

## FROM THE DESK OF THE CEO



**Manie Booyesen**  
CEO

## FIA NEWSBREAKER ITEMS

The FIA NEWSBREAKER is used to convey information to members as events unfold, regarding important industry matters, which will have an effect on intermediaries.

[Click here](#) to view the NEWSBREAKER items for June 2010.

There is currently much speculation about the possible adoption of a National Health Insurance (NHI) system in South Africa, as well as the implementation of micro-insurance and the implications of this from an insurance perspective. While a Government white paper is currently being put together from a micro-insurance point of view, to date, nothing has been formalised or set in stone. The FIA has been consulted and has provided input on various aspects of the White Paper, but it is solely in the hands of Government to communicate when and how this new system will be implemented.

It is clear that the introduction of any new legislation relating to the NHI will change the future of health insurance in South Africa - we believe for the better. For now though, affordability and service level delivery remains unaffected.

The FIA is willing to play a role in the development of any new legislation relating to micro and/or health insurance and the communication of the introduction of any changes to our members and the public. We will also continue to ensure that our members are updated on any new developments as they unfold.

**Manie Booyesen**  
Chief Executive Officer

## GENERAL

### 1. Intermediaries recognise top South African insurance companies

South African intermediaries gave recognition to the top insurance companies at an awards ceremony that was held on 3 June 2010 at Emperors Palace in Johannesburg. [More](#)

### 2. South African insurance industry positioned for steady growth – PwC

The rate of premium growth in the South African insurance market considerably outstrips its counterparts in the rest of Africa. The South African insurance industry accounts for 91% of Africa's life premiums and half of the regional non-life premiums. [More](#)

### 3. South African actuaries soon to become experts in global risk management

South Africa is likely to be one of only a handful of countries in the world by the end of this year producing sought after chartered enterprise risk actuaries. [More](#)

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| <p><b>4. FAIS Regulatory Exam Update – May 2010</b></p> <p>Charene Nortier, Manager FAIS Supervision at the FSB was part of a trio giving an update on the regulatory environment at the recent Insurance Conference. In her slot she gave some fresh perspectives, while at the same time reminding delegates of some upcoming deadlines. <a href="#">More</a></p>                                      | <p><b>5. Protection of Personal Information Bill</b></p> <p>Broadly speaking, the PPI Bill sets out requirements for dealing with and protecting client information. Independent brokers are generally regarded as <u>responsible parties</u> in terms of the Bill when rendering financial services to clients in their capacity as FSP's. <a href="#">More</a></p>   | <p><b>6. Insurers shift investment focus to mobile technologies and digital marketing</b></p> <p>Insurers plan to invest \$84 million, on average, over the next three years to improve their multi-channel distribution strategies, according to findings of a global survey of 125 insurers by Accenture. <a href="#">More</a></p> |
| <p><b>7. FSB quarterly reports on the Short-term and Long Term Insurance Industry Results</b></p> <p>The FSB quarterly reports for the period ending 31 March 2010 have been posted in the Short-term and Life Gateways Resources Sections respectively. Click <a href="#">here</a> for a link from where the Short-term report can be downloaded and <a href="#">here</a> for the Long Term report.</p> | <p><b>8. The future of Micro-insurance Regulation in South Africa</b></p> <p>The National Treasury discussion paper on the future of Micro-Insurance in South Africa was released in April this year. The discussion paper proposes that a regulatory space for the provision of micro-insurance products be carved out within the broader regulation of insurance provision in South Africa. <a href="#">More</a></p> | <p><b>9. Litigation Funding</b></p> <p>Anyone who funds litigation for gain may have to pay the costs if they lose. A judgment which has important ramifications for those who fund litigation, for a share of the spoils, has been handed down in the Pretoria High Court. <a href="#">More</a></p>                                 |

## SHORT-TERM

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| <p><b>1. Could mining risks be the way forward for construction and engineering insurers?</b></p> <p>With infra-structure projects around the World Cup event long concluded, could mining represent new opportunities for construction and engineering insurers and intermediaries? <a href="#">More</a></p>                                 | <p><b>2. Leading liability underwriters Camargue and Phoenix to join forces</b></p> <p>Camargue and Phoenix underwriting agencies are to merge from 1 July 2010, to form a larger specialist liability underwriting firm. Mutual &amp; Federal Insurance Company and Lloyds' will be the new insurance carriers, thereby enabling this newly merged "Liability Authority" to offer increased capacity, and broader cover. <a href="#">More</a></p> | <p><b>3. Survey reveals Brokers remain confident</b></p> <p>The latest CIB Broker Confidence Index Survey, which measures the confidence levels of insurance brokers on a number of issues, showed that brokers remained confident about the outlook for the economy and business conditions over the next twelve months. <a href="#">More</a></p> | <p><b>4. In a different class: Litigation &amp; Product Liability</b></p> <p>Before you know it the 24<sup>th</sup> October will be here and consumers will be able to exercise their rights under the no-fault product liability provisions of the Consumer Protection Act for all goods supplied on or after the 24<sup>th</sup> April 2010. <a href="#">More</a></p> |
| <p><b>5. IRMSA process leads to recognition of Risk Management as an occupation</b></p> <p>It has been formally announced that the "Organisational Risk Manager" has been registered as an occupation. The next step is to ensure that the Occupational Curriculum and Qualification is developed for Risk Managers. <a href="#">More</a></p> | <p><b>6. Co-operative approach to address issues around Fire Services</b></p> <p>SAIA engages government on fire losses in the context of fire prevention and extinguishing services. <a href="#">More</a></p>   | <p><b>7. Accidents will happen - particularly in winter</b></p> <p>As any South African motorist will attest, negotiating our roads is challenging at the best of times. Add to this the more difficult conditions winter presents, and that equals more insurance claims. <a href="#">More</a></p>  | <p><b>8. Let your insurer know if your property is built below the flood lines</b></p> <p>Non-compliance with legislation related to the construction of buildings below certain flood lines could result in financial ruin says Mutual &amp; Federal. <a href="#">More</a></p>   |

## 9. Websites putting South Africans at increased risk of burglary?

At the moment online activity is generally not considered part of an individual's assessment, however, with new online services launching all the time, insurers may soon have to start taking account of people's online habits. [More](#)

## 10. The Sustainability of Motor Insurance

Given the number of uninsured vehicles and unlicensed drivers on the road, the poor road conditions, bad driving habits and the ever increasing spiral in repair costs, motor insurance is fast becoming financially unviable for insurers. Join the IISA at their next morning seminar on 23 July 2010, when this important subject will be put under the micro-scope. [More](#)

# FINANCIAL PLANNING

## 1. The Ombudsman for Long Term Insurance reviews exclusion clauses and causality

This article deals with a difficult issue that is sometimes misunderstood i.e. exclusion clauses with a causation requirement. [More](#)

## 2. Changes to Estate Duty Act mean it's time to revisit your life cover options

Changes to the Estate Duty Act this year could change the landscape of life insurance options. According to global audit and advisory firm, Grant Thornton, you may no longer have the best policy to suit your needs and could be paying far more than you need to. [More](#)

## 3. No Commission after Cancelling Policy During Cooling-Off

In the midst of the consumer protection revolution, the Supreme Court of Appeal has once more affirmed the rights of consumers, this time against insurance brokers still hoping to receive commission arising from an insurance agreement cancelled by the insured within the legislated cooling-off period. [More](#)

## 4. Natasja Norval Hart is FPI 2010 Financial Planner of the year

The Financial Planner of the Year 2010 was announced at the Annual Financial Planning Institute of Southern Africa (FPI) Convention Gala Dinner at Emperors Palace, Kempton Park on 26 May 2010. This year's award went to Natasja Norval Hart, a Certified Financial Planner® professional, who is an Executive Financial Planner at Consolidated in Randburg, Johannesburg. [More](#)

## 5. Volatility on JSE spikes

Volatility is often a good contra-indicator: when share prices are rising and everyone is positive, it may well be time to become cautious. Conversely, when share prices drop, volatility increases, fear abounds and investors are pessimistic, it is often a good time to buy equities. [More](#)

## 6. Investment community still uncertain about local equity markets

The May survey of the Sanlam Investment Management Investor Confidence Index showed that local investors are still very uncertain in their outlook for local equity markets. The equity market's decline over the past month vindicated the drop in confidence level that emerged during the April survey. But the market correction has not yet been significant enough to generate sufficient investment opportunities that offer good value. [More](#)

## 7. Hedge funds offer protection strategy for investors

The results of the Blue Ink All South African Hedge Fund Composite (BIC), which tracks the performance of around 100 hedge funds in South Africa, showed that this asset class continued to offer investors significant protection from volatility during the current turbulent market conditions. [More](#)

## 8. FTSE/JSE all share index – what is in store?

Surging equity markets since the lows of March 2009 have caught most investors by surprise, especially as new pieces of the economics puzzle are not always rosy and do not quite seem to support an overly bullish case. [More](#)

### 9. Financial Services Provider liable for failure to act with due skill, care and diligence concerning property syndication investment advice

In a judgment likely to cause waves in the multibillion rand property syndication business, the FAIS Ombud has ordered an investment company to repay a 70-year old retired Western Cape man R495 000 with interest. [More](#)

### 10. World Securities Regulatory Body elects SA to serve on Executive Committee

South Africa has been elected to the executive committee of the International Organisation of Securities Commissions (IOSCO), the world's standard setting body for securities and futures regulators, at its recently held 35<sup>th</sup> annual conference in Canada. [More](#)

### 11. Glacier by Sanlam to take over administration of Ovation living annuities

The administration of Ovation Global Investment Services' living annuities will be transferred to Sanlam subsidiary, Glacier Financial Solutions from the end of July 2010 on the request of underwriters Metropolitan Life. [More](#)

## EMPLOYEE BENEFITS

### 1. New Pension Funds Adjudicator Charles Pillai urges greater communication between funds and their members

There is critical need for greater communication between retirement funds and members to avoid unnecessary tedious complaints, says new Pensions Fund Adjudicator, Charles Pillai. [More](#)

### 2. Pensions Funds Adjudicator penalises insurer for delays

Insurer taken to task by Pension Funds Adjudicator Charles Pillai for causing undue delay in the processing of ill-health early retirement benefit and the lower than expected amount that was paid out. [More](#)

### 3. How to choose a fund manager

When choosing a fund manager, it appears 70% of the trustee's decision is based on two factors which have no bearing on a fund's future performance: past performance and the brand of the asset manager. Investment philosophy, investment process and manager skill have a much lower weight in the cognitive process they apply in manager selection, either consciously or subconsciously, yet these are the factors that should be under consideration. [More](#)

## HEALTHCARE

### 1. New Registrar of Medical Schemes appointed

The Minister of Health has appointed Dr Monwabisi Gantsho to the position of Registrar of Medical Schemes and Chief Executive of the Council for Medical Schemes (CMS) with effect from 1 June 2010. [More](#)

### 2. Fedhealth assists Teen members

Fedhealth have introduced a "Teen Line" which will offer advice and counselling to troubled teenager members on any physical, emotional and sexual questions and/or problems they may be experiencing. The teen is spoken to in their home language and advice is given with respect and confidentially. [More](#)

### 3. The new healthcare drive – more care, less risk

With the landscape of healthcare constantly changing, it has become increasingly important for medical schemes and their administrative risk managers to think "out of the box" and establish new and innovative ways for addressing the challenges of managing risk while still providing world-class care to their members. [More](#)

### 4. Multiple sclerosis as a Medical Scheme Prescribed Minimum Benefit (PMB)

Multiple sclerosis (MS) is one of the world's most common neurological diseases. In this article the Council for Medical Schemes concentrates on MS as a prescribed minimum benefit (PMB) condition. [More](#)

## CONCLUSION

We hope you have found this edition of Inform useful and would welcome any feedback you may have. We would also welcome any input with regard to topics you would like covered.

Yours sincerely

FIA Secretariat

**P.S.** Please don't forget to distribute the newsletter as appropriate within your company.



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