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SASRIA

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Mounting reserves

Despite a huge build-up in the reserves of SA Special Risk Insurance Association (Sasria), premiums for political cover have not been cut. Don Gallimore, PFV Group Broking Services MD, estimates Sasria's funds have grown, in its 10-year life, to R1,2bn. This is more than the reserves of our two largest insurers — Mutual & Federal (R800m) and Santam (R358m) — combined.

He believes the time has come for reductions in premiums.

Sasria MD Rodney Schneeberger disagrees: "Sasria insures not only the man in the street but also some of the biggest risks in SA. If it is to be managed soundly and prudently, sufficient assets have to be available to carry it through difficult times."

Says Gallimore: "Even a complete loss of premium income for the 1986-1987 years would leave over R500m in the fund, so sound management would not preclude reduction in premiums."

Premiums cannot be reduced, says Schneeberger. "When car premiums are a standard R15 a year and house rates are 0,03% of the value of house/contents there is not much room for reduction."

Moreover, says Schneeberger, commercial and industrial corporate rates have been effectively cut, as cover has been extended to damage from non-political riots — for in-

stances, from union-motivated disturbances.

Sasria was formed by the short-term insurance industry as a separate incorporated association not for gain, to provide cover against damage inflicted by socio-political disturbances — effectively pooling what appeared to be unacceptable levels of risk for individual insurers.

Says Schneeberger: "Sasria provides cover that is freely available and doesn't dry up at the slightest sign of trouble. It is non-cancellable, non-refusable and at reasonable rates." Were cover available from the conventional market, on any acceptable basis, he says, Sasria would dismantle.

Sasria last week announced it has doubled the level of available cover for holding companies and their subsidiaries to R200m from January 1. Presumably this has been made possible by the high level of reserves. ■

TREFWOORDE

1. SASRIA

2. Kowen

3. Premies

4. Daligo

5. Margerys

6. Kowen

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