SAIA Newsletter of the South African Insurance Association

Bulletin

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1 LATEST NEWS

GUEST ARTICLE: Basel II implementation for the South African banking sector

The South African banking sector has, over the years, adopted a culture of compliance with international best practice. For the banking sector, the Basel Committee on Banking Supervision provides the main source of this international best practice for the regulation of banks.

Over time, financial innovation and the rapid growth of the banking sector to meet the demands of a global economy diluted the effectiveness of the existing regulations, which were based on the introduction of a simple capital measurement in the 1988 publication, Basel I.

In June 1999, a revised capital proposal, Basel II was released and it took five years before the final text was published on 26 June 2006. The global implementation date was eventually set for 1 January 2008.

As early as 2003, the Bank Supervision Department of the South African Reserve Bank (SARB) established an Accord Implementation Forum (AIF) to address the implementation of Basel II in South Africa. A consultative approach was adopted by the SARB and all relevant stakeholders were included in the forum.

Of concern for any supervisor is regulatory capture; a phenomenon in which a Government regulatory agency becomes dominated by the interests of the industry that it oversees. As the Basel II text was a minimum standard, this concern was largely eliminated.

The AIF was established as a separate entity under the SARB, with a Steering Committee chaired by the Registrar of Banks and its members drawn from senior bankers who were authorized to commit both physical and financial resources to the project. This commitment was seen as a key success factor. The remainder of the committee was made up of the National Treasury, the South African Institute of Chartered Accountants (SAICA) representatives and the SARB.

A number of sub-committees were established to address the various components of Basel II and each sub-committee would establish task groups and informal work groups to develop position papers for tabling at the Steering Committee. The chairman of each sub-committee, task group and work group would be drawn from the committee that established it. In this way, the feedback loop was retained and position papers could be adequately presented.

The development of a position paper for tabling at the Steering Committee went through a robust process of engagement at a number of levels. At each level in the AIF, the technical specialists from the SARB, banks and SAICA were able to address issues and propose practical and well thought out solutions for consideration by the Steering Committee. In some instances, more than one option would be proposed. The Steering Committee would then adopt position papers which enabled the AIF to build on a sound body of knowledge available to all.

Despite the AIF being chaired by the SARB, the adoption of a position paper was not confirmation that the SARB would take the content into the legislation. The SARB established an internal structure to debate the merits of these proposals. Feedback was provided by the SARB representative directly to the committee that originated the position paper.

Collaboration between the supervisor, the banks and SAICA was necessary, given the acute skills shortage globally of experienced Basel II professionals. In the process, the collaboration allowed the industry to begin to from a blank piece of paper and to adopt International Financial Reporting Standards (IFRS) as the basis, and to work methodically towards addressing the quantum of detail required in the returns for the regulator to adequately supervise the banks. During the process, all parties were able to gain a greater understanding of the needs of the regulator, the limitation of banks' systems and the key drivers for managing banks, as well as the standards that need to be met for the audit profession.

A number of quantitative impact studies were performed by the banks, as well as an economic impact study by National Treasury. For both the supervisor and the banks, the prioritization of the IT department at an early stage towards Basel II was critical, to meet the rigorous reporting requirements.

The AIF converted the three hundred and thirty three pages of Basel II text into around a thousand pages of legislation. Over two and a half years, the eighteen committees that made up the AIF, held in excess of four hundred formal meetings with minutes at which over two hundred and sixty position papers, averaging twenty pages each, with up to thirty versions were tabled. The obligation of the members to continue with their day jobs, with the supervisor having to supervise under the existing regulations and the banks having to continue profitable and competitive banking, meant that much of this work was done after hours and on weekends.

The use of an access controlled website provided much needed flexibility to the members. All regulated banks were provided access so that even those that were remotely positioned would have an opportunity to influence the outcome through the Banking Association representative. With email messaging to notify members when documents were loaded onto the website, all participants were well informed of developments, including research papers and documents produced by outside parties.

Achieving the deadline for implementation of 1 January 2008 was not easy given the lengthy process for consultation and regulatory changes. However, a transparent process with a clear project plan and tangible deliverables, as well as high level commitment from key stakeholders created a partnership that made it possible.

The views expressed in this article are those of the author and do not necessarily express the views of SAIA

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Special report on the results of the short-term insurance industry

Industry results - Typical insurers (typical insurers, for the purpose of this report, are those insurers who offer most types of policies to, mostly, the general public).

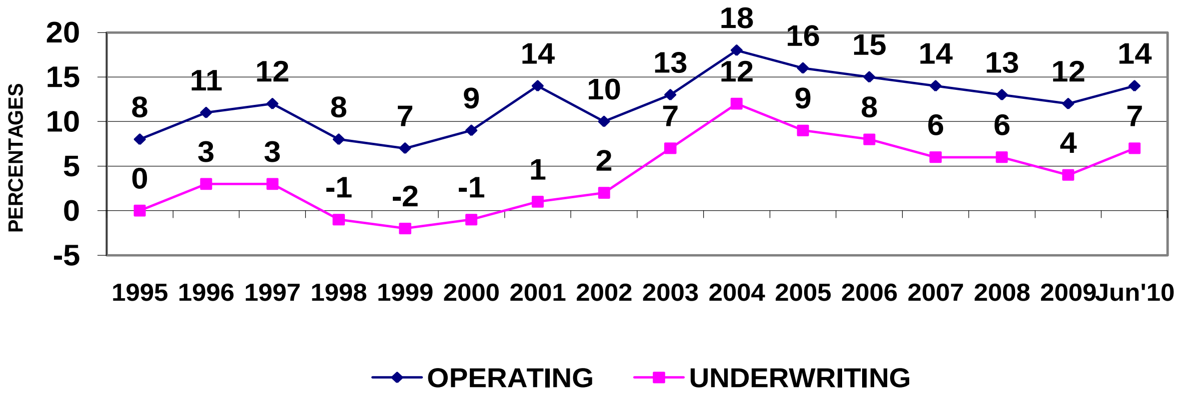
The table below sets out combined statistics (net after reinsurance) for typical insurers for the calendar years 2005 to 2009 and for the first six months of 2010 as well as comparative figures for the first six months of 2009.

The figures are unaudited.

	2005	2006	2007	2008	2009	6 months ended June 2009	6 months ended June 2010
Net premiums R'm	26 828	31 093	34 351	37 556	39 512	19 032	19 987
Underwriting profit/(loss) R'm	2 542	2 482	2 169	2 327	1 722	924	1 486
Underwriting and investment income R'm	4 304	4 588	4 851	5 064	4 741	2 754	2 802
Claims (as % of earned premiums)	63	65	66	66	67	68	63
As % of net written premiums:							
Management expenses and commission	26	25	27	27	28	28	31
Underwriting profit/(loss)	9	8	6	6	4	5	7
Underwriting and investment income	16	15	14	13	12	14	14
Net premium increase (year to year)	11	16	10	9	5	6	5
Surplus asset ratio (median)	40	42	43	40	43	46	39

The following graph indicates how underwriting and operating (including investment income) results of the typical insurers have fluctuated over the past fifteen years and the first six months of 2010.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Nine of the twenty-five insurance companies classified as typical insurers reported an underwriting loss for the six months ended June 2010, compared with nine (of twenty-five) who reported an underwriting loss for the three months ended March 2010.

Four of the twenty-five insurance companies reported an operating loss for the six months ended June 2010 compared with four (of twenty-five) for the three months ended March 2010.

Statutory surplus asset ratios

The following table indicates the spread of the statutory solvency percentages of the typical insurance companies.

	Number of insurers					
	December 2005	**December 2006**	**December 2007**	**December 2008**	**December 2009**	**June 2010**
Below 15%	0	0	0	1	0	0
Between 15% and 20%	1	0	1	1	0	0
Between 20% and 25%	1	3	0	1	2	0
Between 25% and 30%	3	3	6	2	1	3
Between 30% and 40%	5	4	2	8	7	10
Between 40% and 50%	2	4	5	4	5	3
Between 50% and 100%	6	4	5	4	8	6
Above 100%	1	3	3	3	2	3

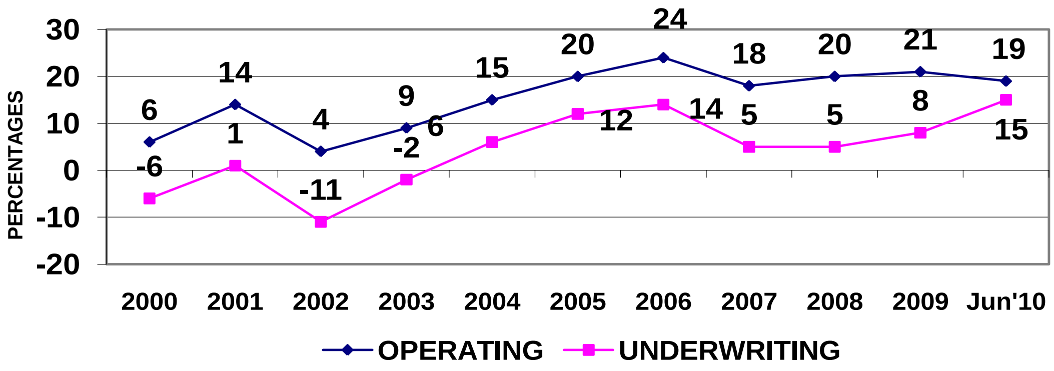
Industry results - Cell captive insurers (cell captive insurers, for the purpose of this report, are those insurers who offer insurance structures on a cell ownership basis for first party and third party cell owners).

The table below sets out combined statistics (net after reinsurance) for cell captive insurers for the calendar years 2005 to 2009 and for the first six months of 2010, as well as comparative figures for the first six months of 2009. The figures are unaudited.

	2005	**2006**	**2007**	**2008**	**2009**	**6 months ended June 2009**	**6 months ended June 2010**
Net premiums R'm	4 239	4 144	4 511	5 460	5 368	3 099	3 454
Underwriting profit/(loss) R'm	529	568	224	295	410	198	467
Underwriting and investment income R'm	857	980	810	1 079	1 150	654	762
Claims (as % of earned premiums)	52	52	62	67	62	65	50
As % of net written premiums:							
Management expenses and commission	28	31	33	25	27	20	32
Underwriting profit/(loss)	12	14	5	5	8	6	15
Underwriting and investment income	20	24	18	20	21	21	19
Surplus asset ratio (median)	56	59	60	56	64	67	83

The following graph indicates how underwriting and operating (including investment income) results of the cell captive insurers have fluctuated over the past ten years and the first six months of 2010.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Of the ten operational cell captive insurers, two have reported an underwriting loss and one an operating loss for the six months ended June 2010, compared with three of eleven who reported an underwriting loss and two an operating loss for the three months ended March 2010.

The following table indicates the spread of the statutory solvency percentages of the cell captive insurance companies.

	Number of insurers					
	December 2005	**December 2006**	**December 2007**	**December 2008**	**December 2009**	**June 2010**
Below 15%	0	0	0	1	0	0
Between 15% and 20%	0	0	0	0	0	0
Between 20% and 25%	1	0	2	1	1	0
Between 25% and 30%	0	1	0	1	1	1
Between 30% and 40%	2	1	2	2	2	3
Between 40% and 50%	0	1	1	0	1	0
Between 50% and 100%	6	4	2	3	2	3
Above 100%	0	2	3	2	4	3

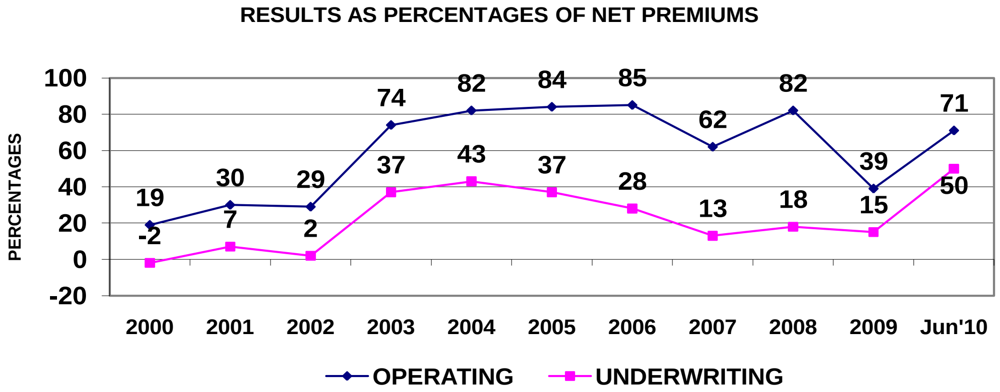
Industry results - Captive insurers (captive insurers, for the purpose of this report, are those insurers who offer cover of the risks of the owners' company or companies only).

The table below sets out combined statistics (net after reinsurance) for captive insurers for the calendar years 2005 to 2009 and for the first six months of 2010, as well as comparative figures for the first six months of 2009.

The figures are unaudited.

	2005	2006	2007	2008	Reinstated 2009	6 months ended June 2009	6 months ended June 2010
Net premiums R'm	165	144	200	185	329	377	278
Underwriting profit/(loss) R'm	61	40	26	34	80	9	139
Underwriting and investment income R'm	138	122	125	152	212	59	197
Claims (as % of earned premiums)	74	63	84	79	74	88	22
As % of net written premiums:							
Management expenses and commission	-11	11	2	4	2	1	(2)
Underwriting profit/(loss)	37	28	13	18	24	2	50
Underwriting and investment income	84	85	62	82	64	16	71
Surplus asset ratio (median)	329	437	435	334	402	335	458

The following graph indicates how underwriting and operating (including investment income) results of the captive insurers have fluctuated over the past ten years and the first six months of 2010.



Two of the ten captive insurers have reported underwriting losses and two operating losses for the six months ended June 2010, compared with two of the ten captive insurers who reported underwriting losses and operating losses for the three months ended March 2010.

The following table indicates the spread of the statutory solvency percentages of the captive insurance companies.

	Number of insurers					
	December 2005	**December 2006**	**December 2007**	**December 2008**	**December 2009**	**June 2010**
Below 15%	0	0	0	0	0	0
Between 15% and 20%	0	0	0	0	0	0
Between 20% and 25%	0	0	0	0	0	0
Between 25% and 30%	0	0	0	0	0	0
Between 30% and 40%	0	0	0	0	0	0
Between 40% and 50%	0	0	0	0	0	0
Between 50% and 100%	1	1	0	0	0	0
Above 100%	11	9	10	11	10	10

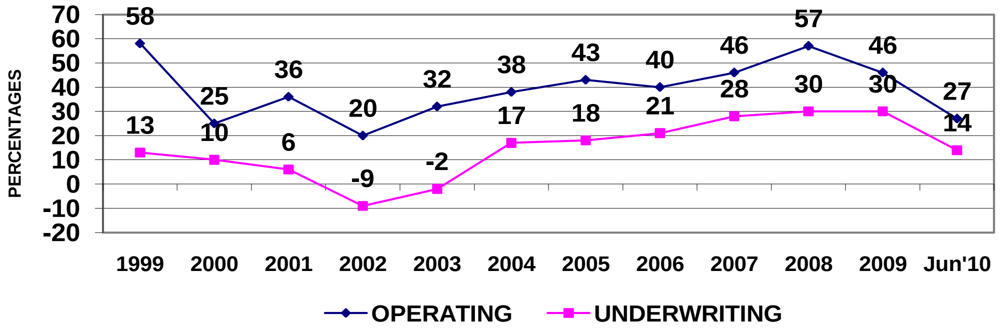
Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2005 to 2009 and for the first six months of 2010, as well as comparative figures for the first six months of 2009. The figures are unaudited.

	2005	**2006**	**2007**	**2008**	**2009**	**6 months ended June 2009**	**6 months ended June 2010**
Net premiums R'm	2 497	3 293	3 872	4 976	5 712	2 852	3 703
Underwriting profit/(loss) R'm	444	699	1 078	1 514	1 723	807	533
Underwriting and investment income R'm	1 081	1 308	1 779	2 839	2 617	1 071	1 017
Claims (as % of earned premiums)	51	48	43	40	41	39	41
As % of net written premiums:							
Management expenses and commission	29	28	27	27	29	34	36
Underwriting profit/(loss)	18	21	28	30	30	28	14
Underwriting and investment income	43	40	46	57	46	38	27
Surplus asset ratio (median)	117	120	72	77	58	60	63

The following graph indicates how underwriting and operating (including investment income) results of the niche insurers have fluctuated over the past ten years and the first six months of 2010.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Eleven of the thirty-four operational niche insurers have reported underwriting losses for the first six months of 2010 and six have reported operating losses, compared with eleven of the thirty-four operational niche insurers who reported underwriting losses for the three months ended March 2010 and eight who reported operating losses.

The following table indicates the spread of the statutory solvency percentages of the niche insurance companies.

	Number of insurers					
	December 2005	**December 2006**	**December 2007**	**December 2008**	**December 2009**	**June 2010**
Below 15%	1	0	0	0	1	0
Between 15% and 20%	0	1	0	1	1	1
Between 20% and 25%	0	0	1	2	1	3
Between 25% and 30%	0	0	1	0	2	2
Between 30% and 40%	0	3	2	4	5	2
Between 40% and 50%	3	3	5	4	3	2
Between 50% and 100%	9	6	10	9	8	9
Above 100%	17	19	14	13	13	13

Industry results – Re-insurers (re-insurers, for the purpose of this report, are those insurers who offer specialised cover, only to primary insurers).

The table below sets out combined statistics (net after reinsurance) for re-insurers for the calendar years 2007 and 2009 and for the first six months of 2010, as well as comparative figures for the first six months of 2009.

The figures are unaudited.

	2007	2008	2009	6 months ended June 2009	6 months ended June 2010
Net premiums R'm	1 899	2 388	2 314	1 201	992
Underwriting profit/(loss) R'm	192	37	55	(90)	62
Underwriting and investment income R'm	651	492	464	106	232
Claims (as % of earned premiums)	58	64	66	74	63
As % of net written premiums:					
Management expenses and commission	30	34	31	33	31
Underwriting profit/(loss)	10	2	2	(7)	6
Underwriting and investment income	34	21	20	9	23
Surplus asset ratio (median)	146	149	243	138	70

Two of the seven operational re-insurers have reported underwriting losses for the six months ended June 2010 and none reported operating losses, compared with three of the seven operational re-insurers who reported underwriting losses for the three months ended March 2010 and one has reported an operating loss.

The following table indicates the spread of the statutory solvency percentages of the re-insurance companies.

	Number of reinsurers			
	December 2007	December 2008	December 2009	June 2010
Below 15%	0	0	0	0
Between 15% and 20%	0	0	0	0
Between 20% and 25%	0	0	0	0
Between 25% and 30%	0	0	0	0
Between 30% and 40%	0	1	0	0
Between 40% and 50%	0	0	1	1
Between 50% and 100%	3	2	2	2
Above 100%	4	4	5	4

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Transformation – The Financial Sector Charter

The Board of the Financial Sector Charter (FSC) Council met with the Ministers of Finance and Trade & Industry in Pretoria on 30 July 2010. The objective of the meeting was to report to them on the status of the current negotiations and explore the way forward.

Both Ministers reiterated their positions that they wished to see the FSC gazetted as a sector code, and urged the participants to set aside their differences and see to it that progress is made as soon as possible.

The Ministers and the various constituencies of the FSC Council agreed that the gazetting of the FSC as a sector code would be achieved in phases:

1) The Department of Trade and Industry (DTI) will gazette a draft sector code for comment, reflecting the agreements on ownership achieved so far;
2) FSC Council participants will engage in an intense process of consultation to resolve the remaining differences
3) A final sector code will be gazetted early in 2011

What this means for members is that, at the 2010 year end, the DTI Codes will still be in place, and that members will have to report on these codes. However, when the FSC gets gazetted in 2011, this will replace the DTI Codes for the financial sector.

The Board of the FSC is engaged in preparing documents for the first phase of the gazetting process.

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Update regarding FAIS regulatory examinations 2010

The SAIA recently received the update below regarding FAIS regulatory examinations for 2010 from the Financial Services Board (FSB):

Background

The amended Determination of Fit and Proper Requirements for Financial Services Providers (Board Notice 106 of 2008) makes provision for regulatory examinations as part of the competence requirement for representatives, key individuals and sole proprietors.

There are two levels of regulatory examinations:

- Regulatory Examination Level 1

  This regulatory examination deals with the regulatory framework and is compulsory for all individuals in the financial services sector. The content of this examination focuses on the applicable regulatory framework, i.e. FAIS, Financial Intelligence Centre Act, FAIS General Code of Conduct, etc.

  There will be different variations of this examination depending on whether the individual concerned is working in a Category I, II, IIA, III or IV environment, and whether the individual is a key individual or a representative.

- Regulatory Examination Level 2

  The Level 2 regulatory examinations apply only to representatives. These examinations are "product-specific" in nature and cover the knowledge and skills required for a representative giving advice and/or rendering intermediary services on a specific financial product.

Examination bodies have been appointed to develop and implement the regulatory examinations on behalf of the FSB. These are:

- The Financial Planning Institute (FPI)
- Leselo (Institute of Bankers)
- Moonstone Intellectual Capital
- The South African Institute for Financial Markets (SAIFM)

Quality assurance process

In order to ensure the quality of the regulatory examinations, a specific process is being followed. The first step of the quality process was to trial (test) the examination questions to ensure that the questions that will be used in the examination are understandable, plain language is used, and so forth.

Once all the questions have been tested, the actual examination is to be piloted to confirm the effectiveness of the systems and processes that support these examinations. The pilot process is also used to check the particular examination in order to ensure that the pass mark is set at an acceptable level.

Every regulatory examination must go through the quality assurance process prior to the rollout thereof.

Regulatory Examinations Level 1

The piloting of the level 1 examination took place on 10, 11 and 12 August 2010. The examination bodies were responsible for the planning and all arrangements pertaining to the pilots.

They have given preferential treatment to those candidates that have participated in the trials, and will allow such candidates first option to participate in the pilots.

Candidates participating in the pilots will do so free of charge and will receive their results subject to specific terms and conditions. The results of the pilots will only be made available to the candidates once all pilots have been finalized and the results of the pilots have been recorded.

Provision has been made for up to three pilots per regulatory examination to be completed, should the FSB not be satisfied with the quality of the first pilot. The rollout of the regulatory examination is subject to the successful piloting thereof. Once the above mentioned pilots are completed, the regulatory examinations level 1 will be rolled out to the industry.

Regulatory Examinations Level 2

The development of the regulatory examinations for level 2 is taking place in accordance with the planned timeframes, and the first pilots for this examination will take place in October or November 2010.

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2 IMAGE & REPUTATION

New SAIA Public Relations Officer appointed

The newly appointed SAIA Public Relations Officer, Kirsty Udemans, started her career at SAIA on Monday, 23 August 2010. Should you wish to contact her, you can do so on the following email address; kirsty@saia.co.za.

The SAIA wishes her all the best on her career path with the Association.

☞ **Further information : Adéle Joubert**
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Consumer education update

SAIA 2009/10 Foundation Consumer Education Initiative

The SAIA 2009/10 Foundation Consumer Education Initiative has been completed successfully. Once the SAIA have received final reports from all three service providers, a combined report will be produced and distributed to members for reporting purposes.

In accordance with the SAIA Consumer Education Strategy, SAIA members who did not select the full contribution option of 0.2% to the abovementioned SAIA collaborative foundation consumer education initiative, will be contacted to report their individual consumer education efforts against the SAIA Consumer Education Guidelines.

SAIA 2010/11 Foundation Consumer Education Initiative

At a recent SAIA Consumer Education Committee meeting, an in principle decision was taken regarding the mix of projects for the next initiative. The Financial Services Board (FSB), who has shown interest in the continuation of the consumer education partnership with SAIA will, during the next few days, together with SAIA, finalise project proposals for the 2010/11 initiative.

The proposed mix of projects will be taken to the independent Consumer Education Project Panel for final approval after being approved by the Consumer Education Committee and hopefully before the end of September 2010.

International Labour Organisation (ILO) grant consumer education project

The SAIA received a grant from the International Labour Organisation (ILO) to conduct a research study on the overall SAIA Consumer Education Initiative, since its inception in 2004. The final report has been sent to the SAIA and it was stated that the SAIA collaborative consumer education initiative will be used as an international example of best practise.

The report also contains interesting suggestions on how to improve certain projects and other aspects of SAIA's initiative to ensure proper leveraging of past successes and materials, more successful project integration, bigger impact and better, more useful research results going forward. The concerns and suggestions contained in the report will be taken into account when briefing service providers and selecting projects and the overall positive results and accolades of this important industry effort, emphasized by the report, will be communicated publicly through the media and used in relevant negotiations.

Should you wish to receive an electronic copy of this report, contact Amanda Oosthuis at amanda@saia.co.za and for more information contact Viviene Pearson (viviene@saia.co.za).

Financial Education Fund (FEF) grant project

SAIA has been developing an FEF grant radio project to reach regional radio audiences in South Africa with financial and especially risk management education through a series of radio drama soap operas. The series will be broadcast from September 2010.

Four radio stations, each with it's own indigenous South African language, were selected for broadcasting the 52 radio episodes. After each episode, the programme presenter will host a call-in session, where an industry expert (who will represent SAIA and who will be thoroughly briefed) will provide further specific insurance information in a "question and answer" session in the vernacular of the area.

Callers will also be referred to the call centres of SAIA's members who provide Mzansi-type products on a rotational basis when relevant. This activity also forms part of the extensive research element of this project, aiming to provide results to prove the effectiveness of the media to convey financial consumer education messaging and to test whether a link exists between financial consumer education and increased uptake of, or access to products.

The audiences of these radio stations consist of all LSMs with a concentration on lower and middle LSMs up to LSM 6/7. This project is not linked to Charter requirements and follows the SAIA guidelines. The results will inform selection of future projects and possible negotiations going forward.

☞ **Further information : Viviene Pearson and Kirsty Udemans**
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Industry assistance needed to enable an important micro-insurance study

Subsequent to the SAIA Micro-insurance workshop that took place on 28 June 2010 to discuss the Mzansi standards, Cenfri and FinMark Trust informed the SAIA that they would like to participate in the process of the industry to finalise the Mzansi standards. The SAIA agreed that collaboration in this regard would make sense and requested a formal proposal.

The SAIA, FinMark Trust and Cenfri are currently in discussion regarding a study on standards in the micro-insurance market in general and the Mzansi Standards in particular. More about this will be communicated to members as soon as possible.

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Sustainability of Insurance

The SAIA recently identified Sustainability of Insurance as a key priority area. This area will encompass environmental, social and governmental issues.

Santam seconded a specialist in environmental issues, Vanessa Otto-Mentz, to put together a sustainability strategy for the SAIA. Vanessa will start on 1 September and continue her service until December 2010, working for the SAIA two days per week. Vanessa will be in Johannesburg on 9 and 10 September and anyone interested to meet or have a conversation with Vanessa should contact viviene@saia.co.za.

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Functions planned for 2010

Listed below are the dates for SAIA functions that will take place in 2010. This is a standard section in the SAIA Bulletin. Please note that the dates are subject to change. Changes will be marked in colour.

- SAIA Consumer Education Report Back Function – October 2010
- SAIA Assistants Lunch – 17 September 2010
- SAIA Committee Lunch – 2 November 2010
- Cape Town Media Lunch – 19 November 2010
- JHB Media Lunch – 22 November 2010
- SAIA/IISA/FIA Insurance Conference (Sun City Pilanesberg) – 24 to 27 July 2011

For more information on any of the above functions, contact the new SAIA Public Relations Officer, Kirsty Udemans, on 011 726 5381.

☞ **Further information : Kirsty Udemans**
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3 LEGISLATION & REGULATION

C02 vehicle emissions and implications for the short-term insurance industry

Recently, National Treasury made a serious yet important announcement which will undoubtedly affect the motor industry and therefore, subsequently the short-term insurance industry. The Minister of Finance announced that 'green tax' will be levied on all new, light commercial vehicles, including passenger vehicles, effective 1 September 2010.

The harmonized code of classification in terms of the Customs and Excise Act, under whose umbrella the CO2 emissions tax is being implemented, defines double cabs (4X4s) and some smaller bakkies as light commercial vehicles. However, in terms of the VAT a passenger vehicle is defined as: "a motor car, station wagon , minibus , double cab, light delivery vehicle and any other motor vehicle of a kind normally used on public roads, which has three or more wheels and is constructed or converted wholly or mainly for the carriage of passengers."

C02 emissions are dealt with under the Customs and Exercise Act and, as it was not possible to be included in the VAT definition of a passenger car for the purpose of implementing C02 emissions tax under the umbrella of the Customs and Exercise Act, the National Treasury decided to include all categories of light commercial vehicles, excluding light trucks in the definition of a passenger car.

The motor industry has rejected the inclusion of small bakkies and double cabs on the basis that these vehicles are regarded as light commercial vehicles. The motor industry further claims that there are no emissions data available for light commercial vehicles.

National Treasury have responded, saying that the inclusion of double cabs has always been the intent of the first phase of the project. Further, National Treasury confirmed with the National Regulator for Compulsory Specifications that C02 data on C02 emissions expressed as g/km is available for all vehicles. The Regulator's office went further to state that it is also possible to calculate a vehicle's C02 emissions based on its engine size.

What will the effect be of the new emissions tax?

- The tax will be levied at R75 per g/km on vehicles emitting more than 120 g/km CO2
- The proposed tax would add about R10 000 to R20 000 to the price of a light commercial vehicle, depending on the model

What will the effect be of this new emissions tax on vehicle insurance?

Traditionally, insurance companies will insure vehicles based on the following values:

- Retail
- Market
- Agreed

These values are based on either the Mead and McGrouther Guide or the TransUnion Auto Dealers Guide and take into account the condition of the vehicle at the time of securing insurance. Insurance premiums are calculated using rating models which consider the factors relating to the value and condition of vehicles and these rating parameters are usually programmed into an IT platform.

The current rating models do not take into account the new emission tax which will add considerably to the value of the vehicle. Consumers are advised at the purchase of a new vehicle, to request invoices which show separately the emission tax levied. The question is, will insurers and should insurers consider this as an intrinsic value of the vehicle for insurance purposes and for the calculation of premium.

The CO_2 emissions tax might now add a significant amount to the purchase price of these vehicles – making it more expensive not only to buy but also to insure. We can expect further consultation between the motor manufacturing industry and the Treasury, but, whatever the outcome, vehicle owners would have to be sensitive to, not only what vehicle they purchase, but also how they go about insuring the vehicle.

Insurers on the other hand should consider how best to deal with the increase in vehicle value, and whether rating parameters should change to take into account the emissions tax, or should the insurance industry encourage consumers to make more 'green' choices when purchasing vehicles. The conundrum for the industry will be to decide on how best to ensure that the basic principle of indemnity is applied, to be able to place the consumer in the same position prior to the loss occurring.

☞ **Further information : Viviene Pearson**
✉ **viviene@saia.co.za**

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Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, January – November 2008, January – November 2009 and January, April – July 2010 issues of the Bulletin.

Financial Services Board: FAIS Department: Satellite Sessions

The Financial Services Board (FSB) is committed to ensuring that facilities are available with regards to Financial Advisors and Intermediary Services (FAIS) Legislation training. Recently, the FAIS department of the FSB launched satellite workshop sessions. The FAIS department is encouraging all members, especially those in the outlying areas, to make use of this facility.

Both the call centre and website bookings are fully functional, and anyone is welcome to use any of these two methods to secure a booking. The call centre's number is 0800110443/ 0800202087.

There is still space available in the following sessions and venues. Members are encouraged to forward this notification to their providers or representatives and to advise them to register for the workshops.

		6 Sep	22 Sep	8 Oct	18 Oct
Venue	**Allocated**	**Booked**	**Booked**	**Booked**	**Booked**
Belville	90	61	58	68	90
Bloemfontein	12	12	4	7	6
East London	20	6	4	9	12
Florida	60	46	34	60	60
George	30	16	12	19	23
Johannesburg	30	23	30	30	30
Kimberley	25	3	2	4	4
Klerksdorp	30	12	11	18	21
Middelburg	50	11	7	15	13
Mafikeng	30	5	2	3	2
Nelspruit	50	3	2	12	15
Port Elizabeth	50	37	14	35	20
Polokwane	40	4	4	17	11
Stellenbosch	20	8	17	19	20
Tygerberg campus	42	11	12	35	31
Worcester	12	10	1	4	6
Upington	21	2	0	0	0

Sessions:
6 September – small FSPs without compliance officers
22 September – internal and external compliance officers
8 October – small FSPs with compliance officers
18 October – preview of the annual conference

For further information, please contact either the offices of the SAIA or Charene Nortier at the FSB.

☞ **Further information : Adelaide Motsuenyane**
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Previous reference: Articles on regulation featured in the November 2006, December 2006, January – November 2007, January – November 2008, January – November 2009 and January, April – July 2010 issues of the Bulletin.

4 MOTOR

DTI Motor Body Repairers and Insurers Forum

The DTI Motor Body Repairers and SAIA Forum met on 3 August 2010 at the Department of Trade and Industry (DTI). At this Forum meeting, the Motor Body Repairers (MBR) Industry submitted a proposal to address their challenges to the insurance industry. The SAIA requested a period of consultation within the industry, in order to consider the proposals and the position of the industry.

Several industry workshops have taken place during the month of August and the industry will present its position and the proposed way forward to the DTI MBR & Insurers Forum at the next meeting which will take place on 1 September 2010 at the DTI.

☞ **Further information : Viviene Pearson**
✉ **viviene@saia.co.za**

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SAIA Committees: Motor

Several potential industry projects had been identified at the brainstorming sessions of the two Vehicle Committees, i.e. the SAIA Motor Committee: Vehicle Crime and the SAIA Motor Committee: Driver. These potential projects are currently in various stages of exploration, research and/or implementation.

The brainstorming session of the SAIA Motor Committee: Vehicle had to be postponed as it was planned for the same day as the urgent DTI MBR/Insurer Forum meeting. This brainstorming session will now take place on Tuesday, 7 September 2010.

☞ **Further information : Viviene Pearson**
✉ **viviene@saia.co.za**

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SAIA Code of Conduct and Code on Salvage

The SAIA Board approved an amendment to the SAIA Code of Conduct at its meeting on 17 August 2010. This amendment entails the attachment of the Code on Salvage and the recently approved standards addendum to the Code on Salvage, which includes agreed guidelines to the coding of vehicles, as an addendum to the SAIA Code of Conduct. Both the Code on Salvage (#79037) and the Guidelines to the Code on Salvage (#46211) are available from the SAIA.

The reason for this attachment to the SAIA Code of Conduct, is the importance of the Code on Salvage and its guidelines in the vehicle salvage management area, and the possible impact on vehicle crime and various other areas of importance in the motor insurance arena. Compliance to the Code on Salvage and its guidelines is to be ensured through attaching it to the SAIA Code of Conduct.

This amendment is applicable with immediate effect.

☞ **Further information : Viviene Pearson**
✉ **viviene@saia.co.za**

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5 FINANCE & OPERATIONS

International Financial Reporting Standard (IFRS) 4 – Proposed accounting for insurance contracts

Introduction

Insurers will by now have heard of the release by the International Accounting Standards Board (IASB), of an exposure draft on 30 July 2010, dealing with the recognition, measurement, presentation and disclosure for insurance contracts. The comment period ends on 30 November 2010.

Application

The proposals apply to all entities that issue insurance contracts, retaining the IFRS 4 definition of an insurance contract with an amended scope to exclude fixed fee service contracts, but include certain previously excluded financial guarantee contracts. The Standard applies to life and non – life insurance contracts.

Measurement

Current estimates of insurance contracts (Current Measurement Model), will need to be re-measured in each reporting period.

No profit is recognised at inception, rather, a current, unbiased and probability-weighted average of future cash flows, that is expected to arise as the insurer fulfils the contract, is utilised.

There is a simplified measurement approach for the unexpired coverage period for contracts of short duration in which the coverage period is approximately one year or less, but this approach is not available for other contracts.

The issuing of the final standard and the industry's response

The Board expects to issue the final standard by mid 2011 but has not yet specified an effective date. SAIA expects that this will have a major impact on the short-term industry which it represents.

Consider the following:

- Members are urged to evaluate the impact of the proposed standard on their current business practices early on, to avoid non-compliance at implementation date..
- The proposed changes will require additional resources resulting in increased costs to insurers – this is of great concern to SAIA as it is envisaged that the smaller to medium sized insurers will be under immense pressure to comply with the changes to the international accounting standards, the Regulators Solvency Assessment and Management Project and the anticipated Treating Customers Fairly Project. The above projects have very similar and in some cases coinciding timelines.
- The opportunity to comment via the South African Institute of Chartered Accountants (SAICA), comments process must be responded to by members.
- Utilise every opportunity to understand and evaluate the impact of the proposed IFRS on individual insurers businesses and the industry as a whole.

Members will be kept updated on developments in this area.

☞ **Further information : Charles Hitchcock**
✉ **charles@saia.co.za**

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6 FSB SOLVENCY ASSESSMENT AND MANAGEMENT (SAM) INITIATIVE

SAIA's participation in SAM

At a recent SAIA SAM Steering Committee Meeting, held on 5 August 2010, consensus was reached that SAIA needed to be more actively involved in the SAM project. The reasons for this were based on a number of concerns raised by SAIA and committee members at the meeting. The concerns included the lack of an industry approach to SAM, poor participation by SAIA members on the Financial Services Board (FSB) committee and task groups, resource constraints by the insurers, the medium and long term impact of SAM and the immediate need for co-ordination. It was therefore agreed that SAIA should submit a proposal to the SAIA Board to create a SAIA SAM Project Support Office (PSO).

The main objectives of the PSO are to provide input into the design of SAM, coordinate the contributions of the short-term insurers and to assist specialist insurers in voicing their concerns on SAM and with understanding and implementing SAM within their organisations.

On 17 August 2010, the SAIA Board approved the PSO proposal and it was agreed that the below additional resources would be appointed and reviewed after 12 months.

- ***Programme Manager - responsibilities:***

  The individual will be responsible to provide technical input at sub-committee, task group and work group level. The individual will be responsible for reviewing and commenting on all published discussion documents and position papers. The individual will oversee the forming and managing of a "specialist insurer interest group", a group formed outside the SAM structure, dedicated to supporting the views of the specialist and resource-challenged insurers. The individual will also oversee the day-to-day management of the PSO.

- ***Project Manager / Coordinator- responsibilities:***

  Co-ordinate the contributions and activities of all the members participating at task group level. Provide a communication channel to and from members. Maintain a positive working relationship with the FSB's SAM project management team and all participating SAM members. Assist the Programme Manager with industry-wide initiatives relevant to SAM.

- ***Personal Assistant- responsibilities:***

  Provide back office administration and support to the PSO. This individual will take ownership and responsibility for all administration work including secretarial, communication and coordination.

SAIA will, in the very near future, request member companies interested in joining the specialist insurers' interest group to nominate a representative to participate in this forum.

☞ **Further information : Nico Esterhuizen**
✉ **nico@saia.co.za**

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7 REINSURANCE

Reinsurance survey

On 16 July 2010, the SAIA sent out a Reinsurance survey to the industry. The survey was conducted as a 'dipstick' to identify areas of improvement in the relationship between the insurer and the reinsurer.

The survey was distributed to all SAIA Members and at least one third of the membership responded. The sample audience included reinsurance specialists and those actively involved in the placement of reinsurance policies. See below some of the results:

- Participants ranked the spread of risk as the most important role and purpose of reinsurance in the short-term industry. Interestingly, the participants ranked the provision of technical assistance over and above the protection of catastrophes.
- Despite the above response, participants agreed that the main reason for purchasing reinsurance is to protect an insurer against catastrophes.
- Security/capacity, credit rating and service/client orientation are ranked most important by the participants. In this regard, Solvency Management and Assessment (SAM) and Treating Customers Fairly (TCF) are likely to influence the relationship between insurer and reinsurer.
- Participants demonstrated support for the local reinsurer. However, participants were clear that, although local reinsurer's are preferred, improvements need to be made to service levels and the level of skill in the local reinsurance market.
- Despite the need for improved service and skill, the participants agreed that local reinsurers have a better understanding of the local market and are more visible and accessible than the international market. This result is a key consideration for the improvement of relationship management between the insurer and the reinsurer.
- Improving service and skills were ranked of highest importance. The participants have stressed the importance and lack of service and skills in the local reinsurance market

throughout the survey. What is important to note is that the issue around price was the lowest of the participants' considerations in the survey.

The SAIA would like to thank all those who participated in the survey. Should you have any further comments, kindly forward it to the SAIA.

☞ **Further information : Karen Naidoo**
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8 SHORT-TERM INSURANCE DATA EXCHANGE (STRIDE)

STRIDE update: What is STRIDE?

The Short-term Insurance Data Exchange (STRIDE) is an initiative created by members of the SAIA and the Financial Services Intermediaries' Association (FIA) that will provide a secure method of transferring underwriting data, primarily between insurers and intermediaries.

What is the aim and mission of STRIDE?

"To create a sustainable and trusted insurance industry that facilitates informed risk taking amongst all stakeholders in the insurance value chain, by defining the rules of engagement for data and process interchange and an electronic connectivity capability that is based on a South African ACORD messaging standard and global best practices, ultimately benefiting the consumer."

Why do we need a data exchange?

The Insurance Laws Amendment Act (ILAA) (Sec 48A) stipulates that an insurer may insist on receiving the data on the risks for which it is covered, from its appointed "Binder Holders". It is envisaged that the regulations supporting the amendments to (Sec 48A) will prescribe that insurers should at all times be in possession of information pertaining to risk and customer detail committed under its licence.

The FIA and SAIA, representing intermediaries and insurers, identified the intention of the legislator and in order to facilitate participating members being ready to accommodate the requirements, formed STRIDE. There is little doubt that data sharing will, in future legislation, become compulsory and the STRIDE initiative will then ensure that the present model, where product providers distribute products by way of affording binders to its distribution channel, will be sustained.

Will STRIDE be the only way to exchange data?

No. STRIDE will be a secure and easy way of delivering data between insurers and binder holders. The legislator merely wants the insurer to be in control of what it is on risk for. The STRIDE way of transmitting data will, because of its wide acceptance as well as the direct involvement of a number of product providers, become the preferred medium for transferring insurance data.

What is ACORD?

ACORD is an international insurance data standard that is currently being "South Africanised" and which will be used by STRIDE as the data interchange standard. Anybody (insurers and intermediaries can join ACORD and data standards are being decided on by the SAIA and FIA members of ACORD with the assistance of and support of ACORD experts.

Should you wish to influence the standard, receive assistance with implementation thereof and be part of the future of the industry in this regard, then it is advisable to join ACORD and partake in the setting and or changing of the standard.

The advantage of the ACORD standard is that in future, all insurance data records will have a standard layout which will enable insurers and binder holders to seamlessly exchange the same record on a compatible basis.

Who is part of STRIDE?

STRIDE was initially formed by certain SAIA and FIA members and will be financed by the founder members that will be taking up the initial shares.

Any intermediary and or insurer may become a shareholder. The cost of shares is calculated on a formula with the intention that no one member will control another. More detail is available from the STRIDE Steering committee headed up by nominees from the SAIA and FIA.

If you are part of any distribution channel, either as an insurer, an intermediary or an intermediary binder holder, you should seriously consider becoming members of both STRIDE and ACORD.

Why do I need to be part of STRIDE?

To become part of what is viewed as the watershed in short-term insurance binder holder transacting and to be informed and in a position to plan for the envisaged legislative changes ensuring your company's future in the process.

What is the value proposition for me?

- Compliance with the legislation
- Long term profitability and sustainability
- Efficiencies cutting out duplication of effort and creating economies of scale
- Ultimate cost containment
- Long term possibilities of "real time" data sharing

Where can I get more information on STRIDE?

STRIDE Project Manager: Jenny Theunissen jenny@saia.co.za
SAIA http://www.saia.co.za/
FIA http://www.fia.org.za/

Ensure that you are on the mailing list by contacting jenny@saia.co.za.

What is the timeframe?

A lot of work has been done by the various sub-committees of STRIDE since October 2009. A project manager was appointed on 1 July 2010 and the project is currently being refined. Communication with regards to the project and its timeframes will be communicated to all interested parties as the milestones are planned and delivered.

What is the role of UMA's, administrators and system providers?

For the purposes of binder holding they all provide a service to registered insurers. These arrangements are guided by the specifics of such agreements and involvement with STRIDE would be under the guidance and on behalf of such contracting insurer.

☞ **Further information : Jenny Theunissen**
✉ **jenny@saia.co.za**

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9 OTHER ARTICLES

INSETA: New INSETA internship empowers intellectually disabled South Africans

The Insurance Sector Education and Training Authority (INSETA) has launched an internship programme for the intellectually disabled, which is helping equip young adults who have completed their training to gain valuable experience in the workplace ensuring their competitiveness in the open labour market.

In South Africa, there are at least 2.5 million people with disabilities and those with intellectual disabilities form a significant part of this group and have traditionally faced a number of different barriers that prevent them from gaining access to opportunities. A major barrier to employment of these young adults can be attributed to myths, misconception and apprehension about people with disabilities. Employers must ensure that workplace sensitisation training takes place to dispel perceptions and create a more inclusive workplace.

“There is a significant need for this type of initiative that INSETA is facilitating,” said Sandra Dunn, CEO of INSETA.

The main objective is to give those with intellectual disabilities the opportunity to be a part of the workplace and to help facilitate their transition from school to work to independent living. The ultimate goal is for them to participate meaningfully in the workplace and the economy, added Dunn.

“It is a pilot internship that has been long overdue. Employers who wish to embark on such an initiative must ensure that reputable partners, like Living Link, are used to ensure that the right fit is done with the learners and the workplaces,” said Dunn.

Partnering with The Living Link, the project is running from April 2010 until April 2011 and is already proving to be a success.

The Living Link has successfully challenged barriers by working towards economic participation, inclusion and social justice for people with intellectual impairments, enabling them to participate in mainstream society. The non-profit organisation was founded by Ingrid Menzel and her daughter Julia. Menzel’s other daughter, Nadine, has an intellectual impairment.

“This internship is a first for us and means a great deal, as the aim of the organisation is to find employment for our graduates. By having such a project in place, we were able to place six graduates at once and these young people can now use the skills they aquired in training and make a valuable contribution to the company where they work,” said Menzel.

Vivienne Delaney, Senior Manager of Learning and Development at Indwe Holdings, one of the companies taking on board the interns, is proud to be involved in the programme.

“Indwe has taken on two intellectually disabled learners on a one-year internship programme. They were selected by the Living Link to make sure their abilities and skills could match the specific needs of our office environment. They are doing a sterling job and have been assisting in our mail room, HR department and with promotional activities,” said Delaney, adding that the company is looking forward to the months ahead.

Peter Tippett, Finance Manager at Alexander Forbes, also reports that the interns they have taken on board have performed excellently. “They have settled in well and the support from The Living Link has been fantastic. It has been a learning curve for everyone in the company but one that we have all enjoyed being a part of. Once this internship is over we are keen to take on more graduates down the line if possible, as we think it is incredibly beneficial both to the graduates and to the company,” he said.

Paula Mendes, Learning Consultant at Hollard, reports that their two interns have settled in well and that all is running smoothly. “Both the staff and interns are very happy and have adjusted well. One intern is working as a data capturer in one of our partner firms and the other is working in our HR department. Reports from both teams are very positive.”

INSETA hopes to continue this internship in the future. “We will be looking to expand this initiative and for more companies to participate. It is running very successfully and the insurance companies involved have really gone out of their way to make this a success,” said Snell.

“We are hoping to double the 2011 intake of intellectually challenged interns as employers begin to see the benefits of having a truly diverse workforce.”

INSETA has exceeded the targets set by the Department of Higher Education and Training in the area of training those with disabilities. These results also show that the insurance industry is succeeding in integrating disabled workers into the workplace and that insurance companies are increasingly trying to create an inclusive work environment.

☞ **Further information: Sharon Snell**
✉ **sharons@inseta.org.za**

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10 RADIO, TELEVISION ONLINE AND OTHER COVERAGE

Date	Station	Programme	Topic	Companies	Persons
2010/07/29	SABC3	News @ 1	A compulsory third party vehicle insurance on the cards for South Africa	MUA Insurance (MENTION), SA Government (MENTION), SAIA (MENTION)	Christelle Fourie (LIVE)
2010/07/26	SABC2	Morning Live	Interview with Yvette Francis - SAIA Manager: Image & Reputation about insurance	Financial Services Board (MENTION), Ombudsman for Short-term Insurance (MENTION), SAIA (MENTION), South African Insurance Association (MENTION)	Yvette Francis (LIVE)
2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance	Attorneys Savage, Jooste & Adams, Deneys Reitz Attorneys, Harvey Nossel & Co , lotus fm, Ombudsman for Short-term Insurance, South African Insurance Association, Southern Life, St Stithian`s College, St. Edwards School, Wits University	Brian Martin (LIVE)
2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance... continues	LegalWise, Ombudsman for Short-term Insurance, SAIA, Toyota Corolla	Brian Martin (LIVE)
2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance... continues	Ombudsman for Short-term Insurance, SAIA	Brian Martin (LIVE)
2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance... continues	Ombudsman for Short-term Insurance, SAIA	Brian Martin (LIVE)

2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance... continues	Motor Industry Ombudsman of South Africa , Ombudsman for Short-term Insurance, SAIA	Brian Martin (LIVE)
2010/07/21	Lotus	Mzansi Talks	Discussion on Insurance... continues	Ombudsman for Short-term Insurance, SAIA	Brian Martin (LIVE)

☞ **Further information on the above-mentioned coverage : Sonja Etsebeth**
✉ **sonja@saia.co.za**

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11 PRESS CLIPPINGS

Publication	DN	Subject
Cover July 2010	# 81917 # 81918 # 81919 # 81920 # 81921 # 81923	**Alternative Risk Transfer (ART):** Counting the 'real' cost of strikes **Consumer Protection Act (CPA):** In a different class **Value-Added Tax (VAT)** implications of insurance: Part 4: Various methods of VAT apportionment **Solvency Assessment and Management (SAM)** – the 'Basel II' of South Africa's insurance sector **Ombudsman for Short-Term Insurance:** Driver's licence woes Sustainability: Risky business in a **climate of change**
FIA Insight 2nd Quarter 2010	# 81243 # 81246 # 81253 # 81256 # 81265 # 81269	FSB focuses on the **consumer** **Code of Conduct:** FIA Code of Conduct Vehicle crime no longer the biggest challenge facing **motor insurance** **Agricultural Insurance:** Livestock Insurance Taking stock: **Sustainability** of the short-term intermediary business The **Insurance Conference:** Industry leaders rise to the challenge
Enterprise Risk July 2010	# 81911 # 81913 # 81914	**SAIA donates** R1.7 million to Business Against Crime (BACSA) to combat crime **Industry insight:** Strategic and emerging issues in insurance **Cell captives:** The answer to risk transfer?
Hi-Tech. Sec. Solutions July 2010	# 81048	**SAIA donates** over R1.7 million to BACSA to combat crime
Motoring 1/7/2010	# 80902	**Motor insurance industry:** Universal third-party cover: Pipe dream – or could it work?
Financial Mail 2/7/2010	# 80912	**Motor insurance industry:** What prompted government to consider introducing compulsory vehicle insurance?
Business Report 3/7/2010	# 81062	**Consumer Protection Act:** Consumer act set to raise costs for motor industry
Time Live 4/7/2010	# 80913	**Consumer Protection Act:** Stamping out the small print
Sunday Times Bus. Times 4/7/2010	# 80961 # 80962 # 80963 # 80964 # 80965	**Survey; FIA Awards:** **Consumer Protection Act:** Stamping out the small print Putting the emphasis on ethics Law strikes big blow in battle against spam Goal is healthy understanding **Treat Customers Fairly (TCF):** Contacts customers comprehend

Business Day 5/7/2010	# 80919	**Corporate Governance:** King 3 code options could backfire
Southern Courier 6/7/2010	# 80960	**Motor insurance industry:** Third Party Insurance soon compulsory for all South Africans
FAnews 6/7/2010	# 81363	**Motor insurance industry:** A sensible approach to third party insurance
Business Day 7/7/2010	# 80958	**Pebble Bed Modular Reactor (PBMR)** technology is 'a costly source of energy'
Business Day 7/7/2010	# 80959	**Consumer Protection Act:** Tough consumer law may lead to huge claims, expert warns
Insurance Gateway 8/7/2010	# 80974	**Consumer Protection Act:** Consumerism, is it Ayoba?
Business Day 9/7/2010	# 81014	**Climate change** 'not relevant' to most in SA
Sake 24 9/7/2010	# 80992	**Administratiewe Beregting van Padverkeersmisdrywe (Aarto)**-klagte poging om SA van reuse-terugslag te red
Autodealer North West: Week 28	# 80994	**Motor insurance industry:** **Third Party Insurance:** No insurance leads to rear-end hassles
Business Day 12/7/2010	# 81015	Danger of new **Companies Act** leading to 'significant rise in fraud
Business Day 13/7/2010	# 81061	Law society challenges **Road Accident Fund (RAF)** Act
Iafrica.com 14/7/2010	# 81197	**Ombudsman for Short-term Insurance:** Watch that motor warranty
ITInews 14/7/2010	# 81198	**Ombudsman for Short-term Insurance: Motor vehicle warranty:** Product offered is nothing more than a contract with a dealer
Fin24.com 14/7/2010	# 81200	**Ombudsman for Short-term Insurance:** Fake motor warranties alarm Ombud
Fina324.com 18/7/2010	# 81203	**Financial Services Charter (FSC)** stumbles on
FAnews 19/7/2010	# 81212	**Motor insurance industry:** Full comprehensive cover still has some pitfalls
Sowetan 19/7/2010	# 81228	**Conflict of Interest Bill:** Bill to protect consumers from brokers
Business Day 20/7/2010	# 81213	**Financial Sector Charter (FSC):** Banks give up quest for lenient BEE treatment
Sowetan 20/7/2010	# 81230	**National Credit Act (NCA):** Debtors get help from Ombudsman
FAnews 20/7/2010	# 81271	**Code Of Conduct:** Consumers to benefit as FIA takes tough stance against unethical intermediaries
FAnews 20/7/2010	# 81272	Compulsory **vehicle insurance** will lower premiums for SA's motorists
Business Report 20/7/2010	# 81297	Compulsory **vehicle insurance** would reduce premiums
Insurance Gateway 20/7/2010	# 81298	Compulsory **vehicle insurance** will lower premiums for SA's motorists
Iafrica.com 20/7/2010	# 81296	**Compulsory Third party insurance:** Cheaper insurance for SA
Personal Finance 20/7/2010	# 81299	**Life Assurance:** How to…tell long-term from short-term cover
Daily Dispatch 21/7/2010	# 81293	**Motor insurance:** SA auto insurance costs may drop
Business Day 22/7/2010	# 81347	**Transformation:** Business Unity SA (Busa): Black, white business 'in a continual struggle'
Business Report	# 81321	**Motor insurance:** Industry split on basic car insurance

23/7/2010		funding
Star 23/7/2010	 # 81324 # 81325 # 81326 # 81527 # 81328	**SA's short-term insurance leaders:** Striving to understand customers needs Don't hold your breath while waiting for universal motor cover Encouraging resilience from insurance sector Consumer protection summary New code aims to protect consumers for malpractice
FAnews 27/7/2010	#81362 # 81364	The foundation for sustainability **motor insurance** Consumers have a choice when it comes to rental **car insurance**
Beeld 28/7/2010	# 81439	**Road Accident Fund (RAF):** Wysigings aan Padfonds-wet ' is vir die armes'
Star 28/7/2010	# 81440	State law adviser dismisses **Information Bill** concerns
Beeld 30/7/2010	# 81460	**Padverkeerbestuurskorporasie (RTMC)** gooi miljoene in water
FAnews 30/7/2010	# 81493	**SAIA AGM:** Foundations in place to ensure a sustainable future for short-term insurers
ITInews 30/7/2010	# 81502	**SAIA AGM:** Newly elected SAIA Board members
Insurance Gateway 30/7/2010	# 81501	**SAIA AGM:** Foundations in place to ensure a sustainable future for short-term insurers
FAnews 30/7/2010	# 81504	**International Accounting Standards:** Major changes ahead for insurance accounting, says KPMG

☞ **Further information on all of the above-mentioned press clippings : Sonja Etsebeth**
✉ **sonja@saia.co.za**

12 CIRCULARS

The following circulars were issued during the month of July 2010: (Number of circular, title, date issued and contact person)

SAIA

SG 2010/054 FSB Directive: Guidance on Securities Lending Transactions (1/7/2010)
Contact: Sonja Etsebeth

SG 2010/055 New SAIA Members: Scor Africa, Sunderland Marine & Corporate Guarantee (1/7/2010)
Contact: Sonja Etsebeth

SG 2010/056 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (30/6/2010)
Contact: Princess Mlambo

SG 2010/057 SAIA Public Relations Officer (15/7/2010)
Contact: Yvette Francis

SG 2010/058 Emerald Insurance Company Limited (14/7/2010)
Contact: Sonja Etsebeth

SG 2010/059 FSB – Levies on Financial Institutions 2010 (14/7/2010)
Contact: Sonja Etsebeth

SG 2010/060 South African Insurance Association (SAIA) Board Committee Reinsurance Survey (16/7/2010)
Contact: Karen Naidoo

SG 2010/061 SAIA Financial Education Fund (FEF) grant project roundtable meeting – For SAIA members that provide Mzansi-type insurance products (23/7/2010)
Contact: Adéle Joubert

SG 2010/062 Election of the New SAIA Board: SAIA AGM 29 July 2010 (30/7/2010)
Contact: Sonja Etsebeth

AMUSA

AM 2010/044 Piracy Report: “GOLDEN BLESSING” (2/7/2010)
Contact: Elsebe Vetten

AM 2010/045 Casualty Report: “KOTA KADO”: LOF SALVAGE with Svitzer at Hong Kong (5/7/2010)
Contact: Elsebe Vetten

AM 2010/046 Piracy Advice: “MOTIVATOR” (6/7/2010)
Contact: Elsebe Vetten

AM 2010/047 Casualty Advice Update: “KOTA KADO” (8/7/2010)
Contact: Elsebe Vetten

AM 2010/048 Casualty Advice Update: KOTA KADO” (15/7/2010)
Contact: Elsebe Vetten

AM 2010/049 Casualty Advice: HEATHROW CARGO TERMINAL Fire (15/7/2010)
Contact: Elsebe Vetten

AM 2010/050 AMUSA Chairman’s Report for the period January 2010 to June 2010 (15/7/2010)
Contact: Elsebe Vetten

AM 2010/051 Overage Premium Agreement with Maritime Carrier Shipping (MAGS) (20/7/2010)
Contact: Elsebe Vetten

AM 2010/052 mv” KOTA KADO”: LOF SALVAGE with Svitzer at Hong Kong (21/7/2010)
Contact: Elsebe Vetten

☞ **Further information on all of the above-mentioned circulars : Sonja Etsebeth**
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IMPORTANT NOTICE

Should you know someone, who is not a SAIA member, who might be interested to receive the SAIA Bulletin, and other interesting short-term insurance related SAIA communication, let them contact Kirsty Udemans at SAIA to become a SAIA communiqué member.

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