

Presentation to SCOF by Sasria SOC Team

20 August 2019

Agenda

- History
- Mandate
- Legislative Framework
- Business Model and products offering
- Our Strategy – Vision 2024
- New Challenges

Our History

Soweto riots.

Insurers and reinsurers decided to exclude political risk cover.

Section 21 company (non-profit association) formed in 1979.

Government was the reinsurer of last resort.

Conversion of Sasria Act No. 134 of 1998 was passed and it effectively:

1. Converted Sasria to a limited company;
2. State the sole shareholder;
3. Actuarial determination of assets surplus to the needs of Sasria; and
4. Special dividend of approximately R11 billion paid to the Government.

Our Mandate

- Sasria has a specific strategic mandate that is prescribed and further informed by the Reinsurance of Damages and Losses Act of 1989, the Conversion of Sasria Act of 1998 and continuous engagement with National Treasury.
- As per the mandate, Sasria's objectives are as follows:
 - To provide special perils cover for damage caused by those perils listed in the Reinsurance of Damage and Losses Act 56 of 1989 and any other perils, which may be deemed necessary or viable by the Sasria management and board of directors.
 - In addition, it is Sasria's purpose to research and investigate coverage for any special peril that can be considered to be of national interest.

Our Mandate

- Sasria's insurance perils:
 1. Any act directed to overthrow the Government (local, provincial, national or tribal authority) by means of fear, violence or terrorism;
 2. Any act directed to bring about damage in order to achieve political, social or economic change, or in protest against any Government or for the purpose of inspiring fear in the public;
 3. Any riot, strike or public disorder (includes civil commotion, labour disturbances or lockouts);
 4. Any attempt to perform any act mentioned above; and
 5. Any act by lawfully established authority in controlling or suppressing any occurrence referred to above

Legislations Governing Sasria

- Reinsurance of Material Damages and Losses Act No. 56 of 1989;
- Conversion of Sasria Act No. 134 of 1998;
- Insurance Acts and Regulations;
- Companies Act;
- PFMA; and
- Any other relevant legislations.

Business Model and Products Offering

- ❑ Affordability premium and tariff rates system;
- ❑ Operating on a non – refusale and non-cancellable basis;
- ❑ Binder Agreement/Outsource Agreement with Insurance companies;
- ❑ Brokers and direct insurers perform intermediary function on behalf of Sasria; and
- ❑ Non Government guarantee, reinsurance cover bought in open market based on our PML and capital adequacy exercises.

- ❑ **Sasria Products:**
 1. Primary coupon - R5000million; and
 2. Sasria Wrap - R1billion.
- ❑ **Classes of Business:**
 1. Fire
 2. Business Interruption;
 3. Money;
 4. Transit; and
 5. Motor
- ❑ **Target Market:**
 1. Commercial /Corporate Clients (70%)
 2. Personal Lines (30%).

Vision, Mission and Values



Our vision for the past five years has served us well, reflecting both our core purpose and a strong sense of association with our customers in South Africa:

Vision:

Special risk covered.

Mission:

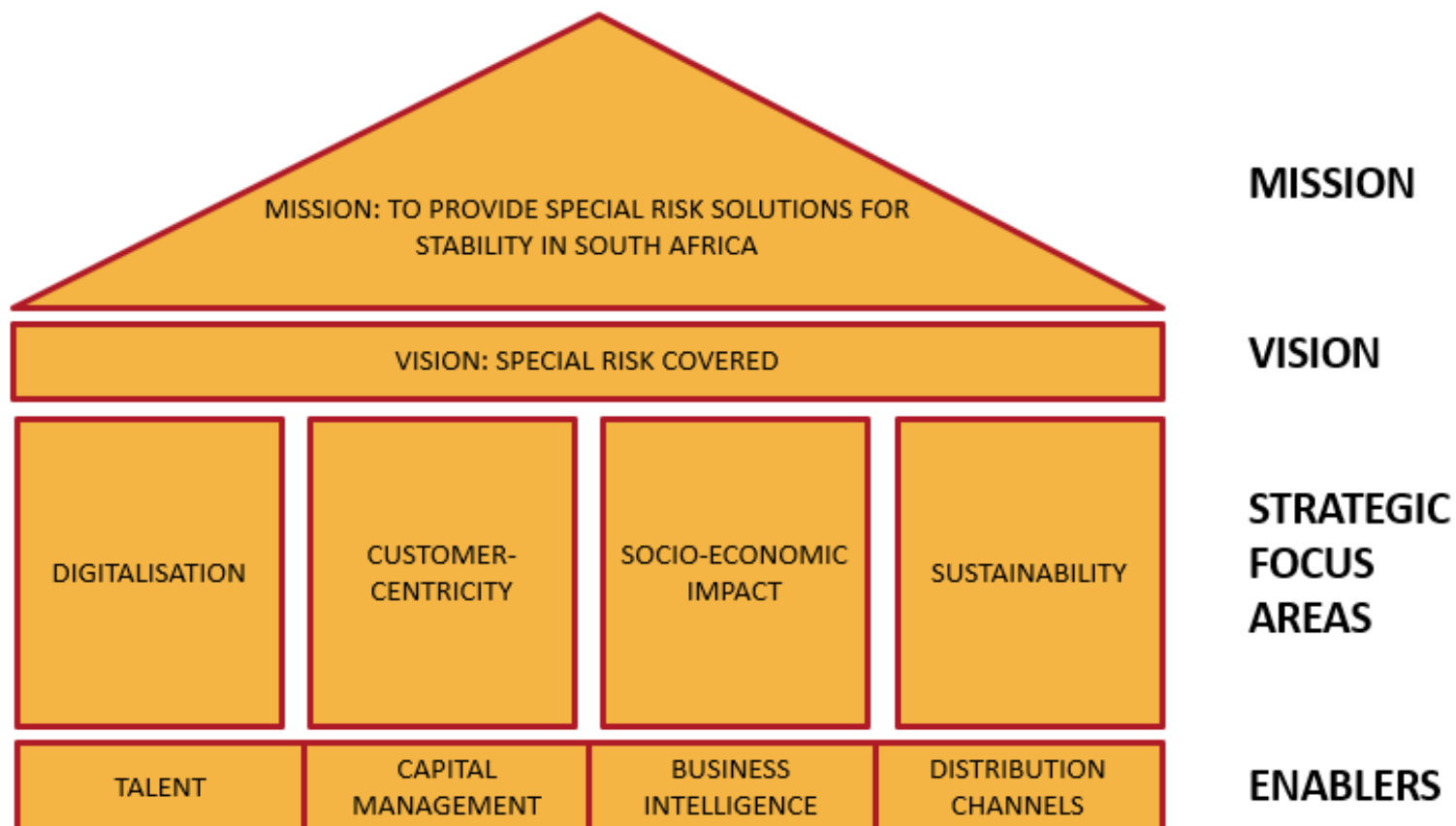
To provide special risk solutions for stability in South Africa.

Core Values:

The following values underpin Sasria's pursuit of its stated vision and mission:

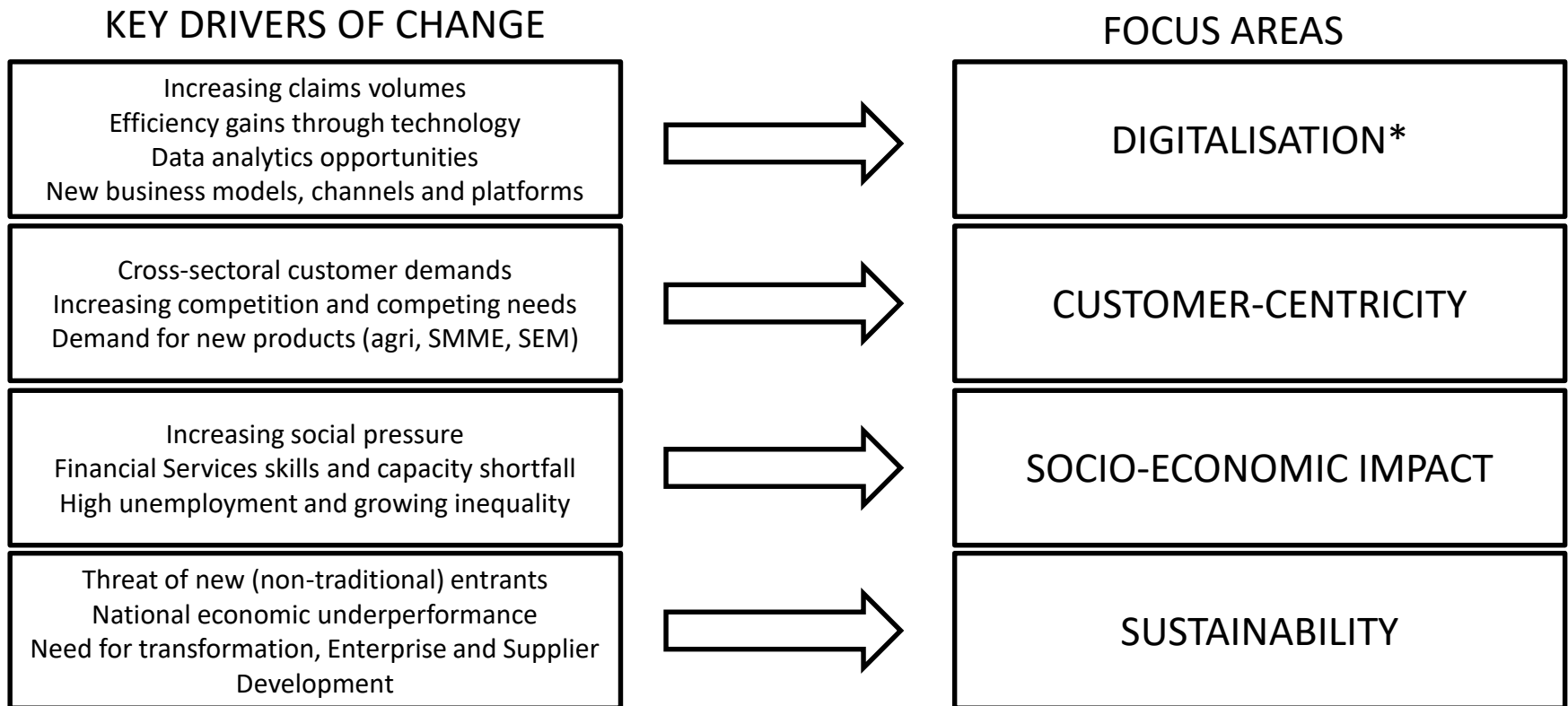
- **Fairness** - we will treat all our stakeholders impartially and with respect, recognising our accountability to them;
- **Ethics** - we will conduct ourselves in a manner that is transparent and ethical: courageously doing what is right, honouring our commitments and communicating honestly;
- **Service Excellence** – in the performance of our work, we will consistently apply our knowledge, experience and best efforts to deliver a relevant and professional service of an exceptional standard;
- **Collaboration** - we will engage with our stakeholders, assuming positive intent, respecting diversity and working together to create uniformly positive outcomes.
- **Innovation** – we will apply thought and creativity to the application of new solutions to our and our customers' needs and requirements.

Our strategic framework illustrates the interrelationship between vision, mission, focus areas and enablers



VALUES: Fairness / Ethics / Service Excellence / Collaboration / Innovation

We isolated four key Strategic Focus Areas that will shape our strategy.



Key Performance Indicators

KPI #	Weighting	Strategic Objective	KPI	Performance target
1	10%	Sustainability – sustainable growth	Gross written premium income growth as % budget	Achieve GWP income of at least R2 352 billion income
2	5%	Sustainability – sustainable growth	Premium income from alternative distribution channel	R2 million
3	5%	Sustainability – profitability / return on underwriting capital	Gross incurred loss ratio % adjusted for outliers ¹ . 3-year rolling, excluding IBNR reserve	≤46% gross incurred loss ratio % adjusted for outliers. 3-year rolling, excluding IBNR reserve
4	5%	Sustainability – ensure sound corporate governance within Sasria	No irregular, fruitless, unauthorised and wasteful expenditure (% expenditure)	0% irregular, fruitless, unauthorised and wasteful expenditure
5	5%	Sustainability – ensure sound corporate governance within Sasria	No findings on unethical behaviour by any staff member	No findings on unethical behaviour by any staff member
6	5%	Sustainability – ensure sound corporate governance within Sasria	Submit all PFMA submissions within the stipulated deadline	Submit all PFMA submissions within the stipulated deadline
7	5%	Sustainability – ensure sound corporate governance within Sasria	Achieve unqualified audit opinion without matter of emphasis	Achieve unqualified audit opinion without matter of emphasis

8	5%	Sustainability – ensure Sasria talent aligns with business strategy	% implementation of succession plan for critical roles	Succession plans for all critical roles approved and development plans in place, monitored and reported-on
9	10%	Customer-centricity – customer service	Fast-track claims turnaround time (days)	90% of fast track claims settled within 25 days
10	10%	Customer-centricity – customer service	Large losses claim turnaround time (days)	70% of large losses finalised within 50 days
11	5%	Customer-centricity – customer satisfaction	Claims reported to the short-term insurance Ombudsman as a % of the total number of claims received	0.1% of claims to the total number of claims received
12	5%	Customer-centricity – customer satisfaction	% reduction of complaints related to poor customer service (baseline 2018/2019 as per Compliance Office)	50% reduction of complaints relating to poor customer service by clients, brokers and agent companies
13	5%	Socio-economic impact - social transformation	Score achieved with regard to FSC codes (skills development)	Score 23 out of 25
14	5%	Digitalisation – fit-for-purpose	ERP system project – technology integration (Finance, procurement, HR)	100% completion of the project

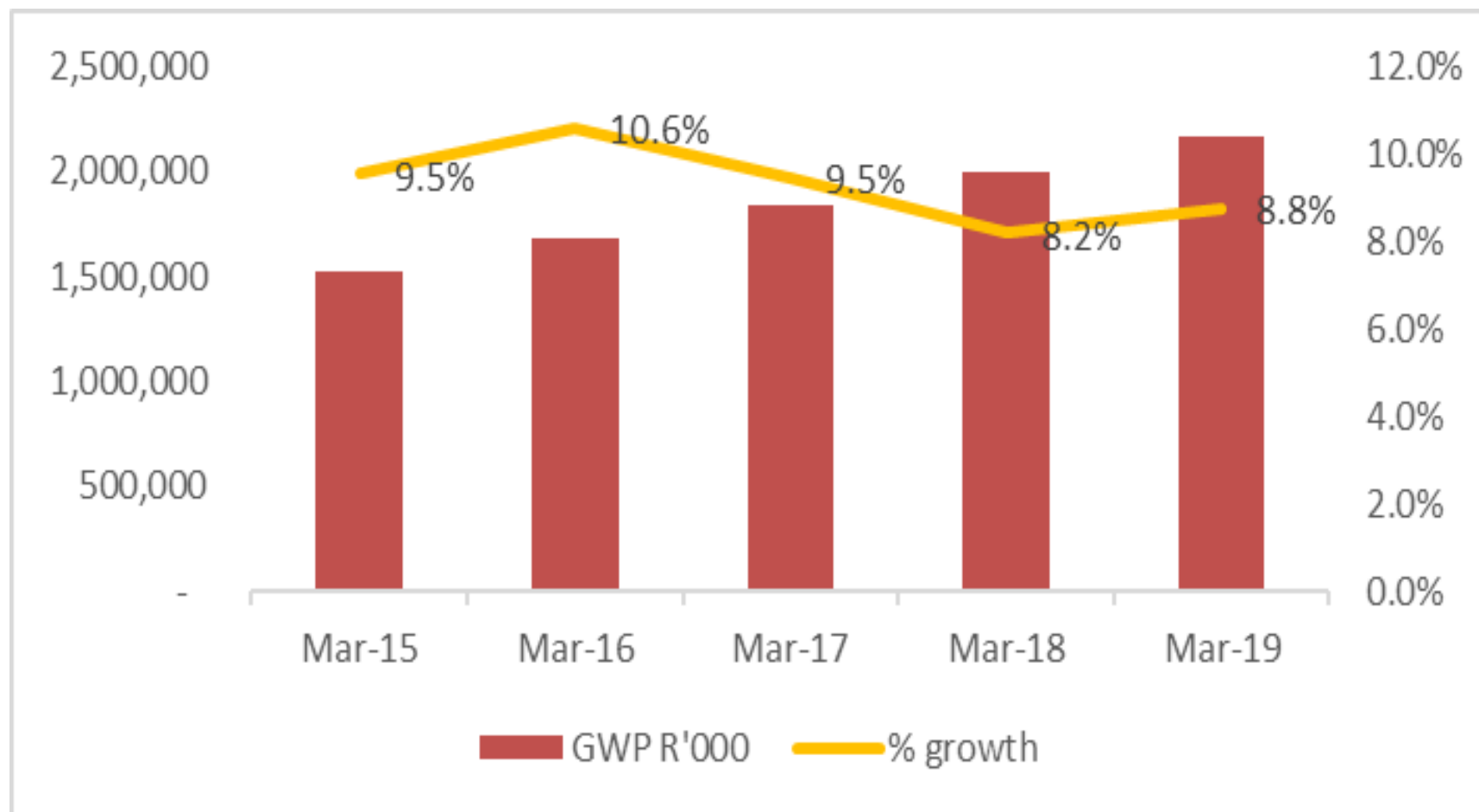
15	5%	Digitalisation – operational excellence	% of automation of claims and accounting management	100% completion of the project (Claim and accounting management)
16	5%	Digitalisation – distribution capability	Expand Sasria's digital reach/footprint (%)	25% website traffic increase to social media footprint against 2018 baseline
17	5%	Sustainability – sustainable growth	% Operational expense ratio by 31 March 2020 excluding binder fees, CSI and bonus provision	≤9% operational expense ratio by 31 March 2020 excluding binder fees, CSI and bonus provision both STI and LTI (decreasing to 6.5% in year 5)

Changing Environment

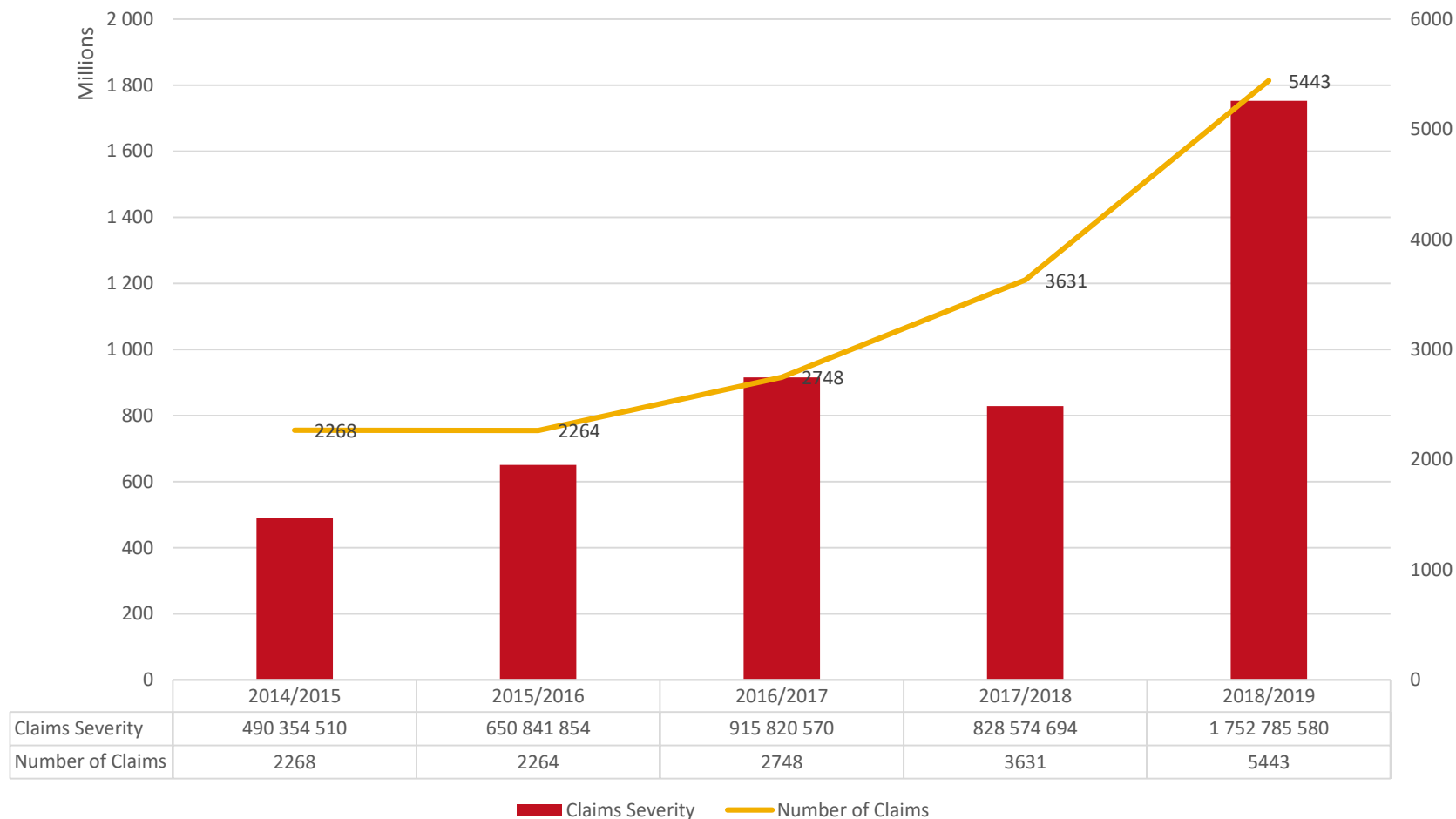
- ☐ High unemployment especially among the youth and graduates;
- ☐ Other social problems – inequality and poverty;
- ☐ Rapid urbanisation;
- ☐ Slow economic growth;
- ☐ Increase in frequency and severity of claims over the past five years; and
- ☐ Scarcity of talent.

Financial Highlights – 2015/2019

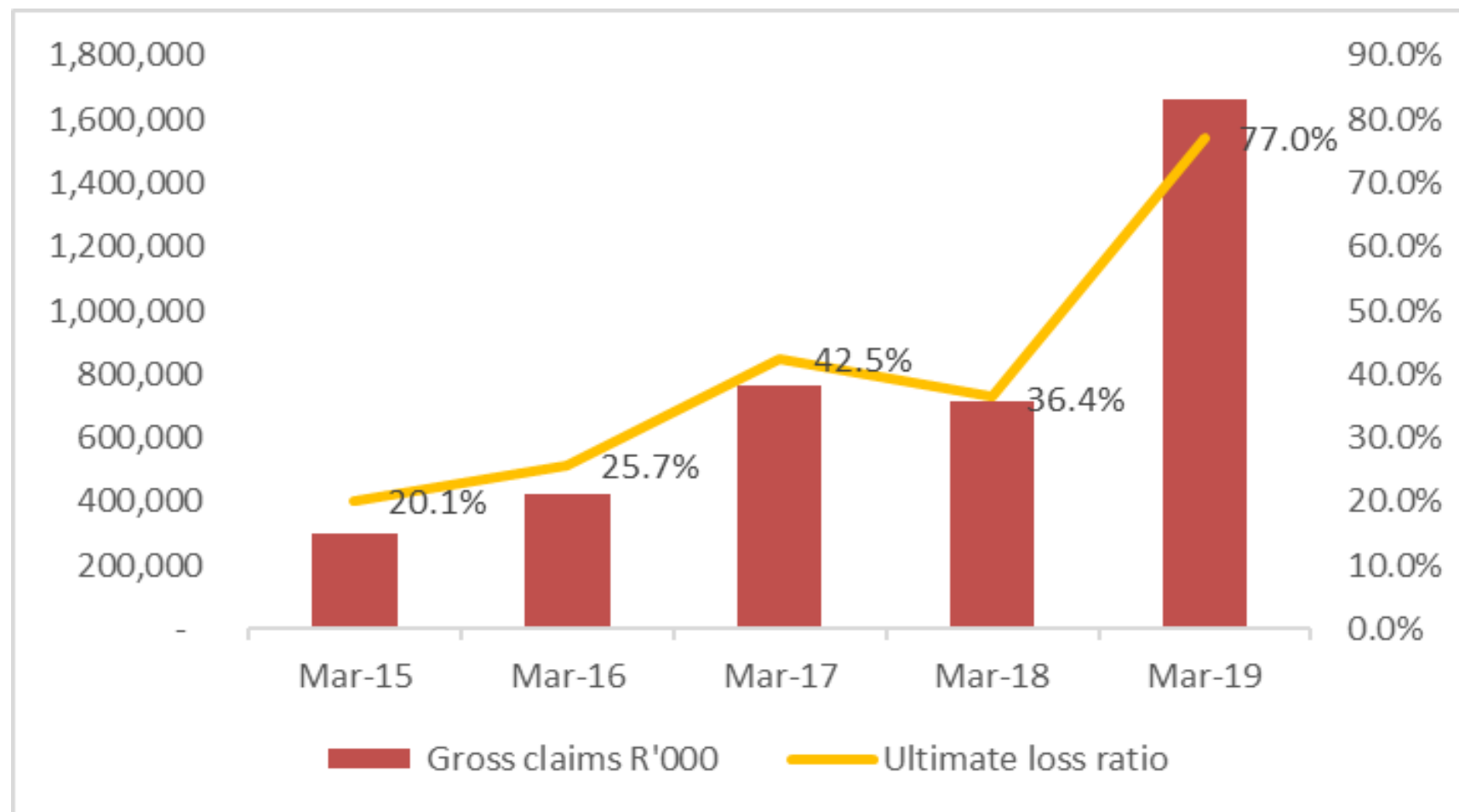
Gross written premium



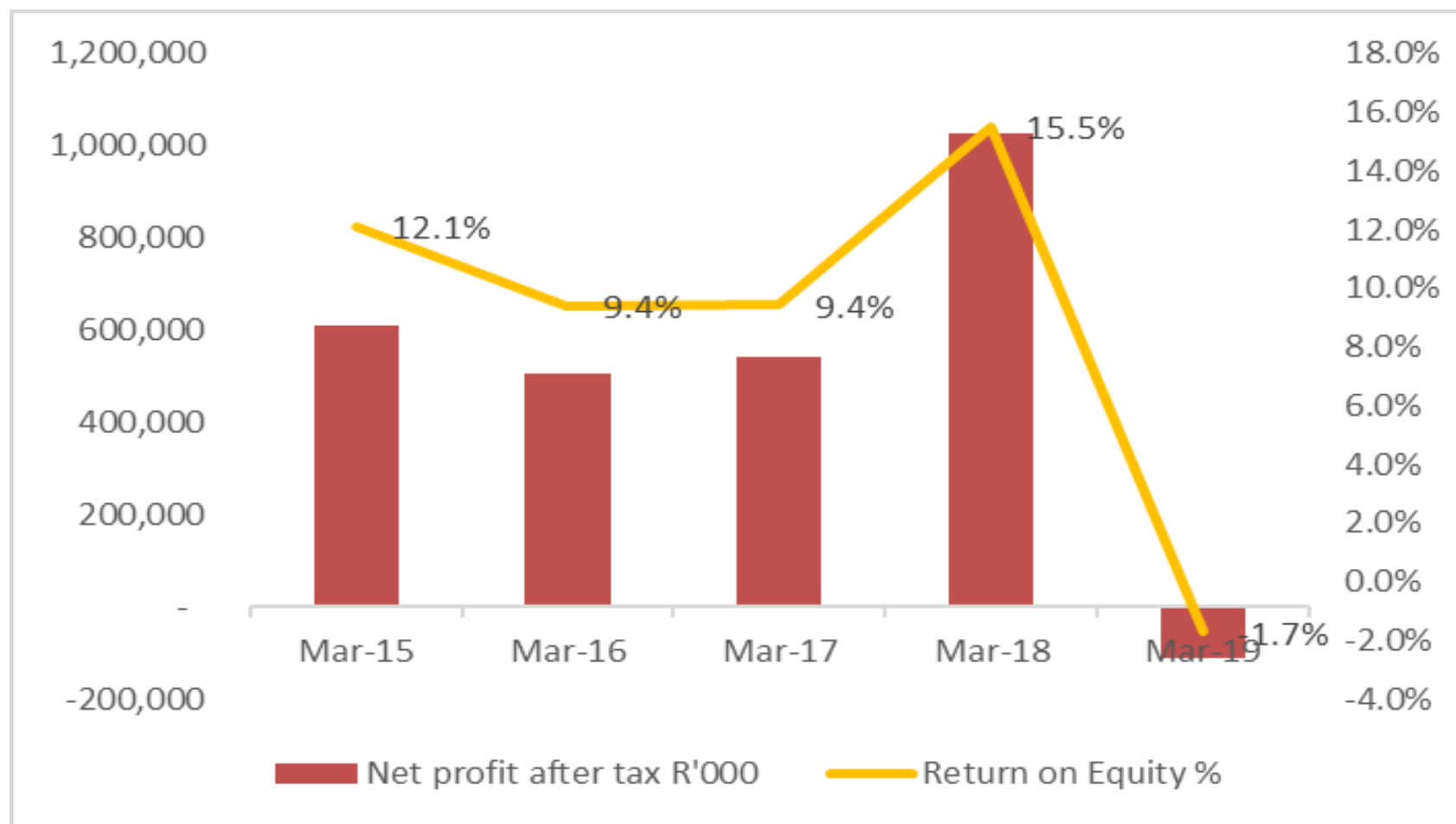
Claims Frequency and Severity



Gross Claims & Loss ratio



Net Profit / Loss



THANK YOU!