



SAIA - ☎ (011) 726 5381

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1 LATEST NEWS

GUEST ARTICLE: Sectional Title Insurance: The next level?

Sectional title schemes have over the past 20 to 30 years become the “castle” in which a large majority of our people in South Africa, from young to the old, resides. However, very few of our people, whether owners, trustee’s or tenants, fully understand the duties, responsibilities and sacrifices that they have to make in such an environment.

For trustee’s of such sectional title schemes there are even more challenges, but for the purpose of this article, I will focus specifically on the issues pertaining to the insurance requirements, as set out under Management Rule 29 of the Sectional Titles Act (Act no. 95 of 1986) as amended:

“Insurance; 29 (1) (a) At the first meeting of the trustees or so soon thereafter as is possible, and annually thereafter, the trustees shall take steps to insure the buildings, and all improvements to the common property, to the full replacement value thereof against fire, lightning and explosion, and such other risks being described; and any other risks that the owners of such body corporate may decide to insure by special resolution.”

However, in our experience, the issues relating to claims and the subsequent repudiation thereof, emanating from the sectional title insurance environment, are mainly:

1. Water tanks (geysers); apparatus or pipes
2. Non-maintenance of buildings and common property
3. Rebuilding value
4. Non-compliance to the National Building Regulations and Building Standards Act (Act no. 103 of 1977) as amended, and local applicable by-laws

For the purpose of this article I will now deal with the above mentioned in more detail.

Water tanks (geysers); apparatus or pipes

Water tanks (geysers) do not “burst”. They could start malfunctioning because of not being installed correctly, as required by the SABS Code of Practice (SANS 10254).

Geysers should also be serviced. Manufacturers of geysers provide an “Electric Water Heater’s Product Guarantee/Warranty” which states clearly that the document should be handed to the unit owner by the plumber. This unfortunately does not happen.

In addition, the life of a geyser can be prolonged in the following ways:

- By replacing the anode at regular intervals, according to the Manufacturer’s Guarantee/Warranty
- By having a drip tray installed
- By setting the thermostat at the correct temperature, i.e 55 Celsius
- By unblocking the relieve valves
- By ensuring that vacuum breakers are fitted

By doing all this, one can avoid the unpleasant experience of being without hot water, having wet ceilings and carpets, and damaged furniture. One would also save electricity.

Management Rule 68 (vii) also stipulates that the owner shall maintain the hot water installation, which serves his section or sections.

Non-maintenance of buildings and common property

In a Communiqué, dated 20 August 2009, the Ombudsman for Short-term Insurance made the following comments regarding the maintenance of property.

“House owners’ policies are intended to provide indemnity for loss of or damage arising out of unexpected sudden eventualities and usually contain exclusions in relation to loss or damage arising out of the lack of maintenance, gradually operating causes or defects in design or construction. Before an insured is liable for a claim it must be established that the loss arose from a peril covered in the policy and the insured bears the onus of establishing this.”

Therefore, an insurance policy does not provide for the cost of maintenance of property, this is the responsibility of the house owner who must adequately maintain their property.

Rebuilding value

In terms of Management Rule 29, the Body Corporate is obliged to insure the building and common property for the full replacement value.

This particular duty is often glanced over by trustee’s, without the necessary attention. I believe that this is one area where trustee’s are at risk in the way that they carry out their responsibilities and they may well be at risk personally in respect of a liability claim.

To obtain a valuation is easy. There are a number of qualified valuation agents country wide, who are well versed to the correct and required insurance requirements. Their services are also quite reasonably priced. It is however important to ensure that the person holds professional indemnity cover.

It is suggested, in order to keep rebuilding values up to date, that valuations take place every 2 to 3 years in view of the escalating building costs.

Non-compliance to the National Building Regulations and Building Standards Act (Act no. 103 of 1977) as amended and local applicable by-laws

We wish to advise that many insurance policies exclude liability for any losses where buildings or structures have not been built in accordance with regulated building standards or any other specifications.

Brian Martin, the Ombudsman for Short-term Insurance, has commented as follows on this issue: “We urge consumers not to construct buildings, walls or swimming pools unless they have satisfied themselves that these structures comply with relevant legislation and they should always seek professional advice prior to engaging in any additions or alterations to their properties.”

Lapa’s at sectional title developments remain problematic, as the owners very seldom comply with the relevant local fire by-laws.

Acknowledgments:

- *The Sectional Title Insurance Guide: Facts that you should know by Mike Addison.*
- *The Sectional Title Handbook (Third Edition) Graham Paddock*
- *Press release: The Ombudsman for Short-term insurance on maintaining of property: 20 August 2009.*

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

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Process to restructure the SAIA

The SAIA Executive Committee has decided to engage in a process to restructure the SAIA, by creating three General Manager positions.

While there is much more work to be done before the new structure is finalised, the Executive Committee has taken the decision to appoint the current SAIA Motor Manager, Ms Vivienne Pearson, as the first of the General Managers. Vivienne will be responsible for sustainability and strategy. The motor portfolio will continue to report to Vivienne, so that momentum is not lost on this project.

The SAIA will be looking to appoint a new motor manager.

☞ **Further information : Barry Scott**
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Position: SAIA Motor manager

Due to restructuring at the SAIA, we are inviting suitable candidates to apply for the position of SAIA Motor Manager.

Interested candidates should forward their curriculum vitae to Vivienne Pearson (vivienne@saia.co.za) at the SAIA as soon as possible, and preferably before Monday, 16 August 2010.

Below follows the job specification for this position:

Job Title	SAIA Motor Manager
General Description	Responsible for SAIA Motor Portfolio.
Output/Core Tasks	<ul style="list-style-type: none">• Drive the implementation of SAIA Motor Strategy• Identify challenges in the motor insurance industry• Provide leadership for the industry with regards to motor insurance issues• Assist in getting the buy-in from SAIA members, and other stakeholders, with regards to selected projects in this area• Identify key stakeholders within the motor insurance industry• Consult with relevant stakeholders in Insurance Industry and within the Motor Industry Value Chain• Create committees / Working Groups to inform the solutions for the motor Industry in line with SAIA Motor Strategy.• Ensure effective communication is achieved with the respective chairperson of the Committee / Workgroup• Coordinate meetings with relevant stakeholders• Analyse and interpret market trends on an ongoing basis• Develop reports for all projects implemented.• Maintain contact with SAIA members to ensure timely activity and adherence to project deadlines.• Prepare SAIA Board Committee Reports as per the agreed objectives.• Represent SAIA in relevant industry forums

Competencies	<ul style="list-style-type: none"> • Knowledge of short-term insurance industry • In depth motor industry understanding • Strategic thinker • Deadline driven • Ability to work and communicate with multiple levels of authority in the insurance market • Leadership ability • Ability to work with no or little supervision
Skills	<ul style="list-style-type: none"> • Excellent verbal and written communication • Excellent interpersonal skills • Analytical thinking • Problem solving skills • Excellent interpersonal communication skills • Ability to multi-task • Project management skills • Negotiation skills • Presentation skills • Planning skills • PC skills – Excel, Power Point, etc.
Requirements : <ul style="list-style-type: none"> • Qualifications 	<ul style="list-style-type: none"> • A minimum of 5 years experience working with short term insurers or within the short-term industry • University degree

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

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2 IMAGE & REPUTATION

SAIA AGM and Cocktail Function 2010: Foundations in place to ensure a sustainable future for short-term insurers

The below media release was distributed on 30 July 2010.

A new board of directors for short-term insurers was elected at the Annual General Meeting (AGM) of the South African Insurance Association (SAIA) that was held at the Johannesburg Country Club in Auckland Park last night. The evening ended with the SAIA Annual Cocktail Function, themed, “Foundations for the future”. This networking event is seen by many as the highlight of the short-term insurance calendar.

“Tonight, once again, the major issues facing our industry will be highlighted and discussed. Suitably, it has also become tradition for our annual themes to be symbolic of where we believe the SAIA is in terms of its development and the position in which the short-term insurance market finds itself. This year, the theme, “Laying foundations for the future” was chosen because we believe that, of late, the SAIA has become involved in issues and initiatives that will lay the cornerstone for the future of the short-term insurance industry.” said Mr Ronnie Napier, Chair of the SAIA in his official address which focused on the solid foundations recently laid by the Association.

“Only recently, the SAIA created a new SAIA Code of Conduct, which was signed and accepted by all of our member companies. A new SAIA Motor Strategy was also drafted and the implementation thereof has commenced to ensure the sustainability of the largest class of business for insurers. The Association has also recently put in place a new SAIA Consumer Education Strategy which enables the industry to continue to make an impact with its widely acknowledged collaborative foundation consumer education initiative. We have also been awarded

two international grants for consumer education, one of which will be cited as a case study and an international example of best practice,” said Mr Napier.

Mr Napier added that the SAIA is also currently establishing an industry approach on Data Sharing as required in terms of the Insurance Laws Amendment Act, and engaging with the Financial Services Board towards the launch of a South African version of the European Solvency II Solvency Assessment and Management regime. This effort is intended by the Financial Services Board to promote the soundness of insurance companies through the effective application of international regulatory and supervisory standards.

“With the aim to position the SAIA to ensure sustainable success, the SAIA Board amended the structure of the Association and the SAIA Key Strategic Areas now include: Image & Reputation, Legislation & Regulation, Operations, Transformation, Motor, Reinsurers, Short-term and Re-insurers Data Exchange (STRIDE) and Sustainability,” said Mr Napier.

Mr Napier congratulated the newly elected SAIA Board members and thanked them for making time available to serve the industry. The newly elected SAIA Board members are:

Blain, Michael - Centriq Insurance Co. Ltd
Creamer, Tom - Auto & General Insurance Co Ltd
Dombo, Garikai - Alexander Forbes Insurance Co. Ltd
Durek, Mike - ACE Insurance Ltd
Kennedy, Keith - Mutual & Federal Insurance Co. Ltd
Kirk, Ian - Santam Ltd
Klennert, Achim - Hannover Reinsurance Africa Ltd
Kohler, Nic - Hollard Insurance Co. Ltd
Munnoch, Guy - Zurich Insurance Co. Ltd
Ngulube, Junior - Munich Reinsurance Company of Africa Ltd
Omar, Nash - Etana Insurance Co. Ltd
Roos, Willem - OUTsurance Insurance Co. Ltd
Samie, Adam - Lion of Africa Insurance Co. Ltd
Schoeman, Herman - Guardrisk Insurance Co. Ltd
Sibanda, John - Lloyd's
Truter, Mike - Credit Guarantee Insurance Corp. of Africa

Mr Napier added that he believes that the newly selected Board members have a major role to play to enable SAIA to promote and represent the interests of the short-term insurance industry, while leading and enhancing the efforts of the industry to become recognised and trusted as an important contributor to the South African economy and society.

“Our theme reflects the importance of the SAIA’s undertakings and we are looking forward to an exciting year ahead, building on the solid foundations that we have put in place,” he concluded.

☎ **Further information : Adele Joubert**
✉ **adele@saia.co.za**

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SAIA Approved – does SAIA endorse products?

An article was published on iafrica.com recently, incorrectly stating that the SAIA compels all insureds to install VESA-approved gear locks, and further implying that these devices are regulated by the SAIA.

The SAIA would like to correct any current misunderstanding in this regard by confirming once again that SAIA Approved, a company created to approve certain products, has been liquidated.

The SAIA therefore advises manufacturers and distributors to approach individual insurers to have their products accredited.

The SAIA does not endorse any products.

For more information, please contact Charles Hitchcock (charles@saia.co.za).

☎ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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Code of Conduct

The SAIA Image and Reputation Board Committee decided to revive the Code of Conduct Task Team to consider an addendum to the Code of Conduct in terms of the Consumer Protection Act, the Protection of Personal Information Act and the Motor Salvage Code. Alignment of the Code with the FSB's Treating Customers Fairly initiative will also be on the agenda as well as finalisation of the information sharing template.

The SAIA will be conducting member workshops (dates to be confirmed) to ensure compliance with the Code of Conduct and will produce an electronic booklet to assist members with this process. The information sharing template will also be presented.

The SAIA will produce an industry report on the trends emerging from the complaints that are being submitted under the Code of Conduct.

☎ **Further information : Yvette Francis**
✉ yvette@saia.co.za

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Functions planned for 2010

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 FEF Consumer Education round table – 5 August 2010**
- SAIA Consumer Education Report Back Function – August 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 activities, contact Adèle Joubert on 011 726 5381.

☎ **Further information : Adèle Joubert**
✉ adele@saia.co.za

SAIA Financial Education Fund (FEF) grant project roundtable meeting - for SAIA members that provide Mzansi-type insurance products

FEF roundtable meeting invite

An invitation to participate in a roundtable meeting was distributed on 22 July 2010 to SAIA members that provide Mzansi-type insurance products in the lower income market and who had previously indicated that they would like to participate in the SAIA FEF grant project (description below).

Should your company provide Mzansi-type insurance products and should you not have received the above mentioned invitation, you are cordially invited to participate in the roundtable meeting. It will take place on Thursday, 5 August 2010, from 9:00–11:00, at the Cricket Pavilion of the Johannesburg Country Club in Auckland Park. (Please RSVP as indicated below).

Your participation will assist us to investigate whether a link exists between consumer education messaging in consumer education programmes and increased usage of insurance products.

Project description

“Financial Freedom” is the name of the Financial Education Fund (FEF) grant radio project that SAIA has been developing, to reach radio audiences in South Africa with financial and especially risk management education. The project will use regional radio in South Africa to convey consumer financial literacy messaging through a series of radio drama soap operas. The series will be broadcast from August 2010 and production is already in progress.

The radio stations selected include four radio stations using indigenous South African languages, and one control radio station where there will be no broadcast of our message in order to test the success of the project. 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.

We intend to use this project as an example of how effective the media is to convey consumer education and it therefore includes a strong research element. The results will inform selection of future projects.

How can SAIA members that provide these products benefit?

Product information

SAIA member companies are invited to make specific insurance product information available to the scriptwriting team, so that insurance knowledge can be aligned to drama scripting opportunities.

For this roundtable meeting, please bring information on your products for the entry and mid-range target markets. It should also be sent to adele@saia.co.za before the meeting. Should you have any risk scenarios that are applicable to your product, this will help too.

Script writers will use this information to think of scenarios where characters could face relevant situations and find workable solutions. After each of 52 radio episodes, the programme presenter will host a call-in session, where we will provide further specific insurance information in a “question and answer” session.

Pre-recorded messages, which would include specific product information and specific company contact details, relevant to each specific episode, will be broadcast after each episode on a rotational basis – any related products could thus be marketed effectively in this way as listeners will be directed to a call centre for uptake.

Research (members to inform call centres to conduct basic research)

Participating SAIA members would also have to ensure that their call centres are thoroughly briefed on this project to ensure that they ask callers relevant questions and capture appropriate responses for research purposes.

This will be discussed in the roundtable meeting and templates will be provided to simplify the process.

Should you wish to set up a meeting at your company for SAIA and the service provider to discuss the aims of the project in more detail and to answer any specific questions, please contact adele@saia.co.za.

RSVP

Please confirm your attendance to adele@saia.co.za by Monday, 2 August 2010.

We also recommend that you ask your Call Centre Manager and / or another relevant manager to accompany you to this roundtable meeting in order to simplify the process and avoid confusion. Please let us have the names and job titles of these people by Monday, 2 August 2010.

We look forward to making the most of this opportunity to reach listeners in their own languages, and develop knowledge, skills and values related to better financial choices.

☞ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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SAIA Consumer Education project for the existing market

The SAIA is in the process of compiling a Motor Insurance booklet to educate current policy holders on motor insurance, subsequent to a consumer education brainstorming workshop that took place on 22 July 2010.

Should you know of a company that would be interested to sponsor these booklets, please contact adele@saia.co.za.

☞ **Further information : Adèle Joubert**
✉ adele@saia.co.za

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Micro-insurance

The SAIA has commenced arrangements for a Micro-insurance workshop to take place at the end of August (date to be confirmed). This workshop will focus on a review of the Mzansi standards and will be facilitated by Cenfri and FinMark Trust. To ensure maximum benefit for members, there will be a preliminary exercise. Details will be communicated.

☞ **Further information : Yvette Francis**
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3 LEGISLATION & REGULATION

Protection of Personal Information Bill

Towards the end of 2009, the Department of Justice and Constitutional Development panicked stakeholders when a call for comments was requested with the anticipation that the above bill would come into effect before the 2010 FIFA World Cup. This followed a series of meetings and consultations between stakeholders and the Portfolio Committee of Justice and Constitutional Developments.

Stakeholders from various sectors of the economy are concerned about the cost of implementation, while public rights officials are concerned about the inadequate protection for certain data subjects under the bill.

At a recent meeting with the Portfolio Committee the following was proposed, which will be referred to the Minister for discussion.

- A decision was taken to separate provisions on 'interpretation' of the act and 'rights of data subjects'
- A proposed new section 3A on the rights of data subjects now includes four new rights: the right of refusal to the processing of information for direct marketing purposes, the right not to be subject to a decision based solely on the automated processing of personal information, the right to subject a claim to the Regulator and the right to institute civil proceedings
- On the issue of processing information relating to children, the committee expressed a desire for a stricter approach to be taken
- The Regulator's office will be called the Office of the Information Regulator
- The Regulator can hold public hearings at his discretion in the course of issuing codes of conduct
- Clause 66 has been re-drafted to more clearly make provision for responsible parties to make a once-off electronic communication with data subjects in order to obtain their consent to direct marketing
- In terms of Clause 69, as amended, juristic persons are excluded from passing over personal information to a third party in a foreign country, so as not to stifle business transactions

It is anticipated that the above bill will not come into force by 2010. Members are advised to heed the progress and to contact SAIA with further enquiries.

☞ **Further information : Karen Naidoo**
✉ **karen@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 – June 2010 issues of the Bulletin.

Perhaps you should sort it out...

I recently had a plumbing incident at my house which, needless to say, caused a considerable amount of inconvenience. Firstly, I live in a complex which is managed by a Body Corporate. After several calls to the Body Corporate, eventually a claim was lodged to the insurance company. A service provider, aka Expert Plumbing Services¹ was dispatched to my house to assess the damage. By this time, almost three weeks had passed. The outcome of the assessment was captured in a simple response from the representative of Expert Plumbing, "I've never seen this before, I don't know what to do, perhaps you should try and sort it out". The severity of my experience measured against the scale of complaints against the insurance industry reported to the Office of the Ombudsman or the SAIA is by no means as calamitous. However the response from the service provider catalysed a train of thought and while I experienced being a consumer of the insurance industry, I found myself more committed to ensuring that customers are treated fairly.

Returning to the office the next day, I found myself reading the Financial Services Board (FSB)'s principle document on Treating Customers Fairly (TCF). Further understanding of this principle will show that our behaviour towards the customer is what is questioned. I can safely admit that our industry has considerable work to do before we can commit to Treating Customers Fairly.

I am not suggesting that we rush out and implement high-end systems to ensure compliance, but what I am recommending is that we target the proverbial 'low-hanging fruit' and ensure that, what we commit to in our marketing to attract customers, we commit to in our service delivery.

Practically start training the representatives of your organisation, be it internal or external representatives on the basic principles of 'Treating Customers Fairly'. Create your own version of Treating Customers Fairly if you have to, while still supporting the spirit and purpose of the philosophy of consumerism embedded in the principles of TCF and for once, perhaps we can get closer to always being able to 'sort out' our customers' problems.

☞ **Further information : Karen Naidoo**
✉ **karen@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 – June 2010 issues of the Bulletin.
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4 MOTOR

Implementation of SAIA Motor Strategy

The operational implementation of the SAIA Motor Strategy to Action Plan is progressing well. Three new committees (SAIA Motor Committees Vehicle Crime, Driver and Vehicle) have been established, have met for the first time to confirm their mandates and agendas, and will be meeting for strategic brainstorming workshops in order to consider the current status of the issues on the agendas, the way forward on the respective issues, as well as the priorities in terms of addressing these issues.

The first brainstorming session took place on 14 July 2010, that of the SAIA Motor Insurance Committee: Vehicle Crime. This brainstorming session was very successful. The issues addressed by the Vehicle Crime Committee during the brainstorming session included border control and repatriation of vehicles, cloning of vehicles, vehicle identification, wreck management, eNatis issues, and registration processes, as well as issues around the supply chain.

Many potential projects were identified, and will be explored further in the next few months.

The strategic brainstorming session of the SAIA Motor Committee: Driver has taken place on 28 July 2010, and that of the SAIA Motor Committee: Vehicle will take place on 3 August 2010.

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Indemnification costs

Several options exist in the cost of repairs space. These have been identified in a framework document. These options include an attempt to address the price of original parts with the Original Equipment Manufacturers (OEMs), as well as exploring the possibility of certified quality, safe, and low cost alternative parts in the South African market as an alternative to using original, high cost parts.

Both these options will be explored in a parallel and simultaneous process in order to facilitate a quick solution in this challenging and important area.

As it is the SAIA's policy to address challenges in a collaborative way if possible, solutions will be sought which could benefit all role players if at all possible.

The SAIA Board Committee: Motor approved the proposed actions identified in the framework document to explore the above mentioned two options at its meeting on 20 July 2010. These actions will be implemented within the foreseeable future.

☞ **Further information : Viviene Pearson**
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Compulsory Third Party Motor Property Insurance

The SAIA has, in the past year, drafted a motivation for Compulsory Third Party Motor Property Insurance, and submitted it to the Road Traffic Management Corporation (RTMC) for input in order to finalise a joint motivation document that can be presented to the relevant authorities to consider the introduction of compulsory third party motor property insurance in South Africa.

More work needs to be done on this motivation document, however, including considering all the relevant issues such as responsibility and affordability, management/business model, premium collection, etcetera, before presenting a next draft to the SAIA Board Committee: Motor.

In addition, the process of calculating a potential premium for such a product was hampered by the fact that most SAIA members were concerned about the confidentiality of their data. These issues are currently being considered, a solution is being explored, and SAIA members will be informed shortly about the changed process and data needs.

☞ **Further information : Viviene Pearson**
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SAIA Code of Salvage and new Guidelines for SAIA Code of Salvage

The motor vehicle status codes used by role players in the motor salvage arena, including insurance companies, have been a contentious issue for quite some time now. Because of the seriousness of this issue, the SAIA finalised and approved guidelines for the existing SAIA Code of Salvage during the last year, in cooperation with various role players including SACSA, Business Against Crime South Africa (SAICB), NAAMSA, motor engineers, some salvage representatives, and other relevant role players that will assist in promoting a uniform approach by SAIA members, and other role players.

In order to ensure that the guidelines are implemented by our members, the SAIA will propose to the SAIA Board at its next meeting on 17 August 2010 that the SAIA Code of Salvage as well as the guidelines to this Code, should be added to the SAIA Code of Conduct in order for it to be properly implemented by relevant SAIA Members, as per a decision taken at the SAIA Board Committee: Motor meeting that took place on 20 July 2010.

In addition, the guidelines will also be discussed with the Banking Association, a signatory together with the SAIA to the original SAIA Code of Salvage, in an attempt to ensure that the banks also follow these guidelines.

☞ **Further information : Viviene Pearson**
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5 FSB SOLVENCY ASSESSMENT AND MANAGEMENT (SAM) INITIATIVE

Solvency II: Impact on EU insurers, corporate governance and risk management

Short-term Reinsurers will face major challenges with the Financial Services Board (FSB)'s Solvency Assessment and Management (SAM) initiative. Insurers in the European Union (EU) are also in the process of addressing very similar challenges with Solvency II.

One of the biggest requirements (and opportunities) from Solvency II on insurance companies in the EU is better decision making as a result of their identification of key organisation risks. These requirements build a strong case for the implementation of a robust corporate governance structure. Good governance is about managing all the risk inherent in the business and addressing weaknesses in the structure and process. This demands active board direction, a full understanding of the implications at all levels of the business and clear allocation of all management responsibilities.


Solvency II sets out risk management and measurement objectives to ensure adoption of strong risk management processes that are carried out across the entire organisation and that form the basis for making and directing the insurers' decision making. To adequately meet these forthcoming requirements, insurers in the EU (and South Africa) should explore the adoption of an Enterprise Risk Management (ERM) framework. The benefits of ERM are evident in the integrated view of risk management, including consistent processes to analyse, evaluate and communicate risks. An ERM framework enables the implementation of adequate controls and facilitates a strong risk culture and governance across the organisation.

Insurers in the EU that is better prepared to manage risk will create the potential for significant advantages:

- Holding capital costs money; therefore holding less capital will create many advantages
- Larger companies will have capital advantages through the process of risk diversification within their larger portfolios of business
- Smaller companies will be able to employ more focused risk management techniques in niche product areas

For ERM to be effective, it must be embraced and owned from the CEO level and permeate throughout an organisation's leadership. In South Africa, some short-term Reinsurers may need to plan for substantial changes in the strategy, operations and governance of their business. Starting early can not only cut the costs and help alleviate last-minute panics, but also allows time to develop and embed the risk framework into the strategic and operational management of the business.

 **Further information : Nico Esterhuizen**

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6 SHORT-TERM & RE-INSURANCE DATA EXCHANGE (STRIDE)

STRIDE update

A central part of the delivery of the Short-term Re-Insurance Data Exchange (STRIDE) project is the creation of the South African ACORD standards, which would enable all insurers and brokers to talk the same language in future. In turn, this makes the data interchange between various parties much easier.

ACORD will be visiting South Africa from 26 to 29 August and will be hosting a training session as well as several working sessions to finalise the South African standards. We are confident that these face-to-face meetings will speed up the process significantly.

In conjunction with this, we have made a lot of progress with the Request for Information and Request for Proposal processes that will enable us to choose a service provider for the technical solution, as well as finalising the commercial model for the project. The aim is to have these documents ready for distribution during August 2010.

Another element that is being focused on is the branding and communication around the project which will be finalised in the beginning of August.

We are excited about the progress made and look forward to sharing these successes with you going forward.

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7 RADIO, TELEVISION ONLINE AND OTHER COVERAGE

Date	Station	Programme	Topic	Companies	Persons
2010/06/29	Classic	Classic Business with John Fraser	Discussion on traffic flow during the FIFA World Cup with Gary Ronald from the AA	AA Ellis Park Stadium FIFA World Cup Gauteng Dept Transport Gautrain Johannesburg Park Station Park & Ride Road Accident Fund SANRAL South African Insurance Association	Gary Ronald (LIVE)
2010/06/25	Cape Talk	Solly Philander	The South African Insurance Association says plans to introduce compulsory third party insurance are long overdue	South African Insurance Association	
2010/06/21	Kaya	Kaya Biz with Stevie B	Interview with Vivian Pearson from the South African Insurance Association	FIFA World Cup South African Insurance Association	Vivian Pearson (LIVE)
2010/06/21	SAfm	PM Live	The motor insurance industry requires drastic steps to insure that it remains affordable to consumers	Motor Insurance Industry Road Traffic Management Corporation South African Insurance Association	Vivienne Pearson (LIVE)
2010/06/11	Summit	Business News/Market Report/Company News/Face2Face	Why do most retirement investments fail?/ Continues	Advantage Asset Managers (MENTION) Alexander Forbes (MENTION) SAIA (MENTION) SAICA Staff Pension Plan (MENTION)	Anne Cabot Alletzhauser (LIVE) Nigel Willmott (LIVE)

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

8 PRESS CLIPPINGS

Publication	DN	Subject
Cover June' 2010	# 81231 # 81232 # 81233 # 81234 # 81235 # 81236 # 81237 # 81238 # 81239	<u>Agricultural insurance:</u> South Africa is well-positioned <u>Agricultural insurance:</u> South African Farmers face huge Insurance risks New <u>agricultural insurance</u> approach needed in South Africa <u>Short-term insurance industry:</u> To bind or not to bind <u>Sustainability:</u> The role of insurance is changing <u>New Companies Act:</u> Directors' and Officers' Liability: A Class Act! Make sure that your Directors and Officers policy complies with the <u>new Companies Act</u> <u>Ombudsman for Short-term Insurance:</u> Driving whilst under the Influence <u>SAIA donation to BACSA:</u> SAIA donates over R1,7 million to Combat Crime
RiskSA June' 2010	# 80814 # 80816 # 80817 # 80818 # 81240	<u>Regulations:</u> Binder Agreements – Disagreement Insurers Act in <u>ACORD</u> to Facilitate Data Exchange <u>FAIS</u> Fit & Proper with Jane Appasamy <u>SAIA Donation:</u> Business Against Crime South Africa (BACSA) gets another SAIA Boost <u>Code of Conduct:</u> Launch of SAIA's new industry code
Automobile June' 2010	# 80996 # 80998	<u>SAIA donation to BACSA:</u> BACSA: Fight against crime gets boost New <u>Code of Conduct</u> for insurance companies
Enterprise Risk June' 2010	# 80999	<u>Micro-insurance:</u> Incentive access to financial services
FSB Bulletin: 1 st Quarter'2010	# 80819	FSB develops <u>Solvency Assessment and Management (SAM)</u> project
Financial Mail 18/6/2010	# 80820	<u>Consumer Protection Act (CPA):</u> Protection pitfalls
Business Report 23/6/2010	# 80745 # 80746 # 80748 # 80751	<u>Offshore captives</u> and protected cells under a different microscope <u>Underinsurance</u> can bring nasty shocks in its wake Out of control <u>insurance fraud</u> is costing SA exorbitant amounts <u>Credit insurance</u> assumes increasing importance
Business Day 25/6/2010	# 80735	<u>Motor insurance industry:</u> Compulsory vehicle insurance proposed
Beeld 25/6/2010	# 80736	<u>Motor insurance industry:</u> Staat wil almal verplig om motor te verseker
Eyewitness News 25/6/2010	# 80759	Compulsory <u>vehicle insurance</u> discussed in parliament
Star 28/6/2010	# 80749	<u>Solar panels:</u> Big freeze burst Highvelders' green dreams
Business Day 28/6/2010	# 80750	<u>New Companies Act:</u> Bodies disagree on removal of audit requirement
Business Report 29/6/2010	# 80780	<u>Motor insurance industry:</u> Third party insurance soon to be compulsory for all South Africans
Business Report 30/6/2010	#80781	<u>Motor insurance industry:</u> Industry backs state move on compulsory vehicle insurance

NetAssets 30/6/2010	# 80897	<u>Motor insurance industry:</u> Industry backs state move on compulsory vehicle insurance
JSE 30/6/2010	# 80898	<u>Motor insurance industry:</u> Industry backs compulsory vehicle insurance
I-Net 30/6/2010	# 80899	<u>Motor insurance industry:</u> Industry backs compulsory vehicle insurance
Algoa FM 30/6/2010	# 80900	<u>Motor insurance industry:</u> Industry backs compulsory vehicle insurance
Insurance Gateway 30/6/2010	# 80901	Industry leaders rise to the challenge
lafrica.com 30/6/201	# 80824	<u>Motor insurance industry:</u> Insurers asked to step up
Wheels24 30/6/2010	# 80823	<u>Motor insurance industry:</u> AA: Companies take insurance lead

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

9 CIRCULARS

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

SAIA

SG 2010/050 Clean Technology Fund (8/6/2010)
 Contact: Barry Scott

SG 2010/051 Notification of Security System Upgrade in Toyota Hilux and Fortuner Vehicles (9/6/2010)
 Contact: Vivienne Pearson

SG 2010/052 Data Request for Compulsory Third Party Motor Property Insurance Scheme (14/6/2010)
 Contact: Vivienne Pearson

SG 2010/053 Hijacking Statistics from AMUSA – AMUSA circular: AM 2010/036 (15/6/2010)
 Contact: Elsebe Vetten

AMUSA

AM 2010/040 Casualty Report: mv "COMMODORE" (9/6/2010)
 Contact: Elsebe Vetten

AM 2010/041 Marine Cargo Insurance Course in Johannesburg (10/6/2010)
 Contact: Elsebe Vetten

AM 2010/042 Update Casualty Report: MV "COMMODORE" (14/6/2010)
 Contact: Elsebe Vetten

AM 2010/043 IUMI Campaign Against Piracy (22/6/2010)
 Contact: Elsebe Vetten

IGF

IG 2010/003 Initial Notification of IGF Annual General Meeting Thursday 29 July 2010 (8/6/2010)
 Contact: Princess Mlambo

SAIA Managing Directors

MD 2010/010 Initial Notification of the SAIA and related bodies' Annual General Meeting on Thursday 29 July 2010 (9/6/2010)
Contact: Sonja Etsebeth

SAMIA

SM 2010/004 SAMIA Golf Day – 25 August 2010 (9/6/2010)
Contact: Charles Hitchcock

SM 2010/005 SAMIA Engineering Training Course – 12 and 13 August 2010 (23/6/2010)
Contact: Charles Hitchcock

✉ Further information on all of the above-mentioned circulars : Sonja Etsebeth
✉ 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 Adèle Joubert at SAIA to become a SAIA communiqué member.

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