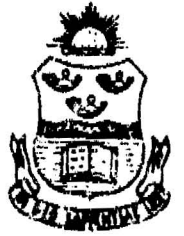


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'Riot cover' puzzle for insurers

SOME building societies who have opted to take out 'political riot' insurance on homes bonded to them have been having difficulties explaining it to clients, it was learnt yesterday.

Mr D G Alston, director of the Association of Building Societies, said homeowners had queried the insurance and some societies had difficulties in explaining the insurance to them.

One of these was Argus reader Mr Denoon Sieg, who said: 'Last year the building society with which I have a bond on my home informed me that the Government and the insurance industry had formed the South African Special Risks Insurance Association (SASRIA).

COMPULSORY

'This association provides insurance against damage caused by political riot. The building society also informed me that this extra insurance would be compulsory — at my expense, of course.

'When I protested, I was told that my present policy did not provide for political riot. What it did cover, however, as I found out, was "riot and civil commotion."

'It excludes "rebellion and revolution," but not political riot. I have yet to have satisfactorily explained to me the distinction between a political and a non-political riot.'

'What I do understand is that Government ideology has established the climate for unrest and rioting; that the actions of Government bureaucrats provoke the unrest (like the 'pirate taxi' harassment); and that the man in the street, as usual, has to pay for the consequences.

UNCERTAINTY

Mr Sieg said he had spoken to building society officials who referred him to their insurers, and they, he said, had been unable to give him a satisfactory answer.

Argus inquiries showed that there is uncertainty in the industry over the exact definition of political riot because it is at present the subject of a test case in the Transvaal Supreme Court.

In an explanation for the association's members, Mr H J Dodds, managing director of the Allied Building Society, explained that the key exclusion on normal riot cover was for 'war risks.'

Mr Alston said that, as the building societies, in most instances, had more at risk than the homeowner, it was fair that they could insist on this cover.

'This sort of event is becoming quite frequent and steps should be taken to protect our interests. We have not created the situation, but we must look after our interests,' he said.

TREFWOORDE

- 1 Alston D.
- 2 Verenig van Bouverenig.
- 3 Verzekering.
- 4 Huise
- 5 Cipstoude
- 6 Burgerwett = skappe
- 7 SASRIA
- 8
- 9
- 10