



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

SAIA BULLETIN

October 2019

PROMOTING A TRUSTED & SUSTAINABLE
NON-LIFE INSURANCE INDUSTRY
FOR SOUTH AFRICA

CONTENTS

1	From the Desk of the Chief Executive	3
2	SAIA CEO's Office	3
2.1	Financial Intelligence Centre (FIC) Project Update	3
3	Insurance Risks	4
3.1	SAIA Collaboration with The National Disaster Management Advisory Forum	4
3.2	National Roads Truck and Transport Security and Safety Workshop	4
3.3	SAIA Motor Insurance Steering Committee 2019 Quarterly Update	5
3.4	Agricultural Insurance Project Update	6
4	Transformation	7
4.1	Industry Data Collection	7
4.2	Review of the Financial Sector Code (FSC)	7
4.3	Enterprise and Supplier Development (incl. Preferential Procurement) Initiatives	8
4.4	Industry Skills Gap	9
4.5	Consumer Education	9
5	Governance	10
5.1	FSCA: Final Joint Industry Guideline on Minimum Data Requirements	10
6	Operations	11
6.1	SAIA Code of Conduct Review Update	11
6.2	Intermediaries Guarantee Facility Limited Update	12
7	Forums	12
7.1	Debit Order Abuse (DOA) Project Team Update	12
8	SAIA Circulars	13

1 From the Desk of the Chief Executive

In response to a request by the Financial Services Conduct Authority (then Financial Services Board) that industry bodies, namely the South African Insurance Association (SAIA), the Financial Intermediaries Association (FIA) and the South African Underwriting Managers Association (SAUMA) submit an industry solution that will provide direction regards the minimum requirements for the transfer of data content between non-life insurers and third parties that render outsourced services (including binder services), a Draft Joint Industry Guideline on Minimum Data Requirements was developed and underwent rigorous consultation processes including the regulator and finally approved by the respective industry Boards. The implementation of the Guideline as stipulated in the Insurance Regulations under the Short-term Insurance Act is 01 January 2020.

The review of the SAIA Code of Conduct is progressing well with input from our members and the FSCA, with a final round of internal review comments being considered. At the beginning of November 2019, the Code will then be circulated to SAIA members, the FIA, the OSTI and the SAIA Board Committee: Governance Risks for a final round of comments before it is tabled to the SAIA Board of directors for consideration and adoption at the SAIA Board meeting on 28 November 2019.

SAIA is concerned about the persistent hijackings of long haulage trucks, related road crashes, and riots-and-looting on our national roads, especially along the N3, the main route connecting Johannesburg and Durban. The association hosted a stakeholder workshop on 11 October 2019 wherein all concerned participants agreed that there is a need to work as a collective to find solutions for our communities, road users and insurers. The workshop was attended by the non-life insurance industry, SASRIA, toll concessions, and other industries impacted by the rise in truck hijackings, theft, accidents, looting and fraud incidents on road freight. The parties agreed to establish three working groups, namely safety, security and stability by the end of November 2019.

The SAIA Motor Insurance Steering Committee meetings have progressed very well in 2019, with commendable attendance by the respective motor member companies. The sustainability of motor insurance remains a key focus area for SAIA, and more specifically crime combatting and road safety related initiatives which will receive greater focus until 2021 and beyond. SAIA will continue to work with the Insurance Crime Bureau (ICB) in the crime combating space and various other stakeholders including the Department of Transport and its various Agencies like the Road Traffic Management Corporation (RTMC) and the Road Traffic Infringement Agency (RTIA) when it comes to road safety.

Viviene Pearson
Chief Executive

2 SAIA CEO's Office

2.1 Financial Intelligence Centre (FIC) Project Update

The South African Insurance Association (SAIA), the Financial Intermediaries Association (FIA), the South African Underwriting Managers Association (SAUMA), the Financial Sector Conduct Authority (FSCA), Prudential Authority (PA), National Treasury (NT) and the Financial Intelligence Centre (FIC) have been working on a FIC project to ascertain if the non-life insurance industry should be included as Accountable Institutions under the FIC Act.

The agreement reached with the FIC is for a risk assessment process to be followed to determine if and where there are money-laundering and terrorism financing risks within the non-life insurance industry, the results of which would then determine if there is a need, and or which part of the industry can be included under the FIC Act as Accountable Institutions.

The questionnaires developed by Deloitte are applicable to insurers (including reinsurers, captives and cell captives), underwriting managers and intermediaries/brokers. Even though the project is running behind by a few weeks, the three respective trade associations (SAIA, SAUMA and FIA) will distribute the online questionnaire to their respective members once released by Deloitte, possibly in the month of November 2019. Respective members will have six weeks to complete the questionnaires the results of which will be reported to the FIC working group, which includes the above-mentioned trade association representatives, the FSCA, the PA, the NT and the FIC.

This article was written by Pamela Ramagaga, SAIA Executive Manager.

For more information, please contact Pamela@saia.co.za.

3 Insurance Risks

3.1 SAIA Collaboration with The National Disaster Management Advisory Forum (NDMAF)

Participation in the Department of Cooperative Governance, Human Settlements and Traditional Affairs' (CoGHSTA) Local Government Support Programme (LGSP) forms an integral part of the SAIA property protection strategy in promoting the sustainability of the non-life insurance industry. In support of this programme, SAIA recently attended the National Disaster Management Advisory Forum (NDMAF) which provided an opportunity to engage with various stakeholders in disaster management at a national level.

Topics addressed by the forum included:

- Seasonal climate watch - South African Weather Service
- Overview of the seasonal risk profile – National Disaster Management
- Status of water in the country – Department of Water and Sanitation
- Three months electricity forecast – Eskom
- International Day for Disaster Risk Reduction – National Disaster Management

SAIA is engaging with the forum to identify more collaborative and mutually beneficial opportunities. SAIA has also been invited to address the Disaster Risk Management Integrated Awareness and Advocacy session with councillors in November 2019. This will be yet another platform offering an ideal opportunity to engage with stakeholders in the space, and promote SAIA's willingness to collaborate, not only at a national level, but also at local municipality levels.

This article was written by Susan Walls, SAIA Technical Advisor.

For more information, please contact Susan@saia.co.za.

3.2 National Roads Truck and Transport Security and Safety Workshop

The persistent hijackings of long haulage trucks, related road crashes, and riots-and-looting on our national roads require all stakeholders to come together to find solutions for our communities, road users and insurers. On 11 October 2019, SAIA hosted an inaugural information sharing workshop on the road freight risk exposures experienced on South Africa's national roads. The initiative brought together the non-life insurance industry, SASRIA, toll concessions, and other industries impacted by the rise in truck hijackings, theft, accidents, looting and fraud incidents on road freight.

Workshop participants from the non-life insurance industry concluded that this risk exposure should be addressed at industry level. Considering the breadth of the challenge, it was agreed that the best approach will be to split the task into three working groups, where each group will address either safety, security or the stability of the road freight exposure. The working groups are to be established by the end of November 2019. It was further agreed that SASRIA will lead the stability working group, SAIA to lead the safety working group, and the Insurance Crime Bureau (ICB) to lead the security working group.

Below is the scope of each working group:

1. Safety will cover accidents and route related incidents.
2. Security will cover hijackings, theft, looting and fraud incidents.
3. Stability will cover the socio-economic exposures and other incidents resulting from the risk exposure.



Attendees at the National Roads Truck and Transport Security and Safety Workshop

This article was written by Katlego Bolsiek, SAIA Insurance Risks Manager.

For more information, please contact Katlego@saia.co.za.

3.3 SAIA Motor Insurance Steering Committee 2019 Quarterly Update

The SAIA Motor Insurance Steering Committee meetings progressed very well in 2019 with commendable attendance by the respective motor insurance members and quite interactive.

The objectives of the committee include, but are not limited to, discussing and brainstorming the priority areas of the Insurance Risks Department which were identified by the SAIA Board at the beginning of 2019. Specific to motor insurance are crime combatting and road safety related initiatives, which will receive greater focus up to 2021 and beyond.

In addition, the committee had insightful presentations on the following topics:

Tracker and VESA Presentations on Vehicle Theft and Hijacking

At the meeting, representatives from Tracker Network and VESA presented the theft and hijacking statistics and their recovery rates to the Motor Committee. They also provided insurers with prevention tips to be shared with their employees and customers.

RTMC Public Online Reporting Crashes System

The representatives from the Road Traffic Management Corporation (RTMC) presented their Public Online Reporting Crashes system planned to be launched later in 2019. At the request of the RTMC, the motor insurance members provided input to the lookup tables in relation to insurance related questions and queries, as well as possible legal implications regarding online submission.

SAIA wishes to thank its members for their continued support and interaction during the meetings.

This article was written by Zakes Sondiyazi, SAIA Insurance Risks Manager.

For more information, please contact Zakes@saia.co.za.

3.4 Agricultural Insurance Project Update

Briefly on the background

On behalf of its non-life insurance members, SAIA in collaboration with the Department of Agriculture, Forestry and Fisheries (DAFF) has been working on an affordable drought insurance solution (Agricultural Insurance Project) for South African commercial and emerging farmers. The project which has been in the pipeline for the past eight (8) years first submitted its latest proposal to the National Treasury (NT) in 2017, and an updated version in June 2019.

Update on the project

The Agricultural Insurance Project's importance to the economy of South Africa and its food security is evidenced by the recent inclusion of affordable insurance for the agricultural sector against drought in the National Treasury's recently issued Economic Policy Paper in September 2019.

SAIA, including the participatory members on this project, will hold a final workshop with National Treasury in November 2019 to go through the finer detail as enclosed in the SAIA Agricultural Insurance Solution Proposal to both the National Treasury and the Department of Agriculture, Forestry and Fisheries. We are encouraged by the progress made on the project so far and look forward to taking it into the pilot stage, once approved by the National Treasury.

This article was written by Pamela Ramagaga, SAIA Executive Manager.

For more information, please contact Pamela@saia.co.za.

4 Transformation

In support of the transformation objectives as approved by the SAIA Board, SAIA is continuing to coordinate the implementation of the industry priority initiatives and facilitate relevant engagements with members.

Below is an update of the transformation projects currently coordinated through SAIA with an aim of driving transformation within the non-life insurance industry. We believe that these projects will contribute to the acceleration of transformation within the financial sector.

4.1 Industry Data Collection

The industry data collection initiative has progressed well. Through this data repository, we hope that SAIA will be capacitated to perform various data analysis exercises and compile data analysis reports in areas impacting transformation, while also using it to craft an industry narrative that drives a better understanding of South Africa's non-life insurance industry. SAIA has received the results of the interim report for Phase I (Procurement Spend) which are being analysed before circulation to members.

The report looked at providing an in-depth understanding of the variables that impact the insurance claims spend for both motor and non-motor insurance and identifying potential challenges and opportunities to the industry's transformation objectives.

4.2 Review of the Financial Sector Code (FSC)

Following a six months suspension, at the request of the labour constituencies, the review process has resumed. The first round of the consultation process coordinated through the review working group commenced in October 2019 and participants have been invited to finalise their constituency position papers and submit it to the Financial Sector Transformation Council (FSTC) for discussion in the review meetings. Once all the constituency submissions have been tabled, the FSTC will consolidate the discussions to be considered as the recommendations by the respective review working committees to the FSTC Reporting Working Committee.

It is envisaged that the review process will be concluded by March 2020. However, provisions will be made for items that need urgent resolution, such as the Access element review for the non-life insurance industry. The following priority elements were identified for the non-life insurance industry, represented by SAIA:

- **Procurement and Enterprise and Supplier Development (P&ESD)**

SAIA is in the process of coordinating member workshops to discuss the industry position for the proposed changes of ESD (including Preferential Procurement) under Statement FS 400 under the amended FSC.

The first workshop took place on 30 October 2019, and the industry will be updated with progress on the submission.

- **Access to Financial Services and Products**

SAIA has conducted industry engagements on the review of the current Access elements and is currently in the process of consolidating the input from the consultation sessions to compile an industry position to be presented at the SAIA Board and for submission to the FSTC. The

process has included the review of both the Access elements as contained in Statement FS 703 of the amended FSC and the related Access standards as contained in the guidance note GN 703.

As mentioned before, whilst it is anticipated that the FSC review process will be concluded by March 2020, SAIA has requested that the FSTC prioritises the review of the Access elements for the non-life insurance industry by allowing the approval to be fast-tracked to the FSTC Reporting Working Committee as soon as deliberations have been completed by the Access Review Working Committee.

Other elements with minor review recommendations include Management Control and Skills Development. It is envisaged that the review process will be concluded by the end of 2019.

4.3 Enterprise and Supplier Development (incl. Preferential Procurement) Initiatives

SAIA is continuing to engage with the Association for Savings & Investments South Africa (ASISA) exploring the possibility of the establishment of an industry-wide Enterprise and Supplier Development (ESD) Programme. The ESD Programme will focus mainly on Motor Body Repairers (MBRs), while building and construction suppliers will also be piloted on a smaller scale. This programme will ensure that the industry works towards common goals with respect to identified challenges within the industry's core (insurance claims) supply chain. The envisaged benefits of a consolidated approach to an ESD programme are:

- Removal of duplications with respect to programmes offered to beneficiaries;
- Having one view of the number of beneficiaries and assistance already received;
- Assisting members with lesser ESD funds to get maximum value through resource scaling;
- Creation of a pool of suppliers which the industry can tap into to improve its procurement targets in line with the Financial Sector Code;
- Consolidation of lessons learned towards the creation of an industry framework that can be adopted by the members for their individual initiatives.

A workshop was conducted between SAIA members, ASISA and Edge Growth to discuss the objectives of the programme and to provide input regarding how it should be structured. One of the outcomes of the workshop was for Edge Growth to assist the industry with conducting a survey that would collate information around members' current ESD Programmes, identify challenges and recommendations for consideration when developing the industry programme. The survey will go out in the form of a circular by mid-November 2019. The survey will focus on what the industry is looking at achieving with the programme, beneficiary selection processes, and what challenges the industry would like to see resolved with respect to suppliers.

SAIA is aware and appreciates that the success of the programme depends on the industry's buy-in and support. This also includes the highlighted importance of availability of grant funding as a contribution requirement for the industry programme. Therefore, based on the principle approved by the SAIA Board, SAIA will be circulating a pledge form to encourage members to respond by pledging their indicative financial commitment from their ESD contribution budget to support the industry programme once it is established. It is anticipated that the programme will be launched in the first quarter of 2020.

4.4 Industry Skills Gap

In addressing skills shortage challenges in the industry, SAIA has strategically partnered with InSeta and the IISA on the journey of looking into and re-energising the bid to plug the critical skills gap within the industry. A task team (Skills Development Task team) involving all key stakeholders has been established which includes participation by member representatives.

The task team recently invited members and the industry to identify the Top 5 urgently needed skills, ranked according to their level of urgency. The intention for this exercise is to conduct a comparative exercise that will either re-affirm what InSeta has on its Top 10 critical skills or initiate discussions around the re-prioritisation of the Top 10 critical skills for the non-life insurance industry.

4.5 Consumer Education

The SAIA Consumer Education initiative has remained one of the key projects to drive the industry's transformation objectives. There are currently six projects supported by members through financial contributions and coordinated by SAIA for implementation. The projects cover a range of topics on financial management, risk management and creating awareness about the industry, its products and services to the consumer market segment as prescribed by the FSC.

- **Know Your Cash Campaign for Tertiary Students**

Educating the youth in tertiary institutions on money matters is very important for a better future. The Know Your Cash Campaign is aimed at this audience to conscientise them about how to use their money and inculcate a culture of saving and an understanding of money matters.

The programme identified this target market as a vulnerable audience that needed to be armed with basic financial management skills and insurance knowledge. A combination of interactive and awareness interventions were conducted at the University of Johannesburg (Soweto and Auckland Park campuses), Durban University of Technology (Steve Biko Campus) and Majuba TVET College in New Castle. The campaign was tailor-made for each campus, for instance, at the DUT campus, the intervention included an outside broadcast, radio interviews and industrial theatre. The industrial theatre was performed by students of DUT, who continued their performance at the Majuba TVET College. An awareness and classroom campaign were conducted at the UJ campus with the assistance of industry experts (Ms. Susan Walls from SAIA and Mr. Nickey Mothiba from Bryte Insurance). The pilot phase of this project was well received by students. Monitoring & evaluation is now underway.

- **SAIA Radio Programme**

Launched in 2018, the SAIA radio programme uses various radio stations across the country to reach consumer education audiences through interactive interviews with industry experts discussing risk management and other information deemed important to consumers of non-life insurance in South Africa.

During 2019, SAIA partnered with Jozi FM (Gauteng), Gagasi FM (Kwazulu-Natal) and Capricorn FM in the Limpopo/Mpumalanga areas. This project was rolled out over six months and reached over 800 000 listeners. The project came to an end, but SAIA has received offers from Jozi FM to continue with the show at no charge, while Gagasi FM listeners have also requested the continuation of the show, as well as access to podcasts of previous shows.

- **Risk Management Strategies for SMME's**

The project was launched in 2019 with the objective of imparting risk management knowledge and creating awareness of risk mitigation strategies within the SMME market segment. SAIA targeted SMME Expos in Johannesburg, Bloemfontein, Durban and Mamelodi, reaching over 750 beneficiaries in the process. Although the Expo format was a success in raising awareness on risk management for entrepreneurs, there has been demand for face-to-face interventions to further unpack the topic.

- **Wildfire Project**

The project aims to improve the understanding of retention or risk reduction measures and having better knowledge of available insurance products that cover against risks caused by fire incidents in vulnerable communities.

A video targeted at the rural homeowners has been finalised and approved by SAIA. The video educates homeowners in vulnerable areas on how to manage risk regarding wildfires. Distribution of this material via various community stakeholders as well as via social media is being planned.

SAIA members are encouraged to continue to support the Consumer Education Fund by pledging their contributions for the 2019/20 financial year.

These articles were written by Themba Palagangwe, SAIA General Manager Governance and Transformation, and Zanele Gigaba, SAIA Manager: Transformation.

For more information, please contact Themba@saia.co.za or Zanele@saia.co.za.

5 Governance

5.1 Financial Sector Conduct Authority (FSCA): Final Joint Industry Guideline on Minimum Data Requirements

Background:

The FSCA (former Financial Services Board) requested the industry bodies, namely the South African Insurance Association (SAIA), the Financial Intermediaries Association (FIA) and the South African Underwriting Managers Association (SAUMA) to submit an industry solution to address the current challenges in respect of data in outsourcing and binder agreements. A Task Team was formed to compile the Draft Joint Industry Guideline on Minimum Data Requirements (the guideline) for the transfer of, access to, and integration of data between product providers and binder holders under the guidance of the Chief Executive Officers of SAIA, the FIA and SAUMA.

Final Joint Industry Guideline:

Following comments received from the industry, the guideline has been through a rigorous consultation process with the FSCA and members and was approved by the respective Boards of the three associations. We are aware that members are preparing to meet the data requirements commencement date of 1 January 2020, in line with the new guidelines, as stipulated by the Insurance Regulations under the Short-term Insurance Act. The final version of the guideline compiled by members of the SAIA, FIA and SAUMA is available from the respective trade associations. SAIA will avail a copy online through its website soon.

This article was written by Nico Esterhuizen, SAIA General Manager Insurance Risks.

For more information, please contact Nico@saia.co.za.

6 Operations

6.1 SAIA Code of Conduct Review Update

The review of the SAIA Code of Conduct is nearing completion, following input from the FSCA and members. A final round of internal review comments are being considered after which the Code will be circulated to the SAIA members, the FIA, the OSTI and the SAIA Board Committee: Governance Risks for a final round of comments before being tabled to the SAIA Board of directors for consideration and adoption at the SAIA Board meeting on the 28 November 2019.

The SAIA Code of Conduct transformation section, a new section, was elevated and early adopted by the SAIA Board, due to time constraints. SAIA members were informed about the addition of this section to the Code. The first round of transformation reporting, concentrating on procurement data specifically related to motor repairs and property, is near completion.

Two successful workshops aimed at creating awareness and positioning the Code in the current environment have already been held. These resulted in valuable input from our members, a clear reflection of the importance they place on the SAIA Code of Conduct and their buy-in to an agreed ethos of doing business.

The latest version of the Code reflects the results of the discussions held, including input from the FSCA, that the Code should exist in the current environment and is an important supplementary tool which is valuable in support of proactively addressing potential undesirable trends that are identified in the industry, to avoid the Regulators having to legislate for every foreseeable outcome. The Code further reflects the idea of a principles-based approach supported by standards just as the principles-based legislation is supported by regulations. The SAIA Board believes that this positioning will better clarify the outcomes envisioned for consumers and give members the opportunity to use the standards as guidelines to achieve the desired outcomes.

SAIA is tasked with the duty to monitor its members' compliance with the Code and to effectively encourage, monitor and report on compliance with the Code. To this end SAIA is planning to hold pre and post certificate of compliance briefings to inform members of the importance of the Code and to consider the trends that result from the collated reporting.

SAIA recognises the roles played by different stakeholders in the non-life insurance industry and how each contributes to the sustainability of the industry. Accordingly, this Code encourages Members to require their agents and service providers to adopt applicable aspects of this Code.

This Code is a living document which SAIA will regularly update to accommodate the changing landscape and to remain relevant and true to its objectives.

This article was written by Charles Hitchcock, SAIA Chief Operations Officer.

For more information, please contact Charles@saia.co.za.

6.2 Intermediaries Guarantee Facility Limited Update

Following our September Bulletin article on IGF, we confirm that a three-year common law prescription period on claims is applicable to all Intermediaries Guarantee Facility Limited Section 45 guarantees, Section 45 Bank guarantees and any collateral security backing these guarantees. We have received legal opinion that this common law prescription period may not be curtailed, which means that Intermediaries Guarantee Facility Limited cannot be finally wound-up and deregistered until after that date, and the risk of a claim arising under any particular guarantee remains until 31 March 2022. The release of any collateral security held by Intermediaries Guarantee Facility Limited will therefore be handled by the IGF Board and Management on a case by case basis.

This article was written by Charles Hitchcock, SAIA Chief Operations Officer.

For more information, please contact Charles@saia.co.za.

7 Forums

7.1 Debit Order Abuse (DOA) Project Team Update

User visibility / centralized registration process

BankservAfrica agreed to operationalise the user visibility / centralised user registration process, which will register all new and existing users (to the level of ultimate creditor) at a central body. This process will ensure visibility of all role players in the debit payment streams. The current expectation is that BankservAfrica will be able to have the process operationalised at the start of Q1 2020.

Future dispute regime

PASA is hard at work to complete a consultation paper on the case for designing a new dispute regime. The aim of the design process will be to restore the balance between the rights of users and payers. One of the key elements to be considered during the design process, will be the possible removal of the 40-day rule. The consultation paper will provide industry stakeholders with an opportunity to express their expectations and provide comment on the proposed future dispute regime (including the possible removal of the 40-day rule).

PASA thanks all stakeholders for their continued commitment, collaboration and input into this very important project.

This article was written by Andre Strydom, Head PASA Debit Order Business.

For more information contact Andre Strydom Head, PASA Debit Order Business on andres@pasa.org.za.

8 SAIA Circulars

SAIA MD Circulars- October 2019		
MD2019-036	FIC Project – Any Policy Limitations to Sharing Policyholder Information with The FIC Request	14-10-2019
MD2019-037	African Continental Free Trade Agreement (AFCFTA) Trade in Services Negotiations, Request for SAIA Members to Complete a Survey, Deadline Urgent	14-10-2019
MD2019-038	Skills Development Project – Top 5 Occupations and Skills Request	14-10-2019
MD2019-039	Introduction of Ikusasa Student Financial Aid Programme (ISFAP) to SAIA Members	15-10-2019
MD2019-040	Financial Sector Conduct Authority (FSCA) Final Joint Industry Guideline on Minimum Data Requirements	25-10-2019
SAIA SG Circulars- October 2019		
SG2019-059	Extension of period for compliance with regulations 4.2(3) of the Regulations under the Short-Term Insurance Act, 1998	01-10-2019
SG2019-060	Final Joint Industry Guideline on Minimum Requirements	25-10-2019
SG2019-061	Credit Ratings Services Annual Report 2019	25-10-2019
SG2019-062	Financial Sector Conduct Authority (FSCA) Final Joint Industry Guideline on Minimum Data Requirements	25-10-2019



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

IMPORTANT NOTICE

For information on the SAIA bulletin or content published herein

Contact Tessa Kerspuy, Communications Administrator

✉ E-mail: tessa@saia.co.za ☎ Tel: (011) 726 5381

☎ Fax: 086 647 2275

www.saia.co.za