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Sasria, government resolve differences

LYNDA LOXTON

Cape Town — The short-term insurance industry and the government publicly resolved their differences yesterday over plans to convert the South African Special Risks Insurance Association (Sasria) into a state-owned firm, eventually freeing billions of rands for debt relief.

Gill Marcus, the deputy finance minister, acknowledged that there had been major differences between the industry and the government, but these had been resolved. The industry's concerns were catered for in amendments to the Conversion of Sasria Bill.

The amendments state that the short-term insurance industry must be consulted on every step as the Section 21 company is converted into a public company. It will be owned entirely by the government as a first step towards privatisation.

Sasria has assets worth about R9,6 billion. An actuarial valuation will be undertaken within six months of the establishment of the new company. Excess reserves, which could amount to several billions of rands, will be used to reduce state debt.

Cyril Ramaphosa, the new chairman of Sasria, told the committee Sasria had initially opposed the bill because of "misunderstandings and uncertainties".

He said Sasria now accepted the fact that because the state had given unlimited underwriting to the association for many years and as Sasria had not paid taxes until recently, "the money is due to government".

Mike Strydom, Sasria's managing director, said if the proposed amendments were adopted, "the interests of the short-term industry as well as those of Sasria will be adequately safeguarded."

TREFWOORDE

1 Business Rep

2 Loxton Lynda

3 Marcus Gill

4 Dept Finance

5 Shepp

6 Moshelle

7 Sasria

8 Alexander

9 Reserves

10 Shuloh