

SAUMA chat



THE VOICE OF THE UMA



SAUMA Chat - for your information!

SAUMA CHAT is now becoming a regular feature and we are delighted to have had so much positive feedback from members. In this edition we take a closer look at the breakfast that preceded the AGM and the two very interesting speakers.

Jonathon Dixon of the Financial Services board (FSB) outlined the problems facing it and how important a role SAUMA is starting to play in discussions with this body. On page 2 is a report on Mr Dixon's address courtesy of Mike Stoker of Insurance Gateway.

There has been much confusion around the Road Accident Fund Amendment Act.

Please read the extract of the address by Ric Martin of Eversheds Attorneys on the latest position following the hearing in the High Court (page 2). He answers the question of a great number of people about whether passenger liability is needed or not.

New Board member

Business pressures have led to Alan Eustice having to stand down as a board member. In his place we welcome Leigh Friend who will be looking after "things Motor" for us. So look forward to articles by Leigh in future issues of SAUMA CHAT.

New website

Make sure you visit our brand new website at www.sauma.org and tell us what you think.

We now have daily news feeds from Insurance Gateway so any insurance news you might be looking for you will now find on the homepage of our website.

New member brings wealth of experience

Leigh Friend recently joined the SAUMA Board. Following is a short CV of Leigh's career in insurance.

Leigh has over 20 years experience in the Johannesburg and Pretoria short-term markets. Starting his career in 1986 with Mutual and Federal, he has held various management positions in the commercial, personal and group schemes environments, specialising in underwriting, marketing, product development and portfolio management. Leigh joined MUA on 1 November 2008 as Regional Manager Gauteng.



ED: Welcome Leigh. We look forward to your valuable input!



We would love to hear from you! Please write to us at info@sauma.org with your comments, suggestions and questions.

FIA awards now also recognises Underwriting Managers

A new category for underwriting managers has been added to this year's Financial Intermediaries Association of Southern Africa (FIA) Awards. The 2010 banquet will be held on 3 June at the Emperors Palace. Products suppliers will be rated on the following:

- Quality of products
- Quality of service
- Quality of relationships with FIA members

For more information about the FIA awards, please visit its website on www.fia.org.za.

SAUMA breakfast and Annual General Meeting

SAUMA's breakfast and AGM was held at the 19th Hole at the Woodmead Country Club on 16 April. Some 120 guests and members attended this annual event. Tersia Davey, chairperson of SAUMA, reported on the year 2009. The two guest speakers also gave insight into the Road Accident Amendment Act and the key regulatory challenges facing the FSB respectively (a summary of both speeches are on page 3).



Chairman's report highlights achievements, plans

The main focus for SAUMA 2009 was to improve our visibility and involvement in the industry. We are very satisfied with our achievements this year and the goals we set for the Association was definitely achieved.

It is great to see that our hard work and efforts in getting clarity regarding the role and responsibility has paid off. Underwriting Managers are definitely the buzz word in the industry and grabbed the attention of a number of players in the industry this year, after realizing the importance of the specific role that we play.

Membership fee constant

Our membership remains constant with three new members this year. Although we have had only one membership fee increase since inception, we will consider an increase in fees next year, particularly with the increase in activity in the association and possible growth in number of permanent employees.

To protect our industry we have to always consider our skills availability, our growth strategies and succession planning particularly in the very niche environments. Due to this we have had some preliminary discussion with INSETA regarding a possible partnership in forming a skills development program, which we as UMA's will have the opportunity to introduce with the sponsorship of INSETA a post graduate internship for a specific period of time, depending on our requirements. The aim will be to provide skill development and possible future job opportunities.



Tersia Davey, SAUMA chairperson

Half-day conferences

During the next quarter we will be launching the first of a number of half day conferences. The first upcoming half-day conference will focus on Industry legislation.

This will also be the first year that SAUMA will be present at the IISA annual conference. We have also given our members the opportunity to advertise their companies and /or supply marketing information via the SAUMA exhibition stall.

Visit our website at www.sauma.org.za for the full report.



SAUMA breakfast and Annual General Meeting

FSB focuses on financial stability

Jonathan Dixon, Deputy Executive Officer of Insurance at the Financial Services Board (FSB), noted that three of the main areas of the FSB's focus are financial stability, prudential regulation and market conduct.

According to Dixon, lessons learned from the financial crisis in so far as financial stability is concerned indicate the need for a system-wide basis of supervision which should include unregulated activities.

Prudential challenges faced by the FSB include the move to risk-based supervision where the focus is shifted from compliance to the identification of the inherent risks within insurers and how they are managing those risks. A document on the FSB's supervisory framework will be released in the next few months.

On market conduct challenges, Dixon noted the establishment by the office of the Minister of Finance of a "Regulatory Round Table", comprising of members of the FSB, Banking Regulators, the National Credit Regulator, SARS and others, to provide a forum for a joint regulatory focus on market conduct challenges.

These include the need for clear guidelines on treating customers fairly, pro-active monitoring and supervision, visible enforcement and ensuring the integrity of the system.

Major FSB projects at present include the Solvency Assessment Management, Treating Customers Fairly and the Binder Regulations projects.



Road Accident Fund

Ric Martin of Eversheds shared information about developments in the Road Accident Amendment Act that affects all citizens, foreign visitors, insurers and underwriting managers.

He highlighted certain aspects that were raised in a recent case where the Act was challenged.

[Click here for the full discussion.](#)

Martin also discussed the current position and what the future may hold.

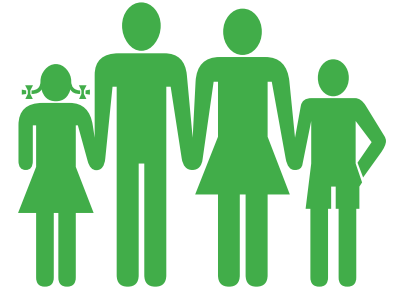
The following points were highlighted which directly pertain to underwriters:

- Underwriters may wish to consider the value of extending this type of cover (the premium income) compared to the risk.
- Underwriters will have to extend cover to provide for the situation where the RAF is unable to compensate the victim or where the claim lies for emotional shock.

In this regard underwriters may wish to limit the cover to curb their exposure.

Risk therapy 106

There is no doubt that a million years from now our individual lives and actions will prove to be of little lasting significance. Nevertheless, we are destined to promote our immediate personal interests to the best of our abilities. Have you dwelt on what the best way to achieve this? There are many solutions of course.



The intention of this opening statement is to sharpen the focus on the here and now; also to reveal the individual's exposures in a broader society or in regulated self-interest vehicles such as companies. We should not consider ourselves immune to, or shielded from, the effects of large positive or negative events, either because we are not the boss or responsibility is not specified in our job description.

Risk is personal

What is meant by 'risk is personal' and what does this mean in our lives? There are many factors for us as individuals to reflect on; here are a few of them:

- a. Many of us shy away from thinking about the personal impact of the risks that we encounter in a group, team or association. Why confront such potential nightmares if we don't have to? In SA as in many other countries, there are many more pleasant distractions. We tacitly encourage ourselves to escape our responsibilities by saying it is not our problem. This is neither true, nor does it encourage constructive behaviour! A useful motivator for new legislation then.
- b. 'Corporate Risk' is a convenient yet obfuscatory umbrella label which some use to shield or obscure the responsibility and personal exposure of the individual. Gone are the days when consumers have no rights.
- c. Corporate Governance standards were established for various reasons. One of these was because some individuals conducting business, not just in corporations, thought that certain laws, rules or morals didn't apply to them.
- d. Ignorance abounds in the field of Corporate Governance / Risk Management legislation within the numerous levels and functions of business. What are your latest responsibilities, more work for the same pay no doubt, but what are the longer term benefits?

- e. Lucrative business models recognise and reward positive individual and team performance success over a prolonged period when compared to the market average. Where would you prefer to be?
- f. New legislation increases the reporting responsibilities and accountability of directors and officers in business. If you are not directly affected by this then you can guarantee that the individuals who are will surround themselves with hand-picked support staff. Would they choose you to contribute to their teams?

You can debate or ignore the above points if you like. However, it would be madness to believe that when your employer or team encounters a major problem, that you would remain magically insulated from the effects. To put it more simply, if they lose, you lose too.

Knock-on effects

The tide is turning. We are quickly approaching a tipping point of sorts; transparency is coming into the practice of business regardless of size. Logically this means that there will be knock-on effects for individuals too, the primary one being the need to take responsibility for your actions.

So where to from here? We are faced with the usual choices, to buy-in and self-improve, ignore it do nothing and hope it goes away or there's always the King Canute option, to demonstrate through our activities that there is nothing we can do to stem the tide.

To close on a positive note, I heartily recommend that you choose to give yourself the best chance to win the business evolution race and adapt to your changing environment.

(Paul Brightman - ART (Pty) Ltd - Creators of Risk Therapy)

For more information write to:
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