

SAUMAchat



THE VOICE OF THE UMA



WE ARE DELIGHTED

At the AGM a few months ago, we asked our members what they wanted from the Board of SAUMA. Members' answer was that they wanted more regular updates of what we are doing to serve the UMA industry rather than a brief report at the AGM each year.

Our response to this was a series of open board meetings once every three months. The first of these was held in October and turned out to be a huge success. We invited two guest speakers who discussed the Consumer Protection Act and education respectively. (Pictures below and more on page 2.)

Unfortunately, we had very little time to actually get to what the SAUMA Board is doing for you in terms of dealing with the FSB and other such bodies.

FORMAT OF MEETING

We now need to know what format for these open meeting you prefer:

- A One guest speaker and an update on SAUMA's activities OR**
- B No speakers and only SAUMA business**

Please vote A or B and send your answer to Christine at sauma@hixnet.co.za.

The important thing for us is that we know what you want, and we are more than happy to respond accordingly.

LAST EDITION OF YEAR

This is our last SAUMA CHAT of 2009 and the Board wishes all members a happy holiday season. Those driving at this time to holiday destinations or even at home, please do so safely.

When we get back the magical year we have all been waiting since 2004 will be here.

Let's enjoy it!

Dave Jack



FIRST OPEN BOARD MEETING



Peter Darroll
(SAUMA)



Tonny Canny
(Eversheds)



Charmaine Koch
(IISA)

THE NEXT MEETING IS PLANNED FOR MARCH NEXT YEAR. KEEP AN EYE IN YOUR INBOX FOR THE INVITATION!

Some 30 SAUMA members attended the first open board meeting at the Woodmead Country Club in October. Chairmaine Koch of the IISA discussed the latest on the education front and Simone Monty of Eversheds talked about how the amendments to the Consumer Protection Act will impact on UMAs.

How to...

minimise treaty renewal headaches

- Hayley Schell & Mark Haken (Cotswold Reinsurance Services)

Treaty renewal time can be frustrating and very time consuming for insurers and UMAs. One of the perennial challenges for all of the parties to the renewal process is the acquisition, collation and presentation of data.



The professional reinsurance market has evolved to an extent that virtually all underwriters in the first instance rely heavily on actuarial models. It is only after these models have been populated and the results thoroughly assessed that further "softer" underwriting criteria are considered. In this article, we will attempt to explain why the quality of the data is so important to the UMA, and what the benefits are to ensuring that it is produced accurately, preferably automatically, and on time.

WHY DATA IS CRITICAL

Data is critical for the reinsurers to accurately underwrite the risks and their exposures. The treaty underwriters have a responsibility to their shareholders to meet the required return on capital on a treaty-by-treaty basis, and subsequently every treaty is analysed and put through the mill to ensure that it meets pre-determined criteria.

Treaty underwriters are required to be able to access the portfolio on an exposure basis and on a claims-frequency basis, which often finds them drilling down into the behaviour and characteristics of the portfolio at gross level.

Comprehensive and correct data will persuade them to commit your required capacity, at the best possible terms. In an environment where reinsurance margins are under tremendous pressure every rand counts and it makes fundamental sense to put quality data on the table from the outset.

BENEFITS OF QUALITY DATA

From the UMA's perspective there are several benefits to extracting quality data.

You will have statistics on an ongoing basis to the extent that it will enhance your budgeting process, enable you to react rapidly to deteriorating trends in your business, and overall to have better management information which in turn reduces risk and assists in ensuring proper compliance.

From the reinsurers' perspective it will speed up the renewal process at a time when they are under extreme pressure and where getting the job done properly the first time is of great value.

You will have presented a more professional approach to the reinsurers who will gain confidence in, and be better disposed towards the UMA, but of greatest importance, is that you will be in a much stronger position to get a treaty structure and treaty terms that are optimal.

In conclusion remember that data validation forms a vital part of the preparation for analysis, and this is a step in the renewal process that should not be dismissed lightly. Renewals are often delayed because the third parties in the chain ask the hard questions that reveal that the data was erroneous in the first place.

Quality data will allow you to explore a large number of reinsurance options as it allows the testing of an optimal structure – optimal in terms of underwriting results and optimal in terms of capital efficiency. Finally quality data and quality analysis thereof allows you to manage the various trades-off between the demands of multiple stakeholders.

This article is part one of a series. In our next article we will elaborate on the specifics of the reinsurer data requirements. In the mean-time a quote from Carly Fiorina, ex-President of Hewlett-Packard, seems appropriate, "The goal is to transform data into information, and information into insight!"

FSB updates FAIS Plain Language Fit and Proper Guides

The Financial Services Board (FSB) updated the Plain Language Fit and Proper Guides for Key Individuals and Representatives.

The good thing about the revision is that the file size of the documents has been reduced, for easier downloading. Until the study material is available, these guides are a good starting point for anyone wishing to start preparing for the level 1 regulatory examinations.

The Plain Language Fit and Proper Guide for Sole Proprietors has not been published as yet.



NEW HEAD FOR FIA

Manie Booysen has been appointed CEO of the Financial Intermediary Association. His was effective 1 November.



Simone Monty,
partner at Eversheds.

THE CONSUMER PROTECTION ACT: Does it apply to you?

The Consumer Protection Act is a piece of legislation drafted essentially to create and promote an economic environment that supports and strengthens the culture of consumer rights and responsibilities.

To achieve its goal, the Act proposes to repeal several laws, each dealing with aspects of consumer law and replacing them with a single Consumer Protection Act ("the Act") that will give priority to its own procedures for enforcement.

Write to
sauma@hixnet.co.za
if you want to know
whether the Act
applies to you.

CONSIDERING WHETHER THE ACT APPLIES TO YOU

It is important going forward that all players within the retail sector are aware of whether they are bound by the provisions of the Act.

Unless a transaction is exempt, the Act will apply to every transaction involving the supply of goods and/or services in the ordinary course of business within the Republic of South Africa, to the promotion of such goods and services that could lead to such transactions and to the goods and services themselves after the transaction is completed.

If any goods are supplied within the Republic to any person in terms of a transaction that is exempt from the application of the Act, those goods, and the importer or producer, distributor and retailer, respectively, of those goods are nevertheless subject to the provisions of the Act in respect of product recall and strict liability.

For purposes of clarity, the following arrangements are also regarded as transactions between the supplier and consumer within the meaning of the Act:

- Memberships of associations for example a club membership; and
- Any franchise arrangement between the franchisor and a franchisee (regardless of whether the franchisee is above or below the threshold). The Act will apply to the relationship in all respects for the protection of the franchisee.

Travel disruptions in 2010



Business travel will probably be restricted during the Soccer World Cup. Although the official World Cup is from 11 June to 11 July 2010, the period between March and July 2010 will be an exceptionally busy period with the pre- and post- arrangements that will have a huge impact on business travel.

TIPS

Here are a few recommendations for travel during this period:

- Do not travel during these periods unless it is critical to travel.
- Plan your trip well in advance, changes to a ticket over this period will be extremely difficult and very expensive.

- Try to make appointments at a location that is in the opposite direction of a stadium/fan park.
- Take flights during the times of when the games are being played. Games start at 13h30.
- Allow for a minimum of two hours to get to the airport in Cape Town and possibly three hours for Johannesburg. The congestion on the roads both to and from the Airports is going to be chaotic – plan for delays.
- Parking at the airport will be virtually impossible and it is advisable to get someone to drop/collect you from the airports. Transfer companies will be busy with tourists and will also be very expensive.

THE STATISTICS

- The World Cup is approximately 15 times bigger than the 1995 Rugby World Cup.
- Media contingent = 30 000
- Long haul visitors = 220 000
- Visitors from Africa = 180 000
- Local supporters = 150 000
- On any match day it is envisaged that 100 000 travellers will need to use a travel commodity
- An additional 2 000 busses have been imported
- It is predicted that supporters will watch their team play every 3 or 4 days.