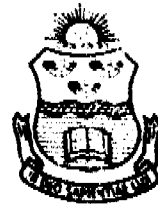


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Riot cover likely to harden

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ROY COKAYNE, Business Editor

PROFESSIONAL reinsurers who underwrite non-political riot cover are likely to harden their terms or withdraw this cover from January, says South African Special Risks Association (Sasria) managing director Mr Rodney Schneeberger.

This stems from the development of a "grey area" in the distinction between non-political riot and political riot insurance cover.

However, moves are afoot to try to rationalise strike and riot insurance cover in South Africa, Mr Schneeberger confirmed.

He said a proposal had been sent to the government — which is the ultimate reinsurer, or the reinsurer of last resort — a couple of months ago.

A decision was expected "fairly soon" because policies would have to be reprinted and Sasria's administration system adjusted, Mr Schneeberger said.

The desired result of the rationalisation is that all riot cover — both political and non-political riots and strikes — would be underwritten by Sasria, which was formed after the 1976 Soweto riots and is presently responsible for all political riot cover in South Africa.

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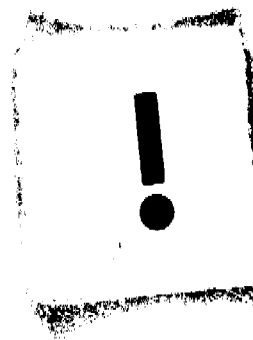
In spite of the continuing unrest this year, Mr Schneeberger said there had been "no real upsurge" in public demand for political riot cover since the declaration of the current state of emergency.

"Figures seem to indicate that people and businesses requiring this sort of protection had already obtained it by December 1985. Although I do not have the latest figures to hand, I have no reason to believe demand has since increased," Mr Schneeberger said.

Despite a subsequent increase in premiums for development boards, buses and delivery and private motor vehicles, demand had remained "more or less constant".

"At R15 per annum, irrespective of value, riot cover on motor vehicles is still a bargain. The same applies to houses, where the current rate is 0,025 percent — or R2,50 per annum for each R10 000 sum assured.

"This means a house valued at R100 000 presently costs only R25 a year to insure against political riot," Mr Schneeberger added.



TREFWOORDE

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