R40-m INCOME LIKELY FOR RIOT INSURANCE

Financial Editor

THE Government's riot insurance organisation, formed as a result of the heavy claims that arose from the Soweto and other disturbances in 1976, will open its doors for business on April 1.

The South African Special Risks Insurance Association (SASRIA), as this body will be known, has been welcomed by the insurance industry.

'It will enable us to offer this type of insurance at reasonable cost,' says Mr Doug Terrill, assistant general manager of Southern Insurance Association, who believes that SASRIA could have a premium income of about R40-million a year.

A SASRIA schedule shows that it will cost R1,25 for every R1 000 insured to cover risks of a private residential nature in a non-European township against damage flowing from riots and other political action.

OTHER RISKS

The cost of covering other risks in a non-European township will be R5 for R1 000.

Risks of a purely private residential nature elsewhere will have a rate of 25c for R1 000. This applies to material damage other than to motor vehicles.

The regulations require the new cover to be attached to an existing policy, with the exception of motor vehicles, where political riot cover will be available separately.

PRIVATE CARS

For private cars and motorcycles the premium will be R6 a year for up to R15 000. Above this the rate will be R8.

On fleets the premiums will be calculated on the value of all vehicles at a rate of 50c for R1 000 in value, increasing to 75c for R1 000 for buses.

Mr Terrill said the new arrangement was unique as it included co-operation with the private sector. The short-term insurance members of SASRIA would be able to manage the scheme on a professional basis.