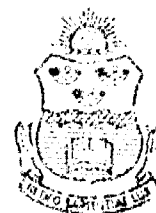


INSTITUUT VIR EIEITYDSE GESKIEDENIS

Die Universiteit van die Oranje-Vrystaat



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The Star

Jg..... Nr..... P..... 5..... Dat..... 1987 11.12.

Riot insurance made difficult, claim brokers^{5m}

By Sven Forssman

The South African Special Risks Insurance Association (Sasria) is making it "difficult and unattractive" for clients to take out riot cover, claim insurance brokers.

"Purchasing riot cover, in the form of Sasria coupons, through the insurance company from which they bought their fire insurance is a sensible and convenient system, but the problem arises when the client wishes to move his fire insurance from one company to another," explained Mr Frank Ash, a director of Mackenzie Ash & Partners.

"A client is forced to abandon his Sasria coupon, even though he has paid for a year in advance, and the coupon may still have 10 months to run."

Mr Ash said he could not understand why the client could not be permitted to retain his coupon until the premium term expires, and then renew it through the new fire insurance company upon renewal date.

"I have no argument with Sasria's decision not to allow clients to surrender a coupon to obtain a pro-rata refund — such a concession would push up Sasria's costs — but the present system merely encourages insurance companies to use Sasria to force clients to remain with them."

Mr Ash said that while riot cover is relatively inexpensive to the man in the street — it costs him about R20 a year — it costs the average company anything up to R10 000 a year.

Another broker said he had asked Sasria to explain this policy and was told: "One of the basic principles of Sasria is to discourage the availability of the cover whenever it is convenient to do so. By allowing pre-rata considerations this object would be defeated."

"Similarly, a change of insurer in 'mid-term' has the same implications and to obviate this full annual premiums are payable."

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