



**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

March 2022

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# 1 From the Desk of the CEO

The prevalence of underinsurance has become more evident over the last few years. This was amplified by the losses suffered due to fires and floods in KwaZulu Natal, but perhaps more particularly, the losses resulting from the Covid-19 pandemic, and the ensuing business interruption (BI) claims. These phenomena continue to expose the gulf between insurers and the policyholders' understanding of the extent of their risk exposures.

In the last year, alongside the Covid-19 pandemic and working-from-home, a new risk – cybercrime - which has in a way been ignored for years, has shifted considerably to prominence. Too often, just one small mistake like compromised client login details or one employee forgetting to exercise caution with sensitive information can lead to an easy way in for criminals, and difficult consequences. South Africa has seen the risk of phishing attacks increase exponentially, leading to increased data breach incidences and compliance concerns. While TransUnion is just one local example, cyber-attacks remain a global challenge as data has become among the most valuable of commodities.

It has increasingly become imperative for organisations to employ deliberate strategies, platforms, and systems to ensure that their information and data does not land in the wrong hands. Such strategies, ideally embedded into organisational culture, comprise safe practice guidelines and should be an essential component of the organisation's defence plan against third-party and other IT related risks. SAIA is glad that it remains a signatory and active participant with the Association for Savings and Investments South Africa, and in line with regulatory requirements, members of the Computer Security Incident Response Team (CSIRT). The platforms enable participating members to report cyber incidents and further promote cyber resilience in the management of incidents.

The increased frequency and severity of weather-related, large-scale damage in South Africa has demonstrated the importance of quantifying exposure and managing these risks. The interconnectedness of the insurance eco-system demonstrates that climate change in one area has a domino effect on other areas. An example of this being the erratic weather patterns which may lead to excessive rainfall causing floods, or inadequate rainfalls causing widespread drought. Either way, these result in damage to property and infrastructure or damage to the entire crop yields which impacts food security, and a monumental financial risk to the insurance industry and the economy. It therefore remains imperative that the insurance industry continue to engage the government to find sustainable solutions for the insurance gaps and how these can be covered.

The insurance sector has identified concerns with some aspects of the clauses contained in the EE Amendment Bill (B10B – 2020) and SAIA, with the support of the Board, has been working with the Association of Savings and Investments South Africa (ASISA) in preparing and presenting an industry view that highlights the challenges on the Bill. The process, which has taken some time, included a collaboration on the submission to the the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour of the National Council of Provinces (the committee). As an industry, we will continue to positively engage, and consult with all relevant parties in order to reach an amicable solution that can move South Africa forward in this front.

**Viviene Pearson**  
**Chief Executive Officer**

## 2 Insurance Risks

### 2.1 Update on Access by Outside Third Parties to the SAIA Vehicle Salvage Database (VSD)

At its last meeting held on 10 March 2022, the SAIA Board reached an “in principle agreement” to publish a version of the Vehicle Salvage Data (VSD) related to the status of previously insured motor vehicles, involved in serious accidents.

At this point, the agreement is to allow only a portion of the database to be made available to the public, to allow them the opportunity to make an informed decision when buying previously repaired salvage vehicles. The system will not provide for large volumes or bulk enquiries by corporate third parties; therefore, only individual requests will be made available.

The system used to store and disseminate this information will most likely be referred to as a “VIN Lookup”, and all data and intellectual property (IP) within this system will be owned by and remain the property of SAIA and its members.

The VSD Task Team is exploring the design and agreed data formats to be availed, as well as the platform to distribute same.

It must be noted that no third-party entity is authorised to speak on behalf of SAIA around the VSD project. SAIA will make the necessary announcements to the public as soon as all areas of concern, as advised by the SAIA Board, have been addressed.

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

### 2.2 Climate Change Risks Update

Environmental, Social and Governance (ESG) concerns continue to be at the forefront of industry discussions as the non-life insurance industry is greatly affected by ESG factors and thus needs to play its part in responsible and sustainable business practices. Through the SAIA Climate Change Forum, SAIA provides industry leadership and keeps abreast of local and international climate change risks movements by maintaining critical partnerships with key stakeholders such as the National Treasury (NT) Climate Change Working Group, and the Global Federation of Insurance Association (GFIA) Climate Change Taskforce.

The climate change working groups have made progress on a drought and flood scenario analysis report, which will be shared with the members once finalised and approved by the Board. However, ongoing effort to address the identification and implementation of training plans specific for the non-life insurance industry remain a priority.

The updated technical paper for the Principles and Guidance for Minimum Disclosure of Climate Related Risks and Opportunities guidelines has been adopted by the committees with the overarching recommendations in the technical paper included below:

- Adopt a uniform definition of sustainable finance in South Africa.
- Regulators and industry to co-develop or adopt technical guidance, standards, and norms for use across all financial sectors in identifying, monitoring, reporting and mitigating their environmental and social (E&S) risks, including climate-related risks, at portfolio and transaction level.

- Develop a benchmark climate risk scenario for use in stress tests by the sector.
- Develop or adopt a taxonomy for green, social, and sustainable finance initiatives, consistent with international developments, to build credibility, foster investment and enable effective monitoring and disclosure of performance.
- Include disclosure of progress in environmental and social risk management, including climate risks, in supervision activities conducted by the Prudential Authority (PA) and Financial Services Conduct Authority (FSCA). Incorporate voluntary codes of principles, or acknowledged benchmarks for good practice, into regulatory regimes.
- Work with the Institute of Directors, trustees, professional and industry associations, and academic institutes to build governing body capacity and “fit-for-purpose” skills necessary for the identification and management of long-term risks and sustainability challenges.
- Build capacity across the sector and in the implementing arms of government – particularly local government– to ensure E&S risks are addressed within local infrastructure and development planning, capital raising and insurance planning.
- Finalise an action plan to give effect to the recommendations, using a technical working group to be comprised of regulators and industry representatives.

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

### **2.3 World Bank Road Safety Workshop**

The World Bank has invited SAIA to provide input on a report reviewing the road safety situation and capacity in the Southern Region of Africa. The report provides a high-level diagnostic of key road safety issues in Botswana, Eswatini (formerly Swaziland), Lesotho, Namibia and South Africa.

Further to this, it recommends priority actions which can be followed to enhance road safety performance in south Africa. The objective of the work carried out, was to review the countries’ performance alongside the United Nations Pillars of the Decade of Action, which consist of the following:

1. Road Safety Management,
2. Safer Roads and Mobility,
3. Safer Speeds,
4. Safer Vehicles,
5. Safer Road Users, and
6. Post-Crash Response.

The report will be presented and discussed at a workshop planned to take place during the second quarter of 2022. SAIA members have been invited to discuss the impact of motor insurance on road safety, among other issues that impact the non-life insurance industry.

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

## 3 Transformation

### 3.1 Money Smart Week South Africa 2022

SAIA as a member of the National Consumer Financial Education Committee (NCFEC) will participate in the annual Money Smart Week South Africa (MSWSA) which will take place from 29 August – 4 September 2022. The MSWSA initiative is a financial literacy campaign aimed at motivating and empowering South Africans, in particular youth, to become educated about finances. The event provides a platform to the Financial Sector to showcase their Financial Literacy initiatives. SAIA will take the opportunity to bring awareness to the SAIA Consumer Education Fund initiatives and include topics relevant to the non-life insurance industry and include industry initiatives by SAIA members.

MSWSA is modelled after Global Money Week (GMW) which took place at the end of March 2022 and celebrated its 10th anniversary this year. GMW aims to empower young people with the knowledge and skills necessary to make sound financial decisions and ultimately achieve financial well-being and financial resilience. The NCFEC has adopted the Global Money Week theme for MSWSA 2022 which is “**Build your future, be smart about money**”, with some sub-themes to ensure the relevance of the theme to the South African landscape.

SAIA members who wish to participate in MSWSA should contact Zanele Gigaba, SAIA Transformation Manager: [Zanele@saia.co.za](mailto:Zanele@saia.co.za).

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

### 3.2 Invitation to Participate in The SAIA Consumer Education Fund Initiative 2022

The South African Insurance Association (SAIA) has over the years welcomed and appreciated member participation in the SAIA Consumer Education Fund Initiatives. SAIA again invites members to nominate industry product and process experts to participate in the SAIA Consumer Financial Education Radio Programme. The radio programme aims to educate beneficiaries within South African households, identified as either working adults, scholars residing with their parents, pensioners and SMMEs, on various non-life insurance industry related topics.

The radio programmes include engaging question and answer sessions with the radio presenters followed by questions from callers on various topics. The programme will be conducted nationally in African languages, namely Xhosa, Sotho, Tswana, IsiZulu, Pedi and English. Industry experts proficient in the above languages are requested to participate.

Experts interested in participating in the programme should send their details to Zanele Gigaba: [Zanele@saia.co.za](mailto:Zanele@saia.co.za) or (011) 726 5381.

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

### 3.3 Financial Sector Code Review

The review of the Financial Sector Code remains at the Financial Sector Transformation Council (FSTC) Reporting Working Committees, whereby further deliberations on submissions from the review sub-committees are taking place. The outcomes from the RWC will then be submitted to the Council for input and approval, before being submitted to the line ministry (Finance Minister) for endorsement and then to the Department of Trade Industries and Competition (DTIC) for the gazetting process.

***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 Employment Equity (EE) Amendment Bill [B14B – 2020]

The insurance sector has identified concerns with some aspects of the clauses in the EE Amendment Bill (B10B – 2020) and SAIA, with the support of the Board, have been working with the Association of Savings and Investments SA (ASISA) in preparing and presenting an industry view which highlights the challenges in the Bill.

This included collaborating on the submission to the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour of the National Council of Provinces (the committee) and presenting to the committee on the 22 February 2022, alongside other relevant stakeholders such as the Banking Association of Southern Africa (BASA) and Business Unity South Africa (BUSA).

The Department of Employment and Labour (DoEL) provided feedback of the submission on 8 March 2022, which did not support most of the positions submitted. SAIA continues to look for other avenues to address industry concerns, as guided by the SAIA Board.

***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)***

### 3.5 Preferential Procurement Industry Data Project

SAIA has concluded the request for data process from members and doing so with a highly positive responses from its eligible members. The submission closed at the end of February, with the month of March used to clear out all the system's related challenges before embarking on the data analysis phase.

However, data analysis has commenced, and SAIA will conclude the process soon. Members will be invited to the presentation of the results in due course.

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

***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).***

## 4 SAIA Circulars – March 2022

<b>MD Circulars - March 2022</b>		
MD-2022-004	SAIA and Industry Funding Assistance to Government for the XTND Portal to Assist Uninsured Businesses Impacted by the July 2021 Riots and Looting	28.03.22
<b>SG Circulars - March 2022</b>		
SG-2022-024	Financial Sector Conduct Authority (FSCA) FSCA Strategy for Promoting Financial Sector Transformation	02.03.22
SG-2022-025	FSCA Communication 4 of 2022 (FAIS) Publication of Exemption from certain Competency Requirements	03.03.22
SG-2022-026	Electronic Communication with the Prudential Authority	03.03.22
SG-2022-027	Employment Tax Incentive (ETI) Values from 1 March 2022	04.03.22
SG-2022-028	Prudential Authority (PA) Withdrawal of Prudential Communication 5 of 2022	10.03.22
SG-2022-029	Sustainable Finance – ESG (Environmental, Social, and Governance) Integration Training Providers in South Africa	11.03.22
SG-2022-030	Rotation of the Deputy Governors of the South African Reserve Bank and Appointment of Ms Fundi Tshazibana as the Chief Executive Officer of the Prudential Authority	11.03.22
SG-2022-031	Invitation to Participate in the SAIA Insurance for Safer Roads Committee	11.03.22
SG-2022-032	Prudential Communication 6 of 2022 – Flavour of the Year Topic	14.03.22
SG-2022-033	Practice Note on the Promotion of Competition and Inclusion in Supplier Panels of Bank and Insurer	14.03.22
SG-2022-034	FSCA Communication 9 of 2022 (INS) Draft Exemption of Independent Intermediaries from Regulation 5.4 of the Regulations Under the Short-Term Insurance Act, 1998	22.03.22
SG-2022-035	Financial Sector Conduct Authority (FSCA) FSCA Communication 11 of 2022 (FAIS) extension of Period – Submission of Representative Register	29.03.22

### IMPORTANT NOTICE

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