ACCELERATING our journey towards future-proofing our industry
ACCELERATING our journey towards future-proofing our industry
ACCELERATING OUR JOURNEY TO FUTURE-PROOFING OUR INDUSTRY

We believe that the theme for our Annual Review 2018 is in line with the aspirations of the short-term insurance industry. It is vital that SAIA continues to accelerate the implementation of industry projects that started a few years ago taking into account the holistic environment within which our sub-sector thrives.
SAIA VISION AND MISSION

SAIA VISION

• 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.

SAIA MISSION

• Encouraging fair and ethical treatment of consumers of short-term insurance products;
• Representing the short-term insurance industry with all stakeholders and at all levels in such a way that these stakeholders have trust and confidence in the industry;
• Creating an environment in which the members of our industry can share information, debate important and relevant issues, and create a common vision for the short-term insurance industry;
• Creating opportunities for the industry to continue with, and embark on, initiatives that will enhance its image and reputation among all stakeholders;
• Promoting an understanding of short-term insurance to all stakeholders;
• Promoting awareness of the industry and its contributions to society and the South African economy.
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ACCELERATING our journey towards future-proofing our industry

LIZÉ LAMBRECHTS
SAIA Chairperson
The theme for this Annual Review is “Accelerating our journey towards future-proofing our industry”. It spells out the landscape within which the financial sector must learn to thrive, as well as the need for everyone to recognise that disruption is part of everyday business. There are a number of new elements at play that impact business with different outcomes from the ones we are used to. This has given rise to a need to protect our sector through modernising our macro-economic frameworks, as well as our business models and processes to withstand some of the unexpected future risks.

TECHNOLOGY

In the past few years, we have witnessed a number of modern advancements in the area of technology and innovation, forcing business to rethink their models and how they engage with their audiences or clients. The impact of technology and innovation on the short-term insurance industry has been profound, and can be seen and felt through industry turnaround times. This has mainly affected our ability to process claims quicker, assess and settle them; and in the various channels through which our clients can now claim for their losses.

The internet of things (IoT) has gained popularity, allowing data collection and the tracking of once passive tools that governed productivity and outputs. Increased and improved use of data - such as speed, whereabouts, stop/start and velocity around corners - now assist insurers in determining whether a driver qualifies for a claim or not. Telematics have become far more relevant; alongside new disruptive technology based business models that have ushered in Insuretechs and Fintechs. I have no doubt that technology will continue to play a huge part in the future of insurance, and will change insurance as we know it today.

A report released by Accenture towards the end of 2017 estimates that R115.2 billion of gross written premiums can be realised by our short-term insurance industry by 2020, provided we are able to correctly leverage the advantages that digital, innovation and technology has to offer. The sector will continue to experience interruptive, cutting edge technologies aimed at improving current business processes, resilience and profitability. It remains imperative that we continue interrogating ourselves and how we conduct our business, and critically reviewing our business models while accelerating our journey towards future-proofing our industry.

LEGISLATION/REGULATIONS

As with many other sub-sectors within the financial sector, the past five years have seen the introduction of new legislative measures and compliance requirements. This has been coupled with the introduction of the Twin Peaks regulatory system - a model aimed at creating a safer, more robust and inclusive financial sector that works effectively in the interests of all South Africans.

The new regulations, likely to be in place from 2018 Q2, will see the introduction of the Financial Sector Conduct Authority (FSCA) replacing the current Financial Services Board (FSB); while the banking supervision department normally housed at the South African Reserve Bank (SARB) becomes the Prudential Authority (PA) responsible for the safety and soundness of banks, insurers and other financial institutions. Our approach, in line with SAIA’s new business model adopted in 2016, is to ensure that we deliver maximum collaboration with regulators. Our further obligation is to support our members in accelerating their journey towards becoming masters of their destiny through constant, participative regulatory submissions. We look forward to the introduction of the two agencies.

SAIA is also committed to participating in interventions suggested by our regulators, as these are imperative for our survival. We appreciate the fact that our regulatory authorities have been open and willing to work with us as they go about crafting
the legislation that impacts the short-term insurance sector. Our relationship with Government and its Agencies has allowed us to further forge functioning, collaborative frameworks whose outcomes have been aimed at future-proofing our short-term insurance industry and ultimately ensure its survival.

**ECONOMIC AND SOCIAL TRANSFORMATION**

Transformation remains very important in our industry’s agenda. Our commitment to transformation has driven us back to the drawing board where we have challenged ourselves as an industry, and critically evaluated our transformation programmes and what they have achieved. One of the greatest challenges faced by industry bodies is their inability to critically evaluate their own performance and that of their members, when it comes to transformation. However, we have learnt to accept our short-comings and continue to encourage our members to work towards achieving a sustainable and inclusive industry.

SAIA has embarked on a process of reviewing the current transformation status of the short-term insurance industry and formulating strategic objectives that can be adopted in order to accelerate transformation within the industry. Importantly, we have steadily progressed towards our goals as an industry.

**CLIMATE CHANGE RISK**

South Africa, as an arid region, has always been subjected to shifts in weather patterns. Climate change models show that our region is likely to experience an increase in these shifts, with more severe and more frequent extreme weather events bringing increased hail storms, floods and droughts. 2017 reflected this experience, with the short-term insurance industry recording an unprecedented increase in claims. Accordingly we are no longer considered a benign natural catastrophe territory by international reinsurers.

SAIA’s support and participation in international bodies such as ClimateWise and the UN Environment Programme’s Principles for Sustainable Insurance is key for our industry’s understanding of climate risk and what it means for our business activities and risk covers.

In addition, our 2017 loss experience has already resulted in changes or adjustments in business processes to mitigate further weather-based risks. I believe it is essential that we partner with Government, our suppliers and customers to prepare for the increasing risks that climate change has brought and will bring. Our industry has an important role to play to ensure our own sustainability given the anticipated loss experiences to come, and as a safety net and risk adaptation partner to our customers and other stakeholders.
APPRECIATION

In conclusion, I would like to express my sincere gratitude and appreciation to all our members for their continued support and commitment to our programmes throughout the time period starting March 2017 and ending in February 2018. I also wish to thank the SAIA team for all their hard work and commitment, which has made the organisation the success it has become.

Lizé Lambrechts
SAIA Chairperson

Technology feeds on itself. Technology makes more technology possible.

- Alvin Toffler -
ACCELERATING our journey towards future-proofing our industry

VIVIENE PEARSON
SAIA Chief Executive Officer
The role we play as the short-term insurance industry in the global economy, and more specifically within the South African context is immense. This is clearly evidenced by the quantity and value of processed claims as a result of the unprecedented weather pattern changes experienced in the last few years.

The industry has continued to see a spike in the number of claims related to hail storms and floods. In 2016, the industry paid over half a billion Rand in the form of claims resulting from floods that took place in some parts of Gauteng alone; and tens of billions from further claims across South Africa. We have also experienced raging fires that have been catastrophic to property owners, costing the industry millions in claims.

As a nation, we have experienced a series of drought seasons in the past number of years that have led to Municipalities implementing water restrictions in a number of cities, including Cape Town. Such restrictions lead to various implications that negatively impact industry and domestic consumption as well as production patterns.

TRANSFORMATION

Transformation has been at the apex of most of our discussions in the short-term insurance industry for years now. As an industry, we have sat and defined what is meant by transformation, in line with the broader narrative of an inclusive economy.

The SAIA Board participated in further drilling down, and coming up with ways in which transformation, at a larger scale, could be achieved. After conducting some research, the SAIA Board agreed that transformation cannot be a tick-box exercise, but should be an intricate programme with outcomes that must be a sectorial contribution to the building of an inclusive and sustainable economy.

Five Key Priority Areas

The SAIA Board identified five priority areas around transformation and created Board work-streams as follows:

1. Ownership
2. Management Control and Skills Development
3. Preferential Procurement and Enterprise and Supplier Development
4. Financial Inclusion
5. Infrastructure

The work-streams met regularly in 2017 and the outcomes of these meetings and consultations culminated in the development of the Industry Transformation Proposal which highlights industry challenges and identifies the key objectives and action plans to be adopted for implementation by either SAIA at an industry level or individual SAIA member companies.

The main objective was to seek alignment in driving transformation progress within the STI industry and to ensure that we accelerate our journey towards the full implementation and accomplishment of our initiatives. This proposal was approved by the SAIA Board and forms the basis of our discussion in other forums and many of our industry projects currently being implemented.

The Second Nedlac Financial Sector Summit

Following the first Nedlac Financial Sector Summit of 2002, which negotiated the birth of the Financial Sector Charter among other sector Agreements that were signed, Nedlac will be arranging the second Financial Sector Summit to take place in the first half of 2018. The Nedlac ExCo has appointed a Summit Task Team, comprising representatives from Labour, Government, Community and Business - represented by SAIA, ASISA and BASA - to assist the Nedlac Secretariat in arranging the event.

Financial Inclusion

For over a decade, SAIA has been driving a number of initiatives that seek to close the financial literacy gap. We firmly believe that a well informed and educated populace will make more informed personal finance decisions. Indeed, a lack of financial literacy and the fear of the unknown have been the two dominant factors broadening the gulf between business and this untapped uninsured and or unbanked market. Also, there are a number of insurance-typical beliefs that we must dispel through the provision of information and educating the broader populace about how the financial sector products work and how they can benefit from these.
Advancements in technology in the past five years have not only seen the ushering in of new business models and the doing away with the old in the financial sector, but have brought a surge of digital interfaces through which business is now conducted. The impact has been felt throughout the global insurance sector through what has come to be known as Insuretechs, the term used to describe new technologies with the potential to bring innovation to the insurance industry and impact the regulatory practices of insurance markets.

Innovation through new technologies has been a key driver of change in the financial sector, and this has led to immeasurable efficiency gains, even though they are almost always accompanied by a certain level of risk and uncertainties. The short-term insurance industry has been no exception to the impact of these rapid developments, which have created the possibilities of new methods of service provision as well as greater opportunities for data collection and fraud detection.

The manner in which short-term insurers engage technology to ensure better compliance with regulation is essential to the sustainability of the industry. We have a number of challenges to face when it comes to our distribution networks, therefore innovation and technology may have yet to have their greatest impact on our untapped markets.

The need to future-proof our industry through positively responding to the new and modern business world can never be over-emphasised. In the last few years, the short-term insurance industry has seen a number of new, dynamic and technology driven business models. These are supported by solidly engineered processes aimed at delivering nothing less than the highest quality in shorter turnaround times.

SAIA and its members remain committed to ensuring that, via collaborative efforts with regulators and other various stakeholders, our industry remains strong and vibrant, while also safeguarding the welfare of our policy holders. Industry regulation, compliance and enforcement has been at the top of regulators’ agenda for the past eight years.

As an industry body, SAIA and its members have been actively involved, collaborating with regulators through industry submissions in a bid to ensure regulatory outcomes which do not have unintended consequences. Our collaborative approach means that we will continue to participate in the ultimate shaping of our future as an industry and collectively future-proof it against any modern risks.

The year 2017/18 saw the signing into law of the Financial Sector Regulation Act by the former President, Mr Jacob Zuma, signalling the most important reform in the regulatory architecture of the South African financial sector in decades. The broad Act seeks, among other things, to achieve financial stability, the safety and soundness of financial institutions, fair treatment and protection of financial customers, efficiency and integrity of the financial system, prevention of financial crime, financial inclusion, and the transformation of the financial sector.

The Insurance Act also came into law, providing a consolidated legal framework for the prudential supervision of the insurance sector. On the FAIS front, we saw regulatory developments that included amendments to the Fit and Proper Requirements for Financial Services Providers and Representatives, and the FAIS General Code of Conduct. SAIA, together with FIA have been instrumental in the development of the Data Specification Document for guidelines on the minimum information that needs to be transferred to insurers by binder holders in terms of the Insurance Regulations as well as the Draft Activity Segmentation Model.
CLIMATE CHANGE

Climate change has been an emerging risk for businesses and governments alike. In 2015, Europe-based Copernicus - formerly known as the Global Monitoring for Environment and Security (GEMS) - estimated that losses of manageable financial assets were between US$7 Trillion and US$13 Trillion for business and governments. The South African short-term insurance industry has not been spared and our members have suffered huge losses over the past five years as a result of these changes in weather patterns.

Weather perils have continued to increase in intensity, with the recent drought in the Western Cape and many other provinces across South Africa an example of this. At the time of writing this Annual Review, Cape Town was close to witnessing a Day Zero, the day the municipality turns off most of a city’s taps. Such unfortunate occurrences impact personal lifestyles and business, while also triggering a domino effect that could end up on the doorstep of the short-term insurer.

This has alerted our members to a different level of risk that requires a new lens through which it must be viewed, vetted and categorised. These risks have undoubtedly prompted a shift in the way short-term insurance policies are underwritten and later processed.

POLITICAL ENVIRONMENT

South Africa was subject to some political uncertainty for months, with speculation over who would be our next president. This was followed by the departure of the former President Jacob Zuma, an event that ushered in a new era led by the current President, Cyril Ramaphosa who was sworn in on 15 February 2018. Almost a week later, he announced a new cabinet.

We welcome the new President and his cabinet and wish him well in creating conducive conditions for business and industry to thrive, while also working on uplifting our communities through the delivery of a myriad of programmes aimed at economically empowering the disadvantaged.

IUMI CONFERENCE 2018

SAIA and its marine division, the Association of Marine Underwriters of South Africa (AMUSA), are delighted to be hosting the International Union of Marine Insurance (IUMI) Conference 2018 to be held at the Cape Town International Convention Centre (CTICC) from 16 to 19 September 2018.

Please turn to page 43 and 44 for more details about this premium event to be held on African soil for the first time in 144 years.

APPRECIATION

I would like to express my sincere gratitude to the Chair of the SAIA Board, Lizé Lambrechts, for the leadership she has shown; as well as all the Board Members for their commitment, resilience and drive that has kept us moving in the right direction.

In conclusion, I would like to thank the SAIA team for keeping the fire burning and the engines in motion. The commitment and passion they have shown in this journey to realise our objectives is truly commendable.

Viviene Pearson
Chief Executive Officer
ACCELERATING our journey towards future-proofing our industry
THE EXTRACTS on these pages are from The South African Insurance Association NPC’s audited annual financial statements, prepared in accordance with International Financial Reporting Standards, a full copy of which is obtainable from the offices of the Association at Ground Floor, Willowbrook House, Lake Drive, Constantia Office Park, c/o 14th Avenue and Hendrik Potgieter Street, Weltevreden Park 1709 or email: info@saia.co.za. The annual financial statements were audited by Grant Thornton, Johannesburg Partnership, who expressed an unmodified opinion thereon.

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

<table>
<thead>
<tr>
<th>Figures in Rand</th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<td>Non-Current Assets</td>
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<td>Property, plant and equipment</td>
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<td><strong>CURRENT ASSETS</strong></td>
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<td>Trade and other receivables</td>
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<td>Cash held on behalf of the SAIA Consumer Education Fund</td>
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<td>9 248 903</td>
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<td>Cash and cash equivalents</td>
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<td>13 791 543</td>
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<td><strong>Total Assets</strong></td>
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<td><strong>EQUITY AND LIABILITIES</strong></td>
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<tr>
<td>Equity</td>
<td>(255 733)</td>
<td>(209 313)</td>
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<tr>
<td>Reserves</td>
<td>13 762 488</td>
<td>11 529 474</td>
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<td>Retained income</td>
<td>13 506 755</td>
<td>11 320 161</td>
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<td><strong>LIABILITIES</strong></td>
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<tr>
<td>Current Liabilities</td>
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<td>Trade and other payables</td>
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<td>3 821 345</td>
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<td>Funds held for SAIA Consumer Education Fund</td>
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<td>9 248 903</td>
</tr>
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<td>Retirement benefit obligation</td>
<td>656 000</td>
<td>659 000</td>
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<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>48 118 945</td>
<td>25 049 409</td>
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### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**Figures in Rand**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>29 270 941</td>
<td>28 448 319</td>
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<tr>
<td>Sundry income</td>
<td>90 655</td>
<td>127 236</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(28 146 063)</td>
<td>(26 254 967)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>1 215 533</td>
<td>2 320 588</td>
</tr>
<tr>
<td>Investment income</td>
<td>1 017 481</td>
<td>1 092 088</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>2 233 014</td>
<td>3 412 676</td>
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<tr>
<td><strong>Other comprehensive loss:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Defined benefit liability will not be reclassified to profit:</td>
<td></td>
<td></td>
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<tr>
<td>Remeasurement of retirement benefit obligation</td>
<td>(46 420)</td>
<td>(56 888)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss for the year net of taxation</strong></td>
<td>(46 420)</td>
<td>(56 888)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>2 186 594</td>
<td>3 355 788</td>
</tr>
</tbody>
</table>

**ACCELERATING** our journey towards future-proofing our industry
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand 2017 2016

Revenue 29 270 941 28 448 319
Sundry income 90 655 127 236
Operating expenses (28 146 063) (26 254 967)
Operating profit 1 215 533 2 320 588

Investment income 1 017 481 1 092 088

Profit for the year 2 233 014 3 412 676

Other comprehensive loss:
Defned beneft liability will not be reclassifed to proft:
Remeasurement of retirement benefit obligation (46 420) (56 888)

Other comprehensive loss for the year net of taxation (46 420) (56 888)

Total comprehensive income for the year 2 186 594 3 355 788

STATEMENT OF CHANGES IN EQUITY

Figures in Rand

Reserves Retained income Total equity

Balance at 01 January 2016 (152 425) 8 116 798 7 964 373
Profit for the year - 3 412 676 3 412 676
Remeasurement of retirement benefit obligation (56 888) - (56 888)
Total comprehensive income for the year (56 888) 3 412 676 3 355 788
Balance at 01 January 2017 (209 313) 11 529 474 11 320 161
Profit for the year - 2 233 014 2 233 014
Remeasurement of retirement benefit obligation (46 420) - (46 420)
Total comprehensive income for the year (46 420) 2 233 014 2 186 594
Balance at 31 December 2017 (255 733) 13 762 488 13 506 755

STATEMENT OF CASH FLOWS

Figures in Rand

2017 2016

CASH FLOWS FROM OPERATING ACTIVITIES
Cash generated from operations 17 039 563 2 658 935
Interest income 1 017 481 1 092 088
Net cash from operating activities 18 057 044 3 751 023

CASH FLOWS FROM INVESTING ACTIVITIES
Purchase of property, plant and equipment (228 254) (97 473)
Sale of property, plant and equipment - 4 005
Net cash from investing activities (228 254) (93 468)

Total cash movement for the year 17 828 790 3 657 555
Cash at the beginning of the year 13 791 543 10 133 988
Total cash at end of the year 31 620 333 13 791 543
ACCELERATING our journey towards future-proofing our industry
4.1 TRANSFORMATION

The year 2017 marked a monumental period for the financial services sector transformation agenda with the Amended Financial Sector Code (“the Amended FSC”) remaining under review for the better part of the year. The sector also received a zoomed-in lens on its progress on transformation through the parliamentary enquiry sessions by the Standing Committee on Finance (SCOF) and the Portfolio Committee of Trade and Industry. Activities during the year also included progress made by Nedlac regarding plans to host the second Financial Summit expected to take place in the second quarter of 2018.

The uncertainty of the outcomes of the processes also presented opportunities for the sector to review its performance over a period of time, thereby identifying key focus areas of enhancement in order to accelerate transformation progress in the sector. SAIA and its members received criticism from the parliamentary enquiry sessions positively, resulting in the organisation and its members adopting a strategic approach aimed at significantly changing the transformation narrative of the short-term insurance (STI) industry. This effectively marked a full endorsement of transformation as a key focus area by the SAIA Board. This elevated the commitments already taken by the Board in the past two years or so, and allowed the organisation to actively accelerate its journey towards future-proofing our industry.

While we must acknowledge that there is still a lot to be done in order to fully transform our industry, it is also worth recognising and acknowledging the milestones achieved so far. The STI industry remains critical in driving the country’s economic growth by providing society with insurance solutions that reduce and/or mitigate financial risks exposure that may impact society negatively for both personal and commercial lines; and positively contribute to the transformation agenda of our country.

In driving active participation, SAIA has developed the STI Industry Transformation Strategy, to be used as a guide to influence its members’ individual company strategic objectives to align with the industry strategic focus. The organisation will continue to drive centralised industry transformation flagship projects, predominately on Financial Inclusion (Consumer Education and Access to Products), Preferential Procurement and Enterprise and Supplier Development.

SAIA has also welcomed positive outcomes from the regulatory body, the Financial Services Board, by integrating a requirement for the financial institutions to comply with the transformation objectives in the revised and/or newly legislated regulations, such as the Insurance Act and Binder Regulations for intermediaries.

AMENDED FINANCIAL SECTOR CODES (THE AMENDED FSC)

The end of 2017 also marked the end of the four-year long alignment journey with the gazetting of the Amended FSC by the Department of Trade and Industry (DTI). The “new” FSC came with significant changes in some of the general principles and elements, thereby strongly highlighting the increased commitment of the sector in driving transformation. Among the many changes in the Amended FSC, the following are of importance in demonstrating the commitment from the sector and to improve the transformation narrative of the sector going forward:

- In order to improve the reporting and the review of the sector’s performance, each financial institution, irrespective of the fact that it is a member of a group, must be measured and report on its own. Entities are also required to submit reports to the FSC Council in order to prevent being discounted one level on their next certificate for non-reporting.
- Sector specific dispensations have been allowed for:
  1. Ownership (Recognition of Net Value Created)
  2. Management Control (Inclusion of a score specifically for Africans)
  3. Skills Development (Score stratification per occupational level)
  4. Minor amendments on sector specific elements (Access to Financial Services, Consumer Education and Empowerment Financing) were made, where appropriate.
  5. Requirements for the Foreign Owned Insurance and Reinsurance Companies to comply with the Equity Equivalent requirements.
The Amended FSC will be reviewed periodically, with the first review to commence 12 months from the date of gazetting, in order to assess its relevance and integrate the recommendations from the SCOF Report and the Agreements of the Nedlac Financial Sector Summit in accelerating transformation of the sector.

PARLIAMENT - FIRST REPORT ON THE TRANSFORMATION OF THE FINANCIAL SECTOR

The Standing Committee on Finance and the Portfolio Committee on Trade and Industry have released the first report following the parliamentary inquiry sessions on Transformation of the Financial Sector.

While the report highlighted the short-term insurance industry as the least transformed sub-sector, it also acknowledged the deficiencies in the quality of the submissions across the board. It was, however, a balanced view based on the submissions that were made. The following recommendations were highlighted:

• Review of the role of the Financial Sector Charter Council (the Council) due to current ineffective performance;
• Improvement on the credibility and comprehensiveness of the measurement data in order to provide appropriate sector performance review analysis; including consideration of transformation reporting as a requirement for license to operate for financial institutions;
• Increasing of allocation to Black panel-beaters to at least 50% in STI Preferential Procurement by 2021;
• Support of the Department of Labour’s proposal to introduce penalties for entities not complying with management control and employment equity requirements/targets; and
• Integration of the Summit Agreement when reviewing the FSC.

It is anticipated that there will be a follow up report from the joint committee, with the expectation that the sector would have responded to some of the recommendations from the first report.

TRANSFORMATION OF THE SHORT-TERM INSURANCE INDUSTRY PROPOSAL

Following the changes in the Amended FSC and the enquiry by Parliament on Transformation of the Financial Sector, SAIA has continued to search for opportunities that will assist in the acceleration and prioritising of the transformation agenda within the short-term insurance industry. This resulted in Board work-streams being mandated to analyse the five key transformation priorities on which the industry must focus:

• Ownership
• Management and Control and Skills Development
• Preferential Procurement and Enterprise and Supplier Development
• Financial Inclusion
• Infrastructure

The outcomes of the work-streams resulted in the formulation of the Industry Transformation Proposal highlighting the industry challenges and identifying the key objectives and action plans to be adopted for implementation either by SAIA at an industry level, or individual SAIA members at their company level. The main objective
of the proposal is to ensure that there is alignment in driving transformation progress within the STI industry and ensuring that we continue accelerating our journey towards future-proofing our industry. The proposal was approved by the SAIA Board and its implementation has commenced.

SECOND NEDLAC FINANCIAL SECTOR SUMMIT

Almost 15 years after the first Nedlac Financial Sector Summit in 2002, which negotiated the birth of the Financial Sector Codes and at which other sector Agreements were signed, Nedlac will be arranging the Second Financial Sector Summit, which will take place in 2018.

The Nedlac Exco has appointed a Summit Task Team, comprising of representatives from the four constituencies, namely Labour, Government, Community and Business - represented by SAIA, ASISA and BASA - to assist the Nedlac Secretariat in arranging the event. The mandate of the Task Team includes:

- Negotiation on the Summit, Theme and supporting Commission topics as a build-up to the Summit Agreements;
- Coordination of the negotiation platforms by constituencies for mandated positions to be incorporated in the Agreements;
- Planning of the Summit Programme and agreeing on the Summit budget (including ways to source sponsorships); and
- Ensuring the appropriate consolidation of the activities is achieved, with guidelines regarding the implementation, measurement and reporting on the deliverables emanating from the signed Agreements.

It is currently envisaged that the Second Nedlac Financial Sector Summit will take place in April 2018, subject to constituencies having reached Agreements to be signed-off at the Summit, as the Summit should not be used as a negotiating platform if we are to achieve the objectives of the event.

FINANCIAL INCLUSION

SAIA and its members remain committed to actively contributing to the principles of sustainable insurance to ensure that the short-term insurance industry remains relevant, through the promotion of financial inclusion of market segments previously excluded from participating in financial activities. This objective is therefore achieved through the development of appropriate Access Products by the sector, and the rollout of targeted Consumer Education initiatives, coordinated through the Financial Inclusion Committee at SAIA.

ACCESS TO PRODUCTS

As a result of the delay in the gazetting of the Amended FSC and the expiry of the current Access Standards in June 2018, the industry is in the process of reviewing the Access Standards for their ability to respond to the needs of the targeted market segment and ease of implementation by the short-term insurance industry.

CONSUMER EDUCATION

SAIA continues to run very successful consumer education projects on behalf of the industry. This allows for scaling up the projects, therefore improving our reach and impact on the targeted beneficiaries. The following projects are run centrally as an industry flagship by SAIA using at least 50% of the FSC required member contributions, while the rollout of the balance of the projects remains the responsibility
of members in their individual capacity. The following were among the projects implemented in 2017:

- **Managing My Finances**: This is an ongoing project in collaboration with the Department of Basic Education to deliver schools-based financial education to Grades 10, 11 and 12 across all nine provinces. This initiative reached a total of 2735 teachers, with a ripple effect of between 190 000 and 285 000 in 2016. We are currently in the process of finalising the measurement and evaluation analysis for 2017.

- **SOS Student Guide**: Financial Freedom – this is a new programme aimed at providing first year students at institutions of higher learning with the tools to make sound financial decisions while creating awareness of opportunities to access financial services either for personal or entrepreneurial purposes. The material was developed in 2017 and the first rollout took place at the beginning of 2018, coinciding with the commencement of the academic year at the institutions. The pilot project was well received and we are looking at opportunities to further its reach throughout the year.

- **Radio Projects**: This is also one of the long-standing industry projects aimed at creating an interactive platform for consumers to interact with industry experts on matters of basic financial literacy and insurance risk management, using local languages at radio stations to increase our reach. Listeners are encouraged to call in and engage with industry experts and have their questions answered “live” on radio.

- **TV Production**: Next of Next Week – this is one of the very successful industry projects which will be launching a third season offering in 2018. The series provides six episodes on financial education and insurance risk content, using a comic television platform. The story follows the lives of ordinary customers, while integrating financial and risk management educational concepts in the storylines.

SAIA is continuing to be agile in identifying new financial and insurance risk management needs for the targeted market segment, and commissions initiatives to provide relevant educational and awareness content programmes. This will include using electronic platforms to improve awareness and increase reach of the target market.

**PREFERENTIAL PROCUREMENT AND ENTERPRISE AND SUPPLIER DEVELOPMENT**

SAIA sees transformation of Preferential Procurement through Enterprise and Supplier Development as among the key priority objectives for the industry. As such, particular focus has been placed on coordinating progress at industry level. Currently, the industry has mandated two forums, the Motor Transformation and Sustainability Forum (MTSF) and Property Transformation and Sustainability Forum (PTSF), to pay particular attention to addressing the needs of these sectors, being critical to the sustainability of the STI industry. With the journey dating close to 15 years from the inception of the programme that was later transferred to SAIA from the Department of Trade and Industry, MTSF is beginning to bear the fruits of the hard work that has been undertaken, while PTSF is still at its infancy stage. Below are the projects that have been rolled out from both forums.

SAIA is also looking at opportunities to play an advocacy role in order to ensure that other supplier segments that support the industry are not left behind at the expense of focusing on these two:

- **Out-of-warranty Industry Standard**: 2017 saw the implementation of the Standards for out-of-warranty Motor Body Repairers (MBRs), a collaborative effort between SAIA, its members, and the MBR associations in partnership with Bureau Veritas. To date, 170 MBRs have been certified, with close to 400 having started engagements to be certified, renewable every two years. The project also has an interactive database for use by both SAIA members and MBR Associations in supporting the transformation agenda of the two industries.
• **Certification Support for Black SMMEs:** SAIA is also proud to announce that as part of the certification project, and in order to support and fast-track the certification process, the short-term insurance industry, through SAIA, also pledged funds to assist black-owned SMME MBRs with certification costs if they meet the pre-determined criteria.

• **Inspector Trainee Programme:** As a spin-off from the certification project, the industry identified an opportunity to expose black youth to the quality auditor profession, as this is currently a dying profession and needs to be resuscitated in order to service the newly-created skills opportunity for the certification of the motor body repairers under the new standards. SAIA partnered with external service providers to identify and enrol 20 unemployed youth in a 6-month internship programme, following a 6-week work readiness programme. The identification of the youth took place in 2017, with the balance of the project due to start in 2018. The programme is aimed at exposing the candidates through various processes of auditing the MBRs and creating a skill set that can be used within both the STI and MBR industries.

• **PWC Industry Spend Study:** An Industry Spend Study was concluded in 2017 for MTSF and the study for PTFS is commissioned to take place in 2018.

SAIA and its members remain committed to identifying opportunities within the PP and ESD space; which will include the creation of industry-driven initiatives where appropriate, with added focus placed on advancing progress on transformation.

**CONCLUSION**

Driving the transformation agenda remains at the forefront of the STI industry at large and is therefore a critical component of SAIA and its members’ priority objectives. Consequently, we will continue to heighten our focus on this priority area in order to **Accelerate Our Journey Towards Future-proofing our Industry.**
Everyone here has the sense that right now is one of those moments when we are influencing the future.
- Steve Jobs -
Regulation is key for a healthy and stable insurance industry. We recognise and acknowledge the essential role that we, as an industry, must play in supporting growth, investment and financial stability.

New technologies and innovation already play core roles in the development of insurance products and business models. Regulation should therefore be flexible enough and future-proof to ensure insurers’ ability to exploit this technology and innovative solutions to its full potential.

Recent regulatory developments such as the Financial Services Board’s (FSB) sandbox initiative, are exploring the role financial technology (Fintech) plays in the insurance industry and its ability to contribute towards the transformation and financial inclusion policy objectives of National Treasury (NT).

2017 was an active year in the regulatory space, which has seen the development and publication of the following legislation:

**FINANCIAL ADVISORY AND INTERMEDIARY SERVICES (FAIS) ACT: FAIS COMPETENCY FRAMEWORK**

Amendments to the Fit and Proper Requirements for Financial Services Providers (FSPs) and Representatives, 2016

Following the consultation and industry comments received on the FAIS Fit and Proper Requirements in 2017, the FSB published Board Notice 194 of 2017 on 15 December 2017, the Determination of Fit and Proper Requirements for FSPs and Representatives, effective 1 April 2018.

Some of the key changes addressed by the Board Notice are as follows:

- Competence requirements, financial soundness requirements, operational ability;
- Continuous Professional Development (CPD) and honesty, integrity and good standing;
- In respect of the competence requirements, a FSP or representative must complete the class of business training or product-specific training before rendering any financial services for a particular financial product; and
- A Key Individual (KI) must, prior to managing or overseeing the rendering of any financial service, complete the class of business training in respect of the classes it manages or oversees and for which it is approved to act as KI or for which approval is sought.

**PROPOSED FAIS CONDUCT OF BUSINESS REPORT (COBR)**

The FSB requested comments on the Draft FAIS COBR in February 2017 and is currently aligning the FAIS COBR with the Insurance Conduct of Business Returns (CBRs) before publishing it for a further round of public comments due to the substantial changes made to the previous draft that was circulated for public comment.

**FSB GUIDANCE NOTE ON THE REAPPOINTMENT OF DEBARRED REPRESENTATIVES**

The Guidance Note on the Reappointment of Debarred Representatives was issued by the FSB on 18 December 2017 clarifying the following:

- The role of the Registrar of FSPs in the reappointment, by an authorised FSP, of a representative that has been debarred in terms of Section 14 (1) of the FAIS Act;
- The responsibilities of a FSP that reappoints a debarred representative in terms of Board Notice 82 of 2003; and
- The information that must be submitted by a FSP to the Registrar after it has reappointed a debarred representative.
AMENDMENTS TO THE FAIS GENERAL CODE OF CONDUCT (GCOC)

The FSB published the proposed amendments to the FAIS GCOC for FSPs and Representatives on 1 November 2017. The amendments also align the FAIS GCOC with the amendments made to the Policyholder Protection Rules.

SAIA requested comments from its members which were submitted to the FSB in February 2018.

MARKET CONDUCT REGULATORY FRAMEWORK

Update on the Financial Sector Regulation (FSR) Act No 9 of 2017

The Financial Sector Regulation Bill was signed into law by the President on 21 August 2017.

NT published the Draft Regulations on 18 December 2017 in terms of Section 304 of the FSR Act. The Draft Regulations clarify the performance of functions in terms of the FSR Act during the transitional period prior to the establishment of the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA).

The Draft Regulations also provide a process for the appointment of the Commissioner and Deputy Commissioners of the FSCA.

Conduct of Financial Institutions (COFI) Bill

NT established an Industry Expert Panel to solicit expert advice on the development of the first draft of the Conduct of Financial Institutions (COFI) Bill. Six representatives from SAIA member companies and a SAIA representative form the Short-term Insurance Expert Panel. NT held meetings with the panel on 17 January 2018 and 5 February 2018.

The panel was requested to provide high-level inputs to NT by 21 February 2018, on the principles and approach in the Draft Bill, to ensure that it is suitably achieving its stated objectives rather than comments on technical drafting.

Members of the panel were required to sign a Non-Disclosure Agreement (NDA) hence the draft COFI Bill has not been circulated to SAIA members at this stage.

Draft Financial Sector Levies Bill 2017

A final draft of the Levies Bill is expected in 2018 with the proposed budget.

RETAIL DISTRIBUTION REVIEW (RDR)

The Phase 1 RDR proposals have been incorporated into existing regulatory instruments through amendments to the Insurance Regulations and Policyholder Protection Rules. Consultation and engagement with the industry will continue in 2018 focusing on the following areas relevant to the short-term insurance industry:

- Low advice proposals will be accommodated in the FAIS Act framework as the FAIS Act is flexible and proportionate to allow for this. A consultation paper on Proposal TT (special dispensation for the low income market) will therefore not be issued. The FSB will publish a Guidance Note in 2018.
- A consultation paper on the two-tiered adviser model (tied and independent) will also be published in 2018; and
- The Draft Activity Segmentation Model was issued on 15 December 2017 to the Short-term Insurance Industry Reference Work Group for comment until 30 March 2018.
CONDUCT OF BUSINESS RETURNS (CBRs)

The FSB published a Guidance Note and project plan template on 15 December 2017. The revised times for the CBRs submissions are included in the Guidance Note. The final version of the CBR template is expected to be published in April 2018.

DEMARCATION REGULATIONS BETWEEN HEALTH INSURANCE AND MEDICAL SCHEMES

SAIA engaged with NT and the FSB on whether indemnity for medical expenses in Personal Accident policies may still be offered, as this product was not included in the Demarcation Regulations. The FSB confirmed that allowing insurers to cover medical costs (other than the costs provided for in the Demarcation Regulations) would be in stark contradiction to the intention behind demarcation between health insurance and medical schemes. An insurer offering Personal Accident policies indemnifying medical expenses would therefore be doing the “business of a medical scheme” from 1 April 2017 onwards.

In the interim, insurers offering these products would have to apply for an Exemption from the Council for Medical Schemes (CMS) in terms of the Demarcation Exemption Framework issued by the CMS in March 2017.

REPLACEMENT OF THE POLICYHOLDER PROTECTION RULES (PPRs) AND INSURANCE REGULATIONS

The FSB and NT issued the Final PPRs and Insurance Regulations respectively under the Short-term Insurance Act, 1998 (STIA) on 15 December 2017. The effective date of the PPRs and Insurance Regulations was 1 January 2018 and caters for transitional arrangements.

The second tranches of the PPRs and Insurance Regulations will be published for public comment in 2018 and will deal specifically with alignment to the Insurance Act.

JOINT SAIA/FIA BINDER AND OUTSOURCING PROPOSAL SUBMITTED TO THE FSB

The FSB requested in May 2017 that the industry bodies, namely SAIA, the Financial Intermediaries Association (FIA) and the South African Underwriting Managers Association (SAUMA), submit an industry solution to address the current challenges in the model used for outsourcing of insurer activities, by no later than 30 June 2017.

Sector specific Task Teams were formed to achieve the goal of a joint industry proposal by 30 June 2017, under the guidance of the Chief Executive Officers (CEOs) of SAIA, the FIA and SAUMA. The SAIA Task Team comprised mainly of representatives of the SAIA Board. The objective was for SAIA, the FIA and SAUMA to first agree among their own representatives before submitting a joint proposal to the respective wider memberships.

SAIA and the FIA agreed on most principles in the joint proposal, including governance and operational requirements, but could not reach complete consensus on the proposed fee caps. Following the proposal and engagement by the industry with the FSB, the final fee caps were determined by the FSB in the final Insurance Regulations issued in December 2017.

JOINT INDUSTRY GUIDELINE ON MINIMUM DATA REQUIREMENTS

The FSB requested the CEOs of the three industry associations, SAIA, the FIA and SAUMA, to form an Industry Data Task Team and finalise the Data Specification Document for guidelines on the minimum information that needs to be transferred to insurers by binder holders in terms of the Insurance Regulations.
SAIA, the FIA and SAUMA convened various meetings over the last quarter of 2017 to draft the guideline. SAIA circulated the guideline to its members on 1 December 2017 for input and made amendments where necessary.

The Industry Data Task team met with the FSB on 12 December 2017 to discuss the draft guideline and the FSB stated that it would provide feedback on the document once it is finalised by the Industry Data Task Team following the festive season.

The guideline has been finalised by the Industry Data Task Team and has been sent to the FSB for its input.

Once the FSB has provided its input, SAIA will circulate the document to the wider SAIA membership either for further comment or as a final document, depending on the FSB’s input.

PROPOSED AMENDMENT OF SCHEDULE 1 TO THE FINANCIAL INTELLIGENCE CENTRE (FIC) ACT

The FIC issued a notice in September 2016 proposing to include certain businesses or institutions that perform certain categories of activities which are currently completely outside the scope of the FIC Act with a view to potentially including them in Schedule 1 to the FIC Act including, but not limited to, short-term insurers.

The consultation process with SAIA began in May 2017 at a meeting with the FIC and other stakeholders such as the FIA and the Insurance Crime Bureau.

SAIA has informed the FIC that it is not in support of its members being accountable institutions, and is exploring alternative solutions to present to the FIC.

PUBLICATION OF POLICY DOCUMENT ON “A KNOWN AND TRUSTED OMBUD SYSTEM FOR ALL”

The policy document “A Known and Trusted Ombud System for All” was published by National Treasury (NT) for public comment on 20 September 2017.

The consultation policy document addresses measures to improve the alternative dispute resolution environment in South Africa and lays the platform for future research into and engagement on Ombud system reforms by NT and the Ombud Council, once it has been established. It proposes the following three options for further reform to the Ombud system:

- Enhancing the hybrid model of statutory and industry Ombuds, building on FSR Act provisions;
- Moving toward a centralised model, establishing a single statutory Ombud scheme; or
- Moving toward exclusively industry established Ombuds with strong oversight by the Ombud Council.

NT hosted a workshop on 29 November 2017 to discuss reforms proposed on the financial sector Ombud scheme system in South Africa. NT indicated that a single entry point for consumer complaints is preferred, hence leaning towards the centralised model.

Comments were invited on the policy document, specifically on current challenges with the Ombud system and implementation proposals. SAIA compiled an industry submission to NT following the workshop.

NT stated that a diagnostic analysis of the current Ombuds system will be undertaken in 2018.
PRUDENTIAL REGULATORY FRAMEWORK

Insurance Act, 2017
On 17 January 2018, the President signed the Insurance Bill into law. The Insurance Act, 2017 empowers the Prudential Authority, yet to be established in terms of the Financial Sector Regulation Act, to impose licensing conditions and associated standards aimed at facilitating progressive compliance with the financial sector’s broad-based black economic empowerment code, i.e. the Financial Sector Code. NT catered for transformation objectives to be included in the Insurance Act to accelerate transformation within the industry, following the various hearings on transformation in Parliament in 2017 and specifically in relation to criticisms of barriers to entry in terms of the Insurance Act.

The Insurance Act will be operationalised incrementally on dates yet to be determined.

The enactment of the Financial Sector Regulation and Insurance Acts signifies an overhaul of the entire financial regulation system, in which South African financial regulation will be divided into prudential regulation and conduct regulation. The two separate regulatory bodies will be called the Prudential Authority and the Financial Sector Conduct Authority, respectively. This new financial sector regulatory model is commonly referred to as the Twin Peaks model and is expected to be effective by 1 July 2018.

PRUDENTIAL STANDARDS


SAIA requested comments from its members in order to facilitate a SAIA submission by the FSB’s deadline of 15 October 2017. However, as SAIA did a comprehensive submission in Round 2 in January 2017, very few comments were submitted in Round 2.5.

The FSB also published the Governance and Operational Standard for Branches of Foreign Reinsurers (GOB) and the Governance and Operational Standard for Lloyd’s (GOL) on 26 September 2017 for Round 2.5 of informal public consultation.

The Prudential Standards will be issued for Round 3 of public comments and will constitute the formal process of public consultation for all Prudential Standards, as prescribed under the Financial Sector Regulation Act, 2017 and is expected to occur in the second quarter of 2018.

Themba Palagangwe
General Manager: Governance and Transformation

Easvarie Naidoo
Senior Legal Manager

Mashudu Mabogo
Legal Manager
The **science of today** is the **technology of tomorrow**.

- Edward Teller -
4.3 REINSURANCE

The SAIA Board Committee: Reinsurers is a formal Board Committee of the SAIA Board and consists of all CEOs / MDs of all reinsurers that are members of SAIA. The Board Committee discusses matters relevant to their respective business environment within the parameters of SAIA’s policies and the law.

MATTERS IMPACTING REINSURERS

The Board Committee discussed issues similar to the SAIA Board Committee: Governance Risks and the SAIA Board Committee: Insurance Risks, but from the perspective of reinsurance. Topical discussions for 2017 were matters such as the Insurance Bill, Transformation, Solvency Assessment and Management, the Knysna Fire losses, and drought experienced in many parts of South Africa. Comprehensive feedback on these matters is reported on in the Governance section, the Transformation Section and the Insurance Risks section of the Annual Review.

The FSB’s review of the regulatory landscape for Reinsurers was often discussed and debated, with the Board Committee also providing SAIA with guidance and views on technical matters to reinsurance and the impact of the proposed changes.

Representatives of the SAIA reinsurance members are also very actively involved in many of the key projects at SAIA providing technical input and the reinsurance perspective. Often, these skilled individuals also represent SAIA at external forums and committees.

A NOTE OF THANKS

SAIA expresses its sincere gratitude to all individuals who selflessly gave their time and served the industry on the SAIA Board Committee: Reinsurers. Without the participation of our members we would not have been able to make the progress reported.

Nico Esterhuizen
General Manager: Insurance Risks

Easvarie Naidoo
Senior Legal Manager
The Internet is becoming the town square for the **global village of tomorrow.**

- Bill Gates -
4.4 STAKEHOLDER RELATIONS AND COMMUNICATION

COLLABORATION AND PARTNERSHIPS

Building and maintaining clearly defined and effective communication platforms that add value to our members and close stakeholders remain our focus. Our ability to represent our members at all levels of business and government circles is as vital as our existence. Our members remain our primary stakeholders and, as an industry representing organisation, our mandate is intimately drawn from their aspirations.

The importance of maintaining a clear corridor of communication and engagement between SAIA and our members, as key stakeholders, remains at the top of our agenda. Our drive to engage and find alignment with all other stakeholders, including the Government and its agencies is derived from the mandate bestowed on us by our members.

SAIA will continue with its approach, as a priority as agreed in 2016, to embed our collaborative and partnership business model, and to become more involved in the broader discussions in the country to collectively find sustainable solutions to South Africa’s economic challenges.

Our SAIA Indaba and the CEO Round Table were both held at the FNB Conference Centre, Sandton. They were both successful in terms of member company leadership turnout and the fruitful discussions held at the two events. Member visits continue to be key in managing our own expectations as well as those of our members. These give us an opportunity to engage one-on-one with our members and further understand their challenges and concerns.

Our robust stakeholder engagement drive will continue into 2018, not only to build and strengthen relationships with various stakeholders, but to also seek, where possible, opportunities of collaboration in areas of common interest and mutual benefit. We believe that the short-term insurance industry is well placed to make a meaningful contribution to grow the country’s economy in a sustainable and inclusive manner.

SAIA has made significant progress in forging closer relationships with its industry counterparts, namely the Association for Savings and Investment South Africa (ASISA) and the Banking Association of South Africa (BASA). The three associations continue to drive broad industry discussions at chief executive level where strategic collaboration opportunities - particularly in the context of contributing to a sustainable financial sector and an inclusive economic environment - are deliberated.

A lot of work still has to be done through further engagements and relationship building programmes with other major industry and commerce players such as Business Unity South Africa, the Black Management Forum (BMF) and the South African Chamber of Commerce and Industry (SACCI) and others. It will be through such collaborations that we will collectively be able to bring nothing but success on initiatives of common interest.

We continue to enjoy strong relationships with other industry bodies such as the Financial Intermediaries’ Association (FIA) and the Insurance Institute of South Africa (IISA). We partner with the two organisations to host the prestigious annual Insurance Conference at Sun City, among other initiatives, and always seek further opportunities to work together to promote the industry and to ensure its sustainability.
GOVERNMENT RELATIONS

Our relationship with government agencies and departments remain healthy and positive. SAIA engages regularly with National Treasury and the Financial Services Board on legislative and regulatory issues to ensure alignment. Our quarterly engagements with the South African Reserve Bank (SARB) in preparation for the implementation of the Twin Peaks regulations have continued to be very productive, where crucial information is shared and preparations are steadily advanced by both regulator and industry.

COMMUNICATION

Media relations remain an area of importance as we drive the positioning of our industry through a number of media channels and industry initiatives. We have remained a visible player in the industry through numerous published articles over the past year, signifying our successful proactive approach to media relationship-building that has enabled us to pass commentary or opinions as industry leaders. We are looking forward to significantly increase our share of voice through the media and other platforms in the coming year.

A number of press releases were distributed and interviews conducted on various topics during the course of the year. These ranged from the impact of the weakening currency on the industry, transformation, road safety and the importance of insurance and consumer education, among other topics.

BEYOND OUR BORDERS

The role we play beyond our borders is vital, as we represent the South African short-term insurance industry and fully support the drive and momentum by many South African insurance companies to expand their business into the rest of Africa. We remain members of the African Insurance Organisation (AIO), the Global Federation of Insurance Associations (GFIA), the International Union of Marine Insurance (IUMI), the Organisation of East and Southern African Insurers (OESAI) and the International Association of Engineering Insurers (IMIA).

Notably, SAIA and its marine division, the Association of Marine Underwriters of South Africa (AMUSA), has been awarded the right to host the International Union of Marine Insurance (IUMA)’s annual conference, to be held at the Cape Town International Convention Centre (CTICC) from 16 to 19 September 2018.

Kwanele Sibanda
Corporate Affairs Manager
It is not that we use technology, we live technology.

- Godfrey Reggio -
4.5 INSURANCE RISKS

The SAIA Insurance Risks Department is responsible for providing leadership, direction, oversight and delivery of various key strategic projects to identify and also mitigate business and insurance risks within the South African insurance industry and market. In this Annual Review, we provide an update on our relationships with our main stakeholders and the status, challenges and successes of our projects. We also report on trends and changes that we have observed during the reporting period.

RELATIONSHIPS WITH OUR VARIOUS KEY STAKEHOLDERS

Our stakeholders comprise of a variety of role players, including various government departments; trade and professional associations representing various service providers and stakeholders; insurance executives and professionals; as well as the insurance regulators, namely the South African Reserve Bank’s (SARB), Prudential Authority (PA) and the Financial Services Board (FSB), to be known as the Financial Services Conduct Authority, from April 2018.

It is imperative for SAIA to ensure that we continue to maintain and build on our relationships with all our stakeholders. We continued to do this in 2017, in an environment often tested due to an escalation in the narrative for radical change.

INSURANCE RISKS PROJECTS: STATUS, CHALLENGES AND SUCCESS STORIES

Our projects are all specifically aimed at improving the sustainability, opportunity and profitability of various insurance business lines and the implementation of national solutions to mitigate actions against various risks identified. Often, they also include elements that contribute to economic transformation success. The Insurance Risks department divides its responsibilities in two separate focus areas, namely motor insurance and property & other insurance.

We discuss each of these focus areas in the following sections:

MOTOR INSURANCE PROJECTS

Motor insurance remains the largest short-term insurance business class, accounting for approximately 45% of the short-term insurance business. Therefore, motor insurance remains a key area for SAIA.

The SAIA Board Committee: Insurance Risks’ core priority areas have not changed since the previous report, and are aimed at ensuring the sustainability of the motor insurance industry, including the affordability of motor insurance for all South African citizens. Our key areas remained:

- Stakeholder relationships
- Compulsory Third Party Motor Property Insurance (CTPMPI)
- Road safety
- Repair process
- Crime combating initiatives

Below follows a report on some of the activities related to these key priority areas, as well as other projects in the Insurance Risks department, relevant to motor insurance.

COMPULSORY THIRD PARTY MOTOR PROPERTY INSURANCE (CTPMPI)

The aim of this project is to increase the insurance pool of motor vehicle owners, thereby contributing indirectly to more affordable comprehensive motor insurance and to introduce large scale financial access to the many uninsured motor vehicle owners in South Africa.
However, given the significant political challenges in 2017, this project did not progress further than the initial feasibility study. The SAIA Board Committee: Insurance Risks however did agree to SAIA’s proposal to continue with an economic benefit study which will be used as a discussion tool with Government.

SAIA has also been able to obtain support for CTPMPI from various other trade and industry associations, as many are of the strong view that CTPMPI would significantly benefit ordinary South Africans.

**ROAD SAFETY**

Improved road safety not only speaks to the number of claims made to motor insurers, but is also a top priority for the DoT and supports the objectives of the National Development Plan (NDP).

**Business for Road Safety Forum:**
The Business for Road Safety (BRS) Forum is a group of various trade associations and other similar bodies that represent sectors impacted by road usage. The Forum acts as a voice for the private sector regarding matters relevant to road safety. The Forum agreed to focus on “qualified drivers” as a priority. The objective of this project is to increase the pool of licensed drivers that undergo adequate training before driving on South Africa’s roads. The project is a long-term one, and benefits are likely to only materialise in the future.

**REPAIR PROCESS**

It is estimated that the majority of all motor insurance claims are accident-related and it is therefore crucial to address the constantly rising cost of accident-related claims. The Insurance Risks department concentrated on various projects related to the repair process during this reporting period and will continue to do so in future.

The Competition Commission’ draft code of conduct for Competition in the Automotive Industry:

The Competition Commission’s advocacy work made progress in 2017 with the publication of a draft “Code of conduct for competition in the automotive industry”.

In a submission by SAIA, we have indicated our support to the objectives of the draft code but also raised some concerns, including the right of the insurer to choose the repairer in the event of an insurance claim. SAIA also met with representatives of the Commission on the SAIA comments and the way forward with the introduction of the code.

The intended outcomes of the Commission’s advocacy are:

- For small and historically disadvantaged independent service providers to undertake service and maintenance work while a vehicle is in-warranty;
- For more small, Historically Disadvantaged Individuals (HDI) independents to undertake in-warranty auto-body repairs;
- For more HDIs to own OEM dealerships;
- The use of equal matching spare parts, in addition to OEM and Identical parts, in the repair of motor vehicles;
- The removal of OEM restrictions in the sale and distribution of parts by retailers, whether OEM-approved or independent;
- More price and product options for consumers in the sale of parts; and
- Consumer education and awareness of costs entailed in the purchase of a motor vehicle.

A revised code is expected in 2018 to which SAIA trust its members could commit, thereby ensuring a more equal and sustainable repair industry that positively impacts the short-term insurance customers and service providers.
Repair more cars and the Save-a-Car Project:
The SAIA / NAAMSA Forum continued to meet in 2017 regarding our common challenges. These included matters such as the quality of repairs, challenges with motor vehicle parts and the saving of motor vehicles for repair.

The Save-a-Car project is an initiative by SAIA, together with other stakeholders including NAAMSA and OEMs. The project was established as a mechanism to reduce the cost of repairing damaged motor vehicles deemed to be uneconomical to repair. This project positively contributes to employment and also assists in reducing vehicle crime.

In late 2017, the SAIA Board approved a study and proposal by the SAIA to look into how the industry could repair more motor vehicles instead of writing them off in order to create more repair work for our service providers.

CRIME-COMBATING INITIATIVES

The Automatic Number Plate Recognition (ANPR) Project:
The Insurance Crime Bureau (ICB) and SAIA are in the process of creating a new vehicle for the ANPR. In essence it will mean the creation of a new venture with Business Against Crime South Africa (BACSA), with the objective of increasing the ANPR footprint and a higher return on investment. BACSA will remain the strategic liaison partner of the project by promoting the ANPR system, with the relevant spheres of Government and the ICB leading the operations.

The Salvage Database Project and a review of the Code of Salvage:
The Vehicle Salvage Database (VSD) system hosted by the ICB on behalf of SAIA is progressing well and is now live. The Salvage Database Governance Committee meetings are held bi-monthly to discuss any arising matters which would assist members to submit salvage records efficiently. The committee also debated the possibilities of allowing access to the VSD to other parties, such as underwriting managers.

At the same time, a SAIA Task Team also reviewed the SAIA Code of Motor Salvage. The objectives of the review are to mitigate identified risks and to debate proposed enhancements. The review also included input from other stakeholders such as the motor financiers and the Road Traffic Management Corporation (RTMC).

It is envisaged that a revised code will be tabled to the SAIA Board for approval in late 2018.

PROPERTY AND OTHER RISKS

Changing weather patterns are having a major impact across the world, including South Africa. The devastation caused and the challenges created by these weather patterns highlight the importance of becoming more aware of the impact these shifting conditions have on us, and the lifestyle changes paired with them. SAIA’s new projects are increasingly shifting more to property and related risks due to these changing conditions. We discuss some more of our relevant projects under the section “Property and Other Risks”.

FIRE RISKS

In mid 2017, the SAIA Board Committee: Insurance Risks requested the Insurance Risks Department to commence with a project aimed at finding solutions to fire losses within the property line. This request was triggered by the various large scale losses caused by fires over the last few years, including the catastrophic blaze in the Knysna area, Western Cape.
In order to formulate a comprehensive strategy in line with members’ expectations, Subject Matter Experts were nominated by members for a workshop held in order to commence with the design of a fire risk strategy.

One of the conclusions derived from this workshop was that in order to adequately mitigate the losses within the fire classes of business, a detailed analysis of industry data would be required. It was therefore agreed that an independent Actuarial Analyst be appointed to collect, analyse and create a dashboard that will highlight causes of losses experienced. This would then act as one of a few sources of information available to direct our effort.

The SAIA Board Committee: Insurance Risks also decided to create a tool for continuous reporting and monitoring of fire loss causes. This database will enable SAIA and members to identify high-risk areas as part of their underwriting process.

SAIA also joined forces with the Fire Protection Association of South Africa (FPASA) with the role of the FPASA to provide expertise in terms of fire risks and mitigating actions within the built environment, particularly within the commercial area. We continue to meet with the FPASA on a regular basis and have also made a request to the MD of the FPASA to report quarterly to the SAIA Board Committee: Insurance Risks on actions undertaken.

This project has immediate actions already underway, and longer-term project activity all aimed at addressing fire risks.

SAIA members are also encouraged to continuously review their own internal practices and to deploy effective risks management protocols within their underwriting departments, to ensure that adequately skilled experts are used and to consider the use of new technology in order to remain future-proof.

This project is also supported and monitored by the SAIA Board Committee: Reinsurers.

**AGRICULTURAL RISK AND CROP INSURANCE PROJECT**

**Proposed Public Private Partnership:**
The objectives of the SAIA’s agriculture insurance project are to seek ways to address the sustainability of agricultural insurance, specifically crop insurance for commercial farmers and the introduction of affordable insurance for emerging farmers.

SAIA has held various discussions with National Treasury (NT) on a Public Private Partnership including a formal presentation and proposal in December 2016 with the then Minister of Finance who made reference to this project in the 2017 national budget.

SAIA also undertook a study tour in October 2017 with NT, SASRIA and the Land Bank Insurance Company to Spain, to understand the Spanish Agricultural Insurance System. The study tour also provided useful insight into how SASRIA could provide a role and solution in terms of special / undesirable risks in future.

SASRIA, an advisory to NT, and SAIA, are currently working closely together in formulating a revised proposal that will be submitted to NT senior management in 2018.

**Introducing Index Insurance:**
SAIA met with the FSB in 2017 to introduce Index Insurance and to seek ways to include Index Insurance in the current Short-term Insurance Act and the new Insurance Act. It was agreed that SAIA would submit a comprehensive technical discussion document on Index Insurance to the FSB, which would include risks to be considered.
SAIA and the FSB also attended a World Bank and Africa RE event in Accra, Ghana, on the fundamentals of Index Insurance. This contributed significantly to both parties’ understanding of Index Insurance and we trust it will lead to the eventual successful introduction of a legal framework for Index Insurance.

The legislative framework is an essential element in ensuring a successful outcome. However, key players such as financiers, the Department of Agriculture, Forestry and Fisheries (DAFF), National Treasury, formal Farming Associations and Co-operatives will need to work more closely together to ensure a successful outcome for both the farmer and insurer. SAIA is therefore undertaking to bring all these parties together to ensure that all stakeholders are included and are a part of the project.

**FURTHER PROPERTY AND OTHER RISKS PROJECTS**

SAIA is also actively involved in other projects relevant to the topic “property and other risks”. These range from issues such as regulations in terms of geysers; the Department of Cooperative Governance and Traditional Affairs’ “Local Government Support Partnership” programme; to the United Nations Environment Programme’s (UNEP) Finance Initiative’s “Principles for Sustainable Insurance” (PSI), to which SAIA is a signatory.

The PSI remains a code that every insurer should strive towards and is summarised below:

- We will embed in our decision-making environmental, social and governance issues relevant to our insurance business;
- We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, and manage risk and develop solutions;
- We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues; and
- We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.
- More information on the code can be found on the UNEPFI website: www.unepfi.org/psi/the-principles/.

**THE ROLE OF THE INSURANCE RISKS DEPARTMENT WITHIN SAIA’S TRANSFORMATION PROJECTS**

During 2017 the Insurance Risks department also played the leading role in SAIA’s Service Providers’ Transformation and Sustainability Programmes. These programmes - such as the Motor Transformation and Sustainability Forum (MTSF) and the Property Transformation and Sustainability Forum (N-MTSF/PTSF) - are reported on in the Transformation section of our annual review.

It is the view of SAIA that successful transformation is a core component of ensuring sustainability of the short-term insurance industry. It is therefore the responsibility of everyone to contribute to transformation that ensures success for all.

**SAIA FORUMS**

SAIA’s Forums are a mechanism created by the organisation for members to meet and discuss specialised lines and related matters with other relevant members, without the active involvement or support of SAIA management. SAIA Forums are, however, supported by SAIA in terms of administrative and secretarial services. Members also have the option to nominate a representative from an Underwriting Manager to represent them at these Forums. The Forums continue to develop in their roles and...
focus, however, more active participation from members or representatives could significantly contribute to the success of the objectives of the various Forums.

OTHER INDUSTRY RELATED BOARDS, COMMITTEES AND FORUMS

SAIA staff also represent the industry on various other industry-related Boards, Committees and Forums. These include the Insurance Crime Bureau; Business Against Crime South Africa; the SARB’s Financial Sector Contingency Forum; and the Southern Cape Fires Learning Forum.

We continue to promote the importance of the short-term insurance industry, and provide input to discussions on how the short-term insurance industry could either play a role or be impacted by the decisions made by other stakeholders. We do believe and trust that our committed involvement further contributes to the growth and sustainability of the industry.

A NOTE OF THANKS

SAIA would like to express its sincere gratitude to all individuals who gave unselfishly of their time and served the industry on the SAIA Board Committee: Insurance Risks and the various SAIA committees, forums, task teams, work streams and initiatives that are related to the Insurance Risks department.

Our projects are driven by the many volunteers from the insurance industry that give us their time, wisdom and expertise so that the short-term insurance industry remains sustainable for the benefit of all. Without our members’ full cooperation and participation, we would not have been able to make the progress reported above.
For **tomorrow** belongs to the people who prepare for it **today**.
- African Proverb -
4.6 FINANCE AND OPERATIONS

INTERMEDIARIES GUARANTEE FACILITY LIMITED

Intermediaries Guarantee Facility Limited is in the process of preparing for the anticipated amendments to the Regulations in terms of the Short-term Insurance Act. We expect these amendments will change the framework relating to premium collection by removing the requirement for security in the form of a guarantee. It is expected that the amendments will come into operation on 1 July 2018, to coincide with the expected commencement date of the Insurance Act.

The impact of the above on the industry will require insurers to take responsibility for and manage their respective credit risks. Discussions are taking place with all stakeholders to manage the change for an orderly transition.

THE SOUTH AFRICAN POOL FOR THE INSURANCE OF NUCLEAR RISKS

The South African Pool for the Insurance of Nuclear Risks successfully concluded on the 1st of January 2018, foreign inwards risk renewals and work has started on the 2018/19 local renewals of both the NECSA: Pelindaba and ESKOM: Koeberg risks, renewal dates 1 April 2018, respectively.

Following a request for comments by the National Nuclear Regulator on the proposed new legislation dealing with third party liability requirements in late 2017, there has been no further news on the matter. The South African Nuclear Pool is due to meet with the National Nuclear Regulator on 25 April 2018 and it is expected that clarity on the matter will be obtained. Initial indications from the proposed legislation point to a rather steep increase in third party liability requirements for NECSA.

INSURANCE DATA SYSTEM

With the realisation that data has a major role to play in future-proofing the industry, it is evident that the relevant tools available to the industry such as the Insurance Data System and Insurance Crime Bureau are key in extracting maximum value from the data resource for the benefit of the industry.

To align with the latest industry requirements, the Insurance Data System contract with TransUnion, the data custodian, is under review. A workshop is scheduled to confirm the latest requirements in terms of data fields and relevant formats. Internal discussions are taking place around the objectives and principles of the database – including who may access the data and what the data may be used for.

With regard to the governance of the system, the SAIA Board Committee: Insurance Risks will be responsible for the strategic management of the system with operational responsibility remaining with the Steering Committee.

Charles Hitchcock
Chief Operations Officer
The South African Association of Engineering Insurers (SAAEI) is a division of SAIA representing the insurance underwriting members specifically within the engineering insurance sector of the industry. The standard classes of insurance embraced by this sector are, among others, Construction/Erection All Risks; Electronic Equipment; Machinery Breakdown; and Plant All Risks.

In July 2017, I was elected Chairperson of SAAEI following the completion of Zain Hoosen’s three-year term as Chairperson of the committee. Zain played a leading and successful role and our thanks go out to him for his commitment to raising the profile of SAAEI, especially in the local market where he spearheaded the inaugural engineering insurance conference and the rebranding of SAMIA. On the international front, Zain was instrumental in representing the SAAEI participation on one of the International Association of Engineering Insurers (IMIA) Working Group Papers, the results of which were presented at the 2016 IMIA conference in Doha, Qatar.

EXECUTIVE COMMITTEE

The Executive Committee members are as follows:
Chairperson: Susan de Wet (Old Mutual Insure)
Deputy Chair: Sam McLennan (Mirabilis)
Members: Dave Waterworth (Old Mutual Insure), Keith Barlow-Jones (C&G), Kobus van Niekerk (Consort), Krushayev Moodley (Hollard), Philani Mbatha (Munich Re), Sam McLennan (Mirabilis), Susan Walls (SAIA), Tau Lethlogonolo (SASRIA) and Zain Hoosen (Bryte).

Regrettably, the committee accepted the resignation for business reasons from Frank Harpur (Firedart). Sadly, the committee also bade farewell to Dawie Buys (SAIA). We wish Dawie a tranquil and joyous retirement and we thank him for his longstanding association and contribution to SAIA and the wider insurance industry.

My report begins with some general remarks and thereafter focuses on the specific work that the Committee was able to undertake during the year.

As my term of office begins, I am happy to report that the Association remains on track to realise its mission and vision - “To be an effective forum for raising awareness and to develop and promote understanding of the engineering classes of business to the wider insurance market and related stakeholders”.

Our effort that has resulted in progress and the successes realised over the past few years align with SAIA’s 2018 theme of “Accelerating our journey towards future-proofing our industry”.

We note with sadness, the passing in 2017 of Mr Leigh Hammond. Leigh was a founding member of the Scintilla-Hollard engineering team and he played a pivotal role in engineering insurance over the years. Our sincere condolences are extended to his family, friends and colleagues.

FIRST SOUTH AFRICAN ENGINEERING INSURANCE CONFERENCE (SAEIC 2017)

The highlight of 2017 was undoubtedly the successful hosting of the inaugural Engineering Insurance Conference 2017 on 19-20 October at the picturesque Kloofzicht Lodge and Spa. The conference was attended by some 70 delegates from across the insurance pipeline. The research and compilation of a working group paper is a key outcome of the conference, and a paper on open-cast mining was selected for presentation and publication at the next conference. The 2018 event is already in
planning, so please look out for further announcements in the local insurance magazines or SAIA circular. Owing to demand, the organisers plan to increase the registration quota to 100 delegates, as well as to broaden the representation by inviting delegates from the neighbouring southern-African region.

EDUCATION

In our quest to promote the training and development of members, SAAEI planned to present an Introductory Engineering Insurance Course on Contract Works and Third-Party Liability insurance during 2017. Unfortunately, due to other priorities (conference organisation), the course roll-out was postponed to 2018.

SAIA BULLETIN

SAAEI contributed to the bi-monthly SAIA Bulletin. Articles submitted by Kobus van Niekerk, Tau Lethlogonolo, Keith Barlow-Jones and David Waterworth focused on, respectively:

- Inherent Defects;
- Sasria Engineering Cover and Claims update;
- Continuity of Construction Risks Annually Renewable Covers; and
- Conditions of contract and cover under the maintenance period.

LUNCH-TIME MARKET TALKS

In response to a high interest in the topic on Retail Distribution Review (RDR), SAAEI re-hosted a motivating lunch-time market event at the Hollard Insurance Company. I am thankful to Danny Joffe for his enthusiasm and willingness to share his time and expertise. The committee plans to arrange another three diverse and valuable events in 2018.

SAAEI GOLF CHALLENGE/YEAR-END LUNCHEON

The SAAEI organises two exciting social events to entertain its members and clients. The annual golf challenge, which caters for both rookie and skilled competitors, was again hosted at the Killarney Country Club with over 40 four-ball competitors. Our sincere thanks are extended to our sponsors Santam (Mirabilis) and Hollard.

SAAEI is thankful to all golfers who helped raise a total of R25 000 in support of Hospice.

The year-end luncheon provides an ideal opportunity for SAAEI members to socialise with invited retired engineering insurance underwriters, as a gesture of appreciation for their service to the industry and knowledge. Derrick Werner, Jack Smit, John Halcrow and Lucas Barnard kindly attended the function. The event also offers an opportunity to recognise and reward service contribution to SAAEI. The Chairperson’s award 2017 for excellent service, dedication and contribution to SAAEI was presented to Mr Jack Smit.

IMIA CONFERENCE

It was a huge privilege and an excellent learning opportunity to represent the South African insurance market at the 50th IMIA conference 2017 in Munich, Germany. The four-day event attracted over 100 delegates who participated in research paper presentations, panel discussions, interactive breakaway sessions, and a site visit to the Zugspitze cableway project.

The following technical papers were presented at the conference: Waste to energy; Rolling Stock; Diesel Engines; Inconsistent insurance/reinsurance; and Adequacy of
sum insured. The papers have been published on the IMIA website and are available for download.

The Working Group Paper topics for 2018 are: Construction in Mountainous Areas; Offshore Oil and Gas Platforms; Automation in the Construction Industry; Construction and Operation of Scientific Instruments; Electrical Failures not associated with Natural Perils; and Ageing Plant and Maintenance. Any interested persons wishing to contribute towards the compilation of the research papers is encouraged to view the IMIA website for further details.

The IMIA Executive Committee indicated a proposal to host the 2020 conference in South Africa.

**INDUSTRY OUTLOOK**

Recent changes in the Presidency and Government of South Africa are likely to improve the mainstream economic outlook for the South African economy in 2018. The positive move is the likely reason for South Africa avoiding a credit rating downgrade to sub-investment grade, with an economic outlook from negative to stable. The forecasts expect the economy to grow by 1.9% in 2018.

The recent NatCat events, lack of new projects and the ongoing softening rate trend is worrying. However, the recent signing of some 27 independent power producers (IPPs) deals by the South African government will unlock R56-billion worth of renewable energy investment projects over the next few years, and will likely bring some temporary relief to the market.

I would like to thank the Executive Committee, SAAEI members, John Nienaber and Samantha Boyd (Old Mutual Insure), Viviene Pearson (SAIA) and the team at SAIA, especially Promise Mhlanga, for all the support they have given me over this time. It has been a pleasure and an honour to serve as your Chairperson.

Susan De Wet
SAAEI Chairperson
Wow. This year has flown past at warp speed. It feels like just the other day we started working on the International Union of Marine Insurance (IUMI) 2018 project and it kicks off in a few months! The Association of Marine Underwriters in South Africa (AMUSA) committee for the past year has been amazing, with everyone rolling up their sleeves and helping with the tasks we set ourselves.

The current AMUSA Executive committee is as follows:

- Mike Brews (Chairman)
- Petra Fordyce (Vice Chair)
- Hilton Adams
- Elesh Bisla
- Ian Parkerson
- Paul March
- Cynthia Nanthalall
- Granville La Vita

We meet every month throughout the year with everyone contributing their time, resources, knowledge and tremendous experience. Our team is generously backed up by the team at SAIA consisting of Viviene, Promise and Susan. Without their assistance and insight, our tasks would be so much more difficult.

To keep our finger on the pulse of all the major areas in the country, our coastal committees meet regularly and update the team. They are headed up as follows:

- Cape Town – Estelle Bond
- Port Elizabeth – Chris Pyke
- Durban – Anand Deepanand

Once a quarter we host a local meeting with a representative from the FIA, local surveyors and marine industry claims handlers. The information shared at this meeting allows us to monitor any exceptional trends that may emerge and to keep our members informed.

**EDUCATION**

We have embarked on a drive to uplift our staff and the industry through encouraging and offering training courses at various levels. This has so far gone well with staff expressing a lot of interest, but still more can be done in the coming months and years to increase the uptake of courses. We understand the pressure that our staff are working under, and this may be a contributing factor to the low uptake rate.

However, we have started offering short talks where we bring in experts in fields where our members have expressed a need for more information. The talks are kept as short as possible to minimise impact on workloads and deliverables. These have been well received and we are hoping to offer them every other month or so to improve the appetite for further learning and training.

**INTERNATIONAL UNION OF MARINE INSURANCE (IUMI)**

The big focus of the past year has been the upcoming IUMI conference to be hosted by AMUSA and SAIA in Cape Town, from 16 to 19 September 2018. Organising a conference of this magnitude is a mammoth task and the organising committee is working extremely hard to make it a success. We are meeting for two and a half hours every two weeks to ensure a smooth run up to the Conference.

Registration is open, and we have received a huge interest from all over the world to attend. We are still looking for sponsors as well as exhibitors to take part in the event. All the information is available on the website www.iumi2018.com
In September 2017, we attended the IUMI Tokyo conference which was extremely well attended. The flag hand-over from the Tokyo organising committee to the South African delegation took place at this conference, which was an extremely proud moment for me. Since then, interest in South Africa and the conference has soared.

We are also very proud to have two representatives on the IUMI sub-committees. Hilton Adams was elected vice-chairperson on the Inland Hull, Fishing Vessels and Yachting committee; and I have been elected to the Cargo committee. These sub-committees plan the topics that will be discussed at the conference and arrange speakers to present papers on these topics.

THANKS

None of the work that this committee has achieved would have been possible without the hard work and support of the team. I would like to personally thank everyone on the committee for giving up their time and effort to further educate and develop our market. In addition, I would like to thank the companies that this team represents for allowing the members the time and resources to strive towards all our goals.

Thank You

Mike Brews
AMUSA Chairperson
ACCELERATING our journey towards future-proofing our industry
EMLOYEE ACHIEVEMENTS 2017

We would like to take this opportunity to congratulate our team members on their academic success in 2017.

VIVIENE PEARSON
• Executive Leadership (WBS)

CANDY LUCAS
• Fundamentals of Insurance (UNISA)

EASVARIE NAIDOO
• Senior Leadership Development (WBS) top student

ZANELE GIGABA
• Master’s in Business Administration (WITS)
• Thesis: “Willingness to pay for property insurance for people living in the rural areas of South Africa.”

NICO ESTERHUIZEN
• A Master’s of Science degree in Professional Accountancy (UCL), with distinction.
• The content included global issues for finance professionals such as governance, tax avoidance, sustainability of businesses, systemic risks, M&A failures, liquidity issues in financial services, banking regulations, bonds and a strategic financial project, using advance business planning models.

SAIA would like to thank INSETA for the funding and support and wishes all the best to staff studying in 2018.

LONG SERVICE CHAMPIONS

MR GODFREY NYANGWA, an avid Comrades Marathon runner, celebrated 30 years at SAIA. Godfrey has been with SAIA since its very first offices opened in Braamfontein, Johannesburg. When asked the secret to his long service, he simply replied: “Running and the love and passion for my job.”

MS NAOMI DU TOIT celebrated 10 years of service at SAIA, and says she is here to stay.

NEW STAFF MEMBERS

We would like to welcome the following new staff members:

1. Themba Palagangwe as GM Governance and Transformation
2. Kwanele Sibanda as Manager Corporate Affairs
3. Mashudu Mabogo as Legal Manager
4. Zoleka Hlomuka as PA to Transformation

SAIA is a stronger, and more fulfilled organisation with you onboard!

Nicol Champaud
Human Resources Manager
SAIA COCKTAIL FUNCTION 2017

Deputy finance minister Sfiso Buthelezi, was the keynote speaker at the SAIA annual cocktail function, which took place on 20 July 2017 in Sandton. The deputy minister stressed that while the industry was on the right path, there was still a lot of work that needed to be done. He singled out three key focus areas for the industry, namely improving access to insurance, transforming the insurance sector, and partnering with government to address climate change.
MANDELA DAY

The SAIA team members gave generously of their time at the Tshepisong Power of Woman and Children Home situated in the West Rand of Johannesburg in celebration of Mandela Day 2017.

The home is a refuge for women and children in the Tshepisong community who have been left destitute. It is more than just love, shelter and food - the house mother believes that education is the key to ending the cycle of poverty and therefore ensures that every child attends school daily.

Thanks to the team for their generous donations, and to the SAIA Management for providing the home with groceries.

SAIA/NAAMSA INAUGURAL SEMINAR

The SAIA / NAAMSA Task Team held its inaugural motor seminar termed “A look into the future of motor vehicles and motor insurance industry” which was held on 20 September 2017 at Johannesburg Country Club (JCC). The topics included the latest technology in vehicles including safety features and future mobility, the influence of motor technology on motor insurance and a presentation named “a day in the life of an SME Black Owned Motor Body Repairer (MBR)”. The main objective of the seminar was to provide insight into the changes coming in motor technology. Demonstrations on the technology and repair process on (electric) cars were also made to attendees.
ACCELERATING our journey towards future-proofing our industry
7.1 SAIA BOARD MEMBERS AS AT THE END OF FEBRUARY 2018

LIZÉ LAMBRECHTS
CHAIRPERSON, SAIA BOARD, SANTAM LIMITED

ANTON OSSIP
DISCOVERY INSURE LIMITED

CHARLES HITCHCOCK
SOUTH AFRICAN INSURANCE ASSOCIATION

DANIE MATTHEE
OUTSURANCE INSURANCE COMPANY LIMITED

EDWYN O’NEILL
BRYTE INSURANCE COMPANY LIMITED

GARY JACK
CHUBB INSURANCE SOUTH AFRICA LIMITED

HANNES WILKEN
OLD MUTUAL INSURE

HERMAN SCHOEMAN
GUARDRISK INSURANCE COMPANY LIMITED

JACQUI KILANI
ESCAP SOC LIMITED

JOHN SIBANDA LLOYD’S
SOUTH AFRICA (PTY) LIMITED
ACCELERATING our journey towards future-proofing our industry

NASH OMAR
HOLLARD INSURANCE COMPANY LIMITED

NICO CONRADIE
MUNICH RE INSURANCE COMPANY OF AFRICA LIMITED

TOM CREAMER
TELESURE SHORT-TERM INSURANCE

VIVIENE PEARSON
SOUTH AFRICAN INSURANCE ASSOCIATION

VOLKER VON WIDDERN
CONSTANTIA INSURANCE COMPANY LIMITED

WAYNE ABRAHAM
AIG SOUTH AFRICA LIMITED
Predicting the future isn’t magic, it’s artificial intelligence.
- Dave Waters -
## 7.2 SAIA Members

<table>
<thead>
<tr>
<th>Company Name</th>
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<tr>
<td>ABACUS Insurance Limited</td>
<td>The Federated Employer’s Mutual Assurance Company (RF) Proprietary Limited (FEM)</td>
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<td>Absa Insurance Company Limited</td>
<td>First for Women Insurance Company (RF) Limited</td>
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<td>African Reinsurance Corporation (South Africa) Limited</td>
<td>GenRe Company Limited (General Reinsurance Africa)</td>
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<td>AIG South Africa Limited</td>
<td>GIC Re South Africa Limited</td>
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<td>Alexander Forbes Insurance Company Limited</td>
<td>Guardrisk Insurance Company Limited</td>
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<td>Allianz Global Corporate &amp; Specialty South Africa Limited</td>
<td>Hannover Reinsurance Africa Limited</td>
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<td>Auto &amp; General Insurance Company Limited</td>
<td>HDI Gerling Insurance of South Africa Limited</td>
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<td>Bidvest Insurance Company Limited</td>
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<td>Budget Insurance Company Limited</td>
<td>Intermediaries Guarantee Facility Limited</td>
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<td>Chubb Insurance South Africa Limited</td>
<td>King Price Insurance Company Limited</td>
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<td>Coface South Africa Insurance Company Limited</td>
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<td>Legal Expenses Insurance Southern Africa Limited (Legalwise)</td>
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<td>Constantia Insurance Company Limited</td>
<td>Lion of Africa Insurance Company Limited</td>
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<td>Corporate Guarantee (South Africa) Limited</td>
<td>Lloyds South Africa (PTY) Limited</td>
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<td>Credit Guarantee Insurance Corporation of Africa Limited</td>
<td>Lombard Insurance Company Limited</td>
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<td>Dial Direct Insurance Limited</td>
<td>MiWay Insurance Limited</td>
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<td>Discovery Insure Limited</td>
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<td>Escap SOC Limited</td>
<td>Monarch Insurance Company Limited</td>
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<td>Munich Reinsurance Company of Africa Limited</td>
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<td>Nedgroup Insurance Company Limited</td>
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<td>OUTsurance Insurance Company Limited</td>
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<td>Professional Provident Society (PPS) Short-term Insurance Company Limited</td>
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<td>SCOR Africa Limited</td>
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<td>Shoprite Insurance Company Limited</td>
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<td>Unitrans Insurance Limited</td>
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<td>Western National Insurance Company Limited</td>
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<td>Workerslife Insurance Limited</td>
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### 7.3 SAIA COMMITTEES WITH ELECTED MEMBERS

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<tr>
<th>Committee and Board of Directors</th>
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<tbody>
<tr>
<td>South African Insurance Association (SAIA) Board of Directors</td>
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<tr>
<td>SAIA Board Committee: Transformation</td>
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<td>SAIA Board Committee: Insurance Risks</td>
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<td>SAIA Board Committee: Governance Risks</td>
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<td>SAIA Board Committee: Reinsurance</td>
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<td>SAIA Board Committee: Executive Committee</td>
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<td>SAIA Board Committee: Remuneration Committee</td>
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<td>SAIA Board Committee: Nomination Committee</td>
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<td>SAIA Audit Committee</td>
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<tr>
<td>Intermediaries Guarantee Facility Limited (IGF) Board of Directors</td>
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<td>IGF: Audit Committee</td>
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<td>IGF: Underwriting Committee</td>
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<td>IGF: Claims Committee</td>
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<tr>
<td>The Association for Marine Underwriters in South Africa (AMUSA) Executive Committee</td>
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<tr>
<td>South African Association of Engineering Insurers (SAAEI) Executive Committee</td>
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<td>South African Nuclear Pool Administrators (Pty) Ltd (SANPA) Board of Directors</td>
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<td>SANPA: Audit Committee</td>
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<tr>
<td>The South African Pool for the Insurance of Nuclear Risks (SANP) Management Committee</td>
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7.4 SAIA COMMITTEES

GOVERNANCE
- SAIA Conduct of Business Committee
- SAIA Prudential Committee

INSURANCE RISKS
- SAIA Insurance Technical Committee
- SAIA Motor Insurance Steering Committee
- SAIA/NAAMSA Task Team
- SAIA Non-Motor Insurance Steering Committee
- SAIA Task Teams (Key issues as and when)
- Fire Risk Committee
- SAIA Task Team to Review Code of Motor Salvage
- Salvage Database Governance Committee

FINANCE AND OPERATIONS
- SAIA Taxation Committee
- SAIA VAT Task Team
- IDS Steering Committee

TRANSFORMATION
- SAIA Financial Inclusion Committee
- SAIA Motor Transformation and Sustainability Forum
- SAIA Procurement and ESD Committee
- SAIA Property Transformation and Sustainability Forum (PTSF)

7.5 SAIA FORUMS

- Agricultural Risk and Crop Insurance Forum
- AMUSA
- Business for Road Safety Forum
- Cell Captives Insurance Forum
- Consumer Credit Insurance Forum
- Health Insurance Forum
- Legal Expenses Insurance Forum
- Liability Insurance Forum
- Mega Infrastructure Projects Forum
- SAIA/OSTI Forum
- Premium Collections Forum
- SAAEI
- SAIA/Sasria Forum
- Travel Insurance Forum
ACCELERATING our journey towards future-proofing our industry
CANDY LUCAS
PERSONAL ASSISTANT TO CHIEF OPERATING OFFICER

CAROLLE SINNYE
PERSONAL ASSISTANT: CORPORATE AFFAIRS

CHARLES HITCHCOCK
CHIEF OPERATIONS OFFICER

EASVARIE NAIDOO
SENIOR LEGAL MANAGER

GODFREY NYANGWA
OFFICE ASSISTANT

JACK SMIT
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KWANELE SIBANDA
MANAGER: CORPORATE AFFAIRS

LEBOHANG TSOTETSI
IGF CONSULTANT

MARINA ADONIS
PERSONAL ASSISTANT: CHIEF EXECUTIVE

MASHUDU MABOGO
LEGAL MANAGER
ACCELERATING our journey towards future-proofing our industry
SAIA STAFF

ZOLEKA HLOMUKA
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THEMBI MOKOENA
JUNIOR ACCOUNTANT

TSHEPISO MOLOTO
PERSONAL ASSISTANT: LEGAL

TIYANI BALOYI
OFFICE ASSISTANT & MESSENGER

TREVOR MHLONGO
IT: ADMINISTRATOR

VIVIENE PEARSON
CHIEF EXECUTIVE OFFICER

ZANELE GIGABA
MANAGER: TRANSFORMATION

ZOLEKA HLOMUKA
PERSONAL ASSISTANT: TRANSFORMATION
The best way to **predict the future** is to **create** it.
- Peter Drucker -