From the Desk of the CEO ................................................................. 3

Insurance Risks .............................................................................. 4
  2.1 6th United Nations (UN) Global Traffic Safety Week ......................... 4
  2.2 Cybercrime and Cyber Insurance or Liability ..................................... 5

Transformation ............................................................................. 6
  3.1 SAIA’s Building Resilient Businesses - Consumer Education Programme ...... 6
  3.2 Results of the FinScope SA Survey on SMMEs for 2020 ....................... 7

Operations .................................................................................... 7
  4.1 SAIA Code of Conduct: Workshops .................................................. 7
  4.2 The Virtual SAIA and Related Bodies’ Annual General Meeting .......... 8

SAIA News .................................................................................. 8
  5.1 Vacancies: SAIA Insurance Risks Manager and Insurance Technical Advisor ...... 8

SAIA Circulars - May 2021 ......................................................... 9
1 From the Desk of the CEO

The government kicked off its phase 2 of the COVID-19 vaccinations in earnest during May 2021, with minimal people in the 60+ age group registering discontent. It is pleasing to know that the government had progressed from the “talk and planning” to execution mode. As the non-life insurance industry body, and a member of Business Unity SA (BUSA), we support the collaborative effort between the public and private sectors to roll out the COVID-19 Vaccination Programme and will certainly play our role in encouraging all South Africans to vaccinate.

However, the third wave has crept in and infection numbers are peaking necessitating all South Africans to take every precaution. A return to Level 3, or anything above that, will not only further devastate our economy but will also erode consumer purchasing or spending power, further jeopardising growth prospects for our economy. However, I was pleased with the feedback from the revelations of the South African Reserve Bank’s Financial Stability Review (FSR) on Thursday 28 May, where the bank stated that profitability across both the banking and insurance sectors has been materially lower, but remained positive in 2020, which played an important role in bolstering capital levels. The report further noted that South Africa’s financial institutions remain “well capitalised”, which in itself must give our policyholders confidence in the ability of the industry to meet its obligations.

The non-life insurance industry is constantly confronted by a need to continue to review and evolve its risk management strategies and solutions to remain relevant. In the last year, our industry, alongside many others, witnessed the COVID-19 pandemic ushering in several new policies in the world of work that involved either working from home, or at the office or a hybrid that involved the combination of both. This meant that companies have had to spend more on technology infrastructure for business continuity. Consequently, this has also come with several security risks for most businesses that needed mitigation strategies.

As more business operations migrate to online models, the threat of cybercrime increases, and a greater need for cybersecurity comes into play. The South African Banking Risk Information Centre (SABRIC) has shown that South Africans lose in excess of R2.2bn to internet fraud and phishing attacks annually. Although there are products available in this space, there remains an opportunity to further emphasise the role of insurance in the cyber risk and security space.

Following the recent re-launch of a revised SAIA Code of Conduct, SAIA hosted several workshops in May aimed at creating deeper awareness and promoting compliance to its provisions among SAIA members. Further Workshops are planned for this year to discuss changes to the current Audit Template and how best to manage compliance following the collation of results that form the basis for the Annual Certificate of Compliance Reports, from the Certificate of Compliance exercises.

SAIA welcomes the Finance Minister, Mr Tito Mboweni’s appointment of the first Ombud Council Board and a Chief Ombud for the Council, Ms Eileen Meyer. We look forward to working with the Council soon.

In conclusion, on behalf of SAIA, I would like to extend my sincere condolences to one of SAIA Board Members, Mr Thusang Mahlangu and his family, on the passing of his beloved wife, Mrs Cecilia Mahlangu. Our thoughts continue to be with him and his family at this challenging time.

Viviene Pearson: SAIA Chief Executive
2 Insurance Risks

2.1 6th United Nations (UN) Global Traffic Safety Week

On the week of 17 to 23 May, the international world celebrated the 6th United Nations (UN) Global Traffic Safety Week. For 2021, the theme of this program was named “Streets for Life” (#Love30) which is aimed at lobbying for governments to introduce a speed limit of 30km/h around urban areas.

In the 2021 Easter Road Crashes Report, pedestrians accounted for 35% of road crash fatalities. The introduction of these safe speeds in residential areas will therefore contribute to the reduction of pedestrian fatalities experienced on South African roads. The UN further emphasised that low speeds will also contribute towards efforts to drive to zero carbon emissions which also protects the environment.

2021 UN Global Road Safety Week Theme Source: World Health Organisation

In a research publication issued by the World Health Organisation (WHO), it was reported that there is a 99% chance of surviving a road crash when the speed is at 30 km/h or less in comparison to an 80% chance of survival at a speed of 50 km/h.

5 actions for #streetsforLive:

1. Engineer roads to incorporate traffic calming features like circles.
2. Introduce speed limits appropriate to the traffic of each road.
3. Tighten enforcement laws around speed limits.
4. Adaption of vehicle technologies that warn of potential crashes/ hazards.
5. Raise awareness of the dangers of high speeds.

About the UN Road Safety Week:

The UN General Assembly mandated WHO and the UN regional commissions to plan and host periodic UN Global Road Safety Weeks. Held since 2007, the #Love30 campaign is the 6th UN Global Road Safety Week.

The tightening of road laws and its enforcement remains a priority here in SA. When the Administrative Adjudication of Road Traffic Offences (AARTO) was launched, SAIA was one of the first organisations that came out in support of its implementation. SAIA views it as a tool that can be used to mitigate the unacceptably high rate of road crashes that has led to loss of lives and property in South Africa.
The SAIA Board approved Road Safety as one of SAIA’s key focus areas where the industry needs to collaborate with other relevant stakeholders to help manage the inherent risks in the space. It is in this spirit that SAIA, which is a member of Business for Road Safety (BRS), will support both government and non-governmental efforts of trying to reduce the risks faced by road users through safety awareness campaigns, speed limit observation and reduction initiatives to minimise road crashes and fatalities that cost the economy billions of Rands annually towards vehicle repair and human casualty costs.

This article was written by Katlego Bolsiek, SAIA Insurance Risks Manager. For more information contact: Katlego@saia.co.za.

2.2 Cybercrime and Cyber Insurance or Liability

There has been an exponential increase in cybercrime globally leading to some sort of urgency in the deployment of cybersecurity measures, which usually comes at a large expense.

In the webinar titled Cybercrime and its Impact on SMMEs in South Africa that took place on 20 May 2021, Brigadier Piet Pieterse noted that regards the Cybercrimes and Cybersecurity Bill, it has 46 category offences that can be of assistance in the enforcement of the law and in addressing cyber offenses. He further stated that there is a need for capacity for the different investigatory offences which will need a unique policing of cybercrime and that there are many different policing models throughout the world.

In South Africa, the focus is capacity building, meaning getting the police appropriately trained. In the olden days, one would have had to physically report the case at a police station, a system that follows a lot of protocol and delays, especially when dealing with cyber criminality. Cybercrime demands more speed, agility, and rapid response protocols where collaboration with the private sector to assist the police in policing cybercrime is key. Reference is also made regards an obligation in the Bill to report cybercrime, therefore encouraging South African companies and individuals to report such crimes. The reporting mechanism to note is an email address, informeg@justice.org.za. In the future, as part of the cybercrime strategy, there is an online mechanism being looked at.

The webinar on “What to do to Recover from a Cybercrime” highlights a challenge which is usually observed that most companies’ Information Technology departments do not always preserve critical evidence to assist law enforcement in their investigations. A rapid 24/7 system from reporting to managing cybercrime is recommended. This is an important period and mechanisms to contain or preserve the evidence and post incident briefing of stakeholders to risk manage future cybercrime incidents.

“The South African Banking Risk Information Centre (SABRIC) has shown that South Africans lose in excess of R2.2bn to internet fraud and phishing attacks annually.”

From an insurance perspective, there is Cyber Insurance or Liability cover. Cyber Liability is when a policyholder has their computers, networks and information technology infrastructure breached or data stolen or held for ransom. Usually, this data belongs to customers, therefore private information that is breached. The cover will vary per insurer and per their respective risk appetites for this type of insurance. For additional information, consumers or companies can speak to their respective insurance broker or company.

There is also the Protection of Personal Information Act, which places a large responsibility with punitive effects on companies who are holding this private information in their care and custody. Therefore, in compliance with this Act, companies are required to put measures and mechanisms in place to protect private information.
It is well known that the insurance industry has large data on policyholders, therefore adherence and protection of this information is critical to the sustainability of the industry. The insurance industry represented by the South African Insurance Association (short-term or non-life industry) and the Association for Savings and Investment South Africa (long term insurance industry) have formulated a Computer Security Incident Response Team (CSIRT) platform to address cyber incidents that affect the industry. At this stage, the regulatory requirement for cyber incident reporting from the Prudential Authority (PA) does not yet apply to the insurance industry therefore this platform is also a strategic engagement platform with the PA.

sources: https://www.mbfs.co.za/products/business/cyber-liability?gclid=Cj0KCQjwkZiFBhD9ARIsAGxFX8CIPkSzmY8cr30vnPpxcxZbvpuxtMjQkRiR4GAN0zinWDH5a6Ny7l0aAgUkEALw_wcB

This article was written by Pamela Ramagaga, SAIA GM Insurance Risks. For more information contact: Pamela@saia.co.za.

3 Transformation

3.1 SAIA’s Building Resilient Businesses - Consumer Education Programme

Small, Micro and Medium Enterprises (SMMEs) have experienced great uncertainty regarding the sustainability of their businesses due to the COVID-19 pandemic and national lockdowns. The many challenges associated with operating a small business also expose them to different risks and vulnerabilities, especially when an unplanned crisis occurs. According to the MSME FinScope Survey for 2020, as much as 60% of SMME’s responded that they faced a real risk of closure as a result of the pandemic. The non-life insurance industry offers products that cover various risks associated with SMMEs. With this in mind, it is important that awareness of these offering/s is created among SMMEs.

SAIA’s Building Resilient Businesses (BRB) Consumer Education Programme, now in its third year, focuses on delivering financial literacy, risk management including insurance literacy with the objective of building financially resilient entrepreneurs. This programme equips start-ups, micro businesses, and mature businesses to be aware of risk mitigation methods and risk management concepts, while further seeking to improve the level of accessibility to quality information on risk and insurance products available to small businesses.

During the first quarter of 2021, the SAIA BRB programme delivered several workshops in Gauteng, Free State, Limpopo and Kwa-Zulu Natal, reaching over 150 SMMEs with a turnover of less than R10 million.

Below is a link to some of the educational videos broadcasted at hosted workshops and other platforms:
https://drive.google.com/file/d/1t1iFDD1KKsa2I8LX7_KOdHGE349MbnDw/view?usp=sharing
https://drive.google.com/file/d/1cZPhYUs5orKqyM5jtvqVc1QDVXzS5DHm/view?usp=sharing

This article was written by Lebohang Tsotetsi, SAIA Projects Coordinator: Transformation. For more information, contact: Lebohang@saia.co.za.
3.2 Results of the FinScope SA Survey on SMMEs for 2020

SAIA has been participating on behalf of its members in the FinScope SA Surveys for a few years now. The surveys, conducted by FinMark Trust, seek to ascertain levels of Financial Inclusion in adult populations and small businesses in various developing countries in Africa and around the world. During 2020 the FinScope survey focused on SMMEs to stimulate debate and dialogue, encouraging policy regulation, product innovation, development interventions, and putting a spotlight on rural and township economies.

It is difficult to ignore SMMEs as they are a critical component of and a major contributor to the local economy, accounting for 87% of all employment in South Africa, according to the results from the FinScope survey 2020. The study has provided insights into several areas such as:

- The size and scope of the SMME sector;
- Levels of compliance;
- Willingness to formalise and challenges with this process;
- Impact of the COVID-19 pandemic on the SMMEs;
- Levels of financial inclusion; and
- Product penetration for the non-life insurance industry into this sector and challenges with the lack thereof.

Attached is the presentation of the survey results as prepared and presented by FinMark Trust to SAIA members on 24 May 2021.

https://www.saia.co.za/index.php?id=2240

This article was written by Zanele Gigaba, SAIA Transformation Manager. For more information, contact: Zanele@saia.co.za.

4 Operations

4.1 SAIA Code of Conduct: Workshops

SAIA held two workshops on the SAIA Code of Conduct on 19 and 21 May 2021 and another workshop is planned for 2 June 2021.

The Workshops are primarily to create awareness of the Code as a tool to be utilised by members to assist with their compliance in conducting business. The Workshops are further intended to:

- Highlight the recent updates to the Code, mainly wording changes, as approved by the SAIA Board of directors, that facilitate a better understanding of certain sections of the Code. These updates are presented in the date order that the Board approved same, being 3 September 2020 and 17 March 2021, respectively.
- Highlight the Code of Motor Salvage important sections.
- The current and future requests for Certificates of Compliance are highlighted – as above, in the order that the SAIA Board approved the respective updates. The recently introduced new system of submission of Certificates of Compliance is highlighted with reference to changes to be made to facilitate a more user-friendly experience when
completing and submitting the Certificates – more specifically those of the Reinsurers and Speciality Insurers for whom not all sections of the Code are applicable.

- Mention is made of the intended enhanced management of compliance and the requirements and timelines to achieve same.
- Future changes and enhancements are to be workshops with members.
- Members were invited during the workshop to comment on the above and for any changes, comments or suggestions, required to kindly inform Ms Mashudu Mabogo (Mashudu@saia.co.za) or Mr Charles Hitchcock (Charles@saia.co.za) thereof in writing.

Further Workshops are planned for this year to discuss changes to the current Audit Template and how best to manage compliance following the collation of results that form the basis for the Annual Certificate of Compliance Reports, from the Certificate of Compliance exercises.

This article was written by Charles Hitchcock, SAIA Chief Operations Officer. For more information contact: Charles@saia.co.za.

4.2 The Virtual SAIA and Related Bodies’ Annual General Meeting

Please be advised that the 22nd Annual General Meeting of the South African Insurance Association NPC (SAIA) and related bodies will take place virtually on Thursday, 22 July 2021 from 15:30 – 17:00.

A letter calling for nominations for the SAIA Board of Directors will be sent to all members.

Members are requested to forward details of any special business they wish to add to the Agenda, to Naomi Du Toit, naomi@saia.co.za by no later than 11 June 2021.

This article was written by Charles Hitchcock, SAIA Chief Operations Officer. For more information contact: Charles@saia.co.za

5 SAIA News

5.1 Vacancies: SAIA Insurance Risks Manager and Insurance Technical Advisor

The SAIA Insurance Risks Department has two positions available for an Insurance Risks Manager and Insurance Technical Advisor.

Please follow the link below for the job descriptions: SAIA - Careers

Any interested party should forward an updated CV to nicol@saia.co.za before the closing date Friday, 04 June 2021. Enquiries can also be forwarded to the same email address.
# 6 SAIA Circulars - May 2021

## MD Circulars - May 2021

| MD-2021-007 | Update - Status of the SaXum Liquidation Proceedings. | 11.05.21 |
| MD-2021-008 | National Department of Health – Covid-19 “Redcap” Vaccine Employer Survey. | 13.05.21 |
| MD-2021-009 | Update on SA Vaccination Programme and Request for Support from Member Companies. | 19.05.21 |
| MD-2021-010 | Initial Notification of the Virtual SAIA and Related Bodies’ Annual General Meetings to be held on Thursday, 22 July 2021. | 25.05.21 |

## SG Circulars - May 2021

| SG-2021-054 | Financial Sector Conduct Authority (FSCA). FSCA Communication 8 of 2021 (INS) New Version of the Insurance Conduct of Business Returns (CBRs). | 03.05.21 |
| SG-2021-055 | Department of Transport (DOT) - Invitation to Comment on Draft Amendments to the National Road Traffic Regulations. | 04.05.21 |
| SG-2021-056 | Council for Medical Schemes (CMS). Circular 22 of 2021: Revised Exemption Conditions to Circular 56 of 2020 (Update on Insurers Conducting Medical Scheme Business). | 04.05.21 |
| SG-2021-057 | Financial Sector Conduct Authority (FSCA) - Invitation to Comment on the Draft Notice - Levies on Financial Institutions. | 06.05.21 |
| SG-2021-058 | SARS PAYE: External PAYE Business Requirements Specification. | 06.05.21 |
| SG-2021-059 | National Treasury (NT) - Demarcation Regulations (Regulations): Escalation of Policy Benefits. | 07.05.21 |
| SG-2021-060 | VAT Ruling Issued to the South African Insurance Association. | 07.05.21 |
| SG-2021-061 | Financial Sector Conduct Authority (FSCA) - Invitation to Comment on the Draft Administrative Action Procedures. | 12.05.21 |
| SG-2021-062 | Invitation to Participate in the Finscope SMME South Africa Survey Update. | 14.05.21 |
| SG-2021-063 | SAIA Sprinkler Inspections Survey. | 19.05.21 |
| SG-2021-064 | ASISA/SAIA CSIRT - Cyber Security Status Report. | 21.05.21 |
| SG-2021-065 | Ombudsman for Short-Term Insurance (OSTI). Insurance-Ombudsman Annual Report 2020. | 25.05.21 |
| SG-2021-066 | SARS - 2021 Employer Filing Season. | 28.05.21 |
| SG-2021-067 | Appointment of Ombud Council Board Members. | 28.05.21 |
| SG-2021-068 | FinScope MSME South Africa 2020 Survey Update. | 28.05.21 |
| SG-2021-069 | Prudential Authority (PA) and Financial Sector Conduct Authority (FSCA) (Jointly, The Authorities) Joint Standard – Margin Requirements for Non-Centrally Cleared Over the Counter (OTC) Derivative Transactions (The Joint Standard: Margin Requirements) | 31.05.21 |

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**IMPORTANT NOTICE**

For information on the SAIA bulletin or content published herein
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