South African Insurance Association role in Transformation

presented by

Barry Scott
Thabo Tlabana Mokoena

26 March 2009
Agenda

- The South African Insurance Association
- Financial Sector Charter
- Consumer Education
- Microinsurance
The South African Insurance Association

• History:
  – 1907 Insurance Council of South Africa
  – 1973 South African Insurance Association
  – Not-for-profit company
  – 2007 Centenary

• 53 members
  – Peak at 71 during late 1990’s
The South African Insurance Association

“The South African Insurance Association (SAIA) promotes the short-term insurance industry by creating a positive awareness and understanding of the industry, and to add value to all stakeholders.”

• Strategic areas:
  – Image & Reputation
  – Legislation & Regulation
  – Transformation
  – Motor
  – Operations
The South African Insurance Association

Current operations:

- South African Pool for the Insurance of Nuclear Risks
- Intermediaries Guarantee Facility
- Insurance Data System
- Association of Marine Underwriters in South Africa
- South African Machinery Insurers Association
The South African Insurance Association

Former operations:

- South African Special Risks Insurance Association (SASRIA)
- Fire Protection Association
- Ombudsman for Short-term Insurance
- Insurance Fraudline
- South African Insurance Crime Bureau
Financial Sector Charter

- Joint initiative of:
  - SAIA
  - Banks
  - Life insurance companies
  - Black Professionals
  - Johannesburg Securities Exchange
  - Unit Trusts
  - Government

- Finalised October 2003
Financial Sector Charter

- Voluntary sector transformation charter
- Mechanism aimed at:
  - Addressing inequalities, and
  - Contributing towards sustained economic growth
- Constitutes a framework and establishes principles for implementing Black Economic Empowerment
- Outlines processes for implementing, monitoring and reporting
Financial Sector Charter

• Scorecard:

1. Human Resource Development 20
2. Procurement & Enterprise Dev 15
3. Access to financial services 18
4. Empowerment Financing 22
5. Ownership & Control 22
6. Corporate Social Investment 03

100
Consumer Education

• In terms of Financial Sector Charter
  – 0.2% of post tax operating profit

• Financial literacy black LSM (Living Standards Measure) 1-5

• Partners
  – Financial Services Board
  – Life Companies
  – Inzala (Community and Labour network)

• R35m spent by end 2008
Consumer Education

• Projects
  – Financial literacy workshops
  – Teacher development
  – Commuter education / awareness
Consumer Education
Financial Literacy Workshops

- **Community workshops** aimed at black LSMs 1-5 during which financial literacy education is facilitated.

- Topics covered:
  - Sources of income
  - Income and expenditure
  - Budgeting
  - Saving and investment
  - Insurance
Consumer Education
Financial Literacy Workshops
Consumer Education
Financial Literacy Workshops
Consumer Education
Teacher Development

- Research and development of material in line with National Curriculum for Mathematics Literacy – Grade 10 and 11
- Printing and distribution of resources
- Arranging and facilitation of workshops in LSM 1-5 school districts
Consumer Education
Commuter Awareness

Themes covered:
• Money management and budgeting
• The responsible use of credit
• Short-term insurance
• Consumer rights and responsibilities
• Mzansi-type short-term insurance
Consumer Education
Commuter Awareness

• Rank TV
• Star Radio
• Commuter FM
• Roving Stage
• Kiosks
• Star Music
Consumer Education
Commuter Awareness

LEARN MORE ABOUT FINANCES
Consumer Education
Commuter Awareness
Consumer Education
Commuter Awareness
Microinsurance

- Access re Financial Sector Charter
  - Ensures the first order retail financial services, affordably priced and through accessible physical and electronic infrastructure.

- Challenges
  - Distribution channels versus pricing
  - Education
  - Limited disposable income
  - LSM 1-5
Microinsurance

• National Treasury Discussion Paper
  • Proposes a separate license for the insurance for the poor.
  • Aimed at regulating existing practices to protect the consumer.
  • No LSM restrictions.
  • Allows for bundling insurance classes / types.

• Challenges
  • Legislation re intermediaries (Financial Advisory and Intermediary Services Act)
  • Distribution channels
Thank you!