



**SAIA**

SOUTH AFRICAN INSURANCE ASSOCIATION

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# BULLETIN

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

JUNE 2021

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# 1 From the Desk of the CEO

As the third wave of Covid-19 rages through South Africa's economic hub, Gauteng, and the rest of South Africa, both public and private hospitals have reported an unprecedented demand for hospital beds. We are informed that the situation has been compounded by the fire that consumed some parts of Charlotte Maxeke Hospital in Johannesburg two months ago, and the continued closure of the Nasrec field hospital which would have opened capacity of almost a thousand beds, had it been functional. The new Delta variant, announced by President Cyril Ramaphosa as he moved the country to Alert Level 4, is believed to be highly transmittable, and a call for all of us to remain vigilant and ensure that we abide by the healthcare professionals' recommendations is as vital as it is relevant.

The vaccination programme has been progressing slowly, and we were informed that this was a result of some contaminated vaccines at a Johnson & Johnson factory in Gqeberha which had to be withdrawn and destroyed. With just over 2 million people having been vaccinated so far, this is a far cry from what the government had initially set out to achieve. Looking very sombre, the President echoed the words of former President Nelson Mandela "I have walked that long road to freedom. I have tried not to falter; I have made missteps along the way. But I have discovered the secret that after climbing a great hill, one only finds that there are many more hills to climb". However, we are glad that the programme seems to be gradually progressing and will soon reach the younger and economically active age group of our population.

Given the current situation in our country with regards to the alarming Covid-19 infection rate, it is appropriate to mention that a financial sector worker-based programme is currently being put in place by The Banking Association South Africa (BASA) on behalf of the financial sector, at the request of the National Department of Health (NdoH). SAIA was invited by BASA, together with various other stakeholders, to participate in this initiative. We have invited our members to participate in this initiative in the interest of their employees and in support of the government vaccination drive, and have provided the current relevant information to enable such participation. We welcome the positive response from our members and will continue to provide the latest information to enable such participation to our members as and when we receive it from BASA. Currently, BASA is in the final stages of establishing the financial sector worker-based site in Sandton and making good progress with the establishment of the site in the Western Cape. SAIA and our participating members are on standby to register participating employees as soon as we receive the go-ahead from BASA.

In the month of June, South Africa also celebrated Youth Day. A very important month that commemorates June 16, 1976, when students in Soweto protested the apartheid government's determination to implement an earlier decision to teach African high school students through both English and Afrikaans, with Afrikaans used as the medium of instruction in the sciences and mathematics subjects. As the modern business and democratic South Africa, we continue to uplift our youth and recognise the growing industry skills gap and a need for financial inclusion as a priority. SAIA and its members play a very pivotal role in this space through consumer education programmes targeting tertiary institutions to continue to accelerate transformation in the financial literacy space.

SAIA and its related divisions will be hosting its 22nd Annual General Meeting (AGM) which will take place virtually on Thursday, 22 July 2021 from 15:30 – 17:00. At this event, our members will be required to cast their votes in the election of a new SAIA Board, which will take SAIA from August 2021 to July 2022. SAIA has been privileged to have our member CEOs serving tirelessly on the Board, and we are grateful to our members for their continued support in this regard.

The Protection of Personal Information Act (POPIA) has come into effect on 1 July 2021 in South Africa, and to continue receiving this bulletin from SAIA, it is important that all subscribers give us consent to do so. Subscribers are at liberty to revoke this permission by unsubscribing from our distribution list at any time. A mailer was sent out to all SAIA Bulletin subscribers on 30 June 2021.

Finally, I would like to bid farewell and thank two of SAIA staff members who left the organisation at the end of June 2021. These are Ms Susan Walls, who was our Insurance Technical Advisor and Ms Katlego Bolsiek, who was Manager: Insurance Risks. It was a pleasure working with both of them and the SAIA team will greatly miss them. We wish them both all the best in their new roles!

**Vivienne Pearson**  
Chief Executive

## 2 Insurance Risks

### 2.1 SAIA supports the United Nations Environmental Program (UNEP) - Principals for Sustainable Insurance (PSI)

The core business of the non-life insurance industry is understanding, managing, and carrying risk. By preventing, reducing, and sharing risks, the industry assists in protecting society, fostering innovation and underpinning economic development. These are key contributions to a well-functioning and sustainable society.

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing, and monitoring risks and opportunities associated with environmental, social and governance (ESG) issues. The global, long-term, and systemic risks posed by ESG factors can undermine the solvency of an insurance company and the long-term economic health of the insurance industry. These ESG factors include:

- Environment: Climate change, biodiversity loss and ecosystem, water management (scarcity and quality), pollution.
- Social: Financial inclusion, human rights, emerging manmade health risks.
- Governance: Regulation, disclosure, ethics and principles, alignment of interests.

As supporters of the Principles for Sustainable Insurance (PSI), insurers join this global initiative to embrace fundamental aspirations and turn them into concrete actions. These range from integrating ESG issues into a company's management and operations, to working together with clients, suppliers, and governments to raise awareness of ESG issues, and developing new kinds of risk management products and services. The purpose of the PSI initiative is to better understand, prevent and reduce ESG risks, and better manage opportunities to provide quality, reliable and sustainable risk protection.

The principles span the insurance industry value chain, from clients and suppliers to intermediaries, insurers, and reinsurers; and promote constructive insurance industry collaboration with governments and regulators, business and industry, civil society, and academia. The principles also assist insurers in aligning business strategies and operations with relevant frameworks that promote the adoption of sustainable business practices.

The four Principles for Sustainable Insurance are:

1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
3. We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

The essence of the PSI is to create a common understanding that leads to collective and transformative action and long-term solutions. The scale of many sustainability risks is too big and complex for any one organisation to address. It is through working together and sharing ideas, best practices, expertise, and resources that a significant and lasting impact can be made.

The PSI are a foundation upon which the insurance industry and society as a whole can build a stronger relationship—one that puts sustainability at the heart of risk management in pursuit of a more forward-looking and better managed world.

The PSI initiative is fully supported by the South African Insurance Association (SAIA), and one SAIA member is a signatory to the PSI. SAIA will continue to promote and raise awareness among our members, to support the PSI and also inviting them to become signatories to the initiative.

Benefits of signing the PSI includes:

- Publicly demonstrating your organisation's adoption of sustainable insurance aims and its accountability and transparency to the public in managing ESG issues.
- Access to UNEP and UN system expertise and resources on ESG issues, policymaking, and science
- Access to UN events to dialogue with governments and other stakeholders on ESG issues, risk management and insurance
- Access to UNEP FI research, networks, events, and capacity building services spanning ESG issues, insurance, investment, and banking
- Access to the Annual General Meeting of signatories

SAIA members and their African counterparts in the non-life insurance and reinsurance space have a key role to play in promoting economic, social, and environmental sustainability. It is in this spirit that on 21 April 2021, SAIA, under the auspices of the United Nations Environment Programme's Principles for Sustainable Insurance Initiative, also signed the Nairobi Declaration committing to support the achievement of the UN Sustainable Development Goals (SDGs).

The Nairobi Declaration on Sustainable Insurance is a declaration of commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals.

For more information visit the websites below:

<https://www.unepfi.org/psi/>

<https://www.unepfi.org/psi/the-nairobi-declaration/>

***This article was written by Pamela Ramagaga, SAIA General Manager: Insurance Risks. For more information contact: [Pamela@saia.co.za](mailto:Pamela@saia.co.za).***

## **2.2 The Administrative Adjudication of Road Traffic Offences (AARTO) Act**

The Administrative Adjudication of Road Traffic Offences (AARTO) Amendment Bill, 2015 [B 38D-2015] was approved and signed by the President on 13 August 2019 and is now the AARTO Act, number four (4) of 2019. The Department of Transport (DoT) has communicated that this Act will be rolled out nationally with effect from 01 July 2021.

It was envisioned that the Act will be implemented along with the Demerit Point System (DPS), however, the system will be delayed until the Act is fully implemented and functional at a national level.

### **AARTO Act Implementation:**

The AARTO Act's implementation will be staggered as will be the DPS. This approach will allow road users to gradually familiarise themselves with the changes in legislation, therefore assuring compliance.

SAIA has approached the Road Traffic Infringement Agency (RTIA) with regards to access to the DPS once implemented at underwriting or policy inception stage. The request is to ensure that insurers are able to validate driver and motor vehicle licenses. The request is currently under review. While the request is under review on how it can be fulfilled, it should be noted that this legislation as it stands now only provides for access to the data by third parties who are employers, no other third party is provisioned, including insurers.

It is therefore recommended that whilst SAIA is in discussion with the RTIA, insurers consider requesting prospective policyholders to provide a demerit points certificate as part of their underwriting processes.

***This article was written by Pamela Ramagaga, SAIA General Manager: Insurance Risks. For more information contact: [Pamela@saia.co.za](mailto:Pamela@saia.co.za).***

## **2.3 Update: Pandemic and Other Uninsurable Risks Think Tank**

Covid-19 helped to identify the importance of a collaborative approach in managing systemic risks, especially those that are not insurable or are in jeopardy of becoming uninsurable. Foremost, is to manage the potential reputational damage to the non-life insurance industry with regards to what stakeholders, citizens and the government, might perceive as a solution that can be transferred to the insurance industry and the unsustainability or impossibility of such solutions being transferred to the industry without financial support from the government.

The South African Insurance Association (SAIA) created the Pandemic and Other Uninsurable Risks Think Tank late 2020. The Think Tank includes SAIA, the Financial Intermediaries Association (FIA), Financial Sector Conduct Authority (FSCA), Prudential Authority (PA) and the Institute of Risk Management of South Africa (IRMSA) representatives. A sub-group was created to provide a framework solution for a Pandemic Business Interruption solution for small businesses, as a start. The framework was built looking at what other jurisdictions have



done and are busy with in this space and looking at what would work for South Africa, especially looking at the Sasria model and how it has become a success story for South Africa.

The SAIA Board provided guidance in terms of what should be presented to the National Treasury (NT), that a holistic systemic risk approach should be made including the Pandemic Framework. Another option which should also be considered, is the possibility of a compulsory contribution from existing policy holders to start such a systemic risk pool, to which the government can then contribute towards therefore a Public Private Partnership towards creating a systemic risk pool to cater to systemic risks.

SAIA therefore continues to engage with various stakeholders within the financial sector and outside the sector in a bid to identify and find solutions to future uninsurable risks and pandemics that will be a challenge for the country.

***This article was written by Pamela Ramagaga, SAIA General Manager: Insurance Risks. For more information contact: [Pamela@saia.co.za](mailto:Pamela@saia.co.za).***

## **2.4 Update: Agricultural Insurance Project**

National Treasury (NT) appointed the World Bank to review and make recommendations to pilot Index Insurance including providing a cost for five years for the pilot. A report was issued in April 2021, of which a copy was provided to SAIA by the World Bank with permission from the Department of Agriculture, Land Reform and Rural Development (DALRRD).

The DALRRD has received the World Bank recommendations with regards the cost of piloting Index Insurance including which Index Insurance products should be prioritised. The product recommendations were made, and SAIA further engaged the DALRRD to include a third pilot product offering, which was agreed to and would be included in their final report to the Director General, who will make the final decision regards piloting Index Insurance.

The cost for the pilot has been calculated and the DALRRD is only looking at a 3-year pilot period. The model considerations from the DALRRD are to possibly include the insurance offering as part of their blended finance model. Therefore, insurance would then be paid as part of that offering. The period of finance to the farmer is indicated to be three years, therefore in those first three years, the annual insurance premiums would be paid.

Engagements in this space are progressing well and we hope to have covered a lot of ground by the end of 2021 or first quarter of 2022.

***This article was written by Pamela Ramagaga, SAIA General Manager: Insurance Risks. For more information contact: [Pamela@saia.co.za](mailto:Pamela@saia.co.za).***

# **3 Transformation**

## **3.1 SAIA Consumer Education Update**

Financial literacy is a crucial skill in every stage of life, especially with Covid-19 impacting economies and the livelihoods of many individuals, households, and businesses. South Africa continues to battle the challenges of unemployment, inequality, and poverty in the face of the unrelenting pandemic.

However, the resolve by the youth to remain determined to succeed despite numerous challenges, including academic exclusion, has remained unmistakable. With many business

incubators and entrepreneurial platforms sprouting across South Africa, the young are continually being challenged to start their own innovative businesses and consider various income generating streams.

The youth has continued to break barriers as they are faced with a complex economic environment, making it mandatory and important for them to be equipped with adequate financial literacy and management skills. While this is true, it is also vital that they are encouraged to adopt responsible financial behaviours to make sound financial decisions.

Lack of financial education makes it easy for the youth to pick up bad financial habits and become vulnerable to poor financial decisions as they can easily be influenced by others to engage in poor financial habits. For the last few years, SAIA has been offering several programmes to the youth in tertiary education institutions and those that have just started working, as well as through the Small, Medium and Micro-Enterprise (SMME) programme to help the participants understand how best they could use their limited financial resources. Through these instructive and theatrical programmes, SAIA and its members have continued to contribute immensely to financial inclusion in South Africa.

For instance, during the month of June, the SAIA Consumer Education Fund drove various financial literacy initiatives on social media in commemoration of Youth Month through the Know Your Cash Programme. This included creating awareness of financial literacy concepts, the importance of managing finances, saving towards buying personal possessions and assets, and managing debt and risks which needs a lot of discipline, most of which is adopted through learning about managing one's finances. The Know Your Cash programme has been quite pivotal in reaching our target audiences, especially in the tertiary institutions.

The Know Your Cash Programme seeks to:

- Guide the youth to understand the value of money and set personal financial goals;
- Encourage the youth to avoid debt traps;
- Empower them to invest and create wealth;
- Save towards buying their first car and home; and
- Consider the risk of losing their possessions and the financial impact of not purchasing insurance.

The need for financial literacy at a young age is crucial. Like a domino effect, the financial decisions of the youth often have a greater impact during adult life. SAIA continues to invest its efforts to provide financial education at this stage, in contribution towards building a financially responsible adult generation.

***This article was written by Lebohang Tsotetsi, SAIA Projects Coordinator: Transformation. For more information, contact: [Lebohang@saia.co.za](mailto:Lebohang@saia.co.za).***

### **3.2 Financial Sector Code Review Update**

The Financial Sector Code (FSC) Review is still underway, with the Review Sub-Committees in the process of concluding their reports for submission to the Financial Sector Transformation Council's Reporting Working Committee (RWC). The deadline for Sub-committees was extended to the end of June 2021 to accommodate any additional inputs from the Financial Sector Transformation Council Constituencies.



Once submitted to the RWC, the reports from the sub-committees will be deliberated further by members of the RWC, to enable them to compile a draft amendment to the FSC for submission to the National Treasury for endorsement by the line ministry. This draft will then be submitted to the Department of Trade, Industries and Competition (dtic) for the gazetting process, which will include publication for public comments. It is envisaged that the process will be concluded by end of the year at the very earliest.

***This article was written by Themba Palagangwe, SAIA General Manager: Governance and Transformation. For more information, contact: [Themba@saia.co.za](mailto:Themba@saia.co.za).***

### **3.3 Treating Supplier Fairly Framework**

SAIA has concluded the development of the Treating Supplier Fairly Framework to be incorporated into the SAIA Code of Conduct, and for adoption by SAIA members. The framework aims to assist with improving the relationship between SAIA member insurers and their service providers. Therefore, the purpose of the framework is to achieve high level principles and outcomes that could assist the industry in:

- Being transparent regarding its processes and procedures with suppliers;
- Applying fairness when dealing with suppliers;
- Enhancing levels of inclusivity in its supply chain; and
- Maintaining consistency in its approach to all suppliers.

SAIA will be conducting an industry workshop to take members through the framework. More information regards this will be distributed in due course.

***This article was written by Themba Palagangwe, SAIA General Manager: Governance and Transformation. For more information, contact: [Themba@saia.co.za](mailto:Themba@saia.co.za).***

### **3.4 Industry Transformation Data Reporting Portal**

SAIA would like to thank its members who participated in the testing of its Transformation Data Reporting Portal. Phase 1 of the project focused on the development of the Procurement Data Collation Portal. SAIA received good feedback from members which was used to enhance the reporting tool. The end user testing process is now closed, and SAIA will be continuing with its engagements with the portal developers to finalise the project, after which a survey for procurement data will be sent for completion by the members. The survey will be accompanied by a step-by-step guideline on how to use the portal. Online workshops will be arranged to take members through the tool. It is envisaged that the exercise will take between six and eight weeks to complete.

Phase 2 of the Transformation Data Reporting Portal tool development will be on consumer education and socio-economic development. Communication to the nominees informing them about the details of the forthcoming workshop will be arranged in due course. SAIA would also like to thank those members who have nominated participants in the development of the tool requirements. However, should you still wish to nominate participants, you are welcome to contact Ms. Zoleka Hlomuka – [zoleka@saia.co.za](mailto:zoleka@saia.co.za).

***This article was written by Zanele Gigaba, SAIA Transformation Manager. For more information, contact: [Zanele@saia.co.za](mailto:Zanele@saia.co.za).***

### 3.5 Invitation to the launch of the FinScope Micro, Small and Medium Enterprises (MSME) SA Results

Following a successful presentation of the FinScope SA Survey 2020 results on Small, Medium and Micro-Enterprise (SMME's), by the FinMark Trust, the Trust hereby invites you to attend its public launch of the results.

Below are the details of the launch:

Date: 29 July 2021

Time: 10h00 – 13h00

Venue: Virtual

Guest of honour: the Minister of Small Businesses – Hon Khumbudzo Ntshavheni (yet to confirm)

#### Programme Structure:

Session 1:

- The Minister's address
- Presentation of the results

Session 2:

##### **Three breakaway sessions:**

- Group 1 – Digitisation theme
- Group 2 – Formalisation of the MSME theme
- Group 3 – Women and youth theme

For more information and to receive the invitation, please contact Ms. Zoleka Hlomuka – [zoleka@saia.co.za](mailto:zoleka@saia.co.za).

***This article was written by Zanele Gigaba, SAIA Transformation Manager. For more information, contact: [Zanele@saia.co.za](mailto:Zanele@saia.co.za).***

## 4 Governance

### 4.1 Protection of Personal Information

#### 4.1.1 Restriction Placed on the Processing of Personal Information

On 1 July 2021, the Protection of Personal Information Act 4 of 2013 (PoPIA) came into effect. The PoPIA provides for a general information protection mechanism applicable to organisations in both the public and private sectors.

Section 57 of the PoPIA provides that the responsible party must obtain prior authorisation from the Information Regulator (Regulator), in a manner prescribed, prior to any processing if that responsible party plans, among others, to process any unique identifiers of data subjects, process information on criminal behaviour or on unlawful or objectionable conduct on behalf of third parties or process information for the purposes of credit reporting. The effect of the restriction is that a responsible party may not process any information in terms of section 57 until the Regulator has completed its investigation or the responsible party has received notice that a more detailed investigation will not be conducted.

Previously, the effective date on the processing of information was determined to be 1 July 2021, but recently, the Regulator published a notice which amended the effective date to 1 February 2022. Effectively, responsible parties who are processing personal information which is subject to prior authorisation will continue to do so for the next seven (7) months, whilst the Regulator is processing their applications.

#### **4.1.2 Guidance Note for Information Officers and Deputy Information Officers**

The Regulator also published a Guidance Note applicable to Information Officers and Deputy Information Officers. Information Officers are, by virtue of their positions, appointed automatically in terms of the Promotion of Access to Information Act 2 of 2000 (PAIA) and PoPIA.

The Guidance Note provides guidance and procedures, among others, for the obligations and liabilities of Information Officers and Deputy Information Officers, the registration of Information Officers with the Regulator; and the designation of Deputy Information Officers.

An Information Officer must complete and submit an online registration form or complete and submit the registration form to the Regulator. The online registration portal can be accessed [here](#). There is no deadline for the registration of Information Officers and Deputy Information Officers. Please note that the Regulator has been experiencing technical issues with the portal, but persons are requested to monitor the site closely.

#### **4.1.3 Regulator to take over PAIA functions for the South African Human Rights Commission (SAHRC)**

The Regulator has also taken over the function of the PAIA from the SAHRC from 30 June 2021. Some key objectives of PAIA are to promote transparency, accountability, and effective governance of all public and private bodies, as well as to assist members of the public to effectively scrutinise and participate in decision-making by public bodies.

In relation to PAIA manuals, the scope of information that the manual must cover has been widened to include matters relating to the processing of personal information in terms of PoPIA. An exemption was allowed to smaller private bodies to be exempt from developing a manual. The exemption expired on 30 June 2021, but the Minister of Justice and Correctional Services has extended the current exemption by a further six months effective from 1 July 2021 to 31 December 2021 to afford private bodies that are currently exempted adequate time to compile their PAIA manual.

As this is a final exemption, from 1 January 2022, all public and private bodies must have their PAIA manual available at their principal place of business or on their website, if any. From 30 June 2021, public and private bodies do not have to submit their PAIA manuals to the Regulator. In terms of section 51(1) of PAIA, all previously developed PAIA manuals of both public and private bodies must be updated to include provisions relating to the processing of personal information in terms of POPIA.

In order to simplify the compilation process of PAIA manuals, the Regulator will publish PAIA manual templates shortly as a guide.

***These articles were written by Mashudu Mabogo, SAIA Legal Specialist. For more information, contact: [Masudu@saia.co.za](mailto:Masudu@saia.co.za).***

# 5 Operations

## 5.1 SAIA Code of Conduct: Workshops

SAIA recently held three SAIA Code of Conduct workshops, one each on 19 May, 21 May and 2 June 2021. The workshops were scheduled to create awareness around the updated SAIA Code of Conduct, highlight the areas that had recently been updated and inform of other developments such as the new online submission method and dates of future requests for certificates of compliance.

In addition to the above, the workshops referred to the need to enhance management of member compliance by following up with members on their goals and timelines, to achieve full compliance with the Code, where full compliance was not reflected on the last certificate completed.

The workshops encouraged members to voice any concerns and raise questions with regard to the above process, and also to submit in writing any changes that they would like to see made to the new online system. Subsequent feedback received included the following suggested enhancements:

1. Notification of the request for the SAIA Code of Conduct certificates of compliance to be sent directly to the person who completes it – As the certificate of compliance is only to be completed by the MD/CEO or their designated person duly appointed by the member CEO/MD, SAIA trusts that the request for completion will be sent by the MD/CEO's office to the relevant person to do the necessary.
2. An option for reinsurers to be flagged that they are compliant with those provisions that are relevant to their business – This will be included with the next round of certificates of compliance.
3. The MS Forms certificate of compliance questionnaire to be sent out in MS Word format – The system does not allow for it, however a PDF can be sent out upon request. The Audit Template previously sent with the manual certificate of compliance is being sent with the Circular requesting the completion of the certificate of compliance and this can be used internally by the insurers (for collation of information from the various business units and authorisation) as has been done in the past.
4. An option to print submission form following submission for member record purposes – For those who have already submitted, please contact SAIA for a PDF copy of the submission, which may be printed for record purposes.
5. A drop-down list of members' names to avoid duplication and also submission by another member – SAIA urges all members to manage this internally as only the first submission will be retained for record purposes and collated into the annual report on the certificates of compliance. It is also unlikely that with capturing of the insurer's name, the incorrect insurer's name would be captured by another insurer. This has been noted though, for inclusion on the next round of certificates of compliance.
6. Inclusion of the email address and name of the person completing the form – this is a valid recommendation and will be included in the next round of circulation of the certificates of compliance.
7. Automated confirmation of submission to the email of the person responding to the certificate of compliance – this functionality will be looked into as it is available for commercial use of MS Forms which may incur additional costs and SAIA will look into this option in the future. An alternative is available in the interim for a PDF of the completed information to be manually sent by SAIA to the responder, upon request.
8. Functionality to save the certificate of compliance to be made available for the responding member to complete the MS Forms questionnaire in two sittings – This is

being looked into for being included into MS Forms functionality, but there is no timeline available as to when this will become available. The average time for completion of the certificate of compliance is around forty-eight minutes – we ask that members do please schedule an hour to complete it and do this in one sitting in the interim.

9. Functionality to download the report that was submitted – This option exists for the person sending out the questionnaire so that an alternative is available for a PDF version of the completed information to be manually sent by SAIA to the responder, upon request.

We again request that should members have any comments on the above process, kindly forward same to [candy@saia.co.za](mailto:candy@saia.co.za) or [charles@saia.co.za](mailto:charles@saia.co.za)

***This article was written by Charles Hitchcock, SAIA Chief Operations Officer. For more information contact: [Charles@saia.co.za](mailto:Charles@saia.co.za).***

## **5.2 The Virtual SAIA and Related Bodies' Annual General Meeting**

Please be advised that the 22<sup>nd</sup> 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. Please contact [Charles@saia.co.za](mailto:Charles@saia.co.za) or [Candy@saia.co.za](mailto:Candy@saia.co.za) for any queries concerning this session.

***This article was written by Charles Hitchcock, SAIA Chief Operations Officer. For more information contact: [Charles@saia.co.za](mailto:Charles@saia.co.za).***

# **6 SAIA News**

## **6.1 Vacancies: SAIA Insurance Risks Technical Manager and Projects Coordinator**

The SAIA Insurance Risks Department has a position available for an Insurance Risks Technical Manager and the Governance and Transformation Department has a position available for a Projects Coordinator.

Please follow the link below for the job descriptions:

[SAIA - Careers](#)

Any interested party should forward an updated CV to [Nicol@saia.co.za](mailto:Nicol@saia.co.za) before the closing date 14 July 2021. Enquiries can also be forwarded to the same email address.

# **7 Industry News**

## **7.1 Pre and Post Pandemic Construction and Engineering Industry in South Africa**

It is common knowledge that for some time now the construction industry in South Africa has been under pressure. Tight margins, low investor confidence and subdued government expenditure on infrastructure, all contributed to an industry suffering long before a global pandemic. The construction industry accounts for some 1.3 million jobs and allows economic activity through the development of vital infrastructure. It is a sector that cannot be left to falter.



In January 2020, the South African construction sector was growing at a mere 0.9% and this was forecast to remain static throughout the year. With the onset of Covid-19, the government declared the construction industry a non-essential service. Construction activity therefore ceased completely during the nationwide lockdown and only slowly picked up again once the country was moved to level 3. The initial effect of the lockdown on the construction industry was dramatic with all activity grinding to a halt. The industry shed up to 140 000 jobs and ended the year on a record low with an overall contraction of 20.3% for the 2020 year.

The pandemic has clearly had an impact on this already fragile sector of the economy. With the easing of lockdown restrictions, the sector has been able to gear up again but there have been some expected and unexpected short, medium and long-term impacts of the pandemic that need to be considered for the industry to recover and start contributing meaningfully to the overall GDP again.

One of the biggest short-term impacts of the pandemic was the disrupted supply of materials to projects that had commenced prior to the pandemic. With construction activity restarting after the introduction of level 3 lockdown, construction companies had to navigate a shortage of materials and resources. The shortage of materials was due to borders being closed as well as other associated industries being locked down or out of commission with limited onsite employees. Production activity for materials was also subdued due to the imposed working restrictions.

The medium-term impacts felt by the construction sector was the delayed payments and constrained capital outflows on projects. Employers moved to reserve cash in the wake of the lockdown restrictions. This ultimately led to an increase in unemployment as companies felt the effect of not being able to return to work and complete projects therefore necessitating the reduction of their cost base.

The long-term effect of the pandemic and the lockdown is the potential bankruptcy of companies in the sector. This situation would then lead to a further inability for the sector to recover, even if the proposed government development plan gains traction, as the required skill and resources would not be available to see projects through to completion.

The engineering insurance sector has begun feeling the consequences of the pandemic on the construction sector in the delayed commencement of projects in the pipeline as well as extended construction periods of pre pandemic projects. The insurance sector needs to remain cognizant of the effects of these delays on the underlying risk considerations. With extended construction timelines, seasonal changes may expose the insurer to unintended risks that were not considered in the initial underwriting of the risk.

On a more positive note, the pandemic has presented the construction sector with the opportunity to become more resilient and to fast track the implementation of technology and cost saving initiatives. The pandemic has also forced the sector to collaborate more effectively. The formation of the Construction Covid-19 Rapid Response Task Team (CC19RRT) is evidence of this collaboration. The CC19RRT includes entities and bodies from across the sector and was formed to lobby the government for the benefit of the sector. The CC19RRT has evolved into a new, more permanent body being the Construction Alliance South Africa (CASA). Their mandate remains one of working together for the greater good of the sector.

In conclusion, the South African construction sector has a long road to full recovery. The effects of the pandemic will be felt for some time into the future but with some insight, it should be able to mitigate some of the potential future damage. The sector will however require some assistance and should benefit from the proposed government infrastructure spend. The

engineering insurance sector remains hopeful and committed to seeing the construction sector return to the essential contributing component of the South African economy.

***This article was written by Chris Charlton, Consort: Managing Director. For more information contact: [Chris@consort.co.za](mailto:Chris@consort.co.za).***

## 7.2 African Insurance Exchange Conference

Please note that the physical attendance of the African Insurance Exchange (AIE) Conference 2021 at Sun City has been suspended. However, the annual conference scheduled to take place on 2 and 3 August 2021, will still go on, but only virtually. The Conference Organising Committee has lined up very interesting speakers and panellists for topical discussions. As a partner of the Insurance Institute of SA (IISA) and the Financial Intermediaries Association (FIA) in the organising of this annual conference, the South African Insurance Association (SAIA) would like to continue to encourage its members to sign up for the virtual conference which promises to be very exciting with hard-hitting topics which will be both relevant and beneficial to the delegates.

Registrations are still ongoing. To book your spot, please log on to:  
<https://www.iisa.co.za/aie/2021-african-insurance-conference>

## 8 SAIA Circulars - June 2021

<b>MD Circulars - June 2021</b>		
Zero MD Circulars sent during June.		
<b>SG Circulars - June 2021</b>		
SG-2021-070	The Department of Employment and Labour (DoEL) Invitation to Comment on the Occupational Health and Safety (OHAS) Amendment Bill, 2020.	01.06.21
SG-2021-071	FSCA FAIS Notice 55 of 2021 Lists of Qualifications Recognised for Financial Services Providers, Key Individuals and Representatives, 2021.	02.06.21
SG-2021-072	Prudential Communication 5 of 2021 Solvency Assessment and Management (SAM) Matters – Phase 2.	02.06.21
SG-2021-073	Invitation to Participate in a Task Team to Develop the Consumer Education and Socio-Economic Development Industry Portal.	07.06.21
SG-2021-074	Information Regulator (IR) Invitation to Webinar.	07.06.21
SG-2021-075	Appointment of Personal Assistant.	08.06.21
SG-2021-076	SARS 2021 - Updated Pamphlet SARS.	08.06.21
SG-2021-077	Financial Sector Conduct Authority (FSCA) Invitation for Public Comments on Deputy Commissioners of the FSCA.	09.06.21
SG-2021-078	SARS Notice UIF Contributions Increase.	10.06.21
SG-2021-079	INSETA Invitation to Apply.	10.06.21
SG-2021-080	The Authorities Determination of Effective Date of Joint Standard: Margin Requirements for Non-Centrally Cleared over the Counter (OTC) Derivative Transactions.	10.06.21
SG-2021-081	The Authorities Invitation to Comment on the Draft Joint Standard 1 of 2021 – Information Technology Risk Management.	10.06.21
SG-2021-082	Prudential Authority (PA) Guidance Notice FSI 4: Calculation of the Solvency Capital Requirement (SCR) Using the Standardised Formula.	10.06.21
SG-2021-083	Climate Risks Sectoral Training Requirements.	17.06.21
SG-2021-084	SAIA Employee Resignations.	18.06.21
SG-2021-085	Parliament of the Republic of South Africa Cybercrimes Act 19 of 2020 ("THE ACT").	21.06.21
SG-2021-086	Information Regulator (IR) Prior Authorisation: Amendment of Commencement Date.	21.06.21

SG-2021-087	Update on the Meeting with the Competition Commission on the Automotive Guidelines to be Launched on 1 January 2021.	22.06.21
SG-2021-088	Draft Public Notice Regarding Electronic Record-Keeping.	22.06.21
SG-2021-089	Department of Justice and Correctional Services Invitation to Comment on the Promotion of Equality and Prevention of Unfair Discrimination Amendment Bill.	23.06.21
SG-2021-090	Prudential Authority Annual Report 2020-21.	29.06.21
SG-2021-091	The South African Reserve Bank Annual Report 2020-21.	29.06.21

**IMPORTANT NOTICE**

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