



SA·EAGLE

A member of the Zurich Financial Services Group

ISSUE 9

PERFORMANCE

Pleasing year-end results

Growth in premium revenue continued with an increase of 10% to R3,509.7 million. Investment income increased by R18 million to R175.4 million. The bond portfolio has performed positively and the continued equity disposal programme has resulted in realised gains of R172.9 million.

An increase in the incidence of accidents and higher repair costs impacted the motor account and certain weather related events and a number of large fires impacted the fire account. Most other underwriting accounts performed satisfactorily during the period.

Whilst earnings per share increased by 24.2%, headline earnings per share, which excludes net realised gains on disposal of investments, have decreased to 1,933.4 cents per share. The solvency margin has decreased to 52.9%, after payment of the special dividend in March 2005.

Going forward our main focus will be to sustain our underwriting performance and deliver consistent operating results to the satisfaction of all our stakeholders. Your energy and enthusiasm will be vital ingredients in our ability to handle the challenges ahead and indeed to foster a culture of operational excellence, which will be key to our success in the future.

I would like to express a personal thank you to each one of you for your hard work, dedication and commitment towards achieving this result. Every individual's contribution has counted towards our performance.

I look forward to working with each one of you in the year ahead.



Swiss parent to step up investment in SA Eagle

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Zurich-based group seeks growth

Stephen Gunnion Financial Services Editor

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Zurich CEO James Schiro said last week Zurich had emerged from a period of turnaround, restructuring and recovery, and was now looking for growth areas.

SA Eagle is South Africa's third largest short term insurer, with a market value of R2,3bn. Zurich is Europe's second-largest general insurer and third-largest in the US. It owns 73.6% of SA Eagle. Last year, it sold a 10% stake in SA Eagle to empowerment partner Royal Bafokeng Finance.

"This is an important business for us on a global basis," Schiro said. "This is one of those markets which we see has future growth potential for us, and the actions we have taken over the last year will help us realise that potential."

Schiro said he expected a rise in global corporate business for SA Eagle as more companies invested in South Africa and as local companies became more international in their exports and investments.

He said Zurich would also use its expertise in providing services to the global mining industry in South Africa, as well as its political risk-insurance business, which is based in North America.

Schiro said the partnership with the Royal Bafokeng opened further opportunities for the group as the middle class in South Africa grew and accumulated assets.

"Those people will be looking to insure and protect these assets, and we see that as presenting an excellent long-term opportunity for us," Schiro said.

Royal Bafokeng has the option to take a further 14.9% within six months after the third anniversary of the transaction, which will bring SA Eagle's empowerment status in line with the Financial Sector Charter.

As the largest global player operating in the South Africa short term market, Schiro said Zurich could leverage its global strength in South Africa. As South Africa's third-largest insurer, SA Eagle also had "room to grow" said Schiro.

"One of the things that's been a real strength to the recovery of Zurich on a global basis has been a centralisation of many core processes," he said.

Schiro said this created "cross-border benefits" for group companies on underwriting, claims, information technology and human resources.

The group was also able to make investments in smaller businesses such as SA Eagle, using them as incubators to develop new processes that could then be leveraged across the group.

The diversity of Zurich's businesses also meant the group did not operate in "boom-and-bust" cycles, as a period of weakness in one business would be balanced by other businesses that were performing more strongly.

During his whistle stop visit to South Africa, Zurich CEO James Schiro met with service providers, brokers and members of the SA Eagle Board and staff. He managed to find a few minutes to speak to Business Day Financial Services Journalist Stephen Gunnion. The above article appeared in Business Day on 6 March 2006.



Flexiflite

... business and domestic insurance in one policy

And now, another outstanding innovation from SA Eagle. Flexiflite is an insurance policy that combines both business and personal insurance. Just one policy with one monthly or annual debit. With it comes balance, much needed simplicity and a reduction in administration. It also provides clients with a greater degree of control.

A new degree of flexibility

Flexiflite is ideal for a sole proprietorship, be it in trade, retail or professional fields – it is ideal for doctors, lawyers, veterinarians and architects. Its strength is its exceptional adaptability and the role it allows policyholders to play in selecting and defining the exact insurance cover that's needed.

Domestic insurance

Under the domestic banner clients can insure buildings, their contents and a range of other events such as fire and lightning. Buildings that may be covered include the place of residence. It goes without saying that the contents section is extensive, covering household goods of almost every description.

Other domestic insurance options are:

- All risks
- Computer equipment
- General liability
- Motor vehicles
- Pleasurecraft
- Personal accident

Business cover

Under this heading policyholders are able to insure business buildings plus all office or business equipment. In addition the policy also covers the following:

- Material damage
- Business interruption
- Group personal accident
- General liabilities
- Electronic equipment
- Motor vehicles and vehicles used for business

If a client is at the point where simplification is a goal, Flexiflite is the perfect place to start. If policyholders are tired of being told what can and cannot be done, Flexiflite gives them the power to shape and define the insurance precisely the way it's needed. Clients should call their broker today and find out what Flexiflite can do. Alternatively the local SA Eagle office.

