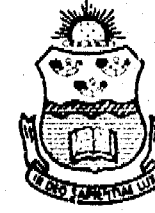


# INSTITUUT VIR EETJDSE GESKIEDENIS

Die Universiteit van die Oranje-Vrystaat



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SASRIA

## Premiums up again

Everyone is well aware of the "state of unrest," so there should be no surprise, even less criticism, when the South African Special Risks Insurance Association (Sasria) announces premium increases of around 20%.

Claims have rocketed recently to R140m for the period August 29 1984-July 30 this year. This compares with just R60m for August 1984-October 1985, and R49m since

the consortium started business in 1979 right up to August 1984. And there are more in the pipeline.

Cover is also being extended. From January 1, Sasria will include riot and strike damage relating to non-political disturbances (FM October 10).

Even so, premium increases of around 20% with effect from the same date will not apply to private motor vehicles, which stay at R15 each a year.

The 20% increases cover fire, standing charges, contract works and marine. For example, the fire coupon goes up from 0,1% to 0,12% for commercial properties; and from 0,025% to 0,030% for domestic. For development boards, the rates also go up 20%, to 0,6% for commercial and 0,15% for domestic. Motor fleets (other than buses) will go up 40% to 0,175% and bus fleets 25% to 0,25%.

Brokers are angry about the increases, which follow the April 1 increases where private motor, for example, went up 50%.

They are trying to get direct insurers to cut premiums since they will no longer be liable for non-political riot and strike losses. But insurers may not play ball.

For example, Bill Ruthford, MD of Commercial Union, rules out a cut in premiums. "We are increasing rates as an ongoing exercise for all classes of business. There may well be a small saving because of the transfer of non-political riot and strike cover to Sasria, but this will simply be taken into account during renewal increases."

Don Gallimore, executive director of Priceforbes Federale Volksskas, is reminding clients that malicious damage, usually part of the riot and strike package, is still be

bought in the conventional market, "which is being canvassed to ascertain that this will be permissible in terms of reinsurance treaties."

It is virtually certain that it will.

Malicious damage has been omitted from the enabling legislation (again, see FM Oc-

tober 10).

Gallimore questions the need for the increases. "The experience of Sasria has been excellent, with the obvious exception of development boards, contract works relating to the upgrading of black townships, and both buses and retailers' vehicles which travel daily to the townships.

"The Sasria fund has increased at a healthy rate and is now in excess of R500m." Premiums for 1985 exceeded R141m, with R175m anticipated for this year.

Sasria MD Rodney Schneeberger says the criticism is unjustified. "Cover is being extended significantly, particularly in labour disturbance and lock-out. It would seem self-evident that this is a much greater risk these days." He finds criticism from brokers puzzling since they do not have access to Sasria's underwriting statistics, "nor do they know what claims are in the pipeline."

"What we do know," says Gallimore, "is that most of the claims have come from unrest in the townships. In spite of this, the bulk of the premium is still being paid by the commercial and industrial sector. And many companies here have been paying premiums since 1979 and have never made a claim."

But there could be more increases to come. Says Schneeberger: "I don't know how long we can keep the private motorist's premium to R15. We could have to increase this in future because of all the claims for damaged vehicles coming in."

A useful hint perhaps for private motorists to go and buy a Sasria coupon. It can be bought separately to the main motor policy from any insurer.

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