



# SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

## SAIA BULLETIN

February 2020

---

PROMOTING A TRUSTED & SUSTAINABLE  
NON-LIFE INSURANCE INDUSTRY  
FOR SOUTH AFRICA

# CONTENTS

<b>1</b>	<b>From the Desk of the Chief Executive</b> .....	<b>3</b>
<b>2</b>	<b>Insurance Risks</b> .....	<b>4</b>
2.1	Competition Commission Draft Code of Conduct for Competition in the South African Automotive Industry .....	4
2.2	The Review of the SAIA Code of Motor Salvage .....	4
<b>3</b>	<b>Transformation</b> .....	<b>5</b>
3.1	SAIA Consumer Education Programmes .....	5
<b>4</b>	<b>Governance</b> .....	<b>6</b>
4.1	Guidelines for Competition in the South African Automotive Aftermarket Industry .....	6
4.2	Intergovernmental Fintech Working Group (IFWG) – Fintech Landscaping Report .....	7
4.3	Retail Distribution Review (RDR) .....	8
4.4	Third Party Cell Captives Regulatory Framework – An Update .....	10
4.5	Joint Industry Ombudsman for the Insurance Industry .....	12
<b>5</b>	<b>Corporate Affairs</b> .....	<b>12</b>
5.1	SAIA Breakfast Session .....	12
<b>6</b>	<b>SAIA Forums</b> .....	<b>13</b>
6.1	South African Association of Engineering Insurers .....	13
<b>7</b>	<b>SAIA News</b> .....	<b>15</b>
7.1	SAIA Appoints Pamela Ramagaga as Acting General Manager Insurance Risks .....	15
<b>8</b>	<b>Industry News</b> .....	<b>15</b>
8.1	2020 African Insurance Exchange Conference.....	15
8.2	Sasria (SOC) Ltd: The Provision of Special Risk Insurance Cover for GIT and Marine Risks .....	16
8.3	Invitation for Proposals to Reskill Workers at Risk.....	16
<b>9</b>	<b>SAIA Circulars</b> .....	<b>18</b>

# 1 From the Desk of the Chief Executive

February 2020 saw the Minister of Finance, Mr Tito Mboweni deliver his Budget speech in parliament amid a challenging economic climate. Perhaps of particular importance to our industry was the allocation of R426 billion to local governments through the Municipal Infrastructure Grant to ensure that municipalities not only build new infrastructure but also maintain the infrastructure they already have, an area which has been a challenge for the non-life insurance industry. It is therefore SAIA's hope that local governments will, make full use of this much needed support.

A few weeks ago, SAIA welcomed the Intergovernmental Fintech Working Group's published report on the Fintech start-up sector, and would like to encourage all members to take note of the developments as this may be a new opportunity to test new ideas to assist with accessing new markets and increase financial inclusion in an increasingly challenging economic environment. The Fintech Working Group will launch an online portal for fintech players to be able to participate in the Fintech Innovation Hub with a planned launch in the first quarter of 2020.

On 22 January 2020 SAIA, ASISA and BASA executives, held a meeting to further deliberate on the employment equity proposals put forward by the Department of Employment and Labour (DoEL) for the Financial Sector. A way forward was jointly agreed to and a new proposal outlining the sector's proposed way forward was communicated to the DoEL in a joint SAIA/BASA/ASISA letter. SAIA will be conducting workshops for its members, and all members are encouraged to attend the workshop as this is an extremely important area of discussion for the industry.

Following the soft amalgamation of the Ombudsman for Short-Term Insurance (OSTI) and the office of the Ombudsman for Long-Term Insurance, the insurance industry will now have a single Ombudsman, effective 1 January 2020. However, the two offices will, continue to operate separately within their current defined jurisdictions for the foreseeable future. There is now a new single-entry point to lodge complaints, however, the individual portals for both Ombudsmen will remain functional until advised further.

The Competition Commission's new Guideline for Competition (the Guideline) aims to transform and encourage competition through greater participation of small businesses as well as historically disadvantaged groups in the South African Automotive Aftermarket Industry was published on 6 February 2020 for public consultation. A Circular has been sent out to SAIA members to invite them to submit their written comments to SAIA by 9 March 2020 to facilitate the drafting of a submission to the Commission.

SAIA will be hosting its first Breakfast Session for the year at the Wanderers Club, Illovo on 19 March 2020 where experienced specialists will share their insights on various issues affecting the non-life insurance industry, while also affording delegates an opportunity to interact with the subject experts. This session, will focus on the sustainability of property insurance, while also exploring the challenges and the risks faced by local governments and the non-life insurance industry as a result of changes in weather patterns (climate change) and will also attract 2 FAIS hours and Professional CPD points.

Viviene Pearson  
**SAIA Chief Executive**

## 2 Insurance Risks

### 2.1 Competition Commission Draft Code of Conduct for Competition in the South African Automotive Industry

The Competition Commission (CC) has issued draft Guidelines for Competition in the South African Automotive Aftermarket Industry for public comments in the Government Gazette (No 43015). It stated that the Guidelines, prepared in terms of section 79 (1) of the Competition Act No. 89 of 1998 (as amended), provide practical guidance to firms in the automotive sector on conduct that may be anti-competitive (and how to mitigate this) and to encourage competition through greater participation of small businesses as well as historically disadvantaged groups.

SAIA has circulated a request to members to submit comments on or before Thursday, 12 March 2020 for inclusion in SAIA's submission to the Competition Commission by 16 March 2020.

Please refer to page 6 for more information on the Competition Commission Draft Guidelines for Competition in the South African Automotive Aftermarket.

### 2.2 The Review of the SAIA Code of Motor Salvage

#### **Background:**

The work of the Technical Guidelines Task Team to review the Code of Motor Salvage is complete. The final draft has been circulated to SAIA motor members and relevant stakeholders like Salvage Agents to provide their final comments with a deadline for comments being Friday, 27 February 2020.

#### **Status Update:**

The important amendments to the revised Code include the deletion of the reference to the role and responsibilities of the Banking Association South Africa (BASA) and the National Motor Financing Association (NMFA), going forward.

However, the two industries agreed to meet and discuss how they could work together, especially regarding the handling of motor salvage and its documentation.

#### **Way Forward:**

SAIA will collate all the comments received and send them to the Technical Guidelines Task Team for consideration, after which the final draft would be circulated to the Board Committee: Insurance Risks and the SAIA Board for final approval.

It is expected that this Code will be launched together with the updated SAIA Code of Conduct, by the end of March 2020.

*This article was written by Zakes Sondiyazi, SAIA Insurance Risks Manager.*

For more information, please contact [Zakes@saia.co.za](mailto:Zakes@saia.co.za).

## 3 Transformation

### 3.1 SAIA Consumer Education Programmes

#### Radio Programmes:

SAIA continues to strive to implement projects which are impactful, including those that promote the transfer of financial product and services knowledge to its targeted consumer education beneficiaries. During the 2019 project year, SAIA expanded its consumer education strategy and implemented six projects which applied various delivery methods appropriate to reach and cater for different market segments within the targeted audience, as defined in the Financial Sector Code. 70% of the projects delivered were deemed to be interactive and 30% awareness creation, with three completed projects, SAIA reached 882 332 beneficiaries at a cost of R5.76 per person. The remaining three projects are nearing completion stage and will be incorporated in the final 2019 monitoring and evaluation report which will be available at the beginning of the second Quarter of 2020.

The SAIA Consumer Education Project year 2020 has kicked off successfully, with three of our projects having commenced roll outs in the course of February 2020.

The SAIA Consumer Education Radio programme, now in its third sequence, started on 18 February 2020 on three commercial/community radio stations across the country. The theme for this year is policy management, which will focus on the importance of non-life insurance products, reading of your policy documents and understanding what the policy wording means, as well as the information that the policyholders need to know at claims stage.

Below is a schedule of the radio programme which will be airing every two weeks on the mentioned radio stations. The radio interviews are 30 minutes long featuring a 10-minute presentation by an industry expert and a 20-minute listener interaction session.

#### Radio Schedule:

No.	Gagasi FM	Capricorn FM	Jozi FM
	Tuesday	Wednesday	Thursday
	19h30	19h00	18h30
1	18-Feb-20	19-Feb-20	20-Feb-20
2	03-Mar-20	04-Mar-20	05-Mar-20
3	17-Mar-20	18-Mar-20	19-Mar-20
4	31-Mar-20	01-Apr-20	02-Apr-20
5	14-Apr-20	15-Apr-20	16-Apr-20
6	28-Apr-20	29-Apr-20	30-Apr-20
7	12-May-20	13-May-20	14-May-20
8	26-May-20	27-May-20	28-May-20
9	09-Jun-20	10-Jun-20	11-Jun-20
10	23-Jun-20	24-Jun-20	25-Jun-20
11	07-Jul-20	08-Jul-20	09-Jul-20
12	21-Jul-20	22-Jul-20	23-Jul-20



#### **SAIA Tertiary Students Programme:**

The Know Your Cash Financial Literacy Campaign, which is targeted at tertiary students, hosted its first interactive activation and seminar at the Orbit TVET College in Rustenburg on 21 February 2020. The engagement reached more than 1,000 beneficiaries.

#### **SAIA SMME Education Programme:**

SAIA has also expanded its project offerings to Small Medium and Micro Enterprises through the Building Resilient Business Initiative which delivered interactive awareness exhibitions at expos in 2019, to now hosting seminars and partnering with the Small Enterprise Development Agency's (SEDA) small business development programme to provide risk management and financial literacy workshops to Small, Micro, and Medium Enterprises (SMMEs). SAIA will be exhibiting at the 2<sup>nd</sup> annual Smart Procurement World Conference and Enterprise & Supplier Development EXPO in Bloemfontein in the Free State, on 25 and 26 February. Details of upcoming events will be shared with SAIA members in due course.

#### **Thank you for your Support:**

SAIA remains appreciative of all members who support the SAIA Consumer Fund through their financial and other contributions towards the implementation of the project initiatives. Members are invited to participate by contributing funds and offering other non-monetary support towards these initiatives.

*This article was written by Zanele Gigaba, SAIA Transformation Manager.*

For more information, please contact [Zanele@saia.co.za](mailto:Zanele@saia.co.za) or [lebohang@saia.co.za](mailto:lebohang@saia.co.za).

## **4 Governance**

### **4.1 Guidelines for Competition in the South African Automotive Aftermarket Industry**

In 2017, the Commission published a draft Code of Conduct for Competition in the Automotive Industry (the Code) for public consultation. The Code sought to address concerns relating to competition and inclusivity within the automotive aftermarket industry. The Commission received numerous submissions from interested stakeholders, including a submission from SAIA.

In early 2018, the Commission again consulted stakeholders regarding evolved considerations on the Code, based on submissions received. This culminated in the development of a revised Code. Both versions of the Code were drafted on the basis that the automotive industry would agree to the Code voluntarily. SAIA resubmitted its initial comments in the second round of public consultations on the Code.

In 2019, the Commission decided to abandon the Code and to establish a guideline instead. The new Guideline for Competition in the South African Automotive Aftermarket Industry (the Guideline) was published on 6 February 2020 for public consultation. It provides practical guidance for the automotive industry, with the aim of transforming the automotive aftermarket and encouraging competition through greater participation of small businesses as well as historically disadvantaged groups. The Guideline is not binding on the Commission, the Competition Tribunal or the Competition Appeal.

Below, is a summary of key guidelines/principles provided in the Guideline:

Theme	Key Guidelines
Exclusion for foreclosure of Independent in the market for service and maintenance, motor body repair, non-structural and mechanical repairs of insured vehicles and/or vehicles under warranty.	Original Equipment Manufacturers (OEMs) must conduct themselves in a manner which is not exclusionary and exploitative.
Promoting inclusive and fair allocation of repair work by insurers.	The guidelines introduce measures targeted to reduce financial barriers created by the requirements imposed by OEMs for accessing facilities of dealerships.
	Guidelines introduced are to encourage a fair allocation of work amongst insurer approved service providers and promote inclusivity in the selection of motor-body repairers into the insurers' network.
Exclusion or foreclosure of distributors of non-original spare parts, components, tools & equipment from distributing parts competing with OEM's brand in-warranty.	Guidelines introduce the concept of non-original spare parts in order to mitigate against restrictive practices that foreclose the distribution of original spare parts to Independent Service Providers (ISPs). The rationale is to increase consumer choice in the fitment of in-warranty spare parts.
The bundled sale of motor vehicles with value added products.	Guidelines introduced provide for the unbundling of maintenance and service plans at the point of sale from the purchase price of the motor vehicle.
Lack of access to technical information by ISPs.	OEMs are required to make available to ISPs the OEM technical information relating to motor vehicles, on the same terms offered to approved service providers, where applicable.
Lack of access to OEM-training by ISPs.	OEMs and/or dealers must provide training or access thereto to ISP employees who request parts or product specific training, at a reasonable cost that may not exceed that imposed on employees of approved service providers.

SAIA is consulting its members on the Guideline and will submit comments to the Commission by 16 March 2020.

## 4.2 Intergovernmental Fintech Working Group (IFWG) – Fintech Landscaping Report

In late 2019, the IFWG published a report which seeks to map the current landscape of fintech businesses in South Africa and which will also serve to support regulators and policymakers as they

make decisions to enable more solution orientated engagement among the fintech industry's stakeholders.

The report defines fintech as advanced technology firms that have the potential to transform the provision of financial services spurring the development of new business models, applications, whose products and services are directly applicable in the delivery of financial services.

The analysis of the fintech environment in South Africa commenced with an analysis of all active fintech businesses in South Africa, which included a market segmentation , international trend analysis and an interview with fintech entrepreneurs in order to understand their experience, challenges and views regarding the South African regulatory environment.

Some of the market segments identified from the research conducted includes InsurTech and Financial Planning and Advisory. The InsurTech segment was defined as those entities that provide part or the entire insurance value chain functions (e.g. communication, risk analysis, distribution) using specific technologies (e.g. artificial intelligence, robotics) instead of traditional methods.

South African regulators such as the South African Reserve Bank and the Financial Sector Conduct Authority have been proactive in monitoring new technologies to understand the ways in which these may impact underlying economic activities. The SARB, as an example has established a fintech programme to assess the emergence of fintech and consider regulatory implications.

Following the research and project, the IFWG now intends to introduce an online portal consisting of a Fintech Innovation Hub planned to be operational in early 2020. The Fintech Innovation Hub will include a Regulatory Guidance Unit, a Regulatory Sandbox and an Innovation Accelerator component.

The Regulatory Guidance Unit will provide information and clarity regarding financial services regulation. The Regulatory Sandbox will offer regulatory relief, within the existing legislative framework, to test innovative products and services. The Innovation Accelerator will explore innovation that can improve the regulatory environment or improve customer experience and access.

Fintech players will, via the online portal, be able to apply to participate in the Fintech Innovation Hub as well as review their information. The planned launch date for the portal is the first quarter of 2020.

### **4.3 Retail Distribution Review (RDR)**

In late 2019, the Financial Sector Conduct Authority (FSCA) published several documents on RDR:

- a) RDR General Status Update.
- b) Intermediary Activity Segmentation Analysis.
- c) Categorisation of Financial Advisers Discussion Document for comments.

This article will discuss the Categorisation of Financial Advisers Discussion Document for comments.

#### **Categorisation of Financial Advisers Discussion Document (DD)**

The Categorisation of Financial Advisers DD provides an update, and invites comments from interested stakeholders, on the FSCA's updated thinking on various practical implications of the 2-tier adviser categorisation and related RDR proposals.

#### **Section 1: Terminology to designate advisor categories**



Appropriate terminology is required to designate the two proposed adviser categories for customers to understand who they are dealing with. The FSCA has proposed potential designations based on consumer research and suggestions.

Potential designations that have been suggested, include but are not limited to the following:

<b>Designations to describe product supplier agent (PSA) tier</b>	<b>Designations to describe registered financial adviser (RFA) tier</b>
PSA	RFA
Product supplier adviser	Licensed financial adviser
Tied financial adviser	Non-tied financial adviser
Restricted financial adviser	Non-restricted financial adviser
Aligned financial adviser	Non-aligned financial adviser
Financial consultant	Financial broker

## **Section 2: Practical implications of 2-tier adviser categorisation**

To ensure clear structural distinction between PSA and RFA advice models, the FSCA confirmed that the same entity or adviser may not operate as both PSA and an RFA, however exceptions were proposed for various scenarios. Entities licensed to provide financial advice will have to clearly indicate which adviser category they will operate in and be licensed accordingly.

The FSCA also confirmed that it will be permissible for both PSA and RFA models to operate within the same group of companies, if they are operated through separate legal entities.

## **Section 3: Limiting PSA advice to home group products and services – limitation on gap filling**

Amongst other matters, this section addresses the use of referrals and leads by PSA.

The FSCA previously communicated that, it would consider allowing PSA to use a referral process to refer the customer to another product supplier or to an RFA channel that is able to provide or recommend a product or service potentially better suited to the customer's circumstances.

## **Section 4: Use of the designation “independent”**

Financial Services Providers or its representative will be disallowed from describing themselves or the financial services they render as “independent” in certain situations.

## **Section 5: Use of the designation “financial planner”**

The FSCA confirms their intent to acknowledge the professional status of qualified financial planners by reserving the use of the designation “financial planner” for those holding a formal professional designation in this discipline. Therefore, the proposal is to disallow advisers who do not hold a professional financial planning designation from describing their services as “financial planning” and describing their recommendations as a “financial plan”.

## **Section 6: Product supplier responsibility**

This section discusses various approaches to the product supplier responsibility for RFAs. A distinction between product supplier responsibilities for RFAs that are “independent” of the product supplier and those who are not is also discussed.

## **Section 7: Considering a “multi-tied” advice model for different product classes**

According to the FSCA, although a “multi-tied model” would be a partial deviation from the two-tier categorisation approach, it is worth considering as it potentially allows some degree of flexibility around the otherwise strict “no gap filling” limitation, while avoiding the legal complexity and potential conflicts of interest in allowing a tied adviser to also offer products of competing principals.

SAIA hosted a workshop of the Categorisation of Financial Advisers DD, in preparation for the submission of comments to the FSCA by the due date of 31 March 2020.

## **4.4 Third Party Cell Captives Regulatory Framework – An Update**

In December 2019, the Financial Services Conduct Authority (FSCA) published final policy proposals for conduct requirements applicable to third-party cell captive insurance business.

The proposals are noted as being final as they are intended to give certainty to the industry around the policy views on conduct related requirements specific to cell captive insurance to be introduced in order to mitigate any further regulatory arbitrage.

The final proposals are as follows:

### **1. Limitation on who may be a cell owner**

The FSCA proposes that a non-mandated intermediary (NMI) or an associate of an NMI, that is a cell owner, must be restricted to rendering services as intermediary (including advice) only in respect of policies underwritten in the cell structure of that cell owner. The NMI cell owner may therefore not provide services or advice in relation to policies outside of the cell structure/s it owns.

### **2. NMI cell owner must be a registered financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (Act No. 37 of 2002) (FAIS Act)**

Comments from the public on the draft Conduct Standard included a proposal for more direct oversight by the FSCA over cell owners who are also NMIs. This can be done by strengthening requirements on cell owners who are NMIs by not allowing NMI cell owners to be representatives (as defined in the FAIS Act) on the insurer’s FSP license, and instead requiring the NMI cell owner to have its own FSP licence. This would mean that the NMI cell owner must meet the full FAIS fit and proper requirements for FSPs, such as having a Key Individual, Compliance Officer, etc.

### **3. Strengthening governance and oversight requirements**

It is proposed that further stringent governance and oversight requirements be imposed on cell captive insurers to mitigate the specific risks exacerbated by the nature and business models of cell captive insurers which have been identified as particularly prominent in third-party cell captive insurance models.

#### **4. Specific requirements related to product design**

The FSCA confirms that approval and sign off required in terms of Policyholder Protection Rule (PPR) 2 (which refers to sign off on product design, confirmation of distribution methods and disclosure documents) may not be delegated to cell owners or third parties, and senior management of the third party cell captive insurer remains accountable for all new products and product enhancements, including excess structures set in non-life insurance products. This will be clarified in the Conduct Standard, and possibly further enhanced through amendments to the PPRs.

#### **5. Additional disclosure requirements**

The FSCA proposes, in addition to PPR Rule 11, that further specific disclosure requirements will be imposed on NMI cell owners, or associates of such NMIs to confirm to policyholders the exact nature of the relationship and remuneration arrangements (including profit share and dividends) between the cell owner and the insurer. These disclosures must be made to the policyholder prior to the inception of any policy and if and when any of these arrangements change.

#### **6. Specific reporting requirements**

The first draft of the Conduct Standard published for comment in 2018 contained certain direct reporting requirements. As an alternative to the initial positioning in the draft Conduct Standard, it is proposed that a general reporting obligation should be placed on cell captive insurers to report the information as determined by the FSCA, in the medium and form, by the date, or within the period, as determined by the FSCA. The template for the additional reporting by cell captive insurers will be determined by notice on the FSCA's website and will allow flexibility around the details required in the cell captive specific reporting.

#### **7. Exemption powers**

The proposal in the initial draft Conduct Standard was to allow for an exemption process from the limitations in the draft Conduct Standard to facilitate an inclusive insurance market and to promote the transformation of the insurance sector. This was to address concerns that limiting NMI cell ownership only to cell structures where there is a so-called affinity relationship (which was broadly associated with brand affinity), as was the proposal in the initial draft Conduct Standard, would stifle the incubation process, as new entrants into the market would not necessarily have an established affinity relationship or brand.

#### **8. Transitional arrangements**

The enhanced conduct requirements relating to cell captive insurance will potentially apply to both new and existing cell structures. If they were to only apply to new cell structures this would perpetuate the unlevel playing fields and support the regulatory arbitrage evident from the research done by the FSCA. Consideration is being given to appropriate transitional arrangements in order to ensure that the alignment of existing cell structures owned by NMIs to the new requirements be done in a practical manner and ensuring that it does not have an inappropriate negative impact on the industry.

The updated draft Conduct Standard, along with the relevant supporting documents will be published for public comment in terms of the consultation requirements in the Financial Sector Regulation Act (Act No. 9 of 2017) (FSRA), and interested parties will have an opportunity to raise comments and views on the proposals through that process.

## 4.5 Joint Industry Ombudsman for the Insurance Industry

The insurance industry (life and non-life insurance collectively) now have a single Ombudsman effective 1 January 2020 - retired Judge, Mr Justice Ron McLaren.

The Ombudsman for Short Term Insurance (OSTI) and the office of the Ombudsman for Long-Term Insurance will remain in existence and continue to operate separately within their current defined jurisdictions, and until such time that the new Ombudsman operating structure has been finalised and communicated.

From 1 February 2020, a single port of entry for complainants who are uncertain at which office to lodge a complaint has been made available. Complainants for both life and non-life insurance; respectively can also continue to use the existing entry points.

Click [here](#) to access the single port of entry/gateway.

Further contact details provided below:

**Portal:** <https://www.insuranceombudsman.co.za/>

**Fax:** 086 589 0696

**Email:** [info@insuranceombudsman.co.za](mailto:info@insuranceombudsman.co.za)

**Share Call:** 0860 103 236/0860 726 890

*These articles were written by Mashudu Mabogo, SAIA Legal Specialist.*

For more information, please contact [Mashudu@saia.co.za](mailto:Mashudu@saia.co.za).

## 5 Corporate Affairs

### 5.1 SAIA Breakfast Session

SAIA will be hosting the first of a series of Breakfast Sessions for the year 2020 with a focus on the sustainability of property insurance, while also exploring the challenges and the risks faced by local governments and the non-life insurance industry as a result of changes in weather patterns (climate change).

The session will take place on 19 March 2020 at the Wanderers Club in Illovo. Three experts are lined up to present on the topic and explore the different ways to mitigate this risk.

Don't miss the opportunity to register for this important session by clicking on the link below:

<https://saia.co.za/newSite/index.php?id=2295>

**SEATS ARE LIMITED, DON'T MISS THE CHANCE TO REGISTER!**



**SAIA**  
SOUTH AFRICAN INSURANCE ASSOCIATION

SAIA  
*1st Breakfast Session*  
2020

**VENUE:** THE WANDERERS CLUB  
**DATE :** 19 MARCH 2020  
**TIME :** 08:30 – 11:00  
**COST:** R500.00 EXCL VAT PER DELEGATE

[CLICK HERE TO REGISTER BY 11 MARCH](#)



*Theme*

THE SUSTAINABILITY OF PROPERTY INSURANCE, WHILE ALSO EXPLORING THE CHALLENGES AND THE RISKS FACED BY LOCAL GOVERNMENTS AND THE NON-LIFE INSURANCE INDUSTRY AS A RESULT OF CHANGES IN WEATHER PATTERNS (CLIMATE CHANGE).

*Speakers*

- JANE MARCH - Managing Director: Placement, Marsh Africa.
- DR MUSIWALO MOSES KHANGALE (PHD) - Senior Manager: Fire Services Coordination, Directorate: Fire Services Coordination, National Disaster Management Centre.
- DR CLAIRE DAVIS-REDDY (PhD)  
Data Science Team Lead at the uLwazi Node of the South African Environmental Observation Network (SAEON).

---

PROMOTING A TRUSTED & SUSTAINABLE NON-LIFE INSURANCE INDUSTRY FOR SOUTH AFRICA

---

OFFICIAL MEDIA PARTNER: 

For more information, please contact [Tessa@saia.co.za](mailto:Tessa@saia.co.za).

## 6 SAIA Forums

### 6.1 South African Association of Engineering Insurers

#### Insurance of Electronic Control Boards of CNC Machines

Engineering Insurers have had a number of requests over the years from Brokers/Clients, to insure only the Electronic Control Boards of a machine under a stand-alone Electronics Policy. The rest of the

machine, in particular what is referred to as the “moving parts” (shafts, gears motors etc.), would then be covered under the Machinery Breakdown Policy.

The rationale for doing this is that the boards are not considered as “moving or wearing parts”, but would rather be seen as computer equipment, and should have the same All Risks Cover that computers and electronic equipment enjoy. However, the argument/reasoning put forward for doing this is flawed, and Insurers are advised to decline such requests. I will explain the reasons why below.

The majority of modern machines are electronically/computer controlled and are referred to as CNC Machines (Computer and Numerically Controlled). However, the Boards themselves are only a part of the control system, and the part that will quite often be visible (the human interface).

In order for the Electronic Control Boards/Controllers to operate, there will be a considerable network of cabling, sensors, relays/switches, etc. built into and around the working parts of the machine during the original manufacturing process. The sensors monitor a considerable number of critical parameters inside the working parts of the machine, such as the temperature, vibration, timing, as well as controlling the positioning of cutting or drilling bits, plus the vertical and horizontal positioning of the goods/parts being worked on, and will provide feedback to the electronic “brain”.

The above will ensure that precision cutting, drilling, and milling operations can be executed, and should a sensor/relay detect a potential problem (something out of specification or exceeding the safe parameters) the controller will shut down the machine immediately, in order to avoid major damage to either the machine itself, or the parts being manufactured, or both.

As can be seen, the Electronic Controllers are part and parcel of the machines from the ground up, and are designed for a particular machine, and installed during the manufacturing process with the rest of the parts of the machine.

Trying to separate out the complete electronic control system (including the cabling, sensors, relays etc.), and put a cost to this, including the replacement cost, given that the machine would more than likely have to be stripped to do this, would be virtually impossible. In addition, to simply insure the Electronic Control Boards on their own, would be seen as selection against Insurers. We have also had a few approaches requesting that we only cover the “Moving Parts” of a machine, and not the stationary parts such as the frame, body, etc. under a Machinery Breakdown Policy. This is another example of selection against the Insurers, and one which should also be declined.

In conclusion, the Electronic Control Boards of a CNC machine can only be insured along with the rest of the machine, under either the Machinery Breakdown Section of a Commercial Policy, or the stand-alone Engineering Machinery Breakdown Policy.

*This article was written by David Waterworth, Technical Specialist: Engineering: Old Mutual Insure.*

**For more information, please contact [David.Waterworth@ominsure.co.za](mailto:David.Waterworth@ominsure.co.za).**



## 7 SAIA News

### 7.1 SAIA Appoints Pamela Ramagaga as Acting General Manager Insurance Risks

Following the departure of Mr Nico Esterhuizen in December 2019, SAIA is pleased to inform you that Mrs Pamela Ramagaga was appointed as the Acting General Manager of Insurance Risks effective 1 January 2020. Since joining the SAIA team, Mrs Ramagaga has been working closely with the former General Manager, Mr Nico Esterhuizen. Mrs Ramagaga also represents the organisation on different industry bodies and heads up the organisation Sector Skills Development Project among many others.

The SAIA Board and the management wishes her success in her new role.

For more information, please contact [Pamela@saia.co.za](mailto:Pamela@saia.co.za) or [Rachel@saia.co.za](mailto:Rachel@saia.co.za).

## 8 Industry News

### 8.1 2020 African Insurance Exchange Conference

The 2020 African Insurance Exchange promises to be a cornucopia of exploration, imagination and celebration.

The conference takes place from Sunday, 26 to Wednesday, 29 July at Sun City, where delegates will be treated to a stellar line-up of speakers and panellists, networking opportunities aplenty, and loads of opportunities to have fun.

We have incorporated feedback from previous years and can honestly say that this year's AIE will be nothing short of spectacular.

As always, the event will attract high-level delegates from across the insurance spectrum, as well as SA's top industry media. There will be plenty of press activations throughout the conference, giving you unprecedented access to members of the media to discuss your thoughts and ideas in an informal setting.

To register, click on the banner below:



*This article was written by the African Insurance Exchange (AIE) Organising Committee.*  
**For more information, please contact: [Communications@iisa.co.za](mailto:Communications@iisa.co.za).**

## **8.2 Sasria (SOC) Ltd: The Provision of Special Risk Insurance Cover for GIT and Marine Risks**

Sasria SOC Ltd, the only short-term insurer that provides special risk cover to all individuals and businesses that own assets in South Africa, as well as government entities on 13 February issued a Circular to all its Agents and Intermediaries regards the Once-off GIT and Marine Policies.

The insurer that provides special risk insurance cover for Goods In Transit and Marine risks said that following requests and deliberations with the industry regarding premium for once-off cover, it was pleased to inform the industry that with immediate effect (this does not apply retrospectively), all once-off transit policies must be charged a once-off premium of R50.00.

The company said that the R50.00 premium will be applicable to these risks for the duration of the conveyance only, and that Sasria Regulations and the Rates Calculator will be updated accordingly with these changes.

***For any queries, kindly contact Mokgadi Malebye at [mokgadim@sasria.co.za](mailto:mokgadim@sasria.co.za) or your Sasria Customer Relationship Manager.***

## **8.3 Invitation for Proposals to Reskill Workers at Risk**

During engagements between the INSETA Skills Planning Unit with stakeholders in the Insurance sector, discussions on the scarce and critical skills and key occupations in the sector revealed that there is a need for top up skilling and reskilling to ensure continued competence and professionalism of the incumbents of these positions.

In addition, jobs are impacted by the rapid advance in technology and new strategies adopted by organisations to remain sustainable and thrive in the current economic conditions in which they operate. The automation of repetitive functions can potentially impact parts of jobs or even render certain jobs as redundant.

In response to the above, INSETA hereby invites Employers, Insurance Professional Bodies, Insurance Industry Associations and Unions operating in the Insurance Sector that are registered with INSETA as compliant levy and non-levy payers; to submit proposals to nominate their employees to be funded for programmes/qualifications related to the following:

- Qualifications and Skills programs to address jobs at risk
- Top-up Skills for specific occupations that workers at risk can move on to
- Mentoring Programs that lead to Professional Development and Designations
- Development Programs for “new” occupations in demand e.g. Data Analyst or Fraud Examiner
- Experiential Skills Programs related to the table below:

<b>Behavioural Skills Needs 2019/20</b>	
<b>Critical Thinking</b>	<b>Decisiveness</b>
<b>Problem Solving</b>	<b>Data Analytics</b>
<b>Systems Thinking</b>	<b>Digital Literacy</b>
<b>Cognitive Thinking</b>	<b>Creativity</b>
<b>Design Thinking</b>	<b>Adaptability</b>
<b>Adaptive Thinking</b>	<b>Innovation</b>
<b>Emotional Intelligence</b>	<b>Communication</b>
<b>Collaborative approaches</b>	

Preference will be given to proposals that are in line with the INSETA Scarce Skills List published on the INSETA Website.

Received proposals will be evaluated in accordance with the INSETA Discretionary Grant Policy on the basis of their impact in addressing skills challenges in the Insurance Sector.

Proposals must be submitted to [proposals@inseta.org.za](mailto:proposals@inseta.org.za) by end of business on 2 March 2020.

## **THE WSP & ATR**

# WINDOW IS OPEN

**IMPORTANT NOTICE**

Dear Valued Stakeholder  
The Inseta system is now open for the submission of the Workplace Skills Plan (WSP) and Annual Training Report (ATR)

WSP
 ATR
 SETA

*Closing Date:*

# 30 April 2020



**inseta**  
INSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY

Working together for a skilled tomorrow

**EMPOWERED TO INFLUENCE AND INSPIRE!**

## 9 SAIA Circulars

<b>SAIA MD Circulars- February 2020</b>		
<b>MD2020-010</b>	Israeli Trade Mission Insurtech Invitation	03-02-2020
<b>MD2020-011</b>	CMC Circular 80 and 82.	04-02-2020
<b>MD2020-012</b>	Proposal to set the sector specific EE targets by the DoEL	26-02-2020
<b>SAIA SG Circulars- February 2020</b>		
<b>SG2020-006</b>	CMS Circular 80 And 82	05-02-2020
<b>SG2020-007</b>	Retail Distribution Review: Discussion Document on Categorisation of Financial Advisers and Related Matters Workshop.	07-02-2020
<b>SG2020-008</b>	Invitation to Comment: SAIA Code of Motor Salvage	10-02-020
<b>SG2020-009</b>	Financial Sector Conduct Authority (FSCA) - Third Party Cell Captive Insurance Regulatory Framework	13-02-2020
<b>SG2020-010</b>	Information Request – Personal Lines Claims	13-02-2020
<b>SG2020-011</b>	Joint Industry Ombudsman for the Insurance Industry	13-02-2020
<b>SG2020-012</b>	Penalty for Failure to Furnish the FSCA with Returns	13-02-2020
<b>SG2020-013</b>	Fintech Landscaping Report	13-02-2020
<b>SG2020-014</b>	NCDMS (National Crash Data Management System)	21-02-2020
<b>SG2020-015</b>	Guidelines for Competition in The South African Automotive Aftermarket Industry	25-02-2020

**IMPORTANT NOTICE**

**For information on the SAIA bulletin or content published herein**

**Contact Tessa Kerspuy, Communications Administrator**

✉ E-mail: [tessa@saia.co.za](mailto:tessa@saia.co.za) ☎ Tel: (011) 726 5381

☎ Fax: 086 647 2275

[www.saia.co.za](http://www.saia.co.za)