SAIA Bulletin
Newsletter of the South African Insurance Association

SAIA - ☎ (011) 726 5381 July 2014 - Issue No. 07/14

1 UPCOMING INDUSTRY EVENTS

1.1 Specialised Fire Investigation Techniques Workshop

The Fire Protection Association of Southern Africa (FPASA) is pleased to present a professional development event for all persons involved in fire investigation from 25 - 28 August 2014, at the FPA Fire College in Boksburg.

Join Robert Toth and Jamie Novak, both from the United States of America and experts in all aspects of fire investigation, for four days of interactive discussion and demonstrations.

Robert Toth will facilitate sessions on “Advanced Report Writing” and “Documentation: Tips, Techniques and Technologies”. Jamie Novak will facilitate a condensed version of his ‘Burn to Learn’ programme covering ignition, flashover, explosion, unusual burn patterns, and discoveries regarding the cause and effect of fire.

This training event has been organised in cooperation with the International Association of Arson Investigators (IAAI) South African Chapter.

The IAAI SA Chapter AGM takes place the following day, Friday, 29 August 2014, at the FPA Fire College in Boksburg. The Specialised Fire Investigation Techniques Workshop is an Insurance Institute of South Africa (IISA) recognised CPD event. Delegates have the option of being assessed at the end of the programme should they prefer a certificate of completion and assessment.

Attendance is limited so early registration is recommended.

The cost of the workshop is:

• Members	R 8 000-00	+	R 1 120-00 VAT=	R 9 120-00
• Non-members	R 9 000-00	+	R 1 260-00 VAT=	R 10 260-00

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2 TRANSFORMATION & SOCIAL RISKS

2.1 SAIA Consumer Education Initiative 2013/14

2.1.1 Radio Financial Literacy Drama Series Programming Schedule

The broadcast of the Radio Financial Literacy drama series on Ligwalagwala FM resumed on 15 July 2014, after being postposed for the duration of the 2014 FIFA World Cup. The remaining episodes will continue until 3 September 2014. Meanwhile, the broadcast on Munghana Lonene FM and Umhlobo Wenene FM is on track. The short- term insurance experts have been very committed and have provided very insightful responses to the questions and comments by the listeners who call in to the programme.

2.1.2 Edutainment Comedy Series – Next of Next Week Programme Schedule

The edutainment comedy series *Next of Next Week's* final broadcast was on 25 July 2014 at 18:26 on ETV. The series has been well received by ETV's audience, with ratings showing a hike in viewership during the broadcast of the series. ETV's band performance for May and June 2014 indicate a consistent viewership of approximately 1.5 million viewers. The channel has advised that this is a high number for an insert to generate, attributing this to the content of the series.

Next of Next Week video clips have also been uploaded on the SAIA website, and members are encouraged to view the clips. http://www.saia.co.za/info-center/videos.html

2.1.3 The Soul City Drama

The first episode of the Soul City drama series aired on 15 July 2014 at 20:30 on SABC 1. The first short- term insurance focused episode aired during episode 2 and continued in episode 3. Meanwhile, the second phase of production has started. The shoot for the final 13 episodes commenced on 28 July 2014.

2.2 2014/15 SAIA Consumer Education Initiative

Proposals from the prospective service providers have been submitted to the SAIA. The final decision on the projects to be implemented in this campaign will be made by the SAIA Education Committee on 07 August 2014.

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3 INSURANCE RISKS

3.1 Green Geyser Replacement Project

SAIA is waiting for a formal position from the Department of Energy (DOE) with regard to how it could support the Green Geyser Replacement Project (GGRP) in terms of a rebate and possible regulation.

The project Steerco will need to consider, along with possible alternative models proposed, whether there is a viable path available to proceed with the project.

3.2 Acid Mine Water Study

The SAIA has been in a consultative process of receiving research from experts to establish clarity around whether the three risk areas namely, an increase in seismic activity, localised flooding of Acid Mine Water (AMW) and a potential increase in the occurrence of sinkholes are in fact risks to the industry.

Reliable research has been received from a number of expert institutions relating to the risk of seismicity and sinkholes. A report is due from the Department of Water Affairs regarding the risk of localised flooding and progress on the Inter Ministerial Committee action plan tabled in 2010.

A workshop for the project members will be held to consider the available research to decide on a way forward.

3.3 Agricultural Risk and Crop Insurance

The Department of Agriculture, Forestry and Fisheries (DAFF) hosted a multi-stakeholder workshop at the Land Bank offices. The National Treasury (NT) stated that the intent of the meeting was to address any principle issues in the report developed by Andisa Agri and ensure that it would be fit for distribution for public comment.

There is a month's opportunity for high level stakeholder feedback, before the NT and DAFF prepare the document for comment in November 2014.

Although no structure for a Public Private Partnership (PPP) was favoured in the report, the SAIA project team may seek to align themselves around preferred options ahead of the first comment period.

3.4 Finance and Insurance Vehicle System

The Project Steerco has tabled to the SAIA Board its Memorandum of Understanding (MOU) document regarding insurers' ability to improve and share vehicle data at an underwriting, claims and salvage stage into a central environment. The intent is for the principle of this MOU to form part of the SAIA Code of Conduct and is expected to lay a sturdy platform for crime detection, salvage management and business process improvement among other things.

The project Steerco's position regarding an appropriate solution provider to develop an industry motor salvage database will also be tabled at the next SAIA board meeting for approval.

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3.5 Compulsory Third Party Motor Property Insurance

The SAIA Board Committee: Insurance Risks, decided at its meeting on 8 May 2014 that the SAIA should establish a Task Team to focus on Compulsory Third Party Motor Property Insurance. This is deemed to be a critical project for the industry; hence the SAIA has invited all motor insurance members to nominate a representative to this Task Team. The nominated persons should work at a high level in their organisations, think strategically but have operational knowledge and should preferably have business and/or actuarial knowledge and experience.

3.6 Automatic Number Plate Recognition Project

The existing project is still in operation and SAIA received the latest update from the South African Insurance Crime Bureau (SAICB) on results achieved by them via the Automatic Number Plate Recognition (ANPR) project for the first quarter of 2014.

According to Business Against Crime South Africa (BACSA), the partnership with the SAICB and BACSA has resulted in the recovery of over 1 100 vehicles over the past three years and conservatively, this is estimated to be around a R40.9 million saving.

3.7 Administrative Adjudication of Road Traffic Offences

The Administrative Ajudication of Road Traffic Offences (Aarto) relates directly to the SAIA Motor Strategy that strives to improve driver behaviour on our roads. Little progress has been made via the National Economic Development and Labour Council (NEDLAC) process. There are still a number of challenges and issues which have to be addressed. For example, Business Unity South Africa (BUSA) had the following concerns which were tabled to government at a meeting held on 24 July 2014:

- How would government ensure authenticity of information on Electronic National Administration Traffic Information System (eNATIS) system?
- Is the process of acquiring correct information linked to Protection of Personal Information Act (POPI)?
- Emphasis should be given to regulations that enhance the original intention of AARTO. This includes road safety and changing bad driver behaviour.
- The Department of Transport (DOT) should ensure proper regulation of all the testing stations to make sure that they are compliant and no false roadworthy certificates are issued.

BUSA suggested that the system should be implemented in phases, with priority given to implementable regulations that are identified to reduce carnage in our roads.

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4 GOVERNANCE RISKS

4.1 Consumer Credit Insurance

On 3 July, the National Treasury ("NT") issued its long awaited technical report on the consumer credit insurance ("CCI") market in South Africa for comment by 30 September 2014. The paper includes recommendations on three focus areas, namely regulating the price of credit and/or CCI, regulating market conduct non-pricing practices and protecting consumers through insurance cover for credit providers.

The report confirms that the proposals are mutually exclusive and should be considered in parallel, or to complement one another.

The main proposals to be discussed by the SAIA Working Group, constituted to facilitate the process of the SAIA submission, include:

✓ Regulating the price of credit and/or CCI;

✓ The working group is to consider an industry position on the three proposals; namely;

  - *to prescribe a band of recommended reasonable risk premium rates for the different CCI cover types ("safe harbour rates"),*
  - *placing a regulated cap on premium rates and/or*
  - *introducing an interest cap set at a lower level than the unsecured loan interest rate cap in cases where the credit provider insists on mandatory CCI cover*.

✓ Regulating market conduct non-pricing issues

The paper proposes sixteen market conduct regulatory measures to be considered by the Working Group. The SAIA will focus on the following proposals:

  - prohibiting commission in cases where the intermediary is also the policy "*owner*" or an associate of the policy holder where the CCI policy is issued in the name of the credit provider (mostly group scheme policies), distributed by the credit provider or by an entity in the credit provider's group;

- outlawing payment of commission for CCI where no advice is provided. The intention is to have certain regulatory pre-requirements for commission, including advice, a needs analysis and affordability assessments to be conducted. The alternative proposal is to reduce maximum commission for "*non-advice*" sales;

- prohibiting volume based sales incentives over and above any other remuneration-related measures for the sale of mandatory CCI, including club memberships, extended warranties and the like;

- the introduction of a "*two step*" separate transaction sales process for the insurance product and the provision of credit;

- a requirement to <u>publicly</u> disclose claims ratios and/or claims rejection statistics of all comparable insurers through industry associations or the regulator;

- the introduction of a compulsory "*three quoting*" system which requires credit providers to explicitly offer at least three quotes excluding the insurance products offered by the member of the credit provider's own group. Alternatively, that the insurer in the credit provider group may provide a quote but with enhanced disclosure requirements or requiring credit providers to include a formal tender process in selecting insurers as part of the three quoting system;

- prohibiting the credit provider from being the outright owner of a CCI policy, including group schemes with collateral cession requirements in favour of the credit provider;

- restricting short-term insurers to offering only credit <u>asset</u> insurance, with the intention of prohibiting them from offering disability, illness and retrenchment cover.

- protecting consumers through insurance cover for credit providers. The proposal to be considered is to encourage or prescribe to credit providers to self-insure against loan default risks through purchasing insurance cover in their own names in cases where the credit provider is both the policyholder and the beneficiary and the debtor is not a party to the CCI policy.

- Other issues to be discussed include t*he issue of mandatory versus voluntary CCI cover.* Although credit providers are under no obligation to offer CCI cover to insurers, the National Credit Act ("NCA") permits credit providers to insist on CCI cover as a pre-condition for granting credit.

  The report confirms that the CCI market was approximately R16 billion in 2012, with 70 insurers active in this market. The 15 largest insurers accounted for approximately 90% of premiums, with credit life dominating the market. Credit life is reflected as 67% of market share by premium, followed by 21% for asset insurance on immovable property and 11% on movable asset insurance. The report also reports claims ratios at 22% for long-term insurers and 25% for short-term insurers, with data from the three short-term insurers with the largest premium volumes indicating claims ratios below 20%, two large insurers having commission of more than 20% and four insurers having expenses greater than 20%. (Incidentally, the FSB's quarterly report for March 2013 confirms commission levels above 15% and expenses above 30% for CCI business.)

4.2 Proposed amendments to the Binder Regulations

On 11 July 2014 the NT and the FSB issued for public comment by 1 September 2014, their proposed amendments to the Binder Regulations.
The proposed amendments include:

✓ Amending the definition of "**associate**" to extend the scope of prohibited business relationships to mandated and non-mandated intermediaries ("NMI") sharing shareholders, directors and executive management with NMIs and underwriting managers ("UMs") and natural persons that are related to the shareholders, directors and executive management of a binder holder;

- ✓ Clarifying incidental binder activities and to provide that incidental binder must be included in a binder agreement;
- ✓ Excluding Sasria from the scope of the Binder Regulations;
- ✓ Clarifying the definition of a UM to address a technical loophole and to ensure that there is no conflict of interests that may significantly impact on the advice or intermediary services provided to a client;
- ✓ Authorising the Registrar to prescribe fees reasonable commensurate with the actual costs of performing binder functions by means of a Gazetting process and prohibiting an insurer from paying a binder holder a fee in excess of the prescribed fees. The consideration of capping binder fees as well as the extent of caps will be included in the Retail Distribution Review ("RDR") to be issued shortly;
- ✓ Clarifying that NMIs with whom an insurer may enter into a cell captive arrangement are not prohibited from receiving dividends in respect of their ordinary or preference shares held as a result of the cell captive arrangement. The insurer has to be explicitly authorised to issue shares to intermediaries in its licensing conditions. NMIs remain prohibited from receiving profit shares as a result of their binder agreements with an insurer. (It is expected that the revised Discussion Document on the FSB Review of Third Party Cell Captive and Similar Arrangements will be issued shortly);
- ✓ Relaxing the circumstances under which an exemption may be provided where a conflict of interest may be effectively mitigated; and
- ✓ Providing technical and grammatical corrections to the original Binder Regulations.

The Amendments to the Binder Regulations is in the process of being tabled in Parliament for parliamentary approval. The machinery for imposing caps on binder fees has been set up in this draft Regulations namely enabling the Minister to publish caps in the Gazette.

In addition, the FSB's is in the process of finalising an industry report on its key findings, in addition to individual company reports, following its first Binder thematic onsite visits aimed at ensuring compliance with the Binder Regulations which took place earlier this year.

4.3 BRICS Reinsurance Project

On 16 July 2014, the NT confirmed that the wording proposed on the BRICS insurance/reinsurance project had been accepted by BRICS Heads of State and successfully incorporated into the Sixth BRICS Summit Leaders' Declaration or the so-called Fortaleza Declaration on 15 July 2014. The Fortaleza Declaration in paragraph 16 confirms the following statement on cooperation in insurance and reinsurance markets:

> **"***We recognize that there is potential for BRICS insurance and reinsurance markets to pool capacities. We direct our relevant authorities to explore avenues of cooperation in this regard."*

The inclusion of the wording in this Declaration represents a significant milestone, as it signals to the rest of the world the BRICS commitment to take forward work on the insurance front and an instruction to BRICS leaders to take it forward.

Other major outcomes of this Summit included the signing of the Treaty to establish the Contingent Reserve Arrangement ("CRA"), as well as the agreement to establish the New BRICS Development Bank. The Development Bank will be headquartered in Shanghai and the Africa Regional Centre in

South Africa. The purpose of the BRICS Development Bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies.

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4.4 Winds of Change

The month of August is normally associated with winds that arrive and sweep over the plane gradually ushering in the arrival of the spring season. The winds of change are also expected to blow across the insurance industry in August, as it is anticipated that the Financial Services Board (FSB) will release a number of important SAM related reports and draft legislation for industry comment and consideration.

In August 2014 the following is expected for release within the SAM environment:

- *The Third South African Quantitative Impact Study (SA QIS3) Report*
- *The first public draft of the Insurance Bill (SAM Primary Legislation)*
- *The second version of the Secondary Legislation (For release exclusively to the SAM Task groups)*
- *The Board Notice that will replace the Insurance Laws Amendment Bill (ILAB)*

These releases are profoundly important and urgently required by the insurance industry to assist in their preparations for the new proposed SAM regime.

The SA QIS3 report should shed some light on the current solvency capital requirements of the entire industry and whether the insurance sector is indeed adequately prepared for these new onerous solvency capital requirements.

Given the rather tight deadlines set by the FSB in presenting the Insurance Bill to Parliament by 2015, the release of the first draft of the Bill is desperately required to afford insurers and reinsurers the opportunity to formally comment on the entire Primary SAM legislation. In the same breath the Board Notice to replace the Insurance Laws Amendment Bill (ILAB) requirements must also reach insurers as a matter of urgency. This Board Notice will assist in ensuring a sensible and methodical build-up by the industry towards implementing the final SAM Governance and Risk Management requirements by 1 January 2016.

Time is of the essence and the month of August will undoubtedly determine the magnitude of the challenges facing the regulator and the insurance industry alike, as the insurance regulatory landscape fundamentally changes complexion.

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5 INDUSTRY NEWS

5.1 Suzette Olivier Receives Award for Excellence in Service

The SAIA is exceptionally proud to announce and congratulate Suzette Olivier, General Manager: Legal on receiving the 2014 Cover Excellence Award for excellence in service to the short-term insurance industry at the Insurance Conference 2014 in Sun City on 19 July 2014.

The SAIA thanks Suzette for her ongoing support, hard work and contributions. The Cover Excellence Awards recognises individuals for their extra-ordinary effort and dedication to the short-term insurance industry. The awards acknowledge individuals who have made a significant contribution to the effectiveness and reputation of the industry.

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✉ **Claire-Anne@saia.co.za**

5.2 STRIDE Launches New Website

STRIDE SA is excited to announce the launch of its new website! The website is more informative and interactive. The website will provide documentation to a closed and secure group and will be regularly updated with news. Website visitors will also see more newsletters and activity on the social media platforms. Please visit the website at www.stridesa.co.za .

STRIDE Enables Access to Big Data

With the increased roll-out of the industry data switch, STRIDE, insurers will shortly have more data at their fingertips than they ever had before. Future STRIDE and other industry initiatives will further increase the availability of data to both the insurer and broker market. How will this change the way we do business in the South African short term insurance market?

STRIDE has data standards embedded at its core; this will further increase the value of the data, as there will be no interpretation of the data required. Not only will the compliance teams breathe a sigh of relief as Binder Regulations and SAM requirements can be met, but actuaries will be able to increase the value and accuracy of their analytical forecasts.

Even though the retail and banking markets in South Africa are not using "big data" to the extent that their counterparts in the US and UK are benefitting from it to analyse market trends and make faster decisions, they are still seeing massive cost reductions and time saving in decision making and product development. Let's see how "big data" is used in the UK to counteract the financial losses experienced over the past years:

"Retailers use data to effectively reach consumers through the correct channels and with messages that resonate to their target audience; they use data to find, target and retain their ideal customers. Banks focus tremendously on fraud management and enhanced customer management through better customer insight. Together, various players in the two industries, partner together to create new income streams by building on insight into customer intelligence and behaviours that they are able to monetize".

For the short term insurance market in South Africa, there is still a lot of work to be done before intelligence can be created around the data. After data volumes are achieved, focus will need to shift to data quality and data variety. IT infrastructures will need to be able to accommodate the data and allow intelligent use of the data. Organisational structures and skills will need to be adapted to gain the most value from the data.

But, once this is achieved, just imagine the possibilities!

To be more specific, let's talk about **commercial insurance data**. All efforts thus far were focused on personal lines mapping and implementation, but we have not forgotten about General Commercial lines data. Major insurers spent some time reviewing the general commercial lines standard as it was released in V1 of the SA ACORD AML Standard. Some changes were identified to bring this more in line with the personal lines methodology, which resulted in the latest Standards release V2.1. This release includes all changes requested on both personal lines and general commercial lines, resulting in a better standard to enable efficiencies across the mapping exercises. We can now confidently say that it is safe for users to start commercial lines mapping, and time to start dreaming of all the time and effort that will be saved once double-capturing of commercial policies are eliminated!

Efficiency and productivity must then become the flavour of the day!

☞ **Further information: Jenny Theunissen**
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5.3 The Motor Vehicle Security Association of South Africa (VESA)

Gearlocks are still the preferred and proven vehicle anti-theft device for older vehicles in South Africa and they are still being improved.

The Vehicle Security Association of South Africa (VESA) has announced new improved vehicle specification standards for South Africa's vehicle protection. South African motor vehicle owners have relied on VESA Approved Gearlocks since 1994 when the first standards were introduced.

Gearlocks are Popular because they are cost effective, uncomplicated, have a "no nonsense operation", are a visual deterrent and have a five-year warranty.

VESA Approved Gearlocks (ABS) provides a cost-effective high security solution against vehicle theft. Gearlocks are commonly fitted to entry level vehicles and are very popular with the pre-owned and the un-insured market. It therefore presents a good opportunity for insurance companies to tap the currently un-insured market.

Mechanical Gearlocks secure the gearshift of a vehicle in Reverse or Park when locked. They are installed directly onto the vehicle chassis by means of mounting brackets. Mechanical Gearlocks are affordable and effective immobilizers that eliminate the reliability problems and false alarms of electronic systems.

VESA Approved Gearlocks are locally manufactured to strict international security specifications and approved by VESA's Accreditation Bureau for Safety and Security (ABS).

Features Include:

- Very affordable for clients who are not willing to pay additional monthly tracking premiums.
- Mechanically reliable - no electronics, no breakdowns, no false alarms.
- Easy to Install and Use - Fits most manual and automatic gearshift vehicles
- Visible theft deterrent.
- Lock Cylinders with 5-Pin high security cylinders, with three keys
- VESA tested and approved to stringent specifications.
- Designed and tested in South Africa.

The Types of VESA Approved Gearlocks Include:

Top-lock Gearlocks: Highly visible theft deterrents with incredibly strong U-type shackles and locking latches that Withstand 3000-5000kg breaking force. These incredible "padlocks" are also used to secure gates, warehouses and similar access controlled areas.

Mini-Pinlocks: Mini-Pinlocks have been developed in reply to customer requests for a compact, easy to use and fit version of the traditional pinlock. These semi-concealed locks fit modern compact cars with narrow centre consoles.

Vehicle-Specific Push Button Locks: These present the latest development in mechanical security. GTS vehicle-specific locks are compact, concealed push-button locks that mount inside the centre console. The latest generation complements the interior design of the vehicle, reduces fitting time and complexity during installation, and provides greater convenience for the driver. Vehicle specific kits are available for most popular South African vehicles.

The Benefits of Gearlocks

Attack Time: It is time consuming to remove or override a gearlock. “Urban legends” of sprays, liquid nitrogen, etc. are a myth.

Traceability of Products: A Gearlock can be traced to date of manufacture as well as to 1st “teer” of distribution by Key Card, i.e. a client produces proof of installation to his insurer by submitting his keys and key card, claiming the installation was done on a certain date. The authenticity of this date can be traced to ensure if the lock existed at this time.

Warranty of Vehicle: The vehicle electronics are not being tapped, so Motor Manufacturers have less resistance to the installation of Gearlocks as the warranty of the vehicle is not affected.

Visual Deterrent: A perpetrator would spend more time attempting to steal a vehicle with a Gearlock installed, than one without a Gearlock.

Protection Makes Sense

During a survey conducted by VESA at major shopping centres, it was found that 89% of vehicles fitted with Gearlocks were locked.

Motorists realise that a stolen vehicle results in trouble and inconvenience; the report at the police station and paperwork at the insurance company, the excess to be paid and above all, the sad sense of loss justifies being diligent in locking your Gearlock.

Around 2/3 of vehicles on South Africa roads are NOT insured simply because the owners cannot afford it.

A good vehicle anti-theft device is essential for these people.

VESA Members in the Mechanical Gearlock Category are as follows:

- Grip-Tech (Pty) Ltd
- Diamond Lock International (Pty) Ltd
- Excess Technologies cc

Please view Product Suppliers / Products under
http://www.vesa.co.za/ProductsAndManufacturers.aspx as changes occur to the lists on a regular basis.

VESA wishes to make it known that the short-term insurance industry (including underwriters, brokers, agents etc.) are being informed that for all purposes affecting any vehicle safety and security products and systems and/or the installation thereof, the term “VESA Approved” shall mean compliance with all of the following **three essentials:**

- A product which is approved by the Accreditation Bureau for Security & Safety (ABS);
- An installation by a member of VESA in accordance with the latest VESA specifications;
- A certificate prescribed and issued by VESA for the current year.

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5.4 INSETA Approves R11,3m in Bursaries for Tertiary Education

"In the greater scheme of things, R11,3m is not a lot of money, but for the indigent and historically disadvantaged learners who qualify for the bursaries, it makes the world of difference", says Sandra Dunn, INSETA's CEO.

Scarce and critical skills in the insurance sector include:

- Management & Leadership
- Claims assessing
- Underwriting
- Actuaries
- Business and systems analysis and development
- Advice and sales

As an enabler of skills development, INSETA relies exclusively on partnerships to roll out its strategies, and in the case of bursaries or academic programmes, the role of tertiary institutions such as public universities and FET colleges is of critical importance.

Other strategic partnerships with the sector include:

- Professional Associations: programmes supporting professional enhancement, eg certified financial planner
- Internships and learnerships: work based experience for graduates and FET learners who require work experience
- Vocational: generically vocational programmes such as the National Certificate Vocational (education and development)
- Occupational – programmes related to occupations
- Technical – programmes of a technical nature

The strategy to boost learners studying at public higher education institutions is very important. Two years ago, INSETA launched its programme to support unemployed youth to achieve full qualifications in scarce and critical skills in the insurance industry. The project is for Bursaries for Youth not in Employment and the aim is to support youth not in employment who show great academic potential to obtain qualifications required in the insurance and related sectors.

This year, INSETA extended the invitation to all public universities and technical and vocational education and training (TVET) colleges. The response was good considering that this was the first time that this funding window was opened to public universities and TVET colleges.

INSETA received applications from 10 institutions for a total of 433 unemployed learners.

This compares very favourably with the target of 300 unemployed learners to be supported with bursaries to acquire scarce and critical skills.

While 405 bursaries (totalling R11, 3million) were approved, the balance of the applicants (28 bursaries) is pending final approval, subject to the submission of outstanding information from the tertiary institutions. No applications were therefore declined.

The learners must study qualifications in the following streams:

- BComm (Insurance, Risk, Finance, Investment) stream
- Financial planning stream
- Actuarial Science stream
- TVET college NCV in Financial Management, IT, Business Management, Sales & Marketing

They must be in their 2nd year or higher education including post-graduate learners and must have an academic average of 55% or higher. The universities or TVET colleges must identify the learners using their respective means tests.

Research shows that tertiary education automatically increases a learner's chances of being absorbed by the job market – yet tertiary education is not an option for all learners who work hard at school and earn a bachelors pass. This is mainly due to a lack of financial support, which underlines the importance of INSETA's bursary programme.

5.5 Africa Beckons

The first report in a series of planned reports, compiled from the research into the state of skills development recently commissioned by INSETA, indicates that the business opportunities offered in emerging markets, especially in Africa should be more seriously considered.

While most local insurance services companies are including the rest of Africa in their growth strategies, there is a real danger that South African businesses will be 'crowded out' in the next 'rush for Africa'. Nigeria has already overtaken SA, by becoming Africa's largest economy. While South Africa (SA) remains Africa's most important developed and competitive economy, it is imperative that South African business significantly expand their interest in the rest of Africa.

The report's findings in regard to business opportunities globally, and in particular Africa, are highlighted below.

The developed world is facing uncertain growth and strict regulation, and developed economies were most affected by the financial crisis of the last decade.

Demographic variations govern the differences in appeal between developed and emerging markets.

In the developed world, the old outnumber the young. In emerging markets except China, the working age population will continue to outnumber the dependent population for the foreseeable future, leading to more productive growth and creating a more viable market for life assurance and investment products.

The rising middle class in emerging markets accounts for increased consumption, leading to small business growth, and generating commercial insurance opportunities.

Government infrastructure investment, population growth, new business and wealth creation are fuelling construction, land development, energy and transportation, generating a demand for insurance.

Outside of SA, the main growth points are Nigeria, Angola and Kenya as well as possibly Egypt and Ghana.

The potential of the African market is based on:

- Need for new areas, such as micro-insurance and funeral business
- Compulsory insurance
- Improved communications network
- Large uninsured population

Despite the huge opportunities, poverty, unemployment, income inequality and deteriorating health and education are still a problem in many African countries. These countries will only be able to offer limited Human Resources (HR), and South African companies will look to the local pool of skills to meet their needs. In particular, they will need people skilled in compliance and risk management and be able to cope with the demands of different environments.

☞ **Further information: Tshepo Mabika**
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6 CIRCULARS: JULY 2014

SG2014/072	Agreement Between The Governments of The Republic of South Africa (RSA) and The United States of America (USA) To Improve International Tax Compliance and To Implement Foreign Account Tax Compliance Act
Contact:	Candy Lucas
SG2014/073	South African Insurance Associations (SAIA) New Board Members Effective 25 June 2014
Contact:	Elaine Johns
SG2014/074	Register of The Status Credit Intermediaries and Cancellation List as 30 June 2014
Contact:	Thembinkosi Mokoena
SG2014/075	Technical Report on Consumer Credit Insurance in the South African Market
Contact:	Easvarie Naidoo
SG2014/076	Solvency Assessment and Management (SAM) Light Parallel Run
Contact:	Tamara Jansen
SG2014/077	Proposed Amendments To The Binder Regulations
Contact:	Carolle Sinnye
SG2014/078	2014 Taxation Laws Amendment Bill
Contact:	Candy Lucas
SG2014/079	South African Insurance Association (SAIA) Reinsurance Application for Vat Binding General Ruling
Contact:	Candy Lucas

Intermediaries Guarantee Facility

IG2014/004	Intermediary Guarantee Facility (IGF) Reinsurers Premium Bordereau for 2nd Quarter 2014
Contact:	Tilly Welgemoed

SAIA Managing Directors

MD2014/015	South African Insurance Associations (SAIA) New Board Members Effective 25 June 2014
Contact:	Elaine Johns
MD2014/016	Solvency Assessment and Management (SAM) Light Parallel Run
Contact:	Tamara Jansen
MD2014/017	Technical Report on Consumer Credit Insurance in the South African Market
Contact:	Easvarie Naidoo
MD2014/018	Establishment of a South African Insurance Association (SAIA) Task Team and Compulsory Third Party Motor Property Insurance
Contact:	Marina Adonis
MD2014/019	Financial Sector Charter (FSC) Report Documentation
Contact:	Gail De Almeida
MD2014/021	Proposed Amendments to the Binder Regulations
Contact:	Carolle Sinnye
MD2014/022	Invitation to CEO Forum on the Impact in Short Term Insurers
Contact:	Gail De Almeida
MD2014/023	List of Top 20 Treating Customers Fairly (TFC) Related Fines Issued By The Financial Conduct Authority ("FCA")
Contact:	Tamara Jansen
MD2014/024	Revised Financial Sector Charter (FSC) Templates

Motor

MT2014/015	South African Insurance Crime Bureau (SAICB) Sharing of Car Jamming Information
Contact:	Sandy Nkosi
MT2014/016	Competition Commission Investigation Into Collusive Conduct in the Market for Auto Body Repairs
Contact:	Sandy Nkosi

SAMIA

SM2014/003	SAMIA Golf Day – 10 September 2014
Contact:	Candy Lucas

☞ **Further information: Itumeleng Tabane**
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IMPORTANT NOTICE

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