The SAIA Code of Conduct
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THE SAIA CODE OF CONDUCT

1. INTRODUCTION

The South African Insurance Association ("SAIA") represents the short-term insurance industry in South Africa at all levels and with all stakeholders.

The SAIA and its Members are committed to actively contribute to the principles of sustainable insurance to ensure that the short-term insurance industry remains relevant, inspires confidence in stakeholders and offers products and solutions within the South African market in such a way to promote and not harm the environment or the communities it supports.

The SAIA acts as the spokesperson of the industry seeking to constructively work with all relevant stakeholders including consumers and users of short-term insurance, Government, the media and other relevant entities. This Code of Conduct has been drafted in support of the SAIA vision and mission.

1.1 The purpose of this Code is to

1.1.1 Promote high ethical standards and good business practices in the short-term insurance industry by giving specific guidance on acceptable and unacceptable practices in the short-term insurance industry and;

1.1.2 Give a clear indication of the self-regulatory guidelines followed by Members that provide short-term insurance products to current and potential clients;

1.1.3 Create a mechanism to be used by Members for self-regulation. The onus remains on Members to comply with the Code.

1.2 The Code covers all short-term insurance business provided by Members, and sets out the minimum standards in dealing with clients, the Members' contracted parties, and with each other.

1.3 Who does the Code apply to:

1.3.1 The Code applies to all Members. Members are responsible to take all reasonable steps to ensure that that parties contracted by them comply with any delegated responsibility;
1.3.2 The Code applies to reinsurers and Sasria, where applicable. Where no direct relationship exists between reinsurers/Sasria and their clients, the specific clauses in this Code that relate directly to the business relationship between Members and their clients do not apply.

1.4 **The objectives of the Code are to:**

1.4.1 Commit Members to high standards of customer service;

1.4.2 Assist in improving the image and reputation of the short-term insurance industry and contributing to increased consumer confidence;

1.4.3 Promote sound, informed, professional and ethical relationships between Members and between Members and their clients;

1.4.4 Ensure effective resolution of complaints and disputes between Members and their clients;

1.4.5 Contribute to the sustainability of the insurance industry.

1.5 **Benefits of Self-Regulation**

1.5.1 An industry with effective self-regulation will instill confidence, fair value and good service to its clients;

1.5.2 Self-regulation is about Members being committed to self-imposed ethical and professional business practices;

1.5.3 This Code is important, notwithstanding the legislation and regulation that governs the industry and protects consumers, because:

1.5.3.1 Legal controls do not necessarily distinguish between insurers that follow the best ethical and business practices and those who do not;

1.5.3.2 A voluntary Code can assist in ensuring dubious practices, exploiting of grey areas is eliminated to the ultimate benefit of clients, and the short-term insurance industry in general;

1.5.3.3 This Code sets standards for ethical business practices and relationships through voluntary self-regulation, which helps to ensure that the spirit of the Code is followed, and not only the letter of the law;

1.5.3.4 A voluntary Code of Conduct followed by Members will build and maintain a good image and reputation for the industry and contribute to the sustainability of the industry;

1.5.3.5 Industry codes are best practice in terms of consumer protection and to treat customers fairly;
1.5.3.6 The Code will contribute to the on-going development of appropriate products and services for its clients and potential clients.

1.6 **Relationship between Members and clients**

A relationship of good faith lies at the heart of the insurance contract. It is with this relationship in mind that Members undertake to comply with the requirements of the Code. At the same time, it is required that clients conduct themselves honestly and in good faith.

2. **DEFINITIONS**

2.1 **“Member”**

“Member” means a registered short-term insurer that is a member of SAIA (including reinsurers)

2.2 **“Client”**

“Client” means prospective policyholders; policyholders and former policyholders that are entitled to policy benefits under a short-term insurance policy.

3. **RESPONSIBILITIES OF THE SAIA**

3.1 **The SAIA will:**

3.1.1 Ensure, through various mechanisms including this Code that the industry is an industry in which high standards apply;

3.1.2 Create awareness of the need to comply with this Code;

3.1.3 Monitor compliance with this Code by its Members to the benefit of all;

3.1.4 Compile an annual report on compliance of its Members with the Code, after receiving annual compliance reports from its Members;

3.1.5 Deal with complaints in accordance with the Code.

4. **RESPONSIBILITIES OF MEMBERS**

4.1 **A Member Shall:**

4.1.1 Comply with the Code and implement procedures and systems to ensure compliance with the Code;
4.1.2 Comply with all relevant legislation and regulations. In the event of conflict or inconsistency between this Code and the legal and regulatory environment, the relevant legal and regulatory requirements will prevail. Members will inform the SAIA of any conflict or inconsistency between legislation and the Code;

4.1.3 Have and maintain licences, registrations and approvals required by law;

4.1.4 Conduct its business in an honest, fair and transparent manner;

4.1.5 Aligning its insurance business with the necessary expertise and infrastructure;

4.1.6 Take reasonable steps to inform contracted parties of the Code and ensure that any contracted party meets the standards set out in the Code;

4.1.7 Implement procedures to ensure that contracted parties inform clients of the identity of the Member for whom they are acting and the service they have been instructed to provide;

4.1.8 Train staff and inform contracted parties on the requirements of the Code;

4.1.9 Create awareness of its SAIA Membership, the Code and the commitment to high ethical standards;

4.1.10 Monitor and assess its compliance with the Code and rectify non-compliance as soon as possible;

4.1.11 Report to SAIA on compliance with the Code as required from time to time;

4.1.12 Cooperate with the SAIA and/or the Code Complaints Committee when investigating any alleged non-compliance with the Code, and/or complaints;

4.1.13 Accept the decisions and/or sanctions of the SAIA, the Code Complaints Committee, and/or the appointed individual in cases of appeal;

4.1.14 Implement, monitor and assess a procedure regarding non motor salvage, including the control of every person responsible in the value chain;
4.1.15 Implement, monitor and assess a process to confirm that salvage dealers, if applicable, are registered as a current member of an accredited dealers’ association and that salvage contractors and recyclers are registered as dealers in terms of the Second Hand Goods Act, 2008.

5. COMMUNICATION

Communication to clients will be channelled via the clients’ elected contact method unless legislation prescribes otherwise.

6. ADVERTISING

6.1 Advertising must:

   6.1.1 Meet the standards of the Advertising Standards Authority of South Africa (“ASASA”);

   6.1.2 Consider the best interest of consumers and may not be misleading in any way;

   6.1.3 Be factual and verifiable;

   6.1.4 Not be derogatory towards the insurance industry and/or any part thereof.

7. INSURANCE SALES AND TRANSACTIONS

7.1 The following standards apply to any insurance transaction:

   7.1.1 The process must be conducted in a fair, honest and transparent manner;

   7.1.2 Only material information required for assessing an application for insurance cover will be requested by the Member;

   7.1.3 All material information must be obtained by the Member at the time of underwriting and not at claims stage. An agreement or undertaking to provide additional information/documentation subsequent to the initial underwriting shall be an acceptable practice;

   7.1.4 Members must inform clients of its legal duty to disclose information;

   7.1.5 When a Member accepts a full book of business from an intermediary without evaluating each individual risk, the Member accepts all
insurance risks associated with the entire book at the time of taking over the business;

7.1.6 The Member must assist clients to insure their assets, including motor vehicles, for an appropriate value at inception stage, as well as at renewal stage. (The onus remains on the client to ensure that his/her assets are insured for the correct value, but it is expected that Members will encourage and assist clients to determine the correct sums insured);

7.1.7 It is the duty of the Member to make every reasonable attempt to ensure that the client understands the policy documents, the extent of the cover, the key factors that affect premium, the exclusions, the special terms and conditions, and all relevant aspects of the policy including excesses, the relevance of regular and nominated drivers (if applicable) and no claims bonuses;

7.1.8 Terminology and language should be clear and not ambiguous;

7.1.9 The Member will provide copies of any relevant documentation (e.g. reports on structures of buildings, the condition of vehicles) related to insured assets that it receives at underwriting stage to clients, if available. It should also invite policyholders’ response and/or comments if appropriate;

7.1.10 If the Member declines to provide the consumer with insurance cover it must provide the reasons for the decision;

7.1.11 Client information will only be shared as required by law, as approved by the client, in the public interest or for crime combating purposes. In all other instances, client information will remain entirely confidential;

7.1.12 Aspects of insurance that appear to be misunderstood by clients based on enquiries or complaints received, must be communicated as and when necessary.

7.2 Disclosures must include the following:

7.2.1 The contact details of the Member and its relevant service departments;

7.2.2 The contact details of the Ombudsman for Short-term Insurance (“OSTI”);
7.2.3 The due dates for premium payments as well as the consequences of non-payment, costs and process involved in re-submitting debit orders;

7.2.4 All relevant information regarding policy conditions of which a client is expected to be aware.

8. INSURANCE CLAIMS

8.1 Claims handling

The following standards apply with regard to insurance claims:

8.1.1 Clients will be advised on how to lodge insurance claims;

8.1.2 Forms (where applicable) will be made available by the Member readily and timeously;

8.1.3 Only relevant information and processes will be taken into account;

8.1.4 The following time standards apply to Members when handling a claim:

8.1.4.1 Once all the necessary documentation is received by the Member, and no further investigation is needed, the Member must accept, reject or dispute the quantum of any claim, and notify the client of its decision within a reasonable time;

8.1.4.2 Should further information and/or investigation be needed, the insurer will within 14 days after a claim was lodged notify the client of the information needed, appoint an assessor and/or loss adjuster if necessary and provide an initial estimate of the time required to make a decision on the claim;

8.1.4.3 The Member will ensure that the client is regularly informed of the progress of the claim, and will do so at least every 14 days;

8.1.4.4 The Member will respond to routine requests for information in respect of claims lodged within 7 days;

8.1.4.5 On establishment of the payee, a claim will be paid within 14 days once the quantum is agreed, or as contractually agreed;

8.1.4.6 Where the interest of any other party, apart from the client, are noted on a policy, the Member may settle a claim made by the client by payment to the other party but the Member shall first notify the client of its intention to do so. The client shall be afforded an opportunity to make a representation to the Member on the issue;
8.1.4.7 Should the client demonstrate a need for urgency based on financial hardship as a result of the event causing the claim, the Member will fast-track the assessment, decision making process or payment of the claim, where possible;

8.1.4.8 Should any circumstances make the above-mentioned timeframes impractical, the Member must agree a reasonable timeframe with the client.

8.2 Claims rejection

8.2.1 Members will only reject claims in the following circumstances:

8.2.1.1 Conditions stipulated in the policy contract were not met by the policyholder;
8.2.1.2 The loss is specifically excluded in the policy contract;
8.2.1.3 The loss is not covered by the policy contract;
8.2.1.4 Evidence exists that the claim is fraudulent;
8.2.1.5 There was non-payment of the premium;
8.2.1.6 Voiding a policy from inception for non-disclosure and material change in risk;
8.2.1.7 In any other legally permitted circumstance.

8.2.2 Should a Member make the decision to reject a claim:

8.2.2.1 Reasons for the decisions will be provided in writing by the Member to the client;
8.2.2.2 The Member will inform the client about its complaints procedure, as well as other recourse avenues available to the client;
8.2.2.3 Copies of all documents and information that is not subject to legal privilege and that influenced the decision will be provided on request.

8.3 Double insurance

8.3.1 Subject to the principle that insurance is not intended to place a person in a better position than before the claim, when at claims stage a Member finds, within three years of payment of a claim, that the client was also insured by another insurer, the Member will:

8.3.1.1 Pay the full claim, and arrange with the other insurer to be compensated for its rateable proportion, or arrange with the other insurer to each pay the rateable proportion due by each within a reasonable time;
8.3.1.2 Refund premiums in accordance with the respective rateable proportion of the risk, where appropriate.

8.4 Extraordinary circumstances

8.4.1 In extraordinary circumstances where a large number of claims are lodged at once, it is possible that the Member might not meet the standards set out in other sections of this Code (examples of such circumstances will include catastrophes and disasters). The following standards will, however, apply in extraordinary circumstances:

8.4.1.1 Members will respond in a fast, professional, practical and compassionate manner;

8.4.1.2 Members will take internal measures to ensure appropriate response to the situation.

8.5 Repairs, workmanship and materials

8.5.1 In the process of repairing, replacing, rebuilding, and/or any other relevant action related to an insurance claim, the following standards will apply where the repair, re-instatement or rectification is fulfilled by a supplier acting on behalf of the Member:

8.5.1.1 Appropriately skilled, certified or professionally qualified service providers should be used. Where recognised professional bodies exist, the appointment of the Members from these bodies will be preferred;

8.5.1.2 An assessor and/or service provider will be dispatched to address the claim of a client within a reasonable time period, in relation to the urgency of the situation, but at the latest within 14 days;

8.5.1.3 The Member will make a decision regarding the repair and/or any other action needed within 14 days after receiving the relevant information from the assessor and/or other service provider, in relation to the type and urgency of the event;

8.5.1.4 Should a contracted party instructed by the Member to do so, authorise a repair or other such action, the Member will honour this authorisation;
8.5.1.5 The Member may prefer a supplier, but should the client request a specific service provider, the Member should reasonably consider this request;

8.5.1.6 When the Member elects to repair, reinstate or rectify any loss or damage, the Member must accept responsibility for the quality of the materials and workmanship.

8.6 Third Party Claims and Recoveries

In the event of a third party claim or recovery, the following standards will apply:

8.6.1 General

8.6.1.1 The Member will act in good faith, and third party claims and/or recoveries will be dealt with judiciously and expeditiously, and in a transparent fashion.

8.6.1.2 As this is an area in which a lack of knowledge and confusion is the norm for both policyholders and uninsured third parties, the Member will follow a communication process which will explain to both policyholders and uninsured third parties what the procedures, processes and expected timelines involved in the area of third party claims and recoveries are with the view to create understanding, and to manage the expectations of the policyholder and/or uninsured third party.

8.6.1.3 The method of communication is to be decided by the Member, in line with the Member’s business processes.

8.6.1.4 Effective communication will be implemented by the Member at the fulfilment stage (after the sale of the policy was concluded) AND at claim stage (when the insurer becomes aware that a third party claim or recovery will take place.)

8.6.1.5 The Member will ensure that all its contracted third parties (mandated brokers, underwriting managers, recovery agents and any other relevant contracted third parties such as law firms) will adhere to the procedures with regard to third party claims and recoveries as prescribed in this section.
8.6.2 Policyholders

8.6.2.1 Third Party Liabilities
The Member will follow a transparent process, and will communicate this process to the policyholder at two stages:

8.6.2.1.1 Fulfilment stage (after the sale of the policy was concluded), which communication will include the following:

8.6.2.1.1.1 The fact that the policyholder may be held responsible by others for their damages as a third party during the course of his/her policy contract with the insurer but not to admit liability at any stage.

8.6.2.1.1.2 The obligation of the policyholder to inform his/her insurer as soon as he/she becomes aware of any action against him/her, including a summons received, for the protection of both the policyholder and the insurer. The potential consequences of not acting in this manner should be explained to the policyholder.

8.6.2.1.1.3 The fact that the insurer will act on behalf of the policyholder and that the policyholder need not refer any matters to other parties, including their own legal representatives, as this could delay the process as well as incur additional costs.

8.6.2.1.1.4 What action the policyholder should take upon learning that he/she will have a third party claim against him/her, including what contact number/process the policyholder must follow in order to contact the insurer in this regard.

8.6.2.1.2 Third party liability stage (at the inception of a third party liability), which communication will include the following:

8.6.2.1.2.1 The fact that in terms of the subrogation rule, the Member assumes the rights and responsibilities of the insured once the Member has indemnified the insured by paying a claim and that any decisions regarding recovery and liability matters will
be taken solely at the discretion of the Member

8.6.2.1.2.2 What action/s the Member will take on behalf of the policyholder.

8.6.2.1.2.3 Who will be dealing with this claim at the Member, and how the responsible person can be contacted by the policyholder.

8.6.2.1.2.4 The fact that the timelines with regard to third party claims are uncertain.

8.6.2.1.2.5 The fact that the Member will communicate regularly with regard to the third party liability, and no less than every three months unless otherwise agreed with the policyholder, including at the conclusion of the case.

8.6.2.2 Recoveries Against Third Parties

The member will follow a transparent process, and will communicate this process to the policyholder at two stages:

8.6.2.2.1 Fulfilment stage (after the sale of the policy was concluded), which communication will include the following:

8.6.2.2.1.1 The fact that in terms of the subrogation rule, if and when applicable, the Member assumes the rights and responsibilities of the insured once the Member has indemnified the insured by paying a claim and that any decisions regarding recovery and liability matters will be taken solely at the discretion of the Member.

8.6.2.2.1.2 The fact that the Member will use best endeavours to recover the client’s excess as well as the Member’s own damage in respect of the claim.

8.6.2.2.2 Third party recovery stage (at the inception of a third party recovery), which communication will include the following:

8.6.2.2.2.1 What action/s the Member will take on behalf of the policyholder.

8.6.2.2.2.2 Who will be dealing with this claim at the Member, and how the responsible person can be contacted by the policyholder.
8.6.2.2.2.3 An explanation of the issues around the excess, the fact that this is an uncertain area due to the nature of third party claims, under which circumstances the policyholder’s excess can/cannot be fully/partially/or not at all recovered, and any other relevant information in this regard.

8.6.2.2.2.4 The fact that the timelines with regard to third party recoveries are uncertain.

8.6.2.2.2.5 The fact that the Member will communicate regularly with regard to the recovery, and no less than every three months, including at the conclusion of the case.

8.6.2.2.2.6 When a recovery was unsuccessful or partially successful, the reasons for this should be explained to the policyholder, together with the impact of the unsuccessful or partially successful recovery which may include the non-recovery or the partial recovery of the policyholder’s excess.

8.6.3 Insurers

The following standards apply to insurers:

8.6.3.1 Insurers will communicate the intention to take legal action to other insurers, in order to enable such insurers to communicate to the policyholder about the expected legal action in time, with a view to assist the policyholder with the process.

8.6.3.2 Insurers will act in good faith, and endeavour to finalise third party recoveries as expeditiously as possible.

8.6.4 Uninsured Third Parties

The following standards apply to the Member when dealing with uninsured third parties:

8.6.4.1 The Member will deal with claims from uninsured third parties in good faith and in a transparent fashion.

8.6.4.2 Each third party claim will be dealt with in terms of its own merits, and the quantum of such a claim will be determined, applying fair legal practices.

8.6.4.3 The Member will communicate with the uninsured third party as follows, and at the following two stages:
8.6.4.3.1 When the Member is approached by the uninsured third party, which communication will include:

8.6.4.3.1.1 An acknowledgement of receipt of the claim.
8.6.4.3.1.2 An explanation that the claim will be dealt with in terms of its own merits, and that the merits and quantum of such a claim will be determined by applying fair legal practices.
8.6.4.3.1.3 The fact that this is not an insurance claim, and is not dealt with in terms of a contractual arrangement, but rather a claim that will be dealt with in terms of the law.
8.6.4.3.1.4 What the Member needs from the uninsured third party in order to deal with his/her claim, including a list of the documents needed by the Member.
8.6.4.3.1.5 What the consequences will be if the uninsured third party does not supply the Member with all the relevant documents, disclosed to the uninsured third party, for example that the claim will not be attended to before all relevant documents have been received.
8.6.4.3.1.6 What the expected timelines to be followed are.

8.6.4.3.2 When a decision has been made regarding the claim, which communication will include:

8.6.4.3.2.1 What the decision is that was made after the claim was considered by the Member.
8.6.4.3.2.2 The reason for this decision.
8.6.4.3.2.3 Should the principles of the Apportionment Damages Act have been applied by the Member, a simple and understandable explanation of the apportionment will be given to the uninsured third party.
8.6.4.3.2.4 If applied, the reason for the apportionment will be given to the uninsured third party.

8.6.4.4 The following timelines will apply to the Member:
8.6.4.4.1 The Member will finalise the claim within 60 business days, upon the receipt and validation of all the relevant documents from the uninsured third party.

8.6.4.4.2 Should the Member be unable to finalise the claim within the prescribed 60 business days, the Member will communicate with the uninsured third party and will agree with the uninsured third party a reasonable new timeline.

8.6.4.4.3 Should there be a dispute regarding the decision of the Member, the dispute will be resolved within a further 60 business days.

8.6.5 Consumer Recourse

In the event that an uninsured third party is still not satisfied with the outcome, where the member has followed the standards as set out in paragraph 4 above, and where a dispute arises such disputes will be dealt with by the member in terms of the member's own internal dispute resolution procedures.

If a dispute can still not be resolved the member, as a last resort, can advise the uninsured third party to follow the normal legal right of recourse in terms of common law principals.

Uninsured third parties are also able to complain against the SAIA Code of Conduct should the complaint relate to the processes followed and service provided by the member company.

In such cases, the SAIA will deal with such a complaint as per the processes set out in this Code of Conduct.

The SAIA will also record all complaints received from uninsured third parties which relate to the processes followed and service provided by member companies in order for the SAIA to monitor trends.

Should it become necessary the SAIA will address any member where complaints received from uninsured third parties become the norm and the complaints procedure in terms of the SAIA Code of Conduct will be evoked.

9. CANCELLATION OF INSURANCE
9.1 Should the Member wish to cancel a policy for reasons other than the non-payment of premiums prior to cancelling a policy, the individual aspects of the clients circumstances must be considered in order to ensure that each case is treated on its own merit;

9.2 When giving notice of the cancellation, the client shall be informed of the reasons for the cancellation, and the complaints procedure if the client is not happy with the decision;

9.3 The Member must pay any monies owed to the client within 30 days or 14 days from month-end, whichever is the earliest;

9.4 The provisions of this section shall not apply to instances where an entire book of business or part thereof is cancelled by a Member.

10. NON-DISCLOSURE AND MISREPRESENTATION

10.1 Should the Member become aware that a misrepresentation or non-disclosure has taken place; the Member must within a reasonable period decide whether it wishes to continue with or void the policy. Should the Member elect to continue with the policy despite the initial misrepresentation or non-disclosure, the Member accepts liability of the policy;

10.2 Where the effect of the misrepresentation or non-disclosure is that the Member calculated the premium incorrectly, the Member shall be entitled to recalculate the premium for the risk assumed or impose other appropriate underwriting measures and, where applicable, to recover any shortfall from the client.

11. FRAUD AND DISHONEST CONDUCT

Members are unequivocally opposed to fraud and dishonest conduct, and will do everything in their power to identify, verify, investigate and prevent such behaviour.

11.1 Member obligations in terms of fraud and dishonest conduct:

11.1.1 All Members are expected to participate in combating fraud and dishonest conduct;

11.1.2 Should a Member cancel a contract due to the fact that the contracting party is found to have acted fraudulently or in an dishonest manner, the following procedure will apply:

The Member will:
11.1.3 Inform affected clients about the cancellation and the options available to the client;

11.1.4 Inform the South African Insurance Crime Bureau ("SAICB") of the cancellation of the contract and the reason for it;

11.1.5 Inform the SAICB of employees dismissed as a result of fraud or a financial related crime;

11.1.6 Should a Member be approached by an intermediary with a book of business, the Member should establish with the SAICB whether another insurer has notified it about the cancellation of a contract with that particular intermediary due to the fact that the intermediary was found to have acted fraudulently or in an improper manner. Should the Member find out that that intermediary had in fact been referred to the SAICB, the Member should not accept business through that particular intermediary.

11.2 Members’ employees and contracted service providers

In dealing with clients, Members and their contracted service providers shall ensure that:

11.2.1 Clients will be treated with respect at all times and they will not be harassed, intimidated, misled or threatened at any time. Members will include this provision in their agreements;

11.2.2 There is a presumption of innocence until the established facts indicate otherwise;

11.2.3 Members will only request access to relevant information when investigating potential dishonesty and fraud, and will treat any personal information in terms of the relevant privacy laws;

11.2.4 Information regarding established insurance fraud, will only be shared for the purpose of combating crime.

12. Motor Insurance

Over and above all above mentioned provisions which apply to all insurance business classes, including motor insurance, the following provisions apply to motor insurance Members of the SAIA.

12.1 The regular assessment of the value of motor vehicles
All SAIA Members that offer motor insurance will reassess the basis value of all motor vehicles insured regularly without any prompting from the policyholder.

12.1.1 SAIA Members must reassess the basis value of motor vehicles at least annually, at renewal or anniversary date.

12.1.2 The limits of indemnity or sums insured of such motor vehicles must be readjusted according to the revised values of the motor vehicles insured, where appropriate.

12.1.3 This revised value must be taken into account when recalculating the premium.

12.1.4 SAIA Members must take the necessary action/s in terms of their individual business models to ensure that this requirement is met, whether it is an automatic adjustment on their systems, a contractual requirement of their agents (including brokers, underwriting managers, administration agents, or any other relevant third party), or any other relevant requirement.

12.1.5 SAIA Members and/or their contracted agents may use any appropriate method to determine the value of the vehicle, but must disclose the method used to policyholders at point of sale.

12.1.6 Where the value of a motor vehicle is not readily available (for example in the case of older and/or imported vehicles), an agreed value or valuation method must be disclosed to the policyholder on a regular basis, i.e. annually at renewal or anniversary date.

12.1.7 This requirement applies to motor vehicles insured in terms of personal lines polices, as well as to motor vehicles insured in terms of commercial policies where vehicles are specified with their own sums insured noted, and where this is practically possible.

12.1.8 For the purposes of this provision, motor vehicles include motor cars and light delivery vehicles but exclude other items such as boats, trailers, caravans, etc.

12.1.9 SAIA Members are encouraged to, together with the communication with regard to the updated total value insured as
well as the updated premium, include an explanation of what the contributory factors used in the premium calculation were *in general*, in order to ensure that policyholders understand why the premium may not have decreased if the total value insured decreased. This is encouraged to ensure that policyholders do not have unrealistic expectations in this regard.

12.1.10 Policyholders should be advised/requested in this process to inform the insurer should they wish to include additional cover for any additional extras that may have an impact on the total value of the vehicle.

12.1.11 SAIA Members are encouraged to, in addition to this process, regularly communicate with their policy holders in order to remind them of the importance of communicating any material changes to the insurer in order to ensure that they are appropriately insured in exchange for an appropriate premium.

12.1.12 In addition, customers may still be able to obtain discounts in some instances on their motor premium should they phone in to cancel cover. This does not mean that the depreciated value was not taken into account at renewal as these retention discounts tend to relate to a deliberate reduction in the target profit margin in order to retain a customer.

13. COMPLAINTS

13.1 Complaints handling

13.1.1 Members are committed to having processes in place to deal with complaints in an impartial and timely manner;

13.1.2 Information about a Member’s complaints handling procedure will be readily available, and will be made available to clients;

13.1.3 The Member will only ask for and use relevant information when dealing with a complaint;

13.1.4 Members will inform clients of the information used in the decision-making process. The client shall have the opportunity to rectify any incorrect information;

13.1.5 The Member must implement remedial action without delay;
13.1.6 In their contracts with Service Providers, Members must require Service Providers to inform Members of any complaints against them while acting on behalf of the Member. The Member must keep a record of complaints in order to monitor and ensure compliance with the Code;

13.1.7 The Member shall deal with complaints received from clients relating to service providers in terms of the Member’s own complaints handling procedures.

13.2 Internal dispute resolution

13.2.1 The following standards apply to Member companies’ internal dispute resolution:

13.2.1.1 Members will respond to complaints within 21 days, provided they have all information required and/or any investigation has been completed;

13.2.1.2 In cases where further information, assessment or investigation is required, the Member will agree with the complainant on a reasonable timeframe not exceeding an additional 30 days. Should it be impossible to reach agreement after this period has elapsed, the complaint will be dealt with as a dispute and will be referred to a different employee who has the appropriate knowledge, expertise, experience and authority to deal with disputes;

13.2.1.3 The complainant will be kept informed of the progress of the complaint on a regular basis, and at least every 14 days;

13.2.1.4 When the complainant is notified of the outcome of the complaint, the complainant will also be informed about how the decision could be reviewed by another employee who has the appropriate knowledge, expertise, experience and authority to deal with disputes.

13.2.2 Members will handle any complaint by the client regarding the quality or timeliness of the work or conduct of the repairer in terms of the Member’s complaints procedure.

13.2.3 If a complainant wishes to have a decision regarding a complaint reviewed, the following standards are applicable:
13.2.3.1 The Member will treat it as a dispute;

13.2.3.2 The Member will notify the complainant of the name and contact details of the person assigned to liaise with the complainant in relation to the dispute;

13.2.3.3 The dispute resolution process will follow the standards set out above;

13.2.3.4 When a decision has been made, the Member will respond to the complainant in writing giving:

13.2.3.4.1 Reasons for the decision;

13.2.3.4.2 Information about how to access external dispute resolution or client recourse mechanisms;

13.2.3.4.3 Notify the complainant of the timeframe in which an external dispute should be lodged.

13.3 **External dispute resolution**

13.3.1 All Members are obligated to participate in the relevant Ombud schemes, including the OSTI, the Financial Advisory and Intermediary Services ("FAIS") Ombud, and any other relevant scheme, and agree to abide by the Ombud schemes’ rules and decisions;

13.3.2 Members will refer clients to the OSTI and other relevant Ombud schemes in order to deal with complaints that fall within their mandates;

13.3.3 Members will include the details of the OSTI and other relevant Ombud schemes in disclosure documents and documents regarding rejections of claims;

13.3.4 When Members’ internal complaints procedures have been unable to resolve complaints and/or disputes, clients must be referred to the OSTI when the complaint and/or dispute relates to a rejected claim within the jurisdiction of the OSTI, or to the SAIA Code of Conduct Complaints Committee if a breach of the Code has occurred;
13.3.5 Members must respond to the OSTI or the SAIA Code of Conduct Complaints Committee in a timeous and comprehensive manner.

13.4 **SAIA Code Complaints Procedure**

13.4.1 If a Member fails to comply with this Code and the facilitation and mediation process followed by the SAIA to resolve the issue fails to do so, a complaint may be lodged by SAIA with the Code of Conduct Complaints Committee. This Committee may impose sanctions on such Member;

13.4.2 The Code's Complaints Procedure will be followed when a complaint has not been resolved through the Member's internal processes, and when the complaint does not fall under the jurisdiction of an established Ombud scheme or voluntary regulatory body or is directly related to non-compliance with this Code;

13.4.3 The complaint must be lodged within 180 days of the date on which the event or action occurred giving rise to the complaint, or within 180 days of completion of the Member's internal dispute resolution process;

13.4.4 A complaint will be dealt within a reasonable period of time not exceeding 30 days after all the relevant information has been received;

13.4.5 The final decision and reasons for the decision will be conveyed without delay in writing to the parties by the SAIA;

13.4.6 The Code of Conduct Complaints Committee may make a recommendation that a complaint relating to the alleged contravention of the 'Advertising' section of this Code (Section 6.1) be referred to the Advertising Standards Authority (“ASA”) as an independent arbiter.

13.5 **Code of Conduct Complaints Committee**

13.5.1 The Code of Conduct Complaints Committee will deal with complaints which do not fall under the jurisdiction of an established Ombud scheme, voluntary regulatory body or which are directly related to non-compliance with the Code.

13.5.2 The Code of Conduct Complaints Committee will comprise of a senior representative of the OSTI, a person nominated by the
Board of the OSTI, a senior representative of the Financial Services Board ("FSB"), and a person nominated by the SAIA Board, in order to avoid any potential conflicts of interest. The Code of Conduct Complaints Committee may co-opt a specialist in the appropriate field onto the Committee, if it deems this necessary.

13.5.3 The Code of Conduct Complaints Committee shall:

13.5.3.1 Elect a chairperson, who shall have a casting vote in the event of a deadlock;

13.5.3.2 Make decisions by way of a majority vote;

13.5.3.3 Address the complaint expeditiously, especially where the complainant may continue to suffer prejudice while the complaint is being dealt with; and

13.5.3.4 Notify the Chief Executive Officer of SAIA or his/her appointed representative in writing of its decision and the reasons therefor within 90 days after receiving the complaint.

13.5.4 The Code of Conduct Complaints Committee has the following powers:

13.5.4.1 To receive complaints regarding alleged non-compliance with the Code, and investigate such allegations;

13.5.4.2 To decide on its own rules and procedures for dealing with any complaint, including whether the parties may have legal representation and the terms on which the parties can be represented;

13.5.4.3 To conduct investigations into alleged breaches using information requested from the Member in question and supplied by the complainant, as well as any other relevant information;

13.5.4.4 To consider any information submitted by the Member and other relevant parties, before making its decision;

13.5.4.5 To dismiss complaints where the complaint is found to have no merit;

13.5.4.6 To make determinations where a Member has been found to have breached the Code;
13.5.4.7 To impose sanctions should it be deemed appropriate after taking into account all relevant and material factors and the guidelines set out below;

13.5.4.8 To receive any requests for leave to appeal against determinations made by the Committee and to consider whether an appeal will be permitted.

13.5.5 When dealing with complaints, the Code of Conduct Complaints Committee will consider the following:

13.5.5.1 The objectives of the Code;

13.5.5.2 The severity of the non-compliance with the Code and its effect;

13.5.5.3 The potential impact of the non-compliance on the image and reputation of the short-term insurance industry;

13.5.5.4 The appropriate sanction to be imposed should the Committee deem it necessary to impose a sanction.

13.5.6 The decision of the Code of Conduct Complaints Committee is binding on all SAIA Members.

13.6 Sanctions

13.6.1 The following guidelines are neither exhaustive nor prescriptive. Sanctions imposed should act as a deterrent to such behaviour or actions in the future, and should be appropriate, fit the contravention and take into account the following factors:

13.6.1.1 The severity of the contravention, including whether it was a repeat contravention;

13.6.1.2 The impact of the contravention on the complainant and any other affected person and any restorative measures that may be appropriate;

13.6.1.3 The mitigating or corrective actions taken by the offending member after receipt of the complaint;

13.6.1.4 The quantum of any benefit or gain to the Member arising out of the contravention;
13.6.1.5 Whether the contravention may be a contravention of legislation or regulation and whether the referral of the outcome to an appropriate regulatory authority is warranted;

13.6.1.6 Whether the sanction imposed should be restricted to the contravention or be applied to the contravening Member's business in general;

13.6.1.7 The reputational impact of the offending conduct on the industry;

13.6.1.8 The financial impact of a fine on the Member;

13.6.1.9 The appropriateness of imposing a suspended sanction/s;

13.6.1.10 The timeframe within which to effect corrective measures; and

13.6.1.11 The impact and/or effect on the contravening member of publishing the findings.

13.6.2 The Code of Conduct Complaints Committee may impose one or more of the following sanctions on Members and must stipulate the timeframe within which any sanction imposed is to be implemented:

13.6.2.1 A written reprimand or warning;

13.6.2.2 Rectifying measures to be undertaken;

13.6.2.3 A requirement that a compliance audit be undertaken by an appropriate service provider, with the costs thereof to be borne by the affected Member;

13.6.2.4 In the case of a complaint relating to advertising, that corrective advertising be undertaken using specified media types;

13.6.2.5 A requirement for publication of the contravention using specified media;

13.6.2.6 A monetary fine not exceeding an amount of R 500,000 (five hundred thousand Rand).
13.6.2.7 An order relating to the payment of costs incurred by SAIA in respect of the hearing;

13.6.2.8 A recommendation to SAIA with regard to the suspension or expulsion of the Member from SAIA; and/or

13.6.2.9 Referral of the matter to the appropriate authority (including a regulator or Ombud scheme).

13.6.3 Fines imposed by the Code Complaints Committee must be paid within 30 days of finalisation of the complaint and, in line with the principle of consumer restitution, will be contributed to the funds for the SAIA Consumer Education Initiatives.

13.7 **Appeals**

13.7.1 Any request for leave to appeal against a decision of the Code of Conduct Complaints Committee must be lodged in writing with the SAIA within 21 days after the Committee’s decision has been communicated to the parties; SAIA shall then immediately notify the Code of Conduct Complaints Committee of the request for leave to appeal.

13.7.2 The Code of Conduct Complaints Committee must notify the SAIA in writing within 7 days of the outcome of the request for leave to appeal, and the SAIA shall then notify the parties to the complaint within a reasonable period not exceeding 14 days thereafter of the Committee’s decision if the Committee has not communicated the decision to the parties directly. The Committee should copy the SAIA on its decision.

13.7.3 The appeal must be lodged with the SAIA in writing within 21 days after the decision by the Code of Conduct Complaints Committee has been communicated to the parties.

13.7.4 The implementation of any sanctions imposed by the Code of Conduct Complaints Committee shall be suspended pending finalisation of the outcome of the appeal.

13.7.5 The appellant and the Code of Conduct Complaints Committee (the respondent) must within 7 days of the granting of leave to appeal, agree on the identity of the person or persons to deal with the appeal from a list of candidates provided by the Committee. Where the parties are unable to reach such agreement, by default the Code of Conduct Complaints Committee shall decide on and appoint an appropriate person or persons to deal with the appeal.
13.7.6 Any appeal should, wherever possible, be disposed of within 90 days of the leave to appeal being granted.

13.7.7 The person(s) hearing the appeal may:

13.7.7.1 Decide on the rules and procedures for dealing with any complaint, including the question of legal representation for the parties;

13.7.7.2 Choose to hear the matter *de novo* if they believe that this is in the best interests of the parties;

13.7.7.3 Confirm, vary or reverse any sanction(s) imposed by the Code Complaints Committee, subject to the provisions of 12.6.1 and 12.6.2.

13.7.7.4 Make any order as to the costs of the appeal and who should bear such costs.

14. THE SAIA INVESTIGATION PROCESS

The SAIA may:

14.1 Identify and investigate potential non-compliance with the Code in the absence of a formal complaint, including any liaison with any recognised Ombud Schemes;

14.2 Assist the Code Complaints Committee in its investigations where necessary;

14.3 Convey decisions of the Code Complaints Committee to Members and/or the complainants;

14.4 Monitor any required corrective measures;

14.5 Report any failure to correct non-compliance as decided by the Code Complaints Committee to this Committee within 21 days after the required period allowed for corrective measures had expired;

14.6 The SAIA must acknowledge receipt of the complaint to both the complainant and the respondent in writing within 7 days of receipt of the complaint and keep the complainant and respondent informed as to the progress of the complaints consideration;

14.7 **Complaints in respect of this Code shall be in writing to:**
15. REVIEW OF THE CODE

15.1 The SAIA Code of Conduct will be reviewed regularly, and at least every three years, and/or on an ad hoc basis when and if deemed necessary;

15.2 The review process will take into account any changes in objectives, needs in the short-term insurance environment and legislation at the time of review;

15.3 Any material amendments or a new Code will be approved and adopted by the SAIA Board.
Annexure 1

1. MEMBERSHIP CRITERIA

1.1 Information to SAIA

1.1.1 In order for the SAIA to be proactive in its activities to serve its Members, as well as to represent its Members appropriately in interaction with the media and clients, it is required that Members will share certain information with the SAIA regularly. The following information is required:

1.1.1.1 Members must provide information according to a SAIA template regarding trends in claims, insurance fraud, and other information, on a quarterly basis;

1.1.1.2 This information will be used in a responsible and non-company specific manner, with all specific characteristics or individual information removed;

1.1.1.3 A summary of the industry information will be shared with Members on a quarterly basis;

1.1.1.4 Any additional relevant information sharing as decided on by specific SAIA committees, or required by the SAIA, as and when required.

1.2 Consumer Education

1.2.1 It is the responsibility of the short-term insurance industry, together with the other industries in the financial services sector, to contribute to financial education of the consumer. In accordance, the following are requirements for all Members, unless exempted by the SAIA Board, in which case exempted Members are strongly encouraged to make a voluntary contribution:

1.2.1.1 Members must spend the required funds on consumer education, as per the SAIA Consumer Education Strategy;

1.2.1.2 The required portion of these funds must be contributed to the SAIA industry initiatives, as per the SAIA Consumer Education Strategy;
1.2.1.3 Should Members choose to spend the remaining portion on their own consumer education programmes, this money must be spent in accordance with the SAIA consumer education guidelines, and/or any other relevant requirements if applicable, as per the SAIA Consumer Education Strategy.

1.2.1.4 The SAIA and its Members will participate fully, through the SAIA Consumer Education Strategy, in the National Consumer Education Strategy facilitated by the FSB;

1.2.1.5 Members should support industry consumer education initiatives under the auspices of the SAIA to make general information on short-term insurance available to clients and potential clients.
Addendum 1

SAIA CONSUMER EDUCATION STRATEGY

Introduction

Consumer education can best be described as the means by which knowledge and skills are acquired, which will in turn have a positive impact on an individual’s life, improving the state of the economy and the country overall.

Consumer education equips consumers with the knowledge and skills to enable them to make informed decisions about their finances and lifestyles. The overall objective of the consumer education process is to increase the knowledge and understanding of the financial sector and its products and services, including developing consumers’ skills and attitudes. In addition, consumer education could assist in an increase in access to financial services in general, and to the products offered by SAIA Members in the short-term insurance environment, by assisting in increased uptake and usage of relevant products. This will assist with the goal of financial inclusion.

For SAIA, consumer education has two main objectives, i.e. a long term social and moral imperative as well as an attempt to increase access to the products offered by our industry in the short, medium and long term.

Since 2004, the SAIA has successfully implemented a SAIA Consumer Education Initiative, at first as a voluntary approach and since January 2009 as a SAIA Membership requirement. This initiative is based on a collaborative approach and follows a partnership model.

The collaborative industry approach followed by the SAIA is seen to be an example of international best practice. A collaborative approach ensures bigger and more inclusive impact, and a maximization of the effects of the funds available. It assists in a coordinated approach and also assists in preventing overlap, amongst other benefits.

Consumer financial literacy is seen as an increasingly important imperative, both globally and nationally, and forms an important part of the recently published Micro-insurance Policy Statement by National Treasury. The National Treasury have also recently launched a national strategy for consumer education.

The SAIA Consumer Education Strategy

1. Participation in consumer education is a requirement of SAIA Membership.

2. All SAIA Members should contribute 0.4% of their after tax profits to consumer education in the low income market.
3. All SAIA Members should contribute a minimum of 0.2% (half of the 0.4%) to the SAIA collaborative initiative. The funds in this pool will be used by the SAIA for generic consumer education, with an emphasis on short term insurance, together with its partners.

4. SAIA Members who wish to contribute the full 0.4% to the above initiative may do so.

5. The SAIA will spend these funds in such a way that Members will receive their points for consumer education on the FSC scorecard, if applicable.

6. SAIA Members who wish to make in-roads in the low income market by implementing their own branded consumer education projects, preferably in the identified target market and/or at point of sale, should use the remaining 50% of its 0.4% after tax profits on such initiatives.

7. SAIA Members that are part of a conglomerate group, and wish to spend their 0.4% required spend through the group, may do so.

8. All spend should adhere to the SAIA consumer education standards and guidelines.

9. Such spend should be reported to the SAIA.

10. In order for such spend to qualify for FSC points, these projects will also have to adhere to FSC requirements, if applicable.

11. SAIA Members that are granted exemption for the Access Pillar in the Financial Sector Charter, may apply for exemption for the SAIA Membership requirement to spend 0.4% of after tax profits on consumer education. However, it is recommended that such Members consider a voluntary contribution to the SAIA Consumer Education Initiative.

12. Consumer education policies and guidelines should be either included in the general SAIA Code of Conduct or a Code for Consumer Education should be drafted.

**SAIA Guidelines for Consumer Financial Education Programme (#72716)**

In agreement with international best practice, as well as South African authorities’ expectations, that all role players in the financial services sector have an important role to play in consumer financial education with regards to financial literacy topics, the SAIA has adopted a strategy that requires all its Members to contribute 0.4% of after-tax profits to consumer financial education programmes. In terms of the SAIA policy, at least half of this 0.4% needs to be contributed to the SAIA collaborative pool of funds with the balance of the spend on their own programmes.
SAIA Members will be required to report on this spend on an annual basis. The report on the previous year’s spend - based on the financial results of the year prior to the year in which implementation takes place – will be expected by the end of April of a particular year. A simplified reporting format will be made available to Members by the SAIA.

Guidelines

1. Definitions

1.1 Following the OECD (Directorate for Financial and Enterprise Affairs in the United States of America) definition of financial education, also used by the Financial Services Board (FSB), financial education is “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”. Financial education therefore includes improving the levels of knowledge, skills, and attitudes that will lead to behaviour change.

2. Guidelines: Principles

2.1 Providing financial education to consumers should form part of a financial institution’s good governance and business practice in respect of their relationship with their clients. This would include providing information, appropriate disclosure and appropriate advice at point of sale according to any relevant legislation, regulation and/or good practice, but also creating financially aware and literate clients in the long term.

2.2 Financial education should be provided in a fair and unbiased manner, and be non-discriminatory.

2.3 Programmes should be co-ordinated and fit into a sector and/or national programme. Therefore, programmes should take cognizance of the national consumer financial education framework / strategy as approved by the Financial Services Board (FSB), and should seek to fit into this overall strategy. In addition, programmes should seek to fit into the sector initiative and follow the SAIA guidelines.

2.4 Financial education programmes should provide context. For example, should the target audience be lower income, lower educated people, basic financial principles such as budgeting, saving, etc should provide a starting point. General principles regarding insurance, and specifically short-term insurance should provide the back-drop for product information, etc.
2.5 Financial education should be seen as a long-term commitment, although short-term outcomes may be the starting point of a programme. Financial education should be seen as a continuous, ongoing commitment towards clients and potential clients.

2.6 Financial education programmes should be designed to meet the needs of the target market, and should take into account the literacy and financial literacy levels of the target market.

2.7 Financial education programmes, and the outcomes of these programmes, should be shared at a general level in terms of the SAIA requirements as well as a national framework or strategy to prevent duplication and encourage learning.

3. **Guidelines: Good Practices**

3.1 Financial education programmes should be holistic, comprehensive and complementary.

3.2 Financial education could include generic financial literacy concepts, generic short-term insurance financial literacy concepts, as well as general product information.

3.3 Objective information on risks and products and how these relate to the needs of different target audiences should be encouraged.

3.4 A clear distinction should be made between financial information/education and marketing/commercial information. Commercial financial information should be disclosed as such and must fall outside of the consumer education spend required by the SAIA of its Members.

3.5 Financial education should be appropriate. The target audience should be identified clearly. The message, content, and delivery mechanisms used should be aligned to the target audience. Information/education provided should be simple and understandable. In South Africa, such education should preferably be provided in the language/s best understood by the target audience.

3.6 Financial education should have specific objectives.

3.7 Financial education should be monitored and assessed to ensure appropriateness and impact.
3.8 Consumer financial education should, if at all possible, attempt to create a link between the consumer financial education and increased access to financial services products.

4. Guidelines: Consumer Financial Education Programmes

In line with the above good practices, the following guidelines relate specifically to financial education programmes/projects:

4.1 Accessibility

4.1.1 Financial literacy programmes must be free of charge.

4.1.2 Financial education programmes should make use of different delivery mechanisms, including the media and all other potential vehicles, in order to attempt to reach as many consumers as possible.

5 Appropriateness

5.1 The target audience should include all South Africans, recognizing that the majority of the population are low income individuals.

5.2 The target audience should be clearly identified.

5.3 The objective/s of the programme should be clearly identified.

5.4 The language, message, content, and delivery mechanism must fit the target audience as well as the objective.

5.5 Content must be simple and understandable.

5.6 Content must be in context, i.e. generic financial literacy concepts, and/or generic short-term insurance concepts should be included in product specific consumer education to provide context and promote basic understanding.

5.7 Marketing and/or commercial information will not be seen as financial education and cannot be included in the required SAIA spend.

5.8 Branding is allowed but should not be the main feature of the content. In fact, experience shows that if the content is good and understood, brand recognition will follow almost automatically. On the other hand, heavily branded material often suffers credibility problems.

5.9 Content should not be paternalistic.
5.10 Programmes should consider at least one of the following: reach, frequency, depth of message, as well as follow-up messaging.

5.11 The size of the target audience should be appropriate and linked to the type of programme and the specific delivery mechanism used, i.e. a face-to-face workshop should ideally not include more than twenty to thirty people in the workshop.

6 Quality

6.1 Content of financial education programmes should be accurate.

6.2 Content should be appropriate to the target audience.

6.3 The message should be reinforced in different ways, including frequency, repetition, etc.

6.4 The quality and appropriateness of service providers used should be of prime concern. Service providers should be able to prove the necessary skills, qualifications and experience in their area of expertise. Trainers/facilitators should be skilled, qualified and/or trained in their fields of expertise, as well as with regards to the specific content of the message. Such skills should be monitored and evaluated throughout the programme in order to ensure that these are appropriate. Care should be taken when appointing service providers and clauses and penalty clauses to ensure delivery should be considered when contracting service providers.

6.5 Should the message be an in-depth message using a face-to-face delivery mechanism, the content should be appropriately in-depth and should ideally not be a once-off intervention.

6.6 Should the message be more about awareness creation, the message should ideally be repeated frequently using different channels to reinforce the message to ensure that the message is internalized.

6.7 Messaging should preferably include information about where consumers can access relevant information when they need to do so.

7 Monitoring and evaluation or measurement

7.1 Although the terms monitoring and evaluation are used here, it is emphasized that the objective is to ensure that the financial education spend has maximum impact, in order to ascertain whether the funds spent were worthwhile, and to be put in a position to more effectively select projects that would have a positive impact in future.
7.2 Consumer financial education is currently a very new field and very little information exists on what works and what does not work. Therefore, the measurement of the impact of projects is extremely important, as is the sharing of this knowledge with others to build a body of knowledge to the benefit of all role players in this field.

7.3 It is therefore very important that every financial education programme is monitored and assessed/evaluated in order to make sure that the objectives of the project have been met.

7.4 The implementation of the programme should be monitored on an ongoing basis to ensure appropriate impact. E.g. the number of people reached, the number of workshops/broadcasts/industrial theatre shows, classroom interventions, the quality of the delivery of the message, the quality and appropriateness of the message, etc.

7.5 Assessment/evaluation or measurement of outcomes should be included in the programme to include transfer of knowledge, skills, attitudes, and behaviour change if possible.

7.6 Assessment should include the assessment of the target audience, or a sample thereof, as well as the facilitators and/or trainers if relevant.

7.7 Some financial education outcomes will be immediate, others will become apparent over time. Assessment/evaluation or measurement should therefore take place before and immediately after an intervention, and – if appropriate – followed up over time from between 3 – 12 months after an intervention, if at all possible.

7.8 In some cases the outcome would be only apparent after time, such as increased uptake of financial services products.

7.9 The assessment/evaluation or measurement should always take the objective of the programme into account.

7.10 Assessment/evaluation or measurement should include quantitative and qualitative methods, if possible and appropriate.

7.11 Evaluation/assessment or measurement could differ from project to project. It might not always be possible to show specific, absolutely true results and/or impact, as we are talking about attitudes and behaviours of people that could differ according to circumstances. In addition, innovative ways of getting the financial education messages across should be encouraged which means that the methods and/or delivery mechanisms used could be very new, very different and very creative. However, this does not mean that evaluation/assessment or measurement should be abandoned. This should still form an important part of the process, albeit it
possibly that an imperfect way to assess/evaluate or measure needs to be followed.

7.12 A balance should be sought between the amount of money spent on the actual financial education programme and the monitoring and evaluation or measurement component. Both aspects are important, but it is important to remember that consumer financial education projects should be about consumer financial education on not about research.

8 Information sharing and collaboration

8.1 The dissemination of the results of the evaluation/assessment or measurement of a programme and/or projects is important. It is crucial that the results of different types of programmes and/or projects are shared to ensure that they have a positive impact and are pursued by more role players. The sharing of such information is therefore required by the SAIA that will in turn be required to share this with the FSB in order to establish a database of financial education programmes and/or projects that will seek to coordinate and inform financial education programmes and/or projects across South Africa.

8.2 General information sharing with regards to the programme and/or project and the results of the assessment/evaluation or measurement of the programme and/or project will therefore be required from SAIA Members as a basic requirement.

8.3 Information sharing on projects that are deemed to give a competitive advantage could be general, but general information about the type of project, type of delivery mechanism, type of content, as well as measurement or impact assessment will be expected.

8.4 SAIA Members who wish to share information with the SAIA on projects deemed to give a competitive edge in detail, but do not wish to share this information in detail to a wider audience, could do so as the SAIA could then share the general information with a wider audience and not the detail.

8.5 SAIA Members who wish to only share general information as per the points above, should clearly state so when they report to the SAIA.

8.6 When Members undertake their own programmes and/or projects in addition to their participation in the SAIA pooled initiative, collaboration with partners is strongly encouraged to ensure wider impact and upliftment of key public bodies. For example, Members may wish to collaborate with public/national bodies such as SAIA, FSB, National Consumer Tribunal or the Ombuds amongst others. This will also address any concerns that programmes are pure marketing as these bodies will also ensure scrutiny of the quality of the activities.
Conclusion

The above mentioned guidelines are relatively general and non-specific in order to encourage innovation while at the same time attempting to promote the implementation of appropriate, quality, coordinated, and meaningful consumer financial education programmes and/or projects by SAIA and its Members. The SAIA Consumer Education Guidelines as documented in this document should be revised periodically, preferably annually, in order to take into account new trends, needs, and expectations.

Sources

The sources used to research the topic of international good practice and guidelines with regards to financial education that resulted in the above guidelines, include:


Viviene Pearson
Updated document on SAIA Consumer Education Strategy
22 August 2011
#87863
Annexure 2

1. **REVISION AND APPROVAL OF SAIA CODE OF CONDUCT**

Revision History

The table below provides the details of the current and previous revisions of the Code.

<table>
<thead>
<tr>
<th>Date</th>
<th>Document number</th>
<th>Type of amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2015</td>
<td>#117965</td>
<td>Inclusion of Annexure 4 The Vehicle Data Document</td>
</tr>
<tr>
<td>April 2015</td>
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<td>Update to the Code of Salvage</td>
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ANNEXURE 3:

The Code of Motor Salvage
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THE “CODE OF SALVAGE”

Agreed to by
the South African Insurance Association (“SAIA”);
the Banking Association South Africa (“BASA”); and
the National Motor Financing Association (“NMFA”).


When in this Code of Salvage reference is made to banks it includes the Members of the NMFA to the extent that it is applicable to the Members of the NMFA in terms of their Constitution and any other applicable legislation.

1. THE PURPOSE OF THE CODE

The purpose of the Code on Salvage (“Code”) between the short-term insurance and banking industries, and specifically the SAIA and its Members, the BASA and its Members as well as the NMFA and its Members, is to establish a common approach when dealing with motor salvage with the end goal being to assist in combating motor vehicle crime and specifically the cloning of motor vehicles to the benefit of all role players and ultimately the South African public.

Insurers and banks have a moral duty to the consumers to safeguard them from unscrupulous operators who are selling and or putting back in use unfit and unsafe motor vehicles as code 2 motor vehicles, which should have been deregistered. Should these activities not be addressed, unsafe motor vehicles may be put back onto our roads in this way contributing to the high accident figures on South African roads, while at the same time indirectly contributing to motor vehicle crime.

This Code and compliance to the requirements of this Code is a commitment by the SAIA, BASA and the NMFA and their Members to do everything in their power to combat motor vehicle crime and address road safety.

Furthermore, this Code is an undertaking by the short-term insurance industry to continuously seek the desired balance between the various responsibilities insurers have including:

1.1 The responsible management of motor vehicle salvage in order to address issues of crime combating and road safety to the benefit of all concerned including the insurers who often end up insuring cloned motor vehicles while already having paid claims for the loss of or damage to insured motor
vehicles and their customers whose insurance premiums are adversely affected by the high risk and cost of motor insurance claims;

1.2 The sustainability and affordability of motor insurance in South Africa by putting the required procedures and controls in place to manage the motor claims and salvage processes with a view to minimise unnecessary financial leakages and to manage the salvage proceeds in a responsible manner. Poor management of these processes may result in financial losses and/or unwanted increases in premiums;

1.3 To ensure that customers are treated fairly and that the service experience during the entire life cycle of motor policies and claims is in line with clients’ expectations.

This Code reflects the responsible approach taken by the banking and short-term insurance industries, and specifically the SAIA, BASA and the NMFA and their Members, in combating crime in South Africa, recognised by the relevant authorities, and therefor making it unnecessary for the banks and short-term insurers that are governed by this Code to be legislated by the Second Hand Goods Act.

The principles entrenched in this Code support the Second Hand Goods Act, 2009, the primary function of which is to regulate the business of dealers in second-hand goods and pawnbrokers in order to limit the trade in stolen goods and promote ethical standards in the second-hand goods trade.

Over and above the duties of insurers and banks as well as other relevant role players, this Code also establishes best practice in salvage management which will benefit all participants in this process, but especially insurers and their clients. Insurers will benefit by following these processes in many different ways, including underwriting mainly legitimate/legal motor vehicles. This is not only good for the sustainability, profitability and cost of motor insurance, but also good customer service.

The Code of Salvage is enforced in the following ways:

1.4 The Code of Salvage forms part of the SAIA Code of Conduct for SAIA motor insurance Members, and as such is a requirement for Membership of SAIA motor insurance Members. The penalties that are applicable for Members that do not comply with the SAIA Code of Conduct therefore also apply to Members that do not comply with the Code on Salvage. Details are provided in section 9 of this Code.

1.5 The Code of Salvage forms part of the member requirements of the Banking Association South Africa, for its relevant Members, and will serve as an attachment to the Code of Banking Practice. The Code of Banking Practice is a voluntary code that sets out the minimum standards for service
and conduct the customer can expect from his/her bank with regard to the service and products it offers, and how the banks would like to relate to their customers. The Code of Banking Practice only applies to personal and small business customers. The same dispute resolution in the case of non-compliance to the Code of Banking Practice will apply to this Code of Salvage, and are discussed in section 9 of this Code.

1.6 The NMFA will do everything in its power, and in terms of its constitution, to assist with the compliance of this Code by its Members.

2 DEFINITIONS

In terms of this Code, all the relevant role players including the banks, insurers, and any third parties contracted by insurers including brokers, underwriting managers, salvage agents and others will use common terms and definitions to ensure a common understanding and implementation of this Code.

In this section of this Code, as in other sections, the following terms will be used:

2.1 eNaTIS stands for electronic National Traffic Information System, and is the motor vehicle registration system of the National Department of Transport;

2.2 SAPVIN means the South African Police Vehicle Identification Number.

The following terminology and eNaTiS codes will be used in all correspondence between insurers and banks.

2.1.1 eNaTiS Codes

The four life cycle status codes for a motor vehicle on eNaTiS are:

2.1.1.1 Code 1 - New

New motor vehicles delivered by a dealer to the first owner.

2.1.1.2 Code 2 – Second Hand

Used motor vehicles with one or more previous owners.

2.1.1.3 Code 3 - Built up/Permanently unfit for use

Code 3 motor vehicles are Code 1 or 2 motor vehicles involved in an incident, and subsequently being declared unfit for use as a motor vehicle, such motor vehicle may be rebuilt however will forever reflect a code 3 allocation and undergo the stringent procedures set out in the legislation. A motor vehicle is “Built up or Permanently
unfit for use”, when the extent of the damage includes structural defects that require substantial rebuilding.

2.1.1.4 **Code 4 - Permanently Demolished**

Permanently demolished, means that the chassis of a motor vehicle has been a) Compacted; b) compressed; c) melted; d) destroyed; or e) damaged to such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis cannot be used to build a motor vehicle”.

2.1.1.5 **Uneconomical to Repair**

A motor vehicle is “uneconomical to repair” when, cost of parts, the availability of parts, the repair duration and motor vehicle rental costs or other costs associated with the repair are high in relation to the value of the vehicle. The status of the motor vehicle will not be altered.

Therefore in the insurer’s discretionary opinion the motor vehicle is uneconomical to repair, but structurally sound, subject to specific agreement between the relevant bank and insurance companies.

2.1.1.6 **Dealer Stock**

This is when motor vehicles are exempt from licencing, and registered in the name of the insurance company, or the salvage agent, as the titleholder of the motor vehicle. Dealer stocking must take place per the indications in the relevant sections of this Code.

The principle of dealer stocking is accepted and agreed. The following is agreed:

2.1.6.1 The insurance company takes the responsibility for dealer stocking.

2.1.6.2 The insurance company will implement dealer stocking itself, oversee the process thereof, or will contract another party such as a salvage agent to dealer stock.

2.1.6.3 The insurance company will decide whether the dealer stocking will take place in the name of the insurance company, or in the name of a third party, i.e. a salvage
agent, as per relevant legislation and regulation and contracts in place.

6.1.6.4 The insurance company will contract the third party (salvage agent) according to the above mentioned decisions.

6.1.6.5 The insurance company will undertake regular audits to ensure that the actions agreed to in the contract with the third party (salvage agent) are being implemented.

6.1.6.6 The insurance company will ensure that the correct audit trail exists.

3 STATUS CODES AND LEGISLATION

The Act and the Regulations do not define the “status codes”. The so-called codes 1, 2, 3 and 4, that are widely used by the insurance industry, are in fact eNaTiS lookup table values and have no legal standing.

However, the Regulations do refer to the life cycle status of motor vehicles. Although the life cycle status codes (with the exception for the status “permanently demolished”), are also not defined, the Regulations provide guidelines to determine the life cycle status of a motor vehicle as implemented on the eNaTiS.

3.1 Motor vehicle life cycle status

The following life cycle status codes are identified:

3.1.1 New (code 1)

A motor vehicle will have a life cycle status of “New” (so called status 1) after it has been registered and is required to be licensed for the first time.

The registration of motor vehicles as dealer stock (exempted from licensing) does not change the status of the motor vehicle.

3.1.2 Used (code 2)

A motor vehicle will have a life cycle status of “Used” (so called status 2) after registering the motor vehicle as “liable for licensing” (not dealer stock) in three instances:
3.1.2.1 If such motor vehicle was previously registered as being liable for licensing and the status of the motor vehicle was recorded as “new” or “used”;

3.1.2.2 If such motor vehicle was deregistered as being stolen and the status of the motor vehicle was recorded as “new” or “used” prior to such de-registration (Regulation 13 (5)); or

3.1.2.3 If such motor vehicle was de-registered as being exempt from registration and such exemption was withdrawn or no longer applies and the status of the motor vehicle was recorded as “new” or “used” prior to such de-registration (Regulation 13 (5)).

The registration of motor vehicles as dealer stock (exempted from licensing) does not change the status of the motor vehicle.

3.1.3 Built-up (code 3)

According to Regulation 13 (4), a motor vehicle will have the status of “built-up” (so called status 3) after registering the motor vehicle as being liable for licensing in four circumstances:

3.1.3.1 If such motor vehicle was previously deregistered as permanently unfit for use;

3.1.3.2 If such motor vehicle was previously registered as “built-up”;

3.1.3.3 If such motor vehicle is being registered for the first time, and it has been manufactured, built, modified or imported by an unregistered manufacturer, builder or importer (MIB) and a certification of roadworthiness was not issued to it; or

3.1.3.4 If such motor vehicle is being registered for the first time, and it has been manufactured, built, modified or imported by a registered MIB which was registered subject to the condition that the motor vehicle will have a status of “built-up”.

Regulation 13 is clear when a motor vehicle will have a status of “built-up” after re-registration, but it does not determine when a motor vehicle must be deregistered as "permanently unfit for use". The Act and the Regulations do not define this term and leave this decision to the title
**holder** (e.g. bank). If the motor vehicle was previously deregistered as permanently unfit for use, it will have a status of “built-up” (so called status 3) after it is re-registered.

**Note:** A motor vehicle will have a life cycle status of “Used” (**not “built-up”**) after registering the motor vehicle as being liable for licensing, if such motor vehicle was de-registered as being **stolen** and the status of the motor vehicle was recorded as “new” or “used” prior to such deregistration. If the status of the motor vehicle was “built-up”, it will retain this status.

3.1.4 Permanently Demolished (code 4)

A motor vehicle is recorded as **permanently demolished** (so called status 4) if such motor vehicle was de-registered in terms of Regulation 55 as permanently demolished. Thus, **permanently demolished** is not a real life cycle status but a reason for deregistration (it is the same as “permanently unfit for use”).

**Regulation 1** provides that “permanently demolished” means that the chassis of a motor vehicle has been:

- **3.1.4.1** compacted;
- **3.1.4.2** compressed;
- **3.1.4.3** melted;
- **3.1.4.4** destroyed; or
- **3.1.4.5** damaged;

**to such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis cannot be used to build a motor vehicle.**

Thus, a motor vehicle is “permanently demolished” if it is not physically possible to repair the motor vehicle to a state where it can be made roadworthy.

**Title holders (e.g. banks and insurers) must deregister motor vehicles accordingly if the motor vehicle cannot be repaired to a roadworthy state.**

Regulation 13A determines that a motor vehicle which was deregistered in terms of regulation 55 as “permanently demolished” shall not be registered again.

3.1.5 Uneconomical to Repair

This terminology does not form part of the Act or the Regulation and is not provided for on the eNaTiS.
4 RULES FOR DETERMINING THE STATUS CODES OF SALVAGE

The Code of Salvage is used as a basis of informing the principles considered in the formulation of these Rules. This is also to ensure compliance with the requirements of the Act and Regulations, as well as to ensure exemption from the Second Hand Goods Act.

4.1 Stolen recovered motor vehicles

A stolen recovered motor vehicle that was not involved in an accident will have a life cycle status of “Used” if the status of the motor vehicle was “new” or “used” prior to the theft of the motor vehicle.

If the status of the motor vehicle was “Built-up” before the theft, it will retain this status, i.e. Code 3.

If a recovered motor vehicle was involved in an accident while it was stolen, the requirements for accident-damaged motor vehicles will be used to determine the status of the motor vehicle.

Registration requirements for stolen motor vehicles:

4.1.1 Insurers and all other relevant role players will comply with all relevant legislation.

4.1.2 The insurer must ensure that the titleholder/owner deregister the motor vehicle as stolen on eNaTiS. Insurers must use the agreed terminology as per this Code of Salvage in the instruction to deregister to the titleholder/owner. A pro forma wording for such an instruction is attached to this Code as Addendum B.

4.1.3 When a motor vehicle is stolen and not recovered, the insurer or the salvage agent as per the contract in place must dealer stock the motor vehicle.

4.1.4 If a stolen motor vehicle is recovered, after a claim was settled, the insurer must take the responsibility to ensure that the recovered motor vehicle is microdotted before a police clearance will be issued.

4.1.5 If a stolen motor vehicle is recovered, after a claim was settled, the insurer must dealer stock the motor vehicle on eNaTiS after a police clearance was issued.

4.1.6 Insurers and all other relevant role players must record relevant information as required by the Second Hand Goods Act on an
internal register which could take the form of the operational system of the entity. The relevant information will be stipulated in various sections of this Code.

4.1.7 The insurer must enter the details of all stolen motor vehicles, whether recovered or not recovered, on its own register.

4.1.8 The insurer must enter the details of all stolen motor vehicles on the salvage database, once this is in place.

4.1.9 The following details will be recorded by the insurer as soon as possible on both its internal registers, both electronic and physical, as well as the electronic industry salvage database once it is in place, if available:

| 4.1.9.1 | Register number |
| 4.1.9.2 | Registration number |
| 4.1.9.3 | Chassis number/VIN number |
| 4.1.9.4 | Engine number |
| 4.1.9.5 | Odometer reading |
| 4.1.9.6 | Exterior details of motor vehicle (only if the motor vehicle is recovered) |
| 4.1.9.7 | Interior details of motor vehicle (only if the motor vehicle is recovered) |
| 4.1.9.8 | Photograph of motor vehicle (only if the motor vehicle is recovered) |
| 4.1.9.9 | Any distinguishing marks on motor vehicle, including microdotting |
| 4.1.9.10 | Details of status of motor vehicle |
| 4.1.9.11 | Details of owner, including name, address, identity number |
| 4.1.9.12 | Details of current location. |
| 4.1.9.13 | Once the salvage agent is contracted to dispose of the motor vehicle, the insurer must follow the following process: |
4.1.9.13.1 Complete change of ownership form and hand to salvage agent with the rest of the documentation and keys.

4.1.9.13.2 Require the salvage agent to dealer stock the motor vehicle in its name, or in the name of the insurer, as per the contract in place.

4.1.9.13.3 Require the salvage agent to complete a ‘notification of change of ownership (NCO) with the buyer’s detail and identity document at a licensing authority to update eNaTiS with the buyer’s detail.

4.1.9.13.4 The insurer must do an audit to ensure that the above mentioned instructions were followed by the salvage agent, as per the contract in place.

4.2 **Accident-damaged motor vehicles**

The following Rules should be followed:

4.2.1 Economical to Repair (Not written-off)

These motor vehicles are motor vehicles that:

- Have no irreparable major structural damage;

4.2.1.1 Can be repaired to the specifications of the original manufacturer;

4.2.1.2 Can be repaired to a roadworthy state; and

4.2.1.3 Have not been declared uneconomical to repair by an assessor (e.g. damage does not exceed 60% to 70% of value of motor vehicle).

4.2.1.4 Have not been declared uneconomical to repair by an assessor (e.g. damage does not exceed a certain percentage of the value of the motor vehicle as determined by each insurer while taking cognisance of the fact that the policyholder must be treated fairly. In the spirit of treating customers fairly, SAIA members should consider requests from customers who do not (or do) wish their vehicles to be written off).
A change of ownership will not take place (i.e. motor vehicles will not be registered into the name of insurance company) and will not be deregistered by the title holder as “permanently unfit for use” or “demolished”.

These motor vehicles will keep its original status code (e.g. “New” (code 1) or “Used” (code 2)).

4.2.2 **Written-off motor vehicles**

Written-off motor vehicles are motor vehicles where the insurance company decided not to repair the motor vehicle (e.g. where the damage exceeds a certain percentage of the value of the motor vehicle which could differ from insurer to insurer in accordance of their internal procedures in the best interest of policyholders, and/or under other relevant circumstances). These motor vehicles are classified into a number of status codes ranging from code 2 (where the motor vehicle is uneconomical to repair, but can be safely repaired) to code 4 (where it is “permanently demolished”). This section proposes *minimum standards* to classify motor vehicles.

4.2.2.1 Code 4 (Permanently Demolished)

4.2.2.1.1 General rules

Motor vehicles that, according to the assessor:

4.2.2.1.1 Have irreparable major structural damage; and

4.2.2.1.2 Cannot be repaired to the specifications of the original manufacturer; and

4.2.2.1.3 Cannot be repaired to a safe and roadworthy state, must be declared a code 4.

4.2.2.1.2 Definition of irreparable major structural damage

The following should be considered to determine when a motor vehicle has **irreparable major structural damage**. Motor vehicles have major structural damage when:
4.2.3 In the case of a monoshell motor vehicle, when:

4.2.3.1 The monoshell is twisted in its entirety;

4.2.3.2 The dome is crushed from overturning and, in the process, the roof pillars are crushed

4.2.3.2.1 which in turn crushed the firewall or rear cab panel, and the monoshell panels round

4.2.3.2.2 the motor vehicle was damaged.

4.2.4 In the case of a ladder chassis motor vehicle, when:

4.2.4.1 The body as well as the chassis are severely damaged;

4.2.4.2 The chassis is damaged beyond repair, and the A pillars or firewall are damaged.

4.2.5 The motor vehicle has **irreparable** damage to the safety shell.

4.2.6 The motor vehicle was totally **burned** out.

4.2.7 A stolen recovered motor vehicle has been completely stripped for interior and exterior body parts, panels and components, or if the motor vehicle identification numbers have been removed.

4.2.2.1.3 Legislation and eNaTiS requirements

4.2.1.3.1 These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place);

4.2.1.3.2 These motor vehicles should be deregistered as "demolished" as determined by regulation 55. Regulation 13A determines that a motor vehicle which was deregistered in terms of regulation 55 as "permanently demolished" shall not be registered again.

4.2.2.1.4 Further requirements
4.2.1.4.1  It is the responsibility of the insurance company, through the motor assessor, to determine when a motor vehicle should be coded as permanently demolished.

4.2.1.4.2  Insurers should apply the legal and eNaTiS requirements, as well as the requirements of this Code of Salvage strictly in order to restrict incorrect coding of motor vehicles that should fall into this category.

4.2.1.4.3  Insurers shall ensure that the motor assessors they employ and/or contract will be trained to such an extent that they would be able to do their duties in this regard. This training will include training about relevant legislative and other requirements, the requirements of this Code, as well as the structural and mechanical knowledge of motor vehicles necessary to perform their duties.

4.2.1.4.4  Motor assessors should take photographs of the motor vehicle.

4.2.1.4.5  Code 4 motor vehicles are in such a condition that they cannot be re-used, although undamaged parts of such a vehicle may be re-used. Therefore, the important part is to deal with the documents for Code 4 motor vehicles in such a way that they cannot be used in any illegal manner. The following should be followed:

4.2.1.4.5.1  The insurer will keep all documents related to Code 4 motor vehicles, i.e. they will not hand over the documents to any third party including the salvage agent.

4.2.1.4.5.2  The insurer will either destroy such documents immediately through the act of shredding, or keep the documents only until such time as they are included in a
final audit after which they will be destroyed through the act of shredding.

4.2.2.1.4.5.3 While a document relating to a Code 4 motor vehicle is still in the possession of an insurer, this document will be defaced until it can be destroyed as per the above.

4.2.2.1.4.5.4 Should the insurance company instruct a salvage agent to destroy a motor vehicle, the insurance company will ask for proof of such destruction. In addition, the documents relating to such motor vehicles will be dealt with as per the above mentioned process.

4.2.2.1.4.5.5 The insurer must ensure that the motor vehicle is deregistered on eNaTiS as permanently demolished by the titleholder (bank/owner), i.e. the chassis number must be cancelled. Insurers must use the agreed terminology as per this Code of Salvage in the instruction to the titleholder/owner. A pro forma wording for such an instruction is attached to this Code as Addendum B.

4.2.2.1.4.5.6 The insurer must note the code 4 status of the motor vehicle, as well as the fact and manner of the chassis on all other (apart from eNaTiS) appropriate records, i.e. the electronic and physical registers/operational systems of the insurer.

4.2.2.1.4.5.7 The insurer must note the details of the motor vehicle, including its status code, onto the electronic industry salvage database, once this is in place.

4.2.2.1.4.5.8 The insurer must inform all other relevant role players, such as salvage agents, of the status of the motor vehicle.
4.2.2.4 Code 3 (Built-up)

4.2.2.4.1 General rules

Motor vehicles that, according to the assessor:

4.2.2.4.1.1 Only have repairable structural damage; and;

4.2.2.4.1.2 Can be repaired to a safe and roadworthy state; and

4.2.2.4.1.3 Can not necessarily be repaired to the specifications of the original manufacturer, must be declared a code 3.

4.2.2.4.2 Definition of repairable structural damage

The following should be considered by the assessor to determine when a motor vehicle has repairable structural damage. Repairable structural damage is:

4.2.2.4.2.1 Where the motor vehicle can only be repaired by means of joining two or more body shells together;

4.2.2.4.2.2 When the complete chassis needs to be replaced, including and especially in the case of light delivery motor vehicles;

4.2.2.4.2.3 When the entire load bearing sections (cab) of the main rails need to be cut and welded, including and especially in the case of light delivery motor vehicle cabs;

4.2.2.4.2.4 When the motor vehicle has sustained severe structural damage requiring extensive repairs needed to the chassis, frame and mono.

4.2.2.4.3 Legislation and eNaTiS requirements

4.2.2.4.3.1 The insurer should ensure that these motor vehicles are deregistered as “permanently unfit for use” and/or if unfit to be registered as a used motor vehicle should be deregistered as a ‘built up’ motor vehicle (Code 3).
4.2.2.4.3.2 These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) by the insurer or the salvage agent as per the contract in place.

4.2.2.4.4. Other requirements:

The following details will be recorded by the insurer as soon as possible, and if available, on:

4.2.2.4.1 The electronic and physical registers/operational systems of the insurer;
4.2.2.4.2 The industry electronic salvage database.

- 4.2.2.4.2.1 Register number
- 4.2.2.4.2.2 Registration number
- 4.2.2.4.2.3 Chassis/VIN number
- 4.2.2.4.2.4 Engine number
- 4.2.2.4.2.5 Odometer reading
- 4.2.2.4.2.6 Exterior details of motor vehicle
- 4.2.2.4.2.7 Interior details of motor vehicle
- 4.2.2.4.2.8 Photograph of motor vehicle
- 4.2.2.4.2.9 Any distinguishing marks on motor vehicle, including micro dotting
- 4.2.2.4.2.10 Details of status of motor vehicle
- 4.2.2.4.2.11 Details of owner, including identity number, date of birth, address
- 4.2.2.4.2.12 Details of current location.

The information recorded on the electronic industry salvage database will be shared with the South African Insurance Crime Bureau.

4.2.2.5 Used (code 2), but uneconomical to repair

4.2.2.5.1 General rules
Motor vehicles that, according to the assessor, are uneconomical to repair (e.g. damage exceeds a certain percentage of the value of the motor vehicle which could differ from insurer to insurer in accordance with their internal procedures in the best interest of their policyholders and/or because of other relevant reasons) and the insurance company decides not to repair the motor vehicle, and:

4.2.2.5.1.1 Have structural damage that is not severe;

4.2.2.5.1.2 Can be repaired to a safe and roadworthy state; and

4.2.2.5.1.3 Can be repaired to the specifications of the original manufacturer,

can be declared a code 2. In such cases, the insurer should update the HPI register with a note to confirm that this vehicle was involved in an accident and was uneconomical to repair, if possible. The parties agree to collaborate to establish a workable process in this regard, if possible and financially viable.

In addition, the insurer must follow the processes set out in Section 5.10 of this Code if the insurance company’s procedures make provision for the disposal of salvage to the policyholder.

4.2.2.5.2 Definition of minor structural damage

Motor vehicles that were not classified as code 3 or code 4 motor vehicles can be classified as code 2 motor vehicles. Motor vehicles:

4.2.2.5.2.1 That can be repaired:

4.2.2.5.2.1.1 Without joining two body shells together;

4.2.2.5.2.1.2 Without replacing the entire chassis;

4.2.2.5.2.1.3 Without cutting and welding the entire chassis or main rails;
4.2.2.5.2 Have not sustained major structural damage requiring extensive repairs to the chassis, frame and mono.

4.2.2.5.3 Registration requirements:

4.2.2.5.3.1 These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) as code 2.

4.2.2.5.3.2 It is the responsibility of the insurance company to complete a ‘notification of change of ownership’ (NCO) with the buyer’s detail and to request a copy of the identity document before the motor vehicle is sold.

4.2.2.5.4 Other requirements:

The following details will be recorded by the insurer as soon as possible, and if available, on:

4.2.2.5.4.1 The electronic and physical registers of the insurer;

4.2.2.5.4.2 The industry electronic salvage database.

4.2.2.5.4.2.1 Register number

4.2.2.5.4.2.2 Registration number

4.2.2.5.4.2.3 Chassis/VIN number

4.2.2.5.4.2.4 Engine number

4.2.2.5.4.2.5 Odometer reading

4.2.2.5.4.2.6 Exterior details of motor vehicle

4.2.2.5.4.2.7 Interior details of motor vehicle

4.2.2.5.4.2.8 Photograph of motor vehicle

4.2.2.5.4.2.9 Any distinguishing marks on motor vehicle, including microdotting

4.2.2.5.4.2.10 Details of status of motor vehicle
4.2.2.5.4.2.11 Details of owner, including identity number, date of birth, address.

4.2.2.5.4.2.12 Details of current location.

The information on the industry electronic salvage database will be shared with the South African Insurance Crime Bureau.

5 INTERNAL PROCESSES

5.1 Insurance Companies

5.1.1 Insurers undertake to exercise sound judgement and to take extreme care in making decisions relating to the repair and status of accident damaged motor vehicles. Insurers and their appointed assessors will make this decision and instruct banks accordingly.

5.1.2 In terms of the SAIA Code of Conduct, as well as this Code of Salvage, the insurer is responsible for the actions of all contracted parties and third parties should be contracted as such. All parties contracted by the insurer to carry out any duties and/or actions on behalf of the insurer with regard to any aspect of the management of salvage should be expected by insurers to follow this Code of Salvage.

5.1.3 Registration, deregistration and dealer stocking will be dealt with according to this Code of Salvage, as well as any other legal requirements.

5.1.4 In addition, insurers will always act within the ambit of the laws of South Africa, and will not use any illegal means to streamline processes in the registration, de-registration, dealer stocking, clearance by the South African Police Services ("SAPS"), or any other relevant processes.

5.1.5 It is recommended that at underwriting stage, the insurer will endeavour to obtain and capture the details of the motor vehicle, and the titleholder/owner. The insurer will also, if appropriate and possible, verify such information against available databases, or through inspections and/or any other appropriate methods.

5.1.6 At claims stage, the insurer must obtain and verify the details of the motor vehicle, and the titleholder/owner.

5.1.7 At claims stage, the motor vehicle and all the required details, as well as its status code, place of safekeeping, physical condition
through pictures etc. must be recorded onto an electronic and physical register/operational systems.

5.1.8 In addition, at claims stage, all the required details need to be entered onto the electronic industry salvage database, when in place.

5.1.9 The handing over of documents from one party to another in the salvage management process will be dealt with as per the requirements of this Code of Salvage.

5.1.10 Safeguarding of relevant documents and keys will be dealt with according to this Code of Salvage.

5.1.11 Personnel will be carefully selected and monitored, and reasonable security restrictions and measures will be implemented by the insurer to minimise the risk of personnel being part of or exploited/used by criminals to assist in the perpetrating of crime/illegal activities.

5.1.12 Appropriate audit procedures will be put in place by insurers for all salvage management activities, including electronic audit trails on electronic registers/operational systems.

5.1.13 If an insurer becomes aware of any illegal activities linked to the salvage management process including illegal actions by staff Members, it will inform the South African Insurance Crime Bureau (SAICB), and/or any relevant authorities as required.

5.1.14 Insurers will have an appropriate governance framework in respect of outsourcing in place to ensure that effective management of risks is addressed and regulatory obligations are met.

5.1.15 Insurers will report the following to the SAICB:

5.1.15.1 When motor vehicles are identified as clones.

5.1.15.2 When motor vehicles are deregistered as Codes 4.

5.1.15.3 When the licensing authorities are not complying with regulations.

5.1.15.4 When the salvage agent does not comply with the Code.
5.1.15.5 Info sharing should happen between the electronic industry salvage database, and the SAICB.

5.1.16 Insurers will follow good judgement and extreme care during the process of disposal of salvage to policyholders, and will follow the requirements and guidelines set out in this Code with regards to such transactions, as per Section 5.10 of this Code.

5.2 Insurers and accident damaged motor vehicles

An insured motor vehicle, involved in an accident, is always assessed by an insurer appointed specialist (the motor vehicle engineer or motor assessor) to determine the extent of the damage. Depending on the extent of the damage, the motor vehicle will either be repaired, declared uneconomical to repair or unfit for use as a motor vehicle.

Based on the information provided by the specialist report, the insurer will determine whether the motor vehicle should be permanently demolished, is permanently unfit for use or is declared uneconomical to repair.

Insurers will follow the classification and registration, deregistration and other relevant procedures as prescribed in this Code.

5.2.1 Insurers will notify the bank of the status of the claim relating to the motor vehicle finance account using pro forma letters – see Addendum B. They will also notify the bank of the decision not to repair the motor vehicle based on the assessor’s findings and the status code of the motor vehicle.

5.2.2 Any expected action and/or documentation will be requested from the bank in writing by the insurer using the pro forma letters in Addendum B after which the bank should forward the original documentation to the insurer within 10 working days, or as per the requirements agreed to in a service level agreement.

5.2.3 Insurers may pay the outstanding finance amount after receipt of a copy of and/or the original documentation as per the agreement between the bank and the insurer, and settle the claim.

5.2.4 Should the insurer be required to implement any actions, i.e. deregistration or dealer stocking, the insurer will implement this action as soon as possible.

The insurer will enable the registration processes to take place when contracting third parties to deal with any step of the salvage by completing its part of the relevant forms and include in the contract with the contracted
party the requirements for registration actions to be taken by the contracted party.

Insurers will amend the pro forma letters attached to this Code as and when applicable, and according to contracts and agreements in place.

It is the responsibility of insurers to control and issue instructions to their motor engineers or assessors. The motor engineers report must be completed and it is required that the reason(s) must be specified to why a motor vehicle is declared as; uneconomical to repair, permanently unfit or demolished.

The report must contain photographs of the motor vehicle and the motor engineer must specify the motor vehicle status in line with the definitions listed, enabling the claims handler to request a change in status code where required. It is of utmost importance that the motor engineer determines the safety of any possible repair beyond a shadow of doubt, according to the manufacturer and SABS safety standards.

Banks are entitled to view/audit the assessor’s report in terms of any motor vehicle in which they have an interest. Insurers must make these available to the relevant finance house/bank, when requested.

Insurers are mindful of the fact that in the case of accident damaged motor vehicles, banks are at risk of refinancing motor vehicles that should have been demolished or changed to the status of “rebuilt”. Moreover, that the public might be endangered if the required process is not followed.

Insurers must ensure that motor assessors/engineers are properly equipped to do their jobs according to the requirements of this Code, and have the necessary knowledge and training regarding structural and mechanical damage, the legal requirements, and the requirements of this Code of Salvage.

Accident damaged salvage not sold after five years should be deregistered as permanently unfit for use, and compacted. Documents related to such a motor vehicle should be destroyed.

5.3 Stolen Motor Vehicles

An insured motor vehicle that is stolen and not recovered is settled once the claims process has been completed. The final step of this process is obtaining confirmation that the motor vehicle had not been recovered. When the decision is made by the insurer to settle the claim, the insurer will request the bank, as titleholder, to deregister the motor vehicle as stolen. The licensing authorities will require an additional letter from the finance house stating the
reason for deregistration. The insurer’s instruction to the finance house will serve as this letter. This instruction will use the terminology in this Code of Salvage. A pro forma letter is attached to Addendum B.

The insurer must dealer stock the stolen not recovered motor vehicle.

5.4 **Insurers and contractors/third parties**

In terms of the SAIA Code of Conduct, as well as this Code of Salvage, the insurer is responsible for the actions of all contracted parties/third parties and contractors should be contracted as such. Third parties include brokers, underwriting managers, salvage agents, auction houses and any other relevant parties in the salvage management process.

Insurers should always have formal agreements/contracts in place with contractors.

Insurers should include the following in their agreements with contractors:

5.4.1 The requirement that the procedures and requirements of the Code of Salvage shall be adhered to.

5.4.2 Specific requirements regarding registration, deregistration, and dealer stocking.

5.4.3 Requirements, as per the Code of Salvage, regarding uploading information onto the electronic industry salvage database, once this is up and running.

5.4.4 A requirement for salvage agents to be registered as a second hand goods dealer, in terms of the Second Hand Goods Act.

5.4.5 A requirement to keep electronic and physical records of all salvage.

5.4.6 A requirement to safeguard documents and keys as per the Code of Salvage.

5.4.7 A requirement to keep audit trails, as per the Code of Salvage.

5.4.8 The requirement that the relevant staff Members of the contractors will be made aware of the content of the Code of Salvage.

5.4.9 The requirement that the relevant staff Members will be trained to perform their duties according to the Code of Salvage.

5.4.10 Insurers shall create awareness about this Code with its contracted parties through:
5.4.10.1 Workshops;

5.4.10.2 Letters/mandates/contracts;

5.4.10.3 Audits by insurers with penalties for non-compliance;

5.4.10.4 Should insurers find consistent non-compliance, it should be taken up with FIA.

5.4.10.5 Should constant non-compliance occur, the insurer should cancel the contract with the third party.

5.5 Underwriting stage

It is recommended that at underwriting stage, the insurer will endeavour to obtain and capture the details of the motor vehicle, and the titleholder/owner.

In addition, it is recommended that the insurer endeavours to verify any details against any possible databases, and through motor vehicle inspections and any other methods available, if possible and appropriate at underwriting stage. The following guidelines regarding the details to be obtained, captured and – if possible – verified are provided in order to encourage a uniform approach:

Documents related to the motor vehicle

5.5.1 Copy of registration document

5.5.2 Copy of license disc

Information related to the motor vehicle:

5.5.3 Register number

5.5.4 Registration number

5.5.5 Chassis/VIN number

5.5.6 Engine number

5.5.7 Make

5.5.8 Model

5.5.9 Colour
5.5.10 Photograph of motor vehicle

5.5.11 Odometer reading

Information related to owner:

Personal lines:

5.5.12 Identity number and type

5.5.13 Date of birth

5.5.14 Address and contact number/s

Commercial lines:

5.5.15 Name of business

5.5.16 Address and contact number/s

The details should be verified against copies of registration and license, and identity documents, and any database that could be used to verify the authenticity of these. These may include but are not limited to the Insurance Data System (IDS), the Department of Home Affairs database, and eNaTiS.

5.6 Claims stage

At claims stage, the insurer must obtain and verify the details of the motor vehicle, and the titleholder/owner.

The details of the motor vehicle will be verified by the assessor through physically checking the identifying details of the motor vehicle, including the following:

5.6.1 Register number

5.6.2 Registration number

5.6.3 Chassis/VIN number

5.6.4 Engine number

5.6.5 Make

5.6.6 Model
5.6.7 Colour

5.6.8 Photograph of motor vehicle

The insurer will require the titleholder/owner to complete deregistration and any other relevant licencing procedures before settling the claim.

5.7 Insurers’ control and processes regarding salvage records, registration documents, keys, and other relevant items of Salvage

Insurers have the responsibility to exercise strict controls over the physical and electronic records, registration documents, keys and other aspects of motor vehicle salvage. Documents include:

5.7.1 Notice of change of ownership forms

5.7.2 Deregistration and registration certificates (eNatis documents)

5.7.3 Letters and identification details of proxy

Documents and keys must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Insurers will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail.

Insurers will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents in order to minimise the use of original documents. This register could be a part of the insurer’s operational system. Access controls as well as security restrictions will be in place for the electronic register. Only limited, vetted, personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer’s electronic register of salvage.

Any documents related to accident damaged salvage that is not sold should be destroyed after 5 years, as should be the salvage which should be deregistered and compacted.

Documents related to stolen unrecovered motor vehicles should be kept safe for an unlimited period of time to enable police and prosecution
processes to be followed successfully should a motor vehicle be recovered at any time in the future.

5.8 Electronic industry motor salvage database

The SAIA is currently considering setting up an electronic industry motor salvage database. Should this project be implemented, and once the database is in place, insurers are required to participate in and enter the details of motor vehicles as well as its ownership/registration details onto this database per the required format once this is finalised.

The information on this database will be shared with the South African Insurance Crime Bureau.

5.9 Insurers and policyholders

Insurers must be mindful of the fact that accident vehicles may be declared ‘uneconomical to repair’, and consider the rights of the consumer in this regard. The following processes must be followed to ensure that customers are treated fairly in the event that this happens to them.

5.9.1 When an insurance company elects not to repair a vehicle

Once an insurer makes the decision not to repair a vehicle, the insurer must follow the following processes:

5.9.1.1 Inform the policholder that the decision was made not to repair the vehicle.
5.9.1.2 The definition of uneconomical to repair according to this Code.
5.9.1.3 Inform the policyholder that the decision was made with due regard to the interests of all relevant stakeholders, including the financier of the vehicle should the vehicle be financed.
5.9.1.4 Give the policyholder the reasons for the decision.
5.9.1.5 Give the policyholder information regarding his/her options.
5.9.1.6 During the conversation with the policyholder, provide the policyholder with the relevant information to make an informed decision, including:

5.9.1.6.1 The amount payable to the policyholder, including a breakdown of the amount
5.9.1.6.2 The estimate received by the insurer for the cost of the repairs.
5.9.1.6.3 The insured value of the vehicle prior to the accident.
5.9.1.6.4 Any other relevant information which may for example include the expected estimated salvage value, the estimated time of repairs and/or waiting periods for parts if applicable.
5.9.1.7 Should the policyholder wish to not accept the decision, consider the policyholder’s request.
5.9.1.8 Make the final decision, in consultation with the policyholder, and inform the policyholder.

5.9.2 Processes to be put into place when a claim is repudiated

Insurers must put processes in place for when a claim is repudiated by the insurer after the accident damaged vehicle has been uplifted by the insurer’s contracted salvage agent that will assist with the handing over of the vehicle to the policyholder. Such processes must limit the potential exposure of such salvage to the exploitation of criminal elements. Such processes should include:

5.9.2.1 Written explanation of the processes to be followed by the policyholder.

5.9.3 At all stages, insurers must follow the principles of “Treating Customers Fairly.”

5.10 Disposal of salvage to policyholder

Sometimes, insurers are requested to sell an accident damaged vehicle that was declared uneconomical to repair to the policyholder. As this is not deemed best practice, insurers will deal with such requests as follows:

5.10.1 Insurers will consider such an action only at the request of a policyholder.
5.10.2 Insurers will consider each case by its own merits if such a request is received, and will use their discretion in the decision making process.
5.10.3 It is recommended that vehicles which are financed by a finance house or a bank should not be considered for sale to a policy holder.
5.10.4 Such sales to policyholders will be controlled through an appropriate contract which will prescribe the conditions of the sale. The conditions of the sale must follow the requirements of this Code, as well as all applicable legislative requirements.
5.10.5 In line with Treating Customers Fairly (TCF), and with a view to assist in the fight against vehicle crime, insurers will assist policyholders in writing with regards to the processes they must follow after the sale is concluded.
5.10.6 The insurer will keep a full audit trail, as per the requirements of this Code, of the transaction with the policyholder.
5.10.7 The insurer’s record/audit trail will include verifiable documents including the assessor’s report, as well as the agreement with the policyholder.
5.10.8 The insurer will follow all the normal processes as required by this Code, and especially with regard to the following:

5.10.8.1 The correct coding of the vehicle;

Over and above the aforementioned, the following requirements will be applicable to insurers:

5.11 Code 2 vehicles:

Insurers must follow all the relevant requirements of this Code, and specifically including 4.2.2.3 and all its sub-sections.

5.12 Code 3 vehicles:

5.12.1 Code 3 vehicles should not be considered for sale to policy holders, unless there are exceptional circumstances, in which case insurers must treat such cases with extreme care and follow due process which will include keeping a record of such cases and circumstances. Insurers must follow all the relevant requirements of this Code, and specifically including 4.2.2.2 and all its sub-sections.

5.12.2 The insurer should ensure that these motor vehicles are deregistered as “permanently unfit for use” and/or if unfit to be registered as a used motor vehicle should be deregistered as a ‘built up’ motor vehicle (Code 3).

5.12.3 These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) by the insurer or the salvage agent as per the contract in place.

5.12.4 It is the insurer’s responsibility to advise the policyholder of the following:

5.12.4.1 The process he/she will have to follow in order to get the vehicle reregistered after repairs have been finalised to the code 3 vehicle with a view to ensure that the policyholder fully understands the administrative and financial implications of his request to buy the code 3 salvage, including the following requirements:

5.12.4.1.1 Police clearance;
5.12.4.1.2 Micro dotting;
5.12.4.1.3A Roadworthy certificate
5.12.4.1.4 Re-registration

5.12.4.2 What the immediate implications on insurance cover of this deregistered vehicle is;

5.12.4.3 That the vehicle may probably have to be re-inspected following repairs in order to obtain insurance cover depending on his/her current or future insurer’s requirements in this regard.
5.12.4.4 If a disclaimer is applicable, the insurer must advise the policyholder accordingly.

5.13 **Code 4 vehicles:**

5.13.1 Code 4 vehicles do not apply to this section as they must not be sold to policy holders.

5.14 **Banks**

Banks have the responsibility to exercise strict controls over the physical and electronic records, registration documents, and other aspects of motor vehicles salvage.

5.14.1 **Documents and registers**

Documents include:

- 5.14.1.1 Notice of change of ownership form;
- 5.14.1.2 Deregistration and registration certificates (eNaTiS documents);
- 5.14.1.3 Photographs of motor vehicles;
- 5.14.1.4 Certified copies of identity documents;
- 5.14.1.5 Certified copies of any relevant agreements

Documents must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Banks will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail. This may form part of the bank’s operational system in place.

Banks will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents, where possible, in order to minimise the use of original documents. This register could form part of the bank’s operational system. Access controls as well as security restrictions will be in place for the electronic register. Only limited, vetted, personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer’s electronic register of salvage.

Documents that need to be handed over to insurers when a claim is settled will follow the rules set out by this Code in Section 5 below.
Documents to be handed over to motor vehicle owners when the loan is settled, should follow the following procedure:

5.14.2 When motor vehicle owners collect the documents personally, they need to show proof of ownership and sign for the documents.

5.14.3 When owners request documents to be mailed to them, this should be done using registered mail to ensure that the correct owner collects the documents from the Post Office with appropriate identification, or documents should be couriered to them requiring the actual owner with proof of identity to receive the documents.

5.14.4 Documents should include the already completed change of ownership forms with the details of the bank/financing house, as well as a letter from the bank stating full settlement of the account.

5.15 Registration procedures

Banks will follow registration and deregistration procedures as per legal requirements, as well as per the request of the insurers which will be following the rules of this Code of Salvage.

Banks will deregister motor vehicles as per the instruction of the insurer. Original documents will be provided to the insurer within 10 working days, or as per an agreed service level agreement in place, from receipt of the written instruction from the insurer.

5.16 Status coding

Status coding of motor vehicles should be the responsibility of the insurer, and the insurer's instruction in this regard should be accepted.

Banks are entitled to view/audit the assessor’s report in terms of any motor vehicle in which they have an interest.

Should the banks become involved at any stage with the status coding of a motor vehicle, however, they will follow the procedures and rules in this Code of Salvage.

An informal committee/register of volunteers will be established in order to provide assistance when disputes and/or disagreements occur regarding the status coding of motor vehicles. In addition, this committee/register of volunteers could also be asked for advice and/or input when status coding motor vehicles, if and when all other mechanisms have not provided a clear answer regarding the status coding of a motor vehicle.
5.17 Other responsibilities

5.17.1 The banks will notify the insurer concerned immediately should it come to their attention that;

5.17.1.1 Any motor vehicle which should, upon reasonable inspection, have been declared permanently unfit for use, have actually been declared uneconomical to repair.

5.17.1.2 An insurer has failed to register motor vehicles that have been declared uneconomical to repair into their own name prior to selling such motor vehicles.

The above information will also be updated to the industry motor vehicle database, once in place.

6 PROCEDURES TO BE FOLLOWED BETWEEN BANKS AND INSURERS

Best practice regarding the moving of physical records and/or registration documents between banks and insurers should be followed, including:

6.1 Insurers should inform the banks of the authorised personnel to accept such documents on its behalf, and supply the bank with sufficient identification details of the personnel involved to enable a responsible handing over process.

6.2 Insurance personnel should show proof of identity, together with an instruction from the insurer, in order to be able to receive the relevant documentation.

6.3 The insurer must take possession of the relevant documents before settling a claim, and after the bank has completed the required registration/deregistration processes as per the instruction of the insurer.

6.4 The bank and insurer will both do their utmost to complete the handing over process of original documentation within 10 working days after receipt of the written instruction from the insurer, or as per a service level agreement in place.

6.5 The personnel authorised by the insurer to receive the documentation from the bank, must keep the documents in his/her possession until it is safely secured in the safe room or safe of the insurer.

6.6 The documentation (or scanned/photocopied versions of it) must be entered into the physical and electronic registers/operational systems of the insurer as soon as possible.
7 PROCESSES/PROTOCOLS TO BE FOLLOWED BY OTHER ROLE PLAYERS IN THE SALVAGE MANAGEMENT PROCESS

Refer to section 5.1.3 and specifically the requirements regarding contracted parties in the salvage management process.

In addition, the following are relevant to salvage agents and/or auction houses and as such should be included by the insurer in its agreement/contract with the salvage agent:

7.1 Salvage agents shall comply fully with the Second Hand Goods Act, 2009. They will therefore be required to register as second hand goods dealers as per the Act, as well as to comply with any further requirements set by the Act that apply to them and/or to their activities.

7.2 In addition, salvage agents should comply with all other relevant legislation in South Africa.

7.3 It is recommended that salvage agents belong to an appropriate and recognised trade association.

7.4 Salvage agents should:

7.4.1 Follow good business practices;

7.4.2 Follow the requirements of this Code;

7.4.3 Ensure that all their relevant personnel are aware of and trained according to the requirements of the Code;

7.4.4 Notify the insurer when it does not agree with a decision made by the insurer in order to assist the insurer in making the correct decision if and when required;

7.4.5 Notify the SAIA should regular non-compliance with the Code of Salvage become apparent for whatever reason, in order for the SAIA to investigate the problem and to address it in whatever way necessary;

7.4.6 Register, de-register, and/or dealer stock motor vehicles as per the requirements of the law, the requirements of this Code and as per the instruction in line with these from the insurer within a set period of time.

7.5 Salvage agents will enable the registration and/or change of ownership notification as per the requirements of the law when selling salvage, including:
7.5.1 Complete the change of ownership form with their own details and hand this over with the correct documentation to the new owner;

7.5.2 The buyer must complete an NCO and hand a copy of this and the identity document to the salvage agent before the salvage is handed to the buyer.

7.5.3 It is the responsibility of the salvage agent to hand the NCO and copy of the buyer's identity document to the licensing authority to update their record as sale pending with buyer's detail. The buyer is then forced to register the salvage in his/her name before he/she can resell the motor vehicle.

7.5.4 Instruct the new owner to register the motor vehicle before handing over the motor vehicle.

7.5.5 Keep proof of new ownership, and enter this into the physical, electronic and/or industry database.

7.5.6 If ii and iii above cannot be implemented, notify the registering authority of the change of ownership.

7.5.7 Disposal by the insurer through the salvage agent/auction house places the requirement for a roadworthy test to be passed on to the subsequent owner prior to re-registration.

7.5.8 Salvage agents should:

7.5.8.1 Safeguard documentation and other relevant items such as keys as per the requirements expanded on below.

7.5.8.2 Keep registers, physical and electronic, of salvage under their control.

7.5.8.3 Keep audit trails regarding salvage under their control.

7.5.8.4 Vet and monitor staff with a view to minimise the risk of staff Members acting in a negligent or illegal manner.

7.5.8.5 Enter the details of the salvage under their control, other than that already uploaded to this database by the insurer, into the electronic industry salvage database, once this is up and running, and as per the requirements set for this at the time of implementation. This would include the information about the buyer of the salvage, the proof of destruction of salvage,
and all salvage duties under the control of the salvage agent after receiving the salvage from the insurer.

7.6 **Document control**

Salvage agents have the responsibility to exercise strict controls over the physical and electronic records, registration documents, keys and other aspects of motor vehicle salvage. Documents include:

7.6.1 Notice of change of ownership forms;

7.6.2 Deregistration and registration certificates (eNaTiS documents);

Documents and keys must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Salvage agents will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail.

Salvage agents will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents in order to minimise the use of original documents. Access control as well as security restrictions will be in place for the electronic register. Only limited, vetted personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer’s electronic register of salvage.

Documents related to stolen unrecovered motor vehicles should be kept safe for an unlimited period of time to enable police and prosecution processes to be followed successfully should a motor vehicle be recovered at any time in the future.

8 **TRAINING AND AWARENESS**

8.1 **SAIA and BASA**

The SAIA and the Banking Association South Africa will:

8.1.1 Create awareness regarding the Code of Salvage amongst its relevant Members, as well as other relevant role players including the public at large;
8.1.2 Enforce the Code on Salvage on its relevant Members;

8.1.3 Take reasonable steps to ensure compliance of its relevant Members with the Code of Salvage;

8.1.4 Impose the relevant penalties on Members that do not comply with the Code of Salvage.

8.2 NMFA

8.2.1 Create awareness regarding the Code of Salvage amongst its relevant Members, as well as other relevant role players including the public at large;

8.2.2 Will take reasonable steps within the ambit of its constitution to ensure compliance of its Members with the Code of Salvage.

8.3 Insurers and banks

8.3.1 Insurers and banks have the responsibility to create awareness regarding the Code of Salvage and its contents. The insurers and banks should keep record of activities in this regard, and report on these activities.

8.3.2 Insurers and banks will ensure that all relevant staff Members, including motor engineers and assessors and all other relevant personnel, are aware of and receive regular training on the Code of Salvage and its contents. This Code should be included in training activities and material, in a companies’ internal code of conduct if appropriate, key performance areas of relevant staff Members, standard operational procedures and/or any other relevant areas an insurer may deem appropriate.

8.3.3 Insurers will ensure that motor engineers and assessors are aware of and trained on the Code of Salvage and its contents, especially with regards to status coding, and follow these rules strictly.

8.3.4 Insurers will ensure that third parties who are contracted to manage any aspect of the salvage management process, including brokers and salvage agents, are aware of and trained on the Code of Salvage and its contents and requirements.

8.3.5 Insurers will ensure that their own personnel, such as motor assessors, as well as the relevant personnel at contracted parties are trained appropriately in order to be able to implement best practices in salvage management.
9 ENFORCEMENT

Both the SAIA and the BASA are committed to do everything in their power to facilitate compliance with this Code of Salvage by their Members. The following actions will be taken to assist with the above:

Awareness creation;

Compliance reporting required by Members;

Disciplinary actions taken if and when necessary.

The NMFA is likewise committed to do everything in its power, within the ambit of its constitution, to facilitate compliance with this Code of Salvage by its Members.

9.1 **SAIA and its relevant insurance Members:**

The Code of Salvage forms part of the SAIA Code of Conduct for the motor insurance Members, and as such compliance with this ‘Code’ is a member requirement. The same processes regarding compliance by Members and compliance reporting, complaints regarding alleged non-compliance, the procedures to deal with complaints, as well as the sanctions/penalties applicable when Members are found guilty of non-compliance are applicable to the Code of Salvage as are applicable to the SAIA Code of Conduct. The SAIA Code of Conduct is attached to this Code of Conduct as Addendum A. Please refer to section 12 for the details in this regard.

9.2 **BASA and its relevant Members**

BASA requires of its relevant Members to comply with the Code of Salvage as part of its Code of Banking Practice.

The same rules that apply to compliance and complaints that apply to the Code of Banking Practice will apply to this Code of Salvage. The Code of Banking Practice is attached to this Code as Addendum C, and Section 10 of Code on Banking Practice also applies to this Code.

9.3 **NMFA and its Members**

The NMFA will promote compliance with the Code of Salvage within the ambit of its constitution.

10 CONCLUSION

Both the banking and insurance industries, and specifically the SAIA, BASA and NMFA and their Members, are committed to deal with motor vehicle salvage in a
responsible manner, to the benefit of all parties involved including the banks and
the insurers and their clients/customers. In addition, responsible salvage
management will assist in combating motor vehicle crime and unacceptable road
safety levels in South Africa.

The banks and insurers that are Members of the SAIA and BASA, through this
Code of Salvage and its strict implementation, honour their duties in the above
mentioned regard.

The SAIA, BASA and the NMFA, as well as their Members, urge all other relevant
role players in the crime combating and road safety arenas to also do their utmost
to assist in these regards, including the Department of Transport and especially
eNaTiS, the motor vehicle manufacturers and NAAMSA, the South African Police
Services and any other relevant role player.

South African Insurance Association will publish this Code on the SAIA webpage on
www.saia.co.za.

The Banking Association of South Africa will publish this Code on their website on
www.basa.co.za.

The National Motor Financing Association will publish this Code on their website on
www.nmfa.co.za.

Date: 2012.01.30 (Updated on 9 July 2012)
Document No: +100983
Communication between insurer and bank
Recommended wording – Code 3 Accidents

To: The Manager

From:

Date:

Your reference: VIN number: / Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is permanently unfit for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996 and should accordingly be deregistered. You are requested to change the vehicle status to a code 3 on the eNaTis system as specified in the Code of Motor Salvage between Members of SAIA and Banking Association.

The accident occurred on ...... [date]

☐ The accident was NOT reported to the SAPS, OR
☐ The accident was reported to the SAPS .....[Station] under case number ......[case number, AR number].

Payment will be made electronically within 48 hours once we have received all of the following:

- A copy of the vehicle deregistration papers;
- **Please urgently** send the original deregistration papers for my attention, in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed (Please forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the deregistration papers. If payment is made upon receipt of a copy, the original...
documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

...... [Insurer authorised incumbent]

Communication between insurer and bank
Recommended Wording – Stolen Vehicles

To: The Manager

From:

Date:

Your reference: VIN: / Engine nr:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is **stolen** and the vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996 and **should accordingly be deregistered as stolen / hijacked** and as specified in the Code of Motor Salvage between Members of SAIA and The Banking Association.

The theft occurred on ..........

The theft was reported to the SAPS ..........[Station], under case number ............. [case number].

Payment will be made electronically within 48 hours once we have settled the claim and have received all of the following:

- A copy of the vehicle registration papers;
- **Please urgently** send the original deregistration papers for my attention, in an agreed secure manner;
• Settlement amount without penalties for early settlement, or as otherwise agreed (Please forward this to me upon receipt of this communication);
• Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original deregistration certificate or a copy of the registration papers. If payment is made upon receipt of a copy of the registration certificate, the original deregistration documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind Regards,

…….[Insurer authorised incumbent]

Communication between insurer and bank
Recommended wording – Code 4 Accidents

To: The Manager
From:
Date:
Your reference: VIN number: / Engine number:
Register number:
Account number:
Vehicle Registration:
Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question must be permanently demolished, which means that the chassis of the motor vehicle has been a) compacted; b) compressed; c) melted; d) destroyed or e) damaged to such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis cannot be used to build a motor vehicle. The vehicle should therefore be deregistered and the vehicle status changed to a code 4 on the eNaTis system as specified in the Code of Motor Salvage between Members of SAIA and Banking Association.

The original registration document (code 2) must be forwarded to us and .........[insurance company name] undertakes to dealer stock the vehicle in the interim,
unless otherwise agreed between parties. The request to deregister the vehicle as code 4 will be processed as soon as possible by us.

The accident occurred on .......[date].

☐ The accident was NOT reported to the SAPS, OR
☐ The accident was reported to the SAPS ...... [Station] under case number ........[case number, AR number]

Kindly forward the following to us in an agreed secure manner:
• The original vehicle registration papers;
• Signed Notification of Change of Ownership form.

Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

.....[Insurer authorised incumbent]

Communication between insurer and bank
Recommended wording – Code 2 Accidents

To: The Manager

From:

Date:

Your reference: VIN number: Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is declared uneconomical to repair but not permanently unfit for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996. The vehicle status will be a code 2. ..............[Insurance company name] will therefore dealer stock the
vehicle as specified in the Code of Motor Salvage between Members of SAIA and Banking Association.

The accident occurred on ...........[date].

☐ The accident was not reported to the SAPS, OR
☐ The accident was reported to the SAPS .... [Station] under case number .....[case number, AR number]

Payment will be made electronically within 48 hours once we have received all of the following:

- A copy of the vehicle registration papers;
- **Please urgently** send the original papers for my attention in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed (**Please** forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the eNatis documentation. If payment is made upon receipt of a copy, the original documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

......[Insurer authorised incumbent]

**Communication between insurer and bank**

**Recommended wording – Code 2 Accidents – Elected not to Repair by the Insurer**

*To:* The Manager  
*From:*  
*Date:*  
*Your reference:*  
*VIN number:* Engine number:  
*Register number:*  
*Account number:*  
*Vehicle Registration:*  
*Make and Model:*  

We are currently in the process of finalising a claim for the above-mentioned vehicle. *We have elected not to repair* the vehicle in question. The vehicle remains to be fit for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996. The vehicle status will be a **code 2. .............** [insurance company name] will therefore **dealer stock** the
vehicle as specified in the Code of Motor Salvage between members of SAIA and Banking Association.

The accident occurred on ........... [date].

The accident was not reported to the SAPS, **OR**

The accident was reported to the SAPS .... [Station] under case number .....[case Number, AR number]

Payment will be made electronically within 48 hours once we have received all of the following:
- A copy of the vehicle registration papers;
- Please urgently send the original papers for my attention in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed (Please forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the eNatis documentation. If payment is made upon receipt of a copy, the original documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

......[Insurer authorised incumbent]

Code of Motor Salvage Addendum B_+101866
ANNEXURE 4:

THE VEHICLE DATA QUALITY & SALVAGE DATA SHARING DOCUMENT (VDD)

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1 INTRODUCTION

The current rates of incidents of South Africans who fall victim to crimes orchestrated by vehicle syndicates continue to occur at unacceptable levels. In 2012/13 the number of stolen vehicles and hijackings reported to the South African Police Services were 56,733 and 9,665 respectively, equating to an estimated market value of R8.5 billion.

The impact of organised crime in combination with existing business practices across the vehicle value chain creates a vulnerability to all stakeholders. Bankers, insurers, intermediaries, motor dealers and consumers are in one way or another exposed to fraudulent behaviour, un-roadworthy vehicles, cloned vehicle trading and claims, bad debt and increased costs. Ultimately these costs are carried by South African consumers.

Of particular concern within the insurance industry is the importance of managing wrecked vehicles since it provides an opportunity for the majority of forms of vehicle crimes. This concern stimulated the establishment of the SAIA Motor Salvage Code of Conduct which lays down the best practice in salvage management for insurers and also guides insurers as they interact with the motor finance industry in order to transfer ownership on claimed vehicles from time to time. Compliance with the SAIA Motor Salvage Code of Conduct is expected to result in exemption from the Second Hand Goods Act and the establishment of a Vehicle Salvage Database (VSD) will enable insurers as a whole to demonstrate the industry’s responsible management of its salvage.

SAIA and its members began the Finance and Insurance Vehicle System (FIVS) project with the aims to provide a single view of the full lifespan of financed and insured vehicles which would be accessible by stakeholders like insurers, financiers, motor dealers, binding brokers and the South African Crime Bureau (SAICB). Through centralisation of data, this system would allow stakeholders with access to inspect a vehicle’s history of the following data in order to protect themselves and remove fraudulent vehicles from the system:

a) Ownership of the vehicle  
b) Status or condition of the vehicle e.g. code 1 (for new vehicles) or code 2 (for used vehicles)  
c) Insurance cover and claims history of the vehicle

In conceptualising the project it was a guiding principle that FIVS would not “re-invent the wheel” - The objective being rather to leverage existing solutions already in the market wherever possible in order to deliver against the business requirements in an
efficient and cost effective manner. This principle is reflected in the way the project has approached building the FIVS system.

An organic approach to the development of FIVS was suggested by the SAIA Board Committees and as a result the project’s focus has initially been on how to improve vehicle data quality in parallel to collating and centralising it before integrating with financier and other industry’s data environments.

While there are benefits to be had by improving and then centralising vehicle data at an underwriting stage, as suggested by the FIVS initial intent above, there are also sensitivities around underwriting data. As a result the project has narrowed its focus in the interim to improve all vehicle data quality but only share salvage AND stolen vehicle data. It is understood that by sharing salvage data that we will be delivering on the two primary needs of the FIVS project namely, the need to demonstrate compliance to the Motor Salvage Code of Conduct and hence exemption from the Second Hand Goods Act as well as to assist in combatting various forms of vehicle fraud.

This document is to be a living document and as it currently stands, defines commitment to improving vehicle data quality across the industry AND sharing of specifically vehicle data relating to salvage and stolen recovered vehicles. It takes into account practical and strategic feedback by SAIA’s members represented on the FIVS project. Most notably the dependency on insurers and brokers to successfully integrate with the STRIDE switch will enable binder broker data to more easily be supplied to the underwriter and also the chosen centralised data environment/s.

The inclusion of this Vehicle Data Quality & Salvage Data Sharing Document (Referred to in the rest of this document as the Vehicle Data Document) (VDD) into the SAIA Code of Conduct is seen as critical to obtain commitment from the entire short term insurance industry and ensure a platform for it to sustainably realise the benefits by improving vehicle data and centralising salvage and stolen vehicle claims.

1.1 LIST OF BENEFITS TO BE REALISED

This section of the document aims to provide more detail regarding the benefits to insurers to improve their vehicle data as well as centralise it.

<table>
<thead>
<tr>
<th>Benefit to improving vehicle data</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting reliability</td>
<td>Increased underwriting reliability for personal lines and commercial business:</td>
</tr>
<tr>
<td></td>
<td>• This would mean vehicles are being insured for the</td>
</tr>
</tbody>
</table>
correct value. (It was noted that factors other than vehicle data also contribute to correct pricing)

<table>
<thead>
<tr>
<th>Treating Customers Fairly</th>
<th>By improving the collection of vehicle data insurers will:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Provide more accurate insurance to a customer and streamline the claims process</td>
</tr>
<tr>
<td></td>
<td>• Limit salvage being misused after assessment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increased benefit from other industry initiatives / activities</th>
<th>The value derived from the following initiatives could be improved:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Matching existing claims history sets in the Insurance Data System (IDS) (i.e. one enquiry for credit data, credit score, e-NaTiS for driver’s license, ownership or vehicle, historical claims &amp; policies)</td>
</tr>
<tr>
<td></td>
<td>• Identification by SAICB of fraudulent activity should have less false positive matches</td>
</tr>
<tr>
<td></td>
<td>• Inspections are more likely to be matched to policies (though VIN)</td>
</tr>
<tr>
<td></td>
<td>• After an accident – an accurate VIN will allow improved policy clearance and allow a vehicle to be towed quickly</td>
</tr>
<tr>
<td></td>
<td>• Incorrect assessments based on inaccurate vehicle data could be avoided.</td>
</tr>
<tr>
<td></td>
<td>• In future a reduction in costs paid for historical vehicle data since insurers will own this data through FIVS.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increased recovery rates</th>
<th>Improved data quality will lead to a reduction of or less costly claims e.g. improved matching with Unicode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in claims settlement time</td>
<td>Decrease in claims settlement time and costs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefit to centralising vehicle data (Salvage &amp; Stolen Vehicle Data)</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance with the SAIA Motor Salvage Code of Conduct.</td>
<td>Insurers will be able to demonstrate compliance with the code and hence solicit exemption from the second hand goods act.</td>
</tr>
<tr>
<td>Ability to match financed vehicle data to insured vehicles.</td>
<td>Insurers will be satisfying an important stakeholder’s needs, namely financiers. Financiers will be able to identify a clear history of the vehicle prior to financing it.</td>
</tr>
<tr>
<td>Reduction of organised</td>
<td>The value derived from SAICB is derived by interrogating data</td>
</tr>
</tbody>
</table>
climate / vehicle fraud across different policy types as well as intercompany data. The more participating companies the more fraudulent behaviour would be picked up.

- Convictions for insurance fraud would increase
- The number of cloned vehicles being sold, underwritten and financed would be decreased
- Vehicle thefts and hijackings would be reduced as a result.
- Duplicate claims or insurance policies
- Reduction in administration costs associated with investigations by insurers

| Treating Customers Fairly | By centralising vehicle data insurers will be able to:
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Identify a clear history of the vehicle prior to insuring it and hence insure it appropriately</td>
</tr>
<tr>
<td></td>
<td>- Contribute to ensuring public safety by ensuring legitimate vehicles are insured only (i.e. no un-roadworthy vehicles / cloned vehicles etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effective transfer of ownership monitoring</th>
<th>Vehicle ownership and transfer can be effectively monitored between stakeholders.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Financed vehicles settled through insurance claims</td>
</tr>
<tr>
<td></td>
<td>- Salvage vehicles sold to new owners</td>
</tr>
</tbody>
</table>

2 PURPOSE AND INTENT OF THIS (VDD)

2.1 Objectives of this VDD

a) To ensure that all participants understand the objectives behind vehicle data improvement and the Vehicle Salvage Database (VSD).

b) To establish industry goals for improving vehicle data at an underwriting, claims and salvage stage of a vehicle’s life.

c) To define the governance, access and operational requirements this will promote the sustainability of the VSD.

d) To provide a comprehensive view of obligations of VSD participants.

e) To define how the integrity of the VSD will be maintained
f) To guide behaviour of all participants where no laws and legal penalties necessarily exist:

   i. To lay a platform for self-governance
   ii. To uphold integrity through effective management

2.2 **SAIA Members**

This VDD governs the improvement and sharing of insurers vehicle data. It will form part of the SAIA Code of Conduct and therefore all SAIA vehicle insurer members are required to adhere to this VDD.

2.3 **Other Stakeholders**

Any stakeholder wishing to access the VSD for whatever reason will be required to agree to standard terms and conditions before access is granted attached in Appendix 1.

a) Each stakeholder who is not an insurer will need to have their participation and defined level of access approved by the Governance Committee overseeing the VSD and the chosen solution provider. This will include brokers.

2.3.1 **Insured clients access to information**

a) Clients have a legal right to see their information

b) Access to client information will be provided via the respective SAIA member who needs to adhere to this VDD

2.3.2 **The relationship between insurers and salvage agents / auctioneers**

a) Salvage owners and auctioneers will operate under the mandate of the insurer in order to provide data to the VSD. Any access to the VSD is subject to compliance with the signed terms and conditions in Appendix 1.
3 PURPOSE AND INTENT OF THE VEHICLE DATA VDD

3.1 Primary objectives of the VDD

a) To improve the quality and density of vehicle data across the insurance industry and thereby improve all functions, both at an individual insurer as well as industry level which hinge on vehicle data quality.

b) To provide participants with a single historical view of all salvaged vehicles (i.e. where a vehicle is uneconomical to repair or stolen) relating to a vehicle while it was or is insured.

c) To provide defined access to this VSD by insurers, financiers, motor dealers, binding brokers, SAICB and SABRIC which will enable them to query where relevant the:
   i. Ownership of the vehicle
   ii. Status of the vehicle
   iii. Serious claims history of the vehicle

d) To establish a VSD that supports industry wide compliance with the SAIA Motor Salvage Code and the exemption from the Second Hand Goods Act

e) To assist in combatting various forms of vehicle fraud in South Africa

f) To commit insurers to providing a vehicle’s insured status update upon request by a financier.

3.2 Scope of the VDD

a) The vehicle data improvement commitment in this VDD extends to insurer’s underwriting data, claims data and salvage data.

b) Improvement of underwriting data specifically refers to only personal lines at this stage.

c) The data which is required to be shared into the VSD extends to claims and salvage data relating only to:
   i. Vehicles which are deemed un-economical to repair upon a claim
   ii. Vehicles which are claimed as stolen.
d) **Please note:** Given the scope defined, claims data refers to that pertaining to vehicle claims which have been deemed un-economical to repair or stolen. Salvage data refers to data submitted by a salvage agent and would include the ownership details of the person a wreck is sold onto by a salvage agent or auctioneer.

### 3.3 Purposes of use for the VSD

a) The VSD may not be accessed for any purpose of commercial gain other than for those which it was designed and which are defined in this document.

   a. The defined purposes of use for participants with approved access to the VSD are stipulated in the stakeholder access guideline document in [APPENDIX 2](#).

   b. Participants have a duty as well to highlight any access granted over and above their allowed visibility.

b) A participant may not be held liable by another entity for incorrect data supplied to the VSD

   i. Accessing data is in good faith and at a participant’s own risk.

   ii. All participants to the VSD will take necessary pro-active steps within their businesses to insure their data quality is in line with the industry targets.

#### 3.3.1 Purposes of use specifically excluded

a) Data may not be used for any purposes of commercial gain other than those derived from the management reporting capabilities highlighted in [APPENDIX 2](#).

b) No participant is allowed to use VSD for analysis of another participants business.

   i. The vendor will therefore mitigate this risk by ensuring that reports developed do not allow for inspection of other companies businesses.

c) The VSD data will not be used to prosecute but only to identify prosecutable offences.

   i. Supporting documentation which informs the data will need to support any legal action.
d) Data may not be passed out of the participating organisation that accessed the data for any purposes or to any subsidiary, agent or 3rd party.

i. All access made by salvage agents, assessors or other contractors must be recorded with the 3rd party’s digital signature

4 GOVERNANCE OF THE VSD

4.1 Governance Structure

4.1.1 Governance Committee

a) The management of the vendor with regards to their support of all VSD related operations will be overseen by a VSD Governance Committee which is comprised of participating insurance companies.

4.1.2 The expectations of this VSD Governance Committee

a) The Governance Committee will provide guidance as required to VSD on behalf of all participants.

b) The Governance Committee will on behalf of the industry be mandated to deal with immediate governance decisions that manage the VSD.

c) Specific Governance Committee responsibilities include:

i. Managing the chosen vendor who hosts and maintains the VSD

ii. Ensure adherence to this VDD

iii. Non-signatory access to the VSD

iv. Identifying and managing non-compliance

v. Stakeholder management (e.g. eNaTiS, Department of Transport, SA Police Service)

vi. Risk identification, management and communication to the broader industry on a periodic basis

vii. Facilitating the adherence to data integrity
4.1.3 The Governance Committee composition

a) All insurers participating in the VSD will have the opportunity to be represented by one person on this committee.

b) Any representative on this Governance Committee should satisfy the following minimum criteria:

   i. Each company’s representative must be of a senior management level or above and be capable of providing input in relation to their company’s broader motor and IT strategy.

4.1.4 Service on the Governance Committee

a) Service on the Governance Committee is expected to be for a minimum of 2 years in order to maintain continuity.

b) Each representative must attend a minimum of 80% of the meetings held.

c) The Governance Committee will elect its own chairperson and deputy chairperson. The chairperson and deputy chairperson of the Governance Committee will hold office for no longer than two years from the date of their election.

d) New membership required on the Governance Committee will be confirmed yearly.

e) The intent of this Governance Committee is to service the industry and so should a Governance Committee representative leave the industry then they will automatically resign from the Governance Committee.

   i. The represented company will have the opportunity to identify a replacement for the remainder of the year.

f) To become or to continue to act as a Governance Committee member must not be:

   i. A juristic person;
   ii. An un-emancipated minor, or a person under a similar legal disability;
   iii. A person who has been declared a delinquent or placed under probation by a court in terms of section 162 or section 47 of the Close Corporations Act, 1984, except to the extent permitted by the order of probation;
   iv. An un-rehabilitated insolvent;
v. Prohibited in terms of any public regulation to be a Director
vi. Removed from an office of trust, on the grounds of misconduct involving dishonesty
vii. A person who has been convicted, in the Republic or elsewhere, and imprisoned without the option of a fine, or fined more than the prescribed amount, for theft, fraud, forgery, perjury or an offence:
   a) Involving fraud, misrepresentation or dishonesty;
   b) In connection with the promotion, formation or management of a company;
   c) In connection with having been appointed or elected as a Director or acting as a Director whilst ineligible or disqualified, or whilst having been placed under probation by a court; or

4.2 Governance Infrastructure

4.2.1 Required governance infrastructure

   a) A virtual help desk will facilitate every query lodged by a participant

   b) Participants with ad-hoc information requests will need to follow a defined procedure for applying for access to information.

   c) Dedicated personnel will manage the day to day operations of the VSD

4.3 Protocols for ensuring compliance with this VDD

The utilisation of VSD data for purposes other than intended by the VDD

   a) The SAICB mandate will include the constant evaluation of the VSD for fraud vulnerability

   b) The VSD will be periodically evaluated by the South African Police

   c) Each insurer will be allowed to send auditors into the vendor’s workplace and ensure that the system is being managed effectively and in accordance with their responsibilities.
d) Given that this VDD will form part of the SAIA Code of Conduct any insurer will have the option open to them to address misconduct through the SAIA complaints committee as stipulated in the SAIA Code of Conduct.

4.3.1 Serious misconduct

a) There is zero tolerance for “on selling” data and fraudulent activity

4.3.1.1 Use of data for on selling and crime

a) The individual responsible for the act will have their user access suspended permanently

b) This would constitute a criminal offence and a conviction is required through the appropriate legal route.

   i. This applies to the individual but also the participating company if the participating company authorised the access by the individual

c) The participating company responsible for their user access will initiate a company driven investigation and provide a full report on the incident to the governance committee within 3 months.

   i. The report will indicate measures put in place that will prevent a reoccurrence.

d) Collective learning’s from these reports will be shared among VSD participants.

e) The details of any misconduct will be sent to the SAICB and SABRIC or any other the fraud detection mechanism already in place to protect the industry.

4.3.2 Application of data for unintended purposes

This can either be intentional or non-intentional and each incidence of this transgression will be investigated on its merits.

a) The individual responsible for such a transgression will have his / her access temporarily suspended until an investigation is complete
4.3.3 Less serious misconduct

4.3.3.1 Not sharing data in line with the VSD’s requirements

a) Reasons will be provided to a responsible VSD person in order to ascertain why data has not been updated.

b) A time period will be provided in order for the concerned participants to fix the problem.

c) Should the problem not be solved the issue will be escalated to VSD Governance Committee.

4.4 Ownership of data

Insurers’ data ownership and vendor responsibility:

a) Insurers own the data provided and the vendor has a host responsibility only and will never own the data. Any other entities who are granted access to this VSD will not own the data either.

b) The vendor may not use data from the VSD to compete in other areas of the market.

c) The vendor will not be allowed to alter data although may be required to utilise data validation and integration rules to provide the services required by VSD.

d) The vendor will not be allowed to sell participant information back to participants.

e) The vendor will not be allowed to utilise the data for any purposes other than to facilitate the defined purposes of use in section 4.4

4.4.1 Use of data vs changing data.

There is a distinction between the ability to change data and the use of data:

a) A company may not change data relating to a vehicle with which they do not currently have a relationship.

b) The vendor will unequivocally have no rights to the database except for the use which is specifically related to the VSD.

c) The onus will be placed on the person who collects the data to inform the client and the regulator of a breach of use by the vendor.
4.5 Obligations of Vendor

4.5.1 Committee management

a) The vendor (SAICB) must manage the committee and all participating insurers should have the opportunity to participate on the committee.

4.5.2 Service Level Agreement Guidelines

The following guidelines will be incorporated into a Service Level Agreement (SLA) for the vendor:

a) Virtual help desk management
b) System down time
c) Maintenance
d) Access requirements
e) System confidence measures
f) Data and information security measures
g) Confidentiality commitments
h) Define basic rules required for validating data
i) Measurement of compliance with operational timeframe requirements (and other key performance indicators of participants)

4.6 Permanent participation in the VSD

4.6.1 Sign-up expectation

a) The expectation is participation in perpetuity.

b) This VDD forms part of the South African Insurance Association (SAIA) Code of Conduct to ensure participation of the respective members however:

   i. Non-members will not be restricted from participating in the VSD however but will be required to agree to the terms and conditions for access like any other non-signatory.
4.6.2 Exiting the VSD

a) A request by a member to exit the VSD means the member should also terminate their membership with the SAIA.

b) The assumption is that when a member exits the VSD that their data will remain in the database.

5 ACCESS TO THE VSD

5.1 Requirements for participants in the VSD participation

5.1.1 Data improvement

a) Insurers agree to improve data quality for ALL vehicle data (including underwriting data, claims data and salvage data) in line with the targets defined in section data management section (7.2). Please note that underwriting data is not required to be submitted.

5.1.2 Submission of claims data (i.e. claims data pertaining specifically to written off or stolen vehicles)

a) Insurers agree to provide at a claims stage into the VSD the complete list of data fields displayed in APPENDIX 3 for all vehicle claims which are deemed by the insurer to be “un-economical to repair” or “stolen and recovered” (not simply stolen).

b) The trigger for this data submission will be when a vehicle is deemed by an insurer to be un-economical to repair or stolen and recovered.
   a. Insurers commit to providing this data for 100% of their active motor vehicle relationships into the VSD
   b. This includes both personal and commercial lines vehicle data
   c. This includes all intermediary data

c) There is a requirement that insurers notify the chosen vendor of reversed decisions regarding a record since in order to ensure a vehicle’s history is accurately recorded.
5.1.3 Submission of salvage data (i.e. data from the salvage agent pertaining to a vehicle which would include details of the new owner)

a) Insurers agree to provide at a salvage stage (i.e. any changes made to a vehicle when in possession of a salvage agent) into the VSD the complete list of data fields displayed in APPENDIX 4 for all vehicles claims which are deemed by the insurer to be “un-economical to repair” or “stolen and recovered”.

   a. Insurers commit to providing this data for 100% of their salvaged or stolen vehicles into the VSD
   b. This includes both personal and commercial lines vehicle data
   c. This includes all intermediary data

5.1.4 Intermediary data

a) Data improvements and submissions required of insurers extend to their intermediaries and insurers agree to take necessary measures to ensure that their intermediary partners will be able to improve data and facilitate data submissions in accordance with insurers’ responsibilities.

b) Insurers and their partners are committed to readying their businesses to use STRIDE or another mechanism to provide all necessary underwriting vehicle data.

5.1.5 Historical / existing relationships

a) Insurers agree to provide an initial data dump of prior salvaged and stolen vehicle claims as far back as practically possible.

5.1.6 Requirements to access the VSD

a) Users must have a relationship with a client and / or a vehicle they are enquiring about

   a. A user date and time stamp will be attached to every enquiry.
   b) Access will be granted on transaction by transaction basis unless through defined management reports.

   c) Request for ad-hoc bulk transactions will need to be evaluated based on their merits by the governance committee.
d) Full identifying details for all authorised personnel, uploading information to the centralised database, authorised to change information and authorised to access information should be recorded.

e) Participants must be able to demonstrate that internal access has been defined for different areas of their business

   i. The ability to update data should not be provided to a business unit if only read functionality is required for example.

f) Participants and their business units may only retrieve data relevant to their requirements.

g) The consumer will have access to their information on the VSD through the insurer.

5.1.7 SAICB Access

a) Insurers support that vehicle data supplied by insurers will be able to be accessed by the industry crime fighting body, the South African Insurance Crime Bureau (SAICB), to benefit the duties which they conduct on behalf of the short term insurance industry.

6 OPERATIONAL REQUIREMENTS FOR THE VSD

6.1 Required security protocols

a) Information hosted on the system is critical and will be treated with the utmost caution by participants at all times.

b) Participants will implement their current system governance protocols on the VSD as well.

   i. This will include minimum security criteria for participants using the system.

c) Data will only change when originating from the participants in the VSD. The vendor will not be able to change VSD data.

d) The vendor will have defined triggers to inform the members in the event that information is compromised.
e) Unique passwords and user security requirements will be used for use of the VSD.

   i. Passwords will routinely expire and there will be no evergreen access.

   ii. Personal questions will be used as a requirement to change a password.

   iii. As soon as biometrics is available on the system it will be used for all access and specifically within data change facilities.

f) Audits will be conducted regularly to ensure that users still require their defined access rights i.e. person requiring access still has the same role.

g) System access and updates will be made visible to all users.

6.2 Data Management

6.2.1 Data targets

a) Broker data and direct business will be held to the same data quality targets to ensure a level playing field.

b) For underwriting data, realistic yearly quality targets will be set for the industry once a baseline has been established.

c) For claims data submissions, the industry will ultimately aspire to 100% and reach 95% data quality measurements for claims. In order to cater for technical challenges faced in the broker insurer environments a timeline has not currently been set by when data targets will need to be attained by. All insurers (whether broker / direct business models) will be held to the same data quality targets but it is noted that all direct business were comfortable that data could reach a level of 95% quality within 2 years from the date of first submission to the VSD.

   i. Data will be measured on data density as well as the quality of data which will be measured against defined and collectively agreed business rules. (These business rules have yet to be defined)

d) For salvage data submissions, the industry will aspire to 100% and reach 95% data quality measurements. In order to cater for technical challenges faced in the broker insurer environments a timeline has not currently been set by when data targets will need to be attained by. It is noted that salvage agents will be
requested to share vehicle data into the VSD and should be able to boost the quality of data submissions where brokers may not currently be as up to date.

i. Again, data will be measured on data density as well as the quality of data which will be measured against defined and collectively agreed business rules. (These business rules have yet to be defined)

6.2.2 **Timeframes for updating data**

a) Data submissions are required on a daily basis although special request may permit a less frequent submission for a particular stakeholder.

b) Incomplete data submissions (i.e. submissions which do not have the full complement of required data fields) will be permitted 6 weeks from date of submission to be fulfilled.

6.2.3 **Data quality**

a) Insurers commit to improving the quality and completeness of vehicle data at an underwriting, claims and salvage stage.

   a. The list of data fields in **APPENDIX 5** are those which should be captured by insurers at an underwriting stage.

   b. The list of data fields in **APPENDIX 3** are those which should be captured by insurers at a claims stage.

   c. The list of data fields in **APPENDIX 4** are those which should be captured by insurers at a salvage stage.

b) Error reports will be provided to detect data quality issues and it will be the stakeholder responsible for submitting data to correct and resubmit it.

c) Data quality for underwriting claims and salvage data will be measured on a monthly basis by insurers in order to provide an indication of the level of data quality and improvements made.

   a. Measurement should include submissions loaded up to one month prior to the measurement date to allow insurers a reasonable time to capture required data.

6.2.4 **Data integrity and submission formats**

Data accuracy is critical to the sustainability of the VSD

   d) Basic rules required for validating data will be put in place by the vendor.
e) The ACORD data standards as well as the Insurance Data System (IDS) format are the preferred data formats and participants should aim to supply their data in to the VSD in these formats.

f) The chosen vendor will also provide a flat file format for stakeholders to submit data in.

g) Insurers whose data is submitted in another format will be required to develop at their cost to cater for the chosen file formats.

h) A record will only need to be submitted once and will only be re-submitted if there is an update.

6.2.5 Data security

a) Vendors will need to comply with all participants already stringent protocols when delivering the solution.

b) A full audit trail for all enquiries and transactions is required on a regular basis.

6.2.6 Use of 3rd parties by insurers to submit data

a) Insurers may rely on external or partner databases to provide data required in this VSD although insurers will retain responsibility for ensuring the correct data is submitted timeously and to the correct quality. For example insurers may wish to have salvage data provided directly to the VSD by their salvage agent.

b) In addition to supplying the minimum set of vehicle data at a salvage stage, Insurers agree to allow salvage agents to provide further detail (not included in the minimum data specification) upon enquiry by the SAICB. An example would be of salvage photographs or the odometer readings.

7 Compliance

7.1 General compliance with regulation

Each participant will be responsible for ensuring compliance with prevailing regulations.
7.2 Client consent clauses

All participants will require a consent clause from clients to ensure the use of data is legally obtained.

a) Each participant will be responsible for creating their own consent clause

b) Participants will provide proof of their consent clause as part of a sign up audit process

8 Education and orientation

a) Participants will ensure all their necessary employees are aware and trained on the VSD appropriately.

b) Participants will actively encourage contracted parties to communicate the existence of the VSD and the use of the system effectively.

c) Participants will be responsible for compliance of contracted parties’ communications in alignment with the industry agreed intent. Contracted parties extend to but are not limited to:

   i. Supply chain
   ii. Intermediaries & binder arrangements
   iii. Specialised underwriting managers
   iv. Salvage and auction agents
   v. Employees

9 Adaptation of this VDD

9.1 Review of this VDD

a) The VDD will be reviewed yearly, and / or on an ad hoc basis when and if deemed necessary.

b) Any amendments to the VDD will be approved by the Governance Committee.
10 APPENDICES

10.1 APPENDIX 1 – STANDARD TERMS AND CONDITIONS FOR ACCESS TO VSD (BY EXTERNAL STAKEHOLDERS)

1. Each stakeholder who is not an insurer will need to have their participation and defined level of access approved by the Governance Committee overseeing the VSD and the SAICB.

2. The VSD may not be accessed for any purpose of commercial gain other than for which it was designed and which are defined in the Insurers’ VDD.

3. The defined purposes of use for participants with approved access to the VSD as stipulated in the stakeholder access guideline document in Appendix 2 of the VDD is applicable.

4. External stakeholders will have view access only to vehicles with which the stakeholder has a relationship.

5. External stakeholders have access on single vehicle basis, not lists of vehicles. Access will be granted on transaction by transaction basis.

6. Stakeholders have a duty to highlight any access granted over and above their allowed visibility.

7. Stakeholders and their business units may only retrieve data relevant to their requirements.

8. Specific condition relating to financiers who may receive notification of repudiated claims: Information supplied to financiers should not affect an insurer’s processes of notifying their clients of any repudiation. An insurer should maintain the right to have first contact with their client regarding a repudiated claim.

9. A participant (insurer) may not be held liable by another entity for incorrect data supplied to the VSD. Information is provided by insurers in good faith and cannot be held liable for incorrect information and any type of damage or loss as a result of data supplied. Accessing data is in good faith and at a stakeholder’s own risk.

10. No stakeholder is allowed to use VSD for analysis of another participants business.

11. The VSD data will not be used to prosecute but only to identify prosecutable offences.
12. Data may not be passed out of the participating organisation that accessed the data for any purposes or to any subsidiary, agent or other third party. All access made by salvage agents, assessors or other contractors must be recorded with the third party’s digital signature.

13. There is zero tolerance for “on selling” data and fraudulent activity which will be dealt with in terms of paragraph 4.3.1 and 4.3.2 of the VDD.

14. Insurers own the data provided. Any other entities, who are granted access, including the SAICB, will not own the data.

15. Stakeholders will ensure all their necessary employees are aware and trained on the VSD appropriately and that they comply with these terms and conditions.
10.2 APPENDIX 2 – DEFINED AND ALLOWED PURPOSES OF USE FOR EACH STAKEHOLDER

a) These stakeholder access guidelines should be in line with those provided in a business specification document to the vendor to ensure the system is able to provide all the required access profiles as needed by different stakeholders.

<table>
<thead>
<tr>
<th>Stakeholder permitted to use</th>
<th>Output</th>
<th>Purpose</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Register of dealer stocked vehicles</td>
<td>Register of vehicles which are owned by the insurer and the vehicle proposed vehicle code (after having been assessed).</td>
<td>Ability to demonstrate compliance with the SAIA Motor Salvage Code</td>
<td>Insurers, SAICB</td>
</tr>
<tr>
<td>Transfer of ownership timelines</td>
<td>List of claims showing the date the claim was logged, approved and the date which transfer of vehicle ownership was completed (number of days for each period too)</td>
<td>What average time frame is it taking insurers to complete transfer of ownership from Financier to Insurer</td>
<td>SAICB, Insurers</td>
</tr>
<tr>
<td>Stolen recovered vehicles</td>
<td>Percentage of vehicles stolen which have since been recovered / number</td>
<td>To show an improvements in recovery rates on</td>
<td>SAICB (quality assurance)</td>
</tr>
<tr>
<td>Service Description</td>
<td>Purpose</td>
<td>Audience</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Cloned / stolen vehicle alerts</strong></td>
<td>To highlight any potential cloned vehicles to insurers</td>
<td>SAICB, Insurers, financiers, motor dealers</td>
<td></td>
</tr>
<tr>
<td><strong>Double claims</strong></td>
<td>Contribute to flagging potential insurance fraud</td>
<td>SAICB, Insurers</td>
<td></td>
</tr>
<tr>
<td><strong>Transaction costs</strong></td>
<td>To show the number of transactions and estimated cost</td>
<td>Insurers, financiers, SAICB</td>
<td></td>
</tr>
<tr>
<td><strong>Notifications of repudiated claims</strong></td>
<td>This report will notify financiers of repudiated claims and will assist in avoiding unnecessary storage costs</td>
<td>Insurer, financier, SAICB</td>
<td></td>
</tr>
</tbody>
</table>
An important caveat is that this report should not affect an insurer’s processes of notifying their clients of any repudiation. An insurer should maintain the right to have first contact with their client regarding a repudiated claim.

<table>
<thead>
<tr>
<th>Vehicle claims</th>
<th>This report can be used by financiers to see if there are claims on any of the vehicle’s they have a relationship with</th>
<th>Report showing vehicles with claims attached to them. (only on vehicles with which you’re company has a relationship)</th>
<th>Financiers</th>
</tr>
</thead>
</table>

An important caveat is that this report should not affect an insurer’s processes of notifying their clients of any repudiation. An insurer should maintain the right to have first contact with their client regarding a repudiated claim.
<table>
<thead>
<tr>
<th>Code status history</th>
<th>Code status of the vehicle e.g. determining the status of a vehicle prior to finance</th>
<th>A vehicle report showing detail of any changes to the vehicles code</th>
<th>Insurers, financiers, motor dealers, SAICB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data quality</td>
<td>Report showing density and quality of data for each compulsory data field</td>
<td>Data quality report showing % of submissions with data filed populated as well as indication of the quality of that data This should be split by fleet and personal lines vehicles</td>
<td>Insurers, SAICB (quality assurance purposes)</td>
</tr>
<tr>
<td>Participation on VSD</td>
<td>To show take-up of the VSD</td>
<td>Number of vehicle data records added to the VSD system per participant Percentage of vehicle records held vs. uploaded to system</td>
<td>SAICB (quality assurance purposes)</td>
</tr>
<tr>
<td>Error report</td>
<td>VIN needing correction</td>
<td>If a record’s VIN was changed then it may reflect as two records. An error report should be able to triangulate such occurrences in order for the entity responsible for submitting the data to correct it.</td>
<td>Insurer, SAICB (quality assurance purposes)</td>
</tr>
</tbody>
</table>
10.2.1 Transactional actions / everyday use allowed for insurers & brokers

a) Currently it is expected that stakeholders will have view access only.

b) A participant must have a relationship with a vehicle in order to view it.

c) Changes are made by stakeholders to their own databases and access protocols and data will be sent from insurer on a periodic basis to the data environment.
# 10.3 APPENDIX 3 – REQUIRED DATA FIELDS FOR CLAIMS DATA

To note: The scope requires this data only to be submitted for claims which relate to salvaged or stolen vehicles.

<table>
<thead>
<tr>
<th>Field</th>
<th>Claims submission</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of submission</td>
<td></td>
<td>This will be useful if we use external sources to enrich our data (perhaps audatex, salvage companies or microdot and tracking companies)</td>
</tr>
<tr>
<td>Type of submission</td>
<td></td>
<td>i.e. Inception, Underwriting, Renewal, Claim, Assessment, Salvage submission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Vehicle Registration Information</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Holder ID / company number</td>
<td></td>
<td>This is not mandatory for policy information but only for claims and salvage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- company number is included since even commercial vehicles will be recorded at a claims stage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Title holder &amp; owner at claims stage would be the Financier &amp; Client respectively and then changed to Insurer / salvage agent (once dealer stocked). At a salvage stage this would be the new owner.</td>
</tr>
<tr>
<td>Title Holder name</td>
<td></td>
<td>Name and surname should be included in addition to the ID number to improve matching and reduce reliance on one data field</td>
</tr>
<tr>
<td>Title Holder surname</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ownership ID / company number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner surname</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Register Number</td>
<td></td>
<td>This is a key field but will be difficult to make compulsory at an underwriting stage - this should be compulsory at claims and salvage stage initially</td>
</tr>
<tr>
<td>Vehicle registration number / License Plate number</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Original Vehicle Information</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vin Number / Chassis number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engine Number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colour</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Insurance Policy Data</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noting of interested financier</td>
<td></td>
<td>This would be an indicator</td>
</tr>
<tr>
<td>Finance house</td>
<td></td>
<td>This would be captured only if a financier's interest was noted</td>
</tr>
<tr>
<td>Cover Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item / Vehicle inception date</td>
<td></td>
<td>This is as opposed to the policy inception date (which some insurers are concerned about sharing)</td>
</tr>
<tr>
<td>Item / Vehicle cancellation date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Insured Client Information</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured RSA ID / Company Registration Number</td>
<td></td>
<td>Commercial lines will need to supply compulsory claims and salvage data as well ID5 does not currently cater for receipt of commercial lines data</td>
</tr>
<tr>
<td>Insured Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insured Surname</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related client ID numbers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Surname</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Claim Data</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary / 3rd party claim</td>
<td></td>
<td>To ensure there is no confusion between two VIN numbers linked to one claim</td>
</tr>
<tr>
<td>Claim number</td>
<td></td>
<td>Salvage should be linked to a specific claim</td>
</tr>
<tr>
<td>Date of loss / incident date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claim registration / reported date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claim cause – accident / stolen / high jacked / stolen recovered</td>
<td></td>
<td>This would include causes like hail / fire</td>
</tr>
<tr>
<td>Police Case Number</td>
<td></td>
<td>This is only required for claims relating to salvage</td>
</tr>
<tr>
<td>Claims status (e.g. accepted / repudiated)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Vehicle Condition Data</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Life cycle status code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Demolished Status</td>
<td></td>
<td>Compulsory at a claims stage (This would be a drop down of abandoned, compacted, sold for stripping)</td>
</tr>
</tbody>
</table>
# 10.4 Appendix 4 – Required Data Fields for Salvage Data

<table>
<thead>
<tr>
<th>Field</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
</tr>
<tr>
<td>Source of submission</td>
<td>This will be useful if we use external sources to enrich our data (perhaps audatex, salvage companies or microdot and tracking companies)</td>
</tr>
<tr>
<td>Type of submission</td>
<td>i.e. Inception, Underwriting, Renewal, Claim, Assessment, Salvage submission</td>
</tr>
<tr>
<td><strong>Vehicle Registration Information</strong></td>
<td></td>
</tr>
<tr>
<td>Title Holder ID / company number</td>
<td>- This is not mandatory for policy information but only for claims and salvage - company number is included since even commercial vehicles will be recorded at a claims stage - Titleholder &amp; owner at claims stage would be the Financier &amp; Client respectively and then changed to Insurer / salvage agent (once dealer stocked). At a salvage stage this would be the new owner.</td>
</tr>
<tr>
<td>Title Holder name</td>
<td>Name and surname should be included in addition to the ID number to improve matching and reduce reliance on one data field</td>
</tr>
<tr>
<td>Title Holder surname</td>
<td></td>
</tr>
<tr>
<td>Ownership ID / company number</td>
<td></td>
</tr>
<tr>
<td>Owner name</td>
<td></td>
</tr>
<tr>
<td>Owner surname</td>
<td></td>
</tr>
<tr>
<td>Register Number</td>
<td>This is a key field but will be difficult to make compulsory at an underwriting stage - this should be compulsory at claims and salvage stage initially</td>
</tr>
<tr>
<td>Vehicle registration number / License Plate number</td>
<td></td>
</tr>
<tr>
<td><strong>Original Vehicle Information</strong></td>
<td></td>
</tr>
<tr>
<td>Vin Number / Chassis number</td>
<td></td>
</tr>
<tr>
<td>Engine Number</td>
<td></td>
</tr>
<tr>
<td>Model</td>
<td></td>
</tr>
<tr>
<td>Make</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td></td>
</tr>
<tr>
<td>Colour</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance Policy Data</strong> (possibly two policies relating to same vehicle)</td>
<td></td>
</tr>
<tr>
<td>Policy number</td>
<td></td>
</tr>
<tr>
<td>Insurance Company</td>
<td></td>
</tr>
<tr>
<td><strong>Claim Data</strong></td>
<td>Salvage should be linked to a specific claim</td>
</tr>
<tr>
<td>Claim number</td>
<td></td>
</tr>
<tr>
<td><strong>Vehicle Condition Data</strong></td>
<td>Compulsory at a claims stage (This would be a drop down of abandoned, compacted, sold for stripping)</td>
</tr>
<tr>
<td>Life cycle status code</td>
<td></td>
</tr>
<tr>
<td>Vehicle Demolished Status</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX 5 - REQUIRED DATA FIELDS FOR UNDERWRITING DATA

<table>
<thead>
<tr>
<th>Field</th>
<th>Data Submission</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of submission</td>
<td></td>
<td>This will be useful if we use external sources to enrich our data (perhaps Audatex, salvage companies or microdot and tracking)</td>
</tr>
<tr>
<td>Type of submission</td>
<td></td>
<td>i.e. Inception, Underwriting, Renewal, Claim, Assessment, Salvage submission</td>
</tr>
</tbody>
</table>

| Vehicle Registration Information | | |
| Vehicle registration number / Licence Plate number | | |

| Original Vehicle Information | | |
| Vin number / Chassis number | | |
| Engine Number | | |
| Model | | |
| Make | | |
| Year | | |
| Colour | | |

| Insurance Policy Data (possibly two policies relating to same vehicle) | | |
| Policy number | | |
| Insurance Company | | |
| Noting of interested financier | | This would be an indicator |
| Finance house | | This would be captured only if a financier’s interest was noted |
| Cover Type | | |
| Item / Vehicle inception date | | An insurer will be able to choose to submit either the vehicle inception data or the policy inception’s date. i.e. It is compulsory to submit only 1 of their choice |
| Policy inception date | | |
| Item / Vehicle cancellation date | | |

| Insured Client Information | | |
| Insured RSA ID / Company Registration Number | | Commercial lines will need to supply compulsory claims and salvage data as well |
| Insured Name | | |
| Insured Surname | | |
| Related client ID numbers | | |
| Related Name | | |
| Related Surname | | |

| Vehicle Condition Data | | |
| Life cycle status code | | |