



South African Insurance Association

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Media Release

The non-life insurance industry's Vehicle Salvage Data (VSD) system

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Johannesburg – The South African Insurance Association (“SAIA”) is the industry representative body for the non-life (short-term) insurance industry and its core functions include the representation of its members’ interests to the public and the media.

SAIA would like to take the opportunity to educate the public on the purpose of the non-life insurance industry's Vehicle Salvage Data (VSD) system. The full background, intent, and industry agreement relating to the VSD system are enclosed in the SAIA Code of Conduct, of which link is enclosed for the reader's ease of reference <https://saia.co.za/code-of-conduct/> and the link includes a direct link to the SAIA Code of Motor Salvage.

About the SAIA Code of Motor Salvage

The purpose of the Code of Motor Salvage is to establish a common approach when dealing with motor salvage to assist in combating motor vehicle crime, specifically the cloning of motor vehicles for the benefit of all role players and ultimately the South African public.

Also, the Code of Motor Salvage aims to ensure that consumers are treated fairly throughout the processes followed, and the decisions made related to accident damaged and/or stolen recovered vehicles. As the Code establishes best practices in salvage management to benefit all participants in this process, but mainly insurers and their policyholders or clients. Insurers benefit by following these processes in many ways, including to insure mainly legitimate or legal motor vehicles. This is not only good for the sustainability, profitability, and cost of motor insurance, but also for the customer.

In all, the principles entrenched in this Code support the Second Hand Goods Act, 2009, the primary function of which is to regulate the business of dealers in second-hand goods and pawnbrokers to limit the trade in stolen goods and promote ethical standards in the second-hand goods trade.

Why would the SAIA Code of Motor Salvage be relevant to the VSD system?

The VSD system contains information on salvage vehicles. These are vehicles that have been deregistered by the respective insurers and thus declared salvage, after policyholders have been indemnified of their motor claims.



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A vehicle is considered salvage by the non-life insurance industry if it is 'written-off' following, for instance, a motor accident. The insurer would have assessed the damaged vehicle including the repair costs. If the motor assessor deems the cost of repairs to be uneconomical to repair, the vehicle would then be declared a 'write-off'. This normally happens when the cost of repairs is high in relation to, or more than, the insured value of the vehicle.

The vehicles enclosed in the VSD system use eNATIS codes, which distinguishes the different salvage vehicles enclosed in the system. eNATIS stands for the electronic National Traffic Information System. When a written-off vehicle is sold, the respective code is disclosed to the buyer. In this, the non-life insurance industry ensures that the relevant stakeholders who buys the salvage vehicle is fully informed of the state of the vehicle being sold, and therefore how the respective vehicle should be treated going forward. For instance, a salvage vehicle Code 4, Code 4 is a Permanently Demolished vehicle. Permanently demolished, means that the chassis of a motor vehicle has been a) Compacted; b) compressed; c) melted; d) destroyed d; or e) damaged to such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis cannot be used to build a motor vehicle.

It is highly recommended that the readers familiarise themselves with the SAIA Code of Motor Salvage for further detail on the respective Codes used and the process followed by the non-life insurance industry.

The type of information contained in the VSD System

The type of information contained in the VSD system is information on the owner and vehicle such as owner ID/company registration number and the Vehicle Identification Number (VIN). This information is acquired from the owner of the vehicle when insuring their vehicle with the non-life insurance industry. Therefore, the information enclosed in the VSD system is policyholder information, which is held in strict adherence to the Protection of Personal Information Act (POPIA) <https://popia.co.za/>.

The POPIA is South Africa's data protection law. The POPIA involves three parties, who can be natural or juristic persons: 1) The data subject, to whom the information relates to – in this instance that would be the policyholder. 2) The responsible party, who determines why and how to process the information - in this instance, that would be the insurer. 3) The operator, who processes personal information on behalf of the responsible party – in this instance, that would be the ICB.

The Protection of Personal Information Act places various obligations on the responsible party, the insurer, who is ultimately responsible for the lawful processing of its policyholder personal information. This responsibility, therefore, requires the insurer to only use operators who can meet the requirements of lawful personal information processing as prescribed by the Protection of Personal Information Act.

What are the penalties for contravening the POPIA?

There are essentially two legal penalties or consequences for the responsible party: 1) A fine or imprisonment of between R1 million and R10 million or one to ten years in jail. 2) Paying compensation to data subjects for the damage they have suffered.

The other penalties the responsible party will suffer include 1) Reputation damage, which will result in 2) Loss of existing policyholders, and 3) Failure to attract new policyholders, and therefore jeopardise the sustainability of the business.

The main motivation the insurer (non-life insurance industry) has for complying with the Protection of Personal Information Act (POPIA) is to protect people from harm.

What harm could there be if the VSD system was to be made public?

The primary reason the VSD system database was created was to combat crime.

If the database is made public, against the POPIA, this will then allow criminals to have access to the entire non-life insurance industry database of scrapped vehicle VINs. If this were to happen, both the Banking industry and the Non-life insurance industry would see a dramatic increase in false financing and insurance of cloned vehicles.

SAIA and its members continue to support, financially and otherwise, numerous crime-fighting initiatives around vehicle crime in South Africa, and this is demonstrated by its work with the Insurance Crime Bureau (ICB) and Business Against Crime South Africa (BACSA). The ICB has been involved in numerous successful vehicle crime-fighting initiatives in collaboration with the South African Police Service (SAPS) aimed at significantly reducing the number of cloned vehicles on our roads for years.

Should the reader require additional information, other than the information pertained in this article, you are welcomed to contact SAIA offices.

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About the SAIA

The South African Insurance Association (SAIA) is the representative body of the non-life insurance industry. It represents the industry to all relevant stakeholders to ensure a sustainable and dynamic industry. SAIA has 57 members, comprising all categories of non-life insurers, including reinsurers. Its members abide by the SAIA Code of Conduct, which ensures adherence to best-practice industry standards and self-regulation.

Its vision is to promote and represent the interests of the non-life insurance industry, while leading and enhancing the efforts of the industry to become recognised and trusted as an important contributor to the South African economy and society.