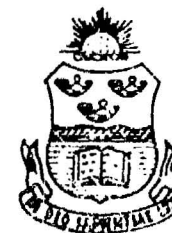


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Blacks say premiums must be same for all

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Riot cover plan 'racist'

Tribune Reporters

THE NEW riot insurance cover to be offered by a pool of insurance companies known as the South African Special Risks Insurance Association is being called "blatantly discriminatory" by some insurance brokers, black businessmen and politicians.

The rates, which were released to brokers in Johannesburg this week, show that blacks will have to pay five times the amount that whites will be called on to pay for the insurance.

This is irrespective of where they live or trade.

Indians trading in the Grey Street area of Durban, for example, or the Oriental Plaza in Johannesburg, will have to pay a rate of 0.5 percent or 50c per R100 for their industrial and commercial insurances.

On stocks of R10 000, for instance, they will have to pay an annual premium of R50 while a white, trading perhaps in the next block, will have to pay only R10 for similar cover.

On his house and contents, which may well be in a white area of Johannesburg, such as Fordsburg, the black will have to pay a premium of R1.25 per R100 against the white's 0.25c. This means that for cover of R10 000, the black will pay R12.50 and the white R2.50.

A leading Johannesburg broker asserts that this indicates that the insurance companies have taken "the easy way out" and, instead of rating risks on grounds such as nearness to potential trouble spots, they have simply applied a racial formula.

He says that this kind of policy can only lead to greater friction between races, especially where it is obvious that the geographical risk is the same for black and white.

The South African Insurance Association which will manage the new company set up to ensure that people could get cover for political riot without difficulty, argues that the regulations and premium rates are not discriminatory.

A spokesman for the association told the Sunday Tribune that in the first place, the rates were not necessarily final.

"Whenever a new business starts it tries to sell its products for a particular price. If the

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market does not respond or, if there are areas that don't respond, then the price is adjusted accordingly," he said.

He said that the high risk areas for political riot were those areas in black townships or those near them. The past experience of political riots pointed to Indian communities as being potential targets for black rioters — even if these communities were based in otherwise white areas. This was why trading centres such as the Grey Street area in Durban or the Oriental Plaza in Johannesburg could be high-risk areas.

Regulations

"However the rates which we released with the new regulations are what can be called blanket rates and do not make allowances for anomalies of the kind mentioned. It is quite possible that, in assessing a particular risk, the association will decide the higher rate is not applicable and will quote a much lower rate," he said.

"Clearly, people who are in high-risk areas will be the ones who would most want the cover and there is also bound to be a certain amount of selection against the pool."

Explaining the mechanics, the spokesman said the scheme had been set in motion following the 1976 riots. The aim was to ensure that political and non-political riot risks were covered.

Slamming the scheme

as discriminatory, Dr A. M. Moolla, chairman of the South African Indian Council and a prominent Durban businessman, said: "One can understand if the differences in rates were based on the location of a house or business. But this is something we can never accept and we will strongly oppose it. What the companies concerned must realise is that the Grey Street complex is part and parcel of the white business area. If a riot breaks out in the central business district of Durban surely it will affect both white and black traders. So what's the point in using race as the basis for the assessment of the rates?"

Mr J. N. Reddy, chairman of the executive of the Indian council and a director of the New Republic Bank Limited, said that if insurance companies intended running the riot cover on racial lines, the Government should run the scheme instead.

"Why should non-Whites be penalised merely because they happen to be of a different skin colour," he asked.

Mr Dennis Young, of the Labour Party, described the differences in rates for blacks and whites as "complete damn nonsense."

"In this day and age there are still people who are determined to perpetuate apartheid. It just goes to show how free blacks are in this country," he said.

Mr M. J. Naidoo, former president of the Natal Indian Congress, said to rate the Grey Street complex, for instance, as a possibly high-risk area was completely illogical.

"The Anglo Boer War, like the Indo-African riots, are things of the past. Merely because the Africans attacked the Indians in 1949 does not mean that they would do so again. As I see it the whites should pay more for their riot cover because they are responsible for the tension in this country," he said.

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