

2020

ANNUAL REVIEW

IF YOU WANT TO GO FAR, GO TOGETHER



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION



TABLE OF CONTENTS

1. SAIA VISION AND MISSION	02
2. THEME 2019/20: IF YOU WANT TO GO FAR, GO TOGETHER	03
3. SAIA COVID-19 PANDEMIC SPECIAL REPORT 2020	04
4. SAIA CHAIRMAN'S REPORT 2019/20	08
5. SAIA CEO'S REPORT	12
6. SAIA FINANCIAL EXTRACTS	18
7. SAIA STRATEGIC AREAS	22
7.1 Transformation	7.4 Insurance Risks
7.2 Governance	7.5 Reinsurance
7.3 Stakeholder Relations and Communication	7.6 SAIA Finance and Operations
8. ASSOCIATED DIVISIONS	38
8.1 The South African Association of Engineering Insurers (SAAEI)	
8.2 The Association of Marine Underwriters in South Africa (AMUSA)	
9. SAIA HIGHLIGHTS	42
10. MEMBERSHIP	46
11. SAIA STAFF	52

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 important 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 important and relevant issues, and create a common 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.



02

THEME 2019/20: IF YOU WANT TO GO FAR, GO TOGETHER.

Our theme this year is derived from an old proverb believed to be of African origin “If you want to go fast, go alone, if you want to go far, go together.” We believe our industry continues to evolve as a whole and become increasingly more resilient. Together, we will continue to reach new frontiers. There is power in numbers and strength in teamwork. At SAIA we invest the time it takes to grow synergistic relationships. Steady, stable and surefooted, collectively we find solutions to every challenge. You might be able to go faster alone, but we all know that hasty climbers have sudden falls. We believe that if you want to go far, you should go together.



SAIA COVID-19 PANDEMIC SPECIAL REPORT 2020

GENERAL BACKGROUND

On 31 December 2019, the World Health Organization (WHO) reported a cluster of pneumonia cases in Wuhan City, Hubei Province of China. On 7 January 2020, the causative pathogen, identified as Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) – what we have come to now know as ‘Coronavirus Disease 2019’ or COVID-19 virus – was announced. By January 12, there had been 41 confirmed cases of 2019-nCoV associated pneumonia.

Globally, a total of 2 014 cases had been reported by around 26 January 2020, with 1 985 cases reported from China, including Hong Kong SAR (5 confirmed cases), Macau SAR (2 confirmed cases) and Taipei (3 confirmed cases). Of these 29 exported cases, 26 had a travel history from Wuhan City, China. By 27 January 2020, South Africa’s National Institute for Communicable Diseases (NICD), a division of the National Health Laboratory Service, publicly noted an increase in the number of coronavirus (2019-nCoV) cases that were spreading across parts of the world.

On Thursday 5 March, the NICD confirmed that a suspected case of COVID-19 has tested positive. This

was duly followed by yet another announcement on 7 March by the Ministry of Health confirming that South Africa’s second tested case had come back positive for the virus and that all protocol was being followed. This announcement got South Africa talking more about national safety. On 15 March, the President of South Africa, Cyril Ramaphosa, declared a national state of disaster, and announced several measures aimed at containing the possible spread of the virus. These included immediate travel restrictions and the closure of schools from 18 March 2020. On 23 March, a national lockdown was announced, starting on 26 March 2020. The lockdown aimed to further restrict movement of citizens and to shut down all human entry and exit ports, save for essential goods.

Despite the fact that this was a short-notice announcement, the non-life insurance industry had been acutely aware of the possibilities that may follow and business continuity was an issue that had been exercising the minds of its leadership for weeks. The industry displayed a lot of flexibility, forward-thinking and dynamism since some SAIA members had already been working remotely, well before the State President, Cyril

Ramaphosa, made the lockdown announcement. Most members had already expressed concern about the well-being of their teams and were already working on resilient strategies aimed at affording their teams the safety of working remotely.

Despite the early shutdown imposed by our Government, the pandemic continued to increase, albeit at a contained rate in South Africa, with the WHO publicly commending the South African Government for its timely reaction to the COVID-19 pandemic and the programmes they had put in place in a bid to contain the quick spread of the virus. By the end of March 2020, the virus had spread rapidly through the globe to more than 100 countries, marking the beginning of the unfolding of a global pandemic. It was to be a pandemic that would not only cripple major economies and exert massive pressure on their health systems, but also bring small businesses and individuals financial strain which, in some cases, would lead to ruin.

3.2

SAIA COVID-19 PANDEMIC SPECIAL REPORT 2020

COVID-19 IMPACT ON SOUTH AFRICA'S FINANCIAL SECTOR

Like other countries globally, South Africa has been faced with conducting a delicate balancing act between preserving human lives and saving its economy amid the latest global pandemic which our State President, Cyril Ramaphosa, has termed “an invisible enemy”. As the global village continues to battle the COVID-19 pandemic, which is causing numerous socio-economic challenges, South Africa is also fighting to remain afloat, with a national lockdown that commenced on 26 March 2020 in a bid to slow down the rate of infections.

Our economy has experienced an unprecedented shutdown, which has heavily impaired various industries, leaving a gaping hole in our GDP. As almost the entire economy ground to a halt, including any inter-provincial travel, the Government began a painstaking process

of understanding the local strain of the COVID-19 pandemic, and how to curtail the rate of infections across our nine provinces. This meant that the banking sector, the insurance sector (both life and non-life) had to immediately shut down their physical operations, except for those staff members allowed for in the Regulations issued by Government, and shift to working remotely to observe social distancing regulations. The entire sector had to come to terms with taking a significant drop in income for the year, while also assisting the Government and its customers through various debt relief measures. Accordingly, the SAIA Board agreed at its special Board meeting on 25 March 2020 that the industry would contribute in various ways to address challenges brought about by the impact of the COVID-19 pandemic.

The SAIA Board believes that the lockdown strategy adopted by the Government in March 2020 was justifiably appropriate and further applauds the Government for the quick action taken at an early stage of the pandemic – a factor that bought South Africa valuable time to prepare for the inevitable rise in infections.



SAIA COVID-19 PANDEMIC SPECIAL REPORT 2020

COVID-19 IMPACT ON THE NON-LIFE INSURANCE INDUSTRY

As an integral part of South Africa's financial sector, the non-life insurance industry has not been spared. Since the industry was deemed an essential service in terms of the Disaster Management Act, it has continued to work hard to render essential services to its policyholders. Like all other sub-sectors, it has suffered heavy income losses since the State President's declaration of a state of national disaster.

However, this has not deterred our industry nor our members from making contributions aimed at assisting the Government (contributions to the Solidarity Fund, payment of suppliers quicker, using local suppliers, and assisting policyholders where they could) to alleviate the impact of the COVID-19 crisis on policyholders and SMMEs, among many others. Within six weeks of the declaration of the national lockdown, the industry had contributed around R1.4bn and still rising, through the provision of assistance to clients in distress. These initiatives included premium holidays, premium discounts, non-cancellation of policies and premium deferrals. In addition to helping clients in distress, the non-life insurance industry quickly adapted to working remotely and, throughout lockdown, paid claims, honoured contracts to assist with liquidity and solvency while also lobbying Government for relaxation for suppliers to continue servicing our clients.

SAIA and its member companies appreciate the value that suppliers of goods and services provide in safeguarding the sustainability of the industry, as well as service policyholders. As a result, SAIA member companies therefore committed to assist suppliers, small businesses (SMMEs) in particular, as much as possible during these difficult times. This included the continued procurement of services from suppliers as and when they can, depending on the nature of claims received and within the provisions of the Regulations on the classification of essential services. Insurance companies will also continue to expedite payments for work done by suppliers or service providers to assist them with cash flow, whenever possible.

Our industry partners, the Financial Intermediaries Association of Southern Africa (FIA) and the South African Underwriting Managers Association (SAUMA), with whom we always seek alignment to deliver on industry initiatives, have also continued to play a very critical role in the support of policyholders and the reduction of confusion in the

marketplace. Through SAIA, the non-life insurance industry has continued to engage the National Treasury, the Financial Sector Conduct Authority and the Prudential Authority in a bid to find solutions that could be of assistance in alleviating the pressure on policyholders, SMMEs and other service providers in the financial sector supply chain. Weekly meetings between SAIA, NT, the PA and FSCA, with a fair representation of SAIA Board members, are ongoing and jointly address relevant issues as they arise.

We remain fully committed to supporting the measures put in place by State President, Mr Cyril Ramaphosa, together with the Government of South Africa to protect South Africans and attempt to contain the spread of COVID-19. Since our industry plays an important role in the economy, we also made a commitment to support staff, clients/policyholders and suppliers to the industry as much as possible during these difficult times. Valid and essential claims that policyholders may have continued to be processed during this period. Individual insurance companies have continued to assist policyholders in good standing who have been negatively impacted by this pandemic and the resultant lock-down, on a case-by-case basis. The industry will also continue to communicate with its policyholders, educating and informing them of any industry developments that may likely affect them now and in the foreseeable future.

The industry also recognised that the current circumstances were not business-as-usual, and therefore required a more pragmatic approach. Through SAIA and our member communication platforms, policyholders who experience financial difficulty due to COVID-19, and the national lock-down, were strongly encouraged to speak to their financial intermediary (broker) or insurer, who will do their utmost to assist customers in good standing on a case-by-case basis.

Any crisis presents new opportunities to be realised, and we believe the non-life insurance industry has learned valuable lessons during this COVID-19 era. Some of the permanent changes to be seen in the post-COVID-19 era include:

- 1. New cost-effective ways of holding meetings** – This means reduced travelling and accommodation costs in the future as it has been proven beyond reasonable doubt that meetings can, in fact, be held via digital video platforms.

2. **Smarter business processes and tools** – Network and Internet Service Providers have proven that they can deal with the demand for their services without too much strain. Technology will be taking over from the manual business processes. We will witness an increase in the development of new and quicker business processes and tools to benefit clients. Our ability to reach clients quicker may very well be enhanced and much cheaper, while further (hopefully) increasing market penetration.
3. **New product development** – The COVID-19 pandemic has exposed a few issues existent in our market. It is quite clear that there may be a market failure which existence was further amplified by the magnitude of the pandemic. There is a need for Government and the industry to come together in solving this gap for the sake of our clients and economy going forward.
4. **Working remotely** – This period has proven that it is possible that most of our employees can be productive and effective working from home. There will be less of a need to waste time in traffic through companies adopting a Work-From-Home Policy.

“Any crisis presents new opportunities to be realised, and we believe the non-life insurance industry has learned valuable lessons during this COVID-19 era.”

THE TABLE BELOW OUTLINES THE CONTRIBUTION MADE BY MEMBERS OF SAIA UP TO END APRIL 2020.

#	Nature of Contribution	Approximate Rand Value
1.	Policyholders - Personal Lines – These include premium relief/waiver/holiday, deferral of premiums by agreement, extension of grace periods, premium discounts - proactive (within the regulatory framework), premium discounts - reactive (within the regulatory framework).	R605 000 000.00
2.	Policyholders - Commercial Lines – These include premium relief/waiver/holiday, deferral of premiums by agreement, extension of grace periods, premium discounts - proactive (within the regulatory framework), premium discounts - reactive (within the regulatory framework).	R181 108 000.00
3.	Suppliers - Essential Workers – Grants and other contributions, including the sanitisation of taxis and taxi ranks, clearing outstanding payments to service providers and donations to support frontline medical staff to fight COVID-19, donations to the Department of Health to assist with the procurement of more hospital beds, etc.	R78 680 000.00
4.	Suppliers - Non-Essential Workers – Grants and other contributions, including fast-tracking payments to suppliers, advance payments for incomplete work to motor-body repairers, discounts on service provider settlement, extended terms to salvage operators and loans to suppliers to assist with cash flow.	R143 500 000.00
5.	Contributions to Solidarity Fund – Some contributions to the Solidarity Fund have been made on a holding company level, as some SAIA members are part of insurance groups or financial conglomerates with parent companies that have made the contributions.	R76 000 000.00
6.	Contribution to Other Causes (broader community, other businesses, etc.) – Gift of the Givers, contribution to quarantine initiatives (such as hotel payments), supplies to old age homes, contributions to the COVID-19 Relief Fund.	R280 000 000.00
7.	Employee Support and more – Insurers have been contributing in other ways to challenges of COVID-19, including the full payment to vulnerable employees who were asked to stay off work, implementing the initiative which encourages employees to donate to selected charities (with the insurer matching donations), continued payment of average commissions, employee support initiatives, etc.	Not quantifiable
Total quantifiable contributions set aside by insurers to date:		R1 364 488 000.00

SAIA CHAIRMAN'S REPORT 2019/20

"If everyone is moving forward together, then success takes care of itself." – Henry Ford

Collaboration is the ability to work together toward a shared vision. The ability to direct individual accomplishments toward organisational objectives. It is the fuel that allows everyday people to attain extraordinary results. The only constant is change, and there will always be impediments on our journey, but when we collaborate efforts and skillsets, no obstacle is too heavy to move out of the way. Let's face the future together and go further than we ever thought possible.

Take a few moments to review the past year's most important developments, challenges, and successes.

Economic Overview

The South African financial sector remained stable in the year in review, despite some headwinds from a challenging and subdued domestic economic growth environment exacerbated by several other fiscal challenges, including increased global policy uncertainties. As a sub-sector of the financial sector, the non-life insurance industry (previously known as the "short-term insurance industry") continued to contribute immensely to the growth of our financial sector and the economy through constructive operational and regulatory engagements with various Government departments and Regulators. As at the end of the 2019/20 financial period, the Prudential Authority had about 90 registered and licenced non-life insurers in South Africa, 58 of which are members of the South African Insurance Association (SAIA).

Regulatory Framework

Our collaborative approach to industry issues with various stakeholders, including the National Treasury, the Financial Sector Conduct Authority (FSCA) and the South African Reserve Bank's Prudential Authority (PA), continues to favourably position us to effectively negotiate the best, win-win outcomes between the industry and the Regulators. This has not only helped us to move ahead quicker in issues resolution but also fostered an understanding among all of us that frequently calls for candid and open discussions. The non-life insurance industry has remained resilient, operating within a well-regulated framework that demands highly capitalised financial institutions, supported by robust regulatory and financial infrastructure. This is – no doubt – the ideal basis upon which a strong and sustainable economic growth trajectory could be achieved.

Several legislative and regulatory initiatives were tabled, some of which were a spill-over from 2018, the year in which the Twin Peaks model was launched. Perhaps one of the amendments that has been exercising the minds of the industry and the Regulators is that of the Financial Intelligence Centre (FIC) Act. The amendment proposal sought to include certain financial institutions, including but not limited to non-life insurers, into Schedule 1 of the FIC Act, effectively making them accountable institutions in a bid to reduce money laundering and terrorism financing. On behalf of its members, SAIA engaged the FIC, and a resolution to enlist the services of an external professional consulting firm to conduct and advise in this regard was reached. It remains the hope of the industry that the assessment, once wrapped up, will demonstrate





**“If everyone is moving
forward together,
then success takes
care of itself.”**

Henry Ford

that there exist minimal risks that could justify the inclusion of the sub-sector in the schedule.

The disregard for the rules of the road by some drivers costs the South African economy tens of billions of rands annually in vehicle repair and human casualty costs. As a result, we fully supported the Department of Transport's (DoT) efforts of introducing the Administrative Adjudication of Road Traffic Offences (AARTO) Amendment Bill, and the President signing into law, Act 4 of 2019. SAIA, in collaboration with other industry and business associations, further bolstered its road safety participation through the launch of the Business for Road Safety Forum. Our goal is to work in concert with various Government departments and municipalities in enforcing road regulations, the elimination of corrupt activities on the roads and the possible creation of a compulsory third-party liability insurance. It remains our hope that South Africa achieves a significant drop in road traffic fatalities as these not only cost the economy billions of rands, but also cost human lives.

In November 2019, the National Treasury published draft amendments to Financial Sector Regulations (“the Regulations”) for public comment in terms of sections 61(4), 288 and 304 of the Financial Sector Regulation Act No.9 of 2017 (FSR Act) aimed at streamlining and simplifying the process of finalising the appointment process for the Commissioner and the Deputy Commissioner of the Financial Sector Conduct Authority (FSCA). We look forward to the appointment of the two Commissioners and working with them to further improve our industry, and the upliftment of the livelihoods of all South Africans.

Economic and Social Transformation

In terms of key focus areas, transformation remains at the top of our agenda. However, one of the greatest challenges has always been our inability to take advantage of the new era of data collation and the use of this data.

As a result, we have not been able to intellectually use industry figures to support the narrative that we are an immense contributor to business continuity in South Africa – and beyond – through the provision of personal and business risk mitigating financial products. We have also not been able to holistically quantify the contribution we continue to make through our procurement spend towards Small, Micro and Medium Enterprises (SMMES) in the motor repair and property space, amongst others.

In the first half of 2019, the SAIA Board hastened the approval of the new Transformation Section in the SAIA Code of Conduct that requires all SAIA members to report certain data pertaining to procurement spend, specifically in the motor repair and property space. This is an area where we believe we could make a real difference in terms of promoting inclusivity and sustainability. Our discussions with the Department of Employment and Labour (DoEL) regarding Employment Equity targets for the collective financial sector, and how these have been linked to the Financial Sector Charter targets, are ongoing. We do hope that a resolution will be reached soon.

The SAIA team and the industry have been working on an agricultural insurance project for years. The project is aimed at contributing to the sustainability of the emerging and commercial farming industries through offering affordable drought insurance products that cover grain, oilseed and livestock production, with the latter only applicable for emerging or smallholder farmers. Such insurance products will not only serve to mitigate the risks faced by the farming community as a result of the rapidly changing weather patterns, among other factors, but will also serve as a buffer against mass job losses and sector bankruptcy which may be a direct threat to national food security. The industry has successfully engaged the National Treasury and is still in the process of engaging other Government departments, and if successful, a pilot could start as early as June 2020.

The emerging or smallholder farmer product offering proposed to the National Treasury and other Government departments is an index insurance product offering, which not only speaks to providing an alternative and more affordable insurance product offering but it is also positioned with Government as a soluble solution to contributing towards closing the protection gap in the emerging markets of South Africa.

The protection gap – broadly defined as the difference between what is paid out by the insurer and the total cost of some incident or disaster – has been a challenge, not only for insurers, but also for a lot of property or infrastructure owners, including the Government. The general view and consensus in the South African emerging markets, which mostly remain uninsured, is that it is currently uneconomical for commercial businesses to insure at a premium level required and also provide the comprehensive cover necessary to make a difference as a result of market failure.

Therefore, initiatives such as the SAIA index product offering, in collaboration with Government, is critical in making what is uneconomical to insure for business, a viable and sustainable insurance offering to the emerging, and mostly vulnerable segments of South Africa. In addition, we are also aware that a protection gap exists in South Africa insofar as there are people who have assets, such as houses, vehicles, and household contents, who are not buying insurance cover. This is a market that needs to be targeted by the insurance industry to assist with providing protection against potential risks and losses not yet explored enough.

The industry continues to note the rapid introduction of new technological interfaces within the non-life insurance industry aimed at doing business in a better, faster, and simpler manner. As technology advances in the back-office fuelled by better data handling and filtering capabilities, so have business models evolved to render an improved customer experience, while also reaching out to markets never accessed before. There is little doubt that the advent of technology in Africa has given rise to new markets, which are now easily accessible through mobile devices. Several insurance companies partnered with technology and telecommunications companies to ensure that these new markets are effectively serviced, not only in South Africa, but across the African continent.

Climate Change (Sustainability)

Climate change continues to pose significant risks for the non-life insurance industry, given its exposures to losses caused by extreme changes in weather patterns. A study conducted in 2012 revealed that in many countries, including South Africa, there is a lack of assessable climate change information. This had made it challenging for businesses whose operations and sustainability are increasingly dependent on such

information, the non-life insurance industry included. The rapid changes in weather patterns witnessed in South Africa in the last year led to massive infrastructure damage because of flash floods in the KwaZulu-Natal and Gauteng provinces.

It has increasingly become more critical that municipalities are equipped and trained to understand the essential components of the built environment to enable them to maintain and build resilient cities. This would include creating the necessary structures and processes to efficiently develop and maintain city infrastructures, while also effectively monitoring adherence to city building regulations. It has become quite evident that municipalities are struggling at the moment, be it due to a lack of capacity and/or capability and/or resources to enforce such regulations and effectively develop infrastructure maintenance programmes that include road maintenance. This leads to unfortunate incidents such as clogged storm drains and floods, that may cause extensive damage to property and render these classes of insurance uninsurable if corrective measures are not instituted.

SAIA will continue its initiatives of trying to work closely with local governments and municipalities in the development and maintenance of infrastructure. As an industry, however, we remain concerned about the reluctance by property owners and municipalities to adhere to and enforce building regulations, something of paramount importance in the pro-active management of risks such as flooding and property fires.

COVID-19

We decided to include a SAIA COVID-19 Special Report in this year's Annual Review as we continue to tackle the challenges associated with the pandemic. In the Special Report, we inform you about how the non-life insurance industry has been impacted, and what it has done to ensure that it supports the Government, small businesses and policyholders while also ensuring that it minimises any chances of retrenchments within the industry.

The COVID-19 pandemic has come at an astronomical cost to the global village. Since the first official announcement made by the World Health Organisation (WHO) on 31 December 2019, the global village has lost hundreds of thousands of lives, small businesses have shut down with millions of people left without sources of income, dented health systems and gaping holes in some of the strongest economies of the century. The toll for lost human lives in America and Western Europe has spiralled to tens of thousands, despite all the attempts of curbing the spread, which includes the lockdowns imposed by the respective Governments.

Africa, and particularly South Africa, has not been spared. The socio-economic impact of the pandemic has been devastating in most parts of the country, with the lower

income segment and the self-employed being the hardest hit, while small businesses ground to a standstill. As all other industries, the non-life insurance industry suffered too, as it was forced to also make quick plans of working remotely while ensuring that it saves its employees from any forms of retrenchments during this challenging time.

Appreciation

In conclusion, I would like to express my sincere gratitude to the SAIA Board for their unwavering support and commitment to the association and the programmes undertaken during the year. I would also wish to thank all SAIA members for their belief in the SAIA Board and their support for its efforts. And, lastly, I would like to thank Vivienne Pearson, her executive team, and all SAIA employees for their hard work and commitment, and for ensuring that we achieve our goals, as set by the SAIA Board.

Cedric Masondo
SAIA Chairman

A large colony of King penguins is shown in a snowy, icy landscape. The penguins are standing in rows, facing various directions. They have black heads and backs with bright yellow-orange markings on their chests and heads. The background is a soft, out-of-focus view of more penguins and the icy terrain.

“Climate change continues to pose significant risks for the non-life insurance industry, given its exposures to losses caused by extreme changes in weather patterns.”

04 SAIA CEO'S REPORT

Any journey worth taking includes a few barriers. A worthy cause is seldom an easy one. As a country, we have overcome many obstacles. As an industry, we know that moving onwards and upwards depends on the company you keep. The SAIA 2019-2021 Strategy places advocacy, collaboration and involvement at the forefront of our success. By serving our stakeholders, we also serve South Africa at large.

Our key priority areas indeed speak to what we value. We place great focus on crime combating and road safety initiatives. We also underline infrastructure development and maintenance; the importance of cities and built environmental structures that are habitable and safe cannot be overstated.

Supporting commercial and emerging farmers is another key strategic objective. Through our actions, we aim to cushion them against financial risk in the face of climate change, while strengthening South Africa's food security. Transformation also remains one of our key strategic objectives.

It's plain to see that we surround ourselves with stakeholders who have their fellow South African citizens at heart. As an industry, we know that we can go so much further when we gear up together. It is both my pleasure and privilege to present the successes and challenges of the previous financial year.

The financial year 2019/20 commenced with the South African Insurance Association (SAIA) crafting a new three-year strategy for the years 2019 to 2021. As a result of the intensive process followed in developing

the 2015-18 strategy with all members, including one-on-one meetings, as well as administering a member questionnaire, it was quite natural that we used this agreed-upon strategy as a basis for the future. After the SAIA Board, at a Board Strategy Session on 4 March 2019, thoroughly interrogated the previous strategy, considered both the micro and macro environmental factors impacting our industry as well as identified and discussed new challenges, a new strategy took shape for the next three years. The SAIA Board also agreed that the SAIA strategy should remain a dynamic and resilient living document that is responsive to market demands and must be reviewed annually.

The SAIA strategy is informed by feedback from our one-on-one member company visits that we conduct throughout the year to engage and understand members' concerns, challenges and aspirations. With the valuable feedback from member CEOs and MDs, SAIA is always able to chart a renewed organisational trajectory which we then set out to pursue with the goal of ensuring that SAIA adds the value that members need.

The SAIA Board agreed that the industry agenda is significant, and that SAIA – given its limited resources – needs to focus on targeted priority areas. The Board therefore approved two key focus areas, namely Insurance Risks and Transformation, which were deemed of great importance for the industry and the markets within which we operate. Operations, Governance Risks, Reinsurance, and Communications and Stakeholder Management areas were reviewed to business as usual status.

SAIA Key Priority Areas

The association's key priority areas were:

- 1. Transformation** – Projects to be undertaken in this area include the data collation project which will enable the industry to have a basis for analysing its performance against set targets in a number of areas, including enabling the industry the ability to craft a much more informed industry narrative based on the quantitative data. Another area of special interest for the industry is Enterprise and Supplier Development (ESD), including Preferential Procurement.
- 2. Insurance Risks** – Projects in this area include the industry pain-points, which the industry needs to place greater focus on. These were identified as:
 - Motor – Great focus to be placed on crime combating and road safety initiatives which continue to cost the industry billions of rands annually.
 - Property – The industry has been concerned about the sustainability of property insurance for some time, especially in relation to fire and flood risks. This also includes development and maintenance of infrastructure, especially in view of the impact of climate change.
 - The Agricultural Insurance Project – This project has been ongoing for years and it relates to both transformation and insurance risks.

While these two areas remain the strategic key focus areas for the organisation and the industry, business as usual areas, listed below, still remain extremely important areas for the industry as they enable us to further elevate our two strategic areas and give them prominence where needed.

- **Operations**
- **Governance Risks**
- **Reinsurance**
- **Stakeholder Relations and Communication**

Industry Skills Development was also identified as an area of concern. The development of an industry skills pool is of great importance for the non-life insurance industry to

address the current skills shortage it faces. The SAIA Board agreed that this is indeed a growing concern and recommended that initiatives undertaken to create a pipeline of talent and skills are quite critical, but must be conducted in tandem with efforts made by our industry peers, namely the Insurance Institute of South Africa (IISA) and INSETA.

The association continues to be involved in – and advocating for – increased participation of all stakeholders in addressing issues such as financial inclusion, infrastructure development, new product lines related to projects (such as compulsory third-party motor property insurance), access products and index insurance.

The Collaborative Approach

Our overall objectives, work plans, and activities remained underpinned and directed by the SAIA 2019-2021 Strategy, which places advocacy, collaboration, the participative business model, as well as member involvement, at the forefront. These activities contribute to creating and strengthening mutually beneficial partnerships. We have continued to work closely with various stakeholders including our industry peers, the Association of Savings and Investments South Africa (ASISA), the Banking Association South Africa (BASA) and the Financial Intermediaries Association of Southern Africa (FIA). Our relationships with the South African Regulators in the financial services sector, namely the Financial Sector Conduct Authority (FSCA) and the Reserve Bank of South Africa's Prudential Authority (PA), as well as with National Treasury, are positive and robust, enabling all parties to work towards common goals and priorities.

Over the years, the association has been meeting the Regulators and the National Treasury on a quarterly basis to discuss concerns and address any industry or regulatory issues that may be deemed potential barriers to progressive mutually agreed objectives that benefit our economy and the policyholders. These meetings have been extremely fruitful, and so have our scheduled regular meetings with the Prudential Authority to deliberate about the challenges both the industry and the Authority face in the implementation of certain financial sector regulatory instruments. We have successfully used these opportunities as platforms upon which numerous possible solutions are discussed, paving a way for a sound and relevant South African non-life insurance industry.



“The Code further reflects the idea of a principles-based approach supported by standards, just as the principles-based legislation is supported by regulations.”

Operations

One of the challenges SAIA faced early in 2019 was finding a way through which we could plug the gap that arose as a result of winding up of the Intermediaries Guarantee Facility (IGF) Fund which was wholly managed by SAIA, resulting in an operational budget deficit of about R5.6m in 2020. It therefore became necessary to propose several cost cutting solutions, while also minimising the number of possible retrenchments, even though staff related costs contributed 67% to the SAIA 2019 budget. However, the SAIA Board determined that about 75% of SAIA staff are essential specialists that drive the success of the industry projects at hand, while only 25% is made up of support staff and any retrenchment may directly impact the outcomes of the association's initiatives. The SAIA management team made several other proposals to the Board considering the R5.6m shortfall and how it could possibly be plugged over a smoothed period of a few years. Suggestions included a reasonable increase in the Consumer Education Initiative management fee which has remained unchanged for many years, arranging industry breakfast sessions where we bring specialists to discuss topical industry issues for a fee, among many other possible new income generators. All these were successfully implemented as from the beginning of 2020.

SAIA is in the process of completing the review of its Code of Conduct. During the review, there were fundamental questions raised, including whether there should be a SAIA Code of Conduct at all, and several references were made to the Principles vs Rules based approach with comments that the Code was “rules-based” whilst legislation was moving towards a more principles-based approach. The latest version of the Code will reflect the results of the discussions held, including input from the FSCA, that the Code should exist in the current environment and is an important supplementary tool that is valuable in support of proactively addressing potential undesirable trends in the industry. Its successful implementation will go a long way in avoiding the Regulators having to legislate for every foreseeable outcome. The Code further reflects the idea of a principles-based approach supported by standards, just as the principles-based legislation is supported by regulations. The new Code will be published as soon as the SAIA Board gives its final approval, hopefully in the second half of 2020.

Insurance Risks

During the course of 2019, SAIA, together with BASA, ASISA and the FIA, participated in the Public Private Growth Initiative (PPGI), an exercise aimed at outlining both enabling and inhibiting factors that impact on South Africa's economic growth, with a special focus on the financial sector as an enabler to the growth of other sectors, and calling on Government to address the identified inhibitors across all participating sectors to promote economic growth. As a collective, the financial sector produced a document

to the PPGL, facilitated by SAIA, where several impediments to the growth and sustainability of the financial sector were highlighted, as well as its potential to contribute to economic growth. SAIA listed several projects, including infrastructure development and maintenance imperative. SAIA also included the Agricultural Insurance Project, which aims to mitigate the risks faced by commercial and emerging farmers through an insurance product that could possibly cushion them against financial risk in the face of climate change, while strengthening South Africa's food security. This initiative will likely be piloted in the second half of 2020.

Motor insurance constitutes our members' collective biggest book at about 45% of the non-life insurance industry business. It remains one of the association's focus areas, specifically in the crime combating and road safety arenas. The persistent hijackings of long haulage trucks into the second half of 2019 was a major concern for SAIA and its members, exacerbated by the related road crashes, riots-and-looting on national roads, especially along the N3 (the main route connecting Johannesburg and Durban). A stakeholder workshop attended by our members, toll concessions and other key role players impacted by the spike in road freight crime took place in September 2019. All parties in attendance agreed to establish safety, security and stabilisation working groups in an attempt to address the many challenges.

The number of fatalities on South African roads, and the cost of road traffic crashes on road networks, remain untenable. In recognition of the efforts made by the Department of Transport (DoT) and its various agencies towards road safety, SAIA, in collaboration with several stakeholders, launched the Business for Road Safety (BRS) forum in September 2019. Its objectives include enabling businesses to have a leading role in finding sustainable solutions aimed at reducing the number of road crashes and fatalities. The industry also welcomed the launch of the Administrative Adjudication of Road Traffic Offences (AARTO) Act by the DoT. The AARTO Act is aimed at providing for the administrative management and adjudications of road traffic offences outside the Criminal Justice System. The Act introduced a points demerit system, which we hope will place drivers in a position to manage their demerit points accumulation by changing their behaviour for their own benefit, as well as that of their families and other road users.

Infrastructure development and maintenance is a national, provincial, and local government imperative. As the non-life insurance industry, we cannot overemphasise the importance of working and living in cities and built environmental structures that are habitable and safe. In the last few years, some of these urban structures have been severely damaged as a result of rapid weather pattern changes. Climate change and its impact on the built environment has been identified as a major risk for insurers. However, municipalities and the Government continue to struggle to enforce regulations, city by-laws and to implement maintenance regimes of infrastructure, potentially due to a

lack of either capacity or capability. Unfortunately, this has led to clogged storm drains, leading to flash floods in cases where there are prolonged downpours, for example. The first half of 2019 was characterised by hail damage in Newcastle and extensive flood damage in the wider KwaZulu-Natal province, followed by torrential rains in Gauteng province in December and in February 2020, leading to the unfortunate loss of human life and extensive damage to property and other infrastructure such as roads and bridges.

Our participation in the Department of Cooperative Governance, Human Settlements and Traditional Affairs' (CoGHSTA) Local Government Support Programme (LGSP) forms an integral part of SAIA's property protection strategy. In support of the LGSP, SAIA attended the National Disaster Management Advisory Forum (NDMAF) which provided an opportunity to engage with various stakeholders in disaster management at a national level. The invitation to address the Disaster Risk Management Integrated Awareness and Advocacy session, attended by Councillors in November 2019, was yet another platform that offered an opportunity to further engage with stakeholders in the built environment, while also promoting our willingness to collaborate at all levels in a bid to sustain our cities and the non-life insurance industry.

Transformation

Nedlac negotiations, which comprised of a number of constituent representatives from organised Labour, Government, organised Community and Business (represented by SAIA, ASISA and BASA) was finally wrapped up in 2018 with a view of having a summit attended by the president, Cyril Ramaphosa, in the first quarter of 2019. The summit could not take place, but declarations and agreements were signed off by the Nedlac Exco and tabled to the Standing Committee on Finance in Parliament. Most SAIA Board members were able to attend the sessions, making a meaningful contribution to the Nedlac negotiations and agreements in the process. A summit will possibly be scheduled for a later date in the second half of 2020.

As a collective, the financial sector represented by SAIA, ASISA and BASA met with the Department of Employment and Labour (DoEL) in the first half of 2019 to deliberate on the Employment Equity (EE) Act amendment aimed at giving the Minister of Employment and Labour the right, and responsibility, to set EE targets for sectors within the South African economy. For the financial sector, these were linked to the Financial Sector Code (FSC) targets, based on the Department's analysis of the current state of transformation progress in the financial sector. Subsequent to this meeting, the Department and the financial sector have continued to engage on the setting of stretched but realistic targets, as all parties agree that this employment equity is a key element to achieve an inclusive and sustainable economy.

The SAIA Board approved a new “Transformation Section” which has been included in the SAIA Code of Conduct. The section requires that members provide certain information that would allow the industry to have a better view of procurement data, specifically related to motor repairs and property and other areas of importance. Through this data repository, SAIA hopes that it will be capacitated to perform various data analysis exercises and compile data analysis reports in areas impacting transformation, while also providing an in-depth understanding of the variables impacting the insurance claims spend for both motor and non-motor insurance. This data will also arm SAIA with relevant information that will enable us to craft an industry narrative that drives a better understanding of South Africa’s non-life insurance industry, as well as to inform targets for the industry.

SAIA has been driving financial inclusion through the development of instructive financial literacy or consumer education material and participated in several initiatives aimed at improving access to financial products for the vulnerable groups in South Africa. As an industry, we realise that, for the prospective consumer, financial literacy alone does not immediately translate into financial inclusion. It takes a number of different activities from the regulatory level, through to the industry, schools, community and media to act in unison through various initiatives that ultimately drive access and facilitate the understanding of those financial products and, finally, product acquisition.

Technology continues to play an important role in financial inclusion, as witnessed across the entire African continent. While the rapid adoption of technology is generally regarded as enterprise risk globally, hundreds of other astute organisations are reorienting their business models, seizing the enormous opportunity to explore this space through the development of new products that are particular to certain audiences and using technology that is readily available to the audience as a product distribution vehicle or platform. One of

the technology-based products driven by SAIA is the Agricultural Insurance Index Project, which is arguably one of the most ideal agricultural insurance products to mitigate the threats of possible financial risk for emerging farmers who have hitherto largely been excluded from affordable insurance products.

Governance and Regulation

Governance and regulation continued to be an important part of our activities in 2019. The Financial Intelligence Centre (FIC) proposed to include certain businesses or institutions that perform certain categories of activities which are currently completely outside the scope of the FIC Act, Schedule 1 into the Act including, but not limited to, non-life insurers. Following discussions with the FIC, it was agreed to temporarily exempt the non-life insurance industry from the proposal and to conduct a risk assessment to determine the money laundering and terrorism financing vulnerabilities across the non-life insurance industry. The outcome of the assessment will be used to determine the risks, and whether it is justifiable to include the industry. Work is still being conducted by an external service provider to be wrapped up, possibly by mid-2020.

Following a request from the Financial Services Conduct Authority (FSCA), SAIA, FIA and the South African Underwriting Managers Association (SAUMA) submitted a solution to address challenges in respect of data exchange in outsourcing and binder arrangements in the non-life industry. Through collaborative efforts with the FSCA, a task team developed a guideline aimed at providing direction with regards to the minimum requirements for the transfer of data content between non-life insurers and third parties that render outsourced services (including binder services) to those insurers. This guideline was developed in terms of the relevant regulatory requirements, and to help the industry with compliance to Regulations under the Short-Term Insurance Act as well as the Policyholder Protection Rules.


COVID-19

The advent of the COVID-19 pandemic, and the impact on the non-life insurance industry and the economy at large, both locally and globally, has to be mentioned even if this focus area emerged post the period reported on in this Annual Review. South Africa has not been spared, leading to the Government and the State President, Cyril Ramaphosa, declaring a national disaster and a national lockdown in a bid to curb the rapid spread of the pandemic. Please see our COVID-19 Special Report to understand how the non-life insurance industry was impacted and the support it has rendered to the Government, businesses (including small businesses), and policyholders during this challenging time.

Appreciation

I would like to convey my sincerest gratitude to the previous Chair of the SAIA Board, Ms Lize Lambrechts, who admirably served two successful terms until July 2019 and our current Chair of the SAIA Board, Mr Cedric Masondo, for his continued commitment, support and wisdom. My appreciation also goes to the SAIA Board members for their commitment and resilience, providing the strategic input needed for the association’s continuity. Finally, I would like to commend and thank the SAIA team for its passion for the industry and the broader environment it operates in, and the commitment to implement and operationalise the strategic objectives of the association and the industry it serves.

Viviene Pearson
SAIA Chief Executive Officer

A close-up photograph of two snails on a light-colored, textured surface. The snail in the foreground is larger, with a reddish-brown shell and its body extended. The second snail is smaller, with a yellowish shell, and is positioned on top of the first snail's shell. Both snails have their antennae extended. The background is a soft, out-of-focus grey.

**“Unity is strength...
when there is teamwork
and collaboration,
wonderful things
can be achieved.”**

Mattie Stepanek

06

SAIA FINANCIAL EXTRACTS

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Figures in Rand	2019	2018
ASSETS		
Non-Current Assets		
Property, plant and equipment	444 255	415 535
CURRENT ASSETS		
Trade and other receivables	1 766 916	2 460 677
Cash held on behalf of the SAIA Consumer Education Fund	15 617 787	13 095 373
Cash and cash equivalents	20 759 311	22 530 068
	38 144 014	38 086 118
Total Assets	38 588 269	38 501 653
EQUITY AND LIABILITIES		
Equity		
Accumulated Actuarial Losses	(516 791)	(314 201)
Retained income	17 282 517	15 714 256
	16 765 726	15 400 055
LIABILITIES		
Current Liabilities		
Trade and other payables	3 977 048	9 348 225
Retirement benefit obligation	788 000	658 000
Funds held for SAIA Consumer Education Fund	17 057 495	13 095 373
	21 822 543	23 101 598
Total equity and Liabilities	38 588 269	38 501 653

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	2019	2018
Revenue	32 921 539	32 489 672
Other operating gains	203 212	31 935
Operating expenses	(32 740 646)	(31 849 568)
Operating profit	384 105	672 039
Investment revenue	1 184 156	1 279 729
Profit for the year	1 568 261	1 951 768
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligation	(202 590)	(58 468)
Other comprehensive loss for the year net of taxation	(202 590)	(58 468)
Total comprehensive income for the year	1 365 671	1 893 300

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Accumulated Actuarial Losses	Retained income	Total equity
Balance at 01 January 2018	(255 733)	13 762 488	13 506 755
Profit for the year	-	1 951 768	1 951 768
Other comprehensive loss	(58 468)	-	(58 468)
Total comprehensive income for the year	(58 468)	1 951 768	1 893 300
Balance at 01 January 2019	(314 201)	15 714 256	15 400 055
Profit for the year	-	1 568 261	1 568 261
Other comprehensive loss	(202 590)	-	(202 590)
Total comprehensive income for the year	(202 590)	1 568 261	1 365 671
Balance at 31 December 2019	(516 791)	17 282 517	16 765 726

STATEMENT OF CASH FLOWS

Figures in Rand	2019	2018
Cash flows from operating activities		
Cash used in operations	(2 718 829)	(9 946 593)
Interest revenue	1 184 156	1 279 729
Net cash from operating activities	(1 534 673)	(8 666 864)
Cash flows from investing activities		
Purchase of property, plant and equipment	(236 084)	(423 401)
Total cash movement for the year	(1 770 757)	(9 090 265)
Cash at the beginning of the year	22 530 068	31 620 333
Total cash at end of the year	20 759 311	22 530 068





**“Build for your team a
feeling of oneness,
of dependence on one
another and
of strength to be
derived by unity.”**

Vince Lombardi

7.1

SAIA STRATEGIC AREAS TRANSFORMATION

Our Strategic Focus Areas are the foundation stones upon which we build our tactical plans to achieve our goals. We pay great attention to reinforce the structural integrity of our key strategic focus areas, ensuring that each area aligns with our vision and mission. Without our valued stakeholders, however, our strategy won't stand very strong. That is why effective communication and collaboration are, and will continue to be, the key elements upon which we build and nurture our relationships with various stakeholders. As the global financial sector landscape continues to evolve at a fast pace, implementation of sound regulations has remained the pillar of ensuring the overall sustainability of the sector. Additionally, transformation remains a key priority focus area as approved by the SAIA Board. We believe that our nation's strength lies in our diversity.

Transformation

The acceleration of transformation has remained a high priority for the industry. So has SAIA's continuous efforts of coordinating both industry engagements and projects around transformation, thereby aiding the industry in adapting to the constantly changing landscape.

Financial Sector Code (FSC) Review

The Financial Sector Transformation Council (FSTC) is currently in the process of reviewing the current Financial Sector Code (FSC) for its appropriateness in driving transformation of the sector. The process began in March 2019 and has continued with the four constituencies (Business, Government, Community and Labour) and other relevant industry bodies engaging on the presented position papers and assessing proposals through various review working committees.

For the non-life insurance industry, the review focus has been largely on the Enterprise and Supplier Development (ESD), including the Preferential Procurement (PP) element, in order to drive industry supplier transformation and the Access to Financial Products element, to advance financial inclusion in the industry. SAIA has coordinated

industry workshops and submitted the industry positions for consideration by the review working committees. Other elements that are under review, and that SAIA has contributed to, are:

- **Ownership**
- **The Socio-Economic Development and Consumer Education**
- **The Management Control and Skills Development**

SAIA Transformation Focus

In order to drive a meaningful transformation agenda, SAIA identified the following as priority focus areas for the year:

Industry Data Collection

Recognising the limitations that exist in terms of availability of industry data – to inform the industry narrative, challenges and improvement opportunities – the SAIA Board approved the collation of industry transformation data as a high priority. This was followed by SAIA commissioning an independent service provider to assist with the development of an industry portal to be utilised as the centre for industry data collation.

The intention is to develop the portal progressively and through the identification of industry pressure points to determine the data variables for collation.

The project started with the development of the procurement portal, focusing on core (claims-related) procurement data for both motor and non-motor insurance. To date, the service provider has assisted with the interim data collation (which has been abridged to a report by SAIA) and with finalising the development of the procurement portal to be utilised by SAIA members as soon as it is completed. The portal development for 2020 will focus on Management Control and Skills Development, as the industry had identified challenges with the industry skills gap.

Industry Enterprise and Supplier Development (ESD), Including Preferential Procurement

Although recognised as stronger elements in which the industry could make a significant impact on transformation, identification of transformation shortfalls and the implementation of suitable solutions remain challenging for the industry. SAIA has recognised that most of the supplier transformation challenges are member-specific. SAIA has therefore adopted a different approach to address the industry challenges.

- **Engagement with SAIA Members**

Following the suspension of the Motor Transformation and Sustainability Forum (MTSF), SAIA has facilitated several supplier association engagements directly with SAIA members and, in many instances, the meetings were held with the member CEOs. This approach has assisted the association in bringing the pertinent issues closer to the leaders of the industry, hereby promoting the pragmatic solution approach at member-level. Since this was implemented as a coordinated effort, SAIA is waiting for overall feedback from the involved supplier associations.

Going forward, SAIA encourages direct engagement between suppliers and members, with the hope of the two parties being able to find amicable solutions to their challenges.

- **Treating Suppliers Fairly Framework**

Engagements with service providers through the Industry Transformation and

Sustainability Forums have highlighted the challenges that the insurers and the service providers experience when engaging with one another. These discussions have indicated that there may be a significant communication breakdown, impacting on how the two parties engage, particularly with the insurance claims-related services in both the motor and non-motor areas.

SAIA has engaged with members through workshops and is investigating the possibility of the industry developing a code of conduct framework. The framework will provide guidelines for members to adopt and align their supplier engagements process accordingly. To be included in the guidelines are the broad principles on supplier on-boarding, engagement processes and dispute resolution mechanisms, among other principles. The intention is for the framework to also cater for the insurers' expectations from the suppliers regarding supplier behaviour when engaging with both the client/policyholder and the insurers.

- **Review of the ESD Element of the Financial Sector Code (FSC)**

The industry has identified the ESD element as one of its strongest elements in the FSC and as a platform to contribute meaningfully to transformation of the Financial Sector. Therefore, SAIA has coordinated the industry engagements to collate the industry input and consolidate it into an industry position paper into the review process. This has resulted in significant recommendations for changes in the scorecard, including the proposal for a separate scorecard for the industry. The review process is still in progress.

SAIA is continuously looking for opportunities that will assist with acceleration of the industry supplier transformation and, therefore, continues to engage with members and other external stakeholders with shared interests.

Industry Skills Gap – Skills Development and Management Control

The non-life insurance industry has experienced an increasing skills gap challenge, as the industry has an aging population and is currently not attracting sufficient new talent for high-priority industry skills. This has caused great concern in the industry and is potentially threatening its sustainability.

Led from the CEO's office, SAIA has partnered with InSETA and the Insurance Institute of South Africa (IISA) on a project that will review the industry skillsets and derive the suitable strategic industry skills development framework. The project will look at industry capacitation for both technical and managerial functions.

SAIA, together with other industry bodies, has been involved in engagements with the Department of Employment and Labour on their proposal to set the sector-specific Employment Equity Targets. The engagements are aimed at ensuring that proposed targets and measurement thereof are formulated in a manner that will not compromise the growth and sustainability of the sector and are implemented taking into account the challenges that the sector may have in terms of the availability of relevant skillsets, especially in management roles.

Financial Inclusion

Financial inclusion has, for the past decade, become a policy priority in South Africa, with the objective to address the concerns from research showing that financial exclusion is a global challenge that could threaten economic development and growth.

Consumer Education

SAIA, on behalf of its members, has continued to contribute towards financial inclusion through its consumer education fund. The 2019 implemented projects have been spread to approach specific issues experienced by consumers, with initiatives providing financial literacy and risk management for both individuals and small, micro and medium enterprises (SMMEs):

- **Manage Your Finance**

The project continues to promote financial literacy in high schools. The 2019 project focused on migrating the current content to a digital format, with the intention of aligning the project deliverables

to Government's objective of moving educational content to digital platforms, in order to increase accessibility to education.

- **Know Your Cash**

The project targets students in tertiary institutions and aims to capacitate them with the basic financial skills that will assist them in making sound financial decisions. Topics covered include budgeting, saving, credit management and the introduction to risk mitigating strategies using insurance products. The project was rolled out in three institutions from different spheres of the institutions: University of Johannesburg (UJ), Durban University of Technology (DUT) and Majuba TVET.

- **Radio and Television (Next of Next Week Series)**

These two projects target adult consumers and deliver various financial and risk management skills through interviews on several radio stations and an edutainment series that was aired on a national television platform. The Radio project has proven to have been impactful and provides valuable interactive sessions with the consumers.

- **Wildfire Risk Programme**

This project was implemented in response to the increasing fire risk as a result of climate change. Communities in vulnerable areas are educated on active fire mitigating practises that help prevent/reduce loss of property and human life as well as its impact in the event of a fire outbreak. This programme is currently focusing on wildfires and will consider solutions for isolated fires in future.

- **Building Resilient Businesses**

The project was piloted in 2019 and will be expanded from 2020, with the objective of equipping emerging enterprises and business owners with the necessary financial literacy, risk management knowledge and an increasing awareness of risk mitigating mechanisms to sustain their businesses.

SAIA also participates in the National Consumer Education Committee that is coordinated on behalf of National Treasury by the Financial Sector Conduct Authority (FSCA). The initiatives that SAIA is involved in include the Money Smart Week and the development of the consumer education framework (to be adopted by the sector when implementing consumer education projects). Furthermore, SAIA participated in the FinScope Study 2018 and 2019. The study, conducted by FinMark Trust, sought to understand financial inclusion levels in South Africa. FinMark Trust further analysed the 2018 FinScope SA results and produced a report specific to the non-life insurance industry.

Access to Financial Products Review

SAIA has played an active role in coordinating industry workshops and the formulation of the industry position on the review of the Access to Financial Products element at the FSTC. The current scorecard and standards have not been sufficiently responsive to financial inclusion as it relates to the non-life insurance industry and are required to be reviewed. The review process is still underway. This included SAIA's participation in the 2019 FinScope Survey in order to obtain an understanding of the market segments, particularly those who are currently excluded from financial products.

In Conclusion

Transformation remains a focus area as approved by the SAIA Board. It is in this spirit that SAIA has continued to identify and implement industry initiatives that seek to accelerate industry progress and contribute to the transformation objectives of the sector.

Themba Palagangwe

General Manager: Governance and Transformation

Zanele Gigaba

Transformation Manager



7.2

SAIA STRATEGIC AREAS GOVERNANCE

As the global financial sector landscape continues to evolve at a fast pace, implementation of sound regulations has remained the pillar of ensuring the overall sustainability of the sector. The South African Regulators have adopted the Twin-Peak Regulation Model, which allows for the Prudential and Market Conduct supervision of the sector to be conducted by the two separate authorities; the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA), respectively and jointly referred to as “the Authorities”.

Therefore, 2019 focussed on the Regulators embedding the regulatory frameworks under the new dispensation and the implementation of the respective regulation by the financial sector.

Prudential Regulatory Framework

Conversion of Insurance Registrations into Licences under the Insurance Act

Key to the non-life insurance industry was the implementation of the licence conversion provisions as contained under the new Insurance Act, which is expected to be concluded by 1 July 2020. The process has not gone without its challenges, demanding SAIA's continued engagement with the PA to seek clarification and provide certainty on issues of concerns from members. The PA is confident that the conversion process is still on track for conclusion by July and will communicate any additional provisions as and when they happen. It is worth mentioning that the PA has decided to convert the cell captive insurers as they are, with potential changes to be implemented through licencing conditions, where applicable.

Regulation Standards

In ensuring an effective implementation of the new regulatory requirements, the Authorities have issued several Standards to the sector.

- **Prudential Standard on Insurance Application Fees**

This came into effect on 1 January 2020, prescribing the fees payable for applications made under the Insurance Act and enabling the PA to charge and collect fees for performance of specific functions undertaken in terms of the Insurance Act.

- **Joint Standard on Fit and Proper Requirements for Significant Owners (Joint Standard)**

The Authorities advised that the Joint Standard has been finalised and will be submitted to Parliament. It is envisaged that the Joint Standard will come into operation in quarter 1 of 2021.

- **Imminent Joint Standard on Outsourcing (Outsourcing Standard)**

The Authorities advised that the Outsourcing Standard is under development, the base of which will be the current Prudential Standard on Outsourcing (GOI 5) with additional conduct related matters.

- **Prudential Standards on Auditing and Public Disclosures**

The PA is working closely with the Independent Regulatory Board for Auditors (IRBA), the audit

profession and the insurance industry, including SAIA, to develop Prudential Standards on Auditing and the audit reports relating to Quarterly Returns. These will be published for public consultation in due course.

Financial Sector Levies Bill (Levies Bill)

As part of the adoption of the Twin-Peak Regulation Model, the Financial Sector Regulation Act (FSRA) requires the promulgation of the Levies Bill to prescribe on how the entities in the sector will be charged for the regulatory engagements with the two Authorities. The Levies Bill is yet to be tabled in Parliament and, in the meantime, entities are allowed to continue operating under the current provisions in terms of levies (i.e. banks are only obligated to pay levies to the PA [Previously the SARB] and insurers [life and non-life] are only obligated to pay levies to the FSCA [previously Financial Services Board]).

SAIA Market Risk engagement with the PA

In an effort to play an effective supervisory role, the PA is leveraging the SAIA platform to engage the non-life insurance industry on the identification of the market risk matters that may impact the industry.

Market Conduct Regulatory Framework

Conduct of Financial Institutions Bill (the Bill)

The Bill is the next phase of the legislative reforms aimed at strengthening the regulation of how the financial services industry should conduct itself when engaging with customers. It aims to significantly streamline the legal framework for the regulation of the conduct of the financial institutions and to give legislative effect to the market conduct policy approach, including the implementation of the Treating Customers Fairly (TCF) principles.

It has been advised that a revised version of the Bill is near completion following the comments received on the Bill and likely to be issued for another round of public consultation before it is promulgated.

Retail Distribution Review (RDR)

The FSCA recently published several documents on Retail Distribution Review (RDR), which included the following:

- **RDR General Status Update (Status Update)**
The Status Update sets out the current status of all the regulatory proposals contained in the initial RDR document, noting developments since the RDR status update published in June 2018.
- **Intermediary Activity Segmentation Analysis**
The Analysis builds on the RDR proposals that sought to delineate more clearly between the intermediation activities and outsourced services on behalf of product suppliers and set appropriate conduct standards and remuneration interventions for each of these.
- **Categorisation of Financial Advisers Discussion Document (DD) for comments**
The Categorisation of Financial Advisers DD provided an update on the FSCA's thinking on various practical implications of the 2-tier adviser categorisation and requested inputs on 6 aspects of the adviser categorisation model, which include terminology to designate advisor categories, implications of the 2-tier adviser categorisation and product supplier responsibility.

Premium Collection Regulatory Framework

On 9 April 2019, the FSCA published a Position Paper articulating the FSCA's current thinking on a future regulatory model for the collection of insurance premium in South Africa for comment. The paper also sets out specific proposals to give effect to the future regulatory model envisaged and elicit industry input

on the appropriateness, sustainability, effectiveness and practical implementation of the aforementioned proposals. The FSCA is still in the process of reviewing the comments it received.

In the meantime, the FSCA has extended the compliance period in respect to the collection of premiums by independent intermediaries, specifically the requirement for a separate bank account to only contain premiums (4.2(3) of the Regulations under the Short-term Insurance Act, 1998).

Joint Industry Guideline on the minimum requirements for data exchange (Guideline)

In November 2019, SAIA, jointly with the Financial Intermediaries Association of Southern Africa (FIA) and the South African Underwriting Managers Association (SAUMA) – and with the support of the FSCA – issued the Guideline to be adopted by the industry when sharing policy data. This was the result of the concerns raised by the FSCA regarding industry data exchange and the subsequent establishment of the industry task team to develop the data exchange framework for adoption by the industry.

Demarcation Regulations and Products

The Council for Medical Scheme (CMS) has expressed its intention not to extend the current exemption provisions for demarcated products upon their extended expiry date of 31 March 2021. CMS has therefore established two stakeholder advisory forums to assist with unpacking the challenges identified and to formulate an appropriate regulatory framework to be implemented from 1 April 2021 under the Medical Schemes Act.

Third-Party Cell Captive Insurance Regulatory Framework – Conduct Proposals

In preparing for the implementation of the new regulations under the Twin-Peak Regulation Model, the Authorities engaged extensively with the industry on how

cell captives operate. In December 2019, the FSCA published final policy proposals for conduct requirements applicable to third-party cell captive insurance business.

Conduct of Business Returns (CBRs)

CBRs forms part of the off-site supervision framework that will provide the FSCA with a quantitative summary of key market conduct risk indicators. Initially, insurers were expected to complete the CBRs on a “best effort” attempt and an incremental basis, during a transitional period, which expired end of 2019.

Insurers are now expected to have all required systems in place in order to be able to submit accurate and good-quality data at a granular level by the first quarter of 2020.

Fintech

Several Government departments have set up an Intergovernmental Fintech Working Group (IFWG), in order to respond to the fast-growing Fintech business environment. The IFWG has since published a report on the current landscape of fintech businesses in South Africa, in order to inform the Regulators and policymakers about the development of suitable regulatory frameworks.

The IFWG now intends to expand its exploratory processes by introducing an online portal in which the industry could participate. This will include the establishment of a Regulatory Guidance Unit, a Regulatory Sandbox and an Innovation Accelerator.

Details on participation into and the operations of the portal will be provided once the portal has been officially launched.

Other Regulatory Frameworks Impacting the Industry

Guidelines on Competition in The South African Automotive Aftermarket Industry (The Guidelines)

Following the extensive stakeholder engagements since the Competition Commission (CompCom) published a draft Code of Conduct to address concerns relating to competition and inclusivity within the automotive aftermarket industry in 2017, the CompCom has recently issued the substitution Guidelines for public comment.

SAIA has remained involved in this process and submitted industry comments for consideration by the CompCom.

Protection of Personal Information Act – Drafting of Codes of Conduct

In 2019, the Information Regulator (IR) invited stakeholders to provide input on its proposed guidelines on drafting the codes of conduct under the Protection of Personal Information Act, 2013 (PoPIA) and as an interpretative aid to Chapter 7 of PoPIA. SAIA conducted an industry workshop and submitted industry input.

Joint Industry Ombudsman for The Insurance (Life and Non-Life) Industry

The life and non-life insurance Ombudsmen announced the amalgamation of the two entities into a single Ombudsman for the insurance industry, applicable from 1 January 2020. This has resulted in the creation of the single port of entry for the complaints. However, the existing industry ports of entry will remain accessible to consumers, as the offices of the Ombudsman will continue to operate separately within their current defined jurisdictions.

Financial Advisory and Intermediary Services Act (FAIS)

Guidance on Continuous Professional Development (CPD)

In 2019, the FSCA provided guidance to ensure that financial services providers (FSPs), key individuals and representatives maintain their competence and that their knowledge, skills, and abilities remain up to date in a changing and dynamic environment.

FAIS Conduct of Business Report (CoBR)

The replacement of the FAIS CoBR was necessitated by the changing regulatory landscape, with the focus on outcomes-based regulation and proactive supervision.

The new FAIS report has not been launched but is likely to only be effective from the 2020 reporting season.

The final revised Code is expected to be launched in July 2020.

Themba Palagangwe

General Manager: Governance and Transformation

Mashudu Mabogo

Legal Specialist

SAIA STRATEGIC AREAS

STAKEHOLDER RELATIONS & COMMUNICATION

Collaboration and Partnerships

Effective communication and collaboration are, and will continue to be, the key elements upon which the non-life insurance industry builds and nurture its relationships with its various stakeholders. This approach of clearly articulating our mandate, positioning the industry in an engaging manner, as well as demonstrating our commitment to mutually resolve pertinent industry issues at times, has immensely contributed to the sustainability of the South African Insurance Association (SAIA), our valued members and the industry at large.

In a bid to continuously find effective solutions to South Africa's economic and social challenges, and to be a part of the broader financial sector discussions, SAIA has, over the past few years, committed to fully collaborate and engage its stakeholders, including industry peers, Regulators and Government.

Our relationship with our peers – the Association of Savings and Investments South Africa (ASISA), the Financial Intermediaries Association of Southern Africa (FIA) and the Banking Association South Africa (BASA) – has never been better. Our engagements in the last few years, including the Nedlac negotiations, continue to bring us together with a common goal of finding middle ground upon which we could fruitfully collaborate with other constituencies for a better South Africa. It can only be through such unity that we can lend further credence to the authenticity of our commitments and intentions as a financial sector.

In 2019, stakeholder engagements remained a priority as Vivienne Pearson, SAIA CEO, increased the rate at

which member visits were carried out with an aim of best understanding the expectations of our members and gaining a holistic view of the industry and its concerns. These annual visits normally provide SAIA an opportunity to engage, one-on-one, with our members to further understand their challenges and aspirations. These engagements are taken to the next level through the SAIA Annual CEO Roundtable platform, which was held on 03 October 2019 at the FNB Conference Centre. The event was attended by several non-life insurance member CEOs and MDs with an intention of engaging the SAIA Board and Executives and deliberating on industry issues of pertinence.

The association successfully partnered with IISA and FIA in June 2019 to host the prestigious annual Africa Insurance Exchange, generally referred to as the Insurance Conference, at the Sun City resort in the North West Province. We value our partnership and the content delivered to the insurance fraternity through this event that brings insurance professionals and subject matter experts from across the globe under the same roof for several days. Such conferences not only deliver value to the wider industry through content delivery, but also offer delegates a platform through which they can meet other delegates from across the world and offer them that once-in-a-lifetime opportunity to network and rub shoulders, creating greater business opportunities.

Public Relations & Communication

SAIA's proactive approach to media relationship building has enabled the association to pass commentary or opinions as industry leaders on issues affecting the industry. Over the past year, which ended February

2020, the association distributed several media releases on issues that remained topical and relevant. We continued to be quite active in conversations around climate change and its impact on the sustainability of property insurance. Cyber risks and technological advancements, road safety and property protection, among other topics, are also on our list. SAIA continued to create awareness and publicity around the opportunities and the risks these developments have on the industry.

The association and the industry continued to make effective use of the opportunities availed to shape the conversations around insurance risks and how the industry, and our members, could mitigate these, while also carefully analysing the long-run impact on our policyholders, and responding accordingly. Through our media and publicity drive in the fourth quarter of 2019, our focus was on engaging and influencing municipalities to improve their infrastructure build-and-maintain programmes, highlighting the work SAIA is doing around crime combating. Our focus was also on creating an awareness of the need for the municipalities to respond to localised flooding, proactively mitigating fire risks and attending to buildings not meeting building regulations. The association intends to continue to raise this awareness through engagement with various municipalities as well as through other platforms such as the media.

The development of clearly defined and effective communication platforms that add value to our members and close stakeholders remain our focus. Our members remain our primary stakeholders and, as an industry-representing organisation, our mandate is intimately drawn from their aspirations. Our ability to clearly

articulate their aspirations and concerns to numerous stakeholders through various, carefully selected platforms is most certainly a value-add to them. And so has been our ability and drive to collaboratively engage, and seeking to find alignment with all other stakeholders, including Government and the Regulators, such as the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA). It is because of this mandate bestowed upon us by our members that we have relentlessly pursued industry challenges in a spirit that places seamless collaborations and partnerships at the core of our activities.

Government Relations

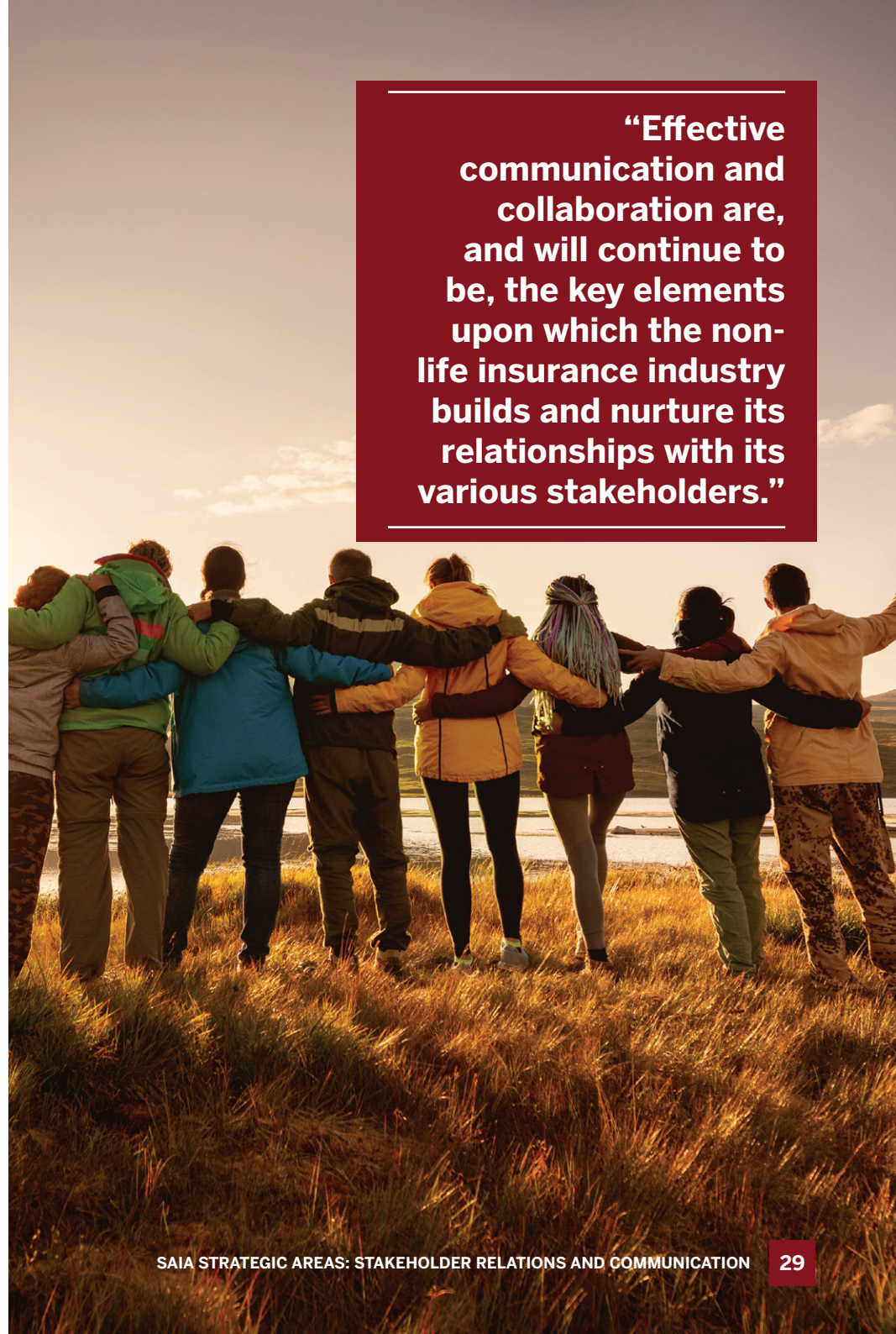
Our ability to effectively engage and communicate industry and economic issues of importance to Government departments, its agencies and the Regulators has remarkably improved over the last five years. It is our wish that we maintain this momentum and trajectory as much as possible in order to ensure constant alignment and understanding of issues between ourselves as industry and Government. SAIA regularly engages with the National Treasury, the Financial Services Conduct Authority, and the South African Reserve Bank's Prudential Authority in order to align on issues of importance.

Beyond our Borders

SAIA remains a significant player outside of our borders. This is more so as our members continue to invest heavily in new territories beyond our borders, hence the need to fully engage and participate in other countries on the African continent. We remain members of the African Insurance Organisation (AIO), the Global Federation of Insurance Associations (GFIA), the International Union of Marine Insurance (IUMI), the Organisation of East and Southern African Insurers (OESAI) and the International Association of Engineering Insurers (IMIA).

Kwanele Sibanda
SAIA Manager: Corporate Affairs

“Effective communication and collaboration are, and will continue to be, the key elements upon which the non-life insurance industry builds and nurture its relationships with its various stakeholders.”



7.4

SAIA STRATEGIC AREAS INSURANCE RISKS

The SAIA Insurance Risks (IR) Department is responsible for providing thought leadership and implementation of strategic key priority areas as approved by the SAIA Board to the benefit of the non-life insurance industry. In this annual review, the IR department provides an update on its strategic key projects.

Insurance Risks Projects General Update

SAIA's strategic key projects, driven by its IR department, are aligned with the organisation's strategy and the non-life insurance industry's aspirations geared towards contributing towards the sustainability of the industry and unlocking new opportunities for the benefit of the industry members and its policyholders.

All projects are geared to assist or support issues that affect all participants within the non-life insurance industry and society at large – either by finding new product solutions to bridge the Protection Gap and/or by addressing Market Failures. Solutions require a partnering approach with Government or facilitating pivotal dialogues on, for example, effects of Climate Change to the industry and the increasing Protection Gap. The Protection Gap is the difference between insured losses and economic losses, or uninsured losses.

The SAIA IR department's strategic pillars are in Motor and Property risks. To support these strategic pillars, the department is governed by SAIA structures, which allow for strategic and technical member participation. These are:

- Technical Committee, where the technical elements of each strategic pillar are mined and feed into the respective Steering Committee.
- Steering Committee, where the strategic direction and mandate of each strategic pillar is managed.

- SAIA Board Committee: Insurance Risks, where approval and further guidance is provided to the Steering Committee.
- Recommendations from the SAIA Board Committee: Insurance Risks are then tabled at the SAIA Board for final approval or to attain further guidance.

Strategic Stakeholder Relationships is the underpinning of the above strategic pillars, which support and enable the IR department to fulfil its mandate to the non-life insurance industry.

Motor Insurance Projects

Motor insurance remains the largest non-life insurance industry's class of business, approximately accounting for 45% of the business. Therefore, motor insurance remains a strategic pillar for the industry.

The SAIA Board and SAIA Board Committee: Insurance Risks' strategic key projects remain the same as previously reported, which are aimed at ensuring the sustainability of motor insurance in South Africa. The SAIA IR's department 2019 to 2021 key priorities for the reporting year are:

- Crime combating;
- Road Safety and Security;

- Repair process supported most recently by the new Guidelines for Competition in the South African Automotive Aftermarket Industry from the Competition Commission, found in the Transformation Department's report, under Governance, and Compulsory Third-Party Motor Property Insurance (CTPMPI).

Crime Combating

SAIA, through and with its strategic stakeholders, such as Business Against Crime for South Africa (BACSA) and the Insurance Crime Bureau (ICB), continues to drive its crime combating initiatives for the sustainability of the insurance industry and to the benefit of society at large.

Licence Plate Recognition for South Africa (LPR 4 SA)

LPR 4 SA NPC has been created and is administrated by the ICB as an automatic number plate recognition (ANPR) solution to the non-life insurance industry. The current LPR 4 SA Board consists of SAIA and ICB personnel. The LPR 4 SA partnership model with its suppliers remains strong and provides access to around 6 000 cameras through different interfaces. The return on investment, as pertaining to pure LPR 4 SA sightings from July 2019 to January 2020, sits at R9.077 million and cloned vehicles show an additional R7 million in vehicle recoveries.

The Vehicle Salvage Database (VSD) Project

The Vehicle Salvage Database (VSD) system, which is hosted by the Insurance Crime Bureau (ICB) on behalf of SAIA, has made significant contributions towards crime combating and financial savings (i.e. vehicle recoveries).

The primary objectives of the VSD include to improve the quality and density of vehicle data across the insurance industry and to provide a single historical view of all salvaged vehicles. The VSD information assists in fighting syndicate crime. The Salvage Database Governance Committee is mandated to provide guidance. At the last meeting in October 2019, it was agreed to cost the possibilities of having Uninsured Third-Party Liability information included in the VSD.

The SAIA Code of Motor Salvage

The revised SAIA Code of Motor Salvage has been approved and is to be launched sometime during the first half of 2020. The purpose of the Code is to establish a common approach by SAIA motor members and their stakeholders when dealing with motor salvage and its documentation, and to assist in combating motor vehicle crime for the benefit of all parties, including customers. The SAIA Code of Motor Salvage followed a very consultative process, including engagements with different strategic stakeholders such as the Road Traffic Management Corporation (RTMC) and the Department of Transport (DoT).

The Code 3A of Motor Salvage has most recently been included as an agenda item in the National Vehicle Crime Forum (NVCF) NaTIS Sub-committee. The intention is to drive aspects of the Code of Salvage to have an influence on the Road Regulations and to make it applicable to all vehicle owners going forward.

Business Against Crime South Africa (BACSA)

SAIA has renewed its Memorandum of Understanding

(MOU) with BACSA for 2020. The MOU sets out all SAIA's expectations from BACSA, which is reported quarterly to the SAIA Board Committee: Insurance Risks. In 2019, BACSA operations were merged into the Business Leadership South Africa (BLSA) operations, while keeping the BACSA brand as a going concern. This strategic integration into BLSA is to augment the BACSA strategic reach with strategic stakeholders, therefore assisting BACSA in fulfilling its mandate to the SAIA members.

The Insurance Database System (IDS)

The Insurance Database System (IDS) was created to combat insurance crime. A POPIA assessment of the IDS system was concluded towards the end of 2019 – the Protection of Personal Information Act (POPIA), which is South Africa's data protection law. No significant findings arose from the assessment. However, recommendations were for the IDS governance controls to be tightened further. These will be implemented in 2020.

The IDS has modified itself with advancements in data analytics to assist the quality of information submitted into the IDS system, in the creation of a new data dictionary, Version 3 template (V3). The V3 also includes new nominal information fields to capture third party information. The V3 Template is envisioned to be launched mid-March 2021.

Road Safety and Security

Road safety remains a pivotal strategic priority area for SAIA. The improvement of road safety from the different road safety initiatives, in collaboration with strategic

stakeholders such as the Department of Transport (DoT), are critical.

Business for Road Safety (BRS) Forum

The Business for Road Safety (BRS) forum is a coalition of nine (9) associations in the motor ecosystem, including and led by SAIA. The forum allows for the different associations to find commonality in their different projects and develop synergies, therefore streamlining respective efforts in road safety. The current strategy of the BRS is to create further awareness of the importance of driver behaviour.

SAIA National Roads Freight Safety and Security project

The project was initiated late 2019 to ascertain the industry's interest in managing the rising risk within the freight industry. The project is divided into three implementable working groups, namely Safety, Security, and Stability. The Safety working group is led by SAIA, the Security working group is headed by the ICB and the Stability working group is led by the South African Special Risks Insurance Association (Sasria).

The Motor Vehicle Security Association of South Africa (VESA)

SAIA has initiated a revived alliance with the Motor Vehicle Security Association of South Africa (VESA). The newly-revived alliance is looking at creating standards that will assure the motor insurance industry standards of pre-fitted and post-fitted security motor standards. Currently, SAIA is working with VESA to establish an MOU, outlining expectations from SAIA motor insurers.

Repair Process

South Africa has one of the highest numbers of road accidents in the world, with approximately 1 million road accidents reported annually. It is therefore critical to SAIA to address the level of competency in the skills necessary to assess or estimate repair costs in motor claims logged with the motor insurers. Stakeholders such as the Vehicle Damage Quantification Governance Body of SA (VDQGBSA) and the National Association of Automobile Manufacturers of South Africa (NAAMSA) are therefore critical stakeholders to the above.

Vehicle Damage Quantification Governance Body of SA (VDQGBSA)

The VDQGBSA is a non-profit organisation registered with the South African Qualifications Authority (SAQA) as a Professional Body and a representative body of the vehicle damage quantification qualification in South Africa. The loss adjuster

occupation is a critical occupation and skill for the non-life insurance industry, and therefore forms part of the Insurance Sector Education and Training Authority (INSETA) Top 10 Sectorial Priority Occupations for 2019/2020 list. Through the VDQGBSA, SAIA is hoping to enhance the competency levels in loss adjusters and repair cost estimators in South Africa. Most recently, SAIA was instrumental in nominating to the VDQGBSA Board, the CEO of the Insurance Institute of South Africa (IISA) to align VDQGBSA to the SAIA Skills Development project (addressing the non-life insurance industry's skills development critical skills shortages in collaboration with the CEOs of INSETA and the IISA), which includes the Loss Adjuster occupation and skill as a critical skill shortage.

National Association of Automobile Manufacturers of South Africa (NAAMSA)

SAIA and the National Association of Automobile Manufacturers of South Africa (NAAMSA) created a joint task team, formed in December 2014, to continuously work at finding sustainable ways to address concerns raised by motor insurers with regards to the cost of motor parts, part delays and the timely availability of parts. These elements affect the claims cost paid out by the motor insurers and, ultimately, the premium cost to the policyholder.

Repair more cars campaign (Save-a-Car)

The objective of this campaign is to reduce the cost of repairs and to provide opportunities for more accident-damaged cars where repair costs are marginally above the write-off threshold set by individual motor insurers. The most recent success is a workshop that was held on 27 November 2019 to discuss the importance of repairing more cars by motor insurers and to continue in the awareness creation about various save-a-car programs by some Original Equipment Manufacturers (OEMs). The workshop was well-attended, especially by motor assessors. There is a current deliberation as to whether this campaign should remain an industry focus or if it could be effectively (or quickly) managed by the individual motor insurers with OEMs direct.

Compulsory Third-Party Motor Property Insurance (CTPMPI)

The most recent development relating to the SAIA Compulsory Third-Party Motor Property Insurance (CTPMPI) project is a study done by the Cross-Border Road Transport Agency (C-BRTA). The study embarked on a research process to highlight and make a comparison of various Third Party Insurance Schemes across the Southern African Development Community (SADC) region to determine a South African position on which Scheme should apply to South African operators who conduct business for reward across South African borders. This also saw the outstanding passenger liability claims in the Road Accident Fund prompt an announcement by the Minister

of Finance, Mr Tito Mbweni, in his 2020 budget speech that Government will be further looking into Third Party Liability Motor insurance. These developments could unlock further conversations with the National Treasury on the SAIA CTPMPI proposal.

Property Protection and Other Related Risks

The non-life insurance industry has suffered billions of rands in losses due to fire, localised flooding and drought. Rapidly changing weather patterns experienced in South Africa remain the main cause of these extensive losses. The devastation caused and the challenges created by these emerging losses are not only felt in the monetary form, but also through loss of life. With an increasing Protection Gap in the most vulnerable population groups in South Africa, the need to address the issues underlying these losses becomes a pivotal topic in collaboration with the Government of South Africa. A serious consideration to note is that without insurance, the situation will result in decreased funding opportunities. Therefore, SAIA's approach in addressing the non-life insurance industry's strategic projects is through engagement and collaboration. Without the necessary collaborations, it becomes impossible for the industry alone to mitigate the identified respective risks effectively and, therefore, to contribute towards reducing the Protection Gap.

Fire and Localised Flooding Risks

Fire Property Protection is a critical priority for SAIA. Thus, so is the creation of the SAIA Property Protection Steering Committee (PPSC) to facilitate strategic expert participation by SAIA members. The PPSC is made up of SAIA member experts in the field of Fire Property Protection and broad risk management. Therefore, it includes the participation of the Fire Protection Association of South Africa (FPASA) CEO and key member stakeholders in the Partnership for Risk and Resilience (P4RR) initiative.

Fire Protection Association of South Africa (FPASA)

The FPASA provides specialised fire safety risk management as well as technical and training services to the non-life insurance industry, general businesses, and society at large. It is this specialisation that makes the FPASA a strategic partner to the SAIA Property Protection Steering Committee (PPSC). SAIA is also a Board member on the FPASA Board, which assists to drive the necessary strategic messaging in alignment with the PPSC objectives.

Some of the critical priority services under review with the FPASA:

Partnering with the Department of Cooperative Governance and Traditional Affairs (CoGTA) to build resilient cities and communities:

The Memorandum of Understanding (MOU) between the FPASA and the National Disaster Management Centre (NDMC), which reports into CoGTA, has been renewed. This continued strategic partnership with the FPASA has proven to be successful as it has created opportunities for the FPASA to provide free fire risk management training, through the NDMC, to Local Municipality fire departments. The fire risk management training includes educating Emergency Management Services (EMS - 225 employees nationally in 2018) in completing accurate data submissions and the importance of the data submissions. It also includes conducting Workplace Firefighter training and First Aid training to 25 municipal managers in Namakwa, Northern Cape.

The plight of a lack of Fire Risk Assessment and Prevention Strategies within municipalities continues as a prevalent issue, of which the NDMC, via the FPASA, has assured the PPSC is being addressed through the newly-introduced District Development Model - Master Plans, introduced by the Government in 2019/20. This would form part of the new strategy engagements by the

FPASA with the NDMC in support of the PPSC objectives.

Analysis of Fire-Loss, and Other Related Loss Data

Part of the outcomes of the PPSC is the collation of fire loss data from SAIA members towards creating an analytical industry view of fire losses in South Africa. Therefore, it offers a tool to inform further proactive outcomes at an industry-level in reducing fire loss occurrences and claims. The SAIA member non-life insurance industry participants would, therefore, utilise the industry-produced analysis to enrich their fire events scenario analysis.

The Engineering Council of South Africa (ECSA) Stakeholder Technical Engagement

The Engineering Council of South Africa (ECSA) introduced new registration categories for Fire specialists (or Fire Protection System Practitioners), but the registration process is very slow and SAIA, together with the FPASA, is investigating the reasons for this. Important to note is that, as per the building regulations, it is a legal requirement for a fire specialist to be a registered member of the ECSA, a fact which the PPSC intends to raise awareness about.

Most recently, the ECSA produced for commentary a rational design standard and accreditation process, of which the review process is still underway. This is a milestone win for the non-life insurance industry because this accreditation process does not exist in South Africa, therefore accreditation of fire engineers in South Africa is lacking.

This process introduces an opportunity for practicing fire specialists to be accredited for their long-standing tenure as fire specialists. Most importantly, it assures the non-life insurance industry of the competency levels of the work done by fire specialists. Currently, there is a competency gap experienced by the non-life

insurance industry, therefore, this process assures that the competencies being utilised in building designs, to achieve the fire risk-mitigation desired outcomes, will perform appropriately in extinguishing fires in the event of property fire.

Updating of SANS 10287 – Automatic Sprinkler Installation Standards

The SANS 10287 review process is closed and, once enacted, will update the current sprinkler-system standard in South Africa, which is close to 30 years old. The FPASA and the UK FPA provided commentary into the review process and they deemed the standard as adequate in addressing the necessary technical elements.

Consumer education

Consumer education forms a cornerstone of success under the PPSC focus project priorities. This is consumer education on fire risk prevention and fire risk management towards the benefit of property and life protection. It includes knowledge on risk minimisation and recommendations on what to do when faced with a property fire situation. This knowledge empowers the consumer and provides them the opportunity to think proactively about fire prevention. Further information can be found under the Consumer Education section, under the Transformation department.

Partnership for Risk and Resilience (P4RR)

The P4RR initiative stemmed from a SAIA member. The objective of inclusion of the initiative in the PPSC is to leverage and augment the work that is being done in strengthening local municipalities' fire brigades and fire risk management departments. This also includes the strategic stakeholder relationships with the Department of Cooperative Governance and Traditional Affairs (CoGTA) gained by the initiative and related implementation partners forming part of the initiative.

Agricultural Risk and Crop Insurance Project

The objective of the SAIA agricultural insurance project is to seek a way to contribute to the sustainability of the commercial and smallholder farming industry, in insuring affordable drought insurance in grain, oilseed and live-stock productions (the latter applicable for smallholder farmers only). The SAIA agricultural insurance project continues to gain traction in the National Treasury (NT) and Agriculture departments (Department of Agriculture, Forestry and Fisheries and the Rural Development and Land Reform Department) in Government.

Index Insurance Regulatory Framework

A further development has since emerged following the submission of the Index Insurance Regulatory Framework to the market conduct and prudential authorities, the Prudential Authority (PA) and the Financial Services Conduct Authority (FSCA), in June 2019. An intergovernmental FinTech Innovation Hub has been created, another application submission opportunity that SAIA could use for its agricultural insurance proposal, initially submitted in June 2019 geared to insure smallholder farmers to possibly be piloted, should the application process be successful. This will inform the Regulators on how to govern and enact the inclusion of an index product offering to the current Insurance Act. The application process is envisioned to be launched at the end of March 2020 at which time, if successful, the pilot could start as early as June/July 2020. It is therefore the intention of the SAIA Agriculture Forum to submit its proposal application as soon as the Hub is open.

Public-Private Growth Initiative (PPGI)

The SAIA Agricultural Insurance Proposal is included as a priority project within the Presidency's Public-Private Growth Initiative (PPGI) process, from which platform the proposal has been presented to the President as a





high-priority project in support of the sustainability of the Agriculture Sector. This proposal has been tabled as a food security risk mitigation measure given that 95% of South Africa's food production stems from 40 000 commercial farmers and 5% from smallholder farmers. It also offers a financial and economic inclusion opportunity for smallholder farmers to grow into commercial farmers sustained by an insurance product offering that is suitable for them.

Other Industry Related Boards, Committees, and Forums

SAIA Forums

SAIA's Forums are created to provide the opportunity for specialist lines of business to have industry-level engagements on issues related to them of which are not catered for specifically within the current structures of SAIA.

The most recent and notable concerning development stemmed from the Health Insurance Forum where notification was received from the Council for Medical Schemes (CMS) via Circular 80 and 82, advising inter alia health insurers and other funders operating under an exemption from the Medical Schemes Act that, from March 2021, current exemptions will be removed and the proposed low cost 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. Engagements are still underway with working groups created to further discuss these developments with the CMS.

SAIA Personnel Board Representations

SAIA executive and key management staff represent the industry on various industry-related Boards, Committees, and Forums. These include, for example, ICB, FPASA, VDQGBSA, SARB's Financial Sector Contingency Forum, NAAMSA Vehicle Crime and

Prevention Committee, SABS committees, and the Plumbing Industry Registration Board.

We continue to promote the importance of the sustainability of the non-life insurance industry while providing input to strategic and operational discussions on how the industry could either play an active role or could be impacted by certain decisions in policy, in fulfilment of SAIA's mandate from its members.

A Note of Thanks

SAIA takes this opportunity to express its sincere gratitude to all individuals who selflessly gave of their time and continue to be an integral part of the non-life insurance industry by serving on the respective Insurance Risks Committees, including the SAIA Board Committee: Insurance Risks, Forums, Focused Technical Task Teams, Workstreams and initiatives in support of SAIA and, therefore, assuring that the Insurance Risks department fulfils its mandate.

Pamela Ramagaga

Acting General Manager: Insurance Risks

Zakes Sondiayazi

Manager: Insurance Risks

Katlego Bolsiek

Manager: Insurance Risks

Susan Walls

Insurance Technical Advisor

Promise Mhlanga

Senior Forums Secretariat

7.5

SAIA STRATEGIC AREAS

REINSURANCE

VAT Binding General Rule (BGR) and BGR Reinsurance

In 2019, several consultations headed by SAIA on the issue of VAT applicable to inwards and outwards reinsurance business outside of South Africa were held. This resulted in Senior Council being consulted on the matter where the SAIA Board Committee: Reinsurance awaits the deliberations.

A working group was created by the Board Committee, working closely with the SAIA Tax Committee whereby two Senior Counsels were appointed. One counsel was tasked with addressing matters on the Binding General Ruling 32, that addresses VAT applicable to reinsurance. This will incorporate submission of comments to the National Treasury on challenges experienced by the insurance industry, with VAT rate changes and re-open discussions around a special ruling to address these concerns. Furthermore, a reinsurance matter requiring clarification in relation to the application to the South African Reserve Bank (SARB) in respect of foreign reinsurance inwards payments was identified.

Following an in-depth discussion with a Senior Counsel, SAIA and the South African Reinsurance Brokers Association (SARBA), it was concluded that the reinsurance industry does follow the correct procedures in this regard and obtains the relevant approvals from SARB in relation to foreign reinsurance inwards transactions.

Katlego Bolsiek
Manager: Insurance Risks

SAIA STRATEGIC AREAS

SAIA FINANCE AND OPERATIONS

SAIA Finance

During the 2019 year, the SAIA Board of Directors held a strategy session specifically to manage the risks posed by the expected SAIA budget imbalance in 2020 through 2022, due to the loss of administration fee income from Intermediaries Guarantee Facility Limited (IGF).

The strategy is to manage expenses downwards where possible, increase income from current sources, consider additional sources of income, reduction of staff costs by attrition (and redeployment if possible), and the utilisation of reserves to redress the SAIA budget imbalance.

The approved SAIA 2020 budget is informed by the approved SAIA strategy above, including a budget strategy, for 2020 through 2022, updated input from SAIA management, recommendations from the SAIA Executive Committee and Remuneration Committee meetings held on 15 November 2019.

Intermediaries Guarantee Facility Limited

Current status

IGF ceased to issue demand guarantees on 31 March 2019 in terms of a dispensation granted by the Regulators and is waiting out the three-year prescription of the demand guarantees that were cancelled on 31 March 2019, with the approval of the Regulators. All activity in the company has ceased, with an increasingly diminishing likelihood of a claim arising during the prescription period, which commenced on termination of the guarantees on 31 March 2019. The company is solvent with only cash at bank, IBNR technical reserves for prescription risk and reserves remaining on the Statement of Financial Position. There is nominal interest income receivable on cash at bank and a small administration fee payable to SAIA for the outsourced administration of IGF. There is no commercial activity at all: no products, no lines of business, no income and no actual run-off.

The three-year prescription provision

The prescription period of three years on claims that arose prior to termination of a guarantee is contained in the statutory demand guarantee wording that is prescribed by law in Form RV6 contained in the Regulations to the STIA. This three-year prescription

provision arises by operation of law and cannot be waived or circumvented or accelerated, nor can we contract out of it. There are potential vested rights residing in this regulated three-year prescription period. Consequently, this regulated three-year prescription period remains in place until liability for any potential claim under all the guarantees that were cancelled on 31 March 2019, prescribes on 31 March 2022. The relevant provision in the statutory guarantee follows clause 5.4: "Notwithstanding such termination, this guarantee will remain of full force and effect in regard to any liability which arose prior to the date of such termination provided that a written demand in terms of clause 2 above is received by us in respect of such liability within 3 (three) years of the date of termination."

South African Pool for the Insurance of Nuclear Risks

The South African Pool for the Insurance of Nuclear Risks successfully concluded the Foreign Inwards Risk Renewals effective 1 January 2020. Work has begun on the 2020/2021 local renewals, of both NECSA: Pelindaba and Eskom: Koeberg risks, effective 1 April 2020. There are planned meetings between the South African Pool for the Insurance of Nuclear Risks, lead insurer and capacity provider, Nuclear Risk Insurers Limited – administrator of the British Pool, with senior management at the respective insureds. There is also a survey of the Koeberg site planned for the week beginning 16 March 2020. It is expected that the planned meetings with senior management and the outcome of the survey will have an impact on the renewals of the respective sites.

The matter of the 10 vs 30-year reporting period, as provided by the Pools and required by the Nuclear Act respectively, has not yet been resolved. It is imperative that a solution is found, and we expect that Government will be approached for assistance in resolving this matter.

The South African Pool for the Insurance of Nuclear Risks has recently progressed with the Liability Claims Management System. A project manager will be appointed in March and will progress the framework and scope of the system. The first of several meetings has been scheduled to discuss the system with the insurer stakeholders, to obtain their views and input for an appropriate solution to satisfy all the requirements recently put forward. We plan to complete the system in the next year.

Charles Hitchcock
Chief Operations Officer

ASSOCIATED DIVISIONS

THE SOUTH AFRICAN ASSOCIATION OF ENGINEERING INSURERS (SAAEI)

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

Executive Committee

The Executive Committee members are as follows:

Chairman: Susan de Wet (Old Mutual Insure)

Deputy Chair: Philani Mbatha (Munich Reinsurance Company of Africa Limited)

Members: Dave Waterworth (Old Mutual Insure), Keith Barlow-Jones (C&G), Kobus van Niekerk (Consort Technical Underwriters), Krushayev Moodley (Holland), Zain Hoosen (Bryte), Chris Charlton (Consort Technical Underwriters), Mark Barrow (Mirabilis), Xolile Kahla (HDI Global Insurance) and Susan Walls (SAIA).

Sanet Olivier (Mirabilis) has been co-opted to oversee the compilation of the working group paper.

Regrettably, the Committee accepted the resignation for personal reasons from Samuel McLennan (Mirabilis).

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

The Association remains on path to realise its mission and vision - "To be an effective forum for raising awareness and to develop and promote understanding of the engineering classes of business to the wider insurance market and related stakeholders".

3rd South African Engineering Insurance Conference (SAEIC 2019)

The conference took place on 4 and 5 September 2019 at Kloofzicht Lodge and Spa and was attended by some 60 delegates from across the insurance pipeline. The Committee

will continue to strive to broaden the regional representation of the conference by inviting delegates from the neighbouring Southern African region.

The numerous highlights of the conference included topics presented on insurance investigation test methods for the resolution of complexed claims, interesting claims and the underwriting of engineering risks, the powerful impact of drones and artificial intelligence on engineering, and a panel discussion on renewable energy. The working group paper on Support Risks was presented by David Waterworth. A paper on Gaps in cover was selected for presentation and publication at the next conference. Due to increasing workloads in organising the conference, the SAAEI Executive Committee is considering staging the event every second year. The next conference is planned for 2021.

Education

The conference highlighted the need for specialist engineering product training. The SAAEI Executive Committee recognises this priority and has submitted a proposal to SAIA to establish an Engineering Insurance Academy as a centre of learning excellence for the development, leadership and delivery of specialist engineering insurance knowledge and training in South Africa. The initiative is planned to commence in Q2 (2020) with an anticipated launch date of mid-2021.

SAIA Bulletin

SAAEI contributed to the SAIA Bulletin. Articles were submitted by Kobus van Niekerk, Keith Barlow-Jones, David Waterworth and Krushayev Moodley respectively, and focused on:

- Non-disclosure
- Engineering annual paid monthly
- Electronic wear and tear
- Cessation of works

Lunchtime Market Talks

Two interesting lunchtime talks were presented by engineering experts in the market. The talks were well-attended by the engineering industry. We are thankful to the presenters for volunteering their knowledge and time, Old Mutual Insure and Santam for hosting the events and the industry participants. The following talks were presented:

- Construction Mafia/Business forums – David Vlcek
- Biomass – Albert de Bondt

The Committee is planning to arrange four sessions in 2020. The first session is planned for March. However, health concerns associated with the COVID-19 pandemic is likely to lead to a postponement of the talk.

SAAEI Golf Challenge/Year-End Luncheon

The SAAEI organises two exciting social events to entertain its members and clients. The annual golf challenge, which caters for both rookie and skilled competitors alike, was yet again hosted at the Killarney Country Club – with over 13 four-ball competitors. Our sincerest gratitude is extended to our sponsors, and to the participating golfers for their kind-hearted donations in support of Hospice cancer.

The year-end luncheon provides an ideal opportunity for SAAEI members to socialise. The event was held at Pigalle, Melrose Arch, and was again well-attended.

IMIA Conference

It was a huge privilege and learning opportunity to represent the SA insurance market at the 52nd IMIA conference 2019 in Vienna, Austria. The four-day event attracted over 90 delegates who participated in research paper presentations, panel discussions, interactive breakaway sessions and a site visit to the pumped storage power plant in Ottenstein. It was an honour to be invited by the IMIA executive to facilitate a breakaway session on material change of risk during the life of an engineering policy.

The following technical papers were presented at the conference:

- Battery storage
- Existing property
- Construction to operational insurance
- Tailing facilities

The papers have been published on the IMIA website and are available to download.

The Working Group Paper topics for 2020 are:

- Climate change impact on engineering insurance.
- Cladding for buildings.
- Improving trends in construction risk management.
- Risks associated with new materials.

Any interested person wishing to contribute towards the compilation of the research papers is encouraged to search the IMIA website for further details.

Industry Outlook

The lack of new projects, ongoing softening rate trend and worrying number of large construction companies that have filed for business rescue – together with the recent COVID-19 pandemic – present a real concern to the economy and businesses in South Africa.

End of Tenure

I would like to thank the Executive Committee, SAAEI members, Samantha Boyd (Old Mutual Insure), Vivienne Pearson (SAIA) and the team at SAIA (especially Promise Mhlanga) for all the support given to me over this time. I have truly enjoyed my time and it has been an honour to serve the association. I wish the incoming chairperson well in their new role.

Susan De Wet
SAAEI Chairperson

“To be an effective forum for raising awareness and to develop and promote understanding of the engineering classes of business to the wider insurance market and related stakeholders.”

AMUSA has completed another productive year. Our education initiative has taken off and our Committee has been kept busy.

AMUSA Executive Committee

The AMUSA Committee meets once a month where we discuss market trends, incidents and education and development. Our Committee is representative of the industry with the following members:

- Petra Fordyce (Vice Chairperson)
- Hilton Adams
- Ian Parkerson
- Elesh Bisla
- Paul March
- Cynthia Nanthalall
- Granville La Vita
- Mervyn Naidoo

To supplement our information, we receive regular feedback from our Regional Committees headed by Anand Deepanand (Durban), Chris Pyke (Port Elizabeth) and Estelle Bond (Cape Town).

Education

AMUSA marine insurance training presentations have become very popular, with more attendees wanting to take part in each offering. Unfortunately, we were forced to cancel our training scheduled for 17 March due to the COVID-19 pandemic. However, we were pleased to see that it attracted almost 100 delegates and we have had to put a cap on allowing any more.

Our Committee remains dedicated to improving the skills in our industry and developing an interest in the marine market. We see this education initiative as one of our major drivers towards achieving this goal. Many of our industry suppliers have also been very keen to assist in presenting topics and assisting with developing material and presentations.

Skills development has and will remain on our radar, with the aim of expanding the skills pool within the marine industry. While a huge challenge in our market is the shortage of skills, we need to develop newcomers in our market to facilitate an understanding of the industry and to grow the skills required to work and develop themselves in this arena.

COVID-19

The market is facing one of the scariest times in known history. This has a huge effect on the marine market as this is truly a global incident. Issues facing the marine industry include:

- Increased port and vessel accumulation, as well as storage risks.
- Fluctuations in insured values for commodities and prices change.
- Change in transit exposures (reductions and eventually increases).

- Change in trading partners as alternative suppliers and markets are utilised.
- Impact to temperature sensitive cargoes and perishables.
- Challenges in gaining access to cargo.
- Trans-shipment and forwarding of cargo.

Thanks

Finally, I would like to thank my Committee and their respective companies for offering their valuable time to contribute to our industry and aiding in the sustainability and professionalism of our market. Without you, we would not be able to accomplish as much as we do.

Mike Brew
AMUSA Chairman



**“Our Committee
remains dedicated to
improving the skills
in our industry and
developing an interest
in the marine market.”**

“You cannot have faith in people unless you take action to improve and develop them.”
– Sumantra Ghoshal

Our own Desmond Tutu has said that that ordinary acts of compassion and hope point to the extraordinary promise that every human life is of inestimable value. We are very proud, and pleased, to announce our highlights of the past year while noting that each point speaks to empowering and bettering our society.

Corporate Social Investment

This year, we assisted Sir Arthur Matthews (Roodepoort Primary School) with stationery, furniture, computer equipment and general office supplies. As many of our schools struggle with basic supplies, we are pleased to have met some of the school's needs and will continue to support local schools.

Education and Training

People play a crucial role in our organisation's ability to deliver in alignment with its strategic objectives. Our education and training plan for the year was formed by a combination of the future world of work requirements, individual professional development plans and the training needs of the organisation.

Our programmes for the year, therefore, contained a combination of skills programmes and formal study.

Skills Programmes

Common to business and critical to our workplace, our staff received the following skills and knowledge training:

- Advance MS Word and PowerPoint,
- Time Management,
- Interpersonal Skills, and
- Supply Chain Management.

Formal Study

In keeping with the INSETA Sector Skills Plan (SSP) to develop capacity in the areas of Management and Leadership for the Insurance Sector, we are pleased to state that our staff are recipients of INSETA bursaries.

Staff Movement

Due to a few resignations in 2019, the opportunity came to maximise existing human resources talents through the shifting of positions and work scope.

Personal Assistant (PA) to the Chief Executive Officer (CEO), Marina Adonis

Ms Adonis resigned at the end of March 2019 to pursue her passion for catering. Ms Candy Lucas, former PA to the Chief Operations Officer (COO), assumed the role of PA to the CEO, whilst Ms Carolle Sinnys replaced Ms Lucas in the role of PA to the COO.

General Manager (GM) Insurance Risks

Mr FN Esterhuizen resigned at the end of December 2019. Ms Pamela Ramagaga, the SAIA Executive Manager, has been appointed as Acting GM Insurance Risks as at the printing of this AR.

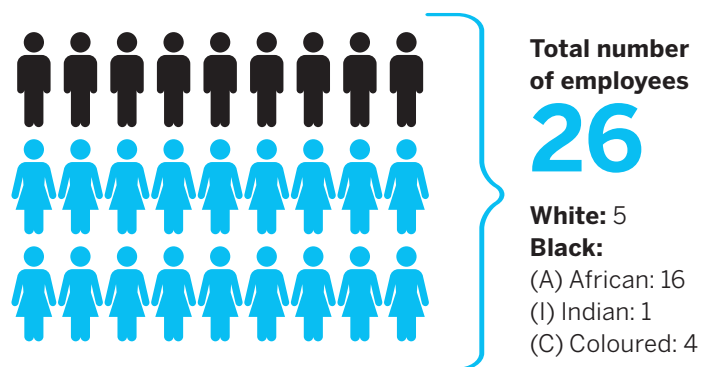
Senior Legal Manager and Legal Manager Positions

Ms E Naidoo, Senior Legal Manager, and Ms M Mabogo, SAIA Legal Manager, resigned to join member organisations to pursue other career interests.

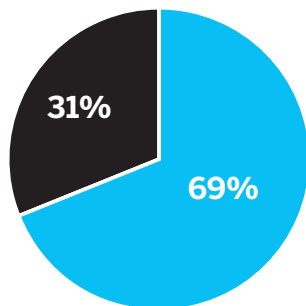
This business interruption presented us with an opportunity to rescope the Governance department. We are pleased to inform members that Ms Mashudu Mabogo soon returned to the organisation as an Advocate and in the position of Legal Specialist. This newly-formed position originated from the redesign process.

Employment Equity Statistics as at the end of December 2019 Including Resigned Employees

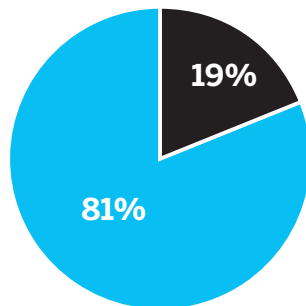
EMPLOYMENT STATISTICS: ALL STAFF



Gender
Female: 18 (69%)
Male: 8 (31%)

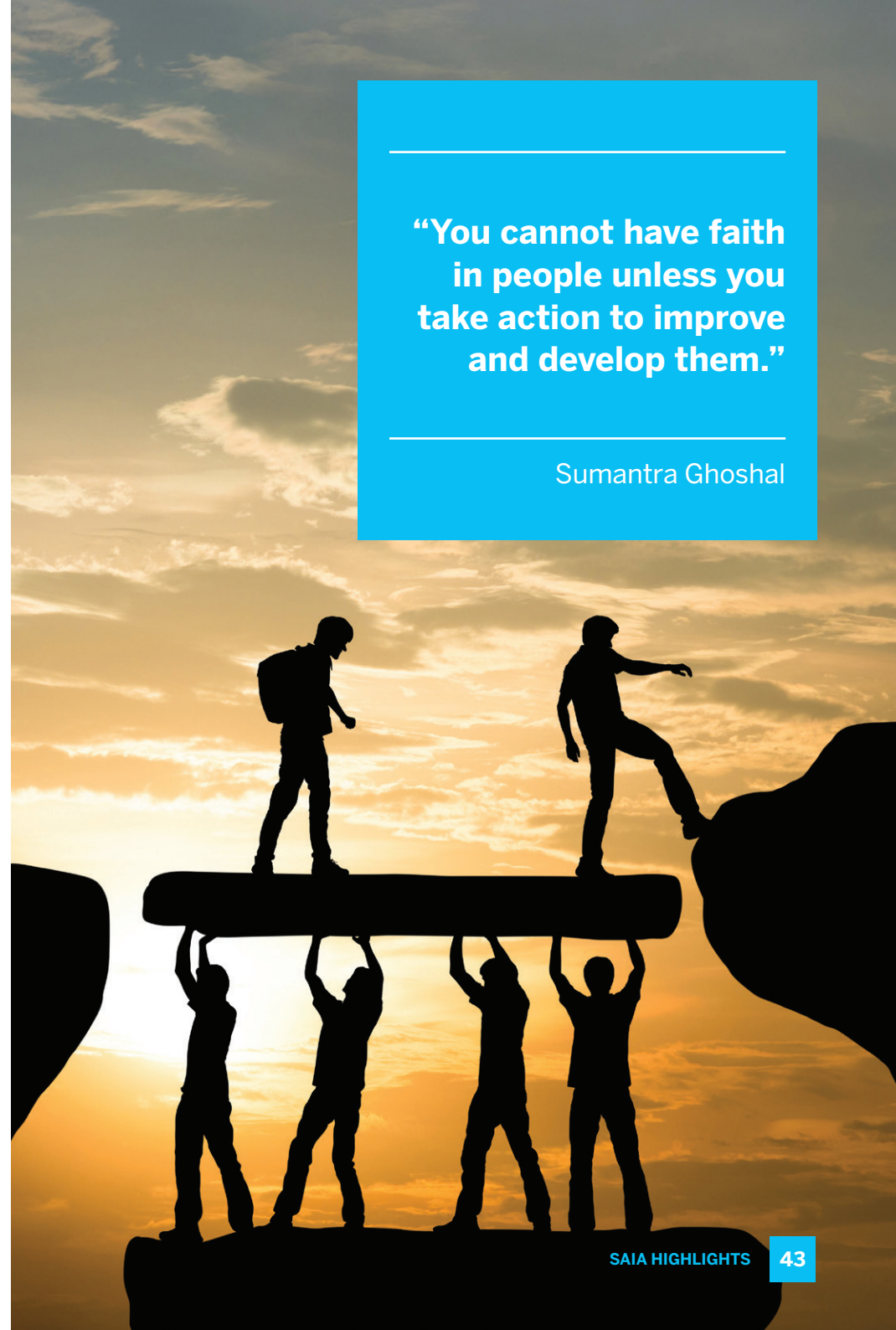


Demographics
White: 5 (19%)
Black: 21 (81%)

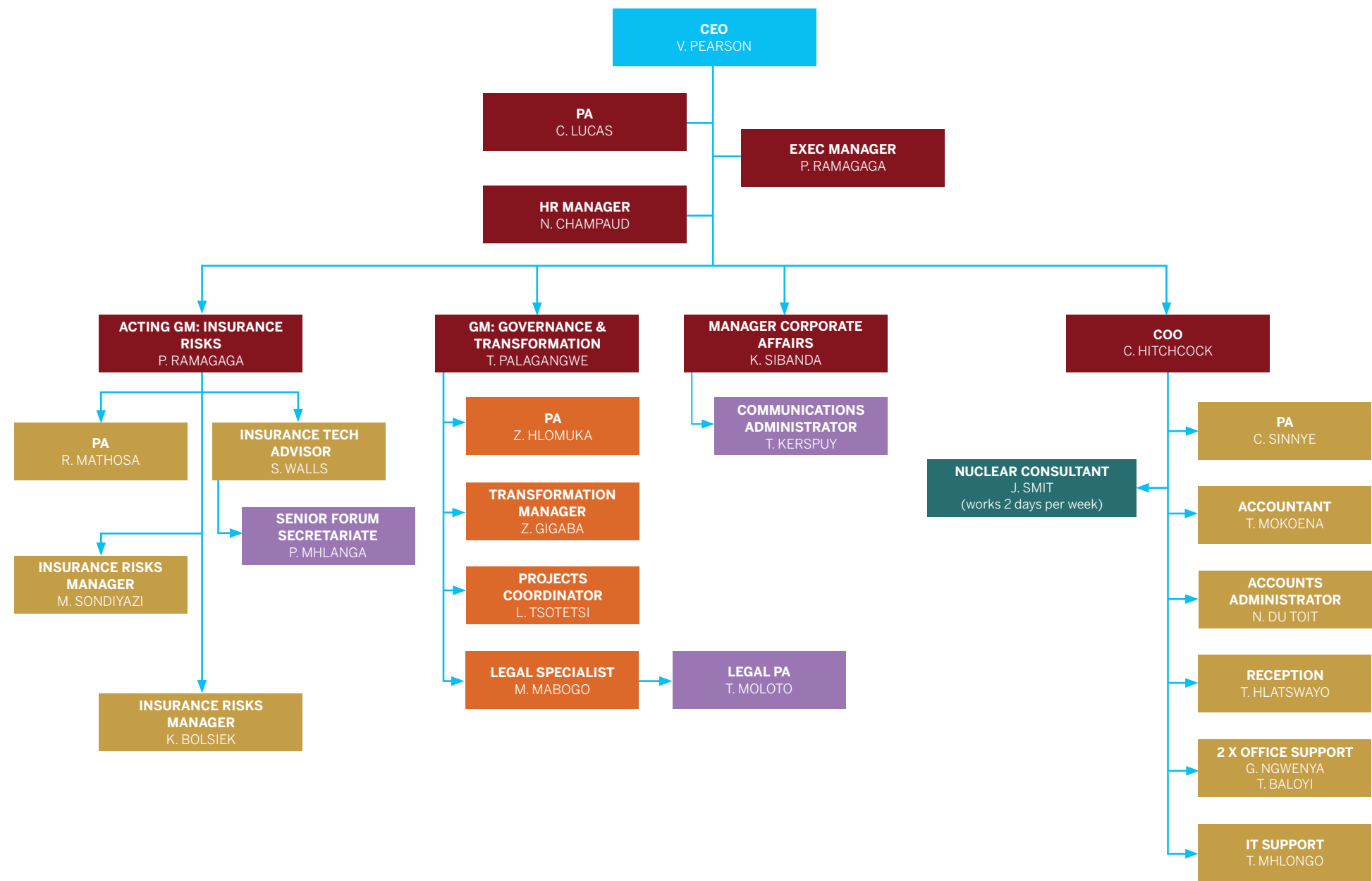


**“You cannot have faith
in people unless you
take action to improve
and develop them.”**

Sumantra Ghoshal



SAIA ORGANISATIONAL STRUCTURE AND STAFF PROFILE





**“Your ordinary acts of
love and hope point
to the extraordinary
promise that every
human life is of
inestimable value.”**

Desmond Tutu

10

MEMBERSHIP

SAIA BOARD MEMBERS 2020



1. CEDRIC MASONDO
(SAIA Board Chairman)
Sasria (SOC) Limited

2. HERMAN SCHOEMAN
(SAIA Board Deputy Chairman)
Guardrisk Insurance Company Limited

3. ANDY TENNICK
African Reinsurance Corporation
(South Africa) Limited

4. ANTON OSSIP
Discovery Insure Limited

5. CHARLES ASIRVATHAM
GIC Re South Africa Limited

6. CHARLES HITCHCOCK
South African Insurance Association

7. CHARLES NORTJE
Credit Guarantee Insurance Corporation
of Africa Limited

8. DANIE MATTHEE
OUTsurance Insurance Company
Limited

9. EDWYN O'NEILL
Bryte Insurance Company Limited

10. GARTH NAPIER
Old Mutual Insure Limited

11. GARY JACK
Chubb Insurance South Africa Limited

12. JACQUELINE KILANI
ESCAP (SOC) Limited

13. LIZÉ LAMBRECHTS
Santam Limited

14. MANIKI RAKGALAKANE
Land Bank Insurance (SOC) Limited.

15. NOLWANDLE MBALO
Standard Insurance Limited

16. ROBYN FARRELL
Auto & General Insurance Company
Limited

17. THUSANG MAHLANGU
Allianz Global Corporate & Specialty SA
Limited

18. VIVIENE PEARSON
South African Insurance Association

19. WALTER MARTE
Nedgroup Insurance Company Limited

20. WAYNE ABRAHAM
AIG South Africa Limited

21. WILLEM LATEGAN
Hollard Insurance Company Limited

Resignations from Board:

NICO CONRADIE
Munich Reinsurance
Company of Africa Limited

SIMON PHAGE
Oakhurst Insurance
Company Limited

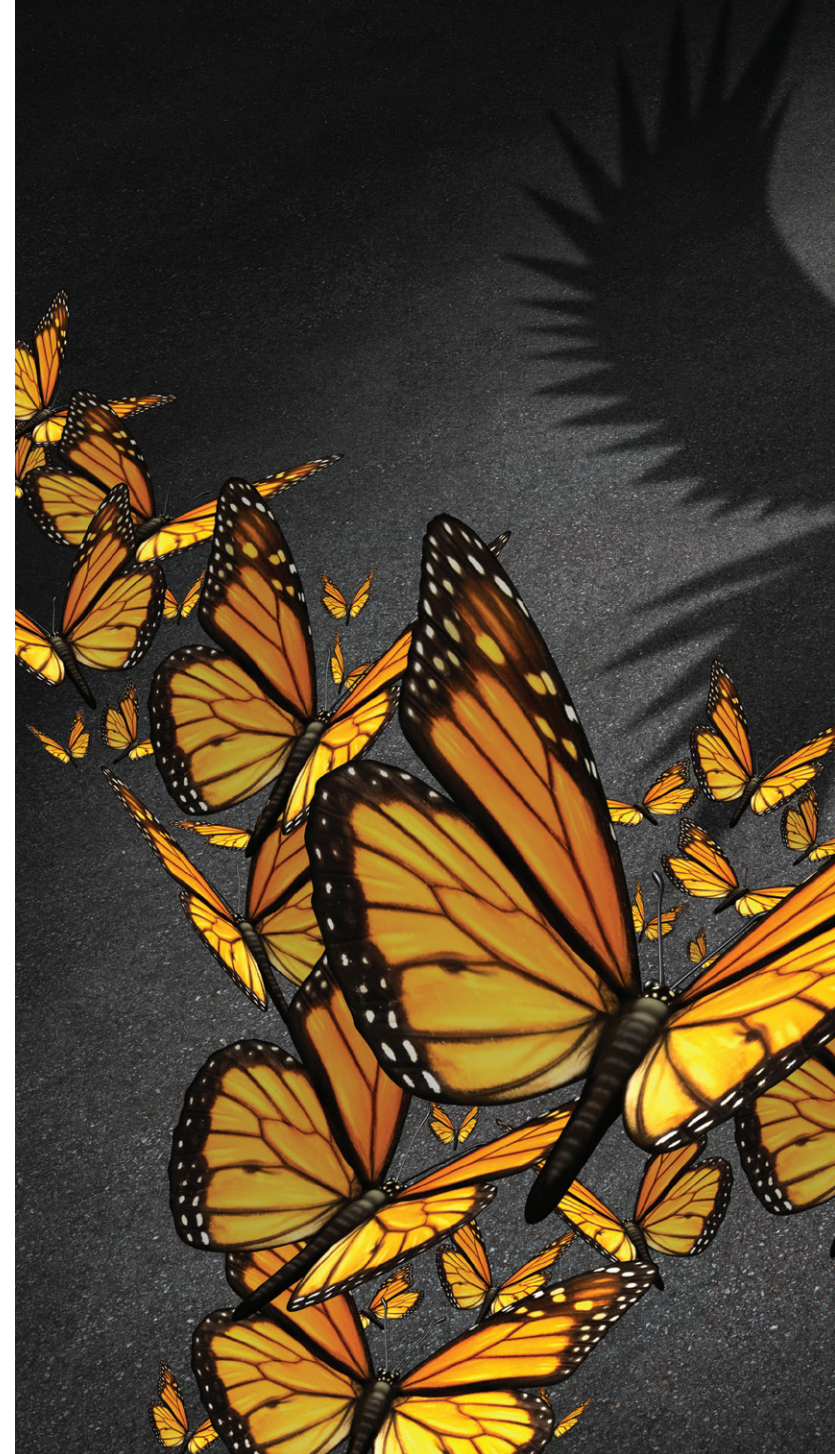
VOLKER VON WIDDERN
Constantia Insurance
Company Limited



SAIA MEMBERS

Abacus Insurance Limited
Absa Insurance Company Limited
African Reinsurance Corporation (South Africa)Limited
AIG South Africa Limited
Alexander Forbes Insurance Company Limited
Allianz Global Corporate & Specialty South Africa Limited
Auto & General Insurance Company Limited
Bidvest Insurance Company Limited
Bryte Insurance Company Limited
Budget Insurance Company Limited
Centriq Insurance Company Limited
Chubb Insurance South Africa Limited
Coface South Africa Insurance Company Limited
Compass Insurance Company Limited
Constantia Insurance Company Limited
Credit Guarantee Insurance Corporation of Africa Limited

Dial Direct Insurance Limited
Discovery Insure Limited
Escap SOC Limited
The Federated Employer's Mutual Assurance Company (RF) Proprietary Limited (FEM)
First for Women Insurance Company (RF) Limited
FirstRand Short-Term Insurance Limited
GenRe Company Limited (General Reinsurance Africa)
GIC Re South Africa Limited
Guardrisk Insurance Company Limited
Hannover Reinsurance Africa Limited
HDI Global South Africa Limited
Hollard Insurance Company Limited
Infiniti Insurance Limited
Intermediaries Guarantee Facility Limited
King Price Insurance Company Limited
Land Bank Insurance Company (SOC) Limited





Legal Expenses Insurance Southern Africa Limited
(Legalwise)

Lloyd's Underwriters (Represented by Lloyd's South
Africa (Pty) 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

Oakhurst Insurance 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

Shoprite Insurance Company Limited

Standard Insurance Limited

Swiss Re Africa Limited

Unitrans Insurance Limited

Western National Insurance Company Limited

Workerslife Insurance Limited

Member Resignation 2018:

Lion of Africa Insurance Company Limited
Regent Insurance Company Limited

SAIA COMMITTEES WITH ELECTED MEMBERS

South African Insurance Association (SAIA)
Board of Directors

SAIA Board Committee: Executive Committee

SAIA Board Committee: Governance Risks

SAIA Board Committee: Insurance Risks

SAIA Board Committee: Nominations Committee

SAIA Board Committee: Reinsurance

SAIA Board Committee: Remuneration Committee

SAIA Board Committee: Transformation

SAIA Audit Committee

IGF Audit Committee

IGF Claims Committee

IGF Underwriting Committee

Intermediaries Guarantee Facility Limited (IGF)
Board of Directors

SANPA Audit Committee

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 Steering Committee

INSURANCE RISKS

SAIA Motor Insurance Steering Committee

SAIA Property and Related Insurance Steering
Committee

Review of the Code of Motor Salvage Task Team

Salvage Database Governance Committee

OPERATIONS

SAIA Code of Conduct Review Task Team

SAIA Strategic Insurance Data (IDS) Committee

SAIA Taxation Committee

SAIA VAT Task Team

TRANSFORMATION

SAIA Financial Inclusion Committee

SAIA Procurement and Enterprise Supplier
Development Committee

SAIA Transformation Steering Committee

SAIA FORUMS

SAIA Agricultural Risk and Crop Insurance Forum

SAIA Agricultural Steering Committee

SAIA Business for Road Safety Forum

SAIA Cell Captives Insurance Forum

SAIA Consumer Credit Insurance Forum

SAIA Health Insurance Forum

SAIA Legal Expense Insurance Forum

SAIA Liability Insurance Forum


SAIA Mega Infrastructure Projects Forum

SAIA Ombudsman for Short-term Insurance (OSTI)
Forum

SAIA Premium Collections Forum

SAIA Sasria Forum

SAIA Travel Insurance Forum

A full-page background image showing the silhouettes of a group of people holding hands and raising their arms in a gesture of unity. They are positioned against a bright sunset or sunrise over a city skyline, with the sun's glow creating a strong lens flare effect.

**“We are only as
strong as we are
united, as weak as
we are divided.”**

J.K. Rowling

11

SAIA STAFF



1. VIVIENE PEARSON
Chief Executive Officer

2. CHARLES HITCHCOCK
Chief Operations Officer

3. CANDY LUCAS
PA to Chief Executive Officer

4. CAROLLE SINNYE
PA to Chief Operations Officer

5. GODFREY NYANGWA
Office Assistant

6. JACK SMIT
Nuclear Consultant

7. KATLEGO BOLSIK
Insurance Risks Manager

8. KWANELE SIBANDA
Corporate Affairs Manager

9. LEBOHANG TSOTETSI
Projects Coordinator (Transformation)

10. MASHUDU MABOGO
Legal Specialist

**11. MZAYIYA (ZAKES)
SONDIYAZI**
Insurance Risks Manager

12. NAOMI DU TOIT
Accounts Administrator

13. NICOL CHAMPAUD
HR Manager

14. PAMELA RAMAGAGA
Acting General Manager
Insurance Risks

15. PROMISE MHLANGA
Senior Forums Secretariat

16. RACHEL MATHOSA
PA: Insurance Risks





17

17. SUSAN WALLS
Insurance Technical Advisor



18

18. TESSA KERSPUY
Communications Administrator



19

19. THEMBA PALAGANGWE
General Manager: Governance and Transformation



20

20. THEMBI MOKOENA
Accountant



21

21. TSHEPISO MOLOTO
PA: Legal



22

22. TSHIDI HLATSHWAYO
Receptionist



23

23. TIYANI BALOYI
Office Assistant/Messenger



24

24. TREVOR MHLONGO
Systems Administrator



25

25. ZANELE GIGABA
Manager: Transformation



26

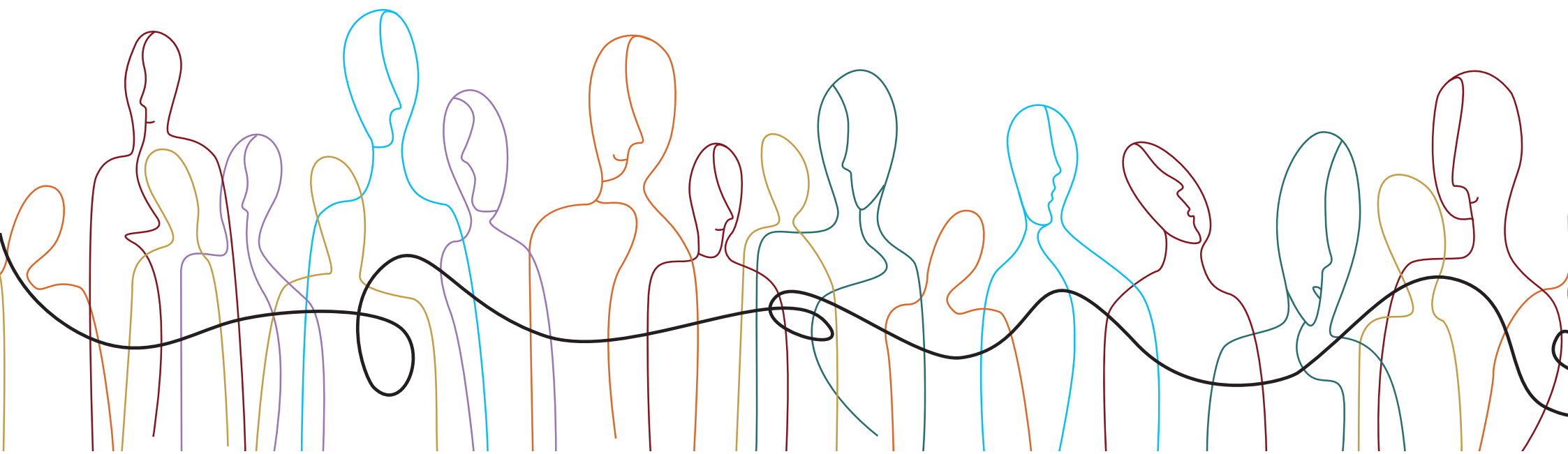
26. ZOLEKA HLOMUKA
PA: Transformation



**“There can be no
greater gift than
that of giving one’s
time and energy to
help others without
expecting anything
in return.”**

Nelson Mandela

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



ADDRESS: Groundfloor | Willowbrook House | Lake Drive
Constantia Office Park
c/o 14th Avenue & Hendrik Potgieter Road
Weltevreden Park | 1715

TELEPHONE: +27 11 726 5381

E-MAIL: info@saia.co.za

WEBSITE: www.saia.co.za

