



SAIA - ☎ (011) 726 5381

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**Guest Article: Citroen closes the loop**

Comprehensive warranty and maintenance plans and improved parts pricing and availability adds value to a complete driving experience.

Citroen's trajectory in the South African market continues to be an upward one, not just in terms of sales, but also in providing an ownership experience which is satisfying on a number of levels. A wholly-owned subsidiary of Citroën France since the beginning of 2010, the company has, in addition to importing a range of excitingly stylish and satisfying cars, dramatically improved its parts pricing and parts availability. Not only does this give the vehicle owner satisfaction, it will also impact positively on resale prices and insurance premiums in the long term.

"Up until 2010 we had little control on parts pricing," explains Eric Moll, General Manager for Parts, Service and Training at Peugeot Citroën South Africa. "Now that we are directly involved we have far more control and our dealers – while they can still ultimately decide on their own level of mark-up – generally work to our recommended pricing. "The positive feedback received from the Kinsey Report has certainly thrown a lot of things into sharp focus for us, and we have acted on this information. At the same time, our parent company in France is drilling right down into the manufacturing costs of items which come from international suppliers, to make sure we get the best possible deal from them."

The Kinsey Report is an independent survey into the retail cost of key items and Citroën models have been found to be competitively priced despite perceptions in the industry. For example, the 2010 report found that a basket of 35 crash/body parts for the C5 was comfortably, the least expensive in its segment with the overall conclusion reached that C5 parts (including an array of service and maintenance items) were not out of line with those of its natural rivals. The C3 and DS3 also fared well in the survey.

In addition, this year sees the introduction of Freedrive, an optional extra which enables buyers of new Citroens to convert their service plan (standard on all Citroens with the exception of the entry-level C1) to a full maintenance plan. As part of Freedrive, the warranty is also extended to the same distance and time levels, leaving the consumer with comprehensive five-year/100 000 km cover which extends to everything on the car. "There is still a mindset that Citroen is an expensive brand to own," explains Citroen South Africa's Managing Director, Frederic Chapuis. "The truth is actually quite different. The parts pricing issue has been addressed, while speeding up delivery to our dealerships shows a dramatic improvement there too. In industry-speak, we have a service ratio of 92 percent on 'first-pick' which means that we can supply 92 percent of dealer orders immediately at our first attempt." This success is partly due to a new 8 500 square metre facility in Gauteng, holding some R22-million of stock, advanced systems sending it swiftly from warehouse to dealership via a courier partner that places all the emphasis on turnaround time. This extends to night-time deliveries, while dealers are also being incentivised to increase their stock of fast-moving service items. "This brings us to the Mobility Plan, a product which ensures that no customer should ever leave a Citroen dealership without wheels because of parts availability. We may not be able to provide them with the exact same model of car as what they currently drive, but no Citroen owner will leave their dealership on foot," says Chapuis emphatically.

The extended warranty, maintenance plan upgrade, and loan car availability all form part of the Citroen Commitments umbrella, a cluster of value-adding perks designed to make owning a Citroen a highly pleasurable experience. "These innovations will not only go a long way to dispelling the notion that there's a lot of uncertainty when it comes to owning a Citroen, but add real value to the purchase by pegging long-term costs and lowering monthly expenditure such as insurance premiums." "There are no overnight miracles when it comes to building a successful brand in a demanding market like this one, but we are well on the way to regaining the confidence

of current and prospective buyers, and are close to a point where the quality of the ownership experience and the physical qualities of the product itself converge,” concluded Chapuis.

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## 2 TRANSFORMATION

### The Financial Sector Charter

The Board of the Financial Sector Charter Council has finalised the process of preparing documents for the first phase of the gazetting process. This will see the conversion of the Financial Sector Charter (FSC) into a Sector Code. This phase deals with the alignment between the FSC and the DTI Codes.

The FSC Council has forwarded Phase 1 of the proposed Sector Code to the Minister of Finance, who in turn, has forwarded the Phase 1 draft to the Minister of Trade & Industry. The Minister of Trade & Industry has now published these in the Government Gazette for public comment.

The FSC Council has engaged on developing Phase 2 of the Sector Code, which includes access to financial services, empowerment financing and additional elements of ownership.

It is anticipated that this development process of Phase 2 will conclude during the first quarter of 2011, which should see a sector code for the financial sector being in place during 2011. Once the sector code is in place, companies who are active in the sector will be required to report on the sector code.

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## 3 IMAGE & REPUTATION

### SAIA Publicity Update

The recent flooding in all the provinces in South Africa has attracted strong media attention, as obviously, there has been a lot of damage to cars and household contents resulting in large volumes of claims being lodged with insurance companies. SAIA has been inundated with calls from the media requesting radio and television interviews regarding our comment on the impact of the flooding on insurance premiums and how the insurance companies in South Africa have been affected. Recently, SAIA's new Motor Manager, Dawie Buys, had the privilege of being interviewed live on eTV Sunrise, eTV News and Kaya FM regarding comment on the recent flooding. SAIA also provided comment on the recent flooding and the high accident rate over the festive season for an article in the Kwazulu-Natal Daily News newspaper.

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### Consumer education update

#### **Teacher Development Project**

The Teacher Development Project is an existing consumer education project, which is a joint project with the Financial Services Board (FSB) and endorsed by the Department of Basic

Education. The project is a schools- based curriculum-linked project for the Mathematical Literacy subject for the final three years of schooling, reaching learners (potential consumers of short-term insurance products) just before they leave school. Learners are reached before they leave school, through training their teachers and leaving a resource pack for classroom use.

The Teacher Development Project is progressing well. The service provider met with all nine provinces to discuss the Teacher Development Project implementation for 2011. A two-day Train-the-Trainer workshop was held and all the trainers informed the service provider that they were well prepared to implement the teacher training workshops in the provinces. The Teacher Development Project resource booklets are in their final draft phase with the Department of Education. These resource booklets were developed with many of the CAPS core principles already reflected in the content, for example, that all Mathematical Literacy content should be contextually-based within real-life scenarios. The content for the Teacher Development Programme CD is in the final stages of preparation.

### Community Project

The Community Project reaches community members directly by leveraging off the existing Teacher Development Project to increase impact.

The Community Project is progressing well with discussions being held with a variety of provincial organisations regarding topics which include issues pertaining to community needs, recent or current projects being rolled-out in the areas, suitable venues and other logistical aspects which need clarification during this initial phase of the project. SAIA and the service provider decided that the Consumer Education project should link and further enhance the impact of the current Teacher Development Project by focussing around the same communities as were targeted over the past three years. The service provider will draft a proposed selection of districts and towns with motivations for the selection which will be presented to SAIA and the FSB by 31 January 2011. The resource booklet is currently in the second draft development stage with a proposed simplification of content as well as a language level to suit the targeted audience.

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 **kirsty@saia.co.za**

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### Financial Education Freedom (FEF) Radio Broadcast Project

#### Update on Broadcast

The production of the upcoming episodes in this project is progressing extremely well. Two radio stations are already on the third series of episodes, which start with episode 27.

**The radio broadcast schedule is as follows:**

Episodes	Content	Ukhozi	Motsweding	Phalaphala	Lesedi
Ep1	Bad Credit	27/09/10 @20:35 – 21:00	11/10/10 @ 10:30 – 11:00	20/09/10 @ 14:05 – 14:30	23/09/10 @ 21:30- 22:00
Ep2	Savings	30/09/10 @22:25 – 23:00	15/10/10 @ 11:05 – 11:30	21/09/10 @ 14:05 – 14:00	26/09/20 10 @ 21:30 – 22:00
Ep3	Risk Of No insurance	04/10/10 @20:35 – 21:00	18/10/10 @ 10:30 – 11:00	27/09/10 @ 14:05 – 14:30	30/09/10 @ 21:30 – 22:00
Ep4	Budgeting	07/10/10	22/10/10 @	28/09/10	03/10/10

		@22:35 - 23:00	11:05 - 11:30	@14:05 - 14:00	@ 21:30 - 22:00
Ep5	Car Insurance	14/10/10 @22:35 - 23:00	25/10/10 @10:30 - 11:00	04/10/10 @ 14:05 - 14:30	07/10/10 @ 21:30 - 22:00
Ep6	Increase	18/10/10 @20:35 - 21:00	29/10/10 @ 11:05 - 11:30	05/10/10 @ 14:05 - 14:30	10/10/10 @ 21:30 - 22:00
Ep7	Loan	21/10/10 @ 22:35 - 23:00	01/11/10 @ 10:30 - 11:00	11/10/10 @14:05 - 14:30	14/10/10 @ 21:30 - 22:00
Ep8	Household Insurance	25/10/10 @ 20:35 - 21:00	05/11/10 @ 11:05 - 11:30	12/10/10 @14:05- 14:30	17/10/10 @21:30 - 22:00
Ep9	Stokvel	28/10/10 @ 22:35 - 23:00	08/11/10 @ 10:05 - 11:00	18/10/10 @14:05 - 14:30	21/10/10 @21:30 - 22:00
Ep10	Claiming From Insurance	01/11/10 @ 20:35 - 21:00	12/11/10 @ 11:05 - 11:30	19/10/10 @14:05 - 14:30	24/10/10 @21:30 - 22:00
Ep11	Financial Confidence	04/11/10 @ 22:35 - 23:00	15/11/10 @ 10:05 - 11:00	25/10/10 @14:05 - 14:30	28/10/10 @ 21:30 -22:00
Ep12	Different ways to pay	08/11/10 @ 20:25 - 21:00	19/11/10 @ 11:05 - 11:30	26/10/10 @ 14:05 - 14:30	31/10/10 @ 21:30 - 22:00
Ep13	Mzansi Insurance	22/11/10 @ 20:35 - 21:00	22/11/10 @ 10:05 - 11:00	01/11/10 @14:05 - 14:30	04/11/10 @ 21:30 - 22:00
Ep14	Gambling	25/11/10 @ 22:35 - 23:00	26/11/10 @ 11:05 - 11:30	02/11/10 @ 14:05 - 14:30	07/11/10 @ 21:30 - 22:00
Ep15	No Money to pay debt	29/11/10 @ 20:35 - 21:00	29/11/10 @ 10:05 - 11:00	08/11/10 @ 14:05 - 14:30	18/11/10 @ 21:30 - 22:00
Ep16	Consumer Credit Insurance introduced	02/12/10 @ 22:35 - 23:00	03/12/10 @ 11:05- 11:30	09/11/10 @ 14:05 - 14:30	21/11/10 @ 21:30 - 22:00
Ep17	Road Accident Insurance	06/12/10 @ 20:35- 21:00	06/12/10 @ 10:05 - 11:30	15/11/10 @ 14:05 - 14:30	25/11/10 @ 21:30 - 22:00
Ep18	Opening Mzansi bank account	09/12/10 @ 22:35 - 23:00	10/12/10 @ 11:05- 11:30	16/11/10 @ 14:05 - 14:30	28/11/10 @ 21:30 - 22:00
Ep19	Car,life,household,travel,p ersonal liability,health	13/12/10 @20:35 - 21:00	13/12/10 @ 10:05 - 10:30	22/11/10 @ 14:05 - 14:30	02/12/10 @ 21:30 - 22:00
Ep20	Loosing at gambling and danger of giving asset as security	16/12/11 @ 22:35 - 23:00	17/12/10 @ 11:05 - 11:30	23/11/10 @ 14:05 - 14:30	05/12/10 @ 21:30 - 22:00
Ep21	Short term insurance	17/01/11 @ 20:35 21:00	10/01/11 @ 10:05 - 10:30	29/11/10 @ 14:05 - 14:30	09/12/10 @21:30 - 22:00
Ep22	Livestock Insurance	20/01/11 @22:35	14/01/11 @ 11:05 -	30/11/10 @ 14:05 -	12/12/10 @ 21:30

		- 23:00	11:30	14:30	- 22:00
Ep23	Consumer Credit Insurance	27/01/11 @ 22:35 - 23:00	17/01/11 @ 10:05 - 10:30	06/12/10 @ 14:05 - 14:30	16/12/10 @ 21:30 - 22:00
Ep24	Identity Theft		21/01/11 @ 11:05 - 11:30	07/12/10 @ 14:05 - 14:30	19/12/10 @ 21:30 - 22:00
Ep25	Claiming from consumer credit insurance		24/01/11 @ 10:05 - 10:30	13/12/10 @ 14:05 - 14:30	23/12/10 @ 21:30 - 22:00
Ep26	Car Crash			14/12/10 @ 14:05 - 14:30	13/01/11 @ 21:30 - 22:00

## Feedback received on the radio broadcasts:

### Audience

The research of the radio broadcasts has indicated that the core listenership is increasing, and has resulted in a noticeable impact.

The service provider received an excellent data report from the analysis of the first phase of the research. The research indicated that there is a definite learning process with the listening progression, up to the point that listeners are actually writing budgets, and not yet able to stick to these, but attempting to. This is more than what was expected at this stage of the broadcast project.

☎ Further information : Kirsty Udemans  
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## Sustainability

### **Sustainability and Short-Term Insurance – project update as at January 2011**

The SAIA Board approved a three-phase approach at the end of November 2010 to address sustainability and short-term insurance in South Africa in a collective and inclusive manner:

- ✓ A: From November to February 2011 - To educate and raise awareness regarding ESG risks and sustainability in the broader industry
- ✓ B: From March 2011 - May 2011 - To engage and create a shared understanding on ESG risks as it pertains at a macro level to our industry
- ✓ C: From June - August 2011 - To embed the work and make it operational

### **The progress against planned actions**

- *Identify the right people to take part and create a SAIA Risk Forum who will act as the steering group to drive the work forward*
  - The SAIA Board was requested to nominate individuals
  - Members are welcome to nominate individuals to the Risk Forum by sending an e-mail to [Vanessa@saia.co.za](mailto:Vanessa@saia.co.za)
  - We are seeking systems thinkers, strategists, long-term pragmatists who have an interest and passion in this topic – they need not be experts per se in ESG, but rather experts in solving complex problems
- *Share draft United Nations Environmental Programme Finance Initiative (UNEPFI) Principals for Sustainable Insurance and gather comment and prepare the industry for meaningful business level engagement on Programme on Short-term Insurance (PSI) for South African short-term insurance and Africa in March 2011 in Cape Town*
  - Invitations to members and interested stakeholders have been sent out
  - Invitation letters include linkages to UNEP FI background material

- Further communication to follow leading up to the event
- *"As is" assessment on ESG (Environmental, Social, Governance) risk factors and current responses for the collective industry value chain*
  - A desktop exercise is currently planned for February 2011
  - Members are requested to volunteer resources and forward any relevant material they believe to be useful for such an exercise to Vanessa@saia.co.za
- *Establish resources and support requirements for the next phase*
  - To be done once the SAIA Risk Forum is established
  -

**Main actions planned for the next step are:**

- Participate and contribute to United Nations Environmental Programme Finance Initiative (UNEPFI) Africa consultation on PSI from a business perspective (15 – 16 March 2011 in Johannesburg)
- Prepare and create first "National Risk Radar" (macro understanding of ESG risk factors for the industry) with the aim to capture the overall risk perspective as the broader industry sees it together with other stakeholders
- Publish and communicate widely and clearly, identify industry and SAIA roles for given risk factors
- Use principles and radar as planning tools and link them to other initiatives for leverage
- Identify a limited number of collective actions to take forward that will lead to tangible benefits
- Risk Forum charter and mandate to be developed and established
- Establish longer-term resource and support requirements

It should be noted that the progress and success of phase B and C are dependent on the formation of the SAIA Risk Forum. Members' attention to nominate the right individuals to this representative body is therefore requested. For further information, Vanessa Otto-Mentz can be contacted on 082 875 4343

☞ **Further information : Vanessa Otto-Mentz**  
 ✉ **Vanessa@saia.co.za**

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**Functions planned for 2011**

Listed below are the dates for SAIA functions that will take place in 2011. 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 looks forward to the upcoming SAIA Consumer Education Report Back Function which has been finalised for 3 March 2011 at The Midrand Conference Centre.**

- SAIA Consumer Education Report Back Function – 3 March 2011
- SAIA Annual General Meeting & Cocktail Function – 23 June 2011
- The Insurance Conference 2011 – 24 to 27 July 2011
- SAIA Media Lunch (Johannesburg) – 18 August 2011
- SAIA Media Lunch (Cape Town) – 30 August 2011-01-27
- SAIA Assistants Lunch – 23 September 2011
- SAIA Consumer Education Report Back Function – 6 October 2011
- SAIA Committee Lunch – 20 October 2011
- SAIA/FIA Board Liaison Meeting & Lunch – 24 November 2011

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

☞ **Further information : Kirsty Udemans**  
 ✉ **kirsty@saia.co.za**

## 4 LEGISLATION & REGULATION

### **Consumer Protection Act (“CPA”) and Regulations**

The general effective date of the CPA is imminent. At a recent Department of Trade and Industry (“DTI”) facilitated Workshop, the Director: Legal Support & Prosecutions from the office of Consumer Protection, DTI confirmed with the SAIA that the commencement date as stated in section 10, Schedule 2 of the CPA is the general effective date of 1 April 2011.

The 18 month period allowed for the alignment of the Short-term and Long-term Insurance Act with the CPA will therefore commence on 1 April 2011. In the interest of transparency, certainty and cooperation, the SAIA is in communication with both the Department of National Treasury and the Financial Services Board, with a view to obtaining a formal response on whether the National Treasury will ensure alignment of the sector laws and apply for exemption in terms of CPA before October 2012.

The DTI recently published the proposed CPA regulations under Section 120 of the CPA. Comments on the CPA Regulations are due on 31 January 2011. In order to ensure that the interests of the SAIA members are protected, the SAIA held a workshop on the CPA Regulations and will proceed with a detailed submission on the CPA Regulations by the due date.

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### **Policy Holder Protection Rule 7.4**

The National Treasury published the variation of Policy Holder Protection Rule 7.4 on 17 December 2010 under section 55(5) of the Short-term Insurance Act. The effective date of the Policy Holder Protection Rule was published as 1 January 2011. The process followed in the timing of the publication of this variation, in a period when most industries were operating with limited staff or closed, as well as the short period of 10 days to implement changes have been identified as a concern. This Rule makes provision for a time limitation of 90 days for a representation by the policy holder in the event that a claim is rejected or disputed. The time limitations for legal action for policies concluded on/after 1 January 2011 has been published as 6 months and excludes the 90 days for representation. Prescription starts to run after the 90 day representation period for the purpose of the Prescription Act, 1969.

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### **FAIS**

The Financial Services Board’s FAIS section issued a circular identifying which First Level Regulatory Examination to write. This circular provides information regarding who should be writing the first level regulatory examinations as well as the detail of how many first level regulatory examinations will be made available. The details of interactive workshops hosted by the FSB using satellite technology were also published.

☞ **Further information : Suzette Strydom**  
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## 5 MOTOR

### **Indemnification Total Loss Claims: Different interpretations of terminology**

SAIA has set up a task team to formulate standard definitions for market value, retail value, trade value, replacement value and agreed value, including the methodology to be used to determine values when claims are made. The first brain storming session will take place in the middle of February 2011. It is SAIA's view that the purpose of engagement and subsequent agreement by the members of the SAIA to define and measure these terms will lead to efficiency and consumer protection, which will also assist the Ombudsman for Short Term Insurance (OSTI) to adjudicate on complaints on a more equitable basis.

☎ **Further information : Dawie Buys**  
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### **Compulsory 3<sup>rd</sup> Party Motor Property Insurance**

This project remains high on SAIA's agenda and once feedback on our motivation documents is received from the Road Traffic Management Corporation (RTMC), immediate action will be taken to ensure that all stakeholders are brought together to consider the implementation model.

☎ **Further information : Dawie Buys**  
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### **Toyota Hilux and Fortuner vehicles**

SAIA members are informed that Toyota South Africa is planning major changes which could improve the security of the above mentioned vehicles further and SAIA will therefore be requesting our members to make available certain claims data pertaining to these vehicles, which will assist them to complete their business case in this regard.

☎ **Further information : Dawie Buys**  
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## 6 FSB SOLVENCY ASSESSMENT AND MANAGEMENT (SAM) INITIATIVE

### **The Internal Model Approval Process (IMAP)**

Under the new proposed SAM regime insurers may choose to calculate their Solvency Capital Requirements (SCR) using either the Standard Formula or their own full or partial internal models. According to the SAM Roadmap, the FSB has signalled their intention and commitment to working with industry, to help insurers understand what is required, to give useful guidance with their preparations and thereby allowing the FSB to develop their own knowledge base in the process. Given the above commitment, the internal model approval process will run concurrently with the development of the internal model standards and the drafting of relevant provisions in the subordinate legislation.

The internal model approval process is to be split into a pre-application and application phase. The pre-application phase will enable insurers who are quite advanced with their internal model preparations to obtain early feedback from the FSB regarding the suitability of their models. The

models will only receive full approval once the relevant legislation provisions have been enacted by Parliament.

The FSB will be publishing an Internal Model Application Process (IMAP) document early in 2011 providing final details of the internal model application process. Insurers who intend to apply for the use of internal models are encouraged to engage with the FSB early in 2011, providing detailed information as to the methodology of the internal model and the role it plays in decision making. First submissions for the pre-approval process are due by September 2011. It is envisaged that a second pre-application process will take place in 2012 for those that missed the 2011 deadline. Pre-application will increase the likelihood of successfully completing the internal model approval process, as the FSB will already have developed a view of the internal model output being available for model validation. The FSB will liaise with insurers in the second half of 2013 as to the status of their internal model approval.

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## 7 SHORT-TERM INSURANCE DATA EXCHANGE (STRIDE)

### STRIDE Update

2011 promises to be an extremely exciting and busy year for STRIDE. The first, and most important, deliverable for the project is to appoint a service provider for the technical solution. The long list of possible vendors was narrowed down to three – Astute, Global Range and the TrySystems/TransUnion alliance. These short-listed vendors presented to a combination of the Business and Technical Sub-Committees on 13 January. With all the evaluations now completed, the Steering Committee is now in the final steps of the decision-making process.

Another visit by the ACORD team will take place towards the end of January. This visit will focus on the validation of the work done on the personal and commercial lines policy messages, and a road map for the work required on claims. The next key deliverable for this team is the testing of the first policy messages. If you are not yet involved in the project, we would like to encourage you to do so now, as we are entering the most crucial part of the project. We believe that this project will have a major impact on the way we do business in South Africa and will assist insurers to comply with new legislation.

For more information, or if you want to participate in this project, please contact me at [jenny@stridesa.co.za](mailto:jenny@stridesa.co.za) or visit our website at [www.stridesa.co.za](http://www.stridesa.co.za).

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## 8 OTHER ARTICLES

### SAMIA

The South African Machinery Insurers Association (SAMIA) Committee, is a sub-committee of the South African Insurance Association (SAIA), and comprises representatives from various Engineering divisions of insurance companies and Underwriting Managers. This committee meets once a month to discuss issues affecting our industry, being specifically the Engineering Insurance sector, as well as means by which the professionalism and image of the industry can be continuously improved upon.

With issues such as collusion being accounted for in any discussions held, the committee does take great care in avoiding any topic that can be construed as such. SAMIA is, however, an

effective platform to discuss issues such as legislation, compliance, technical issues and education, as well as the means by which the industry can benefit from these discussions. The focus over the last few years has been primarily on education with short courses being held and facilitated by committee members on an annual basis. These courses have provided a good introduction to Engineering Insurance, and have been well attended by both Insurers and Brokers. The intention going forward is to provide for a more advanced level of presentation.

It is, however, becoming all too clear that it is no longer prudent or acceptable to only develop a knowledge base in terms of the class of business that individuals, divisions or companies have a license to conduct. Legislation and compliance are affecting each one of us to a greater and greater extent, as the industry becomes more regulated, and our compliance officers should not be solely relied upon to 'handle' these issues for us. As a further service to our industry, the SAMIA Committee has taken the initiative to do a brief review on a particular subject or piece of legislation on a regular basis which has particular relevance to the industry. The idea being that once a clearer understanding of what is required of us in this regard is achieved, the easier it will be to comply with what our compliance officers ask of us, and ultimately keep on the right side of Insurance Legislation and Compliance.

The first topic that we have chosen to look at is on the matter of Treating Customers Fairly (TCF). Marinus Mans of the Financial Services Board (FSB) is a member of the TCF task team at the FSB. This task team compiled a presentation on the topic from which we will highlight the salient points and practical implications of TCF. In a nutshell, TCF is an outcomes focused approach to improving the fair treatment of customers throughout the 'Product Life Cycle'. The FSB's presentation splits the product life cycle into six zones, each of which attracts the application of TCF. The first zone deals with new product design. The focus in this zone is on the development of products based on a clear understanding of the target market's likely needs and financial capability. The second zone deals with the promotion of the service or product and the marketing of such through fair and clear channels of communication. Zone three focuses on the advice given, which needs to clearly describe what the firm and its products or services offer. The fourth zone deals with the point of sale, where charges and appropriate information are to be made clear and transparent. Zone five deals with the information given after point of sale, and revolves around the monitoring of and correct response to changes in the environment that may affect products or services. Zone six deals with complaints and claims handling and the implicitness of honouring representations, assurances and promises that lead to legitimate customer expectations. Another aspect of this zone is to identify common causes of complaints and to take measures that will result in the elimination of that cause.

**The following are key elements of TCF that have been highlighted by the FSB task team:**

- Culture change
- Revisiting of the regulatory framework
- Revisiting the supervisory approach to market conduct
- Creating the right incentives, and Consumer education and Co-ordination with the Ombudsman

Culture change effectively means that board members and senior management need to take ownership of, and drive the implementation of a TCF policy. This should not be viewed as a compliance function, but rather a core value of the business. Revisiting the regulatory framework focuses on the challenges of a rules based approach versus an outcomes based approach to regulation, and whether all elements of TCF are adequately covered in order to ensure alignment across all sectors. Revisiting the supervisory approach to market conduct promotes a proactive approach to TCF, as opposed to a reactive approach. This would, for example, involve the testing of outcomes in the market.

Creating the right incentives deals with a visible enforcement of TCF principles in conjunction with the imposition of penalties for non-compliance.

Consumer education and co-ordination with Ombudsman focuses on the consumers' responsibility to understand their respective rights and obligations. It is crucial that TCF and consumer education go hand-in-hand.

It is clear that the topic of the fair treatment of consumers is starting to receive the attention that it deserves, and that in many instances, an actual behavioural change will be required in order to comply. For a policy on TCF to succeed, it needs to be promulgated and supported at a board and senior management level, and must become a core feature in the operation of the business. The FSB task team is in the process of putting together a detailed guide on what the FSB expects of businesses in the application of TCF. Once this is available, we will do a further review on the subject.

The source of the information is found in the Presentation on Treating Customers Fairly compiled by the FSB task team, and given by Marinus Mans.

☞ **Further information: Andrew Charlton**

☞ **SAMIA**

✉ **Andrew@consort.co.za**

## 9 RADIO, TELEVISION ONLINE AND OTHER COVERAGE

Date	Station	Programme	Topic	Companies	Persons
23/12/2010	SABC 3	Expresso	Discussion: Third Party Insurance	Aston Martin, Government, South African Insurance Association, Third Party Insurance	Christelle Fourie
24/11/2010	Summit	Business News/Market Report/Company News/Face to Face	Talking Risks: Discussion with Nico Esterhuizen, Project Manager of SAIA about changes in the insurance industry	FSB, Insurance Association, SAIA, SAM	Nico Esterhuizen
23/11/2010	CNBC Africa	Markets Africa	Talking Risk with Nico Esterhuizen from SAIA	Financial Services Board, National Treasury, SAIA, SAM	Nico Esterhuizen
23/11/2010	CNBC Africa	Markets Africa	Talking Risk with Nico Esterhuizen from SAIA	European Commission, SAIA	Nico Esterhuizen
23/11/2010	Summit	Business Market/Market Report/Company News/Face2Face	Talking Risk: Discussion on the FSB's solvency assessment and management regime with Nico Esterhuizen from SAIA	European Commission, Financial Services Board, Long Term Insurance Act, National Treasury, Short term insurance	
17/11/2010	Summit	Business	Discussion	ABSA, ABSA Insurance,	Herman Moloi (LIVE)

		News/Market Report/Company News/Face to Face	about the impact of global warming on the insurance industry	ESKOM, SAIA	
17/11/2010	Summit	Business News/Market Report/Company News/Face to Face	Discussion about the impact of global warming on the insurance industry	ABSA, ABSA Insurance, ESKOM, SAIA	Herman Moloi (LIVE)
12/11/2010	IGagasi	Breakfast with Alex & the Crew	Home Affairs to speed up documentation process for Zimbabweans	Association for Savings & Investments SA, Dept Home Affairs, Financial Services Board, SAIA	Mkhuseli Apleni
11/11/2010	CNBC	Beyond Markets	G20 Summit in South Korea	Currency War, G20, Summit, IDC, SAIA	Lumkile Mondli
3/11/2010	SABC2	Morning Live	South African Insurance Association says the country needs legislation that will compile every motorist to have insurance	Bryan Hirsch Colley & Association, Motor Car Insurance, Ombudsman for Short Term Insurance, SAIA	Brian Martin
02/11/20310	SABC	News @1	SAIA says the country needs legislation	Bryan Hirsch Colley & Association, Ombudsman for Short Term Insurance, SAIA	Brian Martin, Bryan Hirsch, Vivienne Pearson

☎ Further information on the above-mentioned coverage : Sonja Etsebeth  
 ✉ [sonja@saia.co.za](mailto:sonja@saia.co.za)

## 10 PRESS CLIPPINGS

Publication	DN	Subject
Cover November'2010	# 83669  # 83670 *SAIA  # 83695 *Vivienne  # 83697 *SAIA	<ul style="list-style-type: none"> <li>▪ <b>Proposed amendments</b> to the Short-Term Insurance Act</li> <li>▪ <b>SAM</b> – the 'Basel II' of South Africa's insurance sector</li> <li>▪ <b>STRIDE</b> industry information session</li> <li>▪ Improved service through continuous staff development</li> </ul>

FAnews' November'2010	# 83652 *SAIA	<ul style="list-style-type: none"> <li>▪ <b><u>Sustainability</u></b>: A sensible stance on “softer” risks</li> </ul>
	# 83653 *SAIA	<ul style="list-style-type: none"> <li>▪ The Legal landscape – Reflecting on 2010 and on outlook for 2011</li> </ul>
	# 83654	<ul style="list-style-type: none"> <li>▪ <b><u>Ombudsman for Short-term Insurance</u></b>: Ever heard of “violation” cover’</li> </ul>
	# 83655	<ul style="list-style-type: none"> <li>▪ <b><u>Microdotting</u></b> – a solution for the short-term industry?</li> </ul>
	# 83656	<ul style="list-style-type: none"> <li>▪ <b><u>Fraud</u></b> in the short-term industry – Have we got a grip on it?</li> </ul>
	# 83661	<ul style="list-style-type: none"> <li>▪ <b><u>Binder Regulations</u></b> – Reshaping the industry</li> </ul>
# 83662 *SAIA	<ul style="list-style-type: none"> <li>▪ <b><u>STRIDE</u></b>: taking the short-term industry into the future</li> </ul>	
Business Report 1/11/2010	# 83095	<b><u>Financial Sector Charter (FSC)</u></b> : Transformation charters must go - BMF
Personal Finance 3/11/2010	# 83155 *SAIA	<b><u>Insurance Industry</u></b> : 10 worst financial mistakes you can make
Business Day 4/11/2010	# 83159	<b><u>SAM</u></b> : New solvency regime for insurers
Business Report 4/11/2010	83160 *Viviene	<ul style="list-style-type: none"> <li>▪ <b><u>Consumer Education</u></b>: ILO recognises SAIA for contribution to financial literacy of consumers</li> </ul>
	# 83161 *Ronnie	<ul style="list-style-type: none"> <li>▪ <b><u>Consumer Education</u></b>: Making a difference through education programmes</li> </ul>
	# 83162 *Viviene	<ul style="list-style-type: none"> <li>▪ <b><u>Consumer Education</u></b>: Community radio reaches out to millions in their own languages</li> </ul>
	# 83163 *Michael	<ul style="list-style-type: none"> <li>▪ <b><u>Consumer Education</u></b>: Education strategy ensures sustainability of projects</li> </ul>
FAnews 4/11/2010	# 83171	<b><u>South African Insurance Crime Bureau (SAICB)</u></b> : Business and SAPS working successfully together
Beeld Sake 24 6/11/2010	# 83207	<b><u>Ombudsman for Short-term Insurance</u></b> : Ombudsman sê eis moet betaal word
Business Report 9/11/2010	# 83237	Code’s key disclosure conditions too strict, says <b><u>(Association for Savings and Investments in SA) ASISA</u></b>
FAnews 9/11/2010	# 83303	<b><u>Taxation Law Amendment Act</u></b> : New tax rules to govern key person insurance policies from 2011
Business Day 11/11/2010	# 83302	<b><u>Road Traffic Management Corporation (RTMC)</u></b> : New unit to police Gauteng toll roads, demerit system
SA.Government Information 11/11/2010	# 83314	Briefing to media by Home Affairs Director – General Mkuseli Apleni on the joint agreement between the department the department and <b><u>the Financial Intelligence Centre (FICA)</u></b>
Sunday Times, 14/11/2010	# 83334	<b><u>Road Management Corporation (RTMC)</u></b> : Traffic parastatal in major financial mess

Citizen 15/11/2010	# 83336	<b><u>New Traffic Demerit System:</u></b> Anti-Aarto march to Union Building
Itinews 15/11/2010	# 83358	<b><u>Consumer Protection Act (CPA):</u></b> Many complaints as a results of consumers not understanding the principles of insurance
Business Report 6/11/2010	# 83380	<b><u>New Traffic Demerit System:</u></b> Licence demerit system protest
Business Day 17/11/2010	# 83381	<b><u>Road Transport Management Corporation(RTMC):</u></b> Road agency 'stabilised' after irregular spending
Business Day 17/11/2010	# 83382	<b><u>Deneys Reitz</u></b> merger to form legal giant
Business Report 19/11/2010	# 83403	SA's Most Empowered Companies: Lion of Africa first insurer to roar on <b><u>Broad Based Black Economic Empowerment (BBBEE)</u></b> front
TAXtalk 24/11/2010	# 83492	<b><u>Mutual &amp; Federal (M&amp;F)</u></b> is the insurer to settle carbon tax with new vehicle claims
Polity 24/11/2010	# 83494	<b><u>Vehicle Security Industry:</u></b> The impact on competition of standards set by industry associations: "malign" or "benign"
Finweek 25/11/2010	# 83449 *SAIA  # 83450 *Viviene	<b><u>Focus on Road Safety:</u></b> <ul style="list-style-type: none"> <li>▪ Better road behaviour essential</li> <li>▪ A priority for SAIA</li> </ul>
Insurance Gateway 26/11/2010	# 83496	<b><u>FAIS</u></b> Conflict of Interest Rules
Insurance.Times.& Investments December' 2010	# 83663 *Barry  # 83664	<ul style="list-style-type: none"> <li>▪ Success for the <b><u>SA Insurance Crime Bureau (SAICB)</u></b> – Working together</li> <li>▪ <b><u>Insurance Law:</u></b> Going overboard- FAIS on incentives and disclosure</li> </ul>
FAnews 1/12/2010	# 83580	<b><u>Crime:</u></b> Successful Completion of <b><u>SAICB / SAPS</u></b> Project
Business Day 1/12/2010	# 83587  # 83588	<ul style="list-style-type: none"> <li>▪ Calls made for two sections of <b><u>Companies Act</u></b> to be scrapped</li> <li>▪ <b><u>Driver's Licence:</u></b> Department overhauls traffic, licence laws</li> </ul>
Business Day 2/12/2010	# 83589	<b><u>Sustainability</u></b> 'now a business imperative'
FAnews 2/12/2010	# 83600	Further pressure to comply with <b><u>Financial Intelligence Centre Act (FICA)</u></b>
Business report 2/12/2010	# 83591	Regulators object to <b><u>Companies Act</u></b>
Business Report 3/12/2010	# 83602	<b><u>Business Unity SA (Busa)</u></b> gives input on_Patel's growth path vision
Business Day 3/12/2010	# 83603	Enhancements to the <b><u>Financial Intelligence Centre Act, (FICA)</u></b> 2001(Act 38 of 2001)
Itinews 7/12/2010	# 83643 *Adam	<b><u>(SAM):</u></b> Solvency regulations put SA Insurers on par with global industry
Business Report 7/12/2010	# 83617	Companies urged to set firm targets for <b><u>sustainability</u></b> plans
Beeld Sake24 9/12/2010	# 83696	<b><u>Santam</u></b> koop MiWay van Sanlam vir R240 m
Moneyweb 13/12/2010	# 83724	<b><u>Financial Sector Charter (FSC):</u></b> Public has until February 10, 2011 to make comments

Sunmoney 14/12/2010	# 83729 *SAIA  # 83730 *SAIA	<b><u>Focus on Consumer Credit Insurance : Saving your family from Debt:</u></b>  ▪ Don't let debt harm your family  ▪ Your Cover- The Facts
Business Report 15/12/2010	# 83752	<b><u>Financial Sector Charter (FSC):</u></b> New BEE rules for financial charter – 'Equity equivalents' added
The New Age 20/12/2010	# 83806	Black Management Forum (BMF) rejects <b><u>Financial Sector Charter (FSC)</u></b>
SA Insurance Guide 20/12/2010	# 83808	New Head for <b><u>Mutual &amp; Federal (M&amp;F)</u></b> Insurance
Citizen 21/12/2010	# 83811	<b><u>Solvency Assessment and Management (SAM):</u></b> Solvency II set to put SA insurance sector on the world map

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

## 11 CIRCULARS

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

### SAIA

- SG 2010/089 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (1/11/2010)  
Contact: Princess Mlambo
- SG 2010/090 FAIS Circular: First Level Regulatory Examinations: KI Level 1, Category I, II, IIA, III, and IV (RE1) and representative (RE 5) (1/11/2010)  
Contact: Suzette Strydom
- SG 2010/091 Request to Participate in a SAIA Consumer Credit Insurance Survey to be Publish in the Daily Sun on Tuesday, 7 December 2010 (8/11/2010)  
Contact: Kirsty Udemans
- SG 2010/092 Financial Services Board: SAM Roadmap (9/11/2010)  
Contact: Barry Scott
- SG 2010/093 Application for Membership of the SAIA Infinity Insurance Limited (15/11/2010)  
Contact: Sonja Etsebeth
- SG 2010/094 Shoprite Insurance & MiWay Insurance – New Members (11/11/2010)  
Contact: Sonja Etsebeth
- SG 2010/095 IFRS 4, Accounting Standards for Insurance Contracts: Request for Comments from the Financial Accounting Standards Board (FASB) (15/11/2010)  
Contact: Charles Hitchcock
- SG 2010/096 FSB Special Report on Results of the Short-term Insurance Industry: September 2010 (22/11/2010)

Contact: Sonja Etsebeth

- SG 2010/097 Department of Trade and Industry: Questionnaire in Terms of the Black Business Development Programme (BBSDP): Request for Assistance with Information (25/11/2010)  
Contact: Barry Scott
- SG 2010/098 Amended SAIA Code of Conduct: Inclusion of Reinsurers (29/11/2010)  
Contact: Vivienne Pearson
- SG 2010/099 SAIA Submission on Exposure Draft IFRS4: Insurance Contracts (1/12/2010)  
Contact: Suzette Strydom
- SG 2010/100 Regulation 4, Section 45 of the Short-term Insurance (Act 53 of 1998) Register of the Status of Credit Intermediaries (1/12/2010)  
Contact: Princess Mlambo
- SG 2010/101 December Office Closure (10/12/2010)  
Contact: Sonja Etsebeth
- SG 2010/102 FSC: Draft Codes of Good Practice on Broad Based Black Economic Empowerment: Gazette No.33857 (14/12/2010)  
Contact: Barry Scott
- SG 2010/103 Financial Services Board: Variation of Rule 7.4 (Short-term Insurance) and Rule 16 (Long-term Insurance) of the Policyholder Protection Rules of 2004: Rejection of Claims by Insurers: Gazette No.3381 (17/12/2010)  
Contact: Barry Scott
- SG 2010/104 Infinity Insurance Limited (17/12/2010)  
Contact: Sonja Etsebeth

#### **AMUSA**

- AM 2010/064 Landslide: Porto Do Chibatao, Manaus, Brazil (11/11/2010)  
Contact: Elsebe Vetten
- AM 2010/065 Piracy Advice: "HANNIBAL II" (15/11/2010)  
Contact: Elsebe Vetten
- AM 2010/066 Sanctions Limitation and Exclusion Clauses (23/11/2010)  
Contact : Elsebe Vetten
- AM 2010/067 Casualty Advice : "ALBEDO" (29/11/2010)  
Contact : Elsebe Vetten
- AM 2010/068 Piracy Advice : "MCL BREMEN " (30/11/2010)  
Contact : Elsebe Vetten
- AM 2010/069 Casualty Advice : " MARILION" (1/12/2010)  
Contact : Elsebe Vetten
- AM 2010/070 Piracy Advice : "JAHAN MONI" (7/12/2010)  
Contact : Elsebe Vetten
- AM 2010/071 Piracy Advice : " MSC PANAMA" (14/12/2010)  
Contact : Elsebe Vetten

- AM 2010/072 Re : " JOLLY AMARANTO " (14/12/2010)  
Contact : Elsebe Vetten
- AM 2010/073 Piracy Advice : " RENUAR " (14/12/2010)  
Contact : Elsebe Vetten
- AM 2010/074 Casualty Advice Update : " JOLLY AMARANTO" (15/12/2010)  
Contact : Elsebe Vetten
- AM 2010/075 Re : " RIBBON " (20/12/2010)  
Contact : Elsebe Vetten
- AM 2010/076 Re : " ORNA " (22/12/2010)  
Contact : Elsebe Vetten
- AM 2010/077 Re : " JOLLY AMARANTO " (24/12/2010)  
Contact : Elsebe Vetten

### **SAIA Managing Directors**

- MD 2010/024 Preliminary Statement of Internet Proposed By the FSB regarding Amnesty for illegal Zimbabwean Immigrants (5/11/2010)  
Contact : Suzette Strydom
- MD 2010/025 IFRS 4, Accounting Standards for Insurance Contracts: Request for Comments from the Financial Accounting Standards Board (FASB) (9/11/2010)  
Contact: Charles Hitchcock
- MD 2010/026 Financial Services Board : SAM Roadmap and SAM Questionnaire (9/11/2010)  
Contact : Barry Scott
- MD 2010/027 The Future of Section 45 Guarantees: Request for comments by the FSB (10/01/2011)  
Contact : Charles Hitchcock
- MD 2010/028 SAIA Code of Conduct : Information Sharing Requirement Request for Information on First Trial of Information Template (10/12/2010)  
Contact : Charles Hitchcock

### **MOTOR**

- MT 2010/007 Motor Circular : re Border Post Project 2010/11 – 2012/13 (24/11//2010)  
Contact : Vivienne Pearson
- MT 2010/008 Citroen parts prices decreased drastically – (25/11/2010)  
Contact : Vivienne Pearson
- MT 2010/009 Toyota Hilux and Fortuner Vehicles : A further update on security issues (26/11/2010)  
Contact : Vivienne Pearson
- MT 2010/010 Certified Alternative Parts Project (13/12/2010)  
Contact : Dawie Buys
- MT 2010/011 Motor Vehicle Indemnification – Total Loss Claims (13/12/2010)  
Contact : Dawie Buys

## NUCLEAR

NU 2010/001 Request for Capacity for Foreign Nuclear Risks with effect from 1 January 2011  
(8/11/2010)  
Contact : Charles Hitchcock

✉ Further information on all of the above-mentioned circulars : Sonja Etsebeth  
✉ [sonja@saia.co.za](mailto:sonja@saia.co.za)

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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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