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# State-owned Sasria warns of increase in social unrest

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SASRIA, the state-owned short-term insurance company that was formed during the apartheid era following an escalation in violence and so-called unrest, has warned that the country could suffer escalating social unrest.

In the 2012 annual report last week tabled at Parliament, Adam Samie, Sasria's chairman said that although the economy might appear "relatively stable on the macroeconomic front, it struggles with seemingly endemic inequality... a high level of poverty and elevated unemployment levels".

Rapid urbanisation coupled with an influx of refugees has put pressure on the government to deliver on basic services, especially at local government level.

"With slow economic growth and high unemployment, it is not surprising that South Africa continues to experience strikes and protests fuelled by both social and labour unrest," Samie said.

"People are feeling the squeeze with wage increases not matching rising electricity, fuel and food costs. Service delivery in many areas is failing to meet expectations and levels of frustration are rising."

Significantly, Samie wrote this on August 2, two weeks before the Marikana massacre at the Lonmin mine in Rustenburg, North

West. Samie took over as chairman at the end of last year from businessman Cyril Ramaphosa.

While Sasria noted that in the past 10 years, the country had seen a significant decline in claims relating to political violence, "unfortunately, over the same period we have seen an increase in the number of claims resulting from labour strikes, social unrest particularly service delivery protests and incidents of public disorder [such as] burning of trains by commuters".

In the past year, Sasria had seen an increase of 135 percent in its claims frequency, "and more than 70 percent of these claims are labour strike-related claims".

Claim numbers rose from 497 in 2010/11 to 1 168 in 2011/12, but the average claim value more than halved, Sasria's financial director, Karen Pepler, reported.

The average value per claim in 2010/11 was R612 049 compared with R213 242 in 2011/12. Net insurance claims amounted to R206 million in the period under review compared with R167m in the previous year.

Sasria was formed in 1979 as a consequence of the 1976 Soweto uprisings. Its establishment was a direct result of an escalation in violence and unrest, particularly incidents of politically motivated malicious damage, including bomb blasts and sabotage.

The annual report notes that the local short-term insurance industry became reluctant to provide insurance cover for these types of losses, which opened up a gap for the government to establish a separate institution to provide insurance cover for these occurrences. Thus Sasria (formerly the South African Special Risk Insurance Association) was formed to provide insurance for politically motivated acts, such as "political riots and terrorism" at the height of then-president PW Botha's era.

Sasria's mandate was extended during the democratic era in 1998 to include non-political perils, including strikes and other labour disturbances.

The company is self-funding and generates income from premiums in the form of tariffs, which represent a small percentage paid to conventional insurers by clients. Cover is available through a network of authorised agents and it does not do business directly with clients. Policyholders include individuals, the government and corporate entities.

Cedric Masondo, the managing director, reported that the association had considered entering the disaster relief insurance market, but that was "no longer on the agenda because our current mandate does not extend to that type of insurance".