



South African Insurance Association

Ground Floor, Willowbrook House, Lake Drive, Constantia Office Park, c/o 14th Avenue and Hendrik
Potgieter Street, Weltevreden Park 1709 • PO Box 5098, Weltevreden Park, 1715
Tel +27 11 726 5381 • Fax 086 647 2275 • info@saia.co.za • <http://www.saia.co.za>

SAIA Media Release

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Insurers to automatically reassess the value of motor vehicles

The South African Insurance Association (SAIA) recently confirmed that all its members will be required to automatically reassess the value of motor vehicles regularly in future, without any prompting from policyholders. The wording of this requirement has been included in the SAIA Code of Conduct after being approved by the SAIA Board in July 2013.

“Motor values need to be adjusted regularly and at least annually, at renewal or anniversary date, and the adjusted values used to calculate premiums. The wording for this requirement was written to include the requirements of National Treasury expressed to the SAIA on the one hand, and the practicalities of the SAIA members on the other hand,” said Ms Vivienne Pearson, General Manager responsible for Motor Insurance at the SAIA.

“The objective of this provision is transparency and disclosure with regard to motor premiums, including the impact of the total value of the vehicle on the premium,” Ms Pearson added.

This requirement will become effective from 1 January 2014 for personal lines vehicles, and from 1 January 2015 for commercial vehicles included in the requirement.

Although many SAIA members have been following this practice for some time, some insurers and/or their contracted parties may need some time to implement this requirement because systems and other changes may be needed, Ms Pearson added.

The SAIA emphasized that a decrease in the total value of the vehicle will not always lead to a decrease in premium as a number of factors are taken into consideration when premiums are calculated. The total value of a vehicle has a relatively insignificant impact on a motor insurance premium as it only comes into play when a total loss had occurred, that is when a vehicle was stolen and not recovered or written off in an accident, Ms Pearson added.

The new requirement does include an encouragement to SAIA members to explain the contributory factors when calculating premiums in general.

The SAIA Code of Conduct and The Code of Motor Salvage - amended section 12 Motor Values, is now available on the homepage of the SAIA website or under the Focus Areas/ Motor icon:

www.saia.co.za

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For more information, please contact:

Viviene Pearson
SAIA General Manager: Projects

viviene@saia.co.za

Office: (011)726 5381

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