage climate risks through systemic collaboration with other stakeholders. This is the reason why Santam is organising the “Ecocentric Journey” conference in partnership with UCT Centre of criminology and partners for change. This is the only event of its kind where experts, stakeholders and decision makers in the field of sustainability will meet to discuss the long-term goal of creating a sustainable business.

The 3-days conference will be filled with many prominent local and international speakers who will be sharing their knowledge in this field. Topics range from general knowledge about climate change to specific industry response case studies and insurance related issues and risks.

Keynote speakers include:

- Dr. Eberhard Faust: Head of Geo Risk Research division at Munich Re (Germany)
- Dr. Iraj Arbedian: Board member of Development bank of South Africa
- Mr Stef Raubenheimer: CEO and founding director of SouthSouthNorth group
- Prof. Bruce Hewitson: Climate System Analysis research group at UCT

The format of the conference is as follows:

Days 1 & 2: Workshops and dialogues hosted by respected figures in insurance, business and academia, based on the following themes - Understanding climate change, The need for resilience and business success and its role in climate change.

Day 3: A formal conference where leaders in the field of sustainability will present issues around climate change, the importance of managing environmental risk and why building a strong and unified insurance industry is critical.

The event will take place from 15 – 17 September at the Sanlam Head Office in Bellville, Cape Town. We are offering attendance packages that are very economical because we really want you to be there and learn the importance of a sustainable business. There are currently three attendance options available: 1 day at R1 500, 2 days at R3 000 and 3 days at R4 500.

Whether you are an established green business leader or you are just starting out on your sustainability journey, the Ecocentric Journey offers an exciting opportunity for you to make connections, share your challenges and successes and explore strategies and best practices to lead your organisation to operating more successfully.

Please go to <http://www.santam.intersustainability.co.za> to see the exciting programme and speakers profiles! This is an event not to be missed!

Should you have any enquiries, please do not hesitate to contact ecojourney@intersustainability.co.za.

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

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5 PRESS CLIPPINGS

Publication	Person/DN	Subject
Cover 1/07/09	# 74236 # 74237	Corporate governance: The Impact of the King III Report on the short-term insurance industry Consumer Protection Act
FIA Insight 2 nd Quarter'2009	# 74027 # 74206	Road Accident Fund amendments: Constitutional challenge of the Act Motor repair industry: The use of "pirate" and second hand parts in the repair of motor vehicles
Enterprise Risk July' 2009	# 74543	Consumer Protection Act could waylay insurers
Fleetwatch July' 2009	# 74430	Road safety: Self regulation the only way to reduce road deaths
Business Report 1/07/09	# 73665	New Companies Act: who is related to whom and why?
Star 1/07/09	# 73667 # 73669	Towing industry lacks ethics, court is told National Health Insurance (NHI) to replace 'unfair ' model
Citizen 1/07/09	# 73669	Towing industry: Judge: Tow truckers need regulation
Business Day 6/07/09	# 73793	Santam: High debt set to push up claims

Star Workplace 9/07/09	# 73860	<u>Inseta</u> : Training targets bettered by 299 percent
Financial Mail 10/07/09	# 73950 # 73951	<u>State of the short-term insurance market</u> : A formula that works <u>National Health Insurance (NHI)</u> : Universal care costs
City Press 12/07/09	# 73943	<u>Motor repair industry</u> : No insurance against foot-dragging
Business Day 13/07/07	# 73900	<u>Emerald Insurance Company</u> : Super Group sells insurer to Santam
Business Day 13/07/09	# 73952	<u>New Companies Act</u> clears some long-standing muddy water
Sowetan 15/07/09	# 73971	Minister goes ahead with <u>National Health Insurance (NHI)</u>
Business Day 20/07/09	# 74167	<u>Companies Act</u> heralds big changes for close corporations
Star (Motoring) 23/07/09	# 74167	The <u>Administrative Adjudication Road Traffic Offences (AARTO)</u> : Points demerit system not implemented
Sake 24 26/07/09	# 74240	<u>Road safety</u> : Motorversekering word onbetaalbaar
Citizen 27/07/09	# 74238	<u>National Health Insurance (NHI)</u> bill 'by next year'
Sowetan 27/07/09	# 74239	<u>National Health Insurance (NHI)</u> : Health conscious
Citizen 29/07/09	# 74296	<u>Motor industry</u> : Third party mistake hits insurance costs
Business Report 29/07/09	# 74297	ANC adopts <u>national health insurance</u> policy draft
Business Day 30/07/09	# 74294	<u>Financial Sector Charter (FSC)</u> : Good and smart reasons for saving the finance charter
Business Report 30/07/09	# 74300	Fire claims knock <u>Mutual & Federal</u> but growth 'still likely'

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

6 RADIO AND TELEVISION COVERAGE

SABC 3 (English)

17 August 2009

There has been an increase in the number of insurance claim complaints this year. The Financial Services Board has urged policy holders to use credible insurance companies that are regulated by them.

(Int:) Jonathan Dixon - Deputy Executive Director: Financial Services Board

(Int:) Refilwe Moletsane - Deputy CEO: SAIA

(Int:) Anastasia Mkhwanazi - Ombudsman: Short-term Insurance

Talk Radio 702/Cape Talk Simulcast (English)

25 August 2009

Live read of Alexandra Forbes' Motor and Household Insurance which offers fast track settlements on small claims.

Talk Radio 702 (English)

26 Aug 2009

Details on the Santam Blue Chip Challenge

RSG (Afrikaans)

26 August 2009

A discussion about the financial results of Santam
(Int:) Michiel Reyneke - Financial Director: Santam
(Int:) Amelia Morgenroodt - Portfolio Manager: PSG Consult

SA fm (English)

26 August 2009

A discussion on the big stories of the day
Mention: Santam

East Coast Radio (English)

26 August 2009

Santam has reported an increase in first half profits.

Lotus FM (English)

26 August 2009

Santam expects underwriting margins to remain under pressure in the second half

Summit TV (English)

26 August 2009

Santam cashed in on the recent stock market recovery but it warns of a tough 12 months ahead.
The country's largest long term insurer more than tripled its headline earnings.
(Int:) Ian Kirk - CEO: Santam

CNBC Africa (English)

26 August 2009

Santam reported a 220% rise in first half headline earnings per share, climbing to 284 cents, thanks to better returns on its investment portfolio.

(Int:) Ian Kirk - CEO: Santam

(Int:) Richard Simpson - Obsidian Capital

(Int:) Royce Long - Obsidian Capital

Jacaranda 94.2 (Afrikaans) - High

27 August 2009

Santam profit jumps 220%

Rising equity markets have boosted Santam's profits. South Africa's largest short-term insurer reported a rise in first-half profit thanks to better returns on its investment portfolio. The firm said headline earnings for the six months ended June 2009 climbed with 220%.

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

7 CIRCULARS

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

SAIA

SG 2009/040 Regulation 4, Section 45 of the Short -Term Insurance (Act 53 of 1998) Register of the status of credit intermediaries (2/07/09)
Contact: Princess Mlambo

- SG 2009/041 UNEP Finance Initiative: Global Roundtable in South Africa on 22 – 23 October 2009 (3/07/09)
Contact: Vivienne Pearson
- SG 2009/042 Information request for short-term insurers' Health Insurance Products (15/07/09)
Contact: Refilwe Moletsane
- SG 2009/043 Department of Labour 2009 Road Show schedule
New Employment Equity regulations for 2009 October reporting (20/07/09)
Contact: Barry Scott
- SG 2009/044 Election of New SAIA Board AGM 22 July 2009 (23/07/09)
Contact: Barry Scott

AMUSA

- AM 2009/040 Casualty Report Update: "BET COMMANDER" (7/07/09)
Contact: Barry Scott
- AM 2009/041 Casualty Report: "MV "IOANNIS N.K" (24/07/09)
Contact: Barry Scott
- AM 2009/042 Casualty Reports: "MAERSK UTAH" (29/07/09)
Contact: Barry Scott
- AM 2009/043 Overage premium agreement with Maritime Carriers Shipping (MACS) (31/07/09)
Contact: Barry Scott

IGF

- IG 2009/004 Bordereau for the 2nd Quarter 2009 (16/07/09)
Contact: Tilly Welgemoed

SAMIA

- SM 2009/004 SASRIA rate increase implementation date (22/07/09)
Contact: Barry Scott
- SM 2009/005 SASRIA Limited product enhancement (22/07/09)
Contact: Barry Scott
- SM 2009/006 SAMIA Lunch Meeting: Presentation on "Global Warming and its effect on the insurance market" (22/07/09)
- SM 2009/007 SAMIA Golf Day – 2nd September 2009 (23/07/09)
Contact: Charles Hitchcock

 **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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