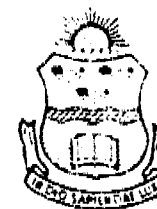


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SA riot cover scheme hammered

SOUTH AFRICA'S State-backed political riot cover scheme has come under fire from Johannesburg insurance broker Denis Gamsy.

He says Sasria's fund, currently at R300-million, can be regarded as extremely healthy. "Too healthy, perhaps, since good risks have clearly been subsidising inferior risks. Good risks represent all except for government or quasi-government undertakings.

"This iniquitous situation should not be allowed to continue and Sasria (the South African Special Risks Insurance Association) should look at its claims experience and and introduce a differential rate."

Consequential loss cover was another Sasria weak spot, he said. Its cover was restricted and did not include such contingencies as profit of a company.

"Lloyds have been prepared to underwrite consequential loss insurance following a political riot. From the beginning of March this year Sasria is offering specified standing charges or working expenses cover. This is a restrictive form of consequential loss cover not including such contingencies as nett profit of a company.

Lloyds 'used'

Mr Gamsy said Sasria was prepared to write up only R100-million in aggregate on any particular risk. This allowed Lloyds to write the excess of the sum insured. "One gets the impression Lloyds is being 'used'."

There were also problems con-

nected to motor insurance. Sasria covered vehicles damaged in political riots but not those damaged by non-political rioters. This meant the conventional insurer was responsible for damage caused in non-political riots.

In the event of a dispute as to the nature of the riot arising, it could take up to two years of litigation before the claim was settled.

"Why not allow free enterprise to play its part in Sasria, which would allow Lloyds to effectively introduce a lower rate and thus lower the cost to the South African insuring public."

TREFWOORDE

1. Kommensale

2. Doelheffendheid

3. SASRIA

4. Polisse

5. Sfeerlike Terrorisme

6.

7.

8.

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