



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

BULLETIN

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

FEBRUARY 2023

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1 From the Desk of the CEO

In this first Bulletin for the year 2023, I would like to wish everyone well for the year ahead. The South African Insurance Association is ready to face the year with more rigor and determination. I invite you, all our members, stakeholders, and the industry as a whole to unite and walk with us in this journey to continue to strengthen the non-life insurance industry.

On February 6, 2023, the world woke up to the shocking news of an earthquake that struck Turkey and Syria. The quake with a magnitude of 7.8 has since been followed by more quakes and aftershocks which have led to the death of over 50 000 people in both countries and devastating damage to infrastructure which includes homes and places of business. As rescue efforts continue, the visuals the world media continues to flight paint a grim picture for the Turkish citizens and all affected and also brings a sharp focus on insurance risks caused by natural disasters.

The country's energy crisis continues to take center stage; in his State of the Nation address tabled on 9 February 2023, President Cyril Ramaphosa, declared the crisis as a state of disaster and in an unprecedented move, the President announced the impending appointment of a Minister of Electricity to deal with the country's electricity crisis response. It remains to be seen whether or not this is the right move to improve the energy crisis in South Africa, however, one thing that is certain is that South Africans can't wait to have uninterrupted power supply once again.

On the global front, interest rates and inflation continue to rise as demand for energy rises in Europe. These inflationary spikes have not only affected those living in Europe but have also affected everyone globally. The cost of transporting goods and commodities across oceans and inland has skyrocketed, prompting food producers to hike food prices, which has a negative impact on our poor. Such a situation heightens tensions between those who can afford, and those living way below the poverty datum line.

In its recent report, Allianz points to social/civil unrests as one of the top risks for insurers. According to the Verisk Maplecroft [Civil Unrest Index](#) - out of 198 countries, 101 saw an increase in this risk. Since 2017, more than [400 significant anti-government protests](#) have erupted worldwide. It therefore is not surprising that 'political risks and violence' rank as a top 10 peril in the [Allianz Risk Barometer](#) in 2023.

As South Africa's non-life insurance industry, we look forward to engaging and collaborating with all stakeholders during these challenging times and to work together on how to navigate an increasing risk landscape that could lead to a further increase of the protection gap through innovative and joint solutions.

Viviene Pearson
SAIA Chief Executive

2 Insurance Risks

2.1 Update on the proposed access to VSD called “Vin Look-Up”

The SAIA Board, at its last meeting on 27 February 2023, finally approved the development and provision of some access to the SAIA Vehicle Salvage Database (VSD) to the public. This will be known as the “Vin Look-Up”.

More details around the decision as regards to when, how and which vehicle salvage records will be shared will be communicated in due course. Responsible SAIA Committees and Task Teams will work on the above granular details and communicate closer to the launch date of the “Vin Look-Up”.

This is probably the first time in South Africa that a private sector party (non-life insurance industry) has considered such an initiative. SAIA believes that it is the right thing to do, especially in the data and information age.

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

2.2 Important to know because you drive on South African roads

About 12,500 people die on South Africa roads yearly. In most cases, these are breadwinners who are snatched away leaving families to fend for themselves and some ultimately ending up within the poverty line. The majority of the people who are lost each year due to road crashes are young people (average age 35), demographically black (80%) and mostly male (75%). These economically active people often support several members of their family, making a road crash fatality simply devastating.

As of 2022, an individual living in South Africa with less than R945 South African rands per month is considered poor. Furthermore, individuals having R663 rands a month available for food are living below the poverty line as per South African national standards (Statista, 16 December 2022).

It costs the country around R188,000,000,000 (Billion) per year. This represents roughly 3% of the country’s Gross Domestic Product (GDP), and the loss of skills and socio-economic impact is painful to bear.

Pedestrians continue to be the majority of the road crash victims, at around 40% of the road crash statistics in both 2020 and 2019. More than 70% of those road crashes is due to human behaviour, whether its drinking and driving or eating and driving or in general driving whilst distracted by other activities when driving requires full attention on the road to avoid causing a crash resulting in human lives being lost.

The Automotive Association recommends the following tips, for motorists and pedestrians:

For Motorists:

1. Pedestrians may be distracted by electronic devices, making them unpredictable. Always be on the lookout for potential problems when driving.
2. There will be more pedestrians in built up areas, so be vigilant.
3. Schools are especially dangerous as children often don't think about the traffic as much as they should. Be careful when driving in areas with schools; think about the children because chances are they are not thinking about you.
4. Take care when passing a taxi or a bus. Passengers may be alighting and may be unsighted of oncoming traffic.
5. In poor visibility be especially mindful that pedestrians may be on the road. Pedestrians wearing dark clothes without any reflective covering are especially difficult to see.
6. Follow the rules of the road, pay attention, and drive to the conditions of the road you are on.

For Pedestrians:

1. Make yourself as visible as possible, consider wearing reflective gear.
2. Don't walk on or cross national highways or roads.
3. Don't use electronic devices while walking; always be aware of your surroundings and avoid distractions (such as texting while walking).
4. Don't drink or use drugs before walking on the road. If your senses are impaired, you will not be able to pay sufficient attention to your surroundings.
5. Don't gamble with your safety by trying to run through traffic, at some point you will lose.

Please also see a list of penalties:

<http://www.foresightpublications.co.za/AARTOop.html>

For example, there is a fine of R1,000 for offences such as

1. Driving an unregistered or unlicensed car.
2. Operating a motor vehicle without a roadworthy certificate.
3. Exceeding the speed limit by 26 km/h to 30 km/h.
4. Cutting in after overtaking.

For more guided information please contact your broker or insurer pertaining to your specific insurance needs.

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

3 Transformation

3.1 SAIA Consumer Education Update

The SAIA Consumer Education Programmes for 2023 will continue to focus on the upskilling of Small to Medium and Micro Enterprises (SMMEs) on Risk Management and Risk Transfer Mechanisms including insurance through the SAIA Building Resilient Business Programmes and creating awareness about the non-life insurance industry and its products and services to SA households, using the SAIA Radio Programme. The Consumer Financial Education Radio programme successfully launched on Metro FM on 22 March 2023 which is a new radio platform for the programme and will also continue to be delivered on Jozi FM, Gagasi FM in order to continue reaching greater national listenership. SAIA is in the process of reviewing the programme offering for the young adult category (Know Your Cash), which is currently suspended.

All 2022 programmes were implemented successfully and are currently awaiting the Monitoring and Evaluation report. In addition to our approved Consumer Education Programmes, SAIA was able to contribute towards MoneyTime, a financial literacy programme that was launched in Soweto by MyLife, a Wealth Creator platform, with the SAIA sponsorship enabling 300 pupils to access the programme.

As part of the success of the 2022 programme implementation, SAIA would like to extend a special thank you to the following industry experts who participated in the radio interviews during 2022. We appreciate your continuous support.

Expert	Company
Xolile Qumbu	Santam
Yunis Jacobs	Santam
Dumisani John	Santam
Karabelo Mashingo	Munich Re
Mopedi Ndlovu	Munich Re
Liso Gxasheka	Insurance industry expert
Nicky Mothiba	Absa

SAIA is also proud to announce the appointment of Ms Zanele Gigaba as the Chairperson for Money Smart Week, a financial sector initiative coordinated through National Treasury.

Members who are interested in participating in the radio programme for 2023 are encouraged to send their details to Tessa McQuire, SAIA Projects Coordinator: Transformation, tessa@saia.co.za.

This article was written by Tessa McQuire, SAIA Projects Coordinator: Transformation. For more information, please contact tessa@saia.co.za.

3.2 SAIA Industry Transformation Data Projects - Preferential Procurement

SAIA has issued an invitation for member participation in the second survey for industry procurement data collation. This is the continuation of the industry project on tracking progress on industry supplier transformation. The survey currently focuses on motor and property claims related to procurement, as the related servicing industries are key for the sustainability of the non-life insurance industry. The data collation project was adopted in 2017, with the online portal launched in 2021. The results have displayed positive progress over the years, providing useful insights in shaping the industry's contribution towards accelerating transformation of the financial sector.

The invitation to participate in the 2021 – 2022 survey has been issued to SAIA members, requesting that all members with relevant procurement data make a submission for the industry progress and trend analysis.

3.3 Diversity, Equity and Inclusion in the insurance industry

The International Association of Insurance Supervisors (IAIS) has released a publication named “Stocktake on diversity, equity and inclusion (DEI) in the insurance sector”. Key to the report, is the importance of DEI as a critical part of Corporate Governance in organisations and the inclusion of the underserved consumer in participation in insurance sector products and services. The report provided a high level perception on DEI and the role that the industry Supervisors/Regulators could play in the promotion of DEI within the insurance sector.

In the South African context, this aligns with the commitment already undertaken by our Regulators to incorporate transformation in the regulations that governs our industry (the Insurance Act) as part of their supervisory role potentially through the Conduct of Financial Institutions (COFI) Bill, the recent development of the FSCA's Transformation Strategy and National Treasury's Policy Document of Financial Inclusion, which were circulated for public comment and are currently under review for finalisation.

As part of the industry priority focus areas, SAIA supports the regulator's focus on the promotion of transformation and participates in forums aimed at advancing the DEI within the industry. The B-BBEE regulations implemented through the Financial Sector Code, provides an opportune framework for the advancement of Transformation in the industry.

These articles were written by Zanele Gigaba, SAIA Manager: Transformation. For more information, please contact zanele@saia.co.za.

3.4 Supplier transformation within the non-life insurance industry

As an industry that relies on other industries to deliver the consumer value proposition, transformation of insurance claims related procurement is key in contributing towards the sustainability of the industry. Therefore, SAIA continues to engage and forge relationships with relevant external stakeholders towards the promotion of an inclusive supply chain within the industry.

The automotive industry is one of the critical external stakeholders for the non-life insurance industry and valuable in driving the broad economic growth of the country. SAIA was invited to participate at the Automotive Industry Development Centre (AIDC) Eastern Cape Franchise Expo and “Right to Repair” Indaba 2022 and have recently collectively engaged with SEFA (Small Enterprise Finance Agency) on opportunities to promote access to finance for small businesses within the automotive sector. SAIA also participated in the automotive industry stakeholder engagement with the Free State Department of Economic, Small Business Development, Tourism and Environmental Affairs.

Also growing is the SAIA partnership with the Competition Commission on supplier transformation issues impacting the non-life insurance industry, which include the collaborative efforts on the successful implementation of the Guidelines on the Automotive Aftermarket and adoption of the practice note on the insurer supplier panels. In the last stakeholder engagement, it was comforting that the interim feedback from the Competition Commission was positive with regards to transformation complaints received against the industry.

It is in this light that SAIA members are encouraged to continuously play their part in adopting favourable measures that promote transformation within the industry, particularly, the adoption of the SAIA’s Treating Supplier Fairly Framework that has been included in the SAIA Code of Conduct.

For more information, please contact Themba Palangangwe at themba@saia.co.za or Zanele Gigaba at zanele@saia.co.za.

This article was written by Themba Palangangwe, SAIA GM: Governance and Transformation. For more information, please contact themba@saia.co.za.

4 Governance

4.1 Developments on the Conduct of Financial Institutions (COFI) Bill

The Conduct of Financial Institutions (COFI) Bill will have a tremendous impact on how the Financial Sector Conduct Authority (FSCA) supervises financial services providers, and the delay on its promulgation currently has an impact on its ability to provide a clear position on all other regulatory frameworks and standards. As at the

end of 2022, it was reported that National Treasury was finalising the outstanding aspects before tabling to the Cabinet for approval during 2023. Currently, the FSCA has provided guidelines with regards to the implementation Phases that would be followed.

Phase 1: High level design of the regulatory framework

- Initial high-level design has been formulated.
- However, design is a living document at this stage and will be subject to further change as the transition work progresses.

Phase 2: Harmonisation/themed frameworks

- First versions of the harmonisation frameworks finalised by end of 2022.
- However, will be subject to extensive internal engagement.
- Industry reference groups to be established in 2023 to further refine and progress the frameworks.

Phase 3: Transition to the COFI Bill

- Scoping work has been finalised, i.e. all requirements linking into the themed frameworks have been deleted and will be dealt with as part of the latter.
- Remaining requirements were used to further elaborate on and refine the high-level design.
- Transition of requirements to the new framework is under consideration.

4.2 Prudential Authority (PA) Insurance Industry Engagement

The PA invited the industry to an engagement at the CSIR in early in March 2023 to provide a high-level report on their activities for the past year and what would their focus be in 2023. Highlighted in the presentation were the following:

Flavour of the Year Topic

The PA indicated that Succession Planning will remain as the flavour of the year topic as they have identified gaps during their engagement with the industry in 2022. While entities have policies around the topic, implementation is not always adopted, leaving gaps especially for the urgent replacement of critical roles and around transformation objectives.

Risk Horizon

Risks such as cyber, data management and climate remain of concern and requiring close focus from the regulator, while corporate governance and talent management are noted as emerging risks for the industry.

Other areas on the presentation included the review on the IFRS 17, which the PA reported no concerns in terms of its impact on the regulations; and presentation of the PA's Information systems transformation and how it would be rolled out as an engagement platform for the industry.

In general, the Deputy Governor and CEO of the PA commended and expressed her recognition of the industry's positive participation in the identification and resolution of the challenges impacting the industry.

These articles were written by Themba Palagangwe, SAIA GM: Governance and Transformation. For more information, please contact themba@saia.co.za

5 SAIA Circulars – February 2023

MD Circulars – February 2023		
MD2023-003	SAIA Board Approves SAIA Annual BACSA/BLSA Contribution for 2023	10.02.23
MD2023-004	Annual Request for CEO Signed Confirmation Letters Confirmation of Full Submission of Personal Lines Claims Data Into IDS	13.02.23
SG Circulars – February 2023		
SG2023-003	Invitation to Assist in the Development of the Procurement Data Exercise – Frequently Asked Questions	02.02.23
SG2023-004	SAIA Procurement Data Collation Survey - 2021 - 2022 Invitation to Register on the SAIA Procurement Data Collation Tool	06.02.23
SG2023-005	South African Revenue Service (SARS) Invitation to a Webinar on Tax Directives	06.02.23
SG2023-006	South African Repair Towing Association – Urgent Call of Action	06.02.23
SG2023-007	Invitation for Public Comments on Proposed Draft Rules of Procedure Relating to the Manner in which a Complaint or Any Matter in Terms of the POPIA may be Referred to and Considered for a Finding, and Recommendation by the Enforcement Committee, 2023	22.02.23
SG2023-008	The Financial Sector Conduct Authority (FSCA) - FSCA Information Request 1 of 2023 (Ins)	28.02.23

IMPORTANT NOTICE

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