



South African Insurance Association

3rd Floor, JCC House, 27 Owl Street, Milpark, 2029 • PO Box 30619, Braamfontein, 2017
Tel +27 11 726 5381 • Fax +27 11 726 5351 • info@saia.co.za • <http://www.saia.co.za>

Media release: SAIA FSC Consumer Education Initiative Report Back 2009

27 October 2009

Millions spent on financial literacy and generic insurance education

The South African Insurance Association (SAIA) has spent over R40 million on consumer education to date, and today, reported back on the short-term insurance industry's recently concluded 2008/9 consumer education initiative. The initiative was aimed at Living Standard Measure (LSM) 1 – 5, black people as per the requirements of the Financial Sector Charter.

A total of R5 695 324.85 was pooled voluntarily by SAIA members in terms of their 0.2% commitment (for the financial year ending in 2008) to consumer education in terms of the Financial Sector Charter and the new SAIA Consumer Education Strategy. In addition, the Financial Services Board (FSB) contributed a total of R1 600 000 and the Association for Savings and Investments South Africa (previously the LOA), R2 214 442.13. "The SAIA believes that the value of collaboration with regards to consumer education cannot be over-emphasized as it increases the impact of the education as well as the reach," says SAIA Manager: Image and Reputation, Vivienne Pearson.

"We would like to thank our partners in this initiative, the FSB and the Association for Savings and Investment South Africa (previously the Life Offices Association) and the service providers for their involvement in assisting SAIA to make sure that these projects continue to be implemented so successfully," said Ronnie Napier, Chairperson of the SAIA Board, at the report back event that was held at the Johannesburg Country Club in Auckland Park.



Directors: RS Napier (Chairman), MC Truter (Deputy Chairman), TJ Creamer, MR Durek+, CW Hitchcock, S Isaacs*, K Kennedy, A Khilosa*, IM Kirk++, A Klennert+, NG Kohler, BN Madhav*, V Martindale*, AL Mhlanga, RJ Moletsane, HR Moses*, S Naidoo*, JJ Ngulube, C Nolte*, N Omar, WT Roos, MA Samie, SH Schoeman, B Scott, D Shaw, J Sibanda, S Somers*, L Vermaak*, PG Walters*

*Alternates, + German, ++ Irish

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0860 002526
insurance@fraudline.co.za

The SAIA member companies who pledged funds towards 2008/9 projects were: Guardrisk Insurance, Santam, Emerald Insurance, Guardrisk Life Insurance, Hollard Insurance, Allianz, African Reinsurance, AIG SA, AIG Life, Mutual & Federal, HDI Gerling Insurance, SASRIA, Zurich Insurance, Dial Direct, Auto & General and Lloyds.

“The image and reputation of the short-term insurance industry can be negatively influenced by a lack of important insurance knowledge, which is why SAIA aims to effectively educate consumers of short-term insurance as part of its Image and Reputation Strategy,” said Mr Napier.

“One merely has to look at the current state of the economy to realize that financial literacy is important at all levels to assist individuals to make informed decisions about their finances. It is therefore quite satisfying to be able to say that the SAIA, together with its members and partners, have been very active in the field of financial literacy education in South Africa for the last five years,” he added.

The projects implemented in 2008/9 were:

- A community workshop project aimed at specific communities within the target group during which financial education were facilitated, delivered by Inzala. A total of 12 022 people participated in the workshops nationally. This was a project in cooperation with the Community and Labour constituency in the Charter arena, jointly sponsored by the SAIA and the Association for Savings and Investment South Africa (previously the LOA).
- A commuter financial literacy awareness programme was implemented by ComutaNet and was aimed at reaching commuters using taxis, trains and busses. The FSB partnered with the SAIA on this project.
- An important intervention at school level was implemented in partnership with the FSB. Bright Media was re-commissioned to extend the successful Grade 10 and 11 projects which developed an innovative multimedia teacher education programme for financial literacy, into Grade 12 in 2008/9. The Bright Media concept utilizes a combination of both printed and multimedia resources mediated directly in the vital face-to-face teacher training element and the education is aligned to the new and compulsory Mathematical Literacy subject.

“Financial literacy is extremely important, especially as it quite possibly has a direct link to financial access,” says Mrs Pearson.

According to Mr Napier, a recent SABC Radio All Media Product Survey (AMPS) found that, of the approximately 30 million African Language Stations (ALS) listeners in South Africa, 3.2 million people have funeral cover, 1.3 million people have life cover, 484 000 people have retirement annuities, 404 000 people have medical cover and only 186 000 people have insurance cover.

“Interestingly enough, SABC Radio’s core market falls mostly within the LSM 1-7 bracket, the ideal market for lower income short-term insurance products. However, according to SABC radio, short-term insurance is usually seen as a grudge purchase as people do not easily buy something that they do not understand. Our efforts in providing basic financial literacy and recently also generic insurance education in the lower income market are therefore extremely valuable to assist our member companies to create a footprint for their products in this largely untapped market by helping the lower income market understand how short-term insurance works and how it can benefit themselves and the ones they love,” concluded Mr Napier.

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For arrangements with regards to interviews or pictures, please contact:

Adéle Joubert: Public Relations Officer

The South African Insurance Association (SAIA)

(011) 726 5381

082 349 1375

adele@saia.co.za

#75957