



South African Insurance Association

3rd Floor, JCC House, 27 Owl Street, Milpark, 2029 • PO Box 30619, Braamfontein, 2017
Tel +27 11 726 5381 • Fax +27 11 726 5351 • info@saia.co.za • <http://www.saia.co.za>

SAIA FSC Consumer Education Initiative Report Back (27 October 2009)

Ronnie Napier: Speaker's notes

Good afternoon ladies and gentlemen.

It is my privilege to make the closing statement at such a special occasion. I hope that you enjoyed experiencing some of the aspects of the recently completed 2008/9 SAIA Consumer Education Initiative as much as I did. Isn't it heart-warming to see the positive difference that a collaborative effort can make in people's lives? I feel proud to be part of an industry that has spent over R40 million on consumer education to date!

We would like to thank our partners in this initiative, our member companies and the service providers, for their involvement in assisting SAIA to make sure that our projects continue to be implemented so successfully.

The SAIA member companies who pledged funds towards 2008/9 projects were: Guardrisk Insurance, Santam, Emerald Insurance, Guardrisk Life Insurance, Hollard Insurance, Allianz, African Reinsurance, AIG SA, AIG Life, Mutual & Federal, HDI Gerling Insurance, SASRIA, Zurich Insurance, Dial Direct, Auto & General and Lloyds.

The SAIA believes that the value of collaboration with regards to consumer education cannot be over emphasized as it increases the impact of the education.

Effective consumer education is seen as extremely important for the short-term insurance industry as the image and reputation of the short-term insurance industry can be negatively influenced by a lack of important insurance knowledge, which is why SAIA aims to effectively educate consumers of short-term insurance as part of its Image and Reputation Strategy.



Directors: RS Napier (Chairman), MC Truter (Deputy Chairman), TJ Creamer, MR Durek+, CW Hitchcock, S Isaacs*, K Kennedy, A Khilisia*, IM Kirk++, A Klennert+, NG Kohler, BN Madhav*, V Martindale*, AL Mhlanga, RJ Moletsane, HR Moses*, S Naidoo*, JJ Ngulube, C Nolte*, N Omar, WT Roos, MA Samie, SH Schoeman, B Scott, D Shaw, J Sibanda, S Somers*, L Vermaak*, PG Walters*

*Allermates, + German, ++ Irish

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0860 002526
insurance@fraudline.co.za

In addition, one merely has to look at the current state of the economy to realize that financial literacy is important at all levels to assist individuals to make informed decisions about their finances. It is therefore quite satisfying to be able to say that the SAIA, together with its members and partners, have been very active in the field of financial literacy education in South Africa for the last five years.

Financial literacy also has a direct link to financial access. In a recent SABC Radio All Media Product Survey (AMPS) it was found that, of the approximately 30 million ALS (African Language Stations) listeners in South Africa, 3.2 million people have funeral cover, 1.3 million people have life cover, 484 000 people have retirement annuities, 404 000 people have medical cover and only 186 000 people have insurance cover. Interestingly enough, SABC Radio's core market falls mostly within the LSM 1-7 bracket, the ideal market for lower income short-term insurance products.

However, according to SABC radio, short-term insurance is usually seen as a grudge purchase as people do not easily buy something that they do not understand.

Our efforts in providing basic financial literacy and recently also generic insurance education in the lower income market are therefore extremely valuable to assist our member companies to create a footprint for their products in this largely untapped market by helping the lower income market understand how short-term insurance works and how it can benefit themselves and the ones they love.

We see a future, where the economically active consumer makes better choices and realise the importance of acquiring the relevant financial services and products. May the future consumer education efforts match the success of the past initiatives!

Adèle Joubert
Public Relations Officer
adele@saia.co.za

#75960