



Dear Safire Broker

**RATE INCREASES AT POLICY RENEWAL**

**Background**

I am sure you would have seen on the news about the numerous catastrophic storms and natural disasters that the rest of the world has been experiencing during the last year or so. These, coupled with the Knysna fires locally, have resulted in reinsurers suffering very large losses. In order to address this, reinsurers have indicated that local insurers can expect significant increases in reinsurance rates in the short to medium term.

In addition, we have seen a significant weakening of the rand and a dramatic increase in the oil price. This is translating into sharp increases in the price of imported goods and vehicle repair costs. None of this bodes well for the insurance industry, which is bearing the brunt of some of these increases.

**Rate increase at renewal – Motor, non-motor and liability**

At Safire we avoid frequent and large rate increases, as is evident from the fact that our last increase was in 2015. This slow-and-steady approach has meant that we have, to a large extent, been able to protect clients from the cyclical fluctuations associated with the market.

In keeping with this philosophy, we are only applying a 5% renewal increase to our **rates** for those clients who have been managing their risks well.

Unfortunately, clients who have lodged multiple claims and clients with a loss ratio of more than 65% may receive an increase over 5%.

I hope you will agree that this rate increase is not excessive, and we believe that applying an increase in the rate at renewal is a lot more palatable than a once-off across-the-board increase on all policies.

**Increases in sums insured – Non-motor**

To assist our clients and to avoid the potential for under insurance, we automatically apply a **12.5%** ‘inflationary’ increase to the sums insured of items insured under the following sections:

Domestic	Commercial
Houseowners Householders	Fire Buildings combined Office contents Business interruption

This proposed increase is higher than CPI, as we have found that clients are often under insured at claims stage.

Please bear in mind that this increase in the sums insured remains at the clients' full discretion, and if they feel that this increase is either too high or too low, they may request a different adjustment to the sum insured. It is imperative that clients insure their assets at the correct value, and your ongoing guidance in this regard is of utmost importance.

Please note: The increase in the sums insured (which inevitably leads to an increase in the rand value of the premium) must not be confused with an increase in the client's rate.

**Inflation increase means that the client has bought more cover.**

### **MOTOR CLAIM FREE GROUPS (CFG)**

Historically, the approach to Motor CFGs may have resulted in some clients paying a rate that is below a sustainable level. The position has in some cases been exacerbated by aggressive competition and discounting of rates during the recent soft market cycle. This is obviously not fair for those clients who have been rated correctly.

In order to correct these imbalances and to prevent an across-the-board rate increase, we will be approaching CFGs as follows going forward:

- 1) The maximum achievable CFG is 4.  
All clients whose schedules indicate a CFG of 5-9, will default to 4. Please remember that this will not impact their current premium in any way.
- 2) The CFG for all clients whose current motor rates are not sustainable, will be increased to 4 without applying an additional discount to prevent further reductions on an already discounted rate.

We would like to assure you of our commitment to our brokers and we thank you for your ongoing support. We look forward to strengthening our existing ties with you.

If you have any queries, please do not hesitate to contact me telephonically on (033) 264 8500 or via email at [bboshoff@safireinsurance.com](mailto:bboshoff@safireinsurance.com)

*Beste Safire Makelaar*

### **TARIEFVERHOGING TYDENS HERNUWING**

#### **Aqtergrond**

*Ek is seker jy sou die nuus oor die verskeie katastrofiese storms en natuurrampe wat die res van die wêreld die afgelope jaar of wat beleef het, gesien het. Hierdie, tesame met die plaaslike Knysna brande, het daartoe gelei dat herverskeraars groot verliese gelei het. In 'n poging om hierdie reg te stel, het herverskeraars aangedui dat plaaslike verskeraars aansienlike verhogings in herverskeringstariewe oor die kort- en mediumtermyn kan verwag.*

*Boonop het ons 'n aansienlike verswakking in die rand en 'n dramatiese verhoging in die olieprys gesien. Hierdie veroorsaak weer op hulle beurt skerp verhogings in die prys van ingevoerde goedere en voertuig herstellkoste. Die bogenoemde aspekte hou niks goeds vir die versekeringsbedryf in nie.*

#### **Hernuwings tariefverhoging – Motor, nie-motor en aanspreeklikheid**

*By Safire probeer ons gereelde en groot tariefverhogings vermy, soos gesien kan word uit die feit dat ons in 2015 laas 'n verhoging gehad het. Hierdie geleidelike benadering het beteken dat ons in 'n groot mate ons kliënte teen die sikliese skommeling in die mark kon beskerm*

*In ooreenstemming met hierdie filosofie, pas ons slegs 'n 5% verhoging in ons **tarief** tydens hernuwings toe vir daardie*

*kliënte wat hulle risiko's goed bestuur.*

*Ongelukkig mag kliënte met meervoudige eise en kliënte met 'n eiseverhouding groter as 65% 'n verhoging van meer as 5% ontvang.*

*Ek hoop dat jy sal samstem dat hierdie tariefverhoging glad nie buitensporig is nie. Verder glo ons dat om hierdie verhoging tydens hernuwing toe te pas, baie meer wenslik is as 'n eenmalige deur-die-bank verhoging op alle polisse.*

### **Verhoging in versekerde waardes – Nie-motor**

*Ten einde ons kliënte by te staan en om potensiële onderverskering te vermy, pas ons 'n outomatiese **12.5%** 'inflasionêre' verhoging toe op die versekerde waardes van items wat onder die volgende afdelings verseker is:*

<b>Huishoudelik</b>	<b>Kommersieel</b>
Huiseienaars	Brand
Huisbewoners	Geboue omvattend
	Kantoorinhoud
	Sake onderbreking
	Glas

*Hierdie voorgestelde verhoging is hoër as die VPI, aangesien ons gereeld vind dat kliënte onderversker is as 'n eis ingedien word.*

*Hou asseblief in gedagte dat die kliënt die volle diskresie het om hierdie verhoging in die versekerde waardes te aanvaar, aldan nie. Indien hulle sou voel dat die verhoging té hoog of té laag is, mag hulle versoek dat 'n verskillende aanpassing tot die versekerde waardes gemaak word. Dit is noodsaaklik dat kliënte hulle bates teen die korrekte waardes verseker, en is jou deurlopende leiding in hierdie verband van kardinale belang.*

*Let assbelief: Die verhoging in die versekerde waardes (wat onvermydelik tot 'n verhoging in die randwaarde van die premie lei) moet nie met 'n verhoging in die kliënt se tarief verwar word nie.*

***Inflasionêre verhoging beteken dat die kliënt meer dekking gekoop het.***

### **MOTOR EIS-VRYE GROEPE (EVG)**

*Die historiese benadering tot EVGe mag daartoe gelei het dat sekere kliënte 'n onvolhoubaar lae tarief betaal. In sommige gevalle is die posisie vererger deur agressiewe kompetisie en tarief-diskonto's gedurende die onlangse sagte marksiklus. Hierdie is uit die aard van die saak nie wenslik nie en ook onregverdig teenoor daardie kliënte wie wel korrekte tariewe betaal.*

*Ten einde hierdie ongelykhede aan te spreek en deur-die-bank tariefverhogings te vermy, sal ons EVGe voortaan soos volg hanteer:*

- 1) Die maksimum bereikbare EVG is 4.  
Alle kliënte waar hulle skedule 'n EVG van 5-9 aandui: Die EVG sal na 4 herstel word. Hou asseblief in gedagte dat hierdie nie hulle huidige premie enigsins sal beïnvloed nie.*
- 2) Die EVG vir alle kliënte waar die huidige motortariewe nie volhoubaar is nie, sal tot 4 verhoog word sonder dat daar 'n verdere afslag toegepas word. Dit is om 'n verdere verlaging in 'n tarief wat reeds verdiskonteer is, te voorkom.*

*Ons bevestig ons volle verbintenis aan ons makelaars en wil julle hartlik bedank vir julle volgehoue ondersteuning. Ons sien daarna uit om ons sterk betrekkinge met julle net verder uit te bou.*

*Indien jy enige navrae het, moet asseblief nie huiwer om my telefonies by (033) 264 8500 of per epos [bboshoff@safireinsurance.com](mailto:bboshoff@safireinsurance.com) te kontak nie.*

*Kind regards / Vriendelike groete*

# Bennie Boshoff

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