Annual Report 2011

For the period ended 31 March 2011

Presented by: **Adam Samie (Chairperson of the Audit Committee)**
Cedric Masondo (Managing Director)
Karen Pepler (Financial Director)

04 November 2011

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.

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Mandate

- Legislation governing Sasria:
  1. Reinsurance of Material Damages and Losses Act No. 56 of 1989; and
  2. Conversion of Sasria Act No. 134 of 1998.
- 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.

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Business Model

- Affordable premium;
- Operating on a non-refusable and non-cancellable basis;
- Partnership with insurance companies and brokers;
- Reinsurance cover bought in open market;
- A strong balance sheet; and
- Responsible investing of surplus capital.

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Strategic Objectives

Optimisation of Shareholder Value	• Increase of net income by:
	  • Increase in premium and investment income; and
	  • Managing expenses.

Establishment of a Broader Customer Base	• Enhancement of current products. • Introduction of new products. • Maximisation of Sasria brand and product awareness.
Integration and Alignment of Processes	• Ensuring Good Corporate Governance. • Knowledge Management.
Investment in Human Capital Development	• Sustainable Employment Brand.
Development of a Customer Centric Culture	• Provide superior customer service to internal and external stakeholders. • Meet and exceed industry benchmarks.

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Insurance Activities by Class of Business

Class of business	Year ending 31 March 2011 R'000	%	Year ending 31 March 2010 R'000	%	Year ending 31 March 2009 R'000
Contract Works	33,334	39.2	23,953	(6.40	25,508
Fire	775,091	29.5	598,618	20.5	496,687
Goods in Transit	9,196	19.5	7,694	44.9	5,311
Home Loan Guarantee	929	829.0	100	5.3	95
Money	5,400	65.8	3,256	46.8	2,218
Motor	186,965	23.1	151,927	15.6	131,469
Total	**1,010,915**	**28.7**	**785,548**	**18.8**	**661,288**

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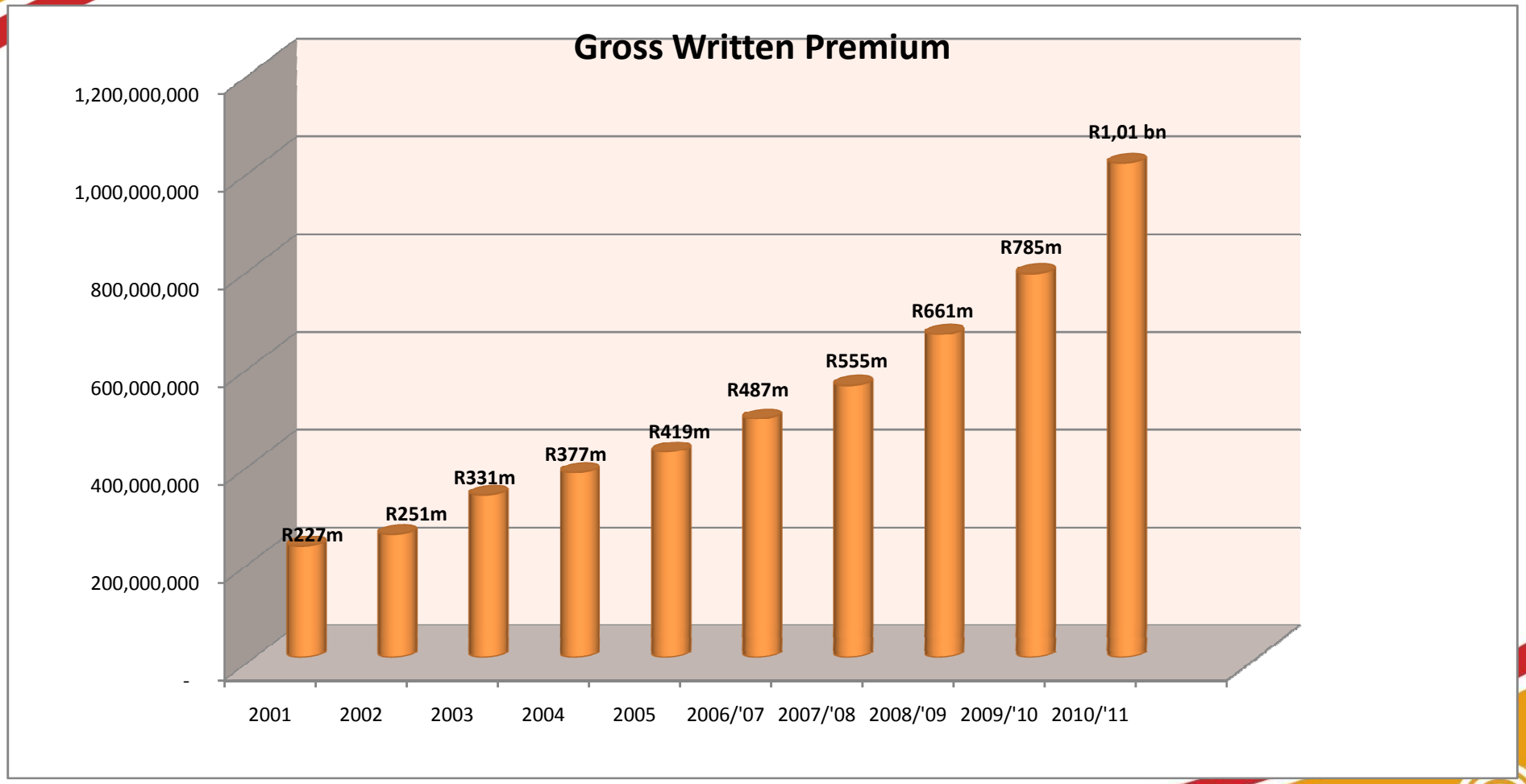
Gross Written Premiums



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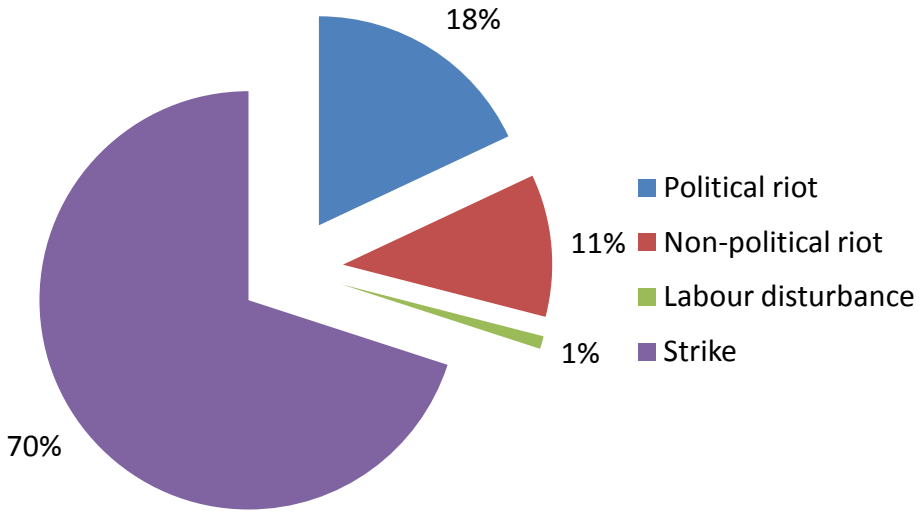
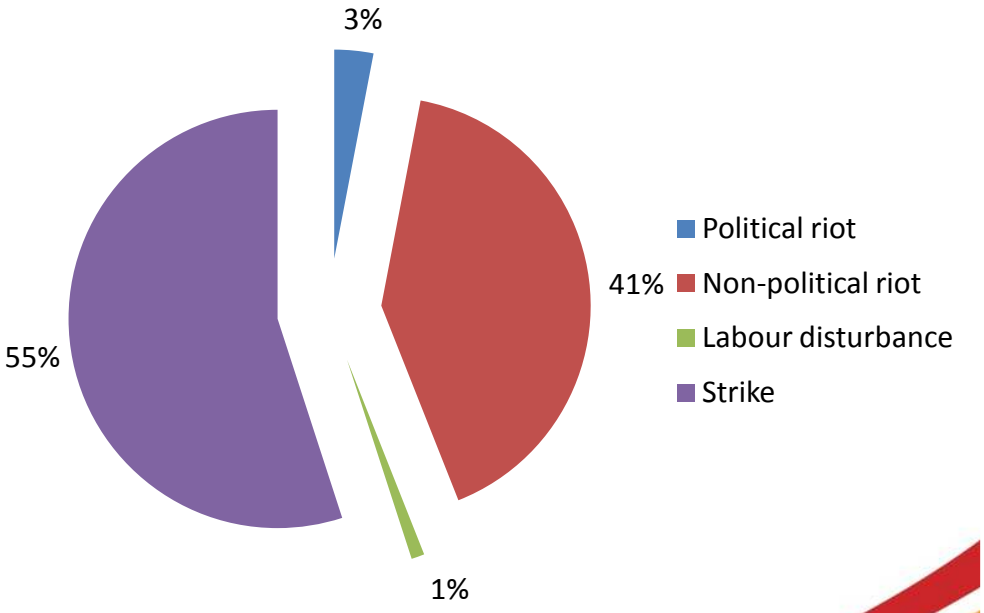
Claims Trends Per Peril

2011



2010



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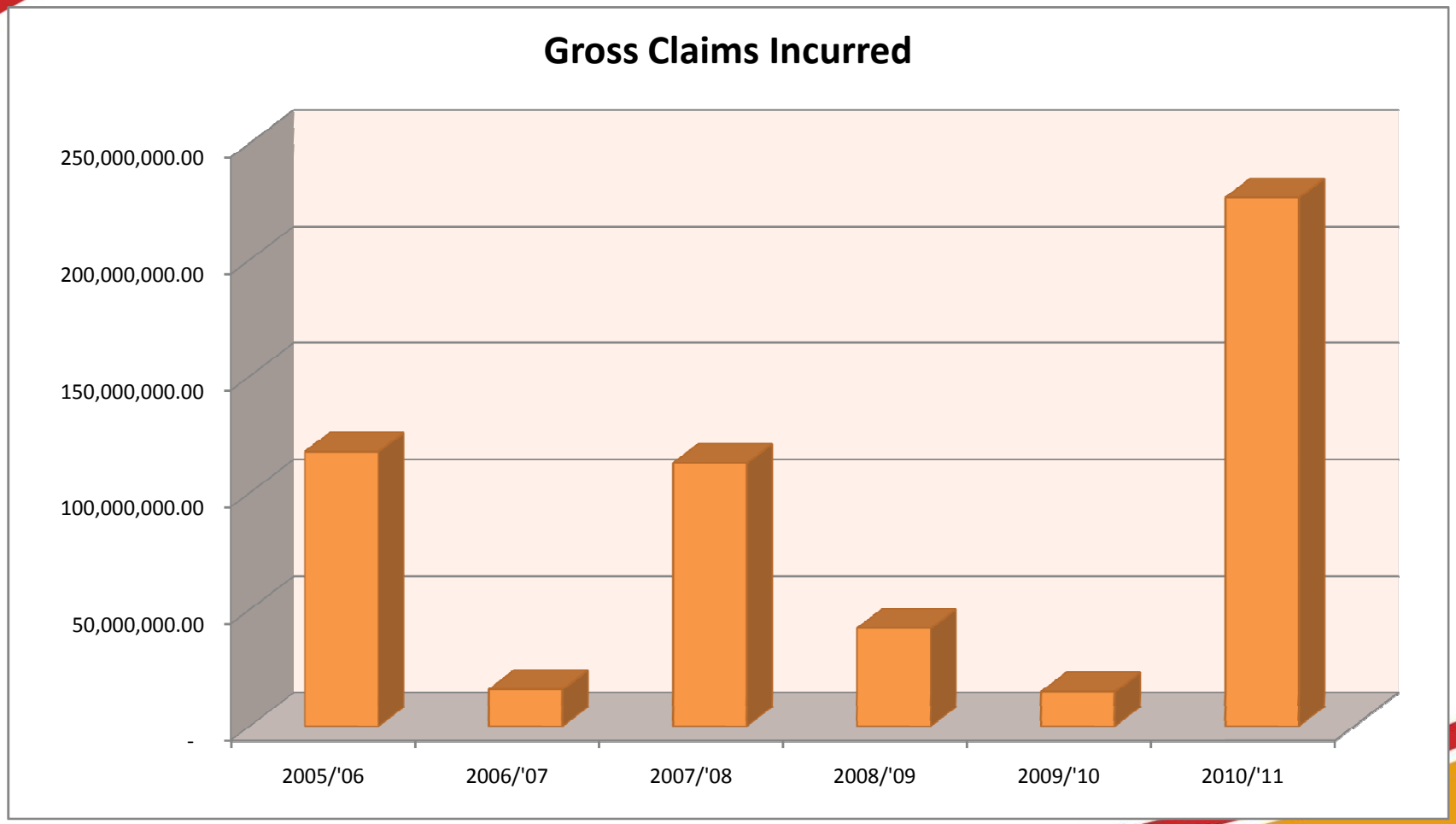
Gross Claims Incurred



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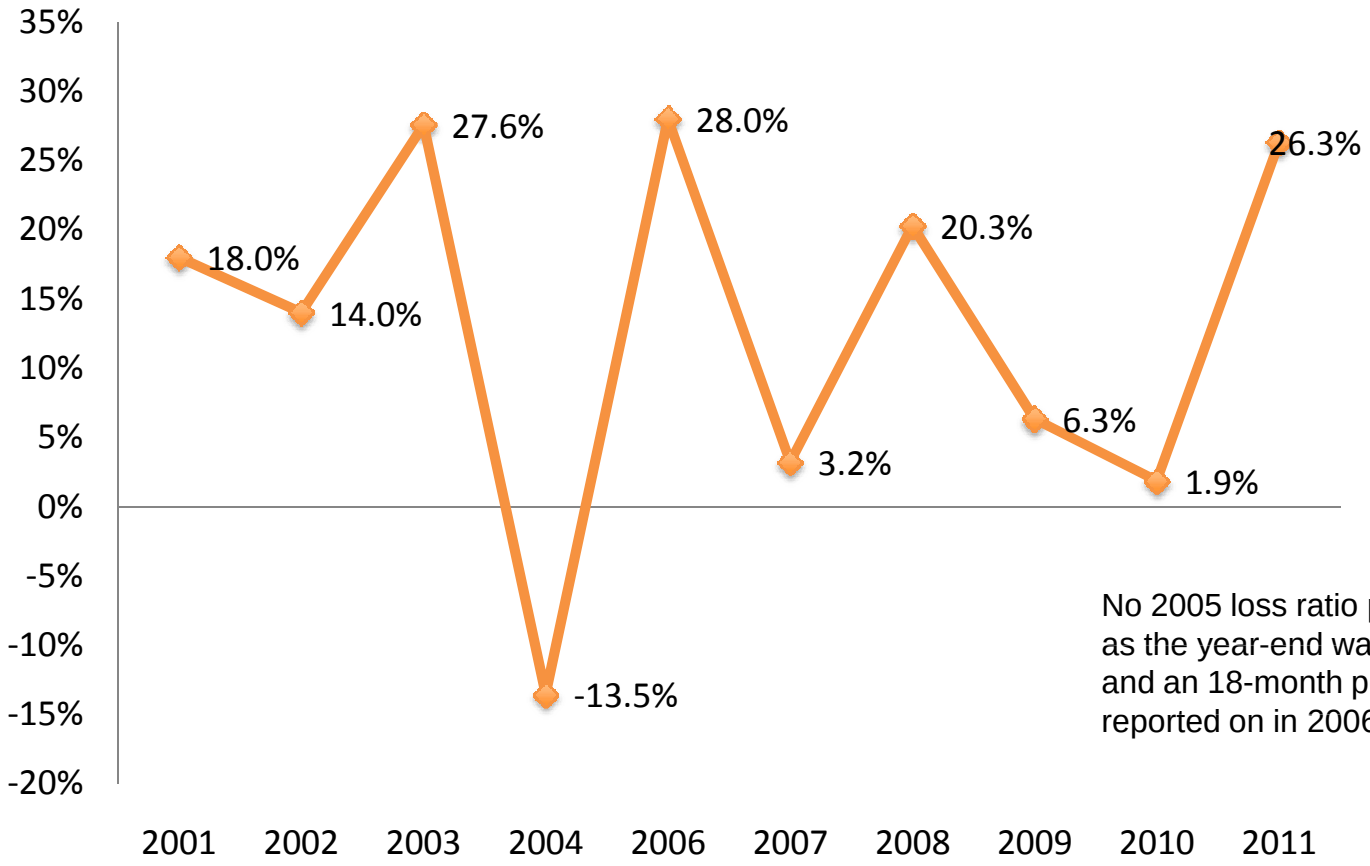
Loss Ratio



No 2005 loss ratio presented as the year-end was changed and an 18-month period was reported on in 2006

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Statement of Comprehensive Income

Statement of comprehensive income	2011		2010		2009
	R'000	% change	R'000	% change	R'000
Gross insurance premium written	1,010,915	28.7	785,548	18.8	661,288
Insurance premiums ceded to reinsurers	(407,646)	23.2	(330,990)	22.0	(271,247)
Investment income	296,789	(21.3)	377,103	69.6	222,318
Net insurance claims	(167,151)	3,523.8	(4,613)	(88.3)	(39,382)
Share of profit /(loss)of associate	9,200	(133.8)	(27,200)	156.7	(10,597)
Profit before tax	616,204	(11.9)	699,317	44.8	482,999

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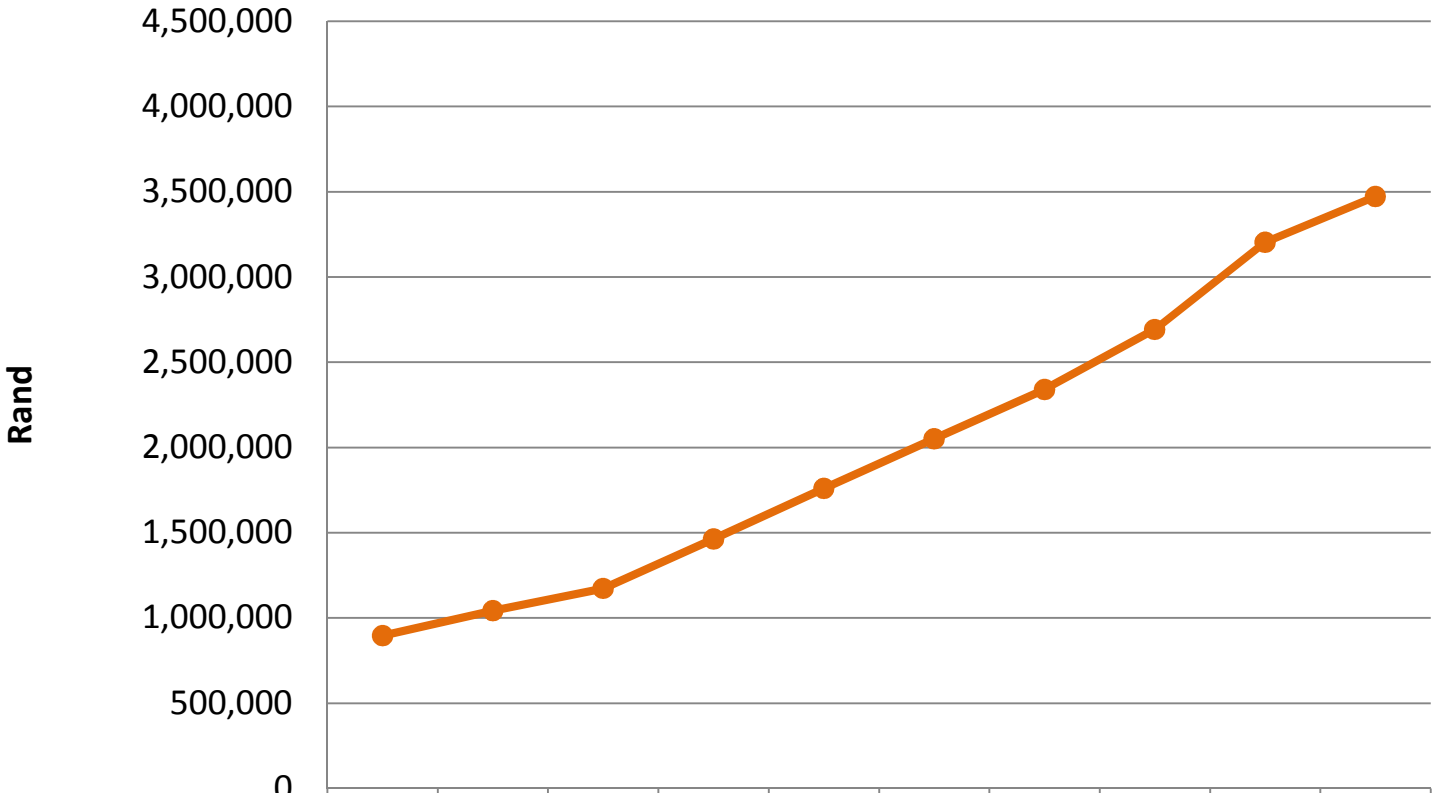
Capital Growth



	2000	2001	2002	2003	2004	2006	2007	2008	2009	2010
Total Equity (Bn)	R 894	R 1,0	R 1,1	R 1,4	R 1,7	R 2,0	R 2,3	R 2,6	R 3,2	R 3,4

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Statement of Financial Position

Statement of financial position	2011		2010		2009
	R'000	% change	R'000	% change	R'000
Total assets	4,115,383	11.5	3,691,993	15.8	3,187,014
Total equity	3,471,007	8.4	3,202,120	19.0	2,691,122
Total liabilities	644,376	31.5	489,873	(1.2)	495,892

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Financial Highlights

Solvency ratio	• 2011 – 575% • SAM – 156%
Capital reserves	• 2011 – R3.4 billion • One in 200 year event – R10 billion
Dividend paid	• Dividend policy approved in 2011 • Paid R153.5 million dividend
Loss ratio	• 2011 – 26.3% • YTD – 24.6%
Management expense ratio	• 11.6%
Profit after tax	• R616 million – 2% towards CSI

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Corporate Social Investment

CSI focus areas: Youth and Education

- Investing R5 million in SAADP (R23 million to date) - produced 70 graduates and 7 qualified actuaries.
- Partnership with UJ - Maths & Science Centre at the Soweto campus.
- Partnership with Sci-bono through the GDE, invested R2.1 million to implement the Gauteng Maths, Science and Technology Education Strategy .
- Ten bursaries for school learners (R355,000).
- Two bursaries for learners with special needs.
- Annual donations to Noah's Ark (AIDS charity) and South African Golf Development Board.

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Questions?

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