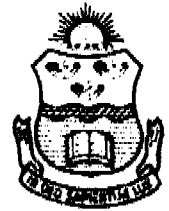


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SASRIA

Settling earlier?

A new procedure to speed up the settlement of motor claims has just been announced by the SA Special Risks Insurance Association (Sasria). And it goes some way to appeasing critics of the costly delays that have been experienced in the past.

Mindful of the rapid increase in motor claims through urban unrest, the association has decided that direct settlement would ease the serious backlog. Since August last year, motor claims totalling R1m have been received by the association. This is out of a total of R26m arising from township incidents since August.

Rodney Schneeberger, MD of Sasria, says the association has agreed to allow its members to settle motor claims up to a maximum of R2 000 without prior reference.

Sasria is an association of local short-term insurers, plus Lloyds of London, set up in 1979 to provide cover against losses through political riot and related disturbances. Members issue coupons and collect premiums on behalf of Sasria and deal with the claims in terms of its regulations.

If the insurer decides a loss is not for his account under the main policy, he passes it on to Sasria. There have, however, been

many instances where a dispute has arisen about who should pay the claim — Sasria or the direct insurer.

Arguments over the cause of loss have in the past left the claimant in the middle, often meaning a long delay before his claim is eventually paid.

Don Gallimore, chairman of the Sasria liaison committee of the SA Insurance Brokers' Association (Saiba), says the claims procedure under Sasria has been arduous and cumbersome. "Much information which is difficult to obtain, including police records and press cuttings, is required to establish whether

damage is indeed caused by rioting. This takes time, causes unnecessary delays and costs many

people a lot of money," he says.

Gallimore points to cases where it has taken up to eight months for clients to be paid. "This is why representation was made to have the claims procedure simplified." And he is hopeful that this will ensure speedier settlement of claims, "which is, after all, what insurance is all about."

He adds that although only claims for motor damage are covered by the new dispensation, the measures are a step in the right direction. "It is pleasing to note that Sasria has responded favourably to a request to change its settling procedures."

Insurers will now investigate motor claims under R2 000 on Sasria's behalf and settle with the client directly. But until the claim is fully settled with Sasria, payments will be subject to revision.

However, Schneeberger feels that criticism levelled at Sasria for delayed payment of claims is unjustified. Delays are "only caused as a result of investigations, and, in any case, clients are paid promptly. It is then up to us to sort it out."

Since its inception in 1979, Sasria has built up more than R300m in funds and paid out almost R70m in claims, of which only R3m was for motor claims. But with R26m of this arising in an eight-month period to March this year, this must be giving the association some cause for concern. If the trend continues, it is quite clear the association will have to increase its rates.

Indeed, the issue of premium ratings has been a point of contention for a long time. For example, as Gallimore says, the current unrest is largely in the black residential areas, which should attract higher premium ratings. "A strong case can be made for differentiated rates across a variety of risks," says Gallimore, "and Sasria has the statistics on which this could be based."

TREFWOORDE

- 1 Sasria.....
- 2 Oorloofing.....
- 3 Prosedures.....
- 4 Doelbeffendheid.....
- 5 Terugbetaling.....
- 6 Eise.....
- 7 Versekering.....
- 8 Motorverzekering.....
- 9 Does.....
- 10