

# INSTITUUT VIR EISTYDSE GESKIEDENIS

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## FINANCIAL MAIL

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### RIOT INSURANCE

#### Fear index rises

Renewed black unrest, at the Cape and at Stilfontein gold mine (not to mention the Sasol bombing), has concentrated peoples' minds wonderfully on the subject of riot

insurance cover, say insurance industry sources.

There has been a sharp upturn in the demand for this type of cover, available (for physical damage only) from SA Special Risks Insurance Association (Sasria), the government-sponsored riot insurance consortium (FMI May 30).

Until recently, businessmen appeared to regard the premium structure as too expensive in relation to their subjective perception of risk, a perception that has now unpleasantly been corrected by recent events.

Short term insurers feel, however, that rates for this type of cover are still far too high, especially for the smaller industrial-

ist. Discounts recently allowed for larger policies have alleviated the problem for bigger industrialists only.

Insurers complain, too, of the continued lack of riot cover for consequential losses (other than rents) and especially loss of profits.

Government's obduracy on the issue of consequential loss is hard to fathom. By accepting the formation of Sasria, the government has, by implication, already acknowledged the existence of a significant level of political risk in doing business locally. To permit insurance against consequential loss is only a logical follow-through of that admission, and would accord far better with the new free-market philosophy than current reluctant attitudes.

Any businessman knows that riot insurance without cover for consequential loss is only half a loaf. Please, will government — as major reinsurer of Sasria — make it financially possible for the insurance industry to provide the very necessary other half?

### TREFWOORDE

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