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# Riot cover will increase home insurance costs

By SHIRLEY PRESSLY

**HOMEOWNERS** who have bonds through building societies can expect to pay more for householders' comprehensive insurance premium to cover "political risk".

A survey of the "Big Five" building societies in Port Elizabeth showed that with two exceptions, it will be compulsory for homeowners who have bonds through the societies to take out "political riot cover" at additional premiums ranging from 25c to R1,25 per R1 000 depending on locality.

This cover was not given in existing policies said building society spokesmen.

A spokesman for the Natal Building Society said that political riot cover would only be given on request. No decision

had yet been made to force it on clients, but a head office decision on the matter was expected shortly.

A spokesman for Saambou Building Society said political riot cover would not be forced on clients. Home owners had the option to refuse it, but would be refused later applications.

## Government

The "political risk cover" is underwritten by the Government backed Sasria (South African Special Risks Insurance Association) and not by the insurance companies themselves.

In a letter to the Financial Mail, a Port Elizabeth reader calling himself "Anti-cartel" writes that he has no objection to insurance companies wishing to transfer a portion of their risk to Sasria.

But, it removed political cover from most personal policies without a reduction in premium.

One leading insurer had posted a circular saying it never had any intention of providing ongoing cover against acts of political terrorism or riots.

## Compulsory

Three of the "Big Five" building societies said it was now compulsory for their clients who have bonds with them to take out political riot cover. This was an average increase of 16 per cent on their homeowners comprehensive policy.

All said that political riot cover was not included in the old or existing policies.

Insurance companies yesterday declined to comment saying all Press releases had to come through head office.

## TREFWOORDE

1. Opnames.....
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