



Sasria SOC Limited SCOF Presentation

15 July 2014

Agenda

- History
- Mandate and insured perils
- Business model and product offering
- Impact on the economy
- Alignment to the NDP
- Financial overview
- Changing Environment
- Company's Strategy - 2015-2019

History

- Soweto riots (1976) - Insurers and reinsurers decided to exclude political risk cover
- Section 21 company (non-profit association) formed in 1979
- Government was the reinsurer of last resort
- Conversion of Sasria Act No. 134 of 1998 was passed and it effectively:
 - Converted Sasria to a limited company
 - State the sole shareholder
 - Actuarial determination of assets surplus to the needs of Sasria
 - Special dividend of approximately R11 billion paid to the Government
- Legislation governing Sasria
 - Reinsurance of Material Damages and Losses Act No. 56 of 1989
 - Conversion of Sasria Act No. 134 of 1998

Mandate

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

Mandate (continued)

Provide cover for the following perils

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

Business Model

- Affordability premium and tariff rates system
- Operating on a non – refusable and non-cancellable basis
- Binder Agreement/Outsource Agreement with Insurance companies
- Brokers and direct insurers perform intermediary function on behalf of Sasria
- No Government guarantee
- Reinsurance cover bought in open market based on our PML and capital adequacy exercises

Product Offering

Sasria Products

- Primary coupon - R500 million
- Sasria Wrap - R1billion.

Classes of Business

- Fire;
- Business Interruption;
- Money;
- Transit; and
- Motor

Target Market

- Commercial /Corporate Clients (70%)
- Personal Lines (30%)

Impact on the economy

By providing this type of insurance Sasria:

- Encourages business, both locally and internationally, to invest in our country which creates job opportunities and economic growth
- Only entity to provide South Africans and foreign investors protection against extraordinary events such as terrorism strike, labour strike, political violence, etc.
- Reduces government's burden as same is no longer the reinsurer of last resort
- Sasria is self-funded (no Government funding) and pays dividends to our Shareholder

Alignment to NDP

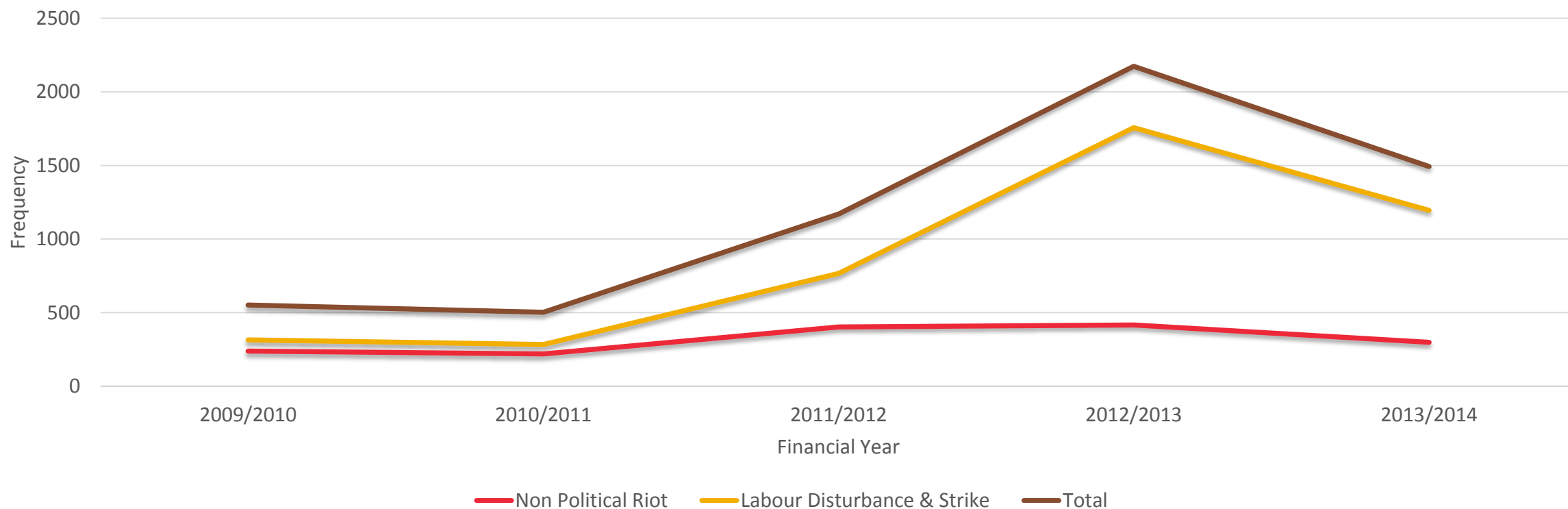
Government NDP priority	Sasria's contribution
<ul style="list-style-type: none"> – Create jobs – Provide quality healthcare – Transformation and unity – Fight corruption – Transition to a low-carbon economy 	<ul style="list-style-type: none"> – By creating income (dividends) for the Shareholder, the company contributes to Government's revenue for application in any of the NDP priorities – The company is self-funded, requires no State guarantees, and has sufficient capital to cover its risks – The company creates jobs for its staff and also provides learnership programs – The company is well managed with a strong governance culture
<ul style="list-style-type: none"> – Expand infrastructure 	<ul style="list-style-type: none"> – By providing guaranteed special risk insurance cover to the economy, infrastructure development is encouraged and protected.
<ul style="list-style-type: none"> – Education and training – Build a capable state – Transform urban and rural spaces (CSI) 	<ul style="list-style-type: none"> – The talent management strategy for Sasria includes training and up skilling of staff – Sasria has and will continue to invest comprehensively in the education sector (through school development projects) and especially the financial services sector through the support of the SAADP.
<ul style="list-style-type: none"> – Transform urban and rural spaces 	<ul style="list-style-type: none"> – An investment with the value of R181 million (as at 31 March 2014) has already been made in an infrastructure development bond fund.

Financial overview

	Actuals year ended 31-Mar-14	Actuals year ended 31-Mar-13	Actuals year ended 31-Mar-12	Actuals year ended 31-Mar-11	Actuals year ended 31-Mar-10
Gross written premium (R'000)	R 1,390,338	R 1,223,530	R 1,087,133	R 1,010,915	R 785,548
Growth in GWP	13.6%	12.5%	7.5%	28.7%	18.8%
Gross loss ratio	18.3%	52.6%	21.3%	24.7%	70.0%
Management expense ratio	23.2%	27.3%	28.1%	32.6%	0.0%
Net profit after tax (R'000)	R 699,902	R 357,624	R 522,999	R 422,186	R 510,998
Return on equity	15.7%	9.0%	14.3%	12.7%	17.3%
Capital (Retained earnings) (R'000,000)	R 4,645	R 4,068	R 3,867	R 3,471	R 3,202

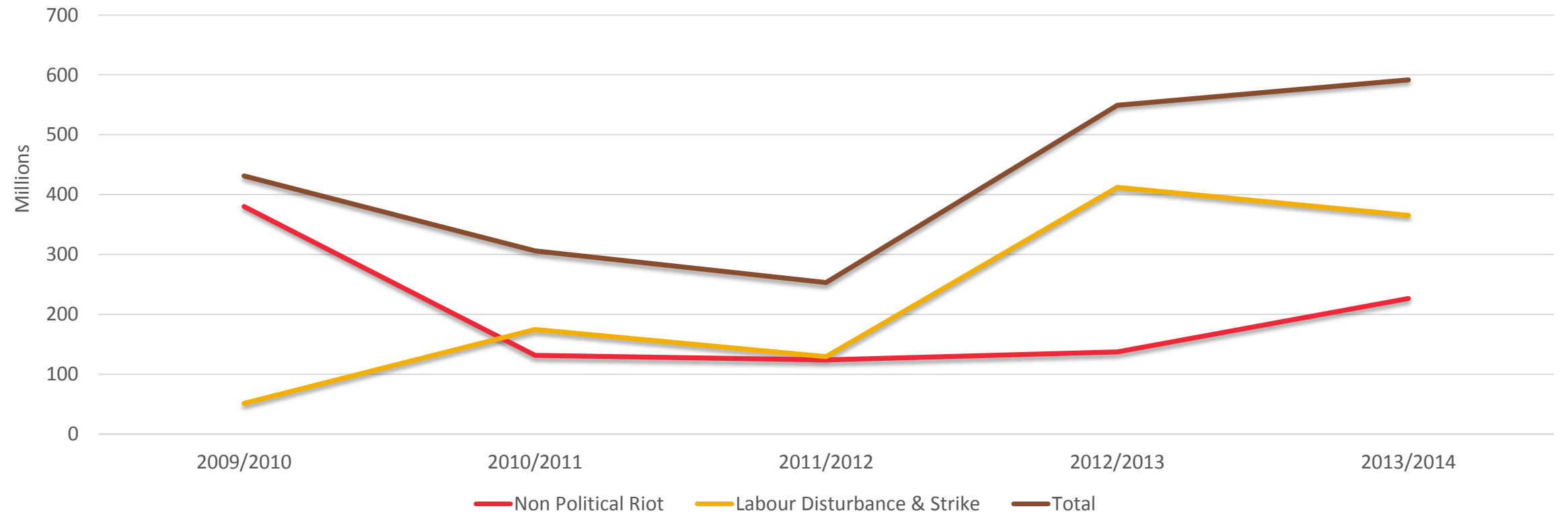
Changing Environment

Claim trends - Frequency



Changing Environment (continued)

Claim trends - Severity



Strategy - 2015-2019

1) Revenue growth

- To consistently outperform the industry average in premium growth
- To develop and implement an actuarial model
- To conduct a detailed analysis of channel performance and impact on our business model
- To develop a clear and pragmatic Africa strategy

2) Capital management

- To optimise ROE (Targets / thresholds)

3) Innovation (products and services)

- To become a centre of innovation in special risk insurance

4) Infrastructure & cost management

- To optimally enable business while satisfying regulatory requirements
- Systems / processes / procedures / productivity

5) People, capacity and capability

- To develop a high-performing culture:
- Skills development / incentivisation / talent management / professionalism / terms & conditions of employment / performance management / employer value proposition

6) Regulatory environment

- To ensure ongoing compliance with the regulatory environment
- Compliance / legal management / risk management

7) Customer-centricity

- To grow and retain our customer base
- To effectively manage stakeholder relations

8) Brand development

- To create a trusted brand
- Loyalty / recognition / association / visibility / advocacy – first commercial & corporate, then consumer

Thank You