

SAUMAchat



RAISING THE BAR ON UMAs

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Welcome to SAUMA Chat!

Welcome to our first edition of SAUMA Chat. The newsletter will be produced every three months and we will be keeping you up to date with everything that is going on in SAUMA and what we are doing to assist our members.

We will include items of a legal and legislative nature, and try to answer questions raised by readers.

At the AGM in 2008 we invited Short-term Ombudsman, Brian Martin, to address members. Most of you found this extremely informative and interesting and as a result we are continuing in this vein at our AGM (see bottom of page for more information) this

year. We would also like to extend this concept and to hold informative talks with interesting speakers once a quarter combined with a breakfast.

There are so many topics of interest affecting us all right now and this is one way in which we can assist our members to gain the information they need.

Rather than simply choosing speakers, we would like to hear from you as to whether this is the sort of thing that you, as a member, would like to see. Would you find it beneficial and what topics would you like addressed at these gatherings and by whom?

Please send any suggestions to Christine at sauma@hixnet.co.za and we will get working on it.

We look forward to hearing from you!

Dave

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TERSIA TAKES THE LEAD

Tersia Davey, managing director of the underwriting agency EVB, is the newly-elected chairperson of SAUMA. She is passionate about the association and the industry, and wants to turn the organisation on its head. Lets hear it from the woman in charge.

Personal life: I was born in Bloemfontein, but grew up in Pretoria. After my studies I moved to Johannesburg and after 16 years moved back to Pretoria in order to be closer to my business.

Studies: I studied Public Relations Management and did in-service training at Standard Bank. I also did several management diplomas, including Henley's Business Management Certificate and Leadership diploma. I am currently busy with my final year of a Law degree with UNISA.

Insurance experience: I grew up in an insurance environment - my dad was involved in the industry for 47 years and I bought his shares in EVB Underwriting Managers a few years ago. I have experience in banking, asset and specialist financing.

My advice to fellow underwriting agencies: Do not compromise underwriting ethics during tough times. Use your expertise and experience to apply quality underwriting, and to give brokers the right advice.

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Tersia Davey

YOUR FEEDBACK IS WELCOME! PLEASE SEND COMMENTS AND SUGGESTIONS TO info@sauma.org



ANNUAL GENERAL MEETING

VENUE: The Music Room, Villa Arcadia, 22 Oxford Road, Parktown

DATE: Friday, 17 July 2009

TIME: 7:00 am for 7:30am

SPEAKER: Patrick Bracher

TOPIC: Insurance Laws Amendment Act

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Please keep an eye on your inbox. You will soon receive an invite to our AGM.



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My **SAUMA** challenges: The biggest challenge is to make sure our association grows and that our members are proud to be part of our prestigious organisation.

We must be more visible in the insurance industry and make sure that underwriting managers are recognised for their huge contribution towards this market.

Everybody must know exactly what an underwriting manager does so that the industry does not confuse the rights and duties with those of other intermediary services.

We have to define our right of existence in a traditional insurance industry where underwriters are not defined specifically in neither the industry nor the insurance act.

My plans: To play an active role in framing the regulations of the new Insurance Laws Amendment Act.

To grow our membership in order to protect our fraternity and to build on the solid foundations that

have already been laid.

To make members more active in the various committees and working groups.

To be more inclusive and to do more marketing.

My company is a member of **SAUMA** because... it is the official association for underwriting managers. It is a professional organisation that meets the needs of the underwriting fraternity and affords status to members.

The association protects the rights of the underwriter and makes sure that the relevant industry news, developments and legislation are studied, analysed and where necessary interpreted and then communicated to members.

The association is also involved in various industry organisations, working groups and forums in order to act on behalf of the fraternity.

If you are a member of this association you are part of an elite group of professionals and specialists.

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LEADERS OF THE PACK

We would like to introduce to you the board of directors, and the committees on which they serve.

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Stef Theofanidis
- Vice Chairman



Natasja Blok



Dave Jack



Graig Diederiks



Roy Gainsford



Alan Eustice

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The committees and their members: FINANCE & MEMBERSHIP COMMITTEE

Stef Theofanidis - Chairperson

Natasja Blok

Tersia Davey

LEGAL & COMPLIANCE COMMITTEE

Tersia Davey - Chairperson

Rory Gainsford

PUBLIC RELATIONS COMMITTEE

Dave Jack - Chairperson

Craig Diederiks

Alan Eustice

FSB & TECHNICAL COMMITTEE

Rory Gainsford - Chairperson

Stef Theofanidis

Tersia Davey (Legal)

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Thin line between STI and FAIS ombud

FAIS OMBUD

The objective of the FAIS Ombud is to consider and dispose of complaints by CLIENTS against FINANCIAL SERVICES PROVIDERS in the terms of the FAIS Act.

The FAIS Ombud can deal with complaints where there is uncertainty over jurisdiction and where the other voluntary ombudsmen do not have jurisdiction.

The function of the FAIS Ombud is to resolve disputes relating to the rendering of financial services by providers where they have either failed to comply with the FAIS Act or where as a result of either wilful or negligent conduct by the provider the client has suffered or will potentially suffer prejudice or damage.

- All financial advisors are regulated by the FAIS Ombudsman.

SHORT-TERM INSURANCE OMBUD

The purpose of the Short-term Insurance Ombudsman is to resolve disputes between MEMBERS and INSURED CONSUMERS in an independent, impartial, cost-effective, efficient, informal and fair way.

The Office of the Ombudsman for Short-Term Insurance provides consumers with a free, efficient and fair dispute resolution mechanism. It offers consumers with a "no risk" mechanism to resolve disputes with insurers.

- Membership to this organisation is voluntary.

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BOB SAYS GOODBYE

Bob Standen, a founding member of SAUMA and Chairman from 2002 to 2008, recently bid the organisation farewell and started life as a broker. He shares his wishes for the organisation going forward.

"I would like to see all underwriting managers join SAUMA because I believe the association is there to negotiate on broader insurance issues on behalf of all underwriting managers, case in point the ILAB. Even those UMAs that are not members benefit from our legislative negotiations.

"Because of the fact that SAUMA has always vetted its members, it can honestly be said that membership defines any member as 'an organisation of integrity'. I would like to see that continue as it gives credence to the reasons for our initial formation.

"Now that I am working for a broking organisation, I am finally seeing life on the other side - it is still fun and games!

"I wish SAUMA and its members every success in the future."



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WHAT IS A UMA IN THE CONTEXT OF THE ACT?

The Insurance Laws Amendment Act (ILAA) has provided the industry with a unique opportunity to yet again define and conceptualise an Underwriting Management Agency (UMA), both in the short-term and now the life industries.

Current legislation has failed to differentiate this type of intermediary. In fact, the Short-term Insurance Act (STIA) of 1943 included a definition which was then ignored in the STIA of 1998, much to our surprise and disappointment, considering the amount of input from the industry at that time, explains Stef Theofanidis, Vice Chairman of SAUMA.

"To confuse matters further, some may still be mistaking the current STIA Section 48(2) as the UMA definition; this section defines intermediary remuneration only and offers no guidance on the functions of the intermediary and more specifically those of the UMA."

Stef further adds that there was a very good reason for the inclusion of a definition in the STIA of 1943, considering the much different UMA from all other intermediaries or "binder agreements" as they are currently referred to.

In addition to which, the history surrounding the emergence and later proliferation of UMAs in South Africa itself offers valid and good cause for the invaluable current and on-going role and functions UMAs perform.

"SAUMA were thus thrilled when the FSB and the National Treasury embarked on the ILAA, followed by the process of formulating regulations that will firstly, aim to define the functions that each binder agreement performs and secondly, aim to regulate remuneration that is appropriate to such functions," says Stef.

In addition, SAUMA were excited to discover that the legislation was extended to the life assurance market, in case there are intermediaries in that space, functioning similarly to the short-term UMAs and which may require some recognition for the vital role they play.

"As to the vital role and functions that the UMA performs and the distinction between it and the balance of intermediaries, one can summarise these in a nutshell; the UMA performs most, if not all, of the functions of an insurer as its 'agent', starting with the design of the insurance product and its pricing, then marketing the product to broker intermediaries, issuing policies and related disclosure documentation and finally administering any resultant claims."

All these functions, the UMA performs very closely with the insurer as part of the insurer's "risk-management" approach, and in strict accordance with the insurer's mandate or agreement as prescribed by the STIA, whilst fully complying with other current insurance and related legislation.

"There is no doubt in my mind," says Stef, "that the UMA is a very important link in the insurance value chain, offering broker intermediaries direct access to tailor-made insurance products, expert insurance skills and the decision makers in the UMA. The UMA must be viewed as an extended 'arm' or outsourced 'division' of the insurer itself, its role as agent of such insurer, clear and easily understood, whilst not creating any conflicts of interest whatsoever!"

For more information on SAUMA's definition of an underwriting manager, and the requirements a UMA has to comply with in order to become a member of SAUMA, please visit our website at www.sauma.org.

BENEFITS

of being a SAUMA member

- It lends your agency credibility.
- We look after your interests with regulatory bodies.
- We protect your rights.
- We analyse and share relevant industry information.

HOW TO...

become a member of SAUMA

A UMA earns its membership by applying in writing and complying with all the laid down criteria for membership (see our website for more information).

A nominal membership fee of R4 750.00 plus VAT is payable.

To apply for membership, please download an application form from our website at www.sauma.org

Complete the form and fax it to **086 543 6475** or e-mail it to sauma@hixnet.co.za

Apply today and become a member of this prestigious association!

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