



SAIA – ☎ (011) 726 5381

March 2009 – Issue No. 03/09

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1 LATEST NEWS

SPECIAL GUEST ARTICLE: The right to information or intimidation and invasion of privacy?

It is often said that tough times demand tough measures. There can be no doubt that as the effects of the global credit crisis spread to South Africa, consumers are likely to find themselves under ever increasing pressure and the temptation to use an insurance claim to obtain an extra cash injection will increase. To combat what is perceived by some insurers to be an increase in fraudulent activity in relation to claims, policyholders are increasingly being called upon to subject themselves to extensive interrogation and to furnish copies of documentation such as bank statements, financial records, cell phone billings and other information which policyholders feel are not strictly relevant to an assessment of a claim.

This has led to an increase in the number of complaints received by the Ombudsman concerning such requests and tactics which are increasingly met with resistance from consumers, who complain that they are being "*interrogated and treated like a criminal*" as part of a "*witch hunt to find any discrepancies and reasons to dismiss my claim*". Insurers in response to such allegations, frequently refer to policy wording entitling them to "*additional information which is of vital importance to a fair and accurate decision on the settlement of a claim*". The matter recently reached a breaking point in a complaint received by the Ombudsman that an insurer "*persisted in their interrogation of me to such a point that I was forced to see my doctor as a result of a complete emotional breakdown and have been placed on medical leave to assist my mental and emotional status*".

Consumers are increasingly pointing to the Constitution and to the Bill of Rights contained therein as a basis for their objection to the tactics employed by certain insurers in tackling the problem of fraud and inflated claims. Part of the problem lies in the fact that different meanings and understandings of the word "*fraud*" exist within the industry. Insurers should be mindful of the fact that the efforts of over-zealous loss adjusters who regard every claim as fraudulent unless the insured is able to conclusively prove the contrary, can considerably tarnish the image of the industry and undermine the element of good faith which underlies all contracts of insurance. An insured does not have to prove a negative.

Whilst there are undoubtedly circumstances in which an insured should disclose to the insurer what would otherwise be confidential information to substantiate a case or to prove an essential element of a claim e.g. the provision of bank statements to demonstrate that funds were available for the payment of a premium, care and caution needs to be exercised as to the manner and the circumstances in which access to such information is demanded. The rights of consumers to be treated with dignity, respect and courtesy cannot be over-emphasised and there is an obligation upon the industry to ensure that the legitimate rights and expectations of policyholders are respected. Inroads into confidentiality and privacy should only be made where this is absolutely essential for a proper assessment of a matter to be made, after good grounds have been established for the taking of such measures.

Policy clauses and the duty of an insured to co-operate in the investigation into a claim should not be used as an excuse for, or opportunity to embark upon a "*fishing expedition*" in the hopes of unearthing information which can be used against an insured to defeat a claim, or to intimidate an insured into accepting a lesser indemnification for an insured event.

Particular care and circumspection should be exercised when requesting "*proof of ownership*" of articles lost during the course of burglaries or robberies. An emphasis should be placed upon *prima facie* proof of possession of articles rather than "*proof of ownership*" in the narrow sense and regard should be had to the fact that few persons would retain documentary evidence of purchase of items which were acquired many years ago, or which are likely to have been given as gifts. It should not simply be presumed that because a person does not have formal documentation in relation to items alleged to have been lost, that this means that a person did not possess these items or that the claim is tainted with fraud. A greater emphasis should be placed upon the

quantification of the actual loss suffered by the insured and an indemnification for that loss, than a witch hunt to establish a subjective element of fraud.

☞ **Further information : Brian Martin (Ombudsman for Short-Term Insurance)**
✉ brian@osti.co.za

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Industry Insurer / Broker data interchange initiative

The new Insurance Laws Amendment Act (ILAA) introduces a requirement that the broker or person with a binder 'return' all data to the insurer, at the insurer's request. At the same time the Act holds the insurer responsible for compliance with its provisions around mandating, business continuity and sustainability of delivery to the client in the event of any change in relationship between the insurer and the binder holder. The binder holder in a great number of cases is also the broker or is closely related to the broker acting for the client. In order to comply with both the spirit and the word of the Act, an insurer has no alternative but to ensure that they have unencumbered access to their data at a detailed level including all client, premium, policy and claims information.

Current market practices make compliance with these provisions more complex than it may appear at face value. There is no argument with the provisions since it is good business practice that an insurer should have detailed access to its own information, in order to be sustainable, but the industry has not kept pace sufficiently with developments on electronic data interchange in order to comply immediately.

The above requirements are further complicated by the anticipated rules around the different types of binders that will be drafted under regulation over the next six months.

In order that insurers are placed in a position to be able to comply with this requirement, a group of insurers has been meeting to consider the possibility of creating an industry wide solution. At a meeting held recently, it was agreed that this project should be brought under the auspices of the SAIA, and that SAIA should arrange an information session in order that all SAIA members be brought up to speed on this project. It was also agreed that the brokers would also be invited to this information session.

The information session has been arranged for 14:00 on Tuesday, 21 April 2009. SAIA General and MD circulars will be forwarded to members shortly.

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

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2 FINANCIAL SECTOR CHARTER

Skills shortage in the MBR industry – A view point

Among the various components of the identified needs in the SAIA National Enterprise Development Strategy (NEDS) was the need to train competent skilled personnel. While this may be said to be the function of the relevant Skills and Education Training Authority, MERSETA, in this case, it has been brought to SAIA's attention that much still needs to be done to create awareness around this challenge. Moreover, the awareness campaigns and what is being done about it do not necessarily have to wait for any anticipated project to be in place. There are initiatives taking place in the industry that need to be brought to the fore.

Recently, the SAIA had a meeting with one of the role players in the industry. This particular person exudes so much energy and passion when speaking about the shortage of skills in the MBR industry that it invariably rubs off on one. There was however the evident tinge of understandable frustration in his voice as well. This person is *Oom Frik* of Botha & Sons in Pretoria and here are some of the topics he touched on and suggestions he made:

- Every vehicle being repaired for the insurance industry's clients should be seen as a training opportunity for tomorrow's journeyman.
- The average age of journeymen in South Africa is 54 years (MERSETA) Retirement in the retail motor industry is 60 years of age.
- Apprenticeship contracts registered at the MERSETA (CBMT):
 - Panel beaters at different levels: 348
 - Spray painters at different levels: 192
- Some insurance companies advise motor body repairers to train apprentices; some even make it a requirement "to come onto their panel." Besides, there are many advantages to be gained by doing this training like manufacturers' approvals, BEE-Status, warranties and so forth. Is the emphasis in the right place?
- One must ask oneself the question: Why don't panel beaters train any more? The answers might be found in one of the following:
 - Productivity and the cost of training involved;
 - Candidates for apprenticeship do not want to join the MBR industry due to low salaries.
 - Few people in the MBR industry seem to know about the availability of MERSETA-grants for training and to apply and claim.
 - Panel beaters are of the opinion that training only costs money, and why train somebody when you can "steal/poach from someone else in the industry?"
- What needs to be done?
 - A collective effort to create "awareness" amongst all role players in the MBR-industry, to start training for the future

How can we create the much needed awareness? Oom Friek is convinced that the SAIA should lead the campaigns.

Please share your thoughts by contacting Thabo Tlaba-Mokoena on 011 726 5381 or email thabo@saia.co.za.

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

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Previous reference: Articles on FSC has featured in the June – November 2006, March – November 2007 and January – April 2008, August – November 2008 and Jan 2009 issues of the Bulletin.

3 LEGISLATION

Insurance Laws Amendment Act 2008 (IILA)

Binder regulations

The Financial Services Board (FSB) is in the process of finalising the Terms of Reference for the Binder Workgroup and it is anticipated that some progress will be achieved on the scope of work to be undertaken by the Workgroup in the second quarter of 2009.

Demarcation regulations

The third Demarcation Workgroup meeting is scheduled for 3 April 2009. At this meeting it will be determined if any additional information will be required from the insurance industry. This information will be considered during the process of developing principles for the Demarcation of Health Policies and Medical Schemes Products.

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

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

FAIS Advisory Committee

Refilwe Moletsane, SAIA Deputy Executive has been appointed to the FAIS Advisory Committee. This appointment is effective from March 2009 - December 2011.

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4 OTHER SAIA ISSUES

SAIA Image & Reputation Strategy



The first meeting of the SAIA Board Committee: Image and Reputation took place on 19 March 2009. This meeting was not a normal Board Committee meeting, but took the form of a strategy development session. Facilitated discussion took place around the elements that should be included in a new Image & Reputation Strategy for the SAIA, based on a SAIA concept document.

The strategy session resulted in the identification of the elements that should be in an image and reputation strategy. These elements include the following:

- A strong self regulated environment, including an urgently reviewed Code of Good Business Practice.
- The stakeholder relationship and public relations strategies should be continued and should include the members of SAIA, Government, other relevant bodies and the media, with the addition of consumers as stakeholders.
- The SAIA projects / initiatives should continue, and other initiatives should be added, however, a targeted publicity campaign should be a new addition to maximise image and reputation for the industry.
- Consumer education initiatives are extremely important in building an enhanced image and reputation for the industry and this should not only be aimed at the low income market but also at existing policyholders who should know when and why claims may not be paid.
- An organised communication campaign should include information sharing between members and the SAIA.
- The SAIA 'brand'/identity is synonymous with that of the industry, and a targeted approach in building the SAIA 'brand'/identity should form part of the strategy for image and reputation of the industry.

The discussion that took place will serve to inform the strategy that will be drafted after this meeting. The draft strategy will be forwarded to the Board Committee in due course, and after it has been approved by the Board Committee, the strategy will be presented to the SAIA Board, after which (if approved) the strategy will be communicated with all SAIA members.

In the mean time, the SAIA will continue with those elements of the strategy that have already been approved by the SAIA Board and/or ongoing SAIA initiatives. Specifically, the reviewing of the SAIA Code of Good Business Practice will commence as soon as possible as the Board Committee identified this as an urgent matter. The SAIA Board approved the reviewing of the SAIA Code of Good Business Practice at its meeting of 26 November 2008.

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

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New SAIA Consumer Education Strategy: Contribution towards the 2009 SAIA Consumer Education Projects

The new SAIA Consumer Education Strategy, approved by the SAIA Board on 26 November 2008 affects all SAIA members as participation in SAIA consumer education is now a requirement of SAIA membership, irrespective of whether the industry is governed by the Financial Sector Charter (FSC) or not.

SAIA follows a strict timeline to insure that the project selection process is finalized in June 2009 in order for the projects to commence in July 2009.

SAIA Consumer Education Questionnaire: To be completed by all SAIA members

SAIA SG Circular 2009/018 and SAIA MD Circular 2009/004 were distributed on Tuesday, 24 March 2009 requesting SAIA members to indicate their selection of participation in the 2009 SAIA consumer education initiative by completing the questionnaire that was attached with the circulars and sending it to adele@saia.co.za before Wednesday, 22 April 2009.

The questionnaire enables members to select one of the below three options. (Please note that all SAIA members are required to continue to spend 0.2% of after tax profits on consumer education, as was previously required by the Charter)

- contributing the full 0.2% of after tax profits to the SAIA collaborative initiative,
- contributing 0.1% of after tax profits (half of the 0.2%) to the SAIA collaborative initiative (company will spend the other 0.1% of after tax profits on own consumer education initiatives and report this spend to SAIA according to the SAIA consumer education guidelines), or
- contributing their 0.2% of after tax profits to consumer education initiatives within group capacity (will report this consumer education spend to SAIA according to the SAIA consumer education guidelines)

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. Please note that the project selection process and the allocation of funds will continue as per the approved procedure.

The SAIA invites our members to talk with us before they decide on their participation option in terms of the new SAIA Consumer Education Strategy should they need more information and/or input. Speak with Adele Joubert, or after 7 April 2009 with Vivienne Pearson at the SAIA.

More news under the new SAIA Consumer Education Strategy includes:

Financial Services Board (FSB)

The SAIA has informed the FSB about the new SAIA Consumer Education Strategy in writing and again at its Quarterly Meeting with the FSB and National Treasury that took place on 16 March 2009. The FSB commended the SAIA and the short-term industry for its efforts and leadership in this arena, and expressed their support for SAIA's collaborative approach.

SAIA Consumer Education Standards

Consumer education standards were drafted taking cognisance of international best practice as well as national circumstances such as the FSB approved national consumer education strategy. The SAIA Consumer Education Committee discussed these standards at its meeting on 18 March 2009. The draft document will be amended according to agreed additions and/or amendments, circulated to the SAIA Consumer Education Committee, and approved by the Committee as soon as possible. The standards will then be circulated to SAIA members.

For more information, contact Vivienne Pearson at vivienne@saia.co.za or by telephone (011 726 5381) after 7 April 2009.

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

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Annual Business Against Crime South Africa donation

Function to diarise

A SAIA media conference will take place in Johannesburg on Thursday, 14 May 2009 from 12:00 – 14:00 where SAIA, on behalf of its members, will hand over its 8th annual contribution cheque towards Business Against Crime South Africa as approved by the SAIA Board on 3 February 2009.

SAIA motor insurance member donations

SAIA would like to remind its members who write motor insurance to send their payments as per the invoices received from SAIA.

SAIA members who do not write motor insurance - voluntary contributions

SAIA members who do not write motor insurance are reminded to let the SAIA know whether they will be making voluntary contributions and to send their pledges for their donation to Vivienne Pearson at the SAIA (011 726 5381 or vivienne@saia.co.za) in order for the SAIA to invoice them. SAIA will welcome any pledges as and when we receive them while aiming to try and finalise this matter by the end of March 2009.

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

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5 GUEST ARTICLES

South African Insurance Crime Bureau (SAICB): SAICB Newsletter

The South African Insurance Crime Bureau will launch its first newsletter at the end of March 2009. The newsletter will be a monthly publication aimed at keeping the industry informed on what is happening with the SAICB, general fraud information and updates on our investigations and initiatives.

The newsletter will be sent out on the last day of the month. If you wish to receive the newsletter, please inform Melanie Pillay via email to arrange this accordingly.

For further information please contact Melanie Pillay on melaniep@saicb.co.za.

☞ **Further information : Hugo van Zyl**
✉ hugovz@saicb.co.za

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Insurance Data System (IDS): Enhancements to the IDS enquiry functionality

The Insurance Data System has evolved over time from a claims sharing platform to a comprehensive source of insurance information. The different phases of the IDS are delivered via different mechanisms and have different enquiry criteria. In order to ensure maximum value and ease of use to the user, TransUnion have embarked on a project to deliver all the datasets from one platform, accessible through one enquiry.

This new enquiry functionality will enable the user to navigate between different datasets (based on participation levels) and build their own customised report based on their unique requirements, revolutionizing the way the user interacts with IDS.

By including users across the industry in the development we want to ensure that the system delivers maximum user friendliness and that all of the industry requirements are met. We are therefore looking for project team members to firstly provide input in the functionality before development commences, and secondly to assist with testing after development is completed.

If you are interested in participating in this project, please forward the relevant contact details to: Jenny Theunissen, jtheunissen@transunion.co.za.

Please indicate whether you would like to participate in:

1. Concept testing phase
2. Testing of the final solution
3. Both

We look forward to hearing from you.

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

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6 PRESS CLIPPINGS

Publication	Person/DN	Subject
Cover 1/02/09	# 71889 # 71890 # 71891 # 17892	The motor insurance industry – An ongoing challenge Road Accident Fund (RAF) changes Risk management: Increased responsibilities for directors and audit committees Micro-Insurance challenges facing cell captives in SA
FSB Bulletin 4 th Quarter 2008	# 71849 # 71850	The Association for Savings and Investment SA (ASISA): The year that was and outlook for 2009 SAIA looks forward to a new year full of new challenges
Sunday Weekend 1/02/09	# 71457	Motor repair industry: Panel-beating industry race row hots up
Business Day 3/02/09	# 71463	Competition Amendment Bill: Critics say bill goes against rule of law
FAnews 3/02/09	# 71483	Insurance industry: Underinsured? It's your funeral
Business Report 5/02/09	# 71520	Financial Sector Charter (FSC): Cosatu digs in heels over lifting black ownership of banks
Business Day 5/02/09	# 71499	Competition Amendment Bill: MPs defy Motlanthe over bill
Star 12/02/09	# 71651	Drivers license: Demerit traffic fine system kicks off
Financial Mail 13/02/09	# 71732	Mutual & Federal (M&F): Basics and bonuses
FAnews 16/02/09	# 71729	FAIS Ombud gets tough on chance takers
Business Report 19/02/09	# 71788 # 71787	Pebble Bed Modular Reactor (PBMR) to run out of cash in a year Financial Sector Charter (FSC): Empowerment is a cause that needs private sector rebels
Star 20/02/09	# 71834	New Drivers License Demerit System impacts short-term insurance risk

	# 71835 # 71836 # 71837	Short-term insurance: MiWay: Leading by example Short-term insurance: New wave of insurance professionals Short-term insurance: Zurich: SMEs profit from brokers
Star 20/02/09	# 71838	Short-term insurance: Travel with peace of mind
Business Day 23/02/09	# 71851	International Accounting Standards Board: Financial reporting takes on new role in global slowdown
Citizen 25/02/09	# 71910	Santam beat their forecast
Business Day 25/02/09	# 71911 # 71912	Santam manages to increase dividend Corporate Governance: King report to focus on board responsibility
Business Report 26/02/09	# 71923	Corporate Governance: King 3 codes strengthen sustainability, but dilute compliance
Star 27/02/09	# 71931	Business Against Crime SA (BACSA): Illegal immigrants worry business
Citizen 27/02/09	# 71932	Business Against Crime SA (BACSA): Gauteng detectives get boost from special training
Beeld 27/02/09	# 71933	Business Against Crime SA (BACSA): 'Misdaad is ons grootste vyand'
Pretoria News 27/02/09	# 71938	Business Against Crime SA (BACSA): Business group boosts cops detective skills in anti-crime initiative
Sowetan 27/02/09	# 71942	Business Against Crime SA (BACSA): 500 sleuths get praise for skills

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

7 RADIO AND TELEVISION COVERAGE

SABC 2 (English)

Umnotho Wami

4 Mar 2009 11:07:52

Discussion about different types of insurance
(Int:) Trevor Devitt - Head of Communications
Visuals: Outsurance

Classic FM (English)

News Extra @ 15:00

5 Mar 2009 15:00:20

Santam Chief Executive Officer, Johann van Zyl, says the funds managed by the financial service group operated within 90% the benchmark by the end of 2008.
(Int:) Johann van Zyl - CEO: Santam

RSG (Afrikaans)

RSG Landbou

10 Mar 2009 12:40:16

PSG Consult - short-term insurance

A discussion about short-term insurance, and why a claim will be refused
(Int:) Rudo Goss - PSG Consult

Radio Tygerberg (English)

Verbruikersforum

10 Mar 2009 20:01:30

Mvuko Insurers – short-term insurance

Interview with Andrew Cordey from Mvuko Insurers

He spoke of the difference between short-term and long-term insurance. He spoke of what Mvuko Insurers offers to their clients. Listeners called in with questions.
(Int:)Andrew Cordey - Mvuko Insurers
Open Lines

Radio 2000 (English)

The Fantastic Fabulous Morning Show

26 Mar 2009 08:23:06

An executive at AIG has resigned.

Programme sponsored by Santam.

 **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 the month of February 2009: (Number of circular, title, date issued and contact person)

SAIA

SG 2009/011 Latest stakeholder report from Business Against Crime South Africa (5/02/09)
Contact: Vivienne Pearson

SG 2009/012 Request for the fourth category of health insurance products
Insurance Laws Amendment Act 27 of 2008: Drafting of regulations for Health
Insurance / Medical Schemes Demarcation (12/02/09)
Contact: Refilwe Moletsane

SG 2009/013 FSB Special Report on results of short-term insurance industry:
December 2008 (13/02/09)
Contact: Sonja Etsebeth

SG 2009/014 Annual Business Against Crime Donation: Non-motor insurers'
participation (16/02/09)
Contact: Vivienne Pearson

SG 2009/015 SAIA / SASRIA Forum (23/02/09)
Contact: Refilwe Moletsane

SG 2009/016 Request to participate in a short-term educational spread to be published in
Personal Finance on 30 May 2009 (25/02/09)
Contact: Vivienne Pearson

AMUSA

AM 2009/008 Casualty Report: "HOEGH TRINITY" (6/02/09)
Contact: Barry Scott

AM 2009/009 IUMI – News on the website (17/02/09)
Contact: Barry Scott

AM 2009/010 ICC International Maritime Bureau Report on piracy and armed robbery against
ships (20/02/09)
Contact: Barry Scott

AM 2009/011 AMUSA report back meeting (23/02/09)
Contact: Barry Scott

AM 2009/012 AMUSA / SURVEYORS/ FIA Liaison Committee Meeting (27/02/09)
Contact: Barry Scott

SAIA MD (Managing directors)

MD 2009/002 Annual Business Against Crime Donation (9/02/09)
Contact: Vivienne Pearson

MD 2009/003 Update on Financial Condition Reporting (16/02/09)
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.

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



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