



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

Annual Review

2022 | **Forging stability and sustainability**
in the face of socio-economic headwinds



SAIA Annual Review

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01

SAIA Vision and Mission





📍 SAIA Vision

To promote and represent the interests of the non-life insurance industry while leading and enhancing the efforts of the industry to become recognised and trusted as an essential contributor to the South African economy and society.

📍 SAIA Mission

- Encouraging fair and ethical treatment of consumers of non-life insurance products.
- Representing the non-life insurance industry with all stakeholders and at all levels in such a way that these stakeholders have trust and confidence in the industry.
- Creating an environment in which the Members of our industry can share information, debate critical and relevant issues and create a shared vision for the non-life insurance industry.
- Creating opportunities for the industry to continue with, and embark on, initiatives that will enhance its image and reputation among all stakeholders.
- Promoting understanding of non-life insurance to all stakeholders.
- Promoting awareness of the industry and its contributions to society and the South African economy.

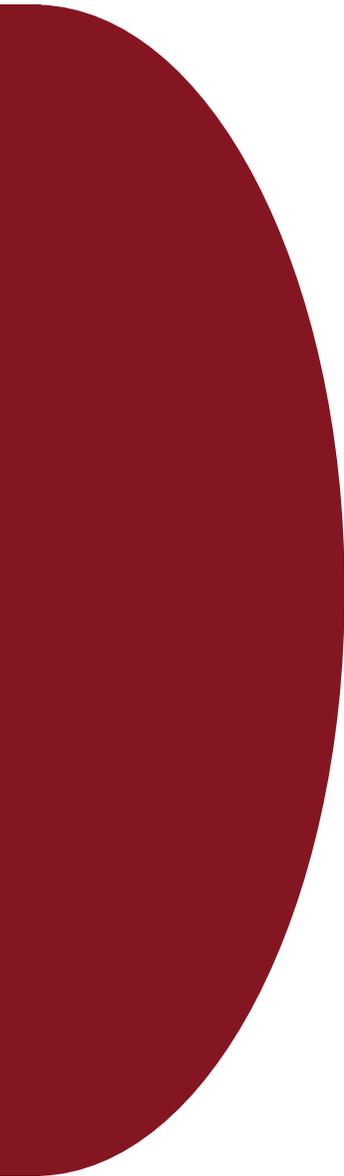
“ SAIA and its members have been pushing against the current to bring the country back on solid ground.

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02

SAIA Annual Review Theme 2021/22





“ Forging stability
and sustainability
in the face of
socio-economic
headwinds.
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● Introduction

As a people, we've been hit by some brutal crosswinds over the past months. Waves of COVID-19 pulled us under. Riots and looters threatened the peace. Days of heavy rain across KwaZulu-Natal left more than 40 000 people displaced. As a global community, we're trying to navigate the crisis in Ukraine and the knock-on effect it has on the world. Global warming is biting the earth. The stormy waters have especially laid bare the bleeding gaps of socio-economic crevices.

But, as strong as these forces might press upon humanity, the human spirit is stronger. In the face of adversity, we've seen phenomenal camaraderie. Ordinary citizens and celebrities, organisations, religious groups – and everybody in between – have stepped up to aid their fellow man. As an industry, the South African Insurance Association (SAIA) and its members have been pushing against the current to bring the country back on solid ground. Throughout the torrent, we've collaborated closely with our partners and industry bodies to lay the bricks toward balance, sustainability, and reassurance.

As Gregory Williams said, “On the other side of a storm is the strength that comes from having navigated through it. Raise your sail and begin.” Come blizzards or hurricanes, SAIA, in alliance with our Members, partners and associates, will find a safe way across and will strive to forge stability and sustainability in the face of socio-economic headwinds.

03

SAIA Chairperson's Report



TOUGH TIMES
NEVER LAST BUT
TOUGH PEOPLE DO

South Africans are tough people, but the past year has left us hanging onto our hats. We barely came up for air after an upwind battle with COVID-19 before unprecedented riots, and social unrest pulled the rug from under our feet in July 2021. To add insult to injury, devastating floods in April 2022 in KwaZulu-Natal destroyed more than 4000 homes and took over 400 lives. Two weeks after South African President Cyril Ramaphosa lifted a two-year-long national state of disaster due to COVID-19, the relentless rainfall (up to 400 mm in parts of KwaZulu-Natal in 24 hours) forced his hand, and another state of disaster was declared.

The story sounds bleak, but the narrative is also tinged with hope. Many tales of camaraderie, bravery and selflessness came to the fore during these times of crisis. Neighbours reached out to pool their resources, and strangers offered comfort and food. Rescue operations and repair projects were ratified, while the National Treasury (NT) made R1 billion immediately available to provide relief and to rebuild after the KwaZulu-Natal floods.

Tribulations like these frequently underline how fragile society is and how socio-economic turbulence can throw a country off balance.

Through its members, the South African Insurance Association (SAIA) didn't stand back, but stepped up to the challenges, together with our fellow South Africans. We collaborated closely with stakeholders to offer stability and sustainability, at the very least, helping restore some normalcy to our economy and our country.

● Introduction

Like the rest of the world, South Africa has seen an accelerated change in its risk landscape over the past year. This reality made proactive risk mitigation and management more important than ever. Poor infrastructure development and maintenance regimes, rapid weather changes, escalating cyber-crime, and large-scale workplace changes that came about because of the COVID-19 pandemic have had a significant effect on business, but particularly on the non-life insurance sector.

In response to the pandemic, local and global measures had a profound impact on business.

Unsurprisingly, the hospitality sector was the hardest hit. Sadly, 41% of businesses in the sector closed, 84% reported profit loss, and 59% indicated they had retrenched staff.

Profits were also negatively affected for 80% of transport and 77% of construction companies. More than 90% of the large global corporates changed their policies to allow their employees to work from home. This change significantly reduced distances travelled, prompting accelerated development and deployment of distance-based innovative products based on vehicle usage.

We have noted the continued impact of COVID-19 on the South African economy, especially on policyholders. Companies continue to be burdened by fixed costs, which they can bear for only a limited time. During these unprecedented times, we acknowledge the challenges they are going through. The geopolitical problems coming out of Ukraine and Russia and how these problems continue to impact the global markets have only amplified these impediments. Commodity prices have especially been affected, which, in turn, has a consequence on operational costs. Our economy has not been spared, particularly in terms of rising costs of fuel. However, our optimistic view remains that the economy will struggle in the short term but come back stronger in the medium term.

The July 2021 Riots and Social Unrest

The unprecedented riots and social unrest in July 2021, that affected parts of the retail industry in KwaZulu-Natal and Gauteng, saw the insurance industry collaborate closely with the NT, the Prudential Authority (PA), and the Financial Sector Conduct Authority (FSCA). Together, we worked to ensure that stability and some form of normalcy were restored to our economy. The South African Special Risk Insurance Association (Sasria) confirmed in February 2022 that the total quantum of all combined claims was R37 billion. The insurer also stated that it had managed to pay out over R24 billion in the seven months from July 2021 to February 2022.

While there has been commendable progress, Sasria acknowledged challenges related to its capacity in the market, including the internal capacity to manage large losses, overstretched loss adjusters, clients' struggle with policy interpretation and the formulation of claims resulting in delays. A number of these challenges were overcome through a serious commitment from the insurance fraternity to ensure that claims were processed and paid as early as they were assessed through an integrated network stretching across the entire insurance value chain.

Let me offer my gratitude to the NT for supporting the industry through the challenging period and commend the SAIA Board and all its Members that entered into agreements with Sasria to assist with expediting the processing of the riot claims.

Technology (Cyber Security)

Cybercrime remains one of the most significant security threats to companies worldwide. The advent of the Fourth Industrial Revolution (4IR) has brought with it an always-on, connected environment in which cybercriminals continue to see opportunities. South Africa is no stranger to cyberattacks after Transnet Ports and the Department of Justice (DoJ) suffered attacks in 2021. As the insurance industry, we cannot afford to be complacent. Without a suitable risk mitigation and transfer strategy, a cyberattack could deal a fatal blow to the entire industry's resilience and sustainability.

In preparation for Regulators introducing cybersecurity reporting requirements and compliance standards, SAIA joined the Computer Security Incident Response Team (CSIRT) of the Association for Savings and Investments South Africa (ASISA). This initiative,

ASISA-SAIA-CSIRT, enables participating Members to report cyber incidents and further promotes cyber resilience in the management of incidents that threaten the sustainability of the insurance industry.

Climate Change

In recent years, the prevalence of extreme weather patterns such as heat and cold waves, storms, floods, and droughts, coupled with a lack of infrastructure development and maintenance, has exacerbated the effects of climate change. The unfortunate results were the loss of human life and extensive property damage. All these have had an adverse financial impact on the insurance industry, as well as the uninsured.

The need for urgency to address climate change is supported by the 2021 Global Risk Report of the World Economic Forum (WEF), which places climate action failure and biodiversity loss among the top 10 global risks. This concern is corroborated by South Africa's National Biodiversity Assessment (NBA, 2018), which highlights habitat loss and climate change as among the top five pressures faced by the country's terrestrial ecosystems and species. Given the impact of these perils in South Africa and globally, stakeholders can no longer downplay the significance of assessing the impact of climate change.

SAIA and its Members are cognisant of the financial implications of climate change. They have embarked on collaborative industry-wide projects that include Government agencies and Regulators to conduct research and put together solutions to address these identified risks. Therefore, SAIA continues to be involved with the National Treasury Climate Change Working Group ensuring knowledge transfer to Members on relevant climate change topics, as well as assistance to the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements.

Economic and Social Transformation

The Financial Sector Code (FSC) remains a pivotal framework to drive transformation in the non-life insurance industry, and its review contains significant changes for the industry. This process has been underway for several years. Further deliberations on the proposed changes are taking place in the Financial Sector Transformation Council (FSTC) Reporting Working Committee.

I am pleased to announce that SAIA has made progress with the development of its data collation tool and has commenced with Phase 2 of the project. This process will focus on the development of the reporting portal and creating data surveys for

Employment Equity (including Management Control), with Consumer Education (CE) and Socio-Economic Development (SED) as additional elements. The reporting period will be towards the end of 2022 and in line with the submission of the Second Procurement Data Submissions from SAIA Members.

Financial inclusion remains a critical area of involvement for the financial sector, particularly given the impact of COVID-19 and the July 2021 riots and social unrest that resulted in the destruction of properties and businesses in KwaZulu-Natal and some parts of Gauteng. The number of impacted, uninsured businesses highlighted the importance of the non-life insurance sector. This significance was especially palpable for Small, Medium and Micro Enterprises (SMMEs), as many entities affected could not recover from the losses. SAIA will therefore continue focusing more on SMMEs in its consumer education campaigns, bringing targeted consumer awareness and understanding of the insurance industry, its products, and services.

Governance

The regulatory space continues to be one of great importance to the industry and regulators. Compliance with regulations and monitoring of compliance remains essential to maintaining trust in the industry. SAIA has continued to engage constructively with Regulators on the draft regulatory instruments under consideration. These include the Conduct of Financial Institutions (COFI) Bill, which is still in the making. In response to industry comments and engagement, the second draft of the COFI Bill was published together with a Response Document that explains the main changes made to the first draft of the Bill. We expect that the COFI Bill will be enacted in 2022.

With the Government having recognised the need to regulate the use of personal information, the Protection of Personal Information Act (POPIA) was enacted, with the bulk of its provisions coming into effect on 1 July 2020. The Act effectively ushered in a new era of data privacy which requires organisations to register their Information Officer(s) with the Information Regulator. This programme commenced on 1 May 2021. We are pleased that SAIA completed this compliance requirement before the effective date of the Act.

As per the Regulators' Regulatory Strategy roadmap, the financial conglomerate's supervision regime is expected to be promulgated soon to obtain a holistic view of

group-wide activities, intragroup transactions, and large exposures, which, among other things, may not be captured under Level 2 supervision. These changes impacted some SAIA Members, who were given the opportunity to comment over the last two years. We appreciate this opportunity to engage with Regulators. We anticipate these regulations to be formalised in the latter half of 2022.

Congratulatory Note

As an industry, we welcomed the appointment of the Minister of Finance, Mr Enoch Godongwana. We also applaud him for delivering his maiden budget, which was referred to by numerous economists as a “feel good” budget. Let me also congratulate the Commissioner of the FSCA, Mr Unathi Kumlana, on his appointment to the vital and strategic position of leading the regulatory organisation. I would also like to acknowledge Ms Astrid Ludin, Ms Katherine Gibson and Ms Farzana Badat for their appointments as Deputy Commissioners of the FSCA. The industry has worked exceptionally well with the regulator, and we trust that this cordial relationship will continue.

Appreciation

In conclusion, it is with a heavy heart that I announce this as my last Annual Review report as I am serving my final term as SAIA Board Chairperson. I would like to express my sincere gratitude to the SAIA Board and the SAIA Board Advisory Committee for their commitment to attaining the organisational objectives set out in the SAIA Strategy. I would also like to thank all SAIA Members who have stood by the decisions made by the SAIA Board in the last year. Your belief and support were noted and are deeply appreciated.

Lastly, I would like to thank SAIA Chief Executive Officer, Ms Vivienne Pearson, her executive team – as well as the entire SAIA team – for their hard work. Thank you for your perseverance in ensuring that the wheels of the organisation kept turning in the face of adversity.

Cedric Masondo
SAIA Chairperson

04

SAIA CEO's Report





According to legend, the phrase ‘May you live in interesting times’ is a cloaked curse meant to denote ill wishes. We can certainly describe the past year or two as ‘interesting’, but that’s a rather unoriginal way to see the world. Life indeed sends some gushing winds on the road of life, but South Africans are anything but weakhearted. Let’s replace ‘interesting’ with words like courageous, bold, or compassionate. We’re witnesses to so many watershed moments; history is unfolding in front of our eyes, and disruption is the new reality. It calls for braveness, composure, and teamwork. It calls for calibration and balance.

As the representative body of the non-life insurance industry, the South African Insurance Association (SAIA) also stepped up to the plate. Some examples include how we prioritised Contingent Business Interruption (CBI) during the height of the COVID-19 pandemic as well as pay-outs after the July 2021 riots in KwaZulu-Natal. We galvanised projects that focussed on transformation and skills development as well as motor and property insurance. Food security, financial inclusion and job creation were also on our radar via the Agricultural Insurance Project. Furthermore, we cast a light on how cybersecurity and climate change affected the country and the world and how these issues marked the non-life insurance industry.

The country is still working together to find a place of equilibrium for socio-economic imbalance. The tumultuous events that played out over the last two years undoubtedly highlighted the divide. But, despite the crosswinds, SAIA reframed the ‘interesting times’ to ‘a time to prove our worth.’ We involved all our resources to forge stability and sustainability in the face of socio-economic headwinds.

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📍 Introduction

The COVID-19 pandemic continued to place considerable strain on business and the economy throughout the financial year 2021/2022.

Business still suffered as Africa braced for its winter season, which was to be layered with a third COVID-19 pandemic wave around May 2021.

The tourism and hospitality industries continued to be more burdened than other industries or economic sectors as internal and cross-border travel continued to languish under strict restrictions. South Africa was not languishing in isolation. Travel restrictions were global, to the detriment of business.

The non-life insurance industry is one of the industries that was very much affected by the advent of the COVID-19 pandemic, particularly after the Supreme Court of Appeal upheld decisions handed down by lower courts concerning CBI claims. This state of affairs led to the industry gearing up to process as many CBI claims as possible in the shortest possible turnaround time. Member companies had to ensure that they had the capacity to process these claims, something which kept our Members busy up to the second quarter of 2021. Some CBI claims remained partly processed as policyholders provided incomplete information and never returned to finalise their claims, despite several calls by the industry through various media platforms.

Further significant challenges to the non-life insurance sector resulted from the riots and social unrest of July 2021, which plunged the KwaZulu-Natal and parts of Gauteng provinces into looting. The raids were subdued by the deployment of over 20 000 members of the South African National Defence Force (SANDF). The riots, and their aftermath, incapacitated many insured big businesses and entrepreneurs, leaving them battling to get back to business and recover lost resources and time. In addition, uninsured entrepreneurs suffered financial ruin as a result. The trail and the scale of pillaging across KwaZulu-Natal and Gauteng were unprecedented, leaving several shopping centres and malls razed or severely damaged by fire. At the same time, goods in the retail stores were plundered.

Although the South African Special Risk Insurance Association (Sasria) premiums, usually collected directly or through a policyholder's general risk insurers, are nominal figures which most people rarely understand and appreciate, their true value became apparent when the crisis of the magnitude of the KwaZulu-Natal riots struck. Sasria, a SAIA Member, and its leadership were forthcoming with information and assured the affected insured businesses and individuals that their claims would

be paid. Unfortunately, thousands of entrepreneurs who possibly operated viable enterprises without insurance were left with slim hopes for an early return to profitable trading.

However, we worked closely with the National Treasury (NT), the Presidency, the South African Revenue Services (SARS), the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) to create a portal for uninsured businesses to register their losses so that these could be distributed to Government entities who supported the qualifying uninsured with some funding.

Let me take this opportunity to thank the SAIA Chairperson, Cedric Masondo, who also happens to be the Managing Director of Sasria for guiding the industry during the challenging period while also working side-by-side with the SAIA team. I do not doubt that SAIA Members were proactive in the election of Mr Masondo as the SAIA Chair some years ago. He brought significant insights that continue to position the industry positively. The industry persisted to display an unwavering commitment to servicing its policyholders, with most CBI claims settled, and tens of billions of rands paid out in claims. I would also like to commend the supportive leadership we experienced from Ministry of Finance officials (NA), the FSCA and the PA.

📍 SAIA Key Priority Areas

The association's key priority areas in the year under review were:

- 1. Transformation** – Several projects within this space are pertinent to the industry's overall success. These include:
 - **The project on Industry Enterprise Supplier Development (ESD) and Preferential Procurement.** This project aims to improve the non-life insurance industry supply chain and scorecard in line with the Financial Sector Code (FSC).
 - **The Data Collation Project.** The development of the data portal has been completed. It has taken some time to develop the portal to the best standards. We hope that this will enable the industry to better understand its performance and provide the industry with the data to advance the overall transformation effort.
 - **Financial inclusion.** This is another area where SAIA and its Members provide consumers with financial risk management insights and helps to

build financial literacy. SAIA and its Members also offer risk management strategies for Small and Medium Enterprises (SMEs).

2. Insurance Risks – Projects in this area include several initiatives that have been a challenge for the non-life insurance industry over some years. These include:

- **Motor.** The sustainability of affordable motor insurance remains critical to our strategy and to the business of our Members. The most noteworthy development during the year was the introduction of Repair Standards in response to the Competition Commission's Automotive Guidelines as part of enabling the onboarding of Individual Service Providers. Priority is given to Historically Disadvantaged Individuals (HDIs) or Small, Micro and Medium Enterprises (SMMEs). Further, during the year under review, crime combating and road safety initiatives continued to be priorities as claims related to both these areas still cost the industry billions of rands. SAIA will therefore continue to participate in and support initiatives in this area.
- **Property.** Sustainability of property insurance is driven to a large degree by measures to prevent loss and maintenance of national, provincial, and local infrastructure. Challenges around the maintenance of infrastructure have long been a pain point for insurers as this involves multiple stakeholders, including local municipalities. The creation of the Pandemics and Other Uninsurable Risks Think Tank in August 2020 aimed to advance the Property Protection Strategy in dealing with potential systemic uninsurable risks. The outcome included contracting the Fire Protection Association of Southern Africa (FPASA) to work on two SAIA Board approved projects, namely the Fire Brigade Classification Project and the Fire-Related Codes and Standards Project.
- **The Agricultural Insurance Project.** A lot of work was done during the year on this front resulting in the piloting of index insurance by one of the SAIA Members through the regulatory sandbox. We expect this exercise to be completed at the end of June/July 2022. It will only be after the completion that the industry will know if it will be able to underwrite index insurance in South Africa. This project relates to both transformation (especially financial inclusion and job creation in the agricultural sector) and insurance risks.

- **Skills development:** One of SAIA's most notable achievements in the skills development space was the launch of the Retiree Repurpose Programme, which sought to bring back the skills that had retired within the industry to be transferred to young industry employees. Another milestone was the start of the accreditation for the Insurance Apprenticeship Programme with the Quality Council for Trades and Occupations (QCTO) by the Insurance Sector Education and Training Authority (INSETA).
- **Climate change:** Climate change affects almost everything we do, and its impact is growing. The changes in weather patterns leading to floods that cost human lives and destroy infrastructure remain a significant concern for insurers. From a systemic risk perspective, the industry is striving to develop a shared resilient solution between it and the Government at all levels.

2. Communications and Public Relations – The non-life insurance industry experienced a surge of media coverage in 2020 and the better part of 2021. The attention revolved primarily around CBI claims, followed by the July 2021 riots. Therefore, the SAIA Board decided to keep Communications and Public Relations as a vital strategic activity since the industry's image and reputation were at stake. At the same time, it was also an opportunity to demonstrate the value of insurance.

📍 Additional Areas of Support

In addition to the three areas of strategic focus set out above, SAIA continues to support the industry through its activities in areas that ensure our Members are appropriately informed and enabled to carry out their business activities.

These areas are:

- Operations
- Governance Risks
- Reinsurance



📍 Operations

The funding gap that arose because of the winding-up of the Intermediaries Guarantee Facility (IGF) administration fee to SAIA remained an issue into the current financial year. Several cost-cutting solutions were tabled and approved by the SAIA Board to be implemented in the 2021/22 financial year, even though they fell short of bridging the gap. Our strategic objective was to manage expenses downwards where possible while increasing income from current sources and considering additional income sources, including the use of reserves to address the budget imbalance. Activities in this regard continued in the financial year 2021/22.

The SAIA Board and Management submitted that the use of reserves to fund the budget imbalance from 2023 onwards is not sustainable and must be rectified. Hence the SAIA Board approved the 2022 budget with the actions mentioned above in mind. The organisation will continue to investigate alternative options for reducing infrastructure and operations expenditure, including office space, IT solutions and associated costs, into 2022.

As in the previous year, SAIA Leadership and Management also continued with their successful strategy of managing employment-related costs and keeping them at a minimum by allowing for natural attrition and redeployment of staff, where possible, to redress the organisation's budget imbalance. We managed to make further savings by deferring the filling of other posts.

📍 Insurance Risks

Insurance risks continue to be at the forefront of the non-life insurance industry. The last two to three years have seen the industry, not only locally but also globally, rapidly shift its focus to emerging risks, including cybersecurity and climate change. These and other risks are likely to have a significant impact on the sustainability of the industry and have occupied the minds of insurance executives for many years.

Climate Change and Climate Action Failure

In recent years, South Africa has experienced a profound change in weather patterns. These have ranged from floods causing immense damage in terms of reduced crop yields, property and infrastructure, and longer dry spells that increase the chances of infrastructure-ravaging fires. These are all stark reminders that climate change is real. According to the World Economic Forum (WEF) Global Risks Report, 17th Edition for 2022, the 2021 United Nations Climate Change Conference (COP26) succeeded in getting 197 countries to align on the Glasgow Climate Pact and other landmark pledges. However, even these new commitments are expected to miss the 1.5°C goal established in the 2016 Paris Climate Agreement and increase the risks of a disorderly climate transition. The current trajectory is expected to steer the world towards a 2.4°C warming, with only the most optimistic of scenarios holding it to 1.8°C.

Without any doubt, this is a significant risk to the sustainability of the non-life insurance sector in South Africa. The rapid changes in weather patterns prompted



the PA to conduct a climate risk survey in 2021. The results unmistakably indicated that 74% of insurers surveyed believed that climate change had a significant impact on their business. The Global Risks Perception Survey (GRPS) 2021–2022 ranks 'Climate action failure' as the most critical global threat in both the medium and long term. This failure will result in diminished global capacity to mitigate and adapt, eventually leading to a “too little, too late” situation and ultimately a “hothouse world scenario” with runaway climate change, making the world all but uninhabitable – and non-life insurance unsustainable.

As a result, SAIA is an association that supports the United Nations' Principles for Sustainable Insurance (PSI) and is also a signatory to the Nairobi Declaration on Sustainable Insurance which is aligned to and supports the PSI and Sustainable Development Goals (SDGs). The organisation has established a Climate Change Forum to provide industry leadership on climate-related best practices by aligning South Africa's climate-related financial disclosure with global standards and keeping abreast of industry-related climate change risks globally. Moreover, SAIA is involved with the NT Climate Change Working Group ensuring seamless knowledge transfer to Members on relevant climate change topics as well as assistance with the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements.

Property Insurance Risks

There is little doubt that climate change and climate change inaction remain risks that will see an increase in the protection gap in the coming years. These risks are catastrophic in nature and, therefore, impossible for the insurance industry to cover single-handedly without the intervention of the Government. Property protection has been a critical priority for SAIA Members for several years, particularly in terms of fire and localised flooding risks. This concern prompted the creation of the SAIA Property Protection Steering Committee. The Committee facilitates and drives expert participation from Members and its critical stakeholders, such as the National Disaster Management Centre (NDMC).

For the past two years, the Fire Protection Association of Southern Africa (FPASA) has been mandated on behalf of SAIA to manage key fire-related projects. The first two projects approved by the SAIA Board were the Fire Brigade Classification Project and the Fire-Related Codes and Standards Project. Through the fire brigade

project, and as of the end of February 2022, FPASA had surveyed and categorised 38 municipalities using the Fire Services Application (app) based on their adherence to the South Africa National Standards (SANS 10090) Community Protection Against Fire regulation. SAIA will continue to analyse the data and engage with public-private-partnership stakeholders to assist the Fire Services in reaching their ideal performance levels.

SAIA and FPASA identified and approached central stakeholders to collaborate for the success of the FPASA fire-related projects. These include the Municipal Infrastructure Support Agency (MISA), the South African Local Government Association (SALGA), and the National and Provincial Disaster Management Centres (NDMCs and PDMCs).

Cybersecurity

Global dependency on digital systems has grown exponentially over the past 20 years and, in the process, has shifted the way our societies function. The COVID-19 pandemic catalysed the rapid positioning of technological systems for several non-life insurance players who remained conscious of business resilience, sustainability, and continuity. The global shift to remote work accelerated the adoption of platforms and devices that allow sensitive data to be shared with and through third parties, including cloud service providers, data aggregators, application programming interfaces (APIs) and other technology-related intermediaries. The occurrence of malware rose by 358% in 2020, while ransomware increased by 435%. The total cryptocurrency value received by ransomware addresses has risen four-fold. Cyberthreat actors using ransomware are leveraging more brutal pressure tactics and going after more vulnerable targets, impacting public utilities, healthcare systems and data-rich companies.

As a result, the FSCA and the PA published the Information Technology (IT) Risk Management, Cyber Security and Cyber Resilience joint standards or regulations, which prescribed compliance requirements for financial institutions. The SAIA Board mandated SAIA to join the Association for Savings and Investments South Africa's (ASISA) Computer Security Incident Response Team (CSIRT) in preparation for the cybersecurity reporting requirements. The ASISA/SAIA CSIRT has remained a platform through which participating Members report cyber incidents, while further promoting cyber resilience in the management of incidents that threaten the

sustainability of the insurance industry. SAIA also participates in the national Cyber Resilience Sub-Committee established by the South African Reserve Bank (SARB). They aim to support the financial sector on regulatory requirements, cyber incident reporting and recovery programmes.

Motor Insurance Risks

Motor insurance remains the largest class of business for the non-life insurance industry, making up approximately 45% of the non-life insurance business. SAIA has actively supported key business initiatives to combat vehicle-related crime, promote road safety and ensure repairs are of a high quality and at reasonable cost. Through strategic stakeholders such as Business Against Crime for South Africa (BACSA) and the Insurance Crime Bureau (ICB), SAIA has continued to successfully drive its crime combating initiatives for the sustainability of the insurance industry and the benefit of society at large.

Transformation and Governance

The non-life insurance industry has set out what is meant by transformation within the broader narrative of the South African financial sector. In recent years we have sought to align our transformation activities with the aspirations of policymakers and Regulators, while also considering our capacity and constraints. As an industry representative body, SAIA has continued to play its role in coordinating industry participation to accelerate the transformation of the non-life insurance industry.

Financial Sector Code (FSC) and Industry Enterprise and Supplier Development

The FSC remains a pivotal framework to drive the transformation of the industry. SAIA sees the review of the code as ushering in significant changes for the industry. The review process is currently with the Financial Sector Transformation Council's (FSTC) Reporting Working Committee, where further deliberations on the proposed changes continue. The recommendations made thus far have been positively received, although the amended code draft remains to be finalised. We expect that it

will go through all the processes, including approval by the NT, and the gazetting by the Department of Trade, Industries and Competition (the dtic), possibly by the end of 2022.

In any event, ESD, including preferential procurement and access to financial products to promote financial inclusion, have all remained a big part of SAIA's transformation thrust. While the overall FSC review process has been slow, SAIA has continued to make significant strides in ensuring that there is alignment to the content and spirit of the draft FSC. The transformation of ESD, including preferential procurement in the non-life insurance industry, remains one of the most contentious areas of supply chain development. However, SAIA and its Member companies continue to engage with stakeholders, including the Government, Regulators and bodies representing service providers, to investigate potential bottlenecks.

SAIA has provided engagement platforms through several of its forums through which these challenges have been successfully deliberated on. While the Motor Transformation and Sustainability Forum (MTSF) has not resumed its meetings since 2019, SAIA has continued engaging with individual Motor Body Repair (MBR) Associations. The Property Transformation and Sustainability Forum (PTSF) continued to be active, although somewhat slow in facilitating progress, as most of the issues are member-specific. Following the approval by the SAIA Board, the Treating Customers Fairly (TCF) framework has been incorporated into the SAIA Code of Conduct for adoption by Members. The Framework outlines broad principles to be followed by Members when engaging with their service providers and applying the transformation objectives where appropriate.

Financial Inclusion

The COVID-19 pandemic and the July 2021 riots outbreak resulted in the destruction of numerous properties in KwaZulu-Natal and some parts of Gauteng. Both events highlighted the importance of having non-life insurance, particularly for Small, Medium and Micro Enterprises. After the peak of the COVID-19 pandemic, the world witnessed the unfortunate demise of several SMMEs. Many of them were not insured. When riots impacted KwaZulu-Natal and some parts of the Gauteng in July 2021, we saw the same pattern of demise occur due to SMMEs not being insured. The FinMark Trust's 2020 FinScope SA Survey on SMMEs also showed that, although

SMMEs contribute around 87% of the total labour force in South Africa, only 36% were insured. This revelation prompted SAIA to change its Consumer Education deliverables to focus more on SMMEs, bringing targeted consumer awareness about the insurance industry, its products and services, and promoting financial inclusion.

Governance and Regulation

SAIA and its Members are still steadfast in ensuring that the industry remains up to date with key developments in the regulatory space. SAIA's relationship with policymakers and regulators continues to ensure that we also contribute to the crafting of the regulations that affect the industry. The industry regards legislation as paramount to ensure it remains robust and vibrant, while also protecting the interests and welfare of the consumers and policyholders. Moreover, SAIA continued to update and promote its Code of Conduct among its Members as a continuing commitment to self-regulation.

The FSCA has presented the COFI Harmonisation Project as its approach to the implementation of the Conduct of Financial Institutions (COFI) Bill. Once enacted, the COFI Bill is intended to give effect to the Conduct Policy Framework, a holistic legal framework for conduct regulation. This framework significantly streamlines the legal landscape for conduct regulation in the financial sector and aims to strengthen customer protection by ensuring the achievement of more consistent customer outcomes. The COFI Bill is a central pillar in the Twin Peaks financial sector regulatory reform process that launched in 2018. The bill is in its finalisation stage and will be implemented over a minimum period of six years once enacted.

In 2021 the PA published several regulatory instruments and guidance notes. These included Prudential Standards for Audit Requirements for Insurers and Controlling Companies, and the Guidance Notice 5 of 2021, which aims to assist insurers and control companies in complying with the requirements outlined in the Prudential Standards that it had published. Another prominent instrument was the Prudential Standards for Financial Conglomerates. Their objective was to prescribe the minimum requirements that must be applied by the holding company of a financial conglomerate concerning intragroup transactions and exposures, auditors, risk concentration, as well as governance and risk management.

The long-awaited precedence in respect of CBI claims was handed down by the Supreme Court of Appeal (SCA) in the matter between Guardrisk Insurance Company Limited v Café Chameleon CC (2020) ZA SCA 173. This was followed by another SCA matter between Ma-Afrika Hotels and Another v Santam Limited (2021) ZA SCA 141. Both courts found in favour of the insured. Following the courts' decisions, the FSCA released a statement informing the non-life insurance industry of the legal certainty set by the SCA decision and its expectation that insurers will honour CBI obligations and make payment of valid CBI claims without delay. As per the court decision, the non-life insurance sector immediately began settling claims.

Appreciation

I would like to convey my sincere gratitude to the Chairperson of the SAIA Board, Mr Cedric Masondo, for his solid leadership through yet another challenging period. Mr Masondo announced that he would be stepping down from his position as Managing Director of Sasria in May 2022. Therefore, he will not be availing himself for re-election as Chairperson of the SAIA Board for the year 2022/23. Mr Masondo's contribution to the non-life insurance industry has been immense in the last three years. On behalf of SAIA, and its Member companies, we wish him well in his next challenge.

Let me also thank the SAIA Board Members for providing direction and resilience to our activities, as well as their commitment to seeing these through. We also owe a great deal of gratitude to all SAIA Member companies and their leadership, who have relentlessly supported us and found value in being Members of SAIA.

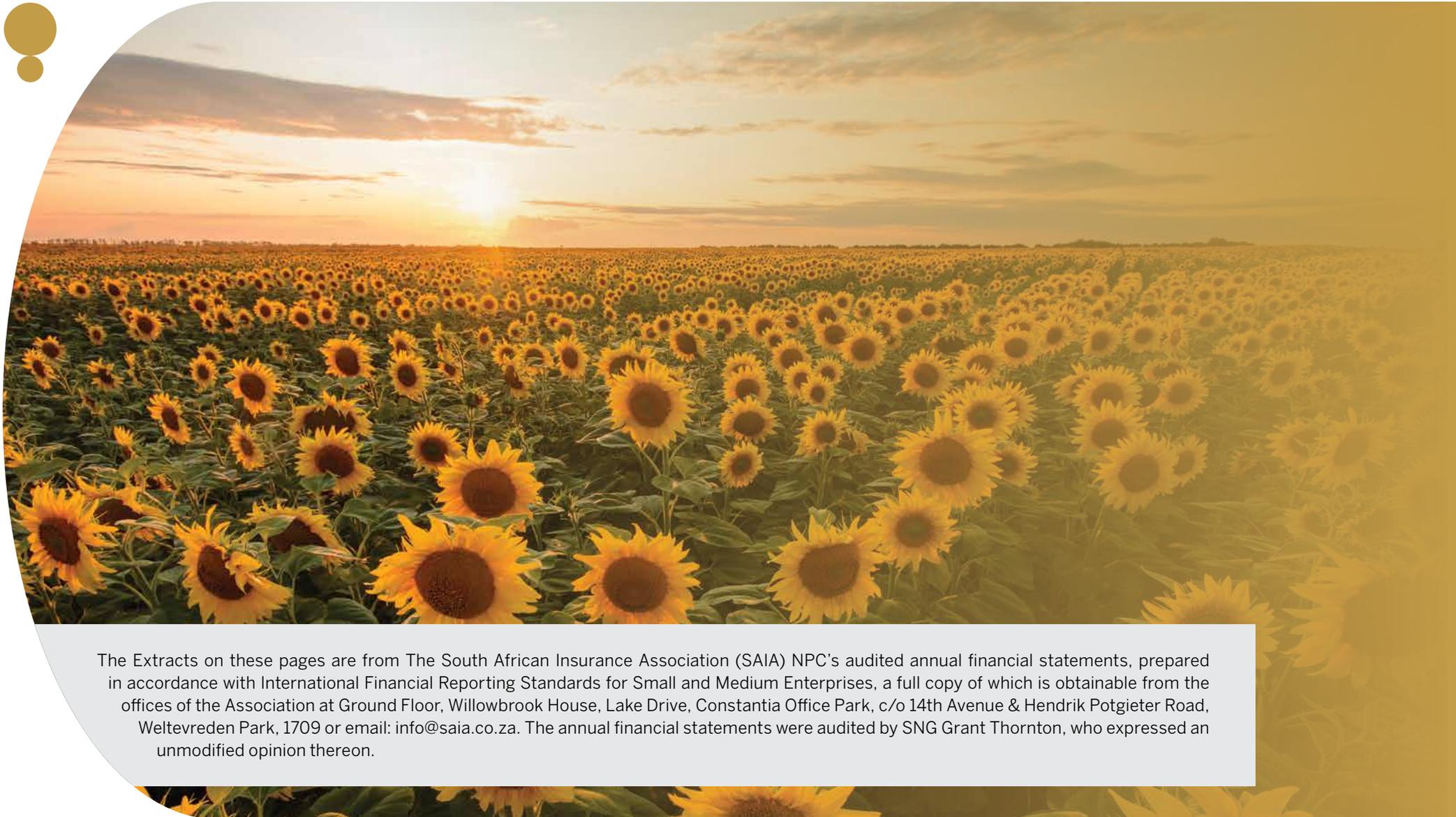
In conclusion, I would like to recognise my SAIA team for its tenacity and for remaining focused through the past year's challenges. Your commitment and determination to see the SAIA Board approved Strategy implemented and drive the projects in the respective Key Focus Areas are truly commendable. Thank you.

Viviene Pearson

SAIA Chief Executive Officer

05

SAIA Financial Extracts



The Extracts on these pages are from The South African Insurance Association (SAIA) NPC's audited annual financial statements, prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises, a full copy of which is obtainable from the offices of the Association at Ground Floor, Willowbrook House, Lake Drive, Constantia Office Park, c/o 14th Avenue & Hendrik Potgieter Road, Weltevreden Park, 1709 or email: info@saia.co.za. The annual financial statements were audited by SNG Grant Thornton, who expressed an unmodified opinion thereon.

Statement of Financial Position as at 31 December 2021

Figures in Rand	2021	2020
Assets		
Non-Current Assets		
Property, plant and equipment	306 391	376 129
Intangible assets	125 000	-
Investment held to maturity	8 586 000	8 586 000
	9 017 391	8 962 129
Current Assets		
Trade and other receivables	888 190	3 462 556
Cash held on behalf of the SAIA Consumer Education Fund	10 559 657	12 370 275
Cash and cash equivalents	10 730 740	14 808 631
	22 178 587	30 641 462
Total Assets	31 195 978	39 603 591
Equity and Liabilities		
Equity		
Accumulated actuarial losses	(652 791)	(597 791)
Retained income	5 767 389	17 512 949
	15 114 598	16 915 158
Liabilities		
Current Liabilities		
Trade and other payables	1 315 942	3 191 305
Project liabilities	1 390 512	4 890 512
Retirement benefit obligation	815 000	814 000
Provisions	1 683 378	1 422 341
Funds held for SAIA Consumer Education Fund	10 876 548	12 370 275
	16 081 380	22 688 433
Total Equity and Liabilities	31 195 978	39 603 591

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	2021	2020
Revenue	29 515 407	29 501 969
Other operating gains	115 480	124 514
Operating expenses	(31 571 405)	(29 901 307)
Operating loss	(1 940 518)	(274 824)
Investment revenue	194 958	505 256
(Loss) Profit for the year	(1 745 560)	230 432
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligation	(55 000)	(81 000)
Other comprehensive loss for the year net of taxation	(55 000)	(81 000)
Total comprehensive income for the year	(1 800 560)	149 432

Statement of Changes in Equity

Figures in Rand	Accumulated Actuarial Losses	Retained income	Total equity
Balance at 01 January 2020	(516 791)	17 282 517	16 765 726
Profit for the year	-	230 432	230 432
Other comprehensive loss	(81 000)	-	(81 000)
Total comprehensive income for the year	(81 000)	230 432	149 432
Balance at 01 January 2021	(597 791)	17 512 949	16 915 158
Loss for the year	-	(1 745 560)	(1 745 560)
Other comprehensive loss	(55 000)	-	(55 000)
Total comprehensive income for the year	(55 000)	(1 745 560)	(1 800 560)
Balance at 31 December 2021	(652 791)	15 767 389	15 114 598

Statement of Cash Flows

Figures in Rand	2021	2020
Cash flows from operating activities		
Cash (used in) generated from operations	(3 889 748)	2 290 506
Interest revenue	194 958	505 256
Net cash from operating activities	(3 694 790)	2 795 762
Cash flows from investing activities		
Purchase of property, plant and equipment	(268 361)	(160 442)
Sale of property, plant and equipment	10 260	-
Purchase of other intangible assets	(125 000)	-
Net cash from investing activities	(383 101)	(160 442)
Total cash movement for the year	(4 077 891)	2 635 320
Cash at the beginning of the year	14 808 631	12 173 311
Total cash at end of the year	10 730 740	14 808 631

6.1

SAIA Strategic Areas Transformation



Amidst gusts of unpredictability and gale forces of crisis, our country has been shaken – but we're still standing! The South African Insurance Association (SAIA) is proud to report that our Strategic Areas continued to contribute to a more stable and sustainable country amid socio-economic turbulence. Our formulated strategy will continue to strive to achieve a more surefooted nation using the building blocks of transformation, inclusion, governance, stakeholder relations and communications, finance, and operations. Below, we unpack the past financial year's successes, challenges, and opportunities within the framework of SAIA's strategic areas.

The financial year 2021/22 continued to test the industry's resilience with the extension of the COVID-19 restrictions and the outbreak of the unrest in Kwa-Zulu Natal and Gauteng. These calamities greatly impacted the industry as insurers continued to pay for unprecedented insurance claims. At the same time, insurance products uptake and premium payments remained at risk due to an unstable economic climate. Despite all these headwinds, SAIA and its Members remained resilient and dynamic under the circumstances and continued to play a pivotal role in the economy of South Africa.

Financial Sector Transformation Council (FSTC)

The Financial Sector Code (FSC) remains a central framework to drive transformation of the industry, and its review contains significant changes for the industry. The process is currently with the Financial Sector Transformation Council's (FSTC) Reporting Working Committee, where further deliberations on the proposed changes are taking place. So far, the recommendations for the industry have been received positively. However, the draft amended FSC is yet to be finalised, as the review process is still underway. Once the review process has been concluded, the endorsement by the line ministry (National Treasury) will be required before the draft amended FSC is submitted to the Department of Trade, Industries and Competition (the dtic) for gazetting process, which will include the request for public comments. It is envisaged that the process will be concluded by the end of the year at the earliest.

In 2021, the FSTC battled with the adoption of the provisions on Group Reporting as contained in the current FSC, among other challenges, and efforts continue to be made to address the issues.

The FSTC has also reviewed its Memorandum of Incorporation (MOI) to revise the sector's commitment to transformation and enhance the process of engagement between the constituencies represented.

“ Amidst gusts of unpredictability and gale forces of crisis, our country has been shaken – but we’re still standing!

”

🔍 Industry Data Collation

Collation of data has remained a key focus area to assist SAIA in determining the industry performance status, gaining insights regarding the areas of challenges and establishing key opportunities for the industry. In 2021, SAIA created the first Preferential Procurement survey and issued it out to Members for data submission. Member data submission was concluded at the end of February 2021, and SAIA is currently in the process of conducting the analysis for reporting to the SAIA Board and other internal and external stakeholders.

The exercise was well-received by Members, with positive responses from 22 out of the 26 eligible Members. Eligible Members can be defined as insurers with relevant classes of businesses. The report has shown significant progress made by the industry in terms of advancing transformation through Preferential Procurement, particularly on claims-related procurement for personal lines as the focus area for the survey. Phase 1 of the survey concentrated on procuring services for motor and some of the property insurance commodities.

SAIA has commenced with Phase 2 of the exercise, which will home in on the development of the reporting portal and creation of data surveys for Employment Equity (including management control), with Consumer Education (CE) and Socio-Economic Development (SED) as additional elements. The reporting period will be towards the end of 2022 and in line with the submission of the 2nd Procurement Data Submissions from SAIA Members.

🔍 Industry Enterprise and Supplier Development (ESD) – including Preferential Procurement

SAIA and its Members continue to prioritise transformation of the industry supply value chain through individual Members and/or industry initiatives, while also responding to some of the social and economic development imperatives for the country and the society at large. In 2021, various projects were championed by SAIA towards promoting transformation and inclusion within the Members’ supplier

value chain. A particular focus was placed on the services that directly relate to insurance claims activities, as such services assist the industry in delivering to its primary customer promise of restoring their position prior to incurring any insurance-related loss (repair or replace). Some priority projects are highlighted below:

- **Industry Transformation and Sustainability Forums**

SAIA continues to engage with the service providers' representatives on various industry transformation and sustainability issues and facilitates engagements with Members where appropriate. While the Motor Transformation and Sustainability Forum (MTSF) has not resumed its meetings since 2019, SAIA has continued engaging with individual Motor Body Repair (MBR) Associations when required. 2021 saw an increase in such engagements because of the impact of COVID-19 on several businesses within the motor body repair industry and the implementation of the Competition Commission's Guidelines on the Automotive Aftermarket that came into effect in July 2021.

The Property Transformation and Sustainability Forum (PTSF) continued to be active – although somewhat slow – in facilitating progress. Most of the issues are Member-specific and, therefore, could not be addressed in the forum.

- **Treating Supplier Fairly (TSF) Framework**

Following the approval by the SAIA Board, the Treating Supplier Fairly (TSF) framework has been incorporated into the SAIA Code of Conduct for adoption by SAIA Members. The framework outlines broad principles to be applied by the SAIA Members when engaging with their service providers and employ the transformation objectives where appropriate. The framework has also been shared with the Competition Commission and positively received as a progressive industry initiative that promotes inclusion within the industry procurement. As a result, the Competition Commission has committed to collaborating with SAIA on the endorsement and implementation of the TSF framework and the Practice Note of the Supplier Panels for Banks

and Insurers, which was formulated by the Competition Commission in 2021 and released for adoption in February 2022. SAIA's collaboration will also extend to partnership on the parties identifying suitable methods to assess the implementation of relevant industry frameworks and their impact.

- **Motor Body Repair (MBR) Grading Standards**

In promoting the adoption of the Competition Commission's Guidelines on the Automotive Aftermarket, SAIA and its Members embarked on the journey to resuscitate the MBR Grading Standard that was developed in conjunction with the MBR Associations through the MTSF in 2017. The project was subsequently abandoned in 2019 due to slow uptake and other administrative issues. (More details on the Checklist can be found under the Insurance Risk report).

● **Industry Skills Gap – Skills Development and Management Control**

Attracting new staff entrants and the transfer of industry technical expertise remain challenging for the non-life insurance industry, as the industry competes with all sorts of sectors to attract and retain qualified talent. At the same time, the industry is also facing potential skills loss as many seasoned industry professionals are approaching retirement, if they're not already retired. This reality does not only have a significant impact on the industry's future sustainability but also on the ability to drive transformation of the industry workforce.

- **Skills development**

SAIA has continued its partnership with the Insurance Sector Education and Training Authority (INSETA) and the Insurance Institute of South Africa (IISA) to identify industry skills challenges and establish suitable industry initiatives. At the end of 2021, INSETA committed to supporting the development of the industry mentorship programme. (More details can be found under the Insurance Risk report).



- **Management Control/Employment Equity (EE)**

The advancement of transformation through management control remains a priority for the industry. SAIA supported the Department of Employment and Labour (DEL) with its intention to accelerate transformation of the workforce through the Employment Equity (EE) Amendment Bill (the Bill). The Association remains committed to encouraging Members to achieve the sector's EE targets as agreed to with the DEL. However, consideration should be made to ensure that changes introduced through the Bill do not result in unintended consequences for the sector and the larger economy. SAIA partnered with the Association for Savings and Investment South Africa (ASISA) on its submission to the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour. The Association continues to pursue other relevant avenues to present the potential challenges that could impact the industry should the Bill be enacted in its current form.

● Financial Inclusion

Two incidences related to financial inclusion stood out in the 2021/2022 financial year. The first is the overall impact of the COVID-19 pandemic. The second is the July 2021 riots outbreak that resulted in the destruction of properties in KwaZulu-Natal and some parts of Gauteng. These incidences highlighted the importance of non-life insurance, particularly for Small, Medium and Micro Enterprises (SMMEs), as many entities that were affected could not recover

from the losses incurred. The FinMark Trust's FinScope SMMEs Survey South Africa 2020 also showed that, although SMMEs contribute around 87% of the total labour force in South Africa, only 37% were compliant as good corporate citizens. The survey underlined that 35% of SMMEs have made use of personal loans to fund their business and only 36% currently have business insurance. Therefore, SAIA has revised its Consumer Education (CE) deliverables to focus more on SMMEs, bringing targeted consumer awareness about the insurance industry, its products and services, and promoting financial inclusion.

● 2021 Consumer Education (CE) Projects

The objective of the SAIA CE Projects is to bring engaging and specific content about the non-life insurance industry and the broader financial sector to the targeted beneficiaries. The following projects were maintained, while their delivery methods were adapted to cater for the changes that resulted from the continued COVID-19 restrictions.

- **Know Your Cash (KYC) Programme**

The Know Your Cash (KYC) Programme targets youth at tertiary institutions and the newly employed. The Programme provides financial literacy content on topics such as budgeting, managing your finances and awareness about the non-life insurance industry. In 2021, the projects reached 1 004 students and 107 newly employed beneficiaries via direct contact sessions. A further 814 000 beneficiaries were alerted through other platforms such as radio and social media.

- **The SAIA Consumer Financial Education (CFE) Radio Programme**

The SAIA Consumer Financial Education (CFE) Radio Programme was delivered through community and regional radio stations and targeted general South African households. The Programme aimed to create awareness about the non-life insurance industry, its product offerings and policy management. By 2021, the project had a 99% reach for black people. A total of 1 341 200 beneficiaries were reached, including 804 720 from rural areas.

- **Building Resilient Businesses (BRB) Programme**

The Building Resilient Businesses (BRB) Programme targets SMMEs. The Programme delivers content that focuses on increasing users' confidence in managing business risks and utilising insurance products as one of the options to mitigate against risk exposure. The Programme reached over 1500 SMMEs from various sectors through online workshops across all nine provinces, using the Small Enterprise Development Agency (SEDA) database to identify suitable beneficiaries due to access limitations imposed by the extension of the COVID-19 gathering restrictions.

- **Collaboration with the Financial Sector**

Collaboration with other stakeholders within the financial sector facilitates the industry initiatives to gain greater reach and a more significant impact for the targeted beneficiaries. This influence extends to the inclusion of the non-life insurance industry as a part of the sector engagements coordinated through the National Consumer Financial Education Committee (NCFEC) on initiatives such as Money Smart Week SA (MSWSA).

To encourage member participation in the SAIA Fund initiative, SAIA continues to provide reports that create awareness on the industry initiatives and highlights the importance of Members contributing to the fund.

📍 **Forward**

As the years continue to test the industry's resilience to unexpected shocks, the events have also demonstrated the importance of the industry for policyholders and the economy at large, therefore presenting opportunities for industry growth. Transformation remains among SAIA's priorities for driving meaningful economic development and promoting a financially included society. Therefore, SAIA will continue to drive industry initiatives and foster accelerated participation in transformation of the financial sector by its Members.

Themba Palangangwe

SAIA General Manager: Transformation and Governance

Zanele Gigaba

SAIA Manager: Transformation

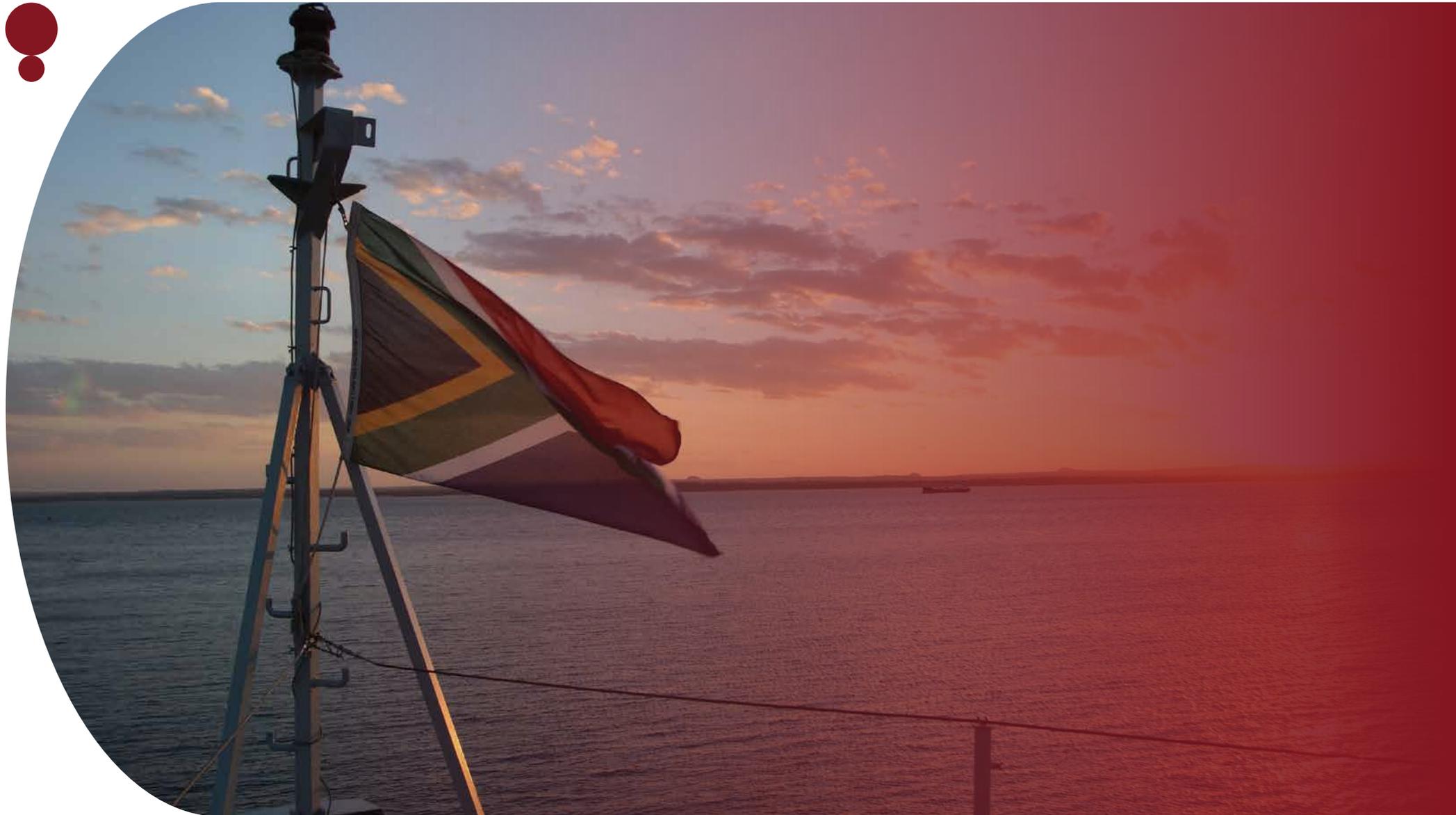
Tessa McQuire

Transformation Coordinator

“
...our Strategic Areas
continued to contribute
to a more stable and
sustainable country amid
socio-economic turbulence.
”

6.2 SAIA Strategic Areas

Governance





“ Policy lapses were a direct result of several businesses having closed down and more people losing their jobs due to the extended lockdown period. ”

As many economies continued to battle with the impact of the COVID-19 pandemic outbreak, globally, 2021 continued to be a challenging period for the South African economy. The non-life insurance industry was among the industries most affected. The industry faced unprecedented financial pressure due to the outcomes of the local COVID-19 non-life insurance-related court cases and continued loss of revenue due to policy lapses. Policy lapses were a direct result of several businesses having closed down and more people losing their jobs due to the extended lockdown period. The July 2021 riots also impacted the non-life insurance industry, affecting industry-wide supply chains and exposing them to a myriad of fast-growing cyber security challenges, which have threatened their sustainability.

The Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA), jointly referred to as “the Authorities”, also published their revised strategies toward the end of 2021. Therefore, the industry continued to adapt to new regulatory requirements that emanated from the impacts of the pandemic outbreak, while also continuing with the regulatory transitions resulting from the adoption of the Twin Peaks regulatory framework.

As a representative body, the South African Insurance Association (SAIA) continued to serve in its advocacy role for the industry, facilitating industry engagements and representing its Members on engagements with the Regulators and other relevant external stakeholders on issues impacting the industry.

“ Forging stability and sustainability in the face of socio-economic headwinds. ”

● Impact of the Local COVID-19 Non-Life Insurance-Related Court Cases on the Industry – Contingent Business Interruption (CBI) Insurance Claims.

Following the Supreme Court of Appeal's (SCA) decision which found in favour of the insureds in December 2020, and a subsequent press release from the FSCA informing the non-life insurance industry of the legal certainty provided by the SCA decision and its expectation that insurers will honour CBI insurance cover obligations and make payment of CBI claims without delay, non-life insurers began the arduous task of processing all valid CBI claims. Impacted insurers were required to complete necessary insurance claims settlements. At the same time, the Regulator continues to seek a regulatory solution, particularly regarding challenges around policy wording and fair treatment of consumers.

● Impact of other Regulatory Frameworks and Directives on the Industry.

The FSCA and the Prudential Authority, jointly referred to as “the Authorities”, published several communications and regulatory instruments to provide the industry with clarity on the Regulators' expectations in response to the COVID-19-related issues and the industry transition into the Twin Peak Regulatory Framework. Below are some of the provisions that impacted the industry:

- **Operating loss reporting**

SAIA engaged the PA on how CBI claims paid (as a result of the court instructions) should be reported. In its response, the PA requested SAIA to formulate and adopt a single industry approach to operational loss reporting. However, the request could not be honoured due to differences in interpretation and application of the definition of both 'operational risk' and 'insurer operational models'.

- **Conducting business in a foreign jurisdiction**

SAIA Members raised concerns regarding the regulatory requirements for conducting business in a foreign jurisdiction. SAIA compiled an industry paper and engaged the PA on the challenges identified, requesting that the PA consider an alternative approach, as the current provision presented unintended challenges for the industry. The request has since been considered, and the PA has released a directive that provides a more suitable approach for the industry.

- **Categorisation of activities (intermediary services)**

The industry is experiencing challenges on whether certain activities performed by intermediaries should be regarded as outsourced or intermediary services and, among others, including the collection of premium, which is considered an intermediary service by the Regulator. SAIA consulted with some Members and compiled a report regarding the treatment of specific activities by the industry. SAIA also engaged with the Regulator on the matter and awaits a response.

- **Change in terminology for licenced insurers pursuant to the conversion of 'registered insurers' to 'licenced insurers' in terms of the Insurance Act**

SAIA submitted industry concerns regarding the change in naming convention/terminology for licensed insurers pursuant to the conversion of 'registered insurers' to 'licensed insurers' in terms of the Insurance Act 18 of 2017. The PA acknowledged the concerns raised and confirmed that they have been taken into consideration and will be communicated accordingly to the industry.

📍 **The Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) Regulatory Strategies**

In 2021 the FSCA and the PA (jointly "the Authorities") published their separate Strategic Plans for 2021 – 2025 as required by the Financial Sector Regulation Act (FSRA) 9 of 2017. The regulatory strategies set out the Authorities' regulatory and supervisory priorities, the intended key outcomes of the strategies as well as the guiding principles for the performance of the regulatory and supervisory functions. Below are the priority focus areas impacting the non-life insurance industry:

The Prudential Authority Regulatory Strategy 2021-2024

Priority 1: Strengthening and enhancing the prudential regulation and supervision of deposit-taking financial institutions.

Priority 2: Implementing the prudential regulation and supervision of Financial Conglomerates.

Priority 4: Strengthening and enhancing the regulatory and supervisory frameworks for insurers.

Priority 5: Strengthening and enhancing the regulatory and supervisory framework for significant owners.

Priority 6: Developing cross-sectoral regulatory instruments for harmonising requirements across different industries.

The Financial Sector Conduct Authority Regulatory Strategy 2021-2025

Priority 1: Improving industry practices to achieve fair outcomes for financial customers.

Priority 2: Acting against misconduct to support confidence and integrity in the financial sector.



Priority 3: Promoting the development of an innovative, inclusive, and sustainable financial system.

Priority 4: Empowering households and small businesses to be financially resilient with an embedded risk-based regulatory and supervisory framework for insurers.

Priority 5: Accelerating the transformation of the FSCA into a socially responsible, efficient, and responsive organisation.

Key to both Regulators' strategies is the focus on transformation that has since been demonstrated by the release of the FSCA's Draft Strategy for Promoting Financial Sector Transformation and the Financial Inclusion Strategy.

Key Prudential Regulatory Developments

Fundamental Draft Regulatory Instruments were published for public consultation. In 2021 the PA published several regulatory instruments and guidance notes which entail the following:

- Prudential Standards for Audit Requirements for Insurers and Controlling Companies and the Guidance Notice 5 of 2021 were published. These publications aim to assist insurers and control companies to comply with the requirements outlined in the Prudential Standards.
- Prudential Standards for Financial Conglomerates whose main objective is to prescribe the minimum requirements that must be complied with by the holding company of a Financial Conglomerate concerning intragroup transactions and exposures,

auditors, risk concentration, as well as governance and risk management.

Joint Standards

These draft joint standards were published in terms of various sections of the FSRA for consultation and comments:

- **Cybersecurity and cyber resilience requirements**

The draft standard sets out the minimum standards to be complied with for sound practices and processes of cybersecurity and cyber resilience for categories of specified financial institutions. SAIA submitted comments and awaits feedback.

- **IT risk management framework**

The main objective of the joint standard is to prescribe the requirements that a financial institution must comply with in relation to information technology risk management. SAIA submitted comments and awaits feedback.

- **Outsourcing by insurers**

The main objective of the draft joint standard is to set out the minimum requirements to be complied with by an insurer when outsourcing material business functions and activities to third-party service providers. The goal is to ensure that outsourcing does not impair the prudent management of an insurer's business. SAIA submitted comments and awaits feedback.

The Draft Guideline on Liquidity Risk Management

An invitation to submit comments on the Draft Guideline on Liquidity Risk Management was published by the PA. In formulating the Guidance Notice, it referenced principles espoused in the Application Paper on Liquidity Risk Management published by the International Association of Insurance Supervisors (IAIS). SAIA submitted comments and the PA requested a consultation for clarification. The meeting was held in March 2022, and SAIA awaits feedback.

Draft Financial Sector Levies Bill (“the Bill”)

The FSRA provides for legislation imposing levies to fund the operation of the financial sector bodies. Section 166BC of the FSRA provides for the Corporation for Deposit Insurance, established in terms of Section 166AE of that Act, to charge Members of the Corporation a deposit insurance levy per legislation that empowers the administration of levies.

The Bill provides for the imposition of financial sector levies on supervised entities, imposition of a deposit insurance levy, exemption from such levies under certain circumstances, allocation of amounts levied to financial sector bodies, as well as other matters connected therein.

The National Treasury (NT) revised the Bill published as the Financial Sector Levies Bill in February 2021, having taken into account comments received. The Financial Sector Laws Amendment Bill provides for the establishment of the Deposit Insurance Fund (“the Fund”) and the Corporation for Deposit Insurance (“the Corporation”) to administer the Fund.

SAIA submitted comments to the NT for consideration by the Parliamentary Committee.

Key Conduct Regulatory Developments

Conduct of Financial Institutions (COFI) Bill

The FSCA has presented its approach to implementing the Conduct of Financial Institutions (COFI) Bill, once enacted, the COFI Harmonisation Project. The COFI Bill is intended to give effect to the Conduct Policy Framework. This will offer a holistic legal framework for conduct regulation that significantly streamlines the legal landscape for conduct regulation in the financial sector. It aims to strengthen customer protection by ensuring more consistent customer outcomes across the financial sector. The Bill is at its finalisation stage and will be implemented over a minimum of 6 years once enacted.

Requirements Relating to Third-Party Cell Captive Insurance Business

Following the policy position expressed in the FSCA Position Paper in December 2019, the FSCA published a draft revised Conduct Standard on 28 July 2020 for public comments which was due on 22 September 2020. Fourteen commentators submitted their remarks. The consultation report was finalised and approved by the FSCA governance structures. Following this process, the draft Conduct Standard and supporting documents were submitted to the NT on 30 September 2021, requesting to table the documents with Parliament for parliamentary scrutiny.

Policyholder Protection Rules (PPRs) and Regulations Under the Long-term Insurance Act and Short-term Insurance Act (STIA)

On 30 July 2021, the FSCA published an invitation to comment on the proposed amendments to the Policyholder Protection Rules (PPRs) under section 55 of the Short-term Insurance Act (STIA). The proposed changes are consistent with the objective of the FSRA and, specifically, the mandate of the FSCA to protect financial customers by promoting the fair treatment of financial customers by financial institutions. SAIA submitted comments to the FSCA and awaits feedback.



Other Developments

Intergovernmental Fintech Working Group (IFWG) Fintech Innovation Hub Flight Plan

The Intergovernmental Fintech Working Group (IFWG) was established in 2016 and has made significant progress in understanding the growing role of Fintech and innovation in the South African financial sector, which was launched in April 2020. In 2021, the IFWG provided a progress report on the success of the project, indicating that the hub received 52 applications for its first cohort. Ten of the applications were selected for entry into the Sandbox, 8 of which are in the testing phase and making positive progress.

Financial Intelligence Centre (FIC) – Status of Risk Assessment in Respect of Proposed Amendments to Schedule 1 of The Financial Intelligence Centre Act (FICA)

Deloitte concluded the industry risk assessment and presented it to relevant stakeholders for input before it was submitted to the Financial Intelligence Centre (FIC) Larger Working Group for final response and submission to the Regulator. Feedback was received from the FSCA and PA, including the NT, on the results or findings in the report. The FSCA had provided their input by mid-August. The report has since been submitted to the FIC, and the outcome is pending.

The Protection of Personal Information Act 4 of 2013 (POPIA)

The Protection of Personal Information Act (POPIA) came into effect in phases. On 11 April 2014, parts of Act 4 of 2013 commenced, namely section 1, Part A of Chapter 5, section 112, and section 113. The commencement of the remainder of Act 4 of 2014 was on the 1 July 2020 [(with the exception of sections 110 and 114(4)]. The President of South Africa proclaimed the POPI commencement date to be 1 July 2020, and the one-year grace period to comply ended on 30 June 2021.

The South African Insurance Association (SAIA) Code of Conduct (“the Code”)

In 2021, SAIA received requests from some Members for additional input on the revised SAIA Code of Conduct (“the Code”). All received input has been reviewed for approval by the SAIA Board, and all approved sections have been adjusted accordingly following Board approval.

The World Bank Group (WBG) Invitation to Comment on South Africa Financial Ombud System Diagnostic

The World Bank Group (WBG) Finance, Competitiveness and Innovation Global Practice (FCI) aims to help countries build financial systems that are deep, diversified, inclusive, efficient, and stable. These targets are essential to promoting economic growth, reducing poverty, and increasing shared prosperity. Therefore, the NT and the FSCA requested that the WBG undertakes this diagnostic report into South Africa’s financial sector ombud system and recommend reforms to provide good quality outcomes and good value for money. SAIA submitted comments to the NT on 30 August 2021.

Themba Palagangwe

General Manager: Governance and Transformation

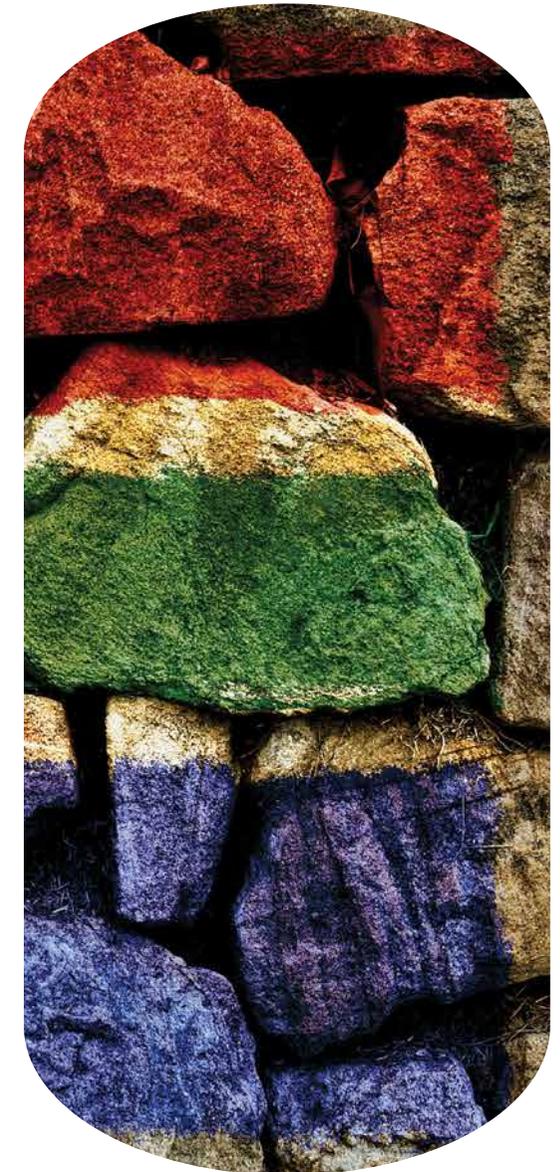
Ntsoaki Ngwenya

Legal Specialist

“

Our formulated blueprint will continue to contribute to achieving a more surefooted nation using the building blocks of transformation, inclusion, governance, stakeholder relations and communications, finance, and operations.

”



6.3

SAIA Strategic Areas

Stakeholder Relations and Communications





“ The pandemic has continued to show us just how vulnerable we, as a human species, can be. ”

The last financial year was characterised by two events that, literally, almost overshadowed all the other several challenges encountered by the non-life industry. These were, arguably, the COVID-19 pandemic and the July 2022 riots.

COVID-19 continued to be the Government's trigger to impose regulatory restraints on the free movement of people within and across borders, as well as business activities. This reality led to a very delicate but vicious cycle where the Government had to keep trying to balance everyone's rights and freedoms, with a dithering economy that was standing on a ledge. As part of the global economy and village, the South African Government could not independently carve out its own rules. Considering the worldwide pandemic, the global village had to coordinate and somehow align its programmes in a bid to arrest the rapid spread of the pandemic.

Consequently, millions of people around the world lost their jobs and livelihoods, forcing many more to dip below the poverty datum line. The pandemic has continued to show us just how vulnerable we, as a human species, can be. It forced us to quickly come to grips with the fact that we now live in a global village where one nation, no matter how hard it tried, can never be an island. In no uncertain terms, the virus demonstrated that it knows no geographic boundaries, race, or social standing. For the greater part of the year, the global economy remained on lockdown, with tough restrictions on the world population's ability to travel freely.

“ As part of the global economy and village, the South African Government could not independently carve out its own rules. ”

Public Relations and Communications

Following the decision made by the South African Supreme Court of Appeal (SCA), handed down in December 2020 about Contingent Business Interruption (CBI) cover, South African Insurance Association (SAIA) Members meticulously set down to pay all claims on a case-by-case basis. This process was in line with the legal determination of the courts, and fairness guidelines as provided for by the Financial Services Conduct Authority (FSCA). As a result, from January to March 2021, news around CBI claims continued to slide down the media-interest ranks from high to medium priority.

As an industry representative body, SAIA continued to engage with the Regulators and deliberate on issues of concern as they arose. The aim was to explore how best to resolve problems and concerns to benefit both the policyholder and the industry.

COVID-19 Pandemic

During the first quarter of 2021, the non-life insurance industry (particularly motor insurers, whose claims ratios took a dip in the second and third quarters of 2020) were accused by various media houses for allegedly having failed to pass the benefits mentioned above on to their policyholders. This led to a faulty view, which was not correct but widely held and propagated by the media. It must be kept in mind that SAIA Members were one of the first to step up and give their policyholders various reliefs, including payment holidays during the height of the COVID-19 pandemic's first wave. In as much as the Motor Book may have managed to remain above water, other insurance classes, like Marine Insurance, were not so lucky as they were severely impacted by shipping restrictions.

Since this incorrect narrative was, in essence, viewed as a risk to the image and reputation of the industry, the SAIA Board Advisory Committee decided that SAIA must spearhead discussions with motor member companies' heads of motor and heads of marketing/communications to get a complete understanding of the situation and deliberate on the way forward.

The propagated narrative tried to position the industry as one consisting of organisations that benefitted financially during the COVID-19 pandemic but failed to



pass it on to consumers. This narrative was factually untrue and rather unfortunate, given the immediate willingness and speed with which the industry had reacted to the plight of its policyholders during the height of the pandemic.

Vehicle Salvage Database (VSD)

The industry witnessed the return of the Vehicle Salvage Database (VSD) debate in the first quarter of 2021 playing out in the media, with demands from some Motor Body Repair Associations (MBRs) for the database to be availed to the public. This demand was positioned as the silver bullet for used car buyers who found themselves with previously written off vehicles despite several responses SAIA made aimed at informing and educating all related stakeholders and the media that making the VSD public alone will not solve all the issues in the accident damaged vehicle space.

SAIA has reiterated the fact that the VSD only holds 33% of the salvage vehicles in South Africa. In comparison, 67% of the vehicles on our roads are not insured and thus not recorded on the database. However, after several deliberations by SAIA and various Committees at the instruction of the SAIA Board, it was agreed, 'in principle,' that the VSD should be made public. However, the Board resolved that more work still needs to go into the initiative to fully establish the risks associated with making it public. To manage public and other stakeholder expectations, SAIA had to instruct all other involved stakeholders to desist from making media statements related to the initiative on behalf of SAIA. This request was made to manage the organisation's reputation as SAIA began to receive several media queries emerging from premature announcements.

Insure Group Managers (IGM)

In May 2021, SAIA featured in the media about its relationship with the Intermediaries Guarantee Fund (IGF) and its involvement in the demise of the Insure Group Managers (IGM), as well as what led to its placement under curatorship. The questioning sought to understand whose responsibility it was to ensure that IGM's operations or day-to-day activities were above board. In the weeks that followed, we received further questions that seemed to suggest that IGF had a fiduciary duty to oversee or manage the day-to-day operations of IGM, which clearly was not correct.

In response, SAIA sought to correct the assumptions which were, in real terms, unverified and could never be proven. In our response, we took the educational approach to try and openly state the facts surrounding the demise of the IGM. The Association also explained that the IGF's role was only limited to issuing guarantees, of course, after presenting satisfactory financial statements to the respective IGF Committees and its Board. SAIA's philosophy has always been to take the collaborative and, ideally, an educative approach to resolving issues.

July 2021 Riots

In July 2021, rioters plunged South Africa into fierce politically motivated unrest that saw widespread looting across the KwaZulu-Natal and Gauteng provinces. These began on 9 July 2021 in KwaZulu-Natal, rapidly spreading into Gauteng within a few days. The riots left behind damaged property and infrastructure, looted goods, and R33 billion worth of insurance claims. Unfortunately, more than 300 people lost their lives. In collaboration with FTI Consulting, a global business advisory firm, we began the important task of communicating developments to the media. These various communication tools used by SAIA took into consideration the information made available by the South African Special Risk Insurance Association (Sasria) at that moment. The unified and collaborative process of accepting all claims incurred during the riots remarkably improved trust in the non-life insurance industry.

Most media houses commended the SAIA Chairperson and Managing Director of Sasria, Mr Cedric Masondo (and his team), SAIA CEO Ms Vivienne Pearson, as well as SAIA Members for working hand in hand with Sasria to settle claims quickly. The industry was positively covered, and the industry leaders were commended for their bravery and for remaining resolute in steering their companies through a challenging phase. Both SAIA and Sasria ensured that the notion and rumour doing rounds that claims will be over R50 billion were exaggerated by communicating that about 98% of the claims had already been lodged. They were still less than R20 billion, in line with Sasria's initial estimates, at the time.



● Expired Driver's Licences Grace Period

At the end of August 2021, the Department of Transport (DOT) announced that the grace period for holders of expired driver's licences would not be extended. Following this statement, SAIA received another flood of enquiries from the media. On behalf of the industry, SAIA responded to over 15 radio and TV stations in the space of three days. Demands from daily and weekly newspapers also aggravated the situation. FTI Consulting was very instrumental in ensuring that these interview slots were secured, and calendars aligned with those of SAIA spokespersons to reinforce the message that, in general, claims will not be impacted by expired licenses.

Throughout our media and publicity drive in the year 2021/22, SAIA has continued to focus on actively collaborating with its Members and cultivating an industry position that clearly communicates the importance and role of non-life insurance on citizens' lives and the economy. We continued to also seek learnings from our Members on how they communicate crises and how these learnings could be leveraged for the industry going forward.

● Members, Government and Peer Relationships

The SAIA Strategy continues to be centred around creating and nurturing partnerships, collaborating, and effective communication with our Members, the Government, Regulators, policyholders or public, industry peers and many other relevant stakeholders. As a progressive association funded by its Members, we value their commitment to continue support for SAIA in its bid to find solutions to the issues and challenges faced by the non-life insurance industry. This approach has also allowed SAIA to engage fully in the socio-economic discourse and be a part of a broader financial sector discussion with other stakeholders.

SAIA's relationship with its Members remain a priority. This is clearly demonstrated by our drive through the SAIA Chief Executive's office to visit all SAIA member CEO at least once annually to understand their issues. During these fact-finding visits, SAIA CEO, Ms. Vivienne Pearson, also takes them through the challenges and triumphs the industry has experienced.



Our relationships with the National Treasury (NT), the Prudential Authority (PA), and the FSCA are positive and cordial. These relationships have allowed SAIA and its Members to hold open discussions about issues of pertinence around the financial regulatory space through a quarterly liaison platform. They are the same relationships that have also allowed the industry to collate and make submissions to policymakers on draft bills of importance for our Members. Despite all the technological challenges faced, our forum remained highly vibrant, with senior and executive level participation from all sides, including SAIA Board Members.

Our relationships with our peers have never been better. We value our engagements with the Banking Association of South Africa (BASA), the Association of Savings and Investments in South Africa (ASISA) and the Financial Intermediaries Association (FIA). We continued working together in the hybrid ecosystem, with a common goal of ensuring that South Africa's financial sector remains a robust and vibrant segment.

● Africa Insurance Exchange (AIE) Conference 2021

As mandated by the SAIA Board, we continued being a member of the Africa Insurance Exchange (AIE) Steering Committee. We contributed to organising the Insurance Institute of South Africa (IISA)/SAIA/FIA Annual Insurance conference customarily held in Sun City. The conference was successfully held virtually with contributions from SAIA.

● SAIA Events

As a result of the COVID-19 pandemic and the regulations that ensued, including social distancing, SAIA decided to cancel all its physical meetings for now and in the foreseeable future. The decision also considered the personal safety of SAIA's delegates/attendees and group interaction protocols as directed by Government regulations.

● Beyond Our Borders

Travel restrictions have been relaxed by Governments across Africa with the prerequisite that one can produce the required set of documentation at the ports of entry. However, despite all these restrictions, SAIA remains a significant player outside of our borders through digital interactions with our fellow African and international peers. We remain full and signed-up Members of the African Insurance Organisation (AIO), the Global Federation of Insurance Associations (GFIA), the International Union of Marine Insurance (IUMI), the Organisation of East and Southern African Insurers (OESAI) and the International Association of Engineering Insurers (IMIA).

● Thank You Note

I would like to pass my sincere gratitude to Mrs Tessa McQuire. Tessa worked with the Corporate Affairs team for almost eight years before moving on to explore, grow, and add value to the Transformation and Governance team led by Mr Themba Palagangwe. We truly appreciate her contribution to the Corporate Affairs team and wish her well with the new team.

On the same token, let me welcome Mrs Livhuwani Mutheiwana to the Corporate Affairs team. She joins us with several years under her belt in the writing and editing space, with her last gig being with Newsclip Media Monitoring. We wish her all the best within the Corporate Affairs team!

Kwanele Sibanda

SAIA Manager: Corporate Affairs

Livhuwani Mutheiwana

Corporate Affairs Administrator

6.4

SAIA Strategic Areas

Insurance Risks



“ The programme aims to address the transfer of invaluable skills from retirees back into the non-life insurance industry. ”

● Skills Development

Skills deficit can threaten the profitability and sustainability of any industry, and unfortunately, the non-life insurance industry has not been immune to a critical skills shortage. The non-life insurance industry has, over the years, witnessed a skills gap exacerbated by the loss of essential skills either through retirement or a transfer to another industry. At the same time, the industry didn't see enough new entrants come to the fore. Hence, it has found replacing lost talent quickly difficult. This impediment is especially of concern because, traditionally, the non-life insurance industry has not been viewed as appealing as other sectors – especially within the financial sector or other emerging Fintech spaces. Ideally, organisations will have a talent pool to replace the loss of skilled personnel. However, training and retention have proven to be difficult, time-consuming, and costly.

Adequate training requires a hybrid of educational and theoretical training, coupled with on-the-job training. With this skills shortage problem at the forefront, the South African Insurance Association (SAIA) Skills Development Workstream, in collaboration with the Insurance Sector Education and Training Authority (INSETA) and the Insurance Institute of South Africa (IISA), has initiated the SAIA/INSETA/IISA Retiree Repurpose Programme. The programme aims to address the transfer of invaluable skills from retirees back into the non-life insurance industry. Without this skills transfer, retirees' expertise garnered over the years would be lost to the industry, leaving a gap in technical and specialist skills that would be detrimental to the future longevity of the industry.

INSETA has received approval from its Board for funding the programme, thus allowing for a stipend to be paid to the retirees for their contribution of coaching and mentoring. The pilot programme will have an intake of six (6) retirees and fifteen (15) junior management candidates with SAIA and the Financial Intermediaries Association (FIA) members sharing in the funding of the pilot. The pilot programme is scheduled to run from 1 April 2022 to mid-2023 and will utilise would-be retirees near retirement or those that would have already retired in the last two or three years. Seasoned specialists will be paired up with junior management candidates in their respective fields of expertise.

Towards the end of 2021 and the beginning of 2022, SAIA requested the industry to nominate both retirees and junior management candidates within the stipulated lines of business to take part in the programme. The industry responded positively, and the lines of business selected for the pilot correspond with the nominations received. The lines of business are as follows:

1. **General Insurance** (over-subscribed for both retirees and candidate nominations).
2. **Specialist Lines:**
 - 2.1 Engineering (both retirees and candidate nominations were received).
 - 2.2 Aviation (**no** retiree and candidate nominations were received).
 - 2.3 Agriculture (**no** candidate nominations were received).
 - 2.4 Liabilities (both retirees and candidate nominations were received).
3. **Loss Adjuster** (both retiree and candidate nominations were received).
4. **Risk Surveyor** (**no** retiree or candidate nominations were received).

In addition to the SAIA/INSETA/IISA Retiree Repurpose Programme, SAIA has also finalised the Body of Knowledge books. Many insurance professionals know that there is a dire need for focused vocational training for the non-life insurance industry at public higher learning institutions in South Africa. In response to this need, SAIA Members partnered with academia to produce the General Principles of Insurance books, including specialist lines of insurance classes. These books are available to all public learning institutions and all SAIA Members. The books form part of the industry's skills development drive and are freely available to upskill and impart underwriting technical knowledge.

Lastly, SAIA will continue to be at the forefront of establishing an Insurance Apprenticeship Programme similar to the one found in the United Kingdom (UK), where the first layer is geared toward a foundational level to create insurance practitioners. The second layer is more advanced to create insurance professionals, all in the drive to contribute to the upskilling and professionalism of the non-life insurance industry.

Climate Change

The recent rise in weather-related catastrophes culminating in significant losses for the non-life insurance industry reflect the importance of a targeted drive to mitigate the physical and transitional risks of climate change. Climate change risks

and extreme weather patterns present a systemic risk to the sustainability of the non-life insurance industry, in addition to broadening the protection gap. Solutions to climate change concerns will require innovative thinking in collaboration with the Government of South Africa. The World Economic Forum (WEF) Global Risks Report 2022 lists both climate change inaction and extreme weather as severe risks globally. Likewise, the Prudential Authority (PA) conducted a climate risk survey in 2021. The results indicated that 74% of insurers surveyed believed that climate change had a significant impact on their business and would have a material impact on strategy, operations, and business models.

The United Nations (UN) Principles for Sustainable Insurance (PSI) encourages sustainable insurance practices and will celebrate ten years of existence in 2022. SAIA is a PSI-supporting institution as well as a signatory to the Nairobi Declaration on Sustainable Insurance which is aligned to and supports the PSI and Sustainable Development Goals (SDGs). The PSI initiative aims to manage the Environmental, Social and Governance (ESG) factors within the industry to ensure that risks and opportunities are identified, managed, mitigated and subsequently underwritten accordingly.

SAIA has established a Climate Change Forum to provide industry leadership on climate-related best practices. The Association does this by aligning South Africa's climate-related financial disclosure with global standards and keeping abreast of industry-related climate change risks globally. Moreover, SAIA is involved with the National Treasury (NT) Climate Change Working Group ensuring seamless knowledge transfer to Members on relevant climate change topics as well as assistance with the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements. The TCFD reporting aims to assist financial service entities in identifying and reporting on climate change risks, and promoting informed investment and underwriting decisions if climate-related risks are quantifiable.

Property Protection Steering Committee (PPSC)

The Property Protection Steering Committee (PPSC) remains an industry vehicle to identify and manage fire and localised flooding risks. If not controlled, these types of systemic risks may become unsustainable and thus uninsurable in the future.

Therefore, the PPSC is a proactive step taken by SAIA in collaboration with identified stakeholders to manage and, where possible, mitigate the risks.

The Fire Protection Association of Southern Africa (FPASA) is mandated on behalf of SAIA to manage key fire-related projects. The first two SAIA Board approved projects are the Fire Brigade Classification Project and the Fire-Related Codes and Standards Projects. With regards to the fire brigade project, and as at the end of February 2022, FPASA had surveyed and categorised 38 municipalities using the Fire Services Application (App) based on their adherence to the South Africa National Standards (SANS 10090) Community Protection Against Fire regulation. The grading used ranges from one being the highest rating and five being the lowest rating. SAIA will continue to analyse the App data and engage with Public-Private-Partnership stakeholders to assist the Fire Services in reaching their ideal performance levels.

Here is how SAIA and FPASA have identified and approached key stakeholders to collaborate for the FPASA fire-related projects' success:

- The Municipal Infrastructure Support Agency (MISA) – responsible for lobbying for funding for fixed infrastructure development for municipalities, e.g., fire hydrants, fire services, etcetera.
- The South African Local Government Association (SALGA).
- National Disaster Management Centres (NDMCs) and Provincial Disaster Management Centres (PDMCs).
- Business Unity South Africa (BUSA) – identified as a critical partner to lobby for a private-sector coalition in terms of general education and awareness.

🔍 Property Technical Committee

The SAIA Property Technical Committee (PTC) aims to highlight and interrogate specific risks that have an impact on underwriting for the industry. In 2021 the possibility and implications of a national grid failure were investigated, and a position paper was finalised and signed off by the PTC and the SAIA Board. SAIA presented this paper to the Financial Sector Conduct Authority (FSCA) and Prudential Authority (PA). A further meeting date is sought with the Regulators to discuss the position paper in detail and its impact on the industry and guide the way forward.

The possible impending national and localised water shortages and the consequence

for the industry have been identified as the next potential systemic risk. The first draft of the water failure position paper has been presented to the PTC for comments and input. In addition, subject matter experts have been consulted and have presented at the PTC meetings. The PTC Water Sub-Committee will continue to refine and finalise the paper to engage in strategic conversations with relevant stakeholders based on the findings of the position paper, as done with the national grid failure position paper.

Lastly, in line with risk mitigation, SAIA has provided PTC Members with weather alerts from the South African Weather Services. In addition, the Association has also provided Members with a Fire Danger Index tool that reflects daily fire danger values. These services were extended to assist Members in managing climate-related risks and, where possible, forewarn policyholders to mitigate the potential losses to property and lives.

🔍 Insurance Data System (IDS)

SAIA created the Insurance Data System (IDS) in the interest of its Members to combat motor vehicle crime. This aim includes limiting or reducing syndicate crimes that clone motor vehicles, individual and/or company insurance fraudulent claims, etcetera.

The IDS is a data repository that was established to address industry participating Members' data analytics needs through the claims and policy data fed into the system. The IDS, therefore, also serves SAIA Member interests with the availability of real-time data. It has transformed the function of the non-life insurance industry because of the instant use and translation to underwrite policies and process claims. The ability to access real-time data allows insurance industry participants to remain relevant to the evolving customer base and provides a competitive edge toward more business growth, including effective and efficient service delivery along the industry's value chain.

In 2021, SAIA initiated the development of Version 3 (V3) of the IDS to expand the current solutions and improve the quality of data being submitted into the system. These advancements include the creation of a new data dictionary and data fields that consist of the additional incident, driver, and third-party information.

The launch of the V3 will continue to strengthen SAIA's efforts to combat insurance fraud and improve the quality of underwriting and claim processes for participating insurance companies. The V3 platform is planned to go live by the end of the second quarter of 2022.

Road Safety

Road Safety remains a strategic pillar for SAIA. Following the launch of the UN Decade of Action for Road Safety 2021 – 2030, on 28 October 2021, SAIA adopted the recommended actions in its reviewed Road Safety Strategy for 2022-2025. The reviewed Road Safety Strategy also seeks to improve the established Business for Road Safety (BRS) Forum's collaborations with the Road Traffic Management Corporation (RTMC) on implementing its Road Safety Five Year Strategic Implementation Plan for 2020/2021 – 2024/2025. The BRS Forum has identified lobbying for road safety and strengthening private and public partnerships to advocate for national road safety as priority focus areas for 2022 going forward. This priority focus also supports the Department of Transport's (DoT) National Road Safety Strategy (NRSS) for 2016 – 2030.

For the 2021 National Transport Month, SAIA piloted a public awareness social media campaign to address critical road safety risk factors. These risk factors included vehicle safety and human factors contributing to road accidents and fatalities. Further to this, the SAIA Insurance for Safer Roads Committee has been established to address road safety risk factors that impact the non-life insurance industry. As proven by research, SAIA believes that vehicle and road safety risks, including human factors, are at the heart of road accidents in South Africa. Focussing on vehicle and road safety risks will contribute to reducing the number of accidents and fatalities in South Africa.

Cyber Security

Cyber security or cyber-attacks have become a global systemic risk that manifested most profoundly during the distinctive jurisdictional COVID-19 pandemic-induced lockdowns.

With the emerging increased use of computer technology since the COVID-19 pandemic, computer-related crime and cybercrime have become a significant global challenge. During this period, the FSCA and the PA published Information Technology (IT) Risk Management, Cyber Security and Cyber Resilience joint standards or regulations, prescribing compliance requirements for financial institutions. In preparation for the cyber security reporting requirements, the SAIA Board mandated SAIA to join the ASISA Computer Security Incident Response Team (CSIRT). ASISA created a database where some SAIA Members joined to make the ASISA/SAIA CSIRT. The ASISA/SAIA CSIRT enables participating Members to report cyber incidents and further promotes cyber resilience in the management of incidents that threaten the sustainability of the insurance industry.

In 2021, the ASISA/SAIA CSIRT hosted numerous simulation exercises to test participating Members' capabilities in response to cyber-attacks or incidents. Further, quarterly reports are published to create awareness of significant cybercrimes and trends affecting the industry. Lessons learnt from the simulation exercises conducted in 2021 have been consolidated and shared to deliver an industry report on the cyber security landscape and the industry's readiness toward cyber resilience. A further report will be published by the end of 2022.

SAIA also participates in the national Cyber Resilience Sub-Committee established by the South African Reserve Bank (SARB). The Working Group was created to support the financial sector on regulatory requirements, cyber incident reporting and recovery programmes. The Working Group initiated an exercise to map out processes for the financial sector in terms of the financial sector's IT and cybersecurity regulations. Further, the Working Group hosted workshops and webinars to create awareness and assist the financial sector's institutions in becoming more resilient by securing their cyber ecosystems.

SAIA has established a Cybersecurity Task Team to create a framework to enable Members to assess and manage cyber risks and develop programmes that will assist the non-life industry to become bolstered against cyber risks and threats.

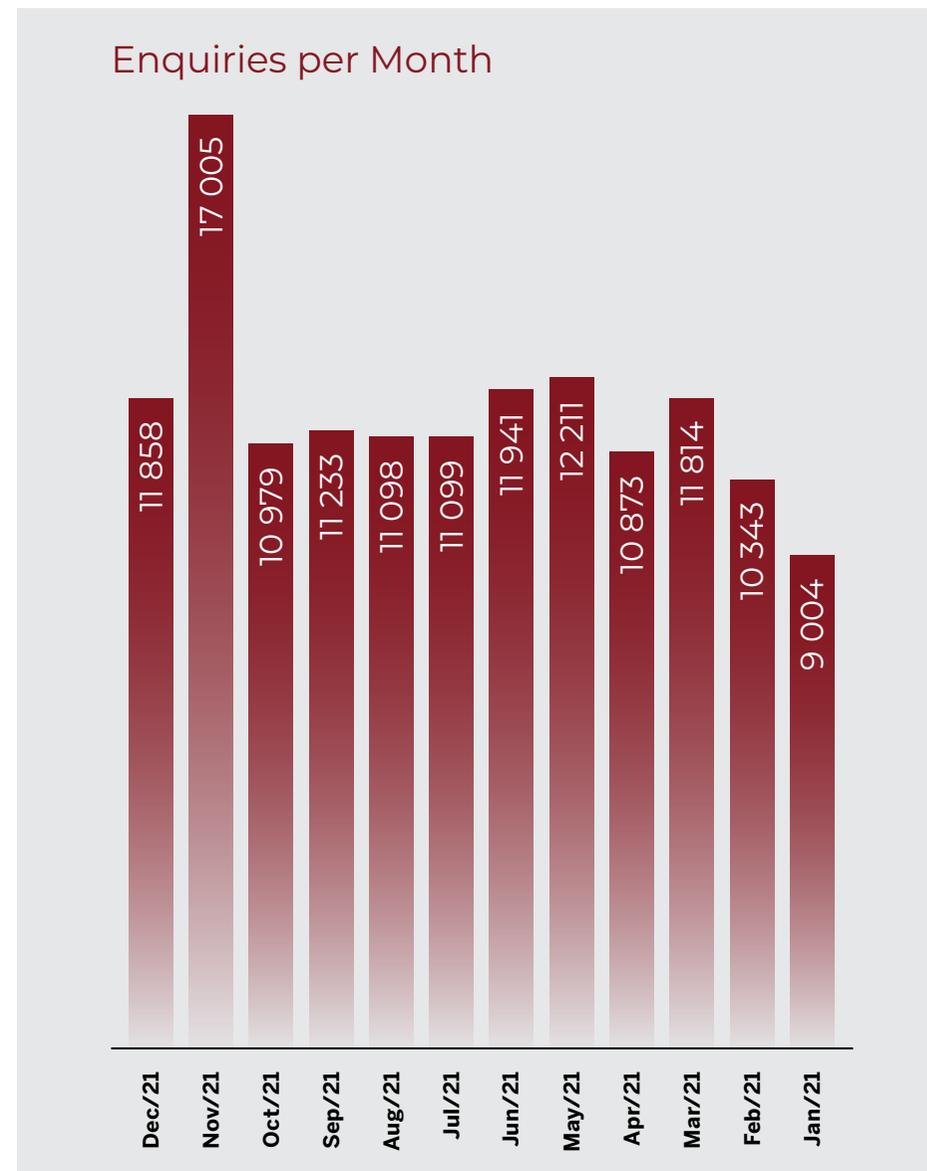
🔍 Vehicle Salvage Database (VSD)

The South African Insurance Crime Bureau (SAICB) administers the Vehicle Salvage Database (VSD) on behalf of motor insurance Members to combat vehicle-related crimes. The online Salvage Database Governance Committee meetings, held quarterly, progressed well in 2021 despite the COVID-19 pandemic restrictions. Compared to 2020, the number of enquiries, users, salvage records and hit counts increased as follows:

Year	Number of enquiries	Users	Salvage records	Hit count
2020	87 968	1 195	840 000	3 015
2021	128 449	1 422	954 094	8 077

The development of the Uninsured Third-Party Liability Database was slow in 2021 because an internal survey administered to interested participants showed that most of the Members would require system developments. Other Members mentioned that they were using outside third parties to manage uninsured third-party claims. SAIA hopes there will be traction in 2022 on this vital inclusion.

The number of Vehicle Salvage Database (VSD) enquiries in 2021 (month to month) was as follows:



SAIA Code of Motor Salvage

The SAIA Code of Motor Salvage, in support of the VSD, remains a SAIA critical mechanism in managing motor salvage by SAIA motor Members.

There were no material developments on the Code of Motor Salvage in 2021. SAIA and its relevant Motor Related Committee continue to create awareness and motivate its motor Members and their salvage agents to familiarise themselves and abide by the Code when handling motor salvage and its documentation.

A new development in 2021 was the creation of the process flow to escalate complex matters on the Code of Motor Salvage to the VSD Technical Guidelines Task Team. The objective of this new process includes, but is not limited to, creating a uniform and standardised approach by assessors and salvage agents when handling complex motor salvage matters and their relevant documentation.

Motor Repair Standard

SAIA formed a Motor Repair Standard Task Team following the issuing of the Competition Commission Guidelines for Competition in the South African Automotive Aftermarket in December 2020. The Motor Repair Standard Task Team was instructed by the Motor Steering Committee to work on a standard or checklist that would assist the industry in preparing and abiding by the Guidelines once implemented on 1 July 2021.

The SAIA Motor Repairer Minimum Standard (referred to as Checklist Guideline) was completed in December 2021 and launched at the beginning of 2022. Motor Members have been urged to embed the Checklist Guideline in their current processes when onboarding Motor Body Repairer (MBR) service providers.

The Checklist Guideline aims to ensure that MBRs are treated fairly regarding the processes followed in determining their capabilities to carry out the work as part of the various insurers' supplier onboarding requirements.

The principles entrenched in the Checklist Guideline support the objectives of the Competition Commission's Guidelines on the South African Automotive Aftermarket

that promotes transformation and inclusivity in the automotive aftermarket.

The Guideline Checklist will remain the property of SAIA and will be made accessible to external stakeholders to be utilised in furthering these objectives.

Compulsory Third-Party Motor Property Insurance (CTPMPI)

Third-party insurance was compulsory in South Africa from 1942 until 1997, but currently, 7 out of every ten cars on South Africa's roads are not insured. Third-party insurance covers motorists for liability to other motor users and their property due to a motor accident.

The RTMC's Board has approved re-engagement with SAIA on the Compulsory Third Party Motor Property Insurance proposal that SAIA delivered to the NT in 2017/18.

Since February 2021, SAIA and the RTMC have been working on the 'how' and the expectations from the RTMC in creating Compulsory Third-Party Motor Property Insurance (CTPMPI), a reflection on the previous legislation before 1997. There is in-principle support from the SAIA Board for this engagement with the RTMC until all the information that SAIA has requested from the RTMC has been clarified.

SAIA Forums

SAIA's Forums are created to provide the opportunity for specialist lines of business to have industry level engagements with SAIA on issues relevant to them, therefore providing a holistic approach to the topics tackled by SAIA.

The active Forums are:

- **The Association of Marine Underwriters in South Africa (AMUSA).** This SAIA Associate Division has existed for over 160 years.

- **The South African Association of Engineering Insurers (SAAEI)** is a key Associate Division of SAIA.
- **Health Forum.** The current critical element being engaged by the Health Forum concerns a series of Circulars issued by the Council for Medical Schemes (CMS). The Circulars advised health insurers, and other funders operating under an exemption from the Medical Schemes Act that from 31 March 2024, current exemptions will be removed. The proposed low costs benefit options will not be pursued as there is a perception that the industry is not adequately providing the necessary cover for the respective target market.
- **Premium Collections Forum.** The current critical issue for the Premium Collections Forum is the effective implementation of DebiCheck replacing Authenticated Early Debit Order (AEDO) and Non-Authenticated Early Debit Order (NAEDO). The last day of processing AEDO and/or NAEDO transactions was 31 October 2021. NAEDO was an advanced debit order mechanism that was automatically activated due to non-receipt of the Premium or any other associated fees. AEDO enabled the account holder to mandate the contracted future-dated early debit orders using their Debit card and PIN. DebiCheck requires a customer to authenticate the mandate via the prescribed banking channel.
- **Agricultural Insurance Forum.** This Forum is key to discussing and formalising matters concerning the agricultural community while also addressing products and services aimed at small-scale farmers.
- **Climate Change Forum.** Climate change risk is a systemic risk to the industry. Members of the Climate Change Forum participate and discuss aspects of mutual concern, in addition to the opportunity to learn new tools and frameworks in responding to climate change.
- **SAIA/South African Underwriting Managers Association (SAUMA)/ Financial Intermediaries Association of Southern Africa Fire Protection Liaison Forum.** This Forum, referred to as the SAIA/SAUMA/FIA Fire Property Protection Forum, seeks to engage with the wider non-life industry stakeholders, including brokers, to discuss and provide relevant feedback regarding SAIA fire projects.
- **SAIA/Sasria Forum.** This Forum offers SAIA Members a platform to engage directly with Sasria to be kept abreast of Sasria issues affecting the market.

📌 A Note of Thanks

SAIA takes this opportunity to express its sincere gratitude to all individuals who unselfishly gave their time and continue to serve the non-life insurance industry by serving on the respective Insurance Risks Committees. The Association would also like to acknowledge the SAIA Board Committee: Insurance Risks, Forums, Focused Technical Task Teams, Workstreams and initiatives in support of SAIA. Thanks to these teams and individuals, the Insurance Risks department has comprehensively fulfilled its mandate.

Pamela Ramagaga

General Manager (GM): Insurance Risks

Zakes Sondiyazi

Motor Manager: Insurance Risks

Lebohang Tsotetsi

Manager: Insurance Risks

Kabelo Paile

Technical Manager: Insurance Risks

Promise Mhlanga

Senior Forums Secretariat

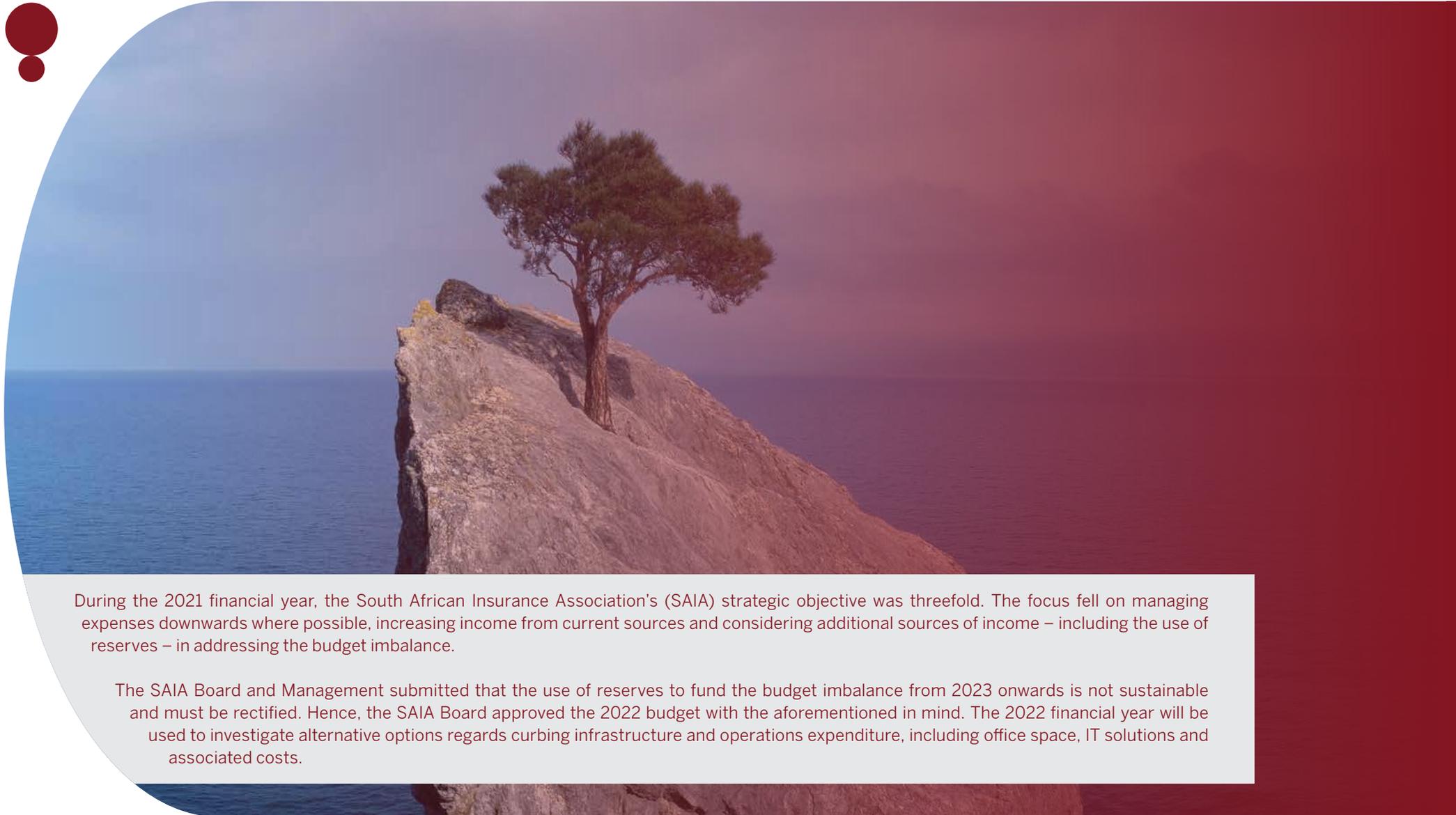
Rachel Mathosa

Personal Assistant to GM

6.5

SAIA Strategic Areas

SAIA Finance and Operations



During the 2021 financial year, the South African Insurance Association's (SAIA) strategic objective was threefold. The focus fell on managing expenses downwards where possible, increasing income from current sources and considering additional sources of income – including the use of reserves – in addressing the budget imbalance.

The SAIA Board and Management submitted that the use of reserves to fund the budget imbalance from 2023 onwards is not sustainable and must be rectified. Hence, the SAIA Board approved the 2022 budget with the aforementioned in mind. The 2022 financial year will be used to investigate alternative options regards curbing infrastructure and operations expenditure, including office space, IT solutions and associated costs.



● Intermediaries Guarantee Facility Limited (IGF)

The 2021 financial year saw the last year of the statutory three-year prescription period that began on 31 March 2019, when the last of the active Section 45, Regulation 4 guarantees were cancelled. These guarantees prescribe on 31 March 2022.

The financial year-end was formally extended by three months to align with the last of the guarantees that prescribed on 31 March 2022, following which the annual statutory independent audit will take place.

Intermediaries Guarantee Facility Limited (IGF) has spent the last year contacting holders of collateral security to return prescribed collateral and inform them of the possibility of returning not yet prescribed collateral security subject to the applicable conditions attaching thereto, including the indemnification of IGF. Few guarantee holders exercised the option regarding the return of not yet prescribed collateral security, and the collateral security will thus have to be returned post-prescription thereof on 31 March 2022.

The process started with the return of prescribed bank issued Section 45, Regulation 4 guarantees to the respective banks. Similarly, those banks issued guarantees that only prescribed on 31 March 2022 will be returned post that date.

Post 31 March 2022, Planned Liquidation of Legal Entity

After completing the above-mentioned return of collateral security, the IGF Board plans to liquidate the legal entity once the necessary preparations are complete. A liquidator has been approached and will be appointed in due course to facilitate the steps in the liquidation process.

We have been informed that the process of voluntary liquidation of a solvent entity may take up to six months or more to achieve once the special resolution is registered.

● South African Pool for the Insurance of Nuclear Risks (SANP)

The South African Pool for the Insurance of Nuclear Risks (SANP) successfully concluded the foreign inwards risk renewals, effective 1 January 2022. Work has begun on the 2022/2023 local renewals of both the Nuclear Energy Corporation of South Africa (NECSA): Pelindaba and the Electricity Supply Commission (Eskom): Koeberg risks, effective 1 April 2022. No significant changes in terms or conditions are expected for the 2022/2023 renewals.

The ten-year versus 30-year reporting period remains a hot discussion point. Two international pools have informed SANP that they may no longer transact business since SANP only offers a ten-year reporting period. By virtue of the fact that they have adopted the European conventions, these pools now require a 30-year reporting period.

Thanks to the appointed project manager, the SANP Claims Management System has progressed to reach planned discussions with relevant stakeholders. These discussions aim to create awareness and conclude service level agreements to establish lines of responsibility and provide resources should a nuclear event occur.

Charles Hitchcock
SAIA Chief Operations Officer

Thembinkosi Mokoena
SAIA Accountant

7.1

Associated Divisions

The South African Association of Engineering Insurers (SAAEI)



The South African Association of Engineering Insurers (SAAEI) is a division of SAIA and represents the engineering underwriters in the insurance sector. The standard classes of insurance embraced by this sector are, amongst others, Construction/Erection All Risks (CAR/EAR), Electronic Equipment Insurance (EEI), Machinery Breakdown Insurance (MB) and Plant All Risks (PAR).

Executive Committee

The Executive Committee Members are as follows:

- Chairperson: Philani Mbatha (Munich Re)
- Deputy Chair: Chris Charlton (Consort)
- Members:
 - Keith Barlow-Jones (C&G)
 - Kobus van Niekerk (Consort)
 - Krushayev Moodley (Hollard)
 - Mark Barrow (Mirabilis)
 - Susan de Wet (Old Mutual Insure)
 - Kabelo Paile (SAIA)
 - Xolile Kahla (HDI)
 - Zain Hoosen (Bryte)

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

The Association remains steadfast in realising its mission and vision – “To be an effective forum for raising awareness and developing and promoting understanding of the engineering classes of business to the wider insurance market and related stakeholders”.



● 4th South African Engineering Insurance Conference (SAEIC 2021)

The Executive Committee decided to not have the conference in 2021 due to COVID-19.

● Education

In recognition of the need for training in engineering insurance products, the Executive Committee has decided to set up an Engineering Academy as a learning centre for the entire SAIA Member base. The content setting and set-up of the learning platform was intended for Q3 2021. However, progress was significantly slowed down by COVID-19, and the new launch date is Q3 2022.

● SAIA Bulletin

SAAEI contributed to the bi-monthly SAIA Bulletin as per the following articles:

- 'Pre and post-pandemic construction and engineering industry in South Africa.' – Chris Charlton (Consort).
- 'To disclose or not to disclose.' – Kobus van Niekerk (Consort).

● Lunchtime Market Talks

At the Lunchtime Market Talks, engineering experts presented exciting, market-related topics. The talks were well attended by the engineering industry. We are thankful to the presenters for volunteering their knowledge and time. The following talks were presented:

- 'Five fires, five explosions, real-life cases.' – John Broli (Engineers for Africa CC).
- 'Power transformers: Risks and Loss Scenarios.' – Albert De Bondt (Lloyd Warwick International).
- "Looting versus theft claims." – David Vlcek (Cox Yeats).

The Committee will continue with Lunchtime Market Talks in 2022.

● The South African Association of Engineering Insurers (SAAEI) Golf Challenge/Yearend Luncheon

The Executive Committee decided to not have the usual celebratory events in 2021 due to COVID-19.

● International Association of Engineering Insurers (IMIA) Conference

Due to COVID-19, the traditional International Association of Engineering Insurers (IMIA) conference was substituted with a one-day virtual event. The 54th edition of the conference was due to be held in Dublin, but the online version took place over one day on Tuesday, 14 September 2021, with one session in the morning and a follow-up session in the afternoon. The organisers considered the optimum time zones to accommodate the global spread of delegates.

The streamlined agenda covered, amongst other topics:

- IMIA Country Statistics
- IMIA Index/IMIA Stats Project – Large losses and Loss Ratio Index /Perils
- What happened in the Engineering market?
- Working Groups – Landslides

● Industry Outlook

The COVID-19 pandemic continues to impact many lives and livelihoods of countless people worldwide. The disease and the ensuing lockdown have exacerbated the global economy and the construction sector, which were already in decline for the past few years. The construction market remains in distress with a lack of investment in large engineering projects and a challenging playing field for engineering underwriters competing for fewer projects.

Philani Mbatha
SAAEI Chairperson

7.2

Associated Divisions

The Association of Marine Underwriters in South Africa (AMUSA)



The Executive Committee has had monthly online meetings to discuss marine-related worldwide and local market conditions, trends, significant casualties, as well as legislative changes, to name but a few. The relevant information has been shared using Circulars which are distributed to our relevant target markets. The Association of Marine Underwriters in South Africa's (AMUSA) Executive Committee, as at the end of February 2022, consisted of the following Members:

- Petra Fordyce (Chairperson) – CIB/Guardrisk
- Cynthia Nanthalall (Vice Chairperson) – Hollard
- Granville La Vita – Savannah
- Hilton Adams – Munich Re
- Ian Parkerson – Santam
- Kabelo Paile – SAIA
- Kennedy Ntenjwa – Santam
- Mervyn Naidoo – OMI
- Mike Brews – Horizon/Lombards
- Paul March- Horizon/Lombards
- Promise Mhlanga (Senior Forums Secretariat) – SAIA

The South African Special Risk Insurance Association (Sasria) occasionally joined the Executive meetings during the 2021/2022 period, and valuable input was provided, especially on progress with claims after the devastating July 2021 riots.

AMUSA's Executive Committee also hosted quarterly virtual meetings (AMUSA/Financial Intermediaries Association (FIA)/Surveyors Feedback Session), where all interested parties were welcomed. These sessions were dominated by marine surveyors in the Gauteng area who provided feedback.

In support of the Executive Committee, the AMUSA Coastal Representatives submit quarterly reports on developments or specific problems encountered within their respective regions. Current representatives are:

- KwaZulu-Natal Region: Russell Duvenage – Navigate
- Port Elizabeth/Eastern Cape Region: Chris Pike – Santam
- Western Cape/Northern Cape Region: Estelle Bond – Hollard



📍 International Union of Marine Insurers (IUMI)

With ongoing global challenges regarding COVID-19 infections, the 147th International Union of Marine Insurers (IUMI) Conference was held virtually from 2 to 15 September 2021 and hosted by the Insurance Association of Seoul, Korea. The theme was “Pathway to a sustainable, resilient and innovative future”, and the content of the presentations was excellent.

Hilton Adams chaired the IUMI Inland Hull, Fishing Vessels, Yachts Committee, and Yachts Sub-Committee. Mike Brews represented AMUSA on the IUMI Cargo Technical Sub-Committee. The IUMI 2022 Conference will be hosted live in Chicago, USA.

📍 Education

Although the pandemic has hampered live events, AMUSA has continued to provide the market with various online sessions on relevant topics, remaining on its skills development trajectory and keeping the market informed. The sessions were always well attended.

The Impact of the Communicable Disease and Cyber Exclusions event, in collaboration with COX on 30 March 2021, had 72 attendees. Following the July riots, a session was held on 19 October 2021 that focused on perils underwritten within the marine market. This session was followed by yet another on 17 November 2021, where we hosted a “Marine Claims Settlement” training session, explaining the basis of the Valuation Methodology. There was also a session on rising sea levels by Norton Rose Fulbright in February 2022. Furthermore, various IUMI podcasts and webinars were also made available to the SA market, while many more sessions have been planned for 2022.

📍 Ports and Border Efficiencies/Inefficiencies

With the weekly Business Unity SA (BUSA) Bulletins, we were able to keep track of the movement of cargo, delays at our ports and borders, freight costs and related matters that impacted the industry. Although the COVID-19 pandemic continues to cause some disruptions, lockdown restrictions were eased as more people got vaccinated globally.

BUSA also facilitated meetings with the Transportation Network (Transnet) and kept us abreast with developments following the cyber-attack that crippled Transnet’s operations. Many stakeholders joined the sessions, and through various collaborations with many parties, Transnet was back on track quickly. However, we are constantly reminded of the general inefficiencies at our ports and borders brought on by, among other things, equipment breakdowns, power outages (due to cable theft and/or loadshedding) and inferior systems.

📍 Strikes/Riots and Looting (July 2021)

The devastation brought about by the July 2021 riots caused significant disruptions and many losses within the marine sector. Underwriters and alike were struggling to manage workloads. This situation led to Sasria’s introduction of a new, relatively steeper rate increase with effect from 1 January 2022 and the latter part of 2021, causing additional work for the insurance industry. We would like to thank Sasria and its leadership for agreeing to a month’s extension.

The riots’ socio-economic impact was immense, not to mention the financial implications for uninsured parties, Sasria itself, as well as the wider industry. These events also highlighted the security challenges faced by South Africa as the police services fought a losing battle.

📍 War and Sanction Exclusions

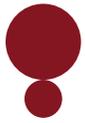
With the dreadful events unfolding between Ukraine and Russia, AMUSA kept the local market informed about developments in that space. Many marine underwriters had to scurry to keep their policyholders up to date on the reduced war cover enforced via the Reinsurance markets for the affected and the immediately adjacent areas in terms of the War Cancellation Clause contained in most marine policies.

I would like to thank the Executive Committee Members, as well as the coastal representatives, for their support, time, and contributions. Let me also thank my colleagues at SAIA, Ms. Vivienne Pearson, Ms. Pamela Ramagaga and Ms. Kabelo Paile for their continued guidance and assistance within our space.

Petra Fordyce
AMUSA Chairperson

08

SAIA Highlights





● Financial Sector Worker Base Vaccination Programme

South Africa commenced its national vaccination program in February 2021, focusing on persons over the age of 60. The initial registration uptake for vaccination was relatively slow, delaying the roll-out to other age groups and hampering the state's target of a 50% vaccinated nation by the end of July 2021. This situation was compounded by the fire that consumed part of Charlotte Maxeke hospital, the new COVID-19 variants discovered by South African scientists and the civil unrest that followed.

The Banking Association of South Africa (BASA) was requested by the National Department of Health (NDOH) to establish a worker-based vaccination site for the Financial Sector employees in Gauteng (Sandton) and the Western Cape. The approach by the NDOH formed part of the state's vaccination drive to reach more people through dedicated vaccination sites to save more lives from the COVID-19 virus.

BASA then reached out to all the financial sector bodies and its peers to help rally the financial sector member employees behind the vaccination initiative. SAIA spearheaded the non-life insurance industry drive, reaching out to its 58 Member companies and assisting them in registering their employees.

The financial sector worker-based vaccination site opened in Sandton, Gauteng, on 26 July 2021. In its first week of operation, 3 647 financial sector employees were vaccinated at the site. By the first week of August, the site vaccinated up to 9 600 financial sector employees daily. By the end of September, day-to-day numbers increased as the site opened to household members. On peak days,

there were 60 nurses, 10 Netcare personnel, one medical doctor and three qualified pharmacists at the site and catered for the age group 18 years and older.

A total of 75 administrators, consultants and marshals were on-site daily. The site also provided 42 Medical School Pharmacy students from the University of the Witwatersrand (Wits) with practical training; they have since been deployed to state hospitals.

Participating in this vaccination program were Members of 24 local and foreign banks, SAIA Members, three hotel and leisure entities and Members of the Association of Savings and Investment South Africa (ASISA). The BASA October 2021 Sandton Vaccination update suggested that around 25 000 people were vaccinated, with R7.4 million successful Private Medical claims and R151 772 MediKredit claims for uninsured vaccinations already received.

Through this brilliant initiative, SAIA employees, regardless of age, could take up vaccination. The organisation has since also implemented a return-to-work plan and vaccination policy as we remain committed to our employees' health and safety.

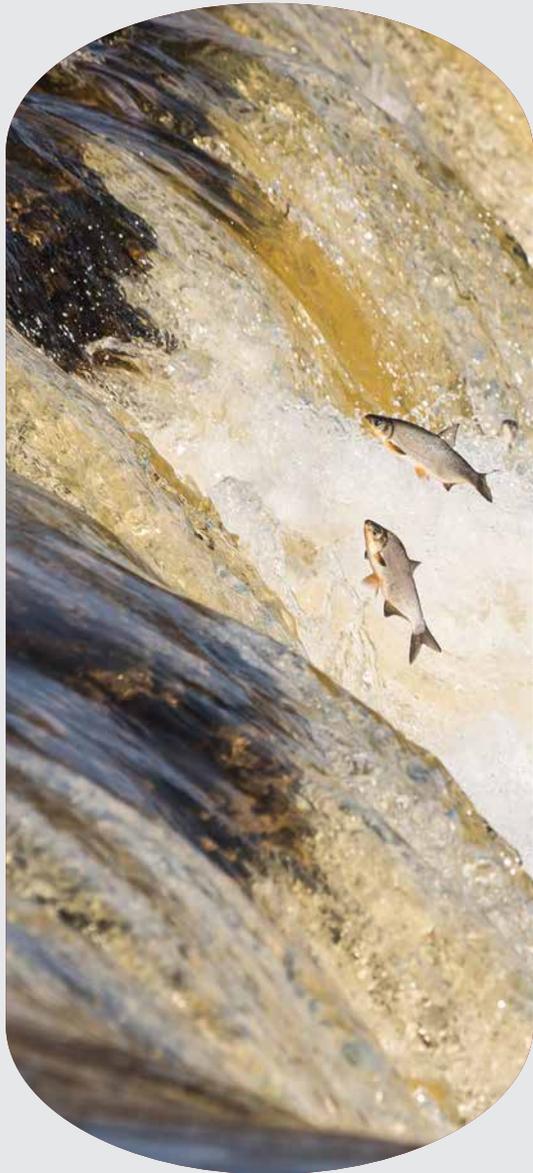
SAIA remains thankful to the State and BASA. This initiative has proven that, indeed, "Collaboration is Multiplication".

● Organisation Development

With employee exits came great new entries and movements in our team dynamics. Ms Kabelo Paile joined the SAIA team in October of 2021. An industry champion, Ms Paile joined the Insurance Risks Department in the role of SAIA Technical Manager: Insurance Risks, replacing Ms Susan Walls. We also welcomed Ms. Itumeleng Rapulane, who joined the Governance team as Personal Assistant: Legal Department.

Ms Lebohang Tsotetsi crossed the floor, as they say, from SAIA Projects Coordinator: Transformation to join the Insurance Team as the SAIA Manager: Insurance Risks, a role formerly occupied by Ms Katlego Bolsiek.

Mrs Tessa McQuire welcomed the opportunity to expand her horizons and joined the Governance and Transformation team as SAIA Projects Coordinator: Transformation,



with Mrs Livhuwani Mutheiwana taking on the position of Corporate Affairs Administrator in the Corporate Affairs department.

The year did not end there, and the organisation also welcomed Mrs Ntsoaki Ngwenya, who joined SAIA as the SAIA Legal Specialist, a position formerly held by Ms Mashudu Mabogo.

In a time of challenge, it always serves us well when we rally together to keep pursuing our organisation's objectives. Both veterans and novices are striving towards a common goal.

📍 Learning and Development

Our approach to learning and development in 2021 focused on elementary work-based learning principles. We concentrated on reiterating what we have already learnt and experienced as a refresher of what we are capable of, even in this new world of work. With the assistance of our service provider, we were able to deliver courses in a remote setting whilst gathering employees to engage on topics of interest.

Let me congratulate the SAIA team, which not only received positive academic results but used the opportunities to sharpen their performance and relationships.

“

A group becomes a team when each member is sure enough of himself and his contribution to praise the skills of others.

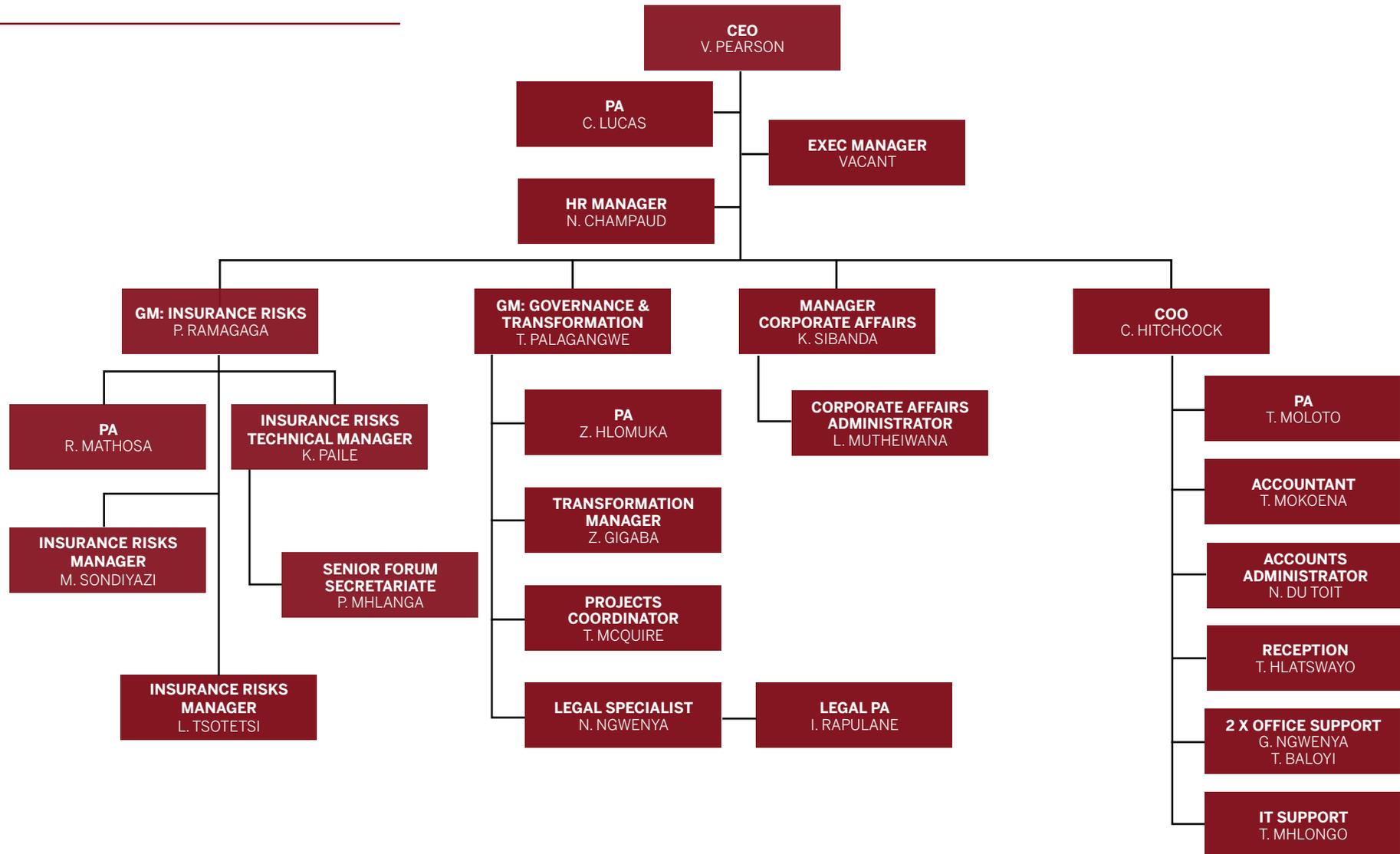
”

- Norman Shidle

Nicol Champaud

SAIA Manager: Human Resources

SAIA Organisational Structure and Staff Profile



09

Membership



📍 SAIA Board Members as at the end of February 2022



Cedric Masondo
Sasria (SOC) Limited
(SAIA Board Chairperson)



Herman Schoeman
Guardrisk Insurance Company
Limited (SAIA Board Deputy
Chairperson)



Adriana Weilbach
Telesure Insurance
Holdings (TIH)



Anton Ossip
Discovery Insure
Limited



Beat Strebel
Swiss Re Africa
Limited



Charles Hitchcock
South African Insurance
Association



Charles Nortje
Credit Guarantee Insurance
Corporation of Africa
Limited



Danie Matthee
OUTsurance Insurance
Company Limited



Easvarie Naidoo
Lloyd's Underwriters
(SA)



Edwyn O'Neill
Bryte Insurance Company
Limited



Garth Napier
Old Mutual Insure
Limited



Gary Jack
Chubb Insurance South
Africa Limited



Lizé Lambrechts
Santam
Limited



Maniki Rakgalakane
Land Bank Insurance (SOC)
Limited



Nolwandle Mgoqi
Standard Insurance
Limited



Phillip Donnelly
Bidvest Insurance
Company



Terrance Ray
SCOR Africa
Limited



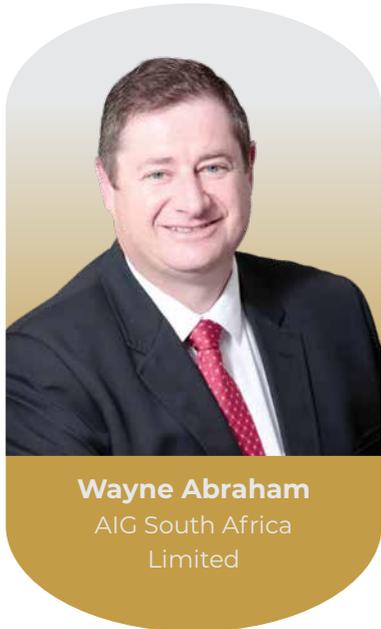
Thusang Mahlangu
Allianz Global Corporate &
Specialty SA Limited



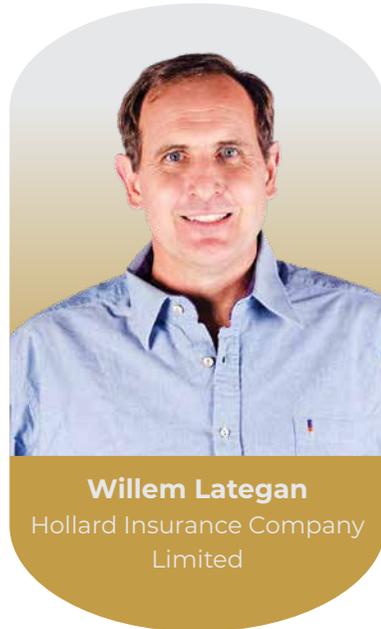
Vivienne Pearson
South African Insurance
Association



Walter Marte
Nedgroup Insurance
Company Limited



Wayne Abraham
AIG South Africa
Limited



Willem Lategan
Hollard Insurance Company
Limited

Board Alternates:

- Johanna Refilwe Moletsane – AIG South Africa Limited

Resignations from Board:

- Robyn Farrell – Auto & General
- Jacqueline Kilani – ESCAP (SOC) Limited

SAIA Members

Abacus Insurance Limited	Discovery Insure Limited
Absa Insurance Company Limited	Dotsure Limited
African Reinsurance Corporation (South Africa) Limited	Escap (SOC) Limited
AIG South Africa Limited	First for Women Insurance Company (RF) Limited
Allianz Global Corporate & Specialty South Africa Limited	FirstRand Short-Term Insurance Limited
Auto & General Insurance Company Limited	GenRe Company Limited (General Reinsurance Africa)
Bidvest Insurance Company Limited	GIC Re South Africa Limited
Bryte Insurance Company Limited	Guardrisk Insurance Company Limited
Budget Insurance Company Limited	Hannover Reinsurance Africa Limited
Centriq Insurance Company Limited	HDI Global South Africa Limited
CFAO Motors Insurance Limited	Hollard Insurance Company Limited
Chubb Insurance South Africa Limited	Infiniti Insurance Limited
Coface South Africa Insurance Company Limited	King Price Insurance Company Limited
Compass Insurance Company Limited	Land Bank (SOC) Insurance Company
Constantia Insurance Company Limited	Legal Expenses Insurance Southern Africa Limited (Legalwise)
Credit Guarantee Insurance Corporation of Africa Limited	Lloyd's Underwriters (Represented by Lloyd's South Africa (Pty) Limited)
Dial Direct Insurance Limited	Lombard Insurance Company Limited

MiWay Insurance Limited
Momentum Short-term Insurance Company Limited
Monarch Insurance Company Limited
Munich Reinsurance Company of Africa Limited
Mutual and Federal Risk Financing Limited
Nedgroup Insurance Company Limited
New National Assurance Company Limited
Old Mutual Insure Limited
OUTsurance Insurance Company Limited
Professional Provident Society (PPS) Short-term Insurance Company Limited
Renasa Insurance Company Limited
SAFIRE Insurance Company Limited
Santam Limited
Santam Structured Insurance Limited
Sasria (SOC) Limited
SCOR Africa Limited
Standard Insurance Limited

Swiss Re Africa Limited
The Federated Employer's Mutual Assurance Company (RF) Proprietary Limited (FEM)
Western National Insurance Company Limited
Workerslife Insurance Limited
Yard Insurance Limited

Member Registrations 2021:

- Swiss Re Corporate Solutions Africa Limited

Member Resignations 2021:

- Shoprite Insurance Company Limited



📍 SAIA Committees with Elected Members

IGF Audit Committee
IGF Claims Committee
IGF Underwriting Committee
Intermediaries Guarantee Facility Limited (IGF) Board of Directors
SAIA Board Committee: Advisory
SAIA Board Committee: Governance Risks
SAIA Board Committee: Insurance Risks
SAIA Board Committee: Reinsurers
SAIA Board Committee: Remuneration and Nominations Committee
SAIA Board Committee: Transformation
SAIA Audit Committee
SANPA Audit Committee
South African Insurance Association (SAIA) Board of Directors
South African Nuclear Pool Administrators (Pty) Ltd (SANPA) Board of Directors
The Association for Marine Underwriters in South Africa (AMUSA) Executive Committee
The South African Association of Engineering Insurers (SAAEI) Executive Committee
The South African Pool for the Insurance of Nuclear Risks (SANP) Management Committee

SAIA Committees

Governance Risks

SAIA Conduct of Business Committee

SAIA Prudential Committee

Insurance Risks

Insurance Data System Steering Committee (IDS Steerco Committee)

SAIA Motor Insurance Steering Committee

SAIA Property Protection Steering Committee

SAIA Property Technical Committee

Salvage Database Governance Committee

Operations

SAIA Code of Conduct Review Task Team

SAIA Taxation Committee

SAIA VAT Task Team

Transformation

SAIA Financial Inclusion Committee

SAIA Preferential Procurement and ESD Committee

SAIA Transformation Steering Committee

SAIA Forums

Business for Road Safety (BRS) Forum

SAIA Agricultural Risk and Crop Insurance Forum

SAIA Climate Change Forum

SAIA Fire Property Protection Liaison Forum

SAIA Health Insurance Forum

SAIA Motor Transformation and Sustainability Forum

SAIA Ombudsman for Short-term Insurance (OSTI) Forum

SAIA Pandemic and other Uninsurable risks forum

SAIA Premium Collections Forum

SAIA Property Transformation and Sustainability Forum

SAIA Skills Development Working Group Forum

10

SAIA
Staff



Vivienne Pearson
Chief Executive Officer



Charles Hitchcock
Chief Operations Officer



Candy Lucas
PA to Chief Executive
Officer



Godfrey Nyangwa
Office Assistant



Itumeleng Rapulane
PA: Legal



Kabelo Paile
Insurance Risks
Technical Manager



Kwanele Sibanda
Corporate Affairs
Manager



Lebohang Tsotetsi
Insurance Risks
Manager



Livhuwani Mutheiwana
Corporate Affairs
Administrator



**Mzayiya (Zakes)
Sondiyazi**
Insurance Risks Manager



Naomi Du Toit
Accounts Administrator



Nicol Champaud
HR Manager



Ntsoaki Ngwenya
Legal Specialist



Pamela Ramagaga
General Manager
Insurance Risks



Promise Mhlanga
Senior Forums Secretariat



Rachel Mathosa
PA: Insurance Risks



Tessa McQuire
Projects Coordinator:
Transformation



Themba Palangangwe
General Manager:
Governance and
Transformation



Thembi Mokoena
Accountant



Tiyani Baloyi
Office Assistant/Messenger



Trevor Mhlongo
Systems Administrator



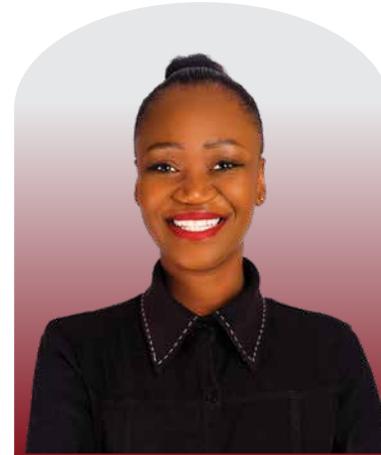
Tshepiso Moloto
PA: COO and HR Manager



Tshidi Hlatshwayo
Receptionist



Zanele Gigaba
Manager: Transformation



Zoleka Hlomuka
PA: Transformation

 **Notes**





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