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THE CITIZEN

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St Elmos sequestered

Cape business concern over bomb cover

CAPE TOWN. — Businesses in Cape Town are rushing to scan the fine print of their insurance contracts after a pizza parlour that was bombed last November went into liquidation saying its insurer refused to cover lost income.

"Businesses have been rushing back to their documents, looking at their cover and doing their calculations," Albert Schuitmaker, head of the Cape Chamber of Commerce said. "I have sensed a real discomfort."

The franchise owner of the St Elmo's pizza restaurant, where 48 people were injured by a bomb in November, was granted a provisional liquidation order after its insurance company invoked a clause cancelling profit cover after a terror attack.

The franchise did have cover for material damage and standing costs in the event of a bomb attack under the South African Special Risks Association (Sasria), set up in 1979 by the government as the fight against apartheid became violent.

But it did not take out the very expensive extra insurance to cover interruption to its business as a

result of a bomb attack or riot.

Jas Visser, senior reinsurer manager at leading insurer Santam in Cape Town, said the surge in demand for Sasria cover dated back to the bomb explosion in August 1998 at the Planet Hollywood restaurant in Cape Town's Waterfront tourist area.

"Our Sasria cover jumped 20 percent after that," he said. "Businesses which had never taken out Sasria cover before were suddenly very keen to have it."

He also said there had been a surge in enquiries from businesses about obtaining profit cover which is not offered by Sasria.

"We do not write policies covering loss of profits after a bomb attack — very few companies do so in South Africa. So we referred all these enquiries to international brokers because it is available from Lloyds in London and other places," he said.

But Mr Visser said the cost of such cover was prohibitive, especially to small businesses which could find themselves paying up to one percent of the sum insured in premiums.

"Our impression was

that many of these businesses decided not to follow that route and opted instead to approach Sasria to ask them to offer that kind of cover," he said. "I don't think Sasria will do that."

Mike Strydom, managing director of Sasria, said that while he could give no figures for the increase in the uptake of cover offered by his company because sales were through brokers, premium income had remained consistent despite reducing rates.

He said Sasria's definition of a terrorist act was drawn very broadly, making any act intended to incite fear in people or a section of the population qualify.

"Obviously a bomb in a restaurant qualifies," he said, adding that Sasria had paid out after the Planet Hollywood and the St Elmo's bomb attacks as well as in the case of a bomb in a gay bar in Cape Town early in November that injured nine people.

The attacks were part of a series of bomb explosions around the city over the past two years, many of which police have blamed on militant Muslim vigilante group Pagad.

— Reuters.

● See Page 9

TREFWOORDE

1 so helui

2 ondersoek

3 konstat

4 verseker

5 likwidasi

6 restaurant

7 blits

8 bomont

9 ploffing

10 Kamp-
baai