



**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

November 2022

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# 1 From the Desk of the CEO

The year 2022, like the two before it, came with its own challenges for South Africans and the industry alike. The ripple effects of the Covid-19 pandemic, the global economic challenges, loadshedding, high fuel prices and the rising costs of living have continued to be some of the many challenges the majority of us have had to contend with in the past year. Despite all these challenges, and in keeping with the past year's theme: Forging stability and sustainability in the face of socio-economic headwinds, SAIA continued to work towards being a consistently engaged, collaborative and dynamic industry. The combined efforts of the various SAIA strategic areas during the year, and the support from the SAIA Board and all other stakeholders are commendable and very much appreciated.

The COP27 United Nations (UN) Climate Change conference which took place in Sharm El Sheikh in Egypt from 6 - 18 November 2022, highlights the climate change challenge which has a great impact on the non-life industry in terms of the risks associated with adverse weather patterns. Like in many other countries, South Africans are all familiar with devastating weather conditions with the latest being the KwaZulu Natal floods in April 2022 that led to a loss of about 435 lives and critical infrastructural damage which will take years to rebuild. It is in this context that we can appreciate the decisions made at COP27; after intense negotiations, countries finally agreed to a breakthrough agreement to provide "loss and damage" funding for vulnerable countries hit hard by climate disasters. SAIA applauds and supports this great milestone.

On 15 November 2022, a soft launch of the Retiree Repurposing programme was held at the SAIA offices in Johannesburg. This initiative by SAIA, INSETA and IISA, aims to bring back industry retirees to share their knowledge and skills with junior and middle-management mentees in the non-life insurance space. SAIA would like to wish the mentees well in this exciting journey and extends its appreciation to the retirees for the selfless act of dedicating their time and efforts in this programme.

As the year winds down and as people prepare to travel to many destinations across the country, the recurring issue of road carnage is a dampener of the jovial spirit of the season. SAIA through its initiatives such as the Business for Road Safety and its collaboration with Business Against Crime continues to support the efforts of government in promoting road safety, more importantly, during peak seasons. For a more individual contribution to this cause, I would like to urge everyone to exercise caution and patience, and adherence to the rules of the road whilst driving.

In this final Bulletin for the year 2022, I would like to take this opportunity to wish everyone a wonderful holiday season and a well-deserved break. Let us all come back in 2023 refreshed and ready to continue making valuable contributions to our industry.

**Viviene Pearson**  
**SAIA Chief Executive**

## 2 Insurance Risks

### 2.1 Fire and localised flooding systemic risks

Top causes of loss in South Africa are firstly, fires which generate the most expensive losses for South African businesses, accounting for more than 60% of the value of all claims over the past five years. Secondly, faulty workmanship incidents (e.g., hot works) are a major contributor as well, contributing to 20% of fire losses and third, are natural catastrophes with storm losses being the most frequent driver of these claims.

The latter, as seen with the KZN floods, is increasing exponentially due to climate change. Incidents such as hailstorms are costly when they do occur. Water damage generates the highest number of corporate insurance claims in South Africa (30%+).

In recent years, certain risks have evolved into systemic risks, such as property fire risks and localised flooding risks therefore requiring SAIA as the non-life insurance industry trade association to support its members, through industry initiatives aimed at addressing these risks.

Systemic risks are risks which cannot be managed by the insurance industry, that is, these risks jeopardise the sustainability of the non-life insurance industry. If not managed, in collaboration with the government (or relevant organ of state) in most instances, they could result in the breakdown of an entire system rather than simply the failure of its individual parts.

The fire brigade classification initiative was developed by SAIA to address the property fire and localised flooding risks in the interest of its members but broader than that, to safeguard lives that would otherwise be lost if these risks are not efficiently managed.

SAIA started an initiative in 2020/21 to risk manage fire and localised flooding risks because of the plight of property members in terms of the claims experienced from these risks. If the industry does not directly address these risks in collaboration with the government (i.e., the respective organs of state responsible for managing fire services and relevant infrastructures), it will put continuation of insuring these risks in jeopardy.

SAIA contracted the services of the Fire Protection Association of Southern Africa (FPASA) to project manage this industry initiative. The Fire Protection Association of Southern Africa (FPASA) was established in 1973 to provide a specialised fire safety management technical and training service to industry, commerce, fire and rescue services and society at large. Over the years the Association has developed a range of membership options and technical, training and fire safety management services that are recognized for their quality, professionalism, and value. Today the role of the FPASA covers fire safety education, information, advice, consultancy, and training (Fire College).

The first milestone is a view of the condition of fire services in all nine (9) provinces to inform the strategic engagement and collaboration in terms of the interventions needed to alleviate the possible constraints some of the fire service(s) might have, therefore, jeopardise their responsibility to fight fires to save lives and property. The second milestone will be a clear action plan with the government to remove constraints in fire services and the time needed to do so.

There is urgency in the system and with the recent draft infrastructure plan to 2050 issued by government, there is already a plan that can assist in this plight therefore the information gathered by the non-life insurance industry is the empirical data needed to know where to plug in as the government and most importantly, where is it urgent to plug in, where timeous interventions would be needed.

The industry developed a fire service application mirroring the requirements under the standard developed by the government (SANS 10090:2018) in terms of what a fire service should have for it to fulfil its mandate. To date, a hundred and eight (108) fire services have been graded using the application (App). There are 278 municipalities in South Africa, comprising of eight (8) metropolitans (metros), forty-four (44) districts, and 226 local municipalities.

Most fire services can be found under the management of local municipalities, therefore as a gauge, the App has been applied in 48% of the municipalities, leaving the remaining 52% still to be assessed. FPASA has confirmed that by end of 2022, the association would have completed assessments for fire services in seven (7) provinces. The FPASA envisions the remaining fire services can be assessed in 2023.

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

## **2.2 COP27**

The annual United Nations (UN) Climate Change conference of the parties (COP) event took place in Sharm El Sheikh in Egypt from 6 November to 18 November 2022. Heads of state, civil society groups and various other stakeholders from over 170 nations converged in Egypt to discuss the pertinent topic of climate change and how to collectively tackle the challenges posed by the global increase in temperature and commit to cutting greenhouse gas emissions. The UN has advised that greenhouse gas emissions must be reduced by 45% by 2030 to limit global warming to 1.5°C, thus stressing the importance of countries committing to and actioning these COP agreements.

Some of the main topics covered by the conference included:

- Just transitions;
- Food security;
- Innovative finance for climate and development;

- Investing in the future of energy;
- Water security; and
- Climate change and the sustainability of vulnerable communities.

The COP27 conference is seen as the “implementation COP” thus there have been key agreements made such as:

### **Loss and damage**

The newly introduced Loss and Damage is a fund where countries that have historically contributed to climate change through high levels of emissions, assist poorer countries affected by climate-related catastrophes such as flooding or drought. The loss and damage fund will cover both economic losses (that may not be easily quantifiable) and infrastructure damage such as the loss of property due to flooding.

This loss and damage fund will be over and above the \$100 billion climate finance pledge that will assist poorer countries adapt to climate change. The loss and damage fund still requires refinement as not all countries are in agreement with contributing to this fund and much still needs to be addressed regarding the mechanism to distribute the fund, however, the adoption of this fund is nonetheless a good step in the right direction.

### **African multi-billion alliance for green infrastructure**

The Alliance for Green Infrastructure in Africa, is for African green infrastructure and just transition projects funding, mainly supported by African stakeholders such as The African Union, African Development Bank Group and Africa50, in partnership with other global partners.

### **Bill and Melinda Gates Foundation pledges \$1.4 billion to Africa**

This funding is specifically for agriculture projects to support small-scale farmers and for research and technologies for livestock and crop.

### **Early warning systems**

Early warning systems save lives and to a certain extent livelihoods and infrastructure when people are given sufficient warning of an impending disaster to allow them to mitigate the loss of lives and infrastructure damage. The UN has a five (5) year plan to ensure that everyone has access to early warning systems by investing \$3.1 billion to fund and support disaster risk monitoring and forecasting and communication.

The COP28 conference will be hosted by The United Arab Emirates from 30 November to 12 December 2023. SAIA notes the effects climate change risks pose for the non-life insurance industry and thus supports the work of COP.

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## 2.3 Shared Resilience Solution for South Africa

In 2022/21 SAIA created the Pandemic and other Uninsurable Risks Think Tank, which includes the financial services regulators, the Financial Services Conduct Authority, and the Prudential Authorities. At the time, the platform, was to address how the non-life insurance industry could find ways of collaborating with the government in finding a solution that provides protection for small businesses (as a start) against pandemic type risks.

Since then, this work has evolved into seeing if the industry can find solutions, as it did with Sasria, a state-owned insurance company that insures against civil unrest. Therefore, the work required a broad view of how to insure in collaboration with the government, currently uninsurable risks or risks that are evolving themselves into uninsurable risks due to the sheer volume and severity of the claims experienced from such risks.

Also, there is international work done by the Global Federation of Insurance Association (GFIA) in finding solutions aimed at bridging the protection gaps around health; pension; cyber and natural disasters. There is also work being done by the government in finding risk financing solutions to increase its efficiencies in addressing future disasters.

All this work will add value to the engagement the non-life insurance industry will have with the government to collectively find a solution that will allow South Africa to be more resilient following disaster events.

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## 2.4 Skills Gap

In 1998, parliament passed the Skills Development Act that formed the groundwork for the Sector Training and Education Authority (SETA) system. The system currently consists of 21 institutions (referred to as SETAs) that focus on developing training programmes and internships in particular industries.

Therefore, these sector SETAs are mandated in addressing and bridging sector skills gaps, therefore making sure that those sectors are sustainable and can continue to add to the revenue, sustainability, and international competitiveness of South Africa.

The South African insurance (life and non-life) sector is large, complex, internationally active, and competitive. The insurance industry in South Africa is ranked higher than for instance that of Australia, demonstrating the strength of the industry, as reported from a recent World Bank presentation to National Treasury.

In 2022, the Department of Home Affairs researched the most sought-after skills and prepared a comprehensive list of careers in demand in South Africa.

Moreover, foreign nationals can now establish whether their professions are in demand in South Africa. The list is enclosed for your information <https://briefly.co.za/26159-list-scarce-skills-south-africa.html>. For example, Actuary (number 24) is on the scarce skills list. Actuaries calculate insurance risks and premiums. They enable correct pricing of a risk, risk adjusted is based on the risk profile of the risk, therefore making sure that the insurance company providing that cover can correctly budget for future liabilities (claims) associated with that risk.

There are many other skills that are critical to the non-life insurance industry but are not on the list, despite being of pertinence to the sustainability of the industry. Therefore, in 2019 the SAIA Board tasked SAIA to find ways of bridging the non-life insurance industry skills gaps. The specialised lines of insurance such as Engineering; Marine; Liabilities and Loss Adjusting business lines have the most glaring gaps in technical skills.

Since 2019, there have been successful milestones that the initiative has achieved: The first milestone was successfully creating the body of knowledge needed to be included as part of university / technical college curriculums therefore ensuring that graduates who have these courses included as part of their degrees or diplomas are easily employable because they have foundational knowledge of the industry therefore can be easily plugged in.

The second milestone is creation of a retiree repurpose programme in partnership with the Insurance Sector Education and Training Authority (INSETA) and the Insurance Institute of South Africa (IISA). The purpose of this programme is to repurpose individual industry expertise in the lines of business where there are skills gaps.

In 2022 a pilot was created, paid for by INSETA, including fifteen (15) junior management candidates and six (6) retirees. One of the retirees is also appointed by SAIA as the project manager for the program. The pilot will run for 12 months, starting from 01 December 2022. The reason junior management level candidates were targeted was to also support the industry's transformation management control BBBEE objectives.

A soft launch including only the selected retirees and their selected candidates took place on 15 November 2022, at SAIA offices.

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## **2.5 Retiree Repurposing Programme Launch**

The much-anticipated Retiree Repurposing programme had a soft launch on 15 November 2022 at the SAIA offices in Johannesburg. This soft launch was well attended by the retirees, mentees and industry stakeholders highlighting the support for this pioneering programme from the industry. The launch began with a warm welcome by the SAIA General Manager: Insurance Risks Ms. Pamela Ramagaga followed by a speech from the SAIA CEO Ms. Vivienne Pearson.



Ms. Pearson outlined the support and contribution the SAIA members had invested in this programme from the inception of the idea right through to the implementation phase, and the desire for the industry to guard its professionalism. In addition, along with this programme, the SAIA members contributed to the body of knowledge book and are working on an insurance apprenticeship programme to be accredited by the South African Qualifications Authority (SAQA) in due course, all in a bid to maintain high levels of technical skills and professionalism within the non-life insurance industry.

The INSETA CEO Ms. Gugu Mkhize reiterated the theme of professionalism and transformation and inclusion within the industry with a heartfelt speech. Ms. Kopano Radebe the Executive Manager: Professional Development for the IISA highlighted the privilege and expectations placed on the pilot candidates to follow through with the programme to ensure its success and sustainability for the benefit of the industry and those who are to follow.

Ms. Kabelo Paile the SAIA Technical Manager: Insurance Risks acknowledged and thanked the key stakeholders including IISA, INSETA, SAIA, FIA, SKYE, the project manager, the retirees, and the junior managers as well as their respective companies. Thereafter, a high-level presentation on the system and the importance of record keeping and reporting was highlighted by the system provider, Mr. Rob Lansdall, from SKYE followed by a vote of thanks and closing by Ms. Kgothatso Modise from INSETA.

The soft launch was a resounding success and has paved the way for the one-on-one mentorship to commence. SAIA and all stakeholders wish the candidates success in their mentorship journey and are thrilled to be part of this pioneering industry initiative.

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## **2.6 Access for the public to SAIA's Vehicle Salvage Database (VSD)**

SAIA members are happy to contribute towards finding a solution that will assist the unsuspecting consumer from buying unlawfully repaired vehicles and poor workmanship from motor body repairers (who might also not be licensed to repair vehicles in South Africa) who put the lives of all motorists at risk from these unroadworthy vehicles.

As much as the industry is working on allowing some access to the industry's salvage database, it is important that the consumer and all relevant stakeholders also note critically that the industry only insures approximately 30% of the fourteen (14) million cars registered for use on South African roads, that means close to ten (10) million vehicles are not insured in South Africa.

The SAIA Board has requested a business case in support of this initiative, with the finalised business case envisioned to be deliberated by the Board in Q1 of 2023. The preliminary and robust consultation process followed by SAIA to build this business case was critical to ensure that all the relevant stakeholders that needed to feed into

this work were engaged and their input reflected in what will be tabled at the SAIA Board for approval.

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## **2.7 Low-Cost Benefit Option (LCBO) Framework**

In August 2019, the Minister of Health introduced the National Health Insurance Bill (NHI) to Parliament. On 4 December 2019 the Council for Medical Schemes (CMS) released a circular which stated two decisions, to align the market with the NHI. The first decision was that there would be no Low-Cost Benefit Options (LCBO) allowed for low-income market segments in future. The second decision was that there would be no products allowed to be offered by the insurance industry based on the Demarcation Exemption Framework and Medical Schemes Act (MSA) beyond April 2021.

Therefore, Insurers that issue primary health insurance policies have been given a reprieve from the Council for Medical Schemes (CMS), providing another extension of the exemption provided under the MSA for two years, from 1 April 2022 to 31 March 2024. Insurers and their respective FSPs who wanted to renew their exemption had to apply to the CMS by 14 February 2022 and only those providers who were provided the exemption in 2019, could apply. This extension was granted to ensure continued coverage for members currently covered by the existing exempted insurance products. Furthermore, to allow for the finalisation of the Low-Cost Benefit Option (LCBO) Framework and recommendations.

The LCBO framework is a summary of the work of three workstreams:

1. Benefit and Pricing;
2. Market and Affordability; and
3. Compliance and Legal governance.

These workstreams have developed a proposed minimum LCBO package targeted at low-income earners and have considered various options for an enabling regulatory environment for these products. The public was invited to make comments on the proposed LCBO framework; thus, the SAIA Health Forum met on 5 October 2022 to discuss the framework and allow the members to consolidate their feedback through SAIA. The feedback was due to the CMS by 30 November 2022.

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## **2.8 Motor Repairer Minimum Standard Guideline (Checklist)**

The Competition Commission Guidelines for Competition in the South African Automotive Aftermarkets was issued late 2020, requiring compulsory adherence from

the markets specifically mentioned in the guidelines which included the non-life insurance industry.

SAIA motor members created a Motor Repairer Minimum Standard Guideline (Checklist) and SAIA has recently completed its key stakeholder consultative process which included for example the MBR Associations (Collision Repairers Association of South Africa (CRA), SAMBRA and SAARRA) who deal with motor body repairers. This also included the Right2Repair, which was one of the entities instrumental in the Competition Commission issuance of the guidelines.

The intention of the checklist is to provide the Individual Service Providers (ISPs) with a transparent view of what is required by the non-life insurance industry for instance with regards to structural and non-structural work, i.e. what the ISP must have to be able to meet the minimum that an insurer would require to be able to be considered for the respective work.

The checklist has also been shared with the Competition Commission in November 2022. Still to be done by the SAIA Motor Steering Committee (Steercom) is the creation of a central database of verified ISPs. The objective of the database is to make it easier for the ISPs and the insurers to remove the duplication in the effort by insurers in verifying the same ISP, therefore the database is to showcase those ISPs that have already been verified. The Steercom has advised SAIA that there is no urgency in creating the database, therefore this will be reviewed in 2023.

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

## **2.9 Road Safety**

It is estimated that 70% of road accidents in South Africa are due to human factors, which includes, in bulk, driver behaviour. These include driver recklessness such as speeding, failing to wear seat belts, lacking the right child restraints and distractions while driving. The greatest concern is the increase in the number of accidents caused by distracted driving, which is any activity that could divert a driver's attention away from the primary task of driving. These include using a cell phone, eating, and drinking, grooming, talking to passengers, using a navigation system, adjusting a radio, CD player or MP3 player.

According to the 2022 Global Status Report on Road Safety, approximately 1.3 million people die each year on the world's roads, and between 20 and 50 million sustain non-fatal injuries. The Global Status Report on Road Safety is the first broad assessment of the road safety situation in 178 countries, using data drawn from a standardised survey. The results show that road traffic injuries remain an important public health problem, particularly for low-income and middle-income countries.

Pedestrians, cyclists, and motorcyclists make up almost half (50%) of those killed on the roads, highlighting the need for these road users to be given more attention in road safety programs. The results suggest that in many countries road safety laws need to be made more comprehensive while enforcement should be strengthened.

The Global Status Report on Road Safety results clearly show that significantly more action is needed to make the world's roads safer.

South Africa is ranked as one of the countries with high road fatalities, mostly due to drunk driving. While many South Africans still think it is acceptable to have a few drinks before getting behind the wheel, the reality is that doing so is both illegal, irresponsible and endangers others on the road.

The National Development Plan (NDP) of South Africa sets a target to reduce injuries, accidents, and violence by 50% from 2010 levels by 2030.

The NDP 2030 objective is very welcomed by the non-life insurance industry since road accidents, if insured, affect the claims experience of the non-life insurance industry. If an insurer includes motor insurance as a product offering, the motor book of business usually accounts for about 40% of its entire book of business (some may be more than that), effectively making road safety a critical strategic pillar for SAIA. Also, for the sustainability of the insurance industry, it is critical that the industry effectively manages this risk and also makes motor insurance products more accessible in terms of premiums.

The SAIA Road Safety Committee was active in 2022, and a critical outcome of this Committee is the creation of a road safety matrix that will identify critical road safety pain points in South Africa, and therefore what interventions are necessary to reduce identified road safety issues, in collaboration with the road ecosystem in South Africa including relevant organs of state such as the RTMC.

- **Recent Road Safety critical stakeholder engagements**

SAIA was approached by the Department of Transport (DoT) and the South African National Road Agency (SANRAL), inviting the industry to participate in their various road safety initiatives, more specifically concerning member pothole and pointsman initiatives. The proposal outlined the following participation options:

1. SAIA Members are invited to make donations towards the government's road safety initiatives around potholes and pointsman from a Corporate Social Investment perspective – this will allow members to claim BEE points.
2. SAIA Members could 'adopt a road': this will assist in the maintenance of, for example, a 5km radius of the road for five (5) years. This will give members the opportunity to claim BEE points from their CSI spend, and an opportunity to attach their branding on respective adopted roads.

3. SAIA Members can opt for a Performance-Based Maintenance Model: This will accelerate the implementation of road maintenance by the public sector, by maintaining and improving a 1000-to-2000-kilometre (km) radius of the road. Noted is that there are 44 000 to 88 000 kilometres of road network across forty-four (44) municipal districts.

SAIA is also a member of the Road Incident Management Systems (RIMS) committee and SAIA has gained a lot of traction from the RIMS discussions. An outcome that was identified early in the engagements with RIMS is with regard to heavy haulage, traffic management, law enforcement and overall national transport road safety and infrastructure development issues. These issues will be further unpacked by the SAIA Road Safety Committee.

- **Business for Road Safety (BRS) Forum**

The BRS is an initiative, which was formed in 2014 by the South African Insurance Association (SAIA) in collaboration with other relevant stakeholder business associations. The objective of the BRS forum is to find sustainable solutions that will reduce the number of accidents and fatalities on our roads.

SAIA is both a member of the BRS and secretariate for the work done by the BRS thus far. The General Manager of Insurance Risks at SAIA, Ms. Pamela Ramagaga is the current Chair of the BRS.

Recently, members of the BRS have all agreed to sign an MoU with the Road Traffic Management Corporation (RTMC), to therefore allow for a coordinated effort on road safety issues with the government through the RTMC. There are various stakeholder engagements to advocate and lobby for road safety matters planned for 2023, this includes most critically the issue of law enforcement on South Africa roads which is directly correlated to reducing bad driver behaviour or reducing human factors that cause road fatalities such as drinking and driving.

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## **2.10 Combating Crime**

**Combating crime initiatives benefit both motor and non-motor (e.g., property) SAIA members.**

The non-life insurance industry (SAIA) collaborates with Business Against Crime South Africa, who is now part of Business Leadership South Africa, in initiatives to combat crime in South Africa.

BACSA was established by Business in 1996 in response to a request from then President Nelson Mandela who invited Business to join hands with the government in

the fight against crime. It is a special purpose vehicle, with the sole mandate to engage and give support to the government to fight crime-related matters, through facilitating the leveraging of skill and expertise from businesses.

SAIA and its members started working with BACSA in 2007 by donating R500,000 for police in-service training in Gauteng. In 2010 a Memorandum of Understanding (MoU) was signed with specific initiatives that SAIA members wanted BACSA to drive at an increased annual contribution of R1.7 million.

SAIA believes that many of the BACSA activities directly benefit the insurance industry for a wide range of crime related risks. In terms of motor crime related risks, for example, reduced car thefts or increased recoveries of stolen vehicles through the microdot technology introduced in South Africa through BACSA or the Automatic Number Plate Recognition (ANPR) technology which uses optical character recognition on images to read vehicle registration plates to create vehicle location data impact positively on related risks in terms of claims rates for insurers. It can use existing closed-circuit television, road-rule enforcement cameras, or cameras specifically designed for the task. In terms of non-motor (property) crime risks, for example, reduced household robberies or thefts through the BACSA Ears and Eyes (E2) initiative in most of the major provinces in South Africa will positively impact related claims rates for insurers. E2 is a program created by BACSA which links private security companies directly with the South African Police Service (SAPS).

The recent BACSA, E2 strategic planning session held on 22 - 23 September 2022, included around 200 attendees. Sixty percent (60%) were senior police officers from all divisions, and ten percent (10%) were from vehicle tracking companies and furthermore included the South African Banking Risk Information Centre (SABRIC), Consumer Goods Council, security associations and National Prosecuting Authority (NPA). The discussions and presentations indicated that the current agreement with BACSA is worth every penny the industry is contributing towards BACSA, especially with their new strategic alignment with BLSA. The police thanked BACSA and BLSA for their support in crime fighting around the following areas of crime fighting:

1. Illegal mining;
2. Armed robberies;
3. Economic infrastructure-related crime (vandalism);
4. Extortions (kidnappings);
5. Burning trucks and looting (staged riots); and
6. Fuel pipeline theft.

Highlighted was BACSA's assistance to the police during the looting in July 2021, through the E2 initiative, by providing intelligence and information to the SAPS, which resulted in the reduction of some of the calamities in the malls, most especially in Gauteng. This also included facilitating fuel to the SAPS's vehicles to attend to areas where looting was occurring.

In 2021, SAIA members contributed R1.2 million towards development of a monitoring centre which would give direct access of reported incidents by private security

companies to the SAPS' national control centre. In 2022, SAIA continued with this contribution of R1.2 million for the monitoring centre, and SAIA will continue to support BACSA in its sole mandate which is to fight against crime in South Africa.

The SAIA Board approved a further donation of R1.2 million excluding VAT to BACSA/BLSA for 2023 to continue with their great work which not only benefits the non-life insurance industry, but the larger economy and South Africa in general.

For more about BACSA and BLSA, please links to their objectives and other initiatives by BLSA: <https://www.blsa.org.za/blsa-initiatives/tamdev/>

<https://www.blsa.org.za/blsa-initiatives/beyond-advocacy-fund/>

<https://www.blsa.org.za/about-us/our-members/>

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## 3 Governance

### 3.1 Financial Ombud System Diagnostic Report Recommendations

The Finance, Competitiveness & Innovation Global Practice of the World Bank Group (WBG) has released the diagnostic report and recommendations which aim to help countries build their financial systems. This report which focuses on the role and reform of the financial sector ombud system in South Africa, also considers both international good practice and local conditions in South Africa. The diagnostic involved both primary and secondary research, plus extensive consultations with the existing ombud schemes and key stakeholders.

This study which was commissioned by National Treasury and prepared by the World Bank Group (WBG) aims to provide an independent review of South Africa's financial ombud system and recommend reforms to enhance customer protection and good-quality outcomes in the financial services sector. The study follows the publication in 2017 of the discussion document: "A Known and Trusted Ombud System for All", as part of the Twin Peaks financial sector regulatory reform programme in South Africa. The document sets out initial reforms to the ombud system included in the Financial Sector Regulation (FSR) Act (Act 9 of 2017) as well as the need to undertake further research to inform any future reforms.

One of the key recommendations made is that the overall system and its components will need significant changes to make it fit for purpose now and in coming years. Although most stakeholders acknowledge the need for reform, there is however little consensus on what those reforms should be. There are legitimate concerns about disruption during the transition to a reformed system and that changes might mean

less independence, more bureaucracy, less professionalism and expertise, and loss of stakeholder support.

In recommending reform, the WBG team has not sought to transplant a model from another jurisdiction. Rather, the team has applied the principles of good ombud practice to the particular circumstances found in South Africa including the existence of a sophisticated financial sector but also a lack of financial inclusion among some segments of the population.

The WBG team has also proposed early action to set clear directions for the reforms and to put in place a clear independent governance framework to manage a staged implementation plan with a clear timetable to reduce uncertainty for the current schemes and their staffs and manage the transition risk.

***This article was written by Ntsoaki Ngwenya, SAIA Legal Specialist. For more information, please contact [Ntsoaki@saia.co.za](mailto:Ntsoaki@saia.co.za).***



## 4 SAIA Circulars – November 2022

<b>MD Circulars – November 2022</b>		
2022-022	SAIA Member Declaration Form to Establish Member Market Share for Invoicing Purposes	15.11.22
2022-023	Prudential Authority Requests - Industry Participation in Survey on Nature-Related Risks	22.11.22
<b>SG Circulars – November 2022</b>		
SG-2022-112	Financial Ombud System Diagnostic Report Recommendations	02.11.22
SG-2022-113	Black Economic Empowerment: Measurement of Consumer Education Element – Withdrawal of Temporary Dispensation	04.11.22
SG-2022-114	Notice of Invitation to Submit Comments on the Prudential Standard RA02: Transfer of Assets and Liabilities of Designated Institutions in Resolution	08.11.22
SG-2022-115	Request for Capacity For Foreign Nuclear Risks With Effect From 1 January 2023	08.11.22
SG-2022-116	Prudential Authority (PA) - Operational and IT Risk Report	10.11.22
SG-2022-117	Ombud Council - Notice on Draft Amendment to Governing Rules for Short-Term Insurance	10.11.22
SG-2022-118	National Treasury (NT) and The South African Revenue Service (SARS) Request for the Re-Submission of Previous Submissions for Vat Binding General Ruling (BGR14); 2022 Draft Tax Bills and Vat Domestic Reverse Charge Regulations	17.11.22
SG-2022-119	Prudential Authority (PA) – Prudential Authority Industry Engagement Sessions, 1 and 2 December 2022	18.11.22
SG-2022-120	Prudential Authority (PA) Guidance Notice 1 Of 2022 - Notice Of Invitation To Submit Comments On The Liquidity Risk Management For Insurers (Both Life And Non-Life Insurers) And Proposed Amended Liquidity Risk Return For Life Insurers	25.11.22

### IMPORTANT NOTICE

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