Sasria stays alive

THE ideal solution for Sasria, the government's special risks insurer, would be to give it a decent burial. The state should not be in a business that the private sector is quite capable of providing. Nor should it have the kind of monopoly that allows it to offer insurance policies at premiums that bear no relation to the underlying risk.

But there are some sound practical reasons for Sasria to keep going, at least for now. The risks covered by Sasria — bombings, civil unrest, violent strikes and so on — are by no means as prevalent as they were in the 80s and early 90s. But the occasional upheaval, be it a Pagad bomb or a burnt-down farm, has left a widespread perception that SA is not yet a safe place to do business.

Sasria is probably serving a worthwhile purpose if it holds down insurance premiums for shops at the Cape Town Waterfront or for farmers on the platteland. With its premium income still running at about R200m a year, it continues to provide a service that is in demand, on terms that private sector insurers are not willing to offer.

Government said last week that it planned to review Sasria's mandate in five years. It should go further with a commitment to abolish the agency at that time. That would give all players time to prepare themselves for a new dispensation. Private insurers could devise appropriate policies and policyholders could start adjusting to the day when political cover would be subject to the same rules and premiums as every other kind of insurance.