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Sasria will not cover Y2K-related damage

Belinda Anderson

THE SA Special Risks Association (Sasria), which insures against damage resulting from public disorder, strikes and riots, will not cover Y2K-related losses.

"In spite of our negotiations with Sasria, which supplies this cover, they have been unable to confirm that cover will apply," said SA Financial Services Intermediary Association (Safsia) MD Peter Klopper.

Klopper said his association was unhappy with this as there was a risk that disgruntled employees would take destructive action against a company if it was unable to withdraw a payroll due to Y2K computer problems.

Sasria MD Mike Strydom said yesterday the insurer would have to look at each individual claim on its merits.

"In the circumstances described, Sasria would be hard pressed to repudiate such a claim," said Strydom.

However, Sasria would continue to pay for damage caused by rioting that was unrelated to Y2K.

"The issues that may arise from Y2K are inherently uncertain. We would have to look at it as a riot or a strike and examine the causation," said Strydom.

Meanwhile, the commercial insurance industry may place similar exclusions on Y2K-related claims.

"For instance, if a loss normally covered by your policy is even indirectly related to Y2K, insurers may not respond," said Rod Pearson from Glenrand MIB, the brokerage firm.

Pearson said incidents normally covered would not be excluded if institutions had taken precautions such as appointing computer consultants.

The short-term industry, represented by the SA Insurance Association (Saia), said most insurers would not exclude individual claims related to Y2K.

Saia executive Caroline da Silva said it was incorrect to say that fires and burglaries related to Y2K would not be insured.

"Saia has recently conducted a survey of all its members, who have generally responded positively that it is not their intention to exclude these types of losses," said Da Silva.

Motor insurance would also continue to apply, but Saia warned motorists to drive with caution if traffic lights failed to function because of Y2K.

Da Silva warned policy holders to check that their monthly premiums had been paid and successfully processed by their insurers.

TREFWOORDE

1 *Sasria*2 *Weierman*3 *Peterloo*4 *Ernst*5 *Vollema*6 *Stellenbosch*7 *Berg*

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