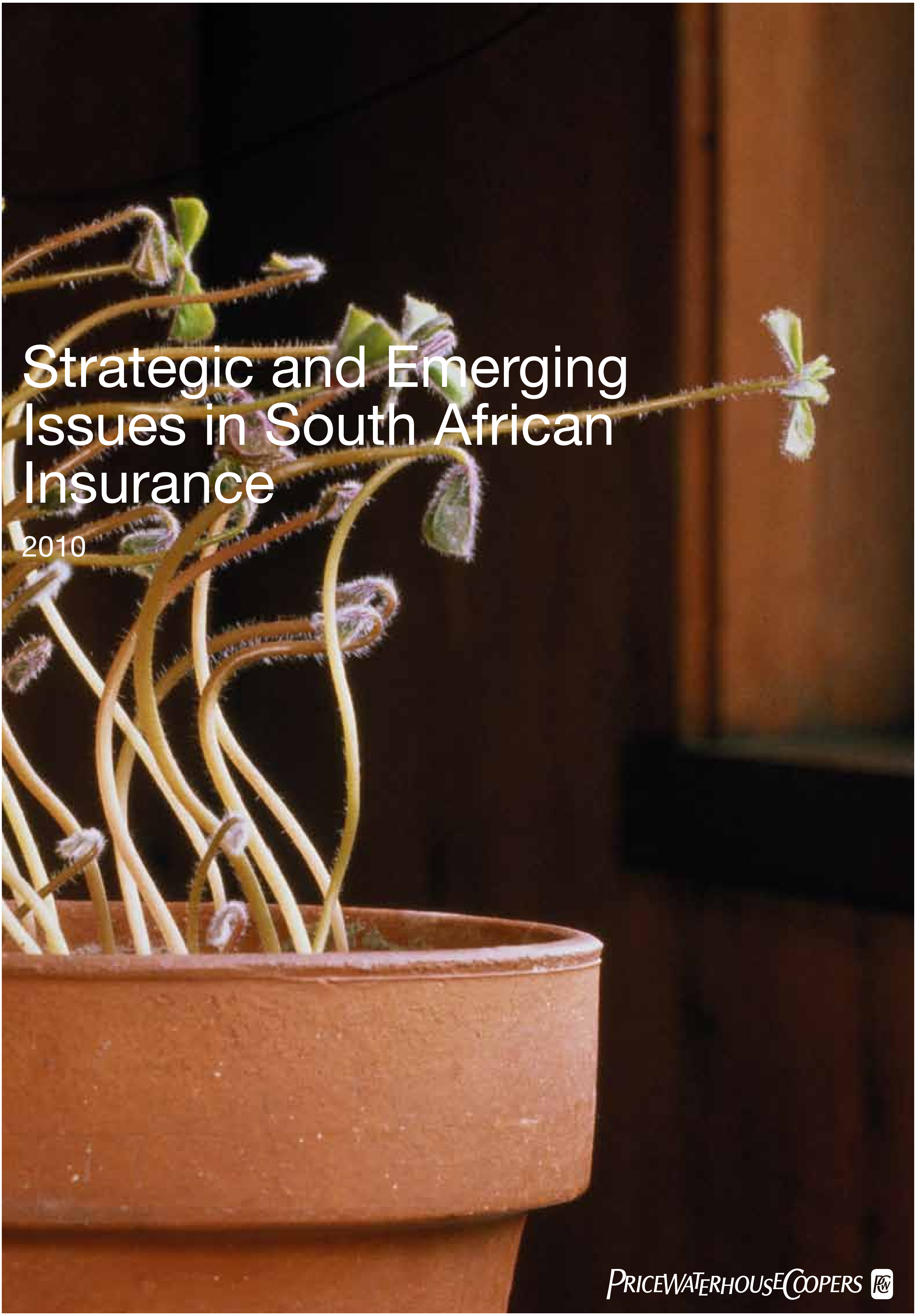
Strategic and Emerging Issues in South African Insurance

2010



PricewaterhouseCoopers

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Foreword

Welcome to our fourth biannual PricewaterhouseCoopers Strategic and Emerging Issues in South African Insurance survey. This edition builds on our previous surveys, and our industry specialist group has ensured that the contents provide a comprehensive overview of the issues and challenges facing the industry today.

The South African insurance industry accounts for 71% of Africa's total premiums and has the third-highest insurance penetration, in the world (15.3%).

Since our last survey, the insurance industry has quickly recovered after experiencing difficulties precipitated by the financial crisis. The quick recovery demonstrates the resilience of the insurance industry in this country.

Looking ahead, the insurance industry can expect many more challenges, as economic conditions remain volatile, consumerism continues and the regulatory environment keeps evolving. New business growth prospects and the durability of existing policies continue to be adversely affected by reduced consumer discretionary income, high interest rate increases, increased energy costs and other inflationary pressures. The South African insurance industry faces unique challenges and it is important that it evaluates and adapts to the needs of the emerging market.

We are confident that this survey will help the industry achieve its goals and meet the challenges it faces. With the survey covering both long- and short-term insurers, we have been able to identify major trends, emerging issues and differences in opinions, all of which I'm sure you'll find useful benchmarks for your organisation.

The key objectives of this survey are to:

- Raise the awareness of insurers to emerging trends and issues in the South African insurance industry;
- Establish industry trends;
- Understand the strategic thinking of CEOs in the insurance industry; and
- Provide insight into how the insurance industry might evolve over the next few years.

I would like to thank the executives who participated in the survey. We greatly appreciate their openness and the insight and vision they provide on key topics. I would also like to thank Dr Brian Metcalfe for the time and effort he put into producing this survey.

We trust you will find this survey thought provoking and insightful. If you would like to discuss any of the issues addressed in more detail, please speak with one of the contacts at PricewaterhouseCoopers or those listed at the end of the survey. We would also appreciate your feedback on the content of this survey, as this will help us to ensure that we are addressing the issues on which you are most focused.

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About the author

Dr Brian Metcalfe is an Associate Professor in the Business School at Brock University, Ontario, Canada. He has a doctorate in financial services marketing and has researched and produced over 40 reports, such as this one, on behalf of PricewaterhouseCoopers firms in 11 different countries including Australia, Canada, China, India, Japan and South Africa.

Previous reports have examined strategic and emerging issues in corporate, investment and private banking, life and property and casualty insurance, insurance broking, and wealth management.

In 2009, Brian authored *Strategic and Emerging Issues in South African Banking 2009*. Other recent reports include F*oreign Banks in China, Foreign Joint Venture Fund Management Companies in China* and *Foreign Insurance Companies in China*.

He has consulted for a wide range of organisations, including Royal Bank of Canada, Bank of Nova Scotia, Barclays Bank, Sun Life Insurance Company, Equitable Life of Canada and several major consulting firms.

He has also taught an executive management course entitled “Financial Services Marketing” at the Graduate School of Business at the University of Cape Town.

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Executive summary

Background

This survey focuses on strategic and emerging issues in the South African insurance industry. This is the fourth survey of its type in the insurance market, although similar surveys have been published in the banking and insurance broking markets.

The survey attempts to provide an industry-wide perspective. However, where meaningful, it also reports differences between the short-term and long-term participants.

The survey is based on personal interviews with managing directors and senior executives in 30 companies. The list below shows 32 companies. This is because only one interview was conducted with both Hollard and Regent, each listed both under the short- and long-term insurance companies.

The re-insurers and cell captives are included in the overall industry charts but not in the breakouts for long-term versus short-term companies

The interviews were approximately one hour in length and were conducted in Johannesburg and Cape Town during February and March 2010.

Participants

Short-term insurance companies interviewed:

- Absa Insurance
- Alexander Forbes Insurance
- Chartis
- Hollard Insurance
- Lion of Africa
- Mutual & Federal
- Outsurance
- Regent Insurance
- RMB Structured Insurance
- Santam
- Standard Insurance
- Telesure
- Zurich Insurance

Long-term insurance companies interviewed:

- 1Lifedirect
- Absa Life
- Assupol
- AVBOB
- Clientèle Life
- Discovery Life
- Hollard Life
- Liberty Life
- Metropolitan
- Momentum
- Old Mutual
- Professional Provident Society
- PSG
- Regent Life
- Sanlam

Re-insurance companies interviewed:

- Hannover Re
- Munich Re

Cell captives:

- Centriq
- Guardrisk

Main findings

The report has been compiled from personal interviews with 30 managing directors and senior executives representing long-term and short-term insurers, re-insurers and cell captives.

The report seeks to identify emerging trends and strategic issues over the next three years.

Post global financial crisis

Respondents feel the insurance industry had escaped the worst effects of the financial crisis. Investment performance was obviously affected, but the industry remains robust and confident.

Respondents acknowledged that there had been evidence of client attrition and cost control remains an ongoing concern.

However, the larger companies believed they had benefited from a flight to quality and had used this market uncertainty to strategically grow.

Participants believe that following the crisis they will devote more time to three areas; acquiring new clients, managing risk and holding on to existing clients.

Direct delivery and commoditisation

Many insurance products have been commoditised and consumers continue to embrace direct marketing channels. This change was well underway at the time of the 2008 survey and it continues unabated. Indeed, the launch of direct channel initiatives by the large "traditional" insurers reflects the importance of this distribution method.

As consumer products become more commoditised and subject to intense promotion and aggressive pricing, low-cost distribution and efficient servicing will be critical.

Consumerism

Consumerism is being fuelled by Government initiatives such as the Consumer Protection Act and by consumers themselves as they are becoming more educated, self directed and confident. This movement is further facilitated by online access to competitive insurance offerings.

Unexpected consolidation

Responses from participants suggested that future consolidation would be low to moderate with most developments taking place at the lower end of the market.

However, just days after the research was completed, two of the participants in this report, Metropolitan and Momentum, agreed to merge their operations. This must have been a surprise to the industry participants because none had predicted a consolidation at this level.

Rise of the niche players

Although most short- and long-term companies continue to view the established broad-based institutions as their number one competitors, there is a growing awareness of niche players attacking specific parts of the market.

Participants had mixed views on the merits of a "one-stop shop" wealth model for consumers and this suggests that they endorse the "best of breed", which may originate with specialist niche players.

Pressing issues

The three issues that senior executives found most pressing in 2010 were regulation, retaining customers and recruiting/training in the distribution channels.

Risk management and profit performance are also close to the top of a list of 48 issues identified.

Accuracy of actuarial assumptions was identified as the most important rising issue.

Human resources (HR) remain scarce

Nine out of 12 different skill sets were considered difficult and if a black economic empowerment (BEE) factor was added to this rating, then some personnel functions become extremely difficult. At the top of the list in 2010 were IT, non-executive directors, actuarial skills and underwriting skills.

Into Africa

Although participants are expanding into Asia and South America, expansion into the rest of sub-Saharan Africa is also gaining traction. Many short-term and long-term companies have significant relationships in key African markets and it seems highly likely that this trend will continue to develop.

South African insurers have little interest in developed markets. Instead, they see opportunities to leverage their unique skill sets and expertise in other developing markets.

One problem going forward may be their ability to manage and control these diversifications and expansions. Given the HR problem mentioned above, it seems that management resources will be stretched as international networks grow.

Participants also indicated that they were interested in seeking strategic investors if it allowed them ready access to other markets particularly within Africa.

Ongoing restructuring

A total of 12 participants believe they will participate in significant M&A activity over the next five years and this may involve foreign participation.

Joint ventures and partnerships will be the key to future expansion strategies. While most companies are comfortable with their existing structure, nine companies admitted they needed to change.

Reinsurance readjustment

Most respondents made reference to the reconfiguration of one re-insurer in South Africa to a branch status, but attributed the reasons for this to external factors. They contended that there had been little change in the reinsurance market, but noted the entrance of new reinsurers, including SCOR, Africa Re and Flagstone Re.

Regulation

Almost three quarters of participants believe that regulation will “increase substantially” over the next three years. In the 2008 report, the National Credit Act was a primary concern. In 2010, there is concern over the implementation and alignment of the Consumer Protection Act.

There is also an acceptance that the Regulator will continue to monitor and impose new controls across different parts of their operations.

It is very early days to predict the full impact of Solvency Assessment and Management (SAM)/Solvency II and King III.

On top of these issues, the unfolding proposals on the Social Security Retirement Fund and National Health Insurance programme means that the operating environment has become more complex and unpredictable.

Data concerns

One of the weaknesses of the industry and a critical concern is the capture and use of data. Not all insurance companies have customer relationship management systems and few of those who have are satisfied with their capabilities. There is also the territorial issue of who owns client data. Intermediaries continue to exert powerful control in the channels. One short-term insurer lamented that he failed to have a “line of sight” into his group business. The data chain has many broken links and this frustrates and hinders the producers and this is not to the customers’ advantage.

Technology

Technology has already changed the rules of the game. In future it will play a major role in new applications for actuarial systems, real-time data mining and various types of modelling.

Steady growth predicted

Short-term insurers expect annual premium growth in the 15% to 25% range in 2010 and anticipate little change over the next three years.

Five long-term insurers were in the 20% range in 2010, but by 2013 growth is expected to slow and only three companies expect growth above 20%.

Risk management

Risk management was strongly endorsed by participants, who concluded it has added substantially more value to their business than three years ago.

The survey found that companies are monitoring, and in most cases measuring, a wide variety of risks. The three most difficult risks to measure were political risk, environmental risk and latent claim risk.

Peer ranking overview

This table displays a peer ranking of the top three companies in each business line. A more detailed set of results is shown later in the report.

	First	Second	Third
Products			
Alternative risk transfer	Guardrisk	Santam – Centriq	Zurich
Assistance business	Clientéle Life	Metropolitan	Hollard
Credit life	Hollard Life	Absa Life	Regent Life
Group business – Investment	Old Mutual	Allan Gray	Sanlam
Group business – Risk	Old Mutual	Sanlam	Momentum
Investment products	Sanlam	Momentum	Old Mutual
Life risk products	Discovery Life	Momentum	Old Mutual
Motor insurance	Outsurance	Telesure	Santam
Property (excluding motor)	Santam	Mutual & Federal	Outsurance
Health insurance	Discovery	Chartis	Momentum
Other			
Customer relationship management	Discovery	Hollard	Santam
Innovations	Discovery	Hollard	Outsurance
Marketing strategies	Discovery	Outsurance	Hollard
Technically competent staff	Santam	Discovery	Outsurance

Market environment

Short-term companies

Short-term companies surveyed employed 15,040 people and anticipate this number to increase by 8% to 16,250 people by 2013.

Gross premium income is expected to grow by 53% to R77 billion by 2013.

The number of policyholders is expected to increase dramatically from 16.7 million in 2010 to 25.6 million by 2013.

Short-term companies

	2010	2013	Change	% Change
Branches in South Africa	196	212	16	8.1
Brokers/Intermediaries	16,060	17,300	1,240	7.7
Full-time employees in SA	15,040	16,250	1,210	8.0
Gross premium income (Rbn)	50.3	76.9	26.5	52.8
Policyholders (millions)	16.7	25.6	8.9	53.4

Long-term companies

Long-term companies expect to expand their branches by 27% to over 1,600 by 2013. They expect only a modest increase in the number of brokers/intermediaries to 42,400.

The number of employees in the long-term companies are expected to increase at a similar growth rate to the short-term companies although they employ three times as many people.

Finally, policyholders are expected to grow by 30% to 35.7 million by 2013. Two large long-term companies declined to provide estimates for 2010 and 2013. As a result, we were unable to provide an industry estimate for gross premium income.

Long-term companies

	2010	2013	Change	% Change
Branches in South Africa	1,328	1,687	359	27.0
Brokers/Intermediaries	40,425	42,400	1,975	4.9
Full-time employees in SA	45,240	48,740	3,500	7.74
Policyholders (millions)	27.4	35.7	8.3	30.0

Q What, in your opinion, are the most important changes taking place in the South African insurance market at present?

The wide range of changes mentioned by participants have been grouped under the subheadings below:

A wide range of different changes were mentioned by participants, but two stood out in terms of the number of recorded mentions. They were the continued move to direct channels and consumerism.

Direct channels

One large short-term insurer noted that personal lines were now becoming a commodity with a focus on pricing.

Another participant commented that the larger insurers were introducing direct channels. He mentioned Sanlam and MiWay but said that other companies were reviewing their options. In keeping with these sentiments, a large short-term insurer said the "volume side" of the business was now being offered through direct channels.

Consumerism

A smaller long-term insurer observed that consumers were becoming better informed and growing in confidence regarding decision making. Several participants mentioned the legislative changes affecting protection of consumer rights.

Impact of the financial crisis

While recognising that South Africa had escaped the worst effects of the crisis, several companies mentioned the negative impact on investment performance.

Capital management

A large long-term insurer indicated a more conservative approach to the use of capital and strong focus on asset/liability management.

Risk management

Both short- and long-term insurers indicated that there was much more emphasis on risk management.

SAM/Solvency II

The SAM (Solvency Assessment Management) target date for both short-term and long-term insurers has been set for 2014. Earlier developments for short-term insurers under FCR (Financial Condition Reporting) will be implemented as an interim measure from 2012.

Participants anticipate that the transition to meet the SAM requirements will trigger major changes in the sector.

Growing competence of insurance providers

One large short-term insurer believed the industry had experienced "an advancement in competency".

Difficulties for smaller companies

Consolidation, costs of regulation and the increased significance of brands have made the environment more challenging for the smaller operators.

Q Can you identify the major strengths and weaknesses of the South African insurance industry at present?

The major strength identified by participants centred on the financial soundness and stability of the South African insurance market. It was viewed as a highly competitive and innovative marketplace.

A number of insurers believed the players to be well capitalised.

Several companies highlighted the uniqueness of South Africa in being simultaneously both an established market and an emerging market.

Other strengths mentioned were:

- Entrepreneurial orientation;
- Strong brands;
- Good competencies for expansion into Africa;
- Strong partnerships with the banks;
- Strong broker market;
- Creative product design;
- Well regulated; and
- Good underwriting.

The most frequently cited weakness was the skills shortage.

Several participants commented that it was difficult to attract fresh competent talent. A long-term insurer said that they had 500 agents but only 150 of them were performing satisfactorily. Another long-term insurer noted that their brokers were aging and they were unable to attract new committed and competent replacements.

Other weaknesses mentioned were:

- Poor market practice;
- The large number of legacy products;
- Weak client service;
- Not enough black intermediaries;
- Products too complex for the market;
- Everything delegated to the broker base;
- Lack of a strong competitive reinsurance market;
- Affordability of some products;
- Inability as an industry to collect and share data;
- Domestic companies lack an international scope;
- Rating agencies do not play an important role; and
- Need to focus on adding value for consumers.

Q In your view, what is the level of intensity of competition in the following markets, and how do you expect this to affect your competitive response?

Market competition

The following charts illustrate how companies perceive the level of competition in eight different segments of their business, and then how they have organisationally responded to that competition.

Where segments have attracted responses from more than 20% of respondents, they have been shaded in grey.

Competition \ Response	No change	Minor change	Significant operational and organisa-tional change	Fundamental change in strategy and positioning
Intensive	6%	13%	13%	
Moderate	6%	31%	6%	13%
Light	6%	6%		
None				

Note: Based on responses from 16 companies

Alternative Risk Transfer (ART)

About one-third of participants consider alternative risk transfer to be intensively competitive. The majority of participants believe it is moderately competitive.

Two companies claim to have made a fundamental change to their strategy over the last year. In comparison to two years ago the level of competition appears to have moderated.

Competition \ Response	No change	Minor change	Significant operational and organi-sational change	Fundamental change in strategy and positioning
Intensive	26%	16%	26%	11%
Moderate	5%	11%		
Light		5%		
None				

Note: Based on responses from 19 companies

Assistance business

Assistance business includes funerals, support for family and education. This market appears to be experiencing an increase in competition. In 2006, 50% considered it intensively competitive and by 2008 this percentage had risen to 72%. In 2010 it is 80%.

Credit life

Just less than half the respondents consider credit life to be intensively competitive and two companies have made fundamental changes to their strategies. This is a lower competitive recording than in 2008. Four companies considered competition to be light.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive	6%	16%	16%	6%
Moderate	6%	11%	11%	6%
Light		11%	11%	
None				

Note: Based on responses from 18 companies

Group business

Two-thirds of respondents view group business as intensively competitive. The same number of respondents also indicated that they had made minor or no change to strategy.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive	17%	25%	17%	8%
Moderate	17%		8%	
Light	8%			
None				

Note: Based on responses from 12 companies

Motor insurance

In 2008, 90% of participants viewed motor insurance as intensively competitive, an increase from the 2006 figure of 61%. This year the number is 82%, which suggests the competition remains fierce. Over half the group have made significant or fundamental changes to their strategies.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive	12%	18%	46%	6%
Moderate	6%	12%		
Light				
None				

Note: Based on responses from 17 companies

Investment products

Investments portray very high levels of competition. The percentage increased to 91% in 2010 against 84% in 2008 and 85% in 2006. Many companies have made significant or fundamental changes to their strategies.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive	9%	27%	46%	9%
Moderate			9%	
Light				
None				

Note: Based on responses from 11 companies

Life risk products

The market is viewed as competitive, but few participants have made any significant changes to strategy.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive		50%	10%	5%
Moderate		20%	15%	
Light				
None				

Note: Based on responses from 20 companies

Property (excluding motor)

In 2008, 40% of participants classified the market as intensively competitive, but this has grown to 54% in 2010. Almost half the group have made significant fundamental changes.

Competition \ Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive	6%	12%	18%	18%
Moderate		34%	12%	
Light				
None				

Note: Based on responses from 17 companies

Competition / Response	No change	Minor change	Significant operational and organisational change	Fundamental change in strategy and positioning
Intensive		17%		
Moderate	8%	51%	8%	
Light	8%	8%		
None				

Note: Based on responses from 12 companies

Health insurance

Lower levels of competition are found in this sector. All but one company recorded their response to the market as minor or no change.

Q How will the insurance needs of the policyholders of 2013 differ from those of today?

A number of respondents pointed out that policyholders' needs may remain relatively unchanged over the next three years, but their rising expectations on speed and convenience of delivery, the channels to be used, value propositions and flexibility, will require insurance providers to adapt and change.

Several respondents mentioned the ongoing transition to electronic delivery. For example, a large long-term insurer said that claims could not be made over the internet at present, but by 2013 this would be possible.

A short-term insurer indicated that Government was directing companies to develop more simple, straightforward, comprehensible policies. Government is also pressing companies to provide more education for consumers to help them make better-informed decisions.

Another insurer suggested that changing demographics would require more entry-level insurance products.

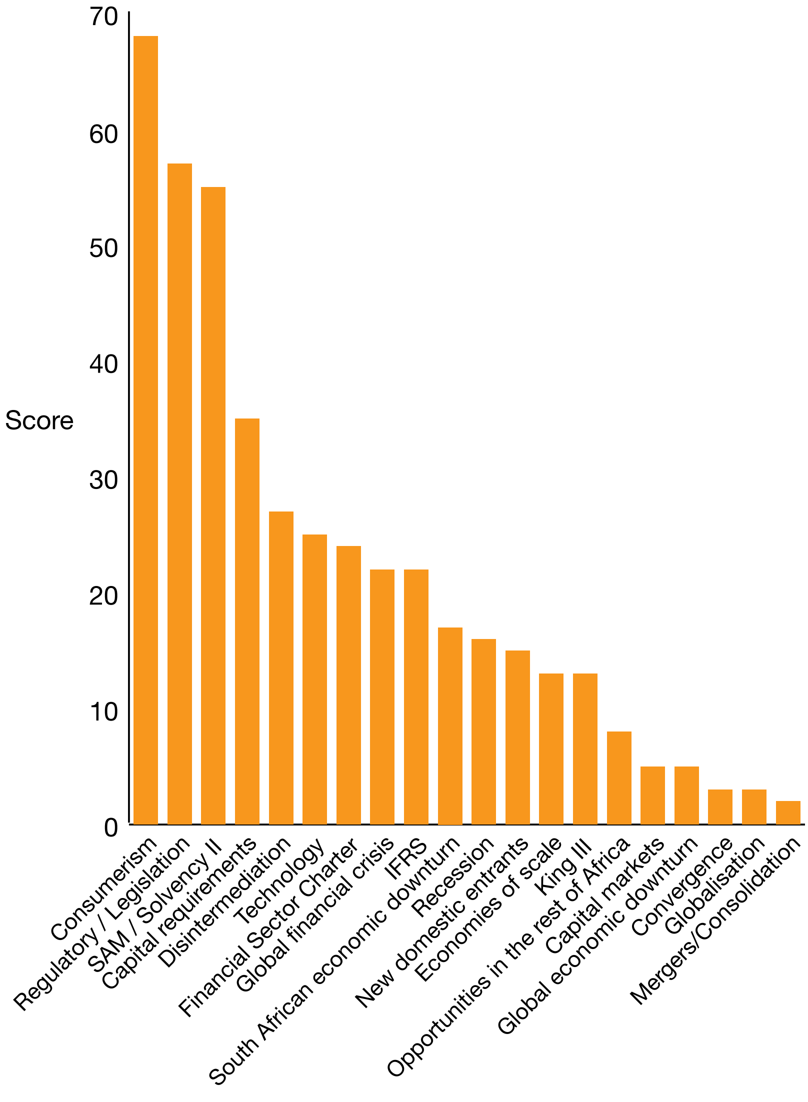
The growing black middle class market will also drive a change in the companies' offerings. Several companies indicated that they were formulating strategies to address this market segment more specifically.

Q What are the major drivers of change in the insurance industry today? Can you rank them 1 to 5?

The top two drivers of change, consumerism followed by the regulatory environment, remain the same as in 2008.

However in third place is a new driver, SAM/Solvency II followed by capital requirements, which remains in fourth place.

Technology and the Financial Sector Charter maintain roughly the same ranking as 2008 but the global financial crisis enters the list in eighth position.



Based on responses from 29 companies

30 March 2010

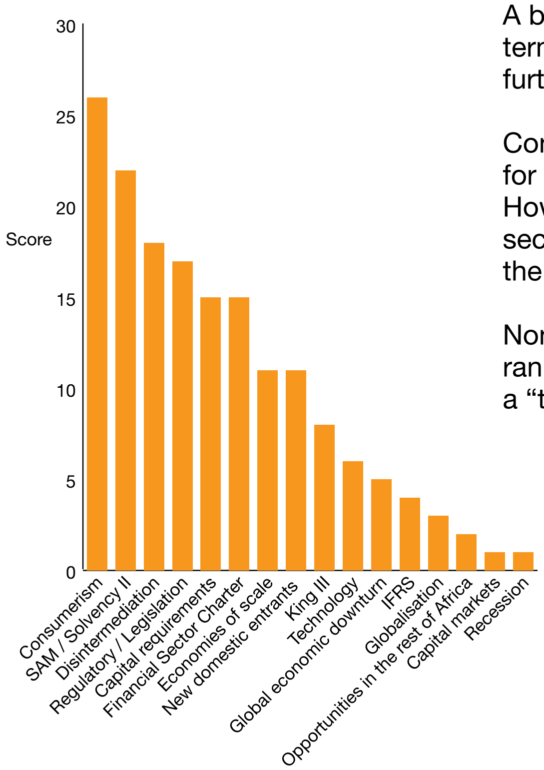
Based on the principles of the Solvency II Directive adopted by the European Parliament last year, SAM, which will supercede the current Financial Condition Reporting (FCR) structure, will align South Africa's long and short-term insurance sector with international standards, taking local conditions into account.

"In short, SAM can be compared to BASEL II of SA's banking sector in which all role players are governed and risk managed. If correctly implemented, SAM will help to ensure a sustainable insurance industry that has resilience to withstand shocks and meet policyholder obligations among others,"

Michael Blain, CEO, Centriq

Source: Insurance Times & Investments News

Q What are the major drivers of change in the short-term industry today? Can you rank them 1 to 5?



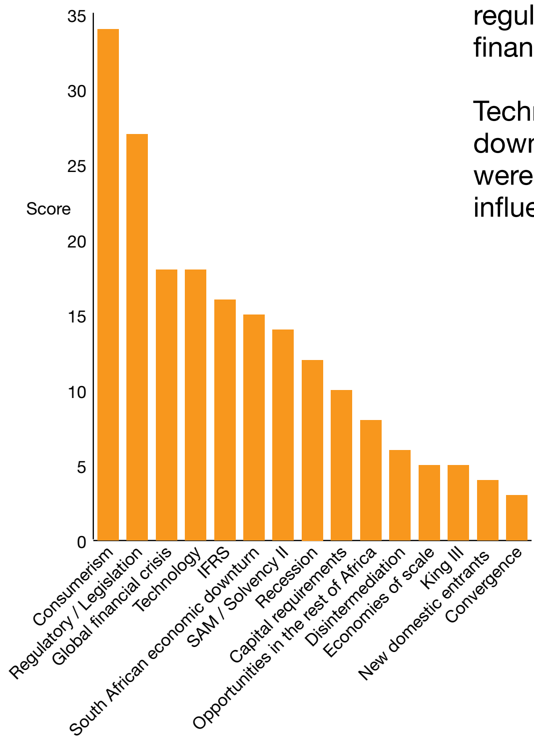
Based on responses from 11 short-term companies

A breakout into short- and long-term companies provided some further insight.

Consumerism remains in first place for both groups, as it did in 2008. However, SAM/Solvency II is the second most important driver for the short-term companies.

None of the short-term companies ranked the global financial crisis as a “top five” driver of change.

Q What are the major drivers of change in the long-term industry today? Can you rank them 1 to 5?



Based on responses from 13 long-term companies

The long-term companies emphasised consumerism and regulatory change. The global financial crisis was in third position.

Technology, IFRS, the economic downturn and SAM/Solvency II were also considered important influences on change.

Q Do you believe consolidation in the insurance market will continue?

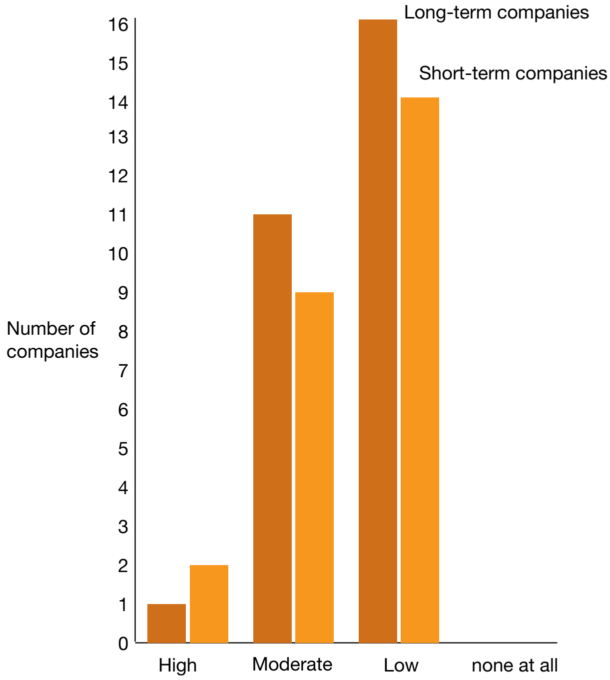
There was a general consensus that there would be little consolidation at the higher levels in both the short-term and long-term sectors. The feeling was that the Competition Commission would block any mergers by the larger players.

Despite this prediction and following just a few weeks after this survey, Metropolitan and Momentum announced plans to merge their operations.

The participants, however, contended that there would be further shake outs at the bottom end of the market.

A contrary view point was expressed by a few participants who cited the possible fragmentation of the market with new entrants and "offshoots" by established companies. These included Outsurance entering the life market and Miway (Sanlam) offering short-term insurance through a direct channel.

The results were very consistent between the short- and long-term participants. The majority of companies recorded a "low" probability of consolidation and only one long-term company rated it as "high".



Based on responses from 30 companies.
Not all companies provided a double answer.

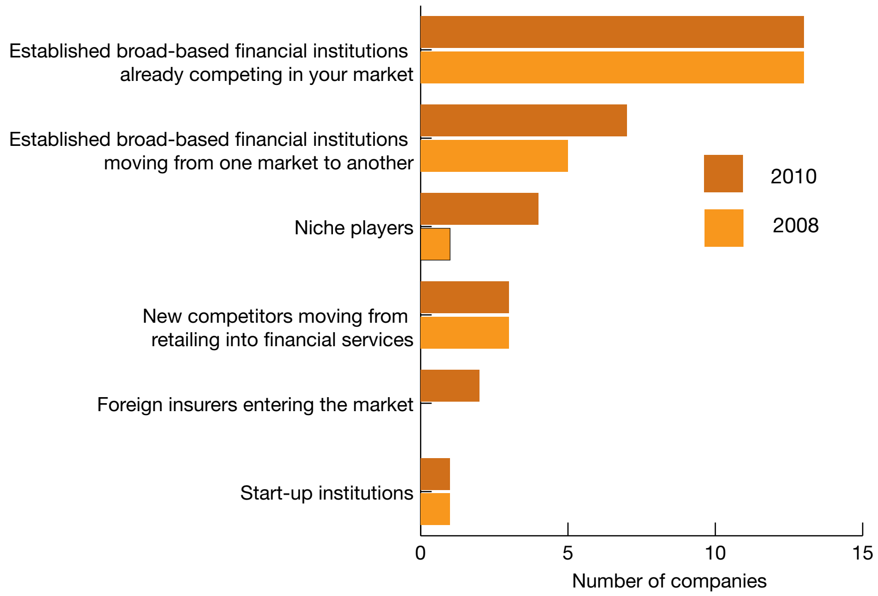
Q In your opinion, which category of institutions represents the most significant competitive threat to your organisation over the next five years? Please choose one answer only.

Established broad-based financial institutions already in the respondents' market continue to represent the greatest competitive threat. This is consistent with the 2008 finding.

One noticeable change in 2010 is the increased significance of niche players, which have the ability to chip away at the established market leaders.

Foreign insurers, when compared to 2008, are also seen as a modest but increasing competitive force. This was foreseen more on the investment side of the business.

Only three companies indicated that competitors moving from retailing into financial services represented a competitive threat. Again, this was consistent with the previous survey.



Q Do you believe that policyholders would benefit from a "one-stop shop" wealth model for financial products and would such a model be in the best interests of policyholders?

The respondents held mixed opinions on the merits of the "one-stop shop" wealth model. The concept envisages clients benefiting from a more integrated, holistic approach to wealth management. While 16 respondents favoured the model, ten believe that it does not work in the best interests of policyholders.

Seven long-term believe it is not beneficial which suggests that short-term insurers are more supportive. Two sizeable short-term companies were, however, critical of an approach which attempted to be "all things to all people".

Those in favour of the "one-stop shop" argued that it could only be successful if it centralised the "best of breed" in one place. Another company termed this approach the "portfolio model" rather than the "single brand model".

From the consumers' perspective, it could only be beneficial if it allowed them to exert leverage on the service provider. For this to happen the client must provide full disclosure of their financial position and a participant argued that clients are often reluctant to take this step.

A short-term insurer commented that it allowed them to reward customers for "good behaviour". For example, having no claims for five years allows, could be rewarded with better pricing.

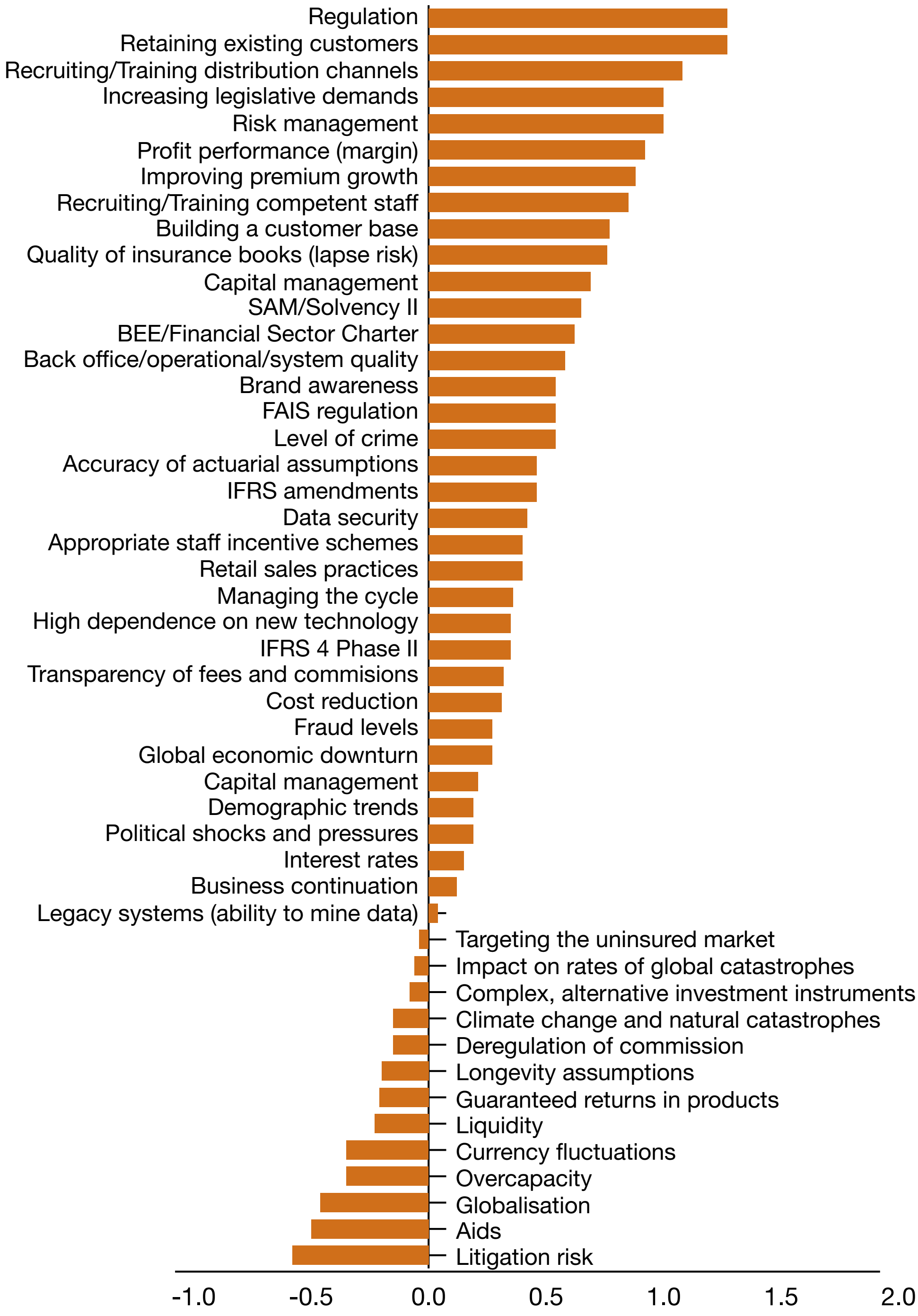
Emerging issues

Q What are the most pressing issues you face? Can you rate them 1 to 5?

Pressing issues

No less than 48 different pressing issues were scored by participants. The top three were, in order of importance, regulation and retaining existing customers, followed by recruiting/training in the distribution channels.

Increasing legislative demands has moved up from ninth position to fourth position while crime has dropped from fourth position, to 17th position. (It was in 22nd position in 2006). Risk management was in fifth position this year, compared to twelfth position in 2008.



Pressing issues:

Short-term versus long-term companies

Both the short- and long-term companies scored regulation and retaining customers at the top of their lists. Issues that were particularly important to short-term companies included improving premium growth, recruiting and training and crime.

The long-term companies awarded higher scores to the Financial Sector Charter, FAIS, IFRS and retail sales practices.

Based on responses from 12 long-term and 9 short-term companies

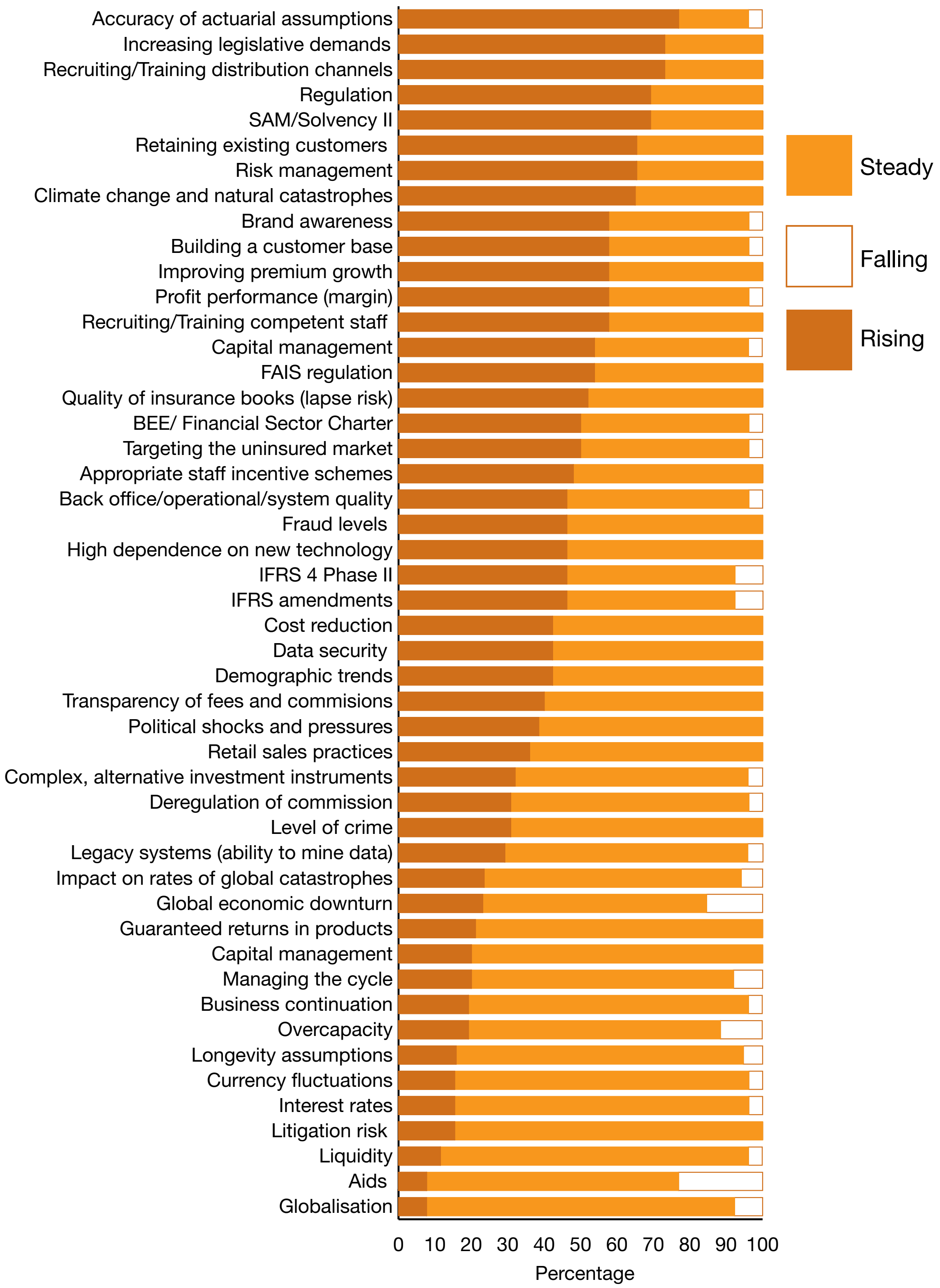
Pressing issues trends:

Are the issues rising, steady or falling?

In addition to scoring the 48 most pressing issues, participants were asked to assess whether the issue was rising, steady or falling in importance. The top five rising issues in order of importance were:

- Accuracy of actuarial assumptions
- Increasing legislative demands
- Recruiting/training in the distribution channels
- Regulation, and
- SAM/Solvency II

The only one that was in this top five list two years ago was increasing legislative demands.

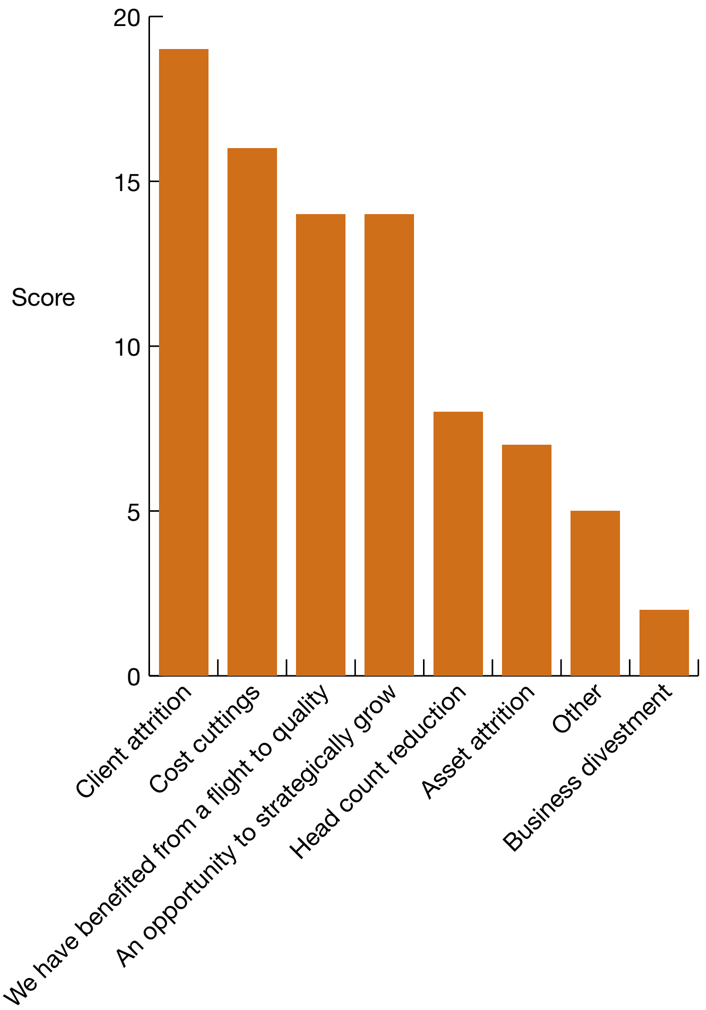


Q How has the global financial crisis impacted your organisation?

The global financial crisis has had a negative impact on insurers by causing client attrition and requiring them to make cuts in costs.

However, a number of the larger, more-established companies believed that the downturn has resulted in a flight to quality and has also allowed insurers an opportunity to strategically grow their organisations.

Some of the issues raised under "other", included investment performance, a focus on credit risks, profit decline and ease of retaining staff.



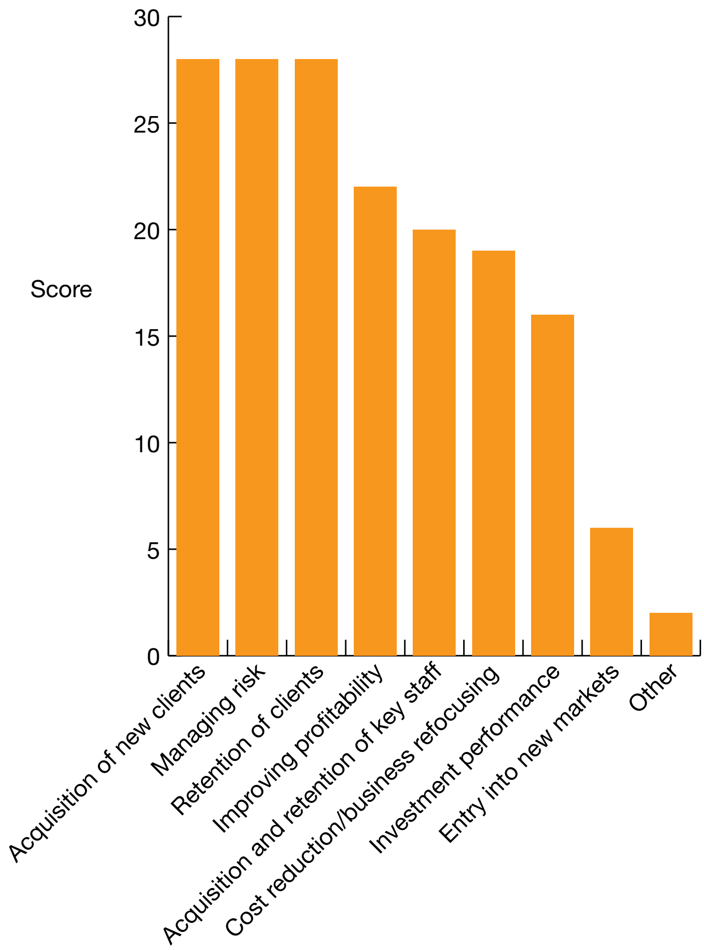
Q On which strategic areas does your organisation spend more time, as a result of the global financial crisis?

The top three areas in which more organisational time has been expended as a result of the crisis were identified as:

- Acquisition of new clients;
- Managing risk; and
- Retention of clients.

Other areas receiving attention were:

- Improving profitability;
- Acquisition and retention of key staff; and
- Cost reduction/business refocusing.



Q In which areas are you currently experiencing the greatest shortage of skills?

In the 2008 survey the most important human resource issue centred on BEE. The BEE category was removed from the question this year to focus just on the functional descriptions.

Respondents scored each function on a scale of 1 to 5, where 5 represented greatest shortage. Several respondents commented that if they were to provide BEE weighted scores to each factor, then their score would increase by 1 to 1,5.

The top three areas of greatest skills shortage were identified as information technology, non-executive directors and actuarial skills.

Six further skills sets also scored above 3 on the scale of 1 to 5. They were underwriting, risk management, audit committee, compliance, capital management and executive directors.

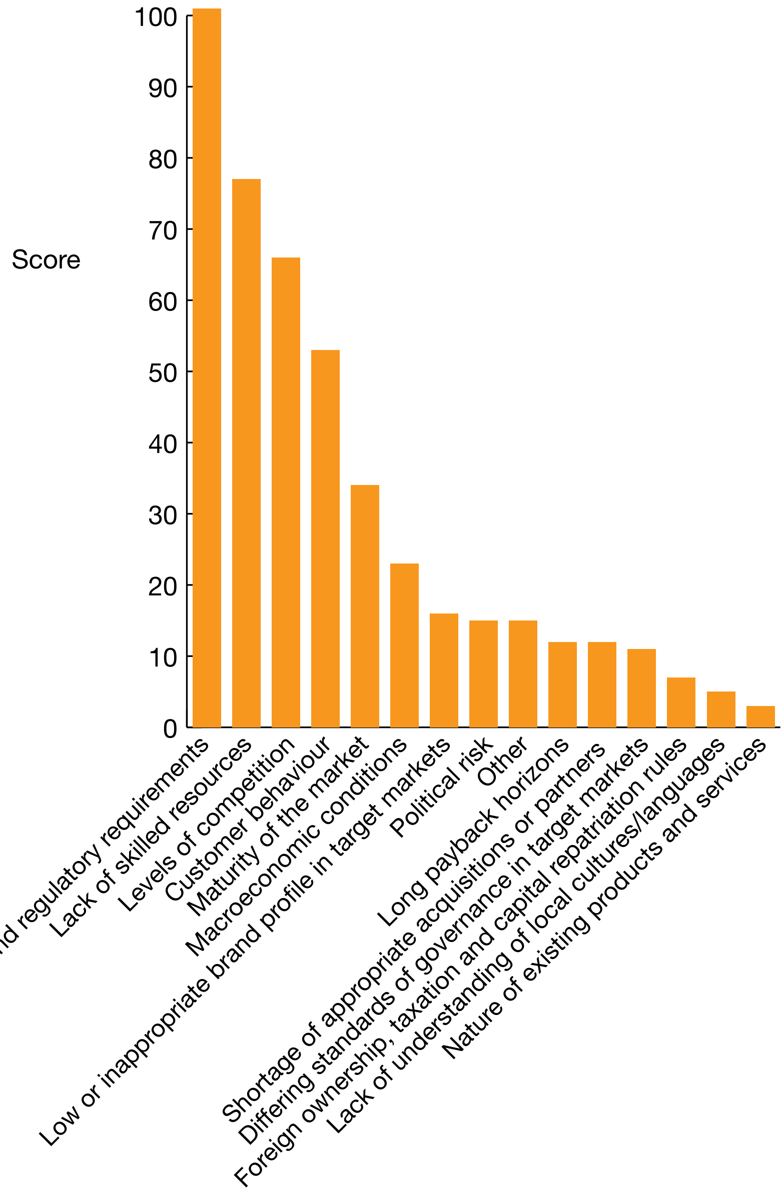
Based on responses from 30 companies

Q What do you regard as the principal challenges that your organisation will face over the coming year in your key growth markets? Please choose the top five.

In terms of principal challenges faced by the insurers over the next year, they demonstrated consistency with the responses provided in 2008.

The top challenge remains compliance and regulatory requirements, followed by a lack of skilled resources. Levels of competition and customer behaviour follow in third and fourth place. In 2008, these were in the reverse order.

The other group included challenges such as governance, risk management, crime, underwriting sustainability and pricing rates.



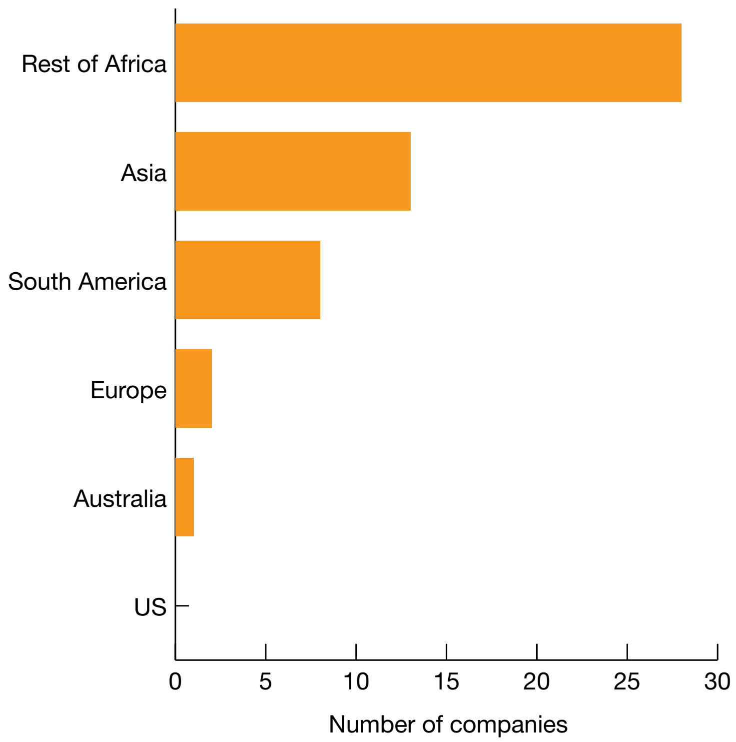
Based on responses from 30 companies

Q On which offshore expansion strategies do you believe South African insurers should focus?

The rest of Africa is recognised as the primary region for the expansion of South African insurers. Although Africa also came in the top position in the 2006 and 2008 surveys, it has now widened the gap ahead of second placed Asia and third placed South America.

Europe, Australia and the United Sates collectively were only of interest to three companies. Respondents seemed more informed about market opportunities in Africa in this survey compared to 2008. They clearly see their expertise in the developing markets. Those insurers with bank affiliations are also taking advantage of South African banks' advances into sub-Saharan Africa and South America.

As the press coverage on the pages following illustrates, Old Mutual, Liberty and Santam are making moves into Africa, while Discovery has a health insurance joint venture with Ping An Insurance in China.



Based on responses from 30 companies

Trade Invest Nigeria

29 April 2009

Liberty Health, which describes itself as a multi-dimensional provider of health solutions in South Africa and other emerging markets, acquired 35% of Nigerian health management organisation (HMO) Total Health Trust. According to newspaper reports, Liberty will aim to increase its stake in the company to 51% over the next three years.

Liberty Holdings' majority shareholder, Standard Bank had already established a footprint in Nigeria when it bought a controlling stake in IBTC Chartered Bank in 2007.

Liberty's investigations into the health insurance market in Nigeria found that a strong business case exists for a presence in the West African country. The industry has huge potential with 75% of Nigeria's employed population not covered by private health insurance. "The current market is about 3 million lives, but there is potential to grow to 40 million lives," says Peter Botha, CEO of Liberty Health.

Source: www.tradeinvestnigeria.com

Discovery in Chinese acquisition

2 December 2009

South African healthcare insurer Discovery has announced its intention to expand into China with the acquisition of a 24.99% stake in Ping An Health Insurance. The Chinese company is owned by Ping An Insurance, the second largest insurer in China with a market capitalisation of 292-billion Yuan (about R319-billion).

Ping An Health currently holds one of a limited number of health insurance licences issued by the Chinese Insurance Regulatory Commission.

"Ping An Group currently has a 30% share of the 'riders' or 'supplementary' private health insurance market," said Discovery CEO Adrian Gore. "In 2005, Ping An grasped the enormous growth opportunity and potential of the comprehensive health insurance market, and Ping An Health was established in Shanghai," he said

Source: www.southafrica.info

Santam expands with corporate clients north of the border

April 2010

Santam, South Africa's largest short-term insurer, is placing special emphasis on growing its corporate business in more countries north of the border, by insuring companies for risks they face as they expand from South Africa into the rest of Africa.

Santam already has international operations in Namibia, Zimbabwe, Malawi, Botswana and Zambia, where it has been successfully doing business for many years. It also insures the risks of multinationals with business operations around the continent, where generally multi-country risks are combined into one policy based in South Africa.

"The African insurance environment is complicated; regulations are different in each country," elaborates Payne, Santam's Head of Corporate Business. "Most African countries have strict regulations under which all insurance activity must be conducted by an entity licensed in that country. However, it is often the case that a local insurer is unable to underwrite the entire risk of a foreign business because the value of the policy is too large for them. We are partnering with local insurers to take on a portion of that risk, but only what they cannot absorb." The insurer has set up a network of insurance partners with whom cooperation agreements are firmly in place, he adds. Thorough prior investigations of the partners and successful experience to date have made Santam confident of these partnerships.

"Generally, we are taking on the insurance of the buildings, while local insurers are able to cover the lower-value items like stocks and vehicles," Payne says. "But everything is done on a case-by-case basis so that the client can have a policy tailor-made to their exact requirements."

Large global insurers like Lloyds, Allianz, and Zurich are posing stiffer competition for smaller companies like Santam as they look to boost their own business in Africa, which is increasingly seen as a lucrative market. However, local insurers' understanding of the local market can give it an edge over these players, the Santam executive points out. "Even though Africa can be regarded as a niche market because it is relatively small, it is a priority for us. We see potential for good growth in our corporate business there going forward and are doing our best to provide insurance solutions anywhere on the continent," concludes Payne.

Source: www.santam.co.za

South African Insurers expand into Africa

14 December 2009

Old Mutual South Africa (Omsa) is in talks with a number of life partners in West Africa in a bid to "paint Africa green", according to Kuseni Dlamini, the chief executive. "We are talking with credible entities there and talks have been ongoing," he said on Friday. "Next year, we will reach an important milestone in this matter," he added, declining to name the probable partners. The aim was to find partners that could assist Omsa to enter the west African market. He said Omsa was also in talks with West African banking giant Ecobank, but did not want to reveal more details. The outcome of these talks could be positive considering Nedbank, a subsidiary of Old Mutual, has partnered with Ecobank in an effort to expand into Africa just like its peers.

Liberty has said its African expansion strategy would be setting shop where its parent company, Standard Bank, has operations. Africa's biggest bank by assets has operations in 18 African countries.

In 2007, Metropolitan entered into a 50/50 joint venture with the biggest retail bank in Nigeria, UBA Nigeria, to form UBA Metropolitan Life Insurance.

Source: www.busrep.co.za

Restructuring

Q Which are the key areas for growth in your diversification strategies within the next three years? Please rate them 1 to 5 (where 5 is the highest priority).

The following table (based on responses from 24 companies and) indicates that a limited number of participants have specific interests in expanding into asset management and health administration. (It should also be noted that a much larger number have no interest in these areas.)

Asset management appeals to the larger long-term insurers while health administration attracts providers already in the health insurance market.

Responses that related to the other category included examples such as exploiting new distribution channels and companies moving into group business.

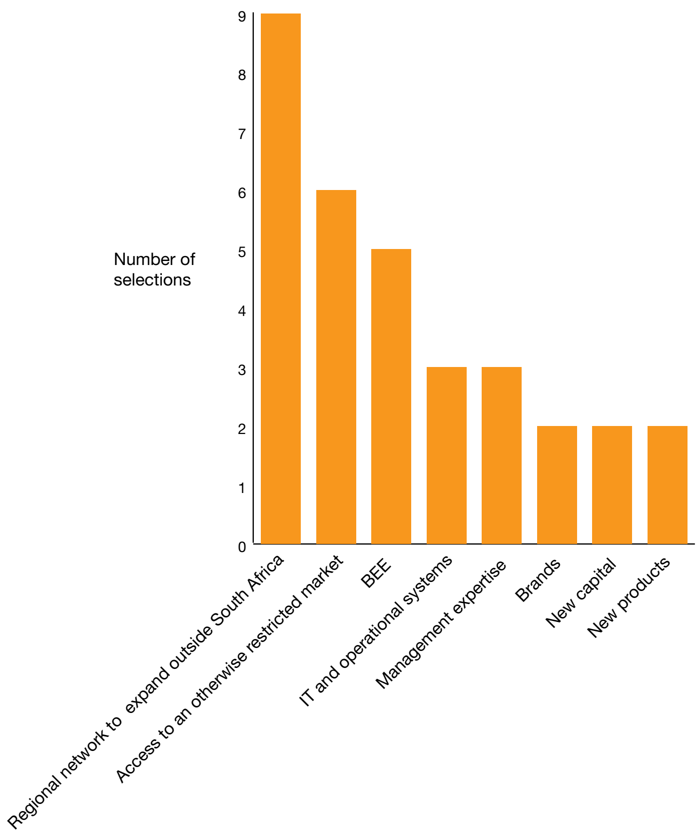
Level of importance	1	2	3	4	5
Asset management	8	4	2	4	6
Health administration	13	4	3		4
Pension fund administration	14	3	5	1	1
Other	0	0	0	2	2

Q Is your organisation likely to seek an overseas strategic investor by 2013, and if so, what would they hope to gain from the association?

The participants see benefits in seeking strategic investors over the next three years. The most valuable benefit relates to increasing regional expansion and market access.

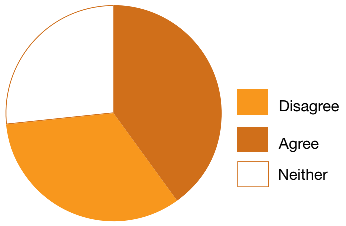
Black economic empowerment was also recognised as a reason to seek a strategic investor. Other important benefits included IT and management expertise, followed by brands, new capital and new products.

Participants that are foreign owned or part of a larger financial group, were unable to respond to this question.



Q Do you agree or disagree with the following statements?

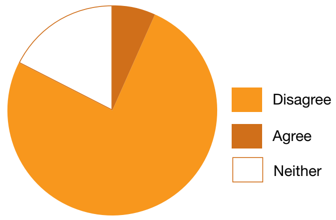
Our organisation will undergo significant M&A over the next five years



Based on responses from 30 companies

Twelve of the 30 participants responded that they will undergo significant M&A activity over the next five years. In 2008, a similar number held the same opinion.

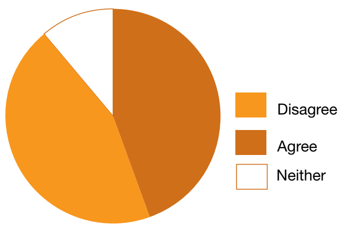
Our organisation will undergo a significant business disposal over the next five years



Based on responses from 29 companies

The vast majority of respondents say they will not divest parts of their business in the future.

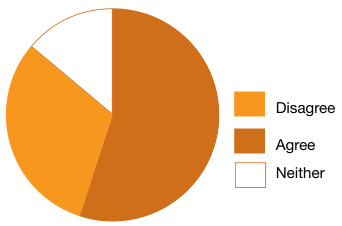
Our organisation will seek a foreign strategic investor or a partner in a significant new venture in the next five years



Based on responses from 27 companies

Twelve respondents also plan to seek a foreign strategic investor over the next five years.

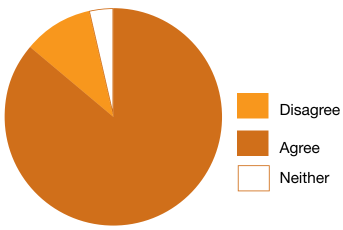
Our organisation is already structured in the way we want



Based on responses from 29 companies

The status quo holds for more than half the participants, but nine companies believe things need to change.

Joint ventures and partnerships will be key to our expansion plans



Based on responses from 29 companies

It is very clear that joint ventures and partnerships will be a key element for almost all the participants going forward.

Q How do you see the South African reinsurance market changing in the wake of the global financial crisis?

Most respondents noted the restructuring of a reinsurer's South Africa business model. They also mentioned the entrance and expansion of new providers. such as SCOR, Africa Re and Flagstone.

Paris-based SCOR plans to create a regional platform in South Africa to support activities in countries such as Angola and Nigeria, where they have relationships in oil, mining and other industries.

In 2008, Bermuda-based Flagstone Re acquired 65% of Imperial Re from Imperial Holdings.

Nigerian-based Africa Re has a subsidiary in South Africa.

Africa Re shareholders include 41 member countries, five development finance institutions and 110 insurance and reinsurance companies.

Overall, the feeling was that there had been little change in the market following the global financial crisis. While one short-term insurer commented that there had been a firming in rates another short-term insurer held a contrary opinion.

One reinsurer that participated in this survey indicated that on the long-term side, the vast majority of reinsurance (90%) is bought locally. In contrast, on the short-term side, over 60% is sold overseas and this is expected to increase.

Regulation and governance

Q Do you see the intensity of regulation of the insurance industry increasing or decreasing over the next three years?

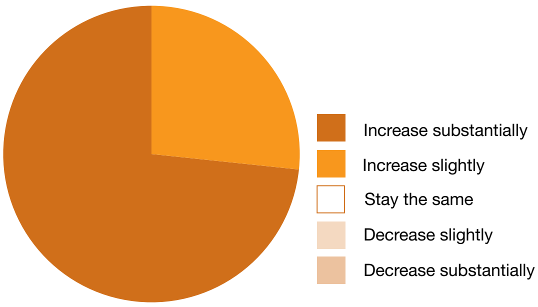
The growing impact of regulation is documented in several places in this report.

Going forward, participants believe that it will increase substantially (22 companies).

In 2008, 14 companies thought it would increase substantially, an increase from 12 companies in 2006.

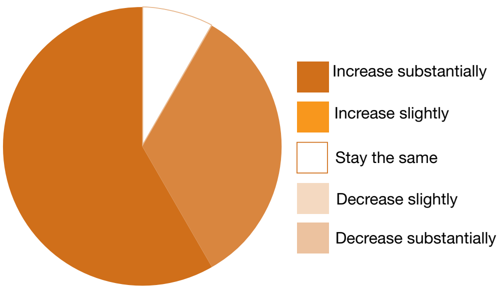
Several participants suggested that the global financial crisis has heightened awareness and concerns around the management of risk.

2010



22 companies recorded increase substantially
Based on responses from 30 companies

2008



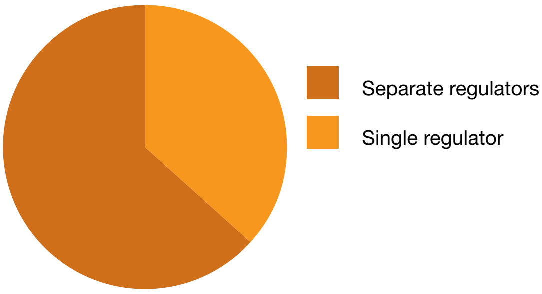
Based on responses from 24 companies in 2008

Q Do you believe South Africa should move to a single regulator for all financial institutions?

Within the group of 30 companies, only 11 believe a single regulator for all financial institutions is the right choice.

One large long-term insurer noted that, their perception was that, it had not worked in the UK with the Financial Services Authority.

There was no discernible difference between the long-term and short-term companies in their response to this question.

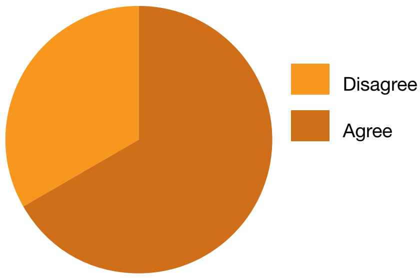


Based on responses from 30 companies

Q Do you agree or disagree with the following statements about regulation?

Concerns over compliance are dampening risk appetite and stifling growth potential

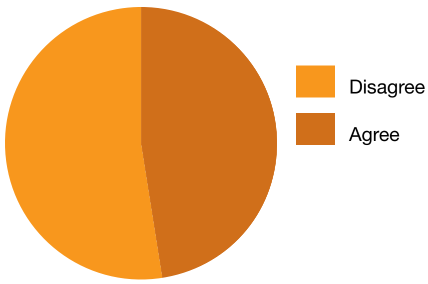
The majority of respondents agree that compliance issues are affecting risk appetites and growth. Those that disagreed tended to be larger companies, and several international companies.



Based on responses from 30 companies

Regulatory considerations are slowing the pace of our international expansion

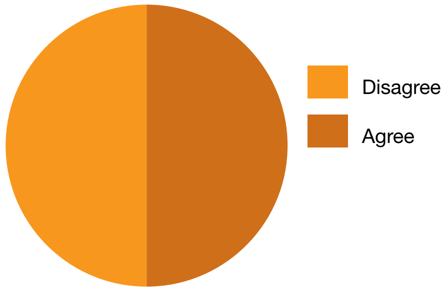
Of the 23 companies that responded to this question, opinions were equally divided. Several large long-term companies agreed but those affiliated with banks tended to disagree.



Based on responses from 23 companies

The impact of greater regulation is hurting our ability to achieve growth

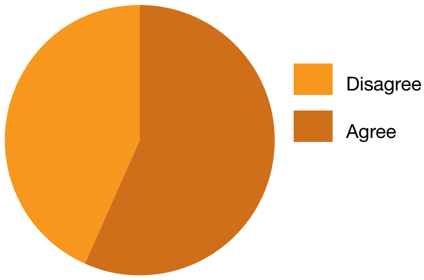
Again, opinion was split evenly, regarding regulation's impact on growth. No pattern was discernible regarding short-term or long-term companies.



Based on responses from 30 companies

Regulations have created a fairer playing field for institutions to achieve their growth targets

The majority of participants believe regulations have helped create a fairer playing field. Long-term companies tended to disagree with this statement.



Based on responses from 30 companies

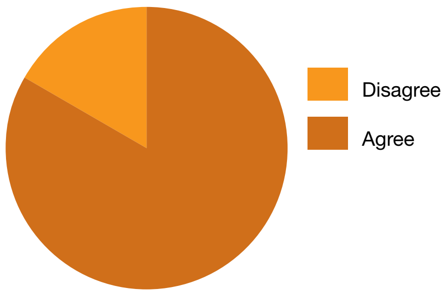
King III

The King Committee on governance issued the *King Report on Governance for South Africa – 2009* (the "Report") and the *King Code of Governance Principles – 2009* (the "Code"), together referred to as "King III" on 1 September 2009.

see PwC publication "*Executive Guide to King III*" at .www.pwc.com/za/en/king3

King III will add to the already heavy compliance burden

Finally there was general agreement that King III will add to the compliance burden. One long-term insurer suggested that King III would cause refocusing by companies rather than add to compliance.



Based on responses from 30 companies

19. The Consumer Protection Act 68 of 2008 introduces new consumer protection principles:

The Consumer Protection Act (CPA) ushered in a new era for South African consumers by providing a legal framework for consumer protection.

At the time of publication of this survey, there was considerable debate surrounding whether the insurance industry would be governed by the Act.

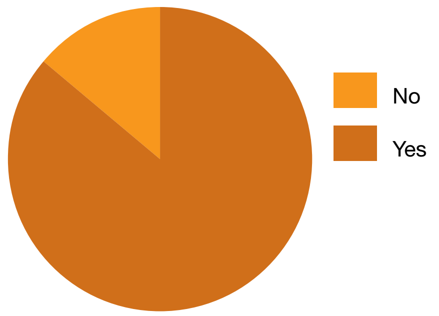
For example, the insurance industry has already taken steps along the consumer protection path with initiatives such as the Policy holder Protection Rules (PPR) and the launch of a voluntary ombudsman scheme.

Schedule 2 of the CPA requires the Short-term Insurance Act and the Long-term Insurance Act to be aligned with the CPA.

Q Do you agree or disagree with the following statements about regulation?

Do you believe there is enough focus on consumer protection in the insurance industry?

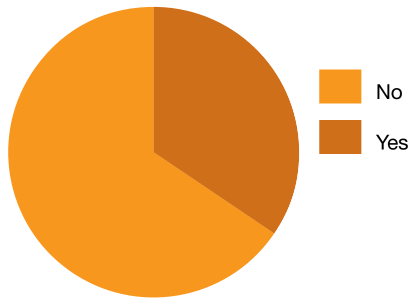
A strong majority of participants believe there is already satisfactory focus on consumer protection. Three of those that disagreed were long-term companies.



Based on responses from 29 companies

Do you believe there is enough focus on consumer education in the insurance industry?

The majority of participants contend that there should be more emphasis on consumer education.

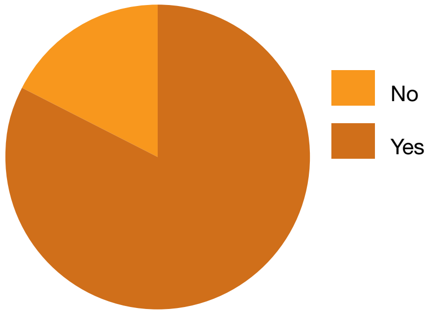


Based on responses from 29 companies

Q Do you agree or disagree with the following statements about regulation?

Do you foresee a need to revise policy documents as a result of the Consumer Protection Act?

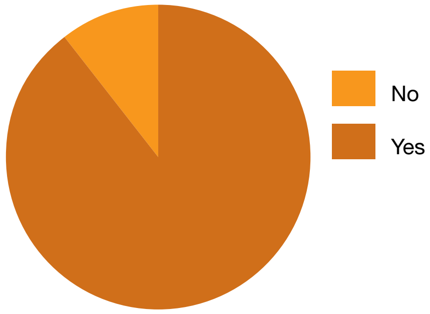
Most participants agree that it will be necessary to revise policy documents as a result of the CPA.



Based on responses from 29 companies

Do you think the insurance industry will need to focus on educating and assisting consumers about their responsibilities and possible liabilities arising from the new Consumer Protection Act?

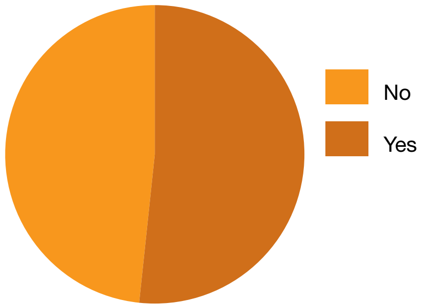
Participants almost unanimously believe that consumers need to become more aware of their responsibilities.



Based on responses from 29 companies

Do you foresee an increase in liability and therefore insurance premiums following the introduction of the Consumer Protection Act?

The respondents are divided on whether the CPA will cause an increase in liability and therefore insurance premiums.



Based on responses from 29 companies

Q Do you believe that a move to Solvency Assessment and Management (SAM)/ Solvency II will be of benefit to the South African insurance industry?

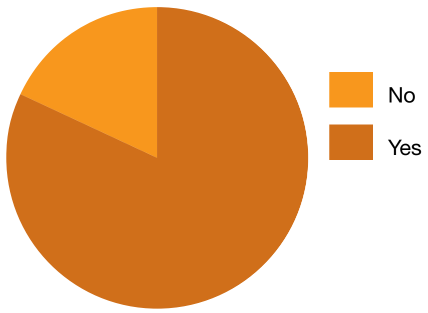
A significant majority of participants believe that the Solvency Assessment and Management regime and Solvency II will be of great benefit to the South African insurance industry.

Some of the more positive endorsements were:

- Will bring more confidence and stability;
- A more professional approach to risk management;
- Will force decisions on the allocation of capital;
- More realistic reflection of a company's business;
- Greater capital efficiency; and
- Will allow companies to better understand their risks.

Some of the more measured views were:

- The current system has worked well;
- This cannot be a one size fits all solution;
- Depends on the implementation; and
- There will be benefits if it adds to the consumers' perception that the industry is sound... but most companies would prefer to use their own model.



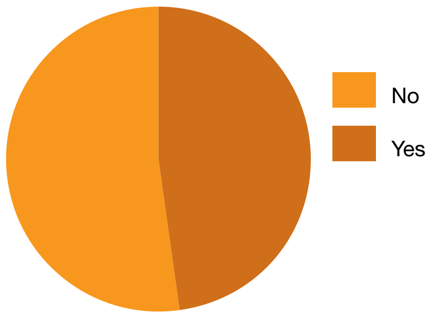
Based on responses from 28 companies

Q Have the revised commission structures and enhanced consumer protection for contractual savings products resulted in better professional advice and ongoing services by intermediaries to consumers?

The respondents were almost equally divided in their assessment of whether the shakeout of intermediaries as a result of commission structures and enhanced consumer protection, had resulted in better advice.

Those that did not believe this to be true said it was too early to pass judgement. What is clear is that less product has been sold but whether this means it is as a result of better advice is unknown.

A long-term insurer pointed out that the fact that there were now fewer intermediaries did not mean that the best producers were the ones to survive the shakeout.



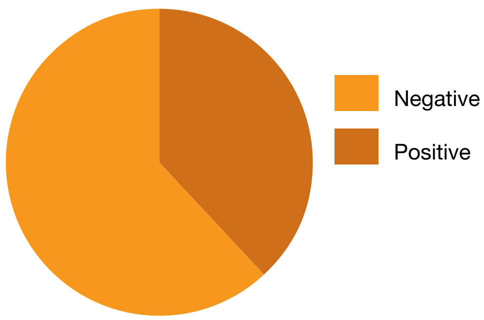
Based on responses from 25 companies

Q Did these revised commission regulations have a positive or negative impact on intermediaries?

The participants believe that the impact of revised regulations has negatively impacted on the intermediaries.

A smaller long-term insurer commented that a lot of intermediaries have left the market due to compliance costs.

A large long-term insurer said that premium volumes had dropped significantly. Another long-term insurer contended that there had been a 20% to 30% shakeout and that it had forced consolidation.



Based on responses from 21 companies

Q How will the proposed Social Security and Retirement Fund (SSRF) reforms impact the South African insurance industry?

Opinions on the impact of SSRF reforms on the insurance industry were mixed. On the positive side, it was felt that reforms would draw in clients that are not currently part of the industry. As a result, over time this would expand the life pool and add to funds.

Most respondents opted to sit on the fence and say it was too early to judge.

There is considerable uncertainty surrounding the level of private-sector participation.

Potential impact on retirement funds

April 2010

The social security and retirement fund reform is likely to be positive for all South Africans:

- Increasing long-term savings in a disciplined fashion,
- Providing access to regulated simple, cost-effective retirement savings,
- Providing access to related products for those who historically haven't had access.

Source: Old Mutual website

Q What will be the key challenges to the introduction of the National Health Insurance (NHI) programme?

The participants were very reluctant to provide comments on the proposed National Health Insurance Programme. One long-term insurer said they were awaiting the Government's white paper. Overall there was concern about how the NHI would be funded and the time frame needed for its introduction.

Some of the challenges expected to arise include:

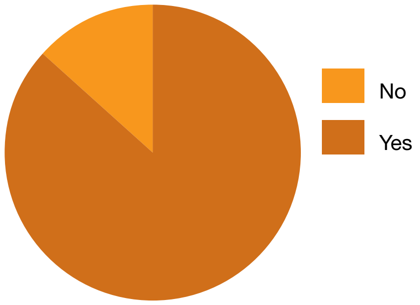
- Funding;
- Administration;
- Consumer education;
- Affordability;
- The national tax burden; and
- Capacity limitations.

Information technology

Q Do you currently use a customer relationship model (CRM) system?

Only four companies within the group of 30 indicted that they did not possess a CRM. Within the group of four, one is currently building a new system.

This is an improvement over previous surveys. In 2006, ten companies said they had no CRM system, while in 2008 the number dropped to nine.



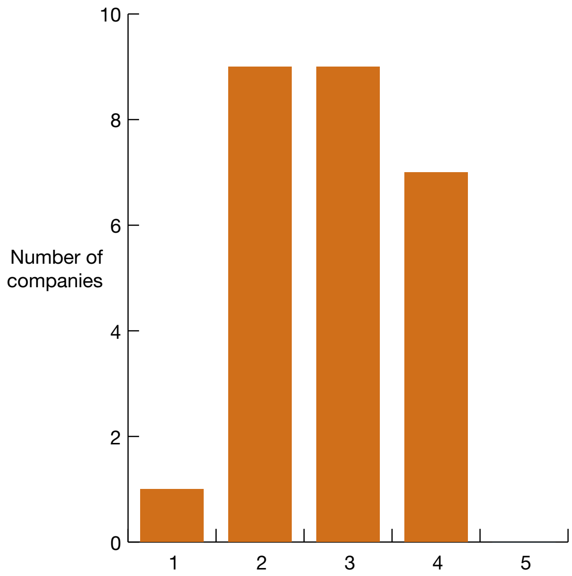
Based on responses from 30 companies

Q On a scale of 1 to 5 (where 5 is very satisfied), how satisfied are you with the system?

However, having a CRM system does not mean that client relationships are being fully leveraged. The chart below suggests that although companies have CRM systems, they are unhappy with their performance.

Twenty six companies scored their degree of satisfaction collectively as 2.47 on a 1 to 5 scale. Nineteen of these companies recorded a value of three or below, while only seven companies recorded a 4 out of 5 score.

Three of this more satisfied group were short-term insurers and two might be described as "non-legacy" system companies.



26 of 30 companies said they had a CRM system

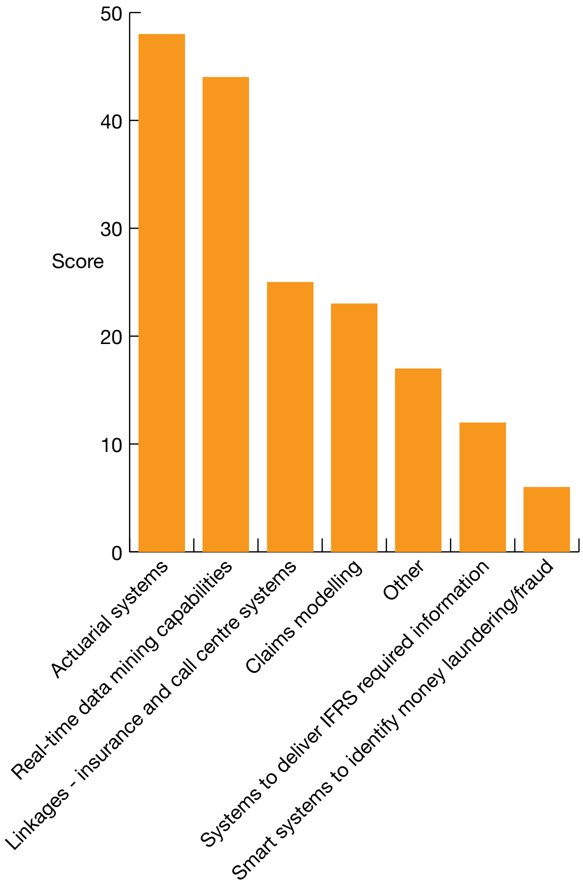
Q What do you believe will be the top three applications of technology in insurance by 2013?

Respondents were asked to rank the top three technology applications by 2013.

Actuarial systems had the highest score followed closely by real-time data mining capabilities. Linkage between insurance and call centre systems and claims modelling will also be important.

The other category generated suggestions on a variety of technologies including:

- Telephone underwriting;
- Data sharing;
- Connectivity with intermediaries;
- Connectivity with clients;
- Capital modelling;
- Underwriting and claims assessment; and
- Dynamic financial analysis (DFA) modelling. DFA is an approach based on large-scale computer simulations for non-life and reinsurance companies. In life insurance, techniques such as this one, are termed asset liability management (ALM).



Based on responses from 29 companies

Q In your opinion are weaknesses on the technology front a major problem for the insurance industry? Please identify the three major weaknesses.

In the 2008 report, a key IT weakness was identified as cumbersome and inefficient legacy systems. In 2010, seven respondents made specific references once again to underperforming legacy systems.

A strong theme in 2010 centred on the lack of ability by insurance companies to link up with their distribution partners. This could also be referred to as a data ownership and data sharing problem. One short-term insurer referred to being unable to have a "line of sight" into his group business. Participants noted that this lack of integration adversely affected the ability to accurately rate and model.

Several participants referred to internet connectivity bandwidth and performance. If mobile technology is to be harnessed, then there will need to be a broader expansion of the 3G network.

As noted earlier in the CRM discussion, data mining is inhibited by the limited access to data on the customer relationships.

Other weaknesses mentioned were:

- Limited B2B capacity;
- In-effective underwriting models; and
- A general lack of modelling.

Inability to transact with clients over the internet under know your customer (KYC) rules.

Instant Life Launches an Online Automated Insurance Service

7 December 2009

INSTANT Life, an online insurer, is SA's first direct insurer to function without the expense of an interactive call centre, using an automated administrative system.

The company claims to represent a sea change in the way insurers do business -- 100 years ago saw the emergence of the broker-driven insurance business; about 50 years later call centre technology changed the industry, while the online, low-cost system of Instant Life represents the kind of do-it-yourself change similar to that of buying airline tickets .

"The new generation of insurers will shift the focus from the old model of push-selling by a commissioned intermediary, to life products that internet savvy and informed clients will want to buy," said Jan Kotze, CEO of Instant Life. He said life cover could become more affordable -- including to the 50% of South Africans who were underinsured -- by the life industry engaging directly with clients online and by shedding "its top-heavy management layers".

Instant Life started operating in August but was officially launched only last week because it needed time to refine the business models and technology. Nonetheless, it had already received about 8000 applications from 40 000 hits, said Kotze.

Cutting out intermediaries, call centres and overheads such as excessive management layers and office parks had given it a cost advantage over competitors.

Kotze said the South African life insurance market was far from saturated, in spite of the high number of competitors. "Traditionally, life insurance has been 'sold' not 'bought'. Products have been complex and client needs not always clearly defined. We think Instant Life can change that," he said. The company was offering up to R6m life cover without a full medical, at about half the cost of its competitors.

Asked how reliable self-assessing for life assurance was, Kotze said research showed by far the majority of clients were truthful when assessing their own risk, especially if the online prompts were clear and to the point.

He said every life policy issued by the firm was reinsured by Hannover Life Re, a subsidiary of Hannover Life Re Africa.

Kotze was a former director of Deloitte Consulting and ran its innovation unit before setting up VentureCapitalworks; an independent alternative asset management company that holds the majority share in Instant Life.

He said Instant Life's target market was educated internet users between the ages of 20 and 65, accounting for about 5-million people in SA.

Source: Business Day,

Compass – Enabling Opportunity

The Compass Insurance business model is unique in the short-term insurance industry. We only deal with Underwriting Managers. These business partners focus on providing innovative products and a specialised policy administration service to short-term insurance brokers. We do not market our own products, nor do we seek business directly from consumers.

We strive to be the most attractive and consistent long-term partner for our selected underwriting managers and outsource suppliers by reviewing how we can allow them to be more competitive in the market to the best of all our businesses. The earning potential of our business partners is linked to the profitability of the underlying business. This enables our business partners to focus on sustainable profitable growth which allows all the partners in the relationship to benefit from the business.

Compass Insurance began operations in 1994. In 2001, Hannover Re Africa, a subsidiary of the international operation acquired the full share capital of Compass Insurance Company Limited.

Source: www.compass.co.za

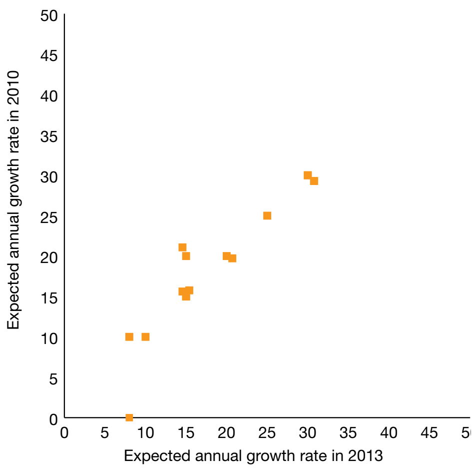
Performance

Q What is your estimate of the annual growth in premiums of your business for 2010 and over the next three years?

Short-term companies

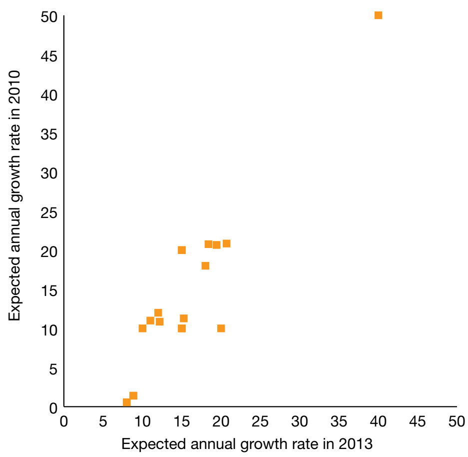
The vertical axis records growth rates for 2010, while the horizontal axis shows anticipated growth rates in 2013.

Only two short-term companies predict premium growth of 30% in 2010. Most companies fall in the 15% to 25% range. Going forward to 2013, the pattern remains largely the same with most short-term companies predicting 15% annual premium growth. The two 30% growth companies in 2010 envisage this rate of growth continuing in 2013.



Long-term companies

The fastest growing long-term company expects premiums to grow by 50% in 2010 and to expand at 40% in 2013. Five companies anticipate approximately 20% growth in 2010. By 2013, growth is expected to slow down. By 2013 within the group of 15 companies only three companies expect growth above 20% (this includes the 40% company just mentioned). The expectation is that premium growth will fall back to around 15% by 2013.



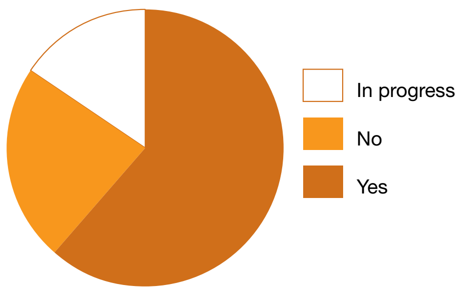
Q Do you allocate risk-based capital to the different business units in order to measure return on capital generated by these units?

The majority of both short-term and long-term companies allocate risk-based capital to different business units in order to measure their return on capital. The long-term companies seemed to have progressed further along this path. Only three companies within a group of 15 have not adopted this method.

Eight short-term companies are already using this approach and two more companies are "in progress" with the expectation that this will happen during the current year. Three short-term companies indicated this was yet to be implemented.

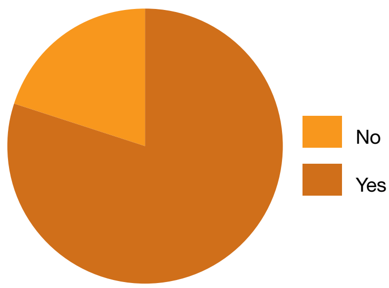
However, the general feedback was that although these companies say they have implemented this methodology, almost all the participants recognised that they had quite a way to go to make this fully effective.

Short-term capital allocation



Based on responses from 13 companies

Long-term capital allocation



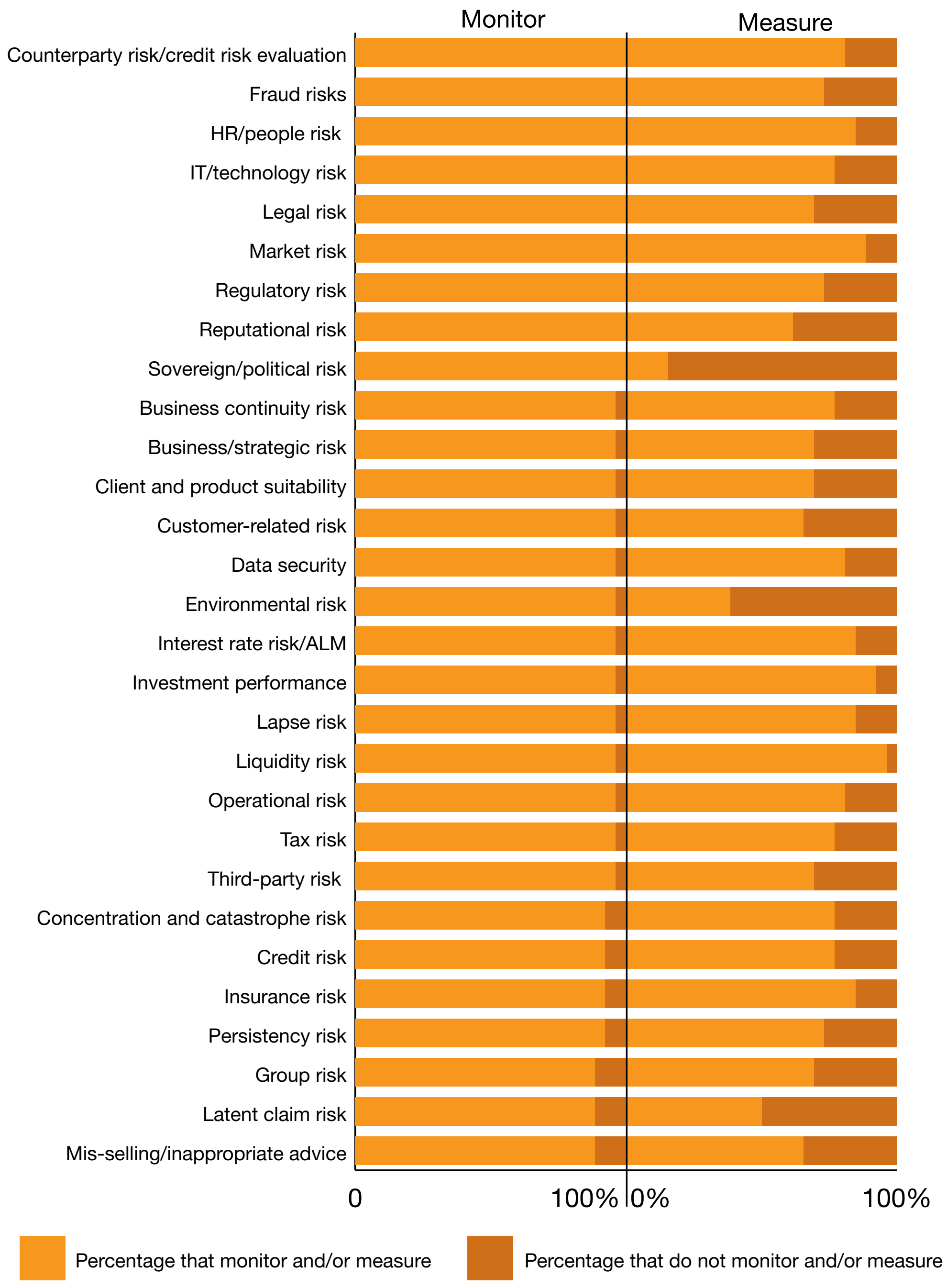
Based on responses from 15 companies

Risk management and fraud

Q Do you have processes in place to monitor and measure each of the following risks?

Twenty nine different types of risk were identified and respondents were asked to record whatever they monitored of these risks and then, secondly, if they had metrics in place to quantify and measure them. The risks were sorted according to the percentage that monitored the risk. For example, 26 companies answered this question and 100% said they monitored counterparty risk/credit risk. Although they monitored this risk, only 21 companies or 81% said they actually measured the risk.

The chart indicates that the three most difficult risks to measure were political risk, environmental risk and latent claim risk.

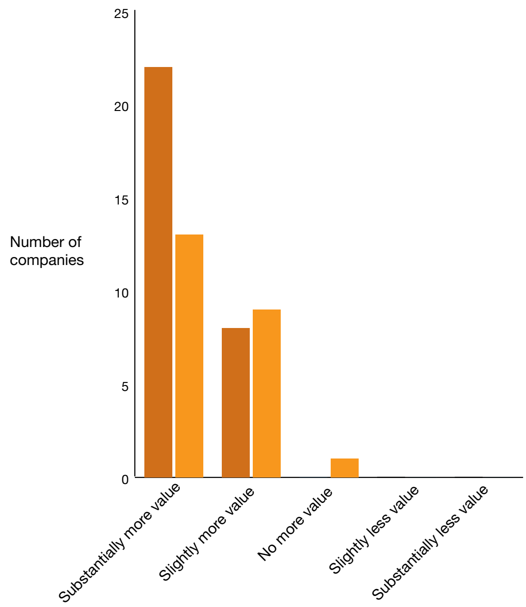


Based on responses from 26 companies

Q Does the risk management function at your organisation add more value to the business now than it did three years ago? Please select one of the following.

Risk management received a similar endorsement to that recorded in the 2008 report.

Within the group of 30 companies, 22 said risk management added substantially more value while eight companies said it added just lightly more value.

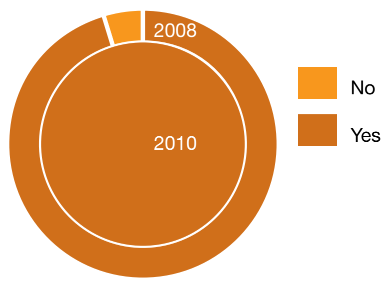


Based on responses from 30 companies in 2010 and 23 companies in 2008

Q Does your organisation currently apply capital management as part of its risk management strategy?

All 30 respondents suggested that capital management was an integral part of their risk management strategy.

However, several said they would like to do it more effectively. One small long-term insurer observed "as a start-up company, capital is everything."



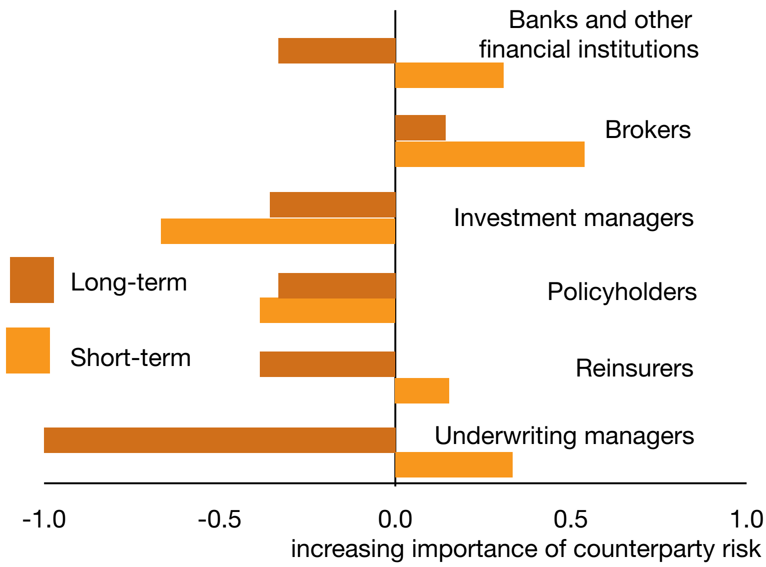
Based on responses from 30 companies in 2010 and 22 companies in 2008

Q Please score each of the following counterparty risks according to the level of importance:

There are real differences between short-term and long-term insurers regarding counterparty risks.

Short-term insurers feel exposed to brokers, underwriting managers and banks.

The long-term insurers believed they are less at risk. The only hint of counterparty exposure was to brokers.



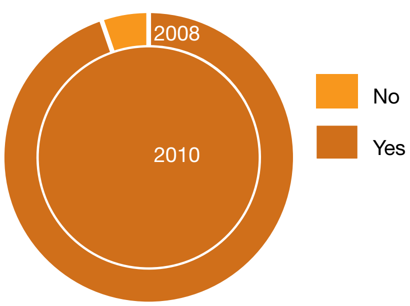
28 companies responded, 13 short-term and 15 long-term

Q Do you currently effectively monitor your asset/liability matching risk?

In the 2008 report, 18 of the 19 respondents to this question said they monitored asset/liability matching risk. By 2010 all 30 companies confirmed that they follow this practice.

Some companies acknowledged there was room for further improvement.

Several companies stated they have actively recruited in this area.



Based on responses from 30 companies in 2010 and 19 companies in 2008

Q Do you see a move towards or away from re-insurance as part of your risk management strategy?

Overall, insurers forsee a move toward more re-insurance rather than away.

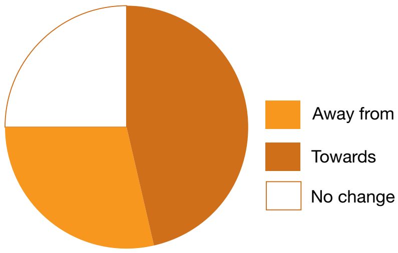
Thirteen companies said they were moving towards while eight companies indicated they were taking more insurance on their own books and seven companies reported no change.

One long-term company revealed that as it moved into a new line, it utilised more re-insurance and then as the business matured, it would unwind.

Several companies suggested that the larger players in the industry were moving away from re-insurance. This was found to be the case in this survey although several large companies also recorded "no change".

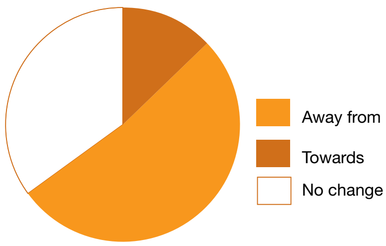
One large short-term company suggested that the re-insurance move was very company dependent and did not reflect an industry trend.

2010



Based on responses from 28 companies

2008



Based on responses from 23 companies

Peer review
Ranking of peer companies by participants

Q Can you name the top three insurance companies in terms of success (performance, presence and momentum) across a variety of different markets?

The 30 participants provided a peer assessment of companies in the industry. A simple scoring method awarded three points to first place, two points to second and one point to third place. This allowed the insurance companies to be ranked according to a cumulative a total score.

Insurance companies were asked not to record an opinion unless they were active in that segment and were comfortable in providing an accurate ranking in terms of success (performance, presence and momentum) as opposed to mere size. They were not permitted to rank their own institution. Often insurance companies would choose only first or second-ranked companies.

Products

Alternative risk transfer

Ranking	First	Second	Third	Score	Change
Guardrisk	17			51	→
Santam - Centriq		6	1	13	→
Zurich Insurance	1			3	↗
Hollard		1		2	→
Mutual & Federal		1		2	↘

* Based on responses from 18 companies

Assistance business

Ranking	First	Second	Third	Score	Change
Clientéle Life	5	1		17	↗
Metropolitan	3	2	3	16	→
Hollard	1	3	2	11	↗
Sanlam	3			9	↘
Old Mutual	1	2		7	↘
Momentum	1	1		5	↗
Europ Assist	1			3	↗
Discovery		1		2	↗
International SOS		1		2	↗

* Based on responses from 15 companies

Credit life

Ranking	First	Second	Third	Score	Change
Hollard Life	4	3		18	→
Absa Life	4	2	1	17	→
Regent Life	1	2	2	9	→
Old Mutual	1	2		7	↗
Sanlam	1	1		5	↘
Clientéle Life	1			3	↗
Wesbank	1			3	↗
Discovery			1	1	↗
Metropolitan			1	1	↘
Momentum			1	1	↘

* Based on responses from 13 companies

Group business – investment

Ranking	First	Second	Third	Score	Change
Old Mutual	3	2		13	→
Allan Gray	2	2		10	↗
Sanlam	1	3		9	↘
Alexander Forbes	1	1	1	6	↘
Investment Solutions	2			6	↘
Momentum	1	1		5	↘
Liberty Life	1		2	5	↘
Metropolitan	1			3	↗
Coronation		1		2	↗
Investec			1	1	↘

* Based on responses from 12 companies

Group business – risk

Ranking	First	Second	Third	Score	Change
Old Mutual	6	2	2	24	→
Sanlam	3	5	1	20	↗
Momentum	2	2		10	↘
Discovery	2			6	↗
Momentum			3	3	↘
Alexander Forbes		1		2	↗
Liberty Life		1		2	↘
Metropolitan			1	1	↘

* Based on responses from 13 companies

Investment products

Ranking	First	Second	Third	Score	Change
Sanlam	3	4	2	19	→
Momentum	3	2		13	→
Old Mutual	3	1	2	13	↗
Allan Gray	2	1		8	→
Discovery	1	2		7	↗
Cadiz	1	1		5	↗
Liberty Life	1		2	5	↘
Coronation		1	1	3	↘
Investment Solutions	1			3	↗

* Based on responses from 15 companies

Life risk products

Ranking	First	Second	Third	Score	Change
Discovery	10	4		38	→
Momentum	6	4		26	→
Old Mutual	1	1	4	9	→
1LifeDirect	1	1		5	↗
Liberty Life		2	1	5	↘
Sanlam			4	4	↘
Hollard Life - Alt Risk**		1		2	↘

* Based on responses from 18 companies

** Set up in 1999 by Hollard and Hannover Re

Motor insurance

Ranking	First	Second	Third	Score	Change
Outsurance	8	5	1	35	↗
Telesure	4	6	2	26	↘
Santam	4	4	1	21	→
Hollard	2	1	2	10	↗
Regent	2			6	↘
MiWay			2	2	↘

* Based on responses from 20 companies

Property (excluding motor)

Ranking	First	Second	Third	Score	Change
Santam	12	3		42	→
Mutual & Federal		4	2	10	→
Outsurance	2	1	2	10	→
Chartis	2			6	↗
Zurich		1	2	4	↗
Absa	1			3	↗
Telesure		1		2	↘

* Based on responses from 17 companies

Health insurance

Ranking	First	Second	Third	Score
Discovery	6		1	19
Chartis	2			6
Momentum	2			6
Hollard		2		4
Old Mutual			1	1

* Based on responses from 10 companies

Customer relationships

Ranking	First	Second	Third	Score	Change
Discovery	8	1	1	27	↗
Hollard	3	2	1	14	↗
Santam	3	2		13	→
Momentum	3	1	1	12	→
Outsurance	3	1	1	12	↘
Sanlam	2	3		12	↗
Old Mutual		2	1	5	↗
Telesure		1	2	4	↘
Chartis		1		2	↗
MiWay		1		2	↗
Liberty Life			1	1	↘
Standard			1	1	↗
Guardrisk			1	1	↗
RisCura			1	1	↗
Zurich			1	1	↘

* Based on responses from 22 companies

Innovations

Ranking	First	Second	Third	Score	Change
Discovery	16	3	1	55	→
Hollard	5	5	2	27	→
Outsurance	3	6		21	→
Momentum	2	2		10	→
Santam	1		1	4	→
Sanlam		2		4	↗
Telesure			4	4	↘
MiWay	1			3	↗
1LifeDirect		1		2	↘
RisCura Solutions		1		2	↗
Allan Gray			1	1	↗
Cadiz			1	1	↗
Coronation			1	1	↗
Fifth Quadrant			1	1	↗
Liberty Life			1	1	↗
Virgin			1	1	↗

* Based on responses from 28 companies

Marketing strategies

Ranking	First	Second	Third	Score	Change
Discovery	10	4	2	40	→
Outsurance	6	2	3	25	→
Hollard	3	5	1	20	→
Telesure	2	1	2	10	↗
Momentum	1	2	1	8	↗
Old Mutual	1	1	2	7	↗
Santam	1	1		5	↘
Sanlam		1	2	4	↘
1LifeDirect		1	1	3	↗
Clientéle			2	2	↗
Liberty Life		1		2	↘
MiWay		1		2	↗

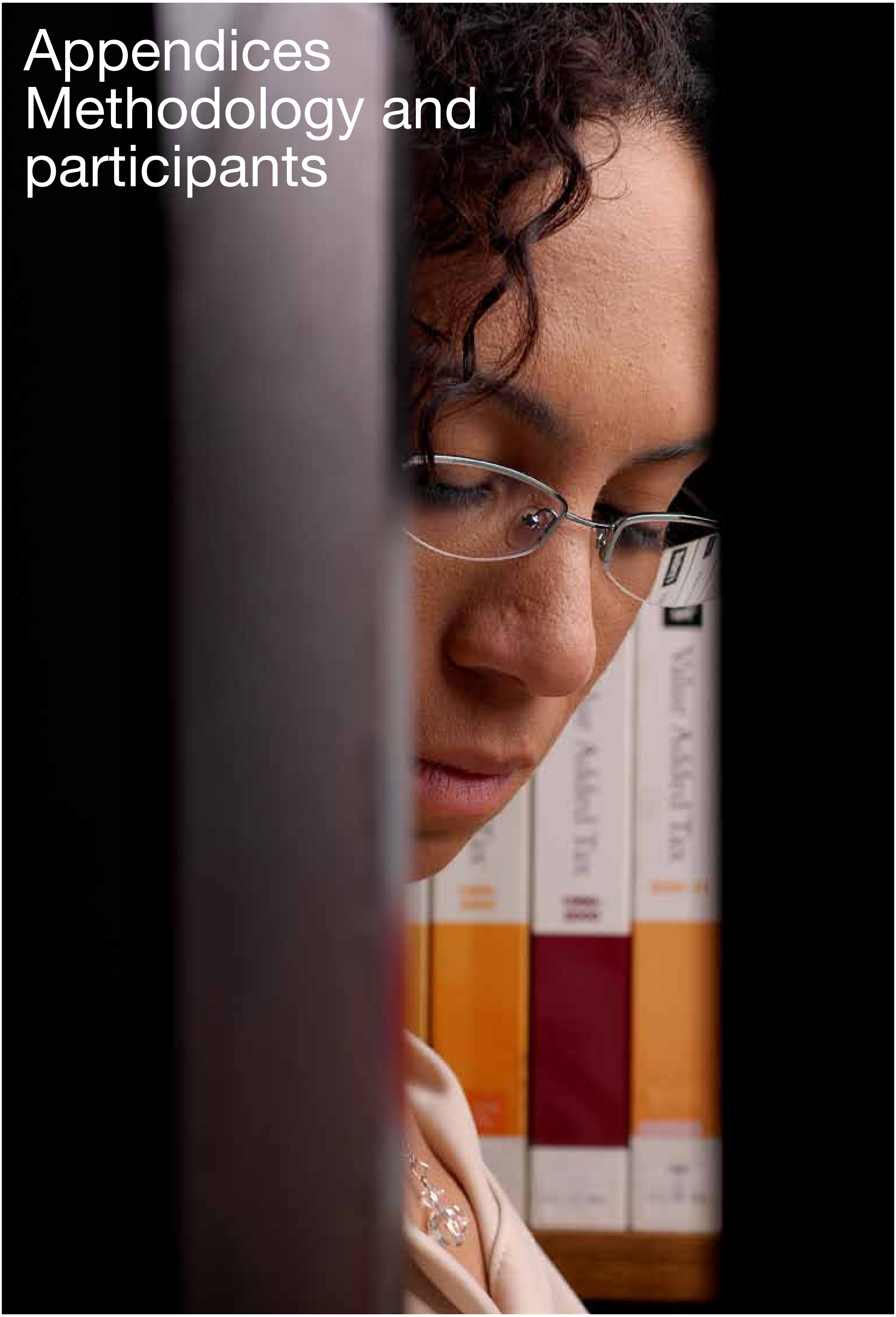
* Based on responses from 24 companies

Technically competent staff

Ranking	First	Second	Third	Score	Change
Santam	11	1	2	37	↗
Discovery	5	2		19	↗
Outsurance	2	4	2	16	↗
Sanlam	3	3		15	↗
Old Mutual	3		2	11	↗
Hollard		4	1	9	↗
Momentum		3	1	7	↘
Telesure	1	1	1	6	→
Fifth Quadrant	1			3	↗
Alexander Forbes		1		2	↗
Liberty Life			2	2	↘
Mutual & Federal		1		2	↘
Guardrisk			1	1	↗
RisCura			1	1	↗
Zurich			1	1	↘

* Based on responses from 26 companies

Appendices
Methodology and participants



Methodology

Previous experience in the financial services sector has shown that personal interviews with senior executives using a standard questionnaire offers the best research approach.

The questionnaire contained 42 questions and was administered during interviews of approximately one hour. The author conducted all interviews during February and March 2010 in Johannesburg and Cape Town.

Responses have not been attributed to individual insurance companies but rather collectively to all participants which included two re-insurers and two cell captives or in a more narrow focus of just those categorised as either short-term companies or long-term companies.

The time commitment and support by all of the insurance companies invited to participate in this survey was, as in previous surveys, outstanding.

The report attempts to provide guidance on the direction South African short- and long-term insurance will follow over the next three years.

Participants

Name	Position	Insurance company
Anton de Souza	Chief Executive Officer	1Lifedirect
Edwyn O'Neill	Managing Director	Absa Insurance
Izak Smit	Managing Director	Absa Life
Gari Dombo	Managing Director	Alexander Forbes Insurance
Gert Wessels	Managing Director	Assupol
Louis de Klerk	Chief Executive Officer	AVBOB
Michael Blain	Chief Executive Officer	Centriq Insurance
Peter Flint	Chief Executive Officer	Chartis South Africa
Gavin Soll	Managing Director	Clientéle Life
Herschel Mayers	Managing Director	Discovery Life
Herman Schoeman	Managing Director	Guardrisk
Achim Klennert	Managing Director	Hannover Re
Ian Ross	Executive Director	Hollard
Steve Baudo	Managing Director	Liberty Life
Adam Samie	Managing Director	Lion of Africa
Wilhelm van Zyl	Chief Executive Officer	Metropolitan
Nicolaas Kruger	Managing Director	Momentum
Junior John Ngulube	Managing Director	Munich Re
Keith Kennedy	Managing Director	Mutual & Federal
Mike Harper	Retail Managing Director	Old Mutual
Willem Roos	Joint Managing Director	Outsurance
Mike Jackson	Chief Executive	Professional Provident Society
René Miles	Managing Director	PSG Future Wealth
David Gnodde	Managing Director	Regent Life/Regent Insurance
Gustavo Arroyo	Chief Executive Officer	RMB Structured Insurance
Hennie de Villiers	Chief Executive – Operations	Sanlam
Ian Kirk	Chief Executive	Santam
Denise Shaw/Tetiwe Jawuna	Managing Director/ Managing Director	Standard Insurance/ Standard Bank Insurance Brokers
Leon Vermaak	Chief Executive Officer	Telesure
Guy Munnoch	Managing Director	Zurich Insurance

Insurance groups

The information provided has been considered proprietary and remains confidential. Results are therefore presented in a "disguised" group format,as either short- or long-term insurance companies. The members of the different groups are as follows:

Short-term insurance companies:

- Absa Insurance
- Alexander Forbes Insurance
- Chartis
- Hollard Insurance
- Lion of Africa
- Mutual & Federal
- Outsurance
- Regent Insurance
- RMB Structured Insurance
- Santam
- Standard Insurance
- Telesure
- Zurich Insurance

Long-term insurance companies:

- 1Lifedirect
- Absa Life
- Assupol
- AVBOB
- Clientèle Life
- Discovery Life
- Hollard Life
- Liberty Life
- Metropolitan
- Momentum
- Old Mutual
- Professional Provident Society
- PSG
- Regent Life
- Sanlam

Re-insurance companies:

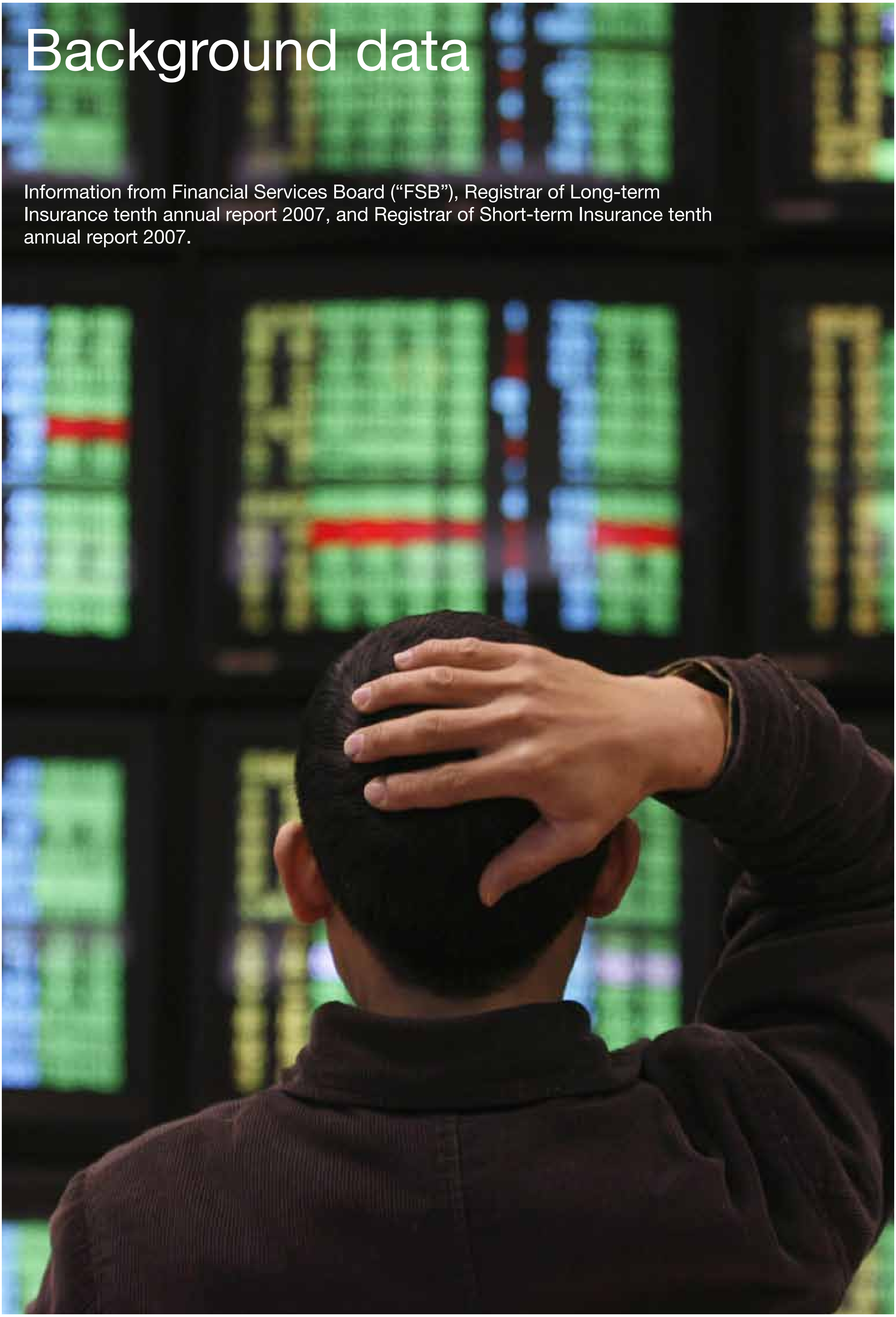
- Hannover Re
- Munich Re

Cell captives:

- Centriq
- Guardrisk

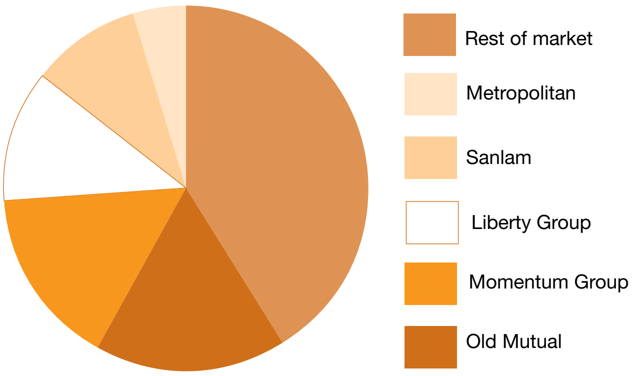
Background data

Information from Financial Services Board ("FSB"), Registrar of Long-term Insurance tenth annual report 2007, and Registrar of Short-term Insurance tenth annual report 2007.



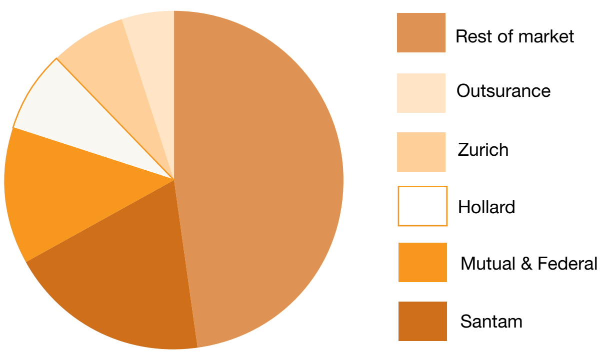
Long-term

Short name	Gross premiums written R'000	%
Old Mutual	41,395,412	17%
Momentum Group	37,937,027	16%
Liberty Group	28,771,137	12%
Sanlam	23,559,593	10%
Metropolitan	11,009,445	5%
Rest of the Long-term insurance market	99,958,742.0	41%
TOTAL	242,631,356.0	100%



Short-term

Short name	Gross premiums written R'000	%
Santam	11,134,807	19%
Mutual & Federal	7,721,670	13%
Hollard	4,477,837	8%
Zurich	3,964,136	7%
Outsurance	2,892,322	5%
Rest of the Short-term insurance market	27908079	48%
TOTAL	58,098,851	100%



Long-term insurance: summary of key figures								2007	R'000
Short name	Gross premiums	Net premiums	Net benefits	Commission	Management expenses	Investment income	Other income	Other expenditure	Dividends paid
Primary									
1 Life Direct	24,633	14,145	4,393	0	53,914	2,179	0	78	0
Absa Life	3,924,091	3,853,940	1,498,903	159,741	152,585	784,775	24,864	32,129	911,298
African Life	1,916,296	1,910,956	1,447,551	251,198	265,030	796,181	0	38,550	481,594
AIG Life	683,300	683,300	139,352	347,785	37,075	30,348	0	0	0
Alexander Forbes	2,508,698	39,600	7,683	5,854	137,528	2,513,076	148,066	7	29,153
Algoa	14,402	14,402	5,541	35	4,474	2,216	19	775	10,000
Allan Gray Life	5,225,723	5,225,723	4,813,194	0	179,620	8,389,196	205,307	46,475	155,300
Anglo Dutch Life	0	0	564	0	0	198	370	960	0
Assupol	881,120	836,540	523,432	145,189	154,302	361,882	52,579	15,374	0
AVBOB	623,848	623,435	209,411	66,210	210,569	819,549	0	0	0
BoE Life	1,151,011	1,151,011	1,042,518	33,502	20,742	536,280	4,965	(1,067)	0
Capital Alliance	2,255,101	2,036,901	3,014,759	266,113	486,240	1,804,155	71,450	12,876	0
Centriq Life	301,583	298,500	37,810	1,504	2,383	26,062	3,881	3,146	0
Channel Life	2,108,590	1,924,971	686,338	189,044	186,476	222,470	63,460	2,565	0
Citadel	152,355	152,355	234,264	812	18,153	238,812	857	0	0
Clientéle	676,143	648,394	161,934	203,122	167,556	176,671	78,535	42,675	84,110
Constantia Life	16,052	10,622	8,171	2,299	2,076	2,671	1,907	0	0
Coronation	5,522,835	5,522,835	8,120,426	0	0	1,544	161,664	544	1,431
Corpcapital Life	0	0	115,102	0	1,280	1,232	0	0	0
Discovery Life	2,422,364	1,916,296	543,158	888,468	432,398	434,666	16,927	4,773	0
Goodall and Bourne	11,414	11,414	6,787	351	4,973	3,167	4,785	2,471	0
Goodall and Company	993	0	0	0	11	11	0	993	0
Guardrisk Life	539,359	441,494	199,553	0	11,725	115,149	15,270	0	0
Hollard Life	3,039,571	2,747,852	759,125	275,999	421,443	336,016	(24,245)	26	0
HTG (a)	115,503	115,503	50,800	11,999	24,755	34,657	23	0	41,350
Investec	26,246,883	26,246,883	23,246,556	43,186	21,360	4,737,483	7,618	0	0
Investec Employee Ben	2,610,903	1,187,238	1,980,708	41,942	17,996	2,822,203	0	4,535,748	680,000
Investment Solutions	16,712,034	16,712,034	21,984,622	67,551	509,814	16,095,832	785,491	0	169,265
KGA	61,766	61,766	37,743	2,751	9,560	1,655	943	13,170	0
Liberty Active	4,897,413	4,530,120	2,936,095	772,370	444,545	1,369,623	3,543	0	274,031
Liberty Group	28,771,137	25,786,008	22,562,641	1,673,506	2,415,710	21,118,507	1,333,603	235,839	642,214
Lion of Africa	21,643	21,135	14,614	3,809	6,322	12,999	2,403	10,853	0
McLife	111,470	97,215	8,827	25,080	5,359	35,397	6,086	0	26,564
mCubed	588,227	588,227	4,337,150	0	39,744	723,322	29,573	0	0
Metropolitan	11,009,445	10,669,765	6,968,269	909,608	1,299,888	7,037,927	7,508	0	1,313,497
Metropolitan Inter	13,607	13,607	5,829	11	864	19,079	1,243	856	0
Metropolitan Odyssey	3,102	3,102	0	5	409	1,161	0	0	0
Momentum Ability	228,626	223,564	490,309	451	20,919	136,190	9,229	0	18,694

Long-term insurance: summary of key figures								2007	R'000
Short name	Gross premiums	Net premiums	Net benefits	Commission	Management expenses	Investment income	Other income	Other expenditure	Dividends paid
Momentum Group	37,937,027	37,345,686	38,684,388	1,113,216	1,649,324	30,809,134	1,815,931	418,275	2,601,217
MS Life	281,766	235,453	38,085	9,016	47,609	42,017	7,005	1,948	0
Nedgroup Life	779,004	726,698	1,930,799	132,248	158,230	105,465	1,905	0	107,900
Nestlife	62,301	49,825	15,353	0	12,779	2,540	1,675	24,474	0
Netcare Life	4,968	4,968	5,645	443	638	1,307	0	0	0
New Era	83,563	44,639	31,471	2,563	13,859	19,522	10,104	0	29,333
NIB Life	0	0	18,229	0	244	970	0	65	0
Old Mutual	41,395,412	37,762,364	42,875,131	1,704,532	6,062,778	44,498,657	3,021,808	347,029	8,293,714
Old Mutual Risk	44,143	444	55	390	2,895	27,865	50	0	0
Pinnafrica Life	5,619	5,319	1,291	4,236	12,320	7,602	17	0	0
PPS Insurance	1,296,770	1,242,025	782,153	138,949	296,859	1,436,096	4,683	782,122	0
Prescient Life	0	0	0	0	0	1,033	0	154	0
Prosperity	343,183	185,669	136,189	42,062	12,352	4,606	2,719	0	0
Real People	5,066	4,941	914	1,051	3,594	1,271	90	0	0
Regent Life	928,295	769,222	207,445	189,503	196,586	205,912	5,589	800	145,000
Relyant Life	92,729	88,111	49,323	2,126	16,023	6,854	0	0	20,000
Rentmeester	260,734	120,784	114,231	5,697	30,988	91,982	10,443	135	0
RMA Life	208,038	208,038	38,454	0	38,316	869,000	0	9,938	0
RMB Structured Life	696,775	47,103	5,132	59,626	5,822	177,268	3,886	20	0
Saambou Life	24,003	0	31,114	0	812	10,502	2,370	799	35,304
Safrican	713,699	707,251	214,357	40,501	0	19,300	764	54,834	6,500
SAHL life (b)	116,091	103,711	24,035	26,120	2,834	5,731	0	8,093	33,000
Sanlam	23,559,593	23,326,763	28,999,804	922,000	2,838,000	24,579,510	223,000	0	2,900,000
Sanlam Customised	92,919	57,737	43,361	644	0	8,680	4,206	6,673	0
Sekunjalo Life	53,687	53,415	32,903	5,338	10,271	2,277	636	9,179	0
Sentry (c)									
Standard General	822,670	795,039	150,984	7,642	0	45,660	0	6,638	350,000
Stanlib	2,003,615	0	50,146	0	0	865,277	183,588	111,302	0
Superflex	1,772,825	1,772,825	998,311	30,367	1,542	647,920	22,621	0	9,303
Sygnia	2,426,653	2,426,653	2,359,589	808	55,831	733,295	625	3,966	0
Ten-50-six	1,217,995	1,217,995	1,931,368	0	7,578	1,235,145	7,167	14,275	0
Universal (c)									
Zurich Life	10,899	10,899	(365)	0	1,525	1,366	204	0	0
Total (d)	242,631,356	225,634,430	228,320,113	10,828,576	19,247,405	178,208,305	8,349,009	6,800,536	19,369,771
Reinsurers:									
General Re	905,416	860,023	482,758	19,680	30,439	71,555	0	79,792	60,000
Hannover Life	1,014,893	634,334	468,374	17,072	50,674	53,860	7,265	26,609	0

Long-term insurance: summary of key figures								2007	R'000
Short name	Gross premiums	Net premiums	Net benefits	Commission	Management expenses	Investment income	Other income	Other expenditure	Dividends paid
Munich Re	731,683	677,809	500,077	45,513	41,942	80,673	(48,783)	24,511	0
RGA	530,988	169,042	142,260	5,729	47,785	41,578	32,578	20,719	0
Saxum Re	22,656	11,205	7,310	485	5,364	3,227	0	0	0
Swiss Re Life and Health	966,844	966,844	1,293,597	177,114	88,500	304,067	0	2,670	285,000
Total	4,172,480	3,319,257	2,894,376	265,593	264,704	554,960	(8,940)	154,301	345,000
Grand Total	246,803,836	228,953,687	231,214,489	11,094,170	19,512,109	178,763,265	8,340,070	6,954,837	19,714,771

(a) The figures for HTG cover a sixteen month period due to a change in the financial year end.
(b) The figures for SAHL Life cover a ten month period due to a change in the financial year end.
(c) No figures are shown for Sentry and Universal as their liabilities are fully reinsured.
(d) The figures for Alternative Channel are not included due to a change in the financial year end, the figures for Community Life are not included as no statutory return has been submitted and Sage Life has been de-registered and exempted from submitting a return for 2007.

Long-term insurance: individual market share: primary market										2007
Short name	Financial year end (month)	Percentage share of net premiums received and outstanding in the segment							Total (a) net premiums received and outstanding R'000	Share of total (a) primary market %
		Total %	Assistance business %	Disability business %	Fund business %	Health business %	Life business %	Sinking fund business %		
General segment:										
Old Mutual	12	23.2	0.1	21.1	27.1	8.0	20.8	58.0	37,762,364	16.7
Momemtum Group	6	23.0	4.5	14.2	41.4	3.7	13.9	1.8	37,345,686	16.6
Liberty Group	12	15.9		18.6	13.8	57.2	17.3		25,786,008	11.4
Sanlam	12	14.3		9.9	7.5	3.4	19.0	10.9	23,326,763	10.3
Metropolitan	12	6.6	9.1	5.5	5.4	0.5	7.4	0.7	10,669,765	4.7
Liberty Active	12	2.8	32.7	3.3		0.0	3.8		4,530,120	2.0
Absa Life	12	2.4	9.7	0.1	0.9	0.3	3.2		3,853,940	1.7
Hollard Life	6	1.7	18.0	0.7	0.8		1.8	4.3	2,747,852	1.2
Capital Alliance	12	1.3	1.3	8.2	0.0	1.5	1.8	0.0	2,036,901	0.9
Channel Life	12	1.2	0.1		0.1		1.8	4.3	1,924,971	0.9
Discovery Life	6	1.2	0.3	17.3	0.4	23.5	1.0		1,916,296	0.8
African Life	12	1.2			0.0		2.0		1,910,956	0.8
Superflex	3	1.1			1.3		1.1		1,772,825	0.8
PPS Insurance	12	0.8				1.8	1.3		1,242,025	0.6
Investec Employee Ben	3	0.7			1.1		0.0	18.8	1,187,238	0.5
Assupol	6	0.5	18.3				0.4		836,540	0.4
Standard General	9	0.5	0.0				0.8		795,039	0.4
Regent Life	6	0.5	1.6	0.3	0.2		0.6		769,222	0.3
Nedgroup Life	12	0.4					0.7	0.3	726,698	0.3
Clientéle	6	0.4					0.6	0.9	648,394	0.3
AVBOB	6	0.4	2.5				0.6		623,435	0.3
Nestlife	3	0.0	0.2				0.0		49,825	0.0
New Era	6	0.0	1.4	0.1	0.0		0.0		44,639	0.0
Alexander Forbes	3	0.0	0.0	0.5			0.0		39,600	0.0
1 Life Direct	6	0.0		0.0		0.0	0.0		14,145	0.0
Real People	3	0.0	0.0				0.0		4,941	0.0
Total %		100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Link investment segment:										
Investec	3	44.3			44.3		38.2	62.5	26,246,883	11.6
Investment Solutions	3	28.2			31.1		5.9		16,712,034	7.4
Coronation	9	9.3			10.2			10.1	5,522,835	2.4
Allan Gray Life	2	8.8			7.4		22.9	12.1	5,225,723	2.3

Long-term insurance: individual market share: primary market										2007
Short name	Financial year end (month)	Percentage share of net premiums received and outstanding in the segment							Total (a) net premiums received and outstanding R'000	Share of total (a) primary market %
		Total %	Assistance business %	Disability business %	Fund business %	Health business %	Life business %	Sinking fund business %		
Sygnia	9	4.1			4.3		1.7	5.9	2,426,653	1.1
Ten-50-six	6	2.1			2.3				1,217,995	0.5
BoE Life	12	1.9			0.4		19.1		1,151,011	0.5
mCubed	2	1.0			0.0		11.8		588,227	0.3
Citadel	3	0.3					0.1	9.1	152,355	0.1
Metrolpolitan Inter	12	0.0					0.2	0.3	13,607	0.0
NIB Life	12								0	0.0
Precient Life	3								0	0.0
Stanlib	12								0	0.0
Total %		100.0	0.0	0.0	100.0	0.0	100.0	100.0		
Niche segment:										
MS Life	2	27.9	5.8	58.8	98.5	100.0	4.4		235,453	0.1
RMA Life	12	24.7					43.1		208,038	0.1
SAHL Life (b)	12	12.3		19.3			18.5		103,711	0.0
McLife	6	11.5	0.7				19.9		97,215	0.0
Relyant Life	8	10.4	49.2		1.5		5.6		88,111	0.0
Sekunjalo Life	8	6.3	44.2	0.2	0.0		0.1		53,415	0.0
RMB Structured Life	6	5.6		20.9			6.5		47,103	0.0
Pinnafrica Life	12	0.6		0.7			1.0		5,319	0.0
Netcare Life	9	0.6					1.0		4,968	0.0
Total %		100.0	100.0	100.0	100.0	100.0	100.0	0.0		
Cell captive segment:										
AIG Life	11	39.8				78.7			683,300	0.3
Guardrisk Life	3	25.7	26.7	32.6		21.3	52.3		441,494	0.2
Centriq Life	12	17.4	26.9	2.7	100.0		4.1		298,500	0.1
Momentum Ability	6	13.0	46.4	50.6			27.7		223,564	0.1
Sanlam Customised	12	3.4		14.1			12.5		57,737	0.0
Zurich Life	12	0.6					3.2		10,899	0.0
Old Mutual Risk	12	0.0					0.1		444	0.0
Total %		100.0	100.0	100.0	100.0	100.0	100.0	0.0		
Assistance segment:										
Safrican	12	62.7	47.4				99.1		707,251	0.3
Prosperity	6	16.5	19.6	99.8			0.9		185,669	0.1
HTG (c)	7	10.2	17.5				0.0		115,503	0.1
KGA	9	5.5	9.3						61,766	0.0

Long-term insurance: individual market share: primary market										2007
Short name	Financial year end (month)	Percentage share of net premiums received and outstanding in the segment							Total (a) net premiums received and outstanding R'000	Share of total (a) primary market %
		Total %	Assistance business %	Disability business %	Fund business %	Health business %	Life business %	Sinking fund business %		
Lion of Africa	12	1.9	2.3	0.0	100.0		0.0		21,135	0.0
Algoa	2	1.3	0.5	0.2		100.0			14,402	0.0
Goodall and Bourne	8	1.0	1.7						11,414	0.0
Constantia Life	8	0.9	1.6						10,622	0.0
Goodall and Company	8								0	0.0
Total %		100.0	100.0	100.0	100.0	100.0	100.0	0.0		
Insurers that are dormant or in run-off:									123,886	0.1
Total									225,634,430	100.0

(a) No figures are shown for Sentry and Universal as their liabilities are fully reinsured, the figures for Alternative Channel are not included due to a change in the financial year end, the figures for Community Life are not included as no statutory return has been submitted and Sage Life has been de-registered and exempted from submitting a return for 2007.

(b) The figures for SAHL Life cover a ten moth period due to a change in the financial year end.

(c) The figures for HTG cover a sixteen month period due to a change in the financial year end.

Long-term insurance: individual market share: reinsurance market										2007
Short name	Financial year end (month)	Percentage share of net premiums received and outstanding in the segment							Total (a) net premiums received and outstanding r'000	Share of total (a) primary market %
		Total %	Assistance business %	Disability business %	Fund business %	Health business %	Life business %	Sinking fund business %		
Swiss Re Life & Health	12	29.1	68.4	37.2	0.0	40.8	26.2		966,844	29.1
General Re	12	25.9	0.0	37.7	4.7	21.3	24.2		860,023	25.9
Munich Re	12	20.4	(3.2)	4.2	93.9	2.5	24.3		677,809	20.4
Hannover Life	12	19.1	0.4	17.6	0.0	30.8	19.3		634,334	19.1
RGA	12	5.1	34.4	3.0	1.2	4.6	5.5		169,042	5.1
Saxum Re	12	0.3	0.0	0.2	0.1	0.0	0.4		11,205	0.3
Total %		100.0	100.0	100.0	100.0	100.0	100.0	0.0	3,319,257	100.0

Short-term insurance: review of overall business													2007
		R'000						Percentages					
				Underwriting				Net underwriting					
				Gross		Net							
Short name	Year end (mth)	Assets less liabilities (a)	Investment income (b)	Premiums written	Underwriting profit / (loss)	Premiums written	Underwriting profit / (loss)	Retention (c)	Claims incurred (d)	Commission (e)	Expenses (e)	Profit / (loss) (e)	
Absa	12	1,454,193	227,870	2,301,008	233,887	2,061,781	230,791	90	62	14	11	11	
Absa Risk	12	22,864	2,091	3,770	(391)	3,285	(614)	87	55	(1)	65	(19)	
Ace	12	24,417	3,853	129,755	56,631	26,719	(14,501)	21	21	13	87	(54)	
AECI Captive	12	78,278	9,853	68,382	33,379	22,722	(499)	33	67	6	30	(2)	
Aegis	12	265,683	100	0	3,088	724	1,960	0	(189)	0	18	271	
Afgen	2	620	630	0	0	0	0	0	0	0	0	0	
AGRe	12	67,761	6,955	84,400	45,025	19,842	(16,263)	24	176	0	10	(82)	
Agri Risko	12	119	622	0	0	0	0	0	0	0	0	0	
AIG (SA)	11	153,886	35,278	1,280,240	361,718	311,884	6,178	24	66	(12)	42	2	
AIM	12	1,990	232	0	0	0	0	0	0	0	0	0	
Alexander Forbes	3	22,191	3,111	85,678	17,016	83,860	14,918	98	54	17	12	18	
Allianz	12	23,002	9,070	217,346	27,319	(179)	9,248	(0)	0	9,419	(5,255)	(5,166)	
Attorneys Insurance	12	199,983	37,664	39,474	(27,596)	31,245	(28,620)	79	156	0	28	(92)	
Auto & General	6	323,603	28,625	2,266,493	181,545	1,117,082	101,401	49	79	(14)	26	9	
Aviation (f)	4	30,040	12,354	7,962	10,605	3,161	5,204	40	22	22	260	165	
Bensure (f)	8	7,964	166	12,402	(364)	12,402	(364)	100	42	19	41	(3)	
Centriq	12	247,955	159,828	1,367,312	(39,272)	864,245	13,528	63	76	(1)	23	2	
CGU	12	58,909	189,675	0	11,702	0	0	0	0	0	0	0	
Coface	12	15,805	7,760	114,354	10,656	51,528	(4,152)	45	73	6	27	(8)	
Compass	12	60,030	8,972	668,123	(6,536)	167,461	19,076	25	62	(22)	48	11	
Constantia	8	67,738	18,533	1,640,628	(59,885)	260,582	4,899	16	82	(13)	27	2	
Corporate Guarantee	3	8,827	1,937	15,420	(1,471)	15,420	(1,471)	100	57	0	13	(10)	
Credit Guarantee	12	211,528	204,423	486,027	232,050	328,114	151,573	68	46	(8)	15	46	
Customer Protection	8	116,484	42,720	498,384	215,231	250,831	208,162	50	23	(27)	44	83	
Densecure	3	50,831	4,045	17,102	4,214	7,350	2,521	43	58	(94)	101	34	
Dial Direct	6	77,273	12,918	461,549	43,596	184,405	30,701	40	97	(62)	48	17	
Emerald	6	171,430	28,197	254,488	48,547	113,537	3,939	45	53	21	31	3	
Enpet	3	86,071	10,436	30,656	1,024	19,872	(6,822)	65	134	(10)	10	(34)	
Escap	3	804,399	160,969	838,335	324,106	658,617	85,552	79	80	(1)	8	13	
Export Credit	3	1,062,063	138,747	142,221	92,166	130,681	92,166	92	(128)	2	18	71	
Federated E M	12	602,765	240,109	118,862	(144,826)	103,857	(148,767)	87	215	0	40	(143)	
Ferrosure	12	84,313	9,224	107,259	95,827	5,781	17,536	5	45	(259)	13	303	
Fidelity	2	41,746	2,851	29,784	16,328	29,776	15,203	100	42	0	7	51	
Firstrand	6	37,877	25,246	127,402	(15,733)	85,709	(56,712)	67	161	(6)	11	(66)	
FNB Credit Guarantee	6	34,151	3,779	2,505	125	2,270	(1,583)	91	(4)	(45)	213	(70)	
General Accident	12	654,526	53,855	0	0	0	0	0	0	0	0	0	

Short-term insurance: review of overall business												2007
Short name	Year end (mth)	R'000						Percentages				
				Underwriting				Net underwriting				
				Gross		Net						
		Assets less liabilities (a)	Investment income (b)	Premiums written	Underwriting profit / (loss)	Premiums written	Underwriting profit / (loss)	Retention (c)	Claims incurred (d)	Commission (e)	Expenses (e)	Profit / (loss) (e)
Global	12	73,033	6,994	20,473	20,368	20,473	20,368	100	7	12	1	99
Guardian National	12	268,090	167,375	(569)	7,797	0	0	0	0	0	0	0
Guardrisk	3	628,867	195,551	2,743,363	550,014	2,037,362	92,922	74	40	4	44	5
HDI Gerling	12	26,439	3,578	29,226	13,852	1,312	(586)	4	10	(274)	370	(45)
Hollard	6	1,301,261	262,008	4,477,837	514,079	3,175,600	173,598	71	50	9	35	5
Home Loan	6	161,724	34,020	5,510	(1,526)	0	(5,893)	0	0	0	0	0
IGF	12	3,046	351	10,570	8,734	0	2,884	0	0	0	0	0
Indequity	9	9,447	382	16,254	1,071	15,657	474	96	58	7	31	3
Infiniti Risk	3	(4,296)	5,281	58,155	(25,345)	58,155	(25,345)	100	71	3	47	(44)
Khula	3	55,448	10,130	13,515	(25,557)	13,515	(25,557)	100	2,660	0	48	(189)
Kingfisher	6	79,133	10,636	128,213	69,135	8,785	1,808	7	40	(33)	71	21
Legal Expenses	2	118,338	17,576	328,914	58,862	299,202	32,528	91	37	10	42	11
Lion of Africa	12	111,808	22,094	770,242	6,862	352,507	(22,255)	46	64	13	28	(6)
Lombard	6	170,977	11,286	118,647	55,681	50,502	27,267	43	26	(10)	6	54
Mcsure	6	118,566	36,323	128,671	28,817	128,671	28,817	100	44	7	7	22
Momentum Short-term	6	29,482	1,876	67,064	(39,692)	66,355	(40,383)	99	79	7	74	(61)
Monarch	3	276,826	41,594	510,882	148,979	322,108	153,458	63	21	(18)	39	48
MUA	12	19,739	5,224	222,504	(7,348)	72,512	(6,751)	33	64	(16)	60	(9)
Mutual & Federal	12	1,797,197	1,031,699	7,721,670	444,374	7,288,063	282,143	94	66	21	9	4
Mut & Fed Risk	12	577,289	37,572	624,236	239,581	498,608	171,135	80	51	14	0	34
Natsure	8	25,258	849	112,176	(102,710)	48,163	8,817	43	41	25	35	18
Nedcor (SA)	12	62,924	13,644	11,067	(482)	15,699	(482)	142	86	0	19	(3)
Nedgroup	12	126,947	14,765	504,643	68,856	290,614	41,658	58	74	8	4	14
New National	12	53,997	13,253	547,116	(14,532)	185,996	7,473	34	87	3	6	4
Nova Risk	12	50,635	22,688	351,157	23,363	232,637	15,818	66	64	(0)	31	7
Old Mut Health	12	91,364	503	856	(242)	856	(242)	100	51	9	68	(28)
Outsurance	6	678,069	96,891	2,892,322	770,698	2,678,540	700,354	93	52	0	21	26
Parktown	12	22,848	12,155	9	2,530	(173)	15,374	(1,922)	0	(1)	(391)	(8,887)
Pinnafrica	12	20,544	13,237	21,760	3,974	24,191	3,084	111	10	13	101	13
Rand Mutual	12	765,216	415,362	493,403	(15,749)	477,798	(25,055)	97	91	0	14	(5)
Regent	6	371,469	123,462	1,884,575	115,102	1,515,745	77,877	80	66	16	9	5
Relyant	8	76,883	26,763	549,412	289,202	120,928	70,766	22	40	(112)	134	59
Renasa	6	15,376	1,868	193,462	1,939	35,725	(8,179)	18	83	(2)	42	(23)
Resolution	6	8,100	740	15,533	4,367	5,618	94	36	53	4	23	2
RMB Specialised Lines	6	45,928	4,770	45,898	(3,538)	6,021	(7,834)	13	81	(13)	148	(130)
RMB Structured	6	170,749	41,973	1,618,924	691,393	149,366	38,798	9	39	45	12	26
Sabsure	3	123,625	8,536	32,643	4,607	31,652	3,416	97	73	0	16	11

Short-term insurance: review of overall business — 2007

Short name	Year end (mth)	R'000 Assets less liabilities (a)	Investment income (b)	Underwriting Gross Premiums written	Underwriting Gross Underwriting profit / (loss)	Underwriting Net Premiums written	Underwriting Net Underwriting profit / (loss)	Percentages Net underwriting Retention (c)	Claims incurred (d)	Commission (e)	Expenses (e)	Profit / (loss) (e)
Safire	3	34,210	2,180	49,009	5,124	40,969	8,040	84	59	5	15	20
Sage	6	21,875	1,806	996	485	996	485	100	1	0	62	49
SAHL (g)	2	13,473	561	23,059	745	7,034	(1,011)	31	99	(2)	18	(14)
Santam	12	3,982,290	2,613,809	11,134,807	849,525	10,115,436	319,416	91	69	14	12	3
SARB	3	72,498	10,471	17,528	13,069	8,328	3,870	48	31	11	12	46
Sasguard	9	81,544	9,242	39,220	20,069	31,608	13,772	81	53	(5)	6	44
Sasria	3	1,999,695	176,699	487,751	353,766	226,339	193,631	46	1	(2)	11	86
Saxum	12	7,948	925	17,235	(6,293)	8,938	(4,882)	52	59	12	77	(55)
Sentrasure	12	191,301	232,169	0	11,929	0	0	0	0	0	0	0
Shoprite	6	72,074	30,946	214,371	131,021	214,371	131,021	100	9	(1)	1	61
Standard	12	909,379	178,829	1,007,385	210,099	811,123	147,179	81	55	13	14	18
Sunderland Marine	12	10,492	2,335	9,623	3,449	7,226	1,550	75	23	15	33	21
Truck & General	8	15,209	530	0	70	0	60	0	0	0	0	0
Unitrans	6	85,311	16,526	128,071	48,071	107,778	40,539	84	14	10	30	38
Unity	6	17,326	1,159	44,465	(6,778)	21,689	(6,174)	49	72	(16)	73	(28)
Westchester	6	180,460	14,878	0	(61)	0	(523)	0	0	0	0	0
XL Insurance	12	131,507	6,897	1,453	46,875	2	468	0	211	(15,000)	(9,400)	23,400
Zurich	12	1,030,933	283,724	3,964,136	347,706	3,363,917	101,356	85	73	15	9	3
Zurich Risk	12	146,950	13,069	272,087	52,953	241,730	10,084	89	67	21	5	4
Total (h)		24,708,138	8,012,464	58,098,851	7,759,054	42,410,810	3,495,437					
Reinsurers:												
African Re	12	134,237	38,456	1,067,364	(8,015)	253,005	(17,462)	24	77	19	9	(7)
Central Re	12	3,544	260	0	101	0	101	0	0	0	0	0
General Re	12	81,122	23,520	65,912	54,045	33,310	29,096	51	(3)	(15)	27	87
Hannover	12	401,805	152,286	967,785	38,410	636,596	6,127	66	62	28	7	1
Imperial Re	6	136,823	5,602	71,691	(9,416)	64,846	(16,261)	90	80	33	11	(25)
Munich	12	708,535	170,120	1,878,520	34,755	522,385	42,196	28	67	21	3	8
Saxum Re	12	35,274	23,729	294	(632)	158	(6,148)	54	(1,512)	(13)	5,516	(3,891)
Swiss Re	12	285,929	77,396	1,221,306	379,405	460,470	127,996	38	33	14	20	28
Total (i)		1,787,269	491,368	5,272,872	488,653	1,970,770	165,645					
Grand Total		26,495,407	8,503,832	63,371,723	8,247,706	44,381,580	3,661,081					

Short-term insurance: review of overall business												2007
Short name	Year end (mth)	R'000						Percentages				
		Assets less liabilities (a)	Investment income (b)	Underwriting				Net underwriting				
				Gross		Net		Retention (c)	Claims incurred (d)	Commission (e)	Expenses (e)	Profit / (loss) (e)
				Premiums written	Underwriting profit / (loss)	Premiums written	Underwriting profit / (loss)					

(a) Figures exclude the additional asset requirement.

(b) Figures exclude unrealised profits or losses on realisation of investments.

(c) Retention represents the percentage of gross premiums written, retained as net premiums.

(d) Claims incurred is shown as a percentage of net premiums earned.

(e) These items are shown as a percentage of net premiums written.

(f) The figures for Aviation and Bensure cover an eighteen month period due to changes in their financial year ends.

(g) The figures for SAHL cover the period ended February 2007 but, due to a change in the financial year end, figures for the period ended December 2007 have been submitted and are available on request.

(h) The figures for First Central are not included due to the process of curatorship.

(i) The figures for South Union Re (perviously Zimre) are not included due to the process of curatorship.

Short-term insurance: individual market share: primary market											
Percentage share of gross premiums written in the segment											2007
Short name	Total %	Property %	Transportation %	Motor %	Accident and health %	Guarantee %	Liability %	Engineering %	Miscellaneous %	Total gross premiums written (a) R.'000	Share of total primary market (a) %
General segment:											
Santam	26.6	33.2	21.3	24.2	18.9	7.5	57.0	24.8	1.1	11,134,807	18.7
Mutual & Federal	18.5	27.9	8.8	17.2	10.5	1.0	7.0	19.2	1.3	7,721,670	12.9
Hollard	10.7	7.8	12.0	12.8	14.2	16.2	2.8	10.2	11.6	4,477,837	7.5
Zurich	9.5	10.1	12.1	9.5	4.6	0.5	4.6	22.8		3,964,136	6.6
Outsurance	6.9	7.1	0.3	9.5	0.1	5.4	0.3		2.3	2,892,322	4.8
Auto & General	5.4	1.6		9.8	0.8	0.0	0.0		3.0	2,266,493	3.8
Regent	4.5	0.7	9.3	7.1	4.2	4.0	2.4	4.7	0.7	1,884,575	3.2
Constantia	3.9	0.0	0.1	1.3	15.7	4.1	0.2		48.0	1,640,628	2.7
Lloyd's	3.8	1.9	25.4	0.7	11.2	1.8	14.5	0.4	16.0	1,576,462	2.6
AIG (SA)	3.1	3.0	3.5	0.5	14.5	51.5	7.6	3.9	11.0	1,280,240	2.1
Lion of Africa	1.8	2.2	1.9	1.5	0.4	0.0	0.9	7.0	0.3	770,242	1.3
Compass	1.6	2.6	3.4	0.7	1.1		2.3	3.6	0.9	668,123	1.1
New National	1.3	0.6	1.4	1.8	0.2	1.6	0.3	1.0	2.2	547,116	0.9
Dial Direct	1.1	0.4		1.9	0.2		0.0		0.7	461,549	0.8
Renasa	0.5	0.3		0.6		3.9	0.0		0.9	193,462	0.3
Alexander Forbes	0.2	0.2	0.0	0.2	3.2		0.0		0.0	85,678	0.1
Momentum Short-term	0.2	0.1	0.0	0.2	0.0		0.0			67,064	0.1
Safire	0.1	0.2	0.0	0.1	0.0	0.9	0.1	0.0		49,009	0.1
RMB Specialised Lines	0.1						0.0	2.3		45,898	0.1
Unity	0.1	0.0		0.2			0.0		0.0	44,465	0.1
Global	0.0			0.1			0.0			20,473	0.0
Resolution	0.0	0.0	0.5	0.0	0.1	1.6	0.0			15,533	0.0
Total %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Cell Captive segment:											
Guardrisk	46.8	40.3	44.2	42.0	74.3	24.0	25.7	71.1	56.1	2,743,363	4.6
Centriq	23.3	12.6	15.7	39.6	12.0	(46.1)	28.8	5.3	35.9	1,367,312	2.3
Escap	14.3	23.9	2.7	5.5	3.0	72.6	37.1	21.8	7.9	838,335	1.4
Mut & Fed Risk	10.6	22.2	36.2	2.3	2.1		4.2			624,236	1.0
Zurich Risk	4.6	0.8	1.2	9.5	8.7	49.5	4.1	1.8	0.1	272,087	0.5
Indequity	0.3	0.3		0.8	0.0					16,254	0.0
Absa Risk	0.1			0.3						3,770	0.0
Total %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Specialist segment:											
RMB Structured	23.0	35.9		0.1	0.0				36.5	1,618,924	2.7
Relyant	7.8	5.3		1.0	24.9				10.7	549,412	0.9

Short-term insurance: individual market share: primary market											
Percentage share of gross premiums written in the segment											2007
Short name	Total %	Property %	Transportation %	Motor %	Accident and health %	Guarantee %	Liability %	Engineering %	Miscellaneous %	Total gross premiums written (a) R.'000	Share of total primary market (a) %
Monarch	7.2	10.0			28.9				3.9	510,882	0.9
Customer Protection	7.1	4.8		0.1	27.5				8.4	498,384	0.8
Rand Mutual	7.0				2.6				20.2	493,403	0.8
Sasria	6.9	16.8	5.2	15.4		0.1		26.1	0.1	487,751	0.8
Credit Guarantee	6.9					54.3				486,027	0.8
Legal Expenses	4.7								14.0	328,914	0.6
Emerald	3.6	9.4		2.2	1.9		0.1	39.2		254,488	0.4
MUA	3.2	0.6		29.6	0.1		0.2			222,504	0.4
Allianz	3.1	3.9	53.6	9.2	0.0		19.5	12.1	0.0	217,346	0.4
Shoprite	3.0	7.5			4.2				1.1	214,371	0.4
Export Credit	2.0					15.9				142,221	0.2
Ace	1.8	3.3	9.3		3.0		22.1	6.6		129,755	0.2
Mcsure	1.8			18.1						128,671	0.2
Unitrans	1.8			12.5	5.5					128,071	0.2
Federated E M	1.7								5.0	118,862	0.2
Lombard	1.7					13.3				118,647	0.2
Coface	1.6					12.8				114,354	0.2
Infiniti Risk	0.8			8.2						58,155	0.1
Attorneys Insurance	0.6						30.3			39,474	0.1
Fidelity	0.4						22.9			29,784	0.0
HDI Gerling	0.4	0.5	3.8				3.9	16.0		29,226	0.0
SAHL	0.3	1.1								23,059	0.0
Pinnafrica	0.3			3.1						21,760	0.0
Saxum	0.2	0.5	5.9	0.4						17,235	0.0
Corporate Guarantee	0.2	0.3	0.0	0.0	0.0	0.4	1.3		0.2	15,420	0.0
Khula	0.2					1.5				13,515	0.0
IGF	0.1					1.2				10,570	0.0
Sunderland Marine	0.1	0.0	13.5				0.1			9,623	0.0
Bensure (b)	0.1				1.1					8,268	0.0
Home Loan	0.1					0.6				5,510	0.0
Aviation (b)	0.1		8.8				(0.4)			5,308	0.0
XL Insurance	0.0	0.1	(0.1)				0.0			1,453	0.0
Total %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Bank segment:											
Absa	56.7	51.9	8.2	72.2	45.9	96.1		100.0	49.2	2,301,008	3.9
Standard	24.8	26.3	1.3	25.1	46.4		(0.0)		50.1	1,007,385	1.7

Short-term insurance: individual market share: primary market											
Percentage share of gross premiums written in the segment											2007
Short name	Total %	Property %	Transportation %	Motor %	Accident and health %	Guarantee %	Liability %	Engineering %	Miscellaneous %	Total gross premiums written (a) R.'000	Share of total primary market (a) %
Nedgroup	12.4	18.7			1.7					504,643	0.8
Firstrand	3.1	0.3		1.8	2.5		93.0			127,402	0.2
Natsure	2.8	2.8	90.5	1.0	3.5	2.2	7.0		0.7	112,176	0.2
FNB Credit Guarantee	0.1	(0.0)				1.7				2,505	0.0
Total %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Captive segment:										887,627	1.5
Total										59,667,233	100.0

(a) Insurers who have not written any gross premium, or where the amount of gross premium written is negligible, have been omitted, and the figures for First Centeral have not been included due to the process of curatorship.

(b) Aviation and Bensure submitted returns which did not cover 12 month period and the figures have been annualised.

Individual market share: reinsurance market					2007
	Percentage share of gross premiums written				
Short name	Total %	Property %	Transportation %	Miscellaneous (a) %	Total gross premiums written (b) R.'000
Munich	35.6	36.5	23.1	36.0	1,878,520
Hannover	23.2	25.2	49.4	19.4	1,221,306
Swiss Re	20.2	17.8	14.0	22.7	1,067,364
African Re	18.4	17.5	8.6	19.8	967,785
Imperial Re	1.4	0.6	4.9	1.7	71,691
General Re	1.3	2.4		0.4	65,912
Saxum Re	0.0			0.0	294
Central Re					0
Total %	100.0	100.0	100.0	100.0	
Total					5,272,872

(a) Most reinsurers report in three classes only and where reinsurers have reported in more classes, these premiums have been included under miscellaneous.

(b) Figures for South Union Re (previously Zimre) have not been included due to the process of curatorship.

About PricewaterhouseCoopers

A world-leading professional services firm

PricewaterhouseCoopers provides industry-focused assurance, tax and advisory services for public and private clients. More than 160 000 people in 151, including 29 in Africa, countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

PricewaterhouseCoopers is truly a global organisation committed to helping our clients meet the challenges posed by the globalising economy.

We are one of the largest knowledge businesses in the world – a leader in every market in which we operate.

Worldwide, we possess an enviable breadth and depth of resources, yet we work locally, bringing appropriate local knowledge and experience to bear – and using the depth of our resources to provide a professional service, specifically tailored to meet our clients' needs.

The service we offer to clients is underpinned by our extensive coverage and breadth of skills.

Servicing our markets

The objectives of our service offering are to build trust and enhance value for clients and their stakeholders. To meet the requirements of our clients, our services are grouped into three distinct service lines, namely Assurance, Advisory and Tax. We continue to operate as a multi-competency organisation offering a range of high-quality services to clients.

In our business, change is the only constant and we are continually adapting our range of services to ensure our sustainability and that of our clients and stakeholders. As market needs change, so will our service offering.

Assurance

Our Assurance group provides audits to clients on their financial performance and operations, as well as helping them improve their external financial reporting and adapt to new regulatory requirements such as the King III Report on Corporate Governance and International Financial Reporting Standards (IFRS).

The true value of an audit is not solely in ensuring compliance with exacting rules, regulations and standards. Instead, it lies in our focus on substance over form and on progressing toward a reporting and audit model that communicates better information about a company's long-term value and the risks that are being taken to achieve such value.

Our leading-edge audit approach can be tailored to meet the needs of any size organisation, as evidenced by our appointment as auditor to thousands of small and mid-sized businesses. In every case, the PricewaterhouseCoopers audit is underpinned by our deep industry knowledge, wide international experience, and global network of skilled professionals. This deep industry knowledge is one of the foundations of our success.

Our teams are aligned to the industry groupings in which they have the most expertise, enabling them to deliver tailored solutions to problems in these sectors. Our traditional core competency has been augmented over the years by the development of additional services that address our clients' requirements.

Our audit clients include many of the top-performing companies on the Johannesburg Stock Exchange (JSE), as well as many small and mid-sized businesses. In addition to audit, other services provided include accounting and regulatory advice, and attest and attest-related services.

Advisory

Advisory provides advice and assistance based on financial, analytical and business process skills to corporations, Government bodies and intermediaries in the implementation of strategies relating to:

- Creating/acquiring/financing businesses;
- Integrating them into current operations;
- Enhancing performance;
- Improving management and control;
- Dealing with crises; and
- Restructuring and realising value.

Offered by trained professionals specialising in their respective fields, we provide advisory services in an objective manner that helps clients create stakeholder value, build trust and communicate with the marketplace. Advisory clients set and implement strategies that create value for their stakeholders.

Advisory services are built around four key client priorities: transactions; performance improvement; governance, risk and compliance; and crisis management.

Transactions	Comprehensive services related to financial transactions, including financial due diligence, valuations, financial modelling, negotiating and structuring acquisitions and disposals, raising finance, and developing exit strategies.
Performance Improvement	Services to assist clients in identifying and implementing cost-saving initiatives, improving management and control, identifying and managing risk, and improving quality.
Governance, Risk and Compliance	
Crisis Management	Comprehensive services related to business recovery, restructuring, and dispute analysis and investigations.

Tax

Taxation is one of the biggest cost items in any business, yet it is one of the most manageable. Using state-of-the-art methodologies and technology, coupled with specialist skills, our national team of advisers can assist clients to control and minimise their tax burden by providing innovative and practical tax and business solutions.

Our advice covers all aspects of Southern African direct and indirect taxes, exchange control regulations and employee-related issues. Through our extensive network of offices we are also able to provide advice on structuring international business operations and investments.

Corporate tax

Corporate Tax provides specialist advice to assist South African corporates to manage taxation costs and cash flows. Our specialists are informed on current regulatory and business developments, and use this knowledge to maximise the return to our clients through corporate tax planning.

Human resource services

We have an established human resource practice delivering solutions to the people-related issues encountered by our clients. By combining our expertise in reward strategy and incentives, personal tax and social security, employment law, employee benefit services and human resource consulting, we are able to deliver solutions on all issues relating to the development, reward and management of employees within an organisation.

Our experts providing expatriate tax services examine all aspects of deploying people globally from creating non-standard assignment programmes to managing costs through effective tax planning, process improvements and outsourcing. They are supported by highly experienced immigration specialists in South Africa and worldwide providing advice on the immigration law and various permit categories.

Indirect tax

Our specialists have a detailed knowledge of local and international laws and practices and can offer an unparalleled breadth and depth of services and advice on value-added tax, customs and excise duties and Regional Services Council levies.

International tax structuring

We provide business solutions to specific, complex client needs that control and minimise the global tax burden, taking into account exchange control as appropriate. We work as part of an integrated local and international industry-focused team of business advisers, to provide specialist international tax and exchange control services.

Transfer pricing

We develop transfer pricing policies that are practical, defensible and consistent with our clients' overall business strategy. Our services include transfer pricing risk assessments and full transfer pricing studies. We also provide advice on current and proposed transfer pricing legislation in South Africa and abroad.

Tax Compliance Centre

We provide specialist income tax compliance services, based on global best practice models, to companies, individuals and trusts. The Centre runs state-of-the-art income tax compliance processes, and has a dedicated compliance manager responsible for each outsourcing contract to ensure the timely and efficient delivery of tax returns. Tailored electronic tax data collection tools and robust risk management and quality control procedures ensure the delivery of high-quality tax returns.

Private Company Services

Business leaders regard business as personal. Our past and continued involvement with business leaders gives us a broad understanding of the unique demands and challenges facing private companies today. Our response is simple – to develop professionals who understand these challenges and rise to them. These Trusted Business Advisers (TBAs) work closely with our industry experts to provide tailor-made solutions specifically geared to adding value in the private company environment. A TBA acts as a gateway to all the knowledge and expertise of our entire organisation, combined with comprehensive knowledge of local markets and industries. Through our TBAs, clients have access to an integrated service delivery approach encompassing any combination of our firm's services.

Trust and excellence are the foundations of our relationships. We foster those relationships by engaging our clients in conversations around the issues, risks and opportunities of the day, in order to ensure that their businesses continue on the road to sustainable profitability and growth. We also know that life is about more than business. It is also about individuals. We therefore extend our involvement to offering advice on personal finances, taxation, succession, estate and retirement planning. We assist clients with every facet of their business in order to add real value, and help them achieve their business goals and dreams.

A focus on industries

One of the foundations of our firm's success is our ability to adapt our services to meet the needs of our clients.

Internationally, teams are aligned to the industry groupings in which they have the most expertise, enabling them to deliver tailored solutions to problems in these sectors. The depth of our industry expertise, like our international perspective, is an attribute that our clients value highly. We invest significant resources in building and sharing such expertise. We have organised ourselves around industries to:

- Share the latest research and points of view on emerging industry trends.
- Locate individual experts on each issue, wherever they are based.
- Develop industry-specific performance benchmarks, based on global best practices.
- Share methodologies and approaches in complex areas such as financial instruments and tax provisioning.
- Collaborate on accounting or technical issues unique to a particular industry, especially when interpretive guidance is needed.

Our clients range from the country's largest and most complex organisations to some of its most innovative entrepreneurs – we are privileged to work with an unrivalled client base. We serve many of the leading businesses in every sector on which we focus; those businesses value our rigorous, practical approach, characterised by a detailed understanding of individual client issues and by deep industry knowledge and experience. Our industry groups are:

- Financial Services
- Consumer and Industrial Products and Services (CIPS)
- Technology, InfoComm, Entertainment and Media (TICE)
- Mining
- Public Sector
- Health Care
- Higher Education
- Agribusiness

Financial Services

The financial services industry landscape is continually changing and increasing in complexity, causing firms to face a diverse array of challenges and concerns. Corporate governance, risk management and regulatory issues continue to impact the industry. Firms have expanded international operations around the globe to tap into new markets as a source of growth, increase their competitiveness, satisfy demand and better leverage their expertise. To assist our clients, our professionals have in-depth knowledge of the issues driving change in the various sectors of the financial services industry. This knowledge, combined with our specialised skills, enables us to design and implement cost-effective multi-disciplinary solutions to meet the challenges and opportunities facing our clients.

Actuarial and Insurance Management Solutions

The PricewaterhouseCoopers Actuarial & Insurance Management Solutions (AIMS) practice assists private and public entities throughout the world with critical insurance business issues. We assist clients in developing solutions to the challenges raised by intense competition, technological changes, restructuring and increased attention from regulators as well as the ongoing challenge of providing greater value to all stakeholders.

Locally, our experience is concentrated in the life insurance industry, with additional expertise in the health, short-term insurance, employee benefits and asset management markets. We provide solutions focused on clients' needs and based on our deep understanding of the insurance operations, risk and regulatory environment, value measurements and global best practice.

AIMS combines broad local knowledge and experience with the unparalleled support and expertise of the world's largest professional services firm. This enables us to provide a broad multi-disciplinary perspective to our solutions for clients.

Insurance

Organisations operating in the insurance industry are faced with working in an environment that is rapidly changing and increasing in its complexity. New market entrants, changing customer preferences and market erosion across product lines demand creative approaches to product development, and a willingness to keep up with the rapid changes in technology.

The continuing impact of major losses, sourcing and managing capital effectively, regulatory changes, risk management and the ever-present need to enhance shareholder value are also having an impact on the global insurance industry. Many insurers are looking beyond traditional markets and distribution channels for opportunities.

We are ideally placed to meet these demands. We have the largest specialist financial services practice in Southern Africa, managed by a multidisciplinary team of auditors, advisers and tax professionals.

Our strategy is to bring significant business advantage to our clients through combining our global multidisciplinary teams, integrated across-industry sectors, geographies and functional skills.

Our Insurance practice has previously presented research on the local insurance market in 2004, 2006 and 2008 which complements our substantial international research projects.

Some industry specific PricewaterhouseCoopers publications include:

- Emerging Trends and Strategic Issues in South African Insurance (2004, 2006, 2008 and now 2010)
- Making sense of the numbers - South African analysts' perspectives on current and future reporting in the insurance industry (2010)
- Strategic and Emerging Issues in the South African Insurance Broking Industry 2005
- The Financial Services Journal (An annual South African publication)
- CBI/PricewaterhouseCoopers Financial Services Survey
- Insurance Digest webarticles
- Countdown to Solvency II webarticles

We act as auditors to more financial services companies in South Africa than any other professional services firm.

The leadership of our Southern African Financial Services practice would be pleased to hear from you. Please contact:

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