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State 'has no rights' to Sasria's assets

ROY COKAYNE

Pretoria — The government was not a shareholder in the South African Special Risks Association (Sasria) and had no automatic rights to its assets, Barry Scott, the chief executive of the South African Insurance Association (Saia), said yesterday.

Scott said Sasria was a Section 21 company with insurance companies as members and the state as the reinsurer of last resort.

"But the fact that an insurance company makes a profit and has excess assets does not give a reinsurer the right to the assets of the insurer," he said.

Scott was commenting on the Conversion of Sasria Bill, of which one of the objectives is the

short-term insurers decided they could no longer underwrite riot insurance and the government became Sasria's reinsurer. However, claims never materialised as envisaged, which enabled Sasria to build up its reserves.

Scott said the bill sought to privatise Sasria, but in Saia's view this was incorrect because Sasria was not a state organ.

"To privatise Sasria, the government has to nationalise it first to create a state-owned insurance company," Scott said. "We see it as nationalising Sasria to the detriment of Sasria's current membership and policyholders."

Scott said Sasria had never paid a reinsurance premium, but none was specified when it was founded, although no reinsurer

would pick up a liability like Sasria without receiving a premium. However, Scott said the government had never had to pay a claim and its loss ratio was zero.

He said the bill, if passed, would have serious economic repercussions and would result in an increase in Sasria insurance premiums. There was also insufficient consultation.

Michael Strydom, the managing director of Sasria, said Sasria's board had made suggestions to the finance department on behalf of individual member companies to enable better use to be made of Sasria's reserves, but these had been ignored.

He said these suggestions were possible points of negotiation with the government.

conversion of Sasria into a public company with its total shareholding held by the state.

The bill also provides for the payment of a dividend to the state from Sasria's reserves after an independent actuarial assessment of the portion of reserves required by Sasria to continue with its business as a short-term insurer for special risks. This dividend would be used to retire government debt.

The publication of the bill follows suggestions made about the use of Sasria's funds, which stand at about R9 billion. The Afrikaanse Handelsinstituut suggested earlier this year that a portion of the funds should be used to pay for apartheid reparations.

Sasria was founded when

TREFWOORDE

1 Business Rep.

2 Organisasies

3 Wording

4 Lommende

5 Rysing Res

6 Lend

6 Rep. lommend

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8 Lats

9 Sasria

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