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# Sasria sale should net state R3bn

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Johannesburg – The South African Special Risks Insurance Association (Sasria), the government-owned insurer, had called for advisers to assist in its sale, which should net the state about R3 billion, Mike Strydom, Sasria's managing director, said yesterday.

Although there was no firm time scale for the disposal of the company, Strydom said advisers would probably be named by the end of May and the sale should be completed within one to three years.

An actuarial study conducted last year found that Sasria, which had an asset value of about R10 billion, needed a minimum capital of R3 billion to continue operating.

The study showed Sasria's

final asking price should not fall below R3 billion.

The resultant R7 billion surplus was paid to the state in tranche payments, which were concluded last month.

"This initial stage of restructuring was taken in accordance with the Conversion of Sasria Act of December 1998. The next step now is for Sasria to be privatised," Strydom said.

He would not speculate as to what price Sasria could fetch, but said it would depend heavily on the company's performance. One industry source said the privatisation could net the state between R4 billion and R5 billion if Sasria continued performing at its current level.

The Conversion of Sasria Act stipulates that the proceeds of the sale can only be

used by the government to offset state debt.

Strydom said the favoured scenario was to sell the company in its entirety as a going concern. "It is unlikely that there will be an unbundling of Sasria. I see the entire company being sold to the private sector and continuing to compete in the commercial and individual markets."

Barry Scott, the chief executive of the South African Insurance Association, said it was reviewing the position and would make an announcement on the proposal after a board meeting next week.

Sasria was established by the apartheid government in 1979 to insure against political riots. In the mid-eighties it was extended to include labour disturbances, strikes and non-political riots.

## TREFWOORDE

1 *Daklan*2 *Sasria*3 *Amnake*4 *Religious*5 *unlike*6 *forwards*7 *Regning*8 *Statistiek*

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