

RBS INSIDE Issue



SPRING

Welcome to the **SPRING** edition of our quarterly newsletter! We are not only faced with a change in season but indeed a change in the “climate” of our Insurance Industry.

We constantly have to cope with issues such as legislation, regulation, compliance and transformation.

Risk Benefit Solutions (RBS) is committed to ensuring that we provide our staff with the necessary

training and ongoing development programmes that not only puts us at the forefront of the industry in this regard but will also ensure that RBS has capability to “deliver” well into the changing landscape of South Africa into the future.

Of course nothing changes the challenge to satisfy clients’ needs through providing competitive products which give a fair deal supported by excellent service and delivery.

Proof of VALUE >

FIND in this edition >
page 5

**RBS
CELL PHONE
REFRESHER
COURSE**



Proof of value is increasingly being put to the test in the industry through quite simply; more claims being received in recent times compared to 2004 and 2005. RBS is totally committed to claims service excellence and we trust that we will justify to all of our clients why RBS is your recommended Broker of choice.



the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch
with RBS

inside info
with RBS

industry news
from RBS

in contact
with RBS

volume 3
2007

NEW FOOD FEARS

Agricultural prices have been rising at double digits for more than a year now, with inflation digits at the farm gate measuring a staggering 18,1% year-on-year in April 2007. By contrast, manufacturing food inflation measured 12,6% year-on-year in the same month.

“Agricultural prices are telling us there’s more price pressure building in the food production chain, “ says Stanlib’s chief economist Kevin Lings. Since food manufacturers are forced to accept the given prices of their agricultural inputs, higher produce prices will at some point have to be passed on.

That is likely to put more upward pressure on inflation, giving foods hefty weighting (25,66%) in the CPIX basket.

TOO MANY PAYING THE MINIMUM

“A drop in contributions to retirement funds is cause for alarm, especially in a country where funds available at retirement are often woefully inadequate to maintain pre-retirement living standards.” (Finweek)

This bold fact has been reported on, but digging a bit deeper through the comprehensive lists of data accompanying the survey, is revealing: it seems employees are more at fault than the organization employing them. The message is that individuals must start taking responsibility for their own retirement funding, especially with the dominant transition in South Africa from defined benefit to defined contribution retirement funds.

Overall the average employer contribution is 9,67% (of salary, typically on a cost to company basis) compared with 9,95 in the 2006 survey. For employees, the average contribution has dropped to 5,50% from 5,95% in 2006. At the bottom line, total provision for retirement is down to 11,3% from 11,5%.
(Source e-focus August)



CPIX likely to remain steady – economists

CONSUMER inflation excluding interest on mortgage bonds (CPIX), the measure used by the Reserve Bank for its inflation target, is expected to remain unchanged at 6,3% year on year. CPIX was at an annual 4,1% a year ago. **The Bank’s inflation target range is 3%-6%.** Headline inflation, the percentage change in the consumer price index (CPI), is expected to have slowed slightly to a growth rate of 6,9% year on year from 7% recorded in April.

RBS INSIDE Issue



“Fraud costs insurance industry R850m a year”

says A&G

R850m

The total value of insurance claims was about R17 billion a year and the level of detected and suspected fraud was between 5% and 10% in South Africa. > Insurance fraud involved fabricating losses and claiming for items that the so-called victims did not have. “Fabricating a loss would see someone faking a burglary by

breaking a window and then hiding household items where they think it would never be found.” The Life Offices’ Association (LOA) said the industry settled valid death and disability claims worth more than R19 billion last year.

The LOA said there were 1 369 cases of material non-disclosure valued at R143 million.

FUNERAL AND PERSONAL PROTECTION INSURANCE

Insurance Partnership Solutions, a wholly owned subsidiary of Risk Benefit Solutions, has recently launched a Funeral and Personal Protection Insurance Policy aimed at Corporate Clients.

1) Leon Theron, of IPS, explains that Large Corporates are continuously pressurized on issues like their commitment to social responsibility and transformation and often miss out on the opportunity to invest in their own employees. IPS has negotiated with leading insurers to present a **Funeral & Personal Protection Package** designed for Corporates to show employees you really care.

2) The package of benefits is hard to beat, so your staff will benefit by getting family cover at a premium. No application forms, medical check-ups or waiting period required. We are able to “white label” the policy for the company, if required. All you have to do is submit a schedule on a monthly basis listing the employees name, including a single payment for all your employees and they and their immediate family are covered, it’s really that simple.

3) **POLICY COVER** The Funeral & Personal Protection Insurance plan is feature rich and highly affordable: covering your employee, their spouse and children.

	Employee Plan
Net Monthly Premium	R20.00 pm
Funeral cover	
Main member	R10 000
Spouse	R10 000
Children (aged 14 - 21)	R10 000
Children (aged 6 - 13)	R5 000
Children (aged birth - 5)	R2 500
Stillborn	R1 250

Personal Protection Plan – HIV/AIDS

Family cover – access to Trauma Life Centre and Anti-Retroviral Treatment Included in Premium

Contact Details

Send an email to leon@insurance-partnership.co.za with your contact details and we will get back to you.

Give a call on 0860-440044 or fax us on 0860-004444 for more information

the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch with RBS

inside info with RBS

industry news from RBS

in contact with RBS

volume 3
2007

RBS INSIDEissue



risk|benefit|solutions
insurance brokers and risk managers

Challenges faced by the Short-term Insurance Industry

Proof of **VALUE**
make sure you are adequately insured
sharecall: 086 007 2765



Weather related type losses

The underwriting results of insurers have been significantly affected by the number of claims and escalation of value due to adverse weather conditions such as the floods in the Eastern and Western Cape, severe rain and hail in Gauteng, and significant storm damage in Namibia.



Motor

The motor account across all insurers was severely impacted by an increase in the incidence of vehicle accidents, hijackings and the continuous escalation in repair costs.

Corrective action has been introduced by almost all Insurers on the motor account, in order to ensure that the correct level of premiums is being charged. The impact on the motor account is just a local phenomenon; we are seeing the same trend happening overseas, where overseas insurers are also increasing motor premiums significantly.



Under Insurance

We are still seeing a large number of cases where underinsurance is a major factor. Underinsurance can put policyholders under extreme financial strain, resulting in severe financial risks being taken by policyholders if they are not fully indemnified following loss or damage to their property.

It is the responsibility of the policyholder to ensure that sums insured are updated at least once a year, especially in view of the volatility of the rand/dollar exchange rate.

ONLY 40% OF DRIVERS ARE INSURED

An unbelievable 60% of South African drivers travel our roads with no car insurance, making them susceptible to financial ruin. "If you have no insurance and crash into a Rolls Royce or a Mercedes, the person whose property you damage has the right to sue you in your personal capacity – which could turn out to be financially crippling."

Apart from the obvious repair costs for which the driver will be personally responsible, the other costs involved (including loss of earnings, pain and suffering, among other things), costs the economy up to R12 billion a year.

There are proposed amendments which intend to limit Road Accident Fund's responsibility for personal injury and remove the right to sue over and above Road Accident Fund compensation.

Unless consumers have their own motor vehicle and personal accident insurance, they could be seriously out of pocket and unable to sue the negligent party for all of their losses.

In countries like the UK, where the accident rate is much lower, it is compulsory to have car insurance before turning on the ignition. 'Current statistics reveal that one is 10 times more likely to die on South African roads for every 100 000 kilometres travelled, as opposed to the UK and Australia.



the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch
with RBS

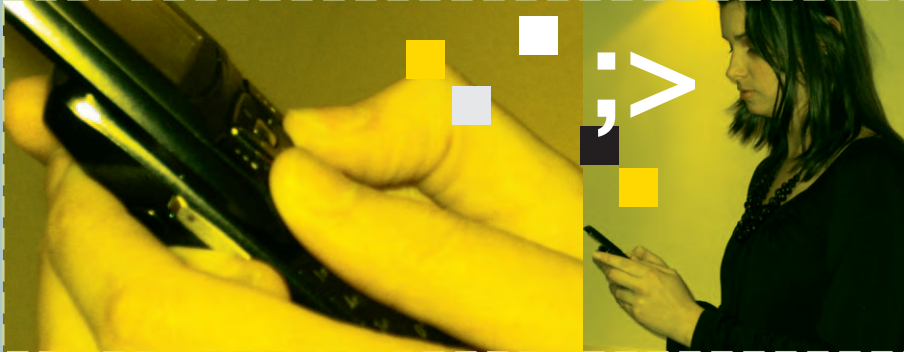
inside info
with RBS

industry news
from RBS

in contact
with RBS

volume 3
2007

RBS INSIDE Issue



TIPS: USEFUL CELL PHONE INFORMATION

> There are a few things that can be done in times of grave emergencies. Your cell phone can actually be a life saver or an emergency tool for survival. Check out the things that you can do with it:

Number 1

> The Emergency Number worldwide for cell phones is 112 . If you find yourself out of the coverage area of your mobile network and there is an emergency, dial 112 and the cell phone will search any existing network to establish the emergency number for you, and interestingly this number can be dialled even if the keypad is locked!

>

Number 2

> How to disable a STOLEN cell phone?
>

To check your cell phone's serial number, key in the following digits on your phone: * # 0 6 #
A 15 digit code will appear on the screen. This number is unique to your handset. Write it down and keep it somewhere safe. If your phone is stolen, you can phone your service provider and give them this code. They will then be able to block your handset so even if the thief changes the SIM card, your phone will be totally useless. You probably won't get your phone back, but at least you know that whoever stole it can't use/sell it either. If everybody does this, there would be no point in people stealing mobile phones :)

Number 3

> Have you locked your keys in the car? Does your car have remote keys? This may come in handy someday. If you lock your keys in the car and the spare keys are at home, call someone at home on their cell phone from your cell phone. Hold your phone about a foot from your car door and have the person at your home press the unlock button, holding it near the cell phone on their end. Your car will unlock.

>

Saves someone from having to drive your keys to you. Distance is no object. You could be hundreds of kilometres away, and if you can reach someone who has the other remote control for your vehicle, you can unlock the doors;>

Number 4

> Hidden Battery power. Imagine your cell battery is very low, you are expecting an important call and you don't have a charger. Nokia instruments comes with a reserve battery. To activate, press the keys *3370#

> Your cell will restart with this reserve and the instrument will show a 50% increase in battery. This reserve will get charged when you charge your cell next time :(

the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch
with RBS

inside info
with RBS

industry news
from RBS

in contact
with RBS

volume 3
2007

RBS INSIDEissue

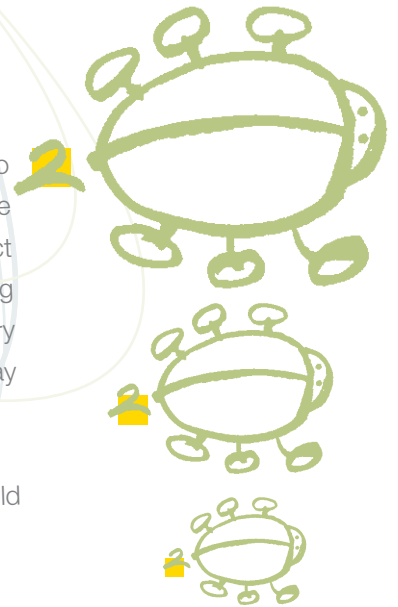


New Computer bug targets flash sticks

A NEW bug has been detected that could cripple the easy transfer of information by memory stick.

The attacker is a worm dubbed **SillyFD-AA** that spreads by copying itself onto removable drives, such as USB memory sticks. It runs automatically when the device is next connected to a computer. As businesses build strong defences to protect against e-mail viruses and bugs down-loaded from the internet, hackers are looking for less well defended routes, such as memory sticks, to infect computers. Memory sticks are often given away by marketing people and have become a common way for people to take work home or on business trips.

Users should be cautious when plugging an unknown device into their PC as it could have malicious code on it. (Source: Business Day)



SABC gets tough on licences

THE SABC unveiled plans to stiffen television licence collection by introducing inspectors armed with sophisticated monitoring gadgets and legal authority to enter premises.

By law all owners of a television set or computer that received a broadcast signal are required to hold a television licence for each set.

This is a lucrative revenue channel for the SABC, making up 20% of annual operating revenue.

The public broadcaster wanted to be able to rely more on revenue from television licences, which formed part of its three sources of income.

The other two are government funding and advertising.

There were two ways the SABC could boost revenue increasing the licence price for consumers from R225 a year; increasing the number of paid-up licence holders, including licences "sold" through effective policing.

Inspectors would be equipped with identity tags, as well as handheld, palm-top computers to monitor and record, via GPSW mapping, households and businesses operating television sets illegally. Should a television set owner not hold a licence, they would be subject to a fine equal to double the amount of the licence – or R500. Inspectors would only be allowed to visit during "reasonable hours". Home owners could call a number to verify an inspector's identity. (Source: The Cape Time, Thom McLachlan)

FAST FACTS >>>>>>

A weekly collection of facts and figures selected by *The Globalist*.

> A US soldier in World War 2 wore gear worth \$175 compared with \$17 000 (R120 360) today.

> The labour cost per vehicle of Chinese car makers is \$30.80 (R218) compared with \$220.50 for US car makers.

the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch with RBS

inside info with RBS

industry news from RBS

in contact with RBS

volume 3 2007

RBS INSIDEissue



Alliance Business Broking

The Alliance Group, of which Alliance Business Brokers is an integral part, aspires to become the world's first choice asset sales and services group.

Buying or selling a business is one of the most important transactions of one's life. Alliance Business Brokers lead its clients through every conceivable step of the process. Each of our brokers seamlessly analyse a wide range of businesses from first-hand knowledge, using their experience, understanding and awareness of market values and trends. Business broking is essentially a people function, and the overall quality of the transaction is very much dependent on the quality of the business broker.

Comments Rael Levitt, Alliance Group CEO: "The offering of Alliance Business Brokers is a particularly compelling one given the buoyancy of the national economy and the myriad opportunities that exist out there for ambitious entrepreneurs. Up until now, a bespoke business brokerage has not existed in South Africa, so we are proud to launch this new venture," he said.

FAST FACTS

continued >>>>>>

A weekly collection of facts and figures selected by *The Globalist*:

> Between 1950 and 2006, Nigeria's population grew fourfold, from 33 million to 134 million.

> More than 20 percent of the population of Johannesburg, South Africa's business capital, lives in shacks.



> Based on current birth trends, the last Japanese will die by 2 800.

> Spanish is spoken by more than 40 million people in Spain, 45 million people in the US and 400 million people worldwide.

> Brazil is the world's largest coffee exporter by volume – followed by Vietnam, Colombia, Indonesia and Guatemala.

> As of last year, Tiger Woods is the highest-paid athlete in the world, making about \$80 million a year – or about \$219 000 a day.



the way insurance should be

sharecall: 086 007 2765

www.rbsolutions.co.za

in touch
with RBS

inside info
with RBS

industry news
from RBS

in contact
with RBS

volume 3
2007