

INSTITUUT VIR EIETDSE GESKIEDENIS

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Privatised Sasria a step closer

Linda Ensor

CAPE TOWN — The privatisation of the SA Special Risks Insurance Association (Sasria) would have a strong black empowerment component after the association's conversion into a state-owned company, Sasria chairman Cyril Ramaphosa said yesterday during a meeting of Parliament's finance committee.

The committee unanimously adopted the Conversion of Sasria Bill which could conservatively see at least the R3,3bn of Sasria's reserves presently held in government bonds being used to reduce state debt.

Sasria's reserves are estimated at about R8bn, but last year they were as high as R13bn, finance department officials said.

Ramaphosa said the Sasria board wanted to begin the preparatory work for privatisation immediately, but did not think it would happen within the next year.

No time frame was put on the pri-

vatization of Sasria in the bill as committee members felt that flexibility was required to maximise returns.

However, the bill did compel the minister of finance to dispose of the company, whose conversion from a Section 21 (nonprofit) company to a state-owned one would be a transitional measure.

Ramaphosa told the committee that once the short-term insurers who comprised Sasria's members had understood that the privatisation of the institution was planned further down the road, there was "complete agreement" over the terms of the bill.

The insurers had initially opposed the bill fiercely. He said industry members as well as previously disadvantaged groups, would participate in the privatisation.

Sasria would lose its monopoly status once was privatised and premiums would be market-driven.

SA Insurance Association CE Barry Scott supported the amendments

introduced by Sasria which mandated Manuel to consult with the industry during the implementation of the bill. Originally Sasria vociferously opposed the appropriation of its excess reserves on the grounds that this would result in premiums increasing by as much as 400%-500%.

But Deputy Finance Minister Gill Marcus, who said government had no plans to be involved in the insurance industry, argued that it was not a foregone conclusion that premiums would increase. This would depend on the actuarial evaluation and on an assessment of the business.

John Bizos, from the Consumer Institute of SA, said Sasria policyholders had been overcharged in the past: "Sasria's culture of rate determination has been based on a exaggerated assessment of risk."

This had enabled the association to build up its reserves. By charging a flat fee of R15 a year for all passenger cars, irrespective of their value, was not a fair insurance practice.

TREFWOORDE

1 *Linda Ensor*

2 *Ramaphosa C.*

3 *Manuel*

4 *Privatisation*

5 *SASRIA*

6 *Black*

Profession

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