



SAIA
 Newsletter of the
 South African Insurance Association
Bulletin

SAIA - ☎ (011) 726 5381

April 2014 - Issue No. 04/14

Content.....	1
1 Upcoming Events	2
2 TRANSFORMATION & SOCIAL RISKS	3
2.1 SAIA Consumer Education Initiative 2013/14.....	3
2.2 2014/15 SAIA Consumer Education Initiative	4
3 INSURANCE RISKS.....	5
3.1 Green Geysers Replacement Project (GGRP).....	5
3.2 Acid Mine Water (AMW) Study	5
3.3 Agricultural Risk and Crop Insurance (AGRI).....	5
3.4 Finance and Insurance Vehicle System (FIVS).....	5
3.5 The Strategic Risk Forum.....	6
3.6 Driver Training (School/ Student Driver Training Project)	6
3.7 Salvage Management.....	7
3.8 Third Party Claims and Recoveries	7
3.9 Brainstorming Session of all three SAIA Motor Insurance Committees: Driver,	7
Vehicle and Vehicle Crime	7
4 GOVERNANCE RISKS	8
4.2 Legal Expenses Insurance Forum.....	9
4.3 Financial Services Laws General Amendment Act (“Omnibus Act”).....	10
4.4 Is the Industry Ready?.....	11
5 INDUSTRY NEWS	12
5.1 03- 2014 FPASA National Incident Reporting Strategy.....	12
5.2 The Motor Vehicle Security Association of South Africa (VESAs)	13
5.3 The Insurance Sector Education and Training Authority (INSETA) Research to Support Skills Transformation.....	15
6 Circulars: April 2014	16

1 UPCOMING EVENTS

The Insurance Conference South Africa will be held at Sun City on 27- 30 July 2014. Please follow the link below for more information and see registration options.



👉 Further information: Pat Hunter
✉ pathunter@iisa.co.za

2 TRANSFORMATION & SOCIAL RISKS

2.1 SAIA Consumer Education Initiative 2013/14

2.1.1 Radio Financial Literacy drama series

The first broadcast of the radio financial literacy drama series will commence on Tuesday, 6 May 2014. Production is well on track to ensure that the project remains within the agreed timeframe. During the airing of the drama series, levels of financial literacy among the target audience will be measured to determine any change in financial capability. The episode themes will include financial literacy, which covers basic financial capability, and insurance: the use thereof and the difference between life and short-term insurance. The main theme will be short-term insurance including information on terminology, types, problems that arise with non-disclosure, insurance fraud, premium payments and recourse mechanisms. There will also be specific scenarios on the use of Access products as well as cell phone, consumer credit, legal and other insurance products.

Experts from member companies have been allocated per episode per radio station (see list below). The expert list and final schedules have also been distributed to all experts and radio team members.

Expert information (grouped according to radio station allocation)

Expert Name	Member Company	Language	Radio Station
Patience Baloyi	Mutual & Federal	Xitsonga	Mughana Lonene FM
Reginah Thomo	Lion of Africa	Xitsonga	Mughana Lonene FM
Orah Ndumela	Hollard	Xitsonga	Mughana Lonene FM
Moses Maseko	Mutual & Federal	SiSwati	Ligwalagwala FM
Charmain Shandu	Independent Wealth Strategist	SiSwati	Ligwalagwala FM
Sibongiseni Mkhulise	LegalWise	SiSwati isiXhosa	Ligwalagwala FM Umhlobo Wenene FM
Elliot Modisa	FSB	SiSwati isiXhosa	Ligwalagwala FM Umhlobo Wenene FM
Ruth Nkosi	Zurich	isiXhosa	Umhlobo Wenene FM
Zimkhitha Ncapai	Standard Insurance	isiXhosa	Umhlobo Wenene FM
Vumile Njamela	Standard Insurance	isiXhosa	Umhlobo Wenene FM
Zakes Sondiyazi	SAIA	isiXhosa	Umhlobo Wenene FM
Unathi Ntengo	Santam	isiXhosa	Umhlobo Wenene FM

2.1.2 Edutainment Comedy Series – Next of Next Week

There have been new developments with the flighting of the edutainment comedy series, “Next of Next Week”. Initially, the series was to be broadcast on transit television for taxi commuters; however it will now be broadcast on the free-to-air television channel, Etv. This change has been approved by the SAIA Consumer Education Committee as television provides a wider reach of the target audience as well as existing policy holders. The first broadcast commences Friday, 2 May 2014 during the prime-slot at 18:26pm. The episodes will cover various topics around short- term insurance and general financial management.

2.1.3 Soul City Drama Series

The SAIA has been receiving scripts for comment and approval on insurance messaging from the Soul City script writers. The process has taken longer than expected due to the delay in the signing of the contract. Soul City requested that the contract be changed into a Grant Agreement for the purposes of VAT. This has been done accordingly and production is continuing.

2.2 2014/15 SAIA Consumer Education Initiative

SAIA is currently receiving pledges from members for the 2014/15 Consumer Education Initiative, which is set to commence in July 2015. There is concern however, that only a few members have submitted their pledges. As the SAIA follows a strict timeline to ensure that the project selection process is finalised by May 2014, we kindly request members who have not submitted, do so as soon as possible. Debit notes will then be issued and members are urged to pay their contributions as soon as they receive their debit notes.

With the Financial Sector Code now in place, members are required to contribute 0.4% of their net profit after tax for the 2013 financial year-end to consumer education. However, members whose financial year-end fell on or before December 2013 are required to contribute 0.3% of their net profit after tax to consumer education, while members whose 2013 financial year-end fell on 1 January 2014 or after, are required to contribute 0.4%.

A brief has also been sent to prospective service providers to submit their proposals for the 2014/15 Consumer Education Initiative.

👉 **Further information: Lelo Ntshalintshali**
✉ Lelo@saia.co.za

3 INSURANCE RISKS

3.1 Green Geyser Replacement Project (GGRP)

The Department of Energy (DoE) requested a meeting with SAIA to discuss the Green Geyser Replacement Project. It is understood that some budget has been set aside formally to support the high pressure solar market. Although this could not be exclusively earmarked for the insurance industry it may allow the DoE to provide certainty around possible support for the project. The meeting was a positive one and SAIA was informed that the DoE would deliberate internally with Eskom and National Treasury before responding further with SAIA.

The technical stream held a meeting to explore ways in which the programme could incorporate alternative models for green geyser installations. SAIA will work towards tabling additional approaches which may be sustainable in the long run (i.e. after subsidy support falls away).

3.2 Acid Mine Water (AMW) Study

Three broad risks, namely the amplification of seismic activity, localised flooding and increased sinkhole occurrences were tabled as a result of the Acid Mine Water (AMW) study. Ultimately these risks lead to damage and subsequent claims on infrastructure, property, fire, business continuity, health or injury and agriculture insurance classes.

Having held introductory engagements with some key stakeholders such as the Department of Water Affairs (DWA), Centre for Scientific and Industrial Research (CSIR), and Council for GeoScience (CGS) it appears that there is work being done in relation to the AMW problem already.

The project will aim to source research reports that are available in order to get a consolidated view of the risks brought about by AMW. By creating a holistic view of the AMW problem with information from various stakeholders the project believes it can go a long way to providing much needed clarity for insurers. This would also be a valuable contribution to other stakeholders to collate multiple spheres of research.

3.3 Agricultural Risk and Crop Insurance (AGRI)

This project has been in a waiting phase since the last bulletin update.

Participating insurers submitted their final comments to the Department of Agriculture, Forestry and Fisheries (DAFF) on the final draft of Andisa Agri's proposal for a state supported insurance framework.

As mentioned previously SAIA's next engagement with DAFF will be in the form of a stakeholder workshop towards the end of May.

3.4 Finance and Insurance Vehicle System (FIVS)

Responses from various solution providers to the Request for Proposal (RFP) document for the development of an industry motor salvage database were received at the end of March. The RFP evaluation committee held the first of its meetings in order to assess the responses. This is an important solution which is expected to have far reaching possibilities in support of the industry's vehicle crime fighting initiatives.

Participating members have also been asked to provide feedback to the draft vehicle data specification defined. The project hopes to consolidate feedback and present a realistic minimum data spec and quality standard which all insurers will agree to centralise.

👉 **Further information: Ben Webstock**

✉ Ben@saia.co.za

3.5 The Strategic Risk Forum

Preparations have commenced for the Strategic Risk Forum - IISA breakfast session on 'HAIL' which will be held at the Wanderers Club Ball Room Johannesburg on 30 May 2014 from 08h00 to 12h00.

The topic will include the science around hail as well as the insurance issues involved, including underwriting and claims issues. The following speakers have been identified for this session:-

- **Science :**
 - Speakers
 - Dr Deon E. Terblanche from the World Meteorological Organisation in Geneva who will talk on hail from a global perspective
 - Professor Stuart Piketh from the University of Potchefstroom who will talk on hail from a South African perspective
- **Insurance (Underwriting and Claims)**
 - Pieter Visser from AON Benfield - One of the members of the Strategic Risk Forum Steering Committee has offered to talk around the insurance aspects of hail (underwriting and claims) from a reinsurance perspective
 - Holger Schwarz from the Agricultural Insurance Team – Munich Re who has years of experience globally and could add an interesting dimension to the discussion as he is closely involved with the South African crop insurance market
 - To be advised – A speaker from the Insurance industry who will talk on underwriting and claims

Please visit the IISA website (<http://www.iisa.co.za>) for registration which will open in early May 2014 and diarise this date in your calendar and come and support this forum.

👉 **Further information: Mayuri Patel**

✉ Mayuri@saia.co.za

3.6 Driver Training (School/ Student Driver Training Project)

The contracts between the South African Insurance Association (SAIA) and the two service providers, SIMDrive and AA Speedy Driving School, to teach the selected students have been finalised.

The service providers will start with the learner's licences lessons in the next three weeks. There will then be a press release circulated to create awareness about the student driver training project at Varsity College when the students begin their driver's licences lessons.

3.7 Salvage Management

It was noted that in the SAIA Code of Motor Salvage an example of a 60% - 70% write off threshold was given as a guide for when an insurer was to consider a write off. Two SAIA members indicated that they were considering reducing the threshold to 40% and it was necessary to debate whether the example in the Code needed to be amended.

The SAIA Board Committee: Insurance Risks had a discussion on the objectives of the SAIA Code of Motor Salvage. It was noted that the Code was introduced to manage and control this very important aspect of motor insurance and to eradicate bad business practises. It was suggested that the Code should not refer to percentages at all as this might be misleading and be used as reference by insurers and others. The Code should be rephrased in such a way that it prevented bad practice but should not include percentages.

Another aspect that is under consideration is the sale of salvage to policyholders and the SAIA Motor Salvage Task Team will meet soon to finalise this issue. The changes to the Code are under consideration and are in line with the recommendations of the SAIA Board Committee: Insurance Risks to create clear guidelines and standards that will aim towards treating the policyholder fairly. The SAIA will have to discuss the proposed changes with the Banking Association of South Africa (BASA) and the National Motor Financing Association (NMFA) to ensure that all the stakeholders are in concordance of the changes.

Once the SAIA Motor Salvage Task Team has completed its work, the proposed changes to the SAIA Code of Motor Salvage will be submitted to the SAIA Board Committee; Insurance Risks and the SAIA Board for approval and thereafter the SAIA Code of Motor Salvage will be updated accordingly.

3.8 Third Party Claims and Recoveries

The SAIA Third Party Claims and Recoveries Task Team met on a number of occasions over the past months and successfully completed the wording to be included in the SAIA Code of Conduct.

The final wording which also includes a paragraph on "Consumer Recourse" was sent to the SAIA Third Party Claims and Recoveries Task Team and will be submitted to the SAIA Board Committee: Insurance Risks and the SAIA Board for final approval where after the SAIA Code of Conduct will be updated accordingly.

👉 **Further information: Zakes Sondiyazi**
✉ Zakes@saia.co.za

3.9 Brainstorming Session of all three SAIA Motor Insurance Committees: Driver, Vehicle and Vehicle Crime

After the first round of meetings of the three SAIA Motor Insurance Committees: Driver, Vehicle and Vehicle Crime, which occurred during the first part of 2014, it was decided to call a joint sitting of all three committees to reconsider the present SAIA Motor Insurance Committee Structure, with the view to optimise participation by members and to determine how best the SAIA can achieve the objectives of the Strategy to Action Plan of the SAIA key motor priority area. The brainstorming session on 10 April 2014 was well attended and the present mandates of all three committees were discussed in detail.

After a robust debate and active participation by all present it was unanimously agreed that the best way forward was to consolidate the three committees into one committee which could address most of the issues where sub-committees and task teams could be formed, which will enable the SAIA to have a more focused approach and which will ensure that all the identified projects and tasks are given enough attention.

During the discussion it became clear that there was an overlap on mandates, specifically of the Driver and Motor Vehicle committees, and keeping them separate has become counterproductive and could have resulted in the poor attendance of committee meetings in the past. It was once again noted that most of the issues dealt with by the Driver Committee was dependent on our relationship with the Department of Transport (DoT) and other Government Agencies which made it difficult to show progress and it was suggested that there may be other ways in which the SAIA could contribute to road safety and driver's and vehicle licence issues. One of the options in this regard is to create a forum together with other concerned associations like the South African Vehicle Rental and Leasing Association (SAVRALA), the Road Freight Agency (RFA), the Automobile Association (AA) and others, where these issues could be tackled together and which will provide the forum with greater bargaining power when dealing with Government on these issues. The SAIA will therefore still be able to contribute to improving road safety and driver behaviour going forward and will play an active role in this regard.

The new SAIA Motor Committee will be meeting soon to finalise the consolidated mandate and the way forward.

👉 **Further information: Zakes Sondiyazi**
✉ Zakes@saia.co.za

4 GOVERNANCE RISKS

4.1.1 Demarcation of Health Insurance and Medical Schemes

The much anticipated revised draft Demarcation Regulations is expected shortly for publication of public comments for a period of 60 days. The first draft Demarcation Regulations were published for public comment on 2 March 2012. Following 343 submissions received during the initial publication with the most public responses relating to the prohibition of Gap Cover and the product restrictions on Hospital Cash Plans, it is expected that the revised draft Regulations will provide for the continued sale of Gap Cover and Hospital Cash Plan insurance – within prescribed regulatory product parameters.

On 15 October 2013 the National Treasury issued a press release confirming that the revised draft Demarcation Regulations will include *“but are not limited to product standards which define the benefit offering; enhanced product disclosure/marketing requirements; alignment of broker commission between health insurance and medical schemes products; and closer regulatory reporting and monitoring requirements”*

Once the revised Demarcation Regulations are law, the provision in the current Financial Services Laws General Amendment (“Omnibus”) Act amending the Medical Schemes Act definition of a *“business of a medical scheme”* will be made effective.

The SAIA has constituted a Working Group to formulate an industry submission once the revised Draft Demarcation Regulations have been issued.

4.1.2 Retail Distribution Review (“RDR”)

The FSB confirmed that the RDR may be expected for release in May 2014 for comment. The RDR is expected to be concluded in 2015/2016 with interim steps planned for 2014 such as a review of remuneration models.

The FSB’s Deputy Executive Officer of FAIS, Ms Caroline Da Silva recently announced at an industry event held on 6 March 2014 that the Regulator is considering the capping of Binder fees on the basis of fairness and stated that Binder fees cannot be paid at a price that is unfair on the consumer or results in the duplication of costs. One of the principles that informed the Binder Regulations is that policyholder interests and the fair treatment of policyholders may not be prejudiced by the outsourcing of binder functions by an insurer to its binder holder. In the event of the FSB observing outcomes in the market which appear to be neither in the policyholders’ best interests nor supportive of a sustainable insurance industry - regulatory interventions may follow. The FSB recently concluded its thematic binder onsite visits with identified insurers aimed at ensuring compliance with the Binder Regulations based *inter alia* on the FSB’s compulsory Information Request to submit information by 18 October 2014.

The SAIA is engaging with the FSB on this issue. As to the timing of any proposals for capping of certain Binder fees, it is most likely to coincide with the release of the RDR in May.

The RDR seeks to ensure that distribution models support the TCF Outcomes, applying the TCF principles consistently across financial sectors in a move to a functional approach to regulating advice and intermediation, clarifying the contractual relationships for the different forms of intermediation to avoid consumer confusion, addressing “*conflicted remuneration*” and reviewing the FAIS framework.

4.1.3 Third-party Cell Captives and Similar Arrangements

The revised Discussion Document on Third-party Cell Captives and Similar Arrangements is also expected for comment in May 2014 following the FSB’s consideration of industry comments.

 **Further information: Suzette Strydom**
 Suzette@saia.co.za

4.2 Legal Expenses Insurance Forum

On 17 April 2014 Finmark Trust published its long awaited report on Legal Expense Insurance.

Legal expenses insurance is one of the most purchased insurance products in the low-income market in South Africa, outside of funeral insurance and compulsory credit life insurance. It is an insurance product that usually offers benefits comprising of legal advice and alternative dispute resolution mechanisms such as mediation support which covers policyholders for potential costs associated with legal action.

In its publication note FinMark Trust advises that it commissioned this study primarily because of the product’s significant skew towards lower income segments of the market and there is limited available research on the product. In addition, the report expresses the view that regulators and policymakers have not explored the impact of the current regulatory regime on consumer protection, product value and access and the critical role legal expense insurance can play in enabling access to legal services.

The primary objective of the research is set out to better understand the legal insurance environment in South Africa, its position under current and pending regulatory regimes and the value of the product to consumers.

The report, prepared for Finmark Trust by Eighty20 Consulting, highlights three key focus areas for research, namely:

- The structure of the industry and the level of competition. This includes:
 - Understanding the components of available legal insurance products
 - A review of the various models incorporating products sold by licensed insurers, use of cell captives, underwriting managers and membership-based unlicensed offerings
- The impact of existing and proposed insurance legislation on the design and distribution of the product
- The benefits of the service from a user's perspective

Given that the focus of this study is on market conduct and the consumer, prudential regulations were not explored in detail.

SAIA has constituted a Legal Expense Insurance Forum to create a platform for role players in the legal expense insurance field to interact and contribute to the development of a Legal Expense Insurance framework to support the industry. The forum meets quarterly and interested parties can contact Lezanne Botha at SAIA for more information on the forum.

Source: Finmark Trust, Legal Expenses Insurance, February 2014

✉ **Further information: Lezanne Botha**
✉ Lezanne@saia.co.za

4.3 Financial Services Laws General Amendment Act (“Omnibus Act”)

The Government Notice issued by the National Treasury on 19 February 2014 detailed the various dates for commencement of certain sections of the Omnibus Act. The Minister of Finance approved 28 February 2014 as the commencement date of the Omnibus Act. Most provisions in the Omnibus Act commenced on 28 February 2014. The Minister, however, can determine different dates of commencement for certain provisions of the Omnibus Act.

Certain provisions of the Omnibus Act have been delayed specifically Section 186 (d) which amends Section 13 (1)(c) of the Financial Advisory and Intermediary Services (“FAIS”) Act, 2002 which provides that a representative can only contract or render financial services in the name of the provider for the rendering of financial services (advice and/or intermediary services).

The SAIA circulated an e-mail to members of the SAIA/FAIS Forum on 27 February 2014 advising them of the delayed provisions in the Omnibus Act. The FSB published Information Circular 4 of 2014 on 7 April 2014, advising that all persons subject to FAIS must comply with the amendments to the FAIS Act as amended by the Omnibus Act. According to the aforesaid Circular, Section 13(1) (c) of the FAIS Act will come into effect on 28 May 2014 whilst the commencement date in terms of the Omnibus Act states 30 May 2014. The SAIA discussed the practical implications of the amendment at the FAIS Forum held on 15 April 2014 specifically that the policyholder must contract with the Financial Services Provider and not the juristic representative.

4.3.1 LICENSING OF BUSINESS BILL

The Department of Trade and Industry (“DTI”) has collated comments from the public following the workshops held on the Business Licensing Bill. However, the DTI has confirmed that attendance was poor as it failed to communicate the workshop dates to interested parties, including the SAIA.

A conference on the Bill is being planned and all stakeholders will be invited, including the SAIA. In the interim, the Task Team set up by the Minister will consider the comments received to date before commencing with the second draft of the Bill.

4.3.2 PROTECTION OF PERSONAL INFORMATION (“POPI”) ACT 4 OF 2013

The POPI Act will commence on a date to be determined by the President and published in the Government Gazette. Members will have a year to comply with the POPI Act from the date of promulgation.

On 11 April 2014, the President set the commencement date for certain Sections of the POPI Act by proclamation in the *Government Gazette*. In terms of this proclamation, the following Sections of the POPI Act have commenced with immediate effect:

- Section 1 (the definitions section);
- Part A of Chapter 5 (regarding the office of the Information Regulator including, *inter alia*, the establishment and powers, duties and functions of the Information Regulator); and
- Sections 112 and 113 (regarding the regulations that may be made under the POPI Act and the procedure for making those regulations).

The remaining Sections of the POPI Act will only commence on a date still to be determined by the President.

The SAIA has taken the initiative to commence drafting a POPI Code of Conduct for the short-term insurance industry, in terms of Chapter 7 of the POPI Act. The SAIA has invited senior employees of member companies to participate in a work group on a strategic level, commencing in May 2014, to embark on the process of drafting the aforesaid Code.

 **Further information: Easvarie Naidoo**
 Easvarie@saia.co.za

4.4 Is the Industry Ready?

Towards the end of April 2014, two extremely important SAM information gathering exercises would have partially concluded. Each exercise will provide valuable insight into the state of preparation of the short-term insurance industry for the new proposed SAM regime scheduled to go live on 1 January 2016.

These two exercises will shed much needed light on the rather bumpy road to SAM implementation. The third and final South African Quantitative Impact Study (SA QIS3) and the Pillar II Readiness Review Follow up Questionnaire are the two converging exercises referred to reaching fruition.

The submission date for the SA QIS3 Solo Returns to the Financial Services Board (FSB) was 30 April 2014 while Insurance Groups have until the 14 May 2014 to submit the required Group Returns.

The SA QIS3 exercise remains a test exercise and the final regulatory requirements are still under development. The SAIA SAM Project Support Office (PSO) also expects that several changes will be made to the Non-Life Underwriting Risk Sub Module of the SA QIS3 standard formula in terms of design and calibration. It is anticipated that the FSB will produce a SA QIS3 Report in July 2014.

On 21 February 2014 the FSB released the Pillar II Readiness Review Follow up Questionnaire to the industry for completion with the submission date set for 30 April 2014.

The survey was compulsory for all insurers and reinsurers and required sign-off from the Chief Executive Officer and a Non-Executive Director. The format of the survey was similar to the original Pillar II Readiness Review Survey questionnaire and the process will also involve follow-up interviews with pre-determined insurers and reinsurers. These interviews are scheduled to take place between April 2014 and June 2014 with a full report on the findings of the survey expected in the third quarter of 2014. The main aim of the follow up survey is to:

- Gauge the progress made by insurers and reinsurers pertaining to the SAM Pillar II aspects since the last Readiness Review Survey, and to
- Specifically concentrate and focus on the ORSA requirements.

The importance of the information gathered by each exercise is invaluable to both the insurance industry and the regulator (FSB) as each will yield the answer as to whether SAM's proposed implementation can be expected to be a hard or soft landing.

One thing that is certain is the SAM implementation peg which has been firmly anchored in the ground. The time is now for both the insurance industry and the regulator to work closely together in the remaining months leading up to SAM implementation, to ensure that the new regime best serves the interests of the country and the boisterous insurance sector.

With bated breath the short-term insurance industry awaits the final reports from these two significant exercises as these hold the key as to the type of landing anticipated of the new SAM regime in 2016.

 **Further information: Gareth Van Deventer**
 Gareth@saia.co.za

5 INDUSTRY NEWS

5.1 03- 2014 FPASA National Incident Reporting Strategy

In order to improve the national fire loss statistics and fire loss information available in South Africa, the FPASA will be implementing its revised NatFIRE project during 2014 and would like to appeal to all short-term insurers to participate regarding financial fire losses.

The importance of this project was highlighted during the FPASA's 2013 Annual General Meeting by the Associations Chairman Ronnie Napier who stressed that:

'the industry's need for the availability of meaningful and accurate fire loss information has resulted in the Board approving the purchase of a dedicated statistics server and the commissioning of a suitable organisation to develop a fire information database for the collection, analysis and dissemination of fire statistics and loss information.'

Information on fires attended will still be collected from fire and rescue services, while insurers will be approached to provide the financial loss information regarding property, contents, and consequential losses. I would like to appeal to all insurers to participate in this very important and necessary initiative. The information needed is not only vital for the insurance industry itself, but also needed by our regulators the FSB and National Treasury.

An information pack is presently being prepared for insurers which will provide full details of the project including the secure manner in which information supplied will be stored and used along with a sample spreadsheet for the collection of the needed input data.

☞ **Further information: Saritha Wolff**
✉ technical@fpasa.co.za

5.2 The Motor Vehicle Security Association of South Africa (VESA)

VESA's Test House, ABS (Accreditation Bureau for Security and Safety) was established in 2000 to independently test and approve vehicle security products. ABS is 100% owned by VESA.

The ABS Specifications are re-evaluated annually and as required to ensure that they remain up to date with the latest technology and standards. Input is obtained by the various VESA committee structures to ensure that specifications are maintained at the latest technology level.

All products tested and approved by ABS are given ABS Approval. Once the product has been installed into a vehicle and certified with a VESA Certificate, **then only does the product carry VESA Approval.**

5.2.1 VESA / ABS - NEW ELECTRONIC STANDARDS

Although factory-fitted vehicle security technology has improved, vehicles are still being stolen hence the need for additional vehicle security. VESA and ABS have recently launched its new specification for Electronic Alarm and Immobiliser vehicle security devices which will provide the consumer with a larger range of "VESA Approved" vehicle security devices which act as supplementary security for:

- Vehicles which already have factory-fitted transponder based systems (transponder keys)
- Vehicles which are deemed as high-risk even though they have transponder keys but need additional protection against key theft. Vehicles which don't have transponder based systems and that are older than 2005.

These supplementary security standards are explained below:

- **Alarm Only Systems with Motion Sensors - VESA Description AO**

This is a first for VESA to approve stand alone alarm systems; however it comes with additional features such as must-have motion sensors in the form of either perimeter, volumetric, shock, glass break and/or a combination of such sensors.

AO Level SH is an Alarm Only with an audible warning device in the form of the vehicle's horn or a siren.

AO Level BB incorporates a basic alarm with an external rechargeable Battery Backed up siren.

AO Level CAN incorporates a basic alarm but with an on-board CAN Bus interface for interfacing into the vehicle's existing CAN Bus network.

- **OE Upgrade Immobilisers with Key Guards/Biometrics/Anti-Hijack with Alarm**

These units cannot obtain approval as primary vehicle security devices, but serves as an upgrade to existing factory-fitted immobilisers.

OEU Level KG will be supplementary single circuit cut immobilisation which provides Key Guard protection in the form of Wireless Keypads or Biometric readers. Therefore the client will either use his/her 4 digit pin or thumb to de-activate the vehicle's security device.

Key Guard AH is an OE Upgrade Immobiliser functioning as a supplementary Anti-Hijack immobiliser system; extra features must include an Alarm.

VESA Manufacturing Members who provide these new technologies are:

VESA Member	Brand	Model	ABS Code Approval	Approval Description	Approval Date
Foxguard Electronics	Foxguard	FOX 222	AO-SH/003	Remote Alarm with Ultra Sonics incorporated into Transponder Technology	2009/08/27
Foxguard Electronics	Foxguard	HI 007	AH/002	Anti-Hijack - Stand alone incorporated into Transponder Technology	2009/08/27
Foxguard Electronics	Foxguard	FOX JS 2013	AO-SH/009	Add on Alarm to OEM Key	2013/06/05
Foxguard Electronics	Foxguard	FOX 5050	AO-SH/010	Remote Alarm with Anti-Hijack	2013/06/05
Haytron Investments	MFK	HI TECH 5	AO-SH/001	Alarm Only incorporated into Transponder Technology	2009/06/22
Haytron Investments	MFK	HI TECH 6	AH/003	Alarm with Anti-Hijack	2010/07/29
PFK Electronics	Autowatch	279 RL	AO-SH/004	Remote Alarm incorporated into Transponder Technology	2009/10/27
PFK Electronics	Autowatch	211 HI	AH/001	Immobiliser with Anti-Hijack incorporated into Transponder Technology	2009/10/27
PFK Electronics	Autowatch	695 RLC	AO-CAN/001	CAN Bus - Interface Alarm incorporated into Transponder Technology	2009/11/02
PFK Electronics	Autowatch	555 CLAM	AO-SH/005	Remote less Alarm integrated with Central Locking	2011/11/22
PFK Electronics	Autowatch	280 RL	AO-SH/008	Remote Alarm	2013/02/18
Sanji Security Systems	Sanji	ZX 40 KPW	KG-AH/001	Wireless Immobilisation Keypad with Anti-Hijack incorporated into Transponder Technology	2009/05/12
Sanji Security Systems	Sanji	ZX 90 – V	KG-AH/002	Key Guard AH: Stand alone Anti-Hijack	2010/14/12
Sanji Security Systems	Sanji	ZX 70 CL-V	AO-BB/001	Remote Alarm – Battery backed up siren optional	2010/12/14
Sanji Security Systems	Sanji	ZX 30	AO-SH/006	Factory Keyless Entry Upgrade Alarm System with ES250	2012/07/31
Sanji Security Systems	Sanji	ZX 70 MK 11	AO-SH/007	Remote Alarm with Shock Sensor and Anti-Hijack, Optional Battery Back Up Siren	2013/02/18
Sanji Security Systems	Sanji	ZX 30 - Upgrade	AO-SH/011	Factory Keyless Entry Upgrade Alarm System with Selective Unlock with ES250 Interior Sensor	2013/10/14

Level 3 and 4 Immobilisers will still remain primary vehicle security standards for vehicles without immobilisers, vehicles older than 2005 models and vehicles that are still classified as high-risk vehicles. However an additional classification to Level 3 and 4 has been added:

Level 3A (existing standard): Fixed coded touch key immobilisation only (touch key only).

Level 3B and 3C remote immobilisers have been removed from the standard in 2000 as it has fixed coded immobilisation and is not as secure as rolling code immobilisation.

Level 4A (existing standard): Encrypted (rolling code) immobilisation only.

Level 4B (existing standard): Encrypted (rolling code) immobiliser with perimeter (exterior) alarm.

Level 4C (existing standard): Encrypted (rolling code) immobiliser with perimeter (exterior) and interior alarm.

Level 4D (new standard): Shall meet all the standards as set out in Class A, B and C and in addition the system shall provide Automatic Vehicle Location notifications. Therefore this standard allows for the incorporation of vehicle tracking features. These products are being tested by VESA and the approval of such products will be communicated to the industry in due course.

Please view Product Suppliers / Products under:

<http://www.vesa.co.za/ProductsAndManufacturers.aspx> as changes occur to the lists on a regular basis.

👉 **Further information: Adri Smit**
✉ adris@vesa.co.za

5.3 The Insurance Sector Education and Training Authority (INSETA) Research to Support Skills Transformation

Black economic empowerment legislation and the Financial Sector Charter drive the transformation of the sector and increase the demand for skilled black employees in all occupational categories, especially the professional and managerial category.

Previous research conducted by INSETA shows that there has been progress with transformation of the insurance industry. Transformation efforts in medium and large enterprises in the categories Sales Workers and Admin Workers are paying off. For Sales Workers, Africans constitute 65.3%, Coloureds 8.7%, Indians 5.8% and Whites 20.1%. For clerical and admin workers, Africans comprise 40.8%, Coloureds 23.7%, Indians 10.6% and Whites 24.8%.

While these ratios are closer to reflecting SA's demographics, improvement remains a challenge. The converse is true for small enterprises. In the category Sales Workers, Africans comprise 21%, Coloureds 8.4%, Indians 7.2% and Whites 63.2%. Blacks make up an even smaller percentage of total employment in small enterprises – this means that we have far too few black entrepreneurs in the industry. Whites constitute 63.8% compared with 36.2% for blacks.

The poor status of transformation in small enterprises means that much effort and substantial resources are needed to promote and support black small businesses, with a focus on both skills development and business support. Black entrepreneurs complain that there remain structural barriers of entry into specialist areas of the profession. It is therefore important that these be identified through research. Ms Sandra Dunn, Chief Executive Officer (CEO), of the Insurance Sector Education and Training Authority (INSETA), is pleased to announce it has commissioned Len Deacon and Associates to conduct research on its behalf.

Ms Dunn said, "We encourage all INSETA's stakeholders to give of their time by participating in the research, which shall prove significant to all in the sector. "Whilst we have achieved much in the twenty years of South Africa's democracy, the outcome of the research shall further enhance INSETA's strategic planning process and take our organisation and its stakeholders to new heights in terms of transformation and developing scarce and critical skills."

The research is expected to provide information on the insurance industry to identify:

- The state of transformation;
- Available skills and skills shortages;
- Areas that offer job creation opportunities, across all levels;
- Gaps between qualifications and skills, that may be addressed within the INSETA mandate, And
- Interventions, to address the identified gaps.

The research will also provide a thorough and meticulous profile, including an executive summary of the state of skills in the insurance sector and its sub-sectors. The latter comprises of short-term insurance; life insurance; risk-management; unit trusts; funeral insurance; reinsurance; insurance and pension funding; health care benefits administration and activities auxiliary to Financial Intermediation. Ms Dunn added, "We at INSETA are passionate about transforming the country and empowering young people. We look forward to the expected outcomes of the research."

The service provider will deliver an analysis of the research data, compile a report and support INSETA, in its dissemination of the data, in all nine provinces. It was agreed that research would commence in the short-term insurance sub-sector and then proceed to other sub-sectors. Len Deacon and Associates will engage with stakeholder forums of INSETA that may wish to consult in guiding the content or direction of the research.

In the past, INSETA has funded transformation in the insurance sector through a number of projects and programmes; a prime example is INSETA's support of the South African Actuaries Development Programme (SAADP). INSETA's sponsorship helped to increase the number of black female actuaries from 2% in 2002 to 5.5% in 2013. INSETA has also supported learnership candidates for SMMEs, hosted training workshops for burial societies and supported First-year BComm students from previously disadvantaged backgrounds.

Ms Dunn expressed her excitement regarding the research, "At INSETA, we are constantly striving to find new ways to empower youth and transform the landscape of professionals in South Africa. We look forward to discovering new market pools which we can train innovative youth to work in."

👉 **Further information: Tshepo Mabika**

✉ TshepoM@inseta.org.za

6 CIRCULARS: APRIL 2014

SAIA General

SG2014/046 Financial Services Board (FSB): Levy for Short-Term Insurers
Contact: Elaine Johns

SG2014/047 Transformation and Social Risk on The Changes To The BEE Codes.
Contact: Gail De Almeida

SG2014/048 Notice of a Joint Sitting of The South African Insurance Motor Insurance Committee:
Driver, Vehicle And Vehicle Crime
Contact: Sandy Nkosi

SG2014/049 Financial Services Board (FSB): Prescribed Short-Term Insurance Fees
Contact: Elaine Johns

- SG2014/050 An Invitation To Consider Your Representation On The South African Insurance Association Personal Lines Committee
Contact: Sandy Nkosi
- SG2014/051 Notice By South African Auto Repair and Salvage Association (SAARSA) On New Towing Fees Procedure Application To Kwazulu Natal (KZN)
Contact: Sandy Nkosi
- SG2014/052 South African Insurance Crime Bureau (SAICB) Sharing Of Car Jamming Information
Contact: Sandy Nkosi
- SG2014/053 Amendment Notice on The Determination of Qualifying Criteria and Qualification For Financial Service Providers 2013
Contact: Promise Mhlanga
- SG2014/054 Notification of The Publication On The Financial Services Website of The Financial Advisory and Intermediary Services (FAIS) Information Circular 4 of 2014 – Amendments to The Financial Advisory and Intermediary Services (FAIS) Act
Contact: Promise Mhlanga
- SG2014/055 IGF Credit Intermediaries List and Cancellation List as at 31 March 2014
Contact: Thembi Mokoena
- SG2014/056 South African Insurance Association (SAIA) New Member: Emeritus Reinsurance Company South Africa (SA) Limited
Contact: Amanda Oosthuis
- SG2014/057 Financial Services Board (FSB) Quarterly Report Short-Term Insurance – 31 December 2013
Contact: Elaine Johns
- SG2014/058 Financial Services Board (FSB) Financial Advisory and Intermediary Services (FAIS) Division 2014/2015 Levy For Financial Services Providers Short-Term Insurers
Contact: Runata Joseph
- SG2014/059 Financial Services Board (FSB) Revised Quarterly Reports On The Results of The Short-Term Insurance Industry
Contact: Tamara Jansen

AMUSA

- AM2014/004 Initial Notification of The Association Of Marine Underwriters In South Africa (AMUSA) Annual General Meeting On Wednesday 25 June 2014
Contact: Candy Lucas

Intermediaries Guarantee Facility (IGF)

- IG2014/002 Intermediaries Guarantee Facility (IGF) Reinsurance Premium and Expense Bordereau 1st Quarter 2014
Contact: Tilly Welgemoed
- IG2014/003 Initial Notification of the Intermediaries Guarantee Facility (IGF) Annual General Meeting Wednesday 25 June 2014
Contact: Candy Lucas

SAIA Managing Directors

- MD2014/004 Financial Services Board (FSB): Levy for Short-Term Insurers
Contact: Elaine Johns

MD2014/003 Financial Services Board (FSB) Financial Advisory and Intermediary Services (FAIS) Division 2014/2015 Levy For Financial Services Providers Short-Term Insurers
Contact: Runata Joseph

Motor

MT2014/003 Notice of a Joint Sitting of The South African Insurance Motor Insurance Committee: Driver, Vehicle And Vehicle Crime
Contact: Sandy Nkosi

MT2014/004 SAARSA KZN
Contact: Marina Adonis

MT2014/005 Amendment of National Road Traffic Regulation Government Gazette No 37542
Contact: Marina Adonis

MT2014/006 Urgent Update on Issues Raised By SAARSA KZN And Invitation to Meet To Consider Industry Response
Contact: Marina Adonis

SAMIA

SM2014/001 Initial Notification of The South African Machinery Insurers' Association (SAMIA) Annual General Meeting on Wednesday 25 June 2014
Contact: Candy Lucas

SG 2014/045 Invitation to join the SAIA Human Capital Development Committee
Contact: Nosiphiwo Mandoy

👉 **Further information: Itumeleng Tabane**

✉ itumeleng@saia.co.za

IMPORTANT NOTICE

For more information about this bulletin and its content contact Tessa Kerspuy, SAIA Graduate: Communications and Stakeholder Relations.

✉ E-mail: tessa@saia.co.za 📞 Tel: (011) 726 5381

☎ Fax: 086 647 2275

www.saia.co.za



COPYRIGHT WARNING NOTICE

Copyright subsists in this Bulletin. No part of the Bulletin may be reproduced, transmitted or downloaded in any form or by any means, without the permission of SAIA. © 1999-2014