

30 November 2017

Per Email

Mr P Maluleke
President SASS
Email: pmaluleke@telkomsa.net

Dear Mr Maluleke

**RE: FOLLOW UP OF INSURANCE MATTERS DISCUSSED AT THE CONSULTATIVE FORUM ON 17
OCTOBER 2017**

We acknowledge receipt of all your letter of 31 October 2017 and other correspondence on this topic, the contents of which have been duly noted. We apologise for the delay in responding thereto.

Please be advised that the Board did consider all the recommendations that were tabled by the Consultative Forum at its October meeting. The matter was discussed and deliberated at length.

A high-level summary of the Board's discussions appears below:

1. The PI insurance was not adequate as it did not address the requirements in the Act and the Third-Party Gap cover fulfils these requirements;
2. The Board was increasingly receiving summonses which involved claims for loss which would normally be covered by gap cover;
3. Some sheriffs had gap cover, but the majority were underinsured resulting in unnecessary exposure for the Fund. The Board had a duty to protect the Fund;
4. Sheriffs were granted an extension last year to comply with gap cover, and the view of the Board was that the time was sufficient. No further extension was approved by the Board;
5. The Board did deal with the question of affordability and the fact that some offices are much smaller. The Board requested that the preferred insurer look at a product for small offices to accommodate this request, which they did. A product was prepared and approved by the Board. The rates quoted show that the product is extremely affordable for sheriffs;
6. Once the product was reviewed, the Board discussed the subsidisation and resolved to subsidise small sheriffs for 2017. The subsidy will be reviewed for 2018 – please see below advisory sent to sheriffs which sets out the relevant detail;

88 Loop Street, Cape Town. PO Box 15223, Vlaeberg 8018
Tel: 021 426 0577, Fax: 021 426 2598, E-mail: contact@sheriffs.org.za
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South African Board for Sheriffs - *Established Act 90 of 1986*
Mrs C Mabuza (Chairperson), Adv H Mohamed, Mrs P Roodt, Ms N Soga,
Mr L Mashapa, Prof L Fernandez, Mr M Magida, Ms N Skosana, Ms M Lephadi, Mr I Klynsmith, Ms K Sigenu

The Board has resolved to now subsidise small offices who take out third party gap cover arranged by our preferred broker STP Brokers. This subsidy is only applicable for this year and for small offices that make use of the special product known as option C.

The subsidy is very generous and will provide financial relief to sheriffs who have smaller offices and struggle to remain financially viable. When assessing whether the sheriff qualifies for the subsidy, the Board will take into account the cumulative income for all the offices that fall under that sheriff as at the financial year end 28 February 2017.

Cumulative Income of all offices as at 28 February 2017	Third Party Insurance STP Brokers	Board Subsidy to preferent insurer	Small Sheriff Office contribution
R 1 to R 499 000	R 3000 per annum	80% = R 2400	R 600
R 499 000 to R 999000	R 3000 per annum	50% = R 1500	R 1500

The Board requested STP Brokers to offer a product with lesser coverage limits for smaller offices. Attached is the STP Products available. Option C provides cover for R 3k per annum.

COVER

Select (ü) ONE of the following Options:

<input type="checkbox"/> Option C	<input type="checkbox"/> Option B	<input type="checkbox"/> Option C
Storage R6000,000	Storage R3 000,000	Storage R1,500,000
Transit R 1,000,000	Transit R 500,000	Transit R 250,000
Theft R 1,000,000	Theft R 500,000	Theft R250,000
Annual Premium R12,000.00	Annual Premium R6,000.00	Annual Premium R3,000.00

7. According to our records, more than 66% of sheriffs had taken out gap cover through STP or their own brokers. The rate of compliance is higher than expected considering this is the first time that sheriffs are required to have the cover; and

8. Our view is that sheriffs are not just regarding the product as a compulsory requirement set by the Board, but see the commercial benefit of having such cover in our litigious society.

The Consultative Forum is empowered to consider matters and make recommendations to the Board. The Board values such considerations and recommendations and makes every effort to accommodate such recommendations in its decision-making processes. If you have regard to the Board decisions, you will note that it did apply its mind to all the issues raised by SASS at the Consultative Forum.

Sincerely



Mrs C Mabuza
Chairperson
South African Board for Sheriffs