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SASRIA

Counting costs

Tuesday's board meeting of the SA Special Risks Insurance Association (Sasria) must have been a gloomy affair. The board was given the latest riot-related claim figures. From August 29 last year to the end of October, paid and outstanding claims total R47m — of which R22.5m has already been paid. Altogether 5 000 motor claims and 3 000 fire and consequential loss claims have been received.

This is by far the biggest run since Sasria was formed in 1979. Indeed, some 51% of the value of all claims has arisen since August 1984. Up to then a total of R44m was paid out.

But MD Rodney Schneeberger is not too concerned. He refuses to disclose the size of the fund, but insists it is stable, "thanks to wise investments." If this trend of increasing claims continues — as is likely — the association could have to increase rates in the near future. At the moment, it can still hold its

rates, which have not been revised since 1983. Rates for all areas remain:

- R10 for a vehicle;
- R2.50 for every R1 000 of the value of a house; and
- R10 for every R1 000 of industrial and commercial risks.

The riots, however, have cost SA much more than R47m. Sasria claims, after all, relate only to risks insured with it and exclude uninsured risks and losses incurred by the police and defence force — for which the State carries its own insurance.

The police estimate damage since September last year at over R100m. In total 615 schools, 1 920 private homes, 460 homes of policemen, 525 shops and factories, 180 development board buildings, 25 churches, 15 clinics, 165 beer halls and 75 bottle stores have been damaged or destroyed. This is in addition to 3 140 private vehicles, 1 600 police vehicles, 3 300 buses, 200 development board vehicles, 38 post office vehicles, one train course and 12 bulldozers that have been burned. Of course this list only details the material costs. In human lives the costs are unquantifiable — over 800 people have died.

Schneeberger says while Sasria compiles statistics according to various risk categories, these are confidential. He notes that most claims are from bus companies and development boards. The bus industry as a

whole, according to Gerrie Prinsloo, executive director of the SA Bus Operators Association, has lost R30m in damages and revenue.

Puteo, SA's largest bus transport company, has lodged claims in excess of R2m. While this seems relatively little, most Puteo buses are repaired and not written off where-as other companies replace buses — which cost around R150 000 each.

No regional figures are kept — only a national figure. But Schneeberger discloses that the pattern of claims is consistent, most coming from the PWV area, particularly the Vaal Triangle. The Oranje Vaal Development Board estimates it has lost almost R20m in riot damages. The eastern Cape provides the second biggest claims.

Notes Schneeberger: "The brief period when claims poured in from Natal and claims currently arriving from the western Cape are exceptions to the claims pattern."

In Natal, claims from the Port Natal Development Board (PNDB) total some R500 000 — the major one being for a burnt school in KwaDaleka used by PNDB for offices.

According to Schneeberger it is too early to ascertain how many have taken up Sasria's offer (since March 1) of limited consequential loss cover — which provides for indirect losses incurred as a result of material damage.

It must be remembered, however, that while items such as lost wages, interest and rent are covered, loss of profits as a result of rioting is not covered — for this, cover must be bought overseas.

Sasria is an association of local short-term insurers, plus Lloyd's of London, that provides cover against losses through political riot and related disturbances. The government is the ultimate reinsurer. Commerce, industry and the public are covered, as well as certain government and local authorities.

Cover under Sasria is certified by a coupon in the case of fire and a self-standing motor policy for motor vehicles. Both are issued by member insurance companies who act as agents to Sasria and collect premiums on its behalf. Agents receive a commission of 10% and brokers a maximum of 5%. ■

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