

Insurance claims linked to service delivery protests double in a year

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The cost of public protests has more than doubled in a year, according to state owned insurer Sasria.

In one of the first tangible indications of the cost to the private sector of service delivery protests, Sasria MD Cedric Masondo said it had recorded claims of more than R1.7bn in the 2018/2019 financial year, from R800m in the 2017/2018 financial year.

The "massive" increase will push Sasria into its first underwriting loss since 1994. It is "the first time we've received so many claims and of such high value," said Masondo.

PUBLIC DISORDER

But the insurer, which was established in 1979 to protect businesses and municipalities from losses related to riots, strikes, terrorism, "civil commotion and public disorder", said it was "more than adequately" capitalised to meet rising claims related to public protests.

Sasria has assets under management of about R8.4bn and reserves of R6.5bn, with a solvency ratio of 230%, according to Masondo.

"We've always taken a view that we need to have more capital than what is required because unrest is unpredictable," he said. "Government should never be called in to inject capital."



Angry nation: Residents set a tyre alight during service delivery protests in Turffontein, Johannesburg, on Tuesday. State-owned insurer Sasria says there has been a huge surge in claims. /AFP

Sasria makes about 20% of its premiums from individuals; the bulk is related to businesses. Most countries have a Sasria-type insurer. But, said Masondo, most of their claims relate to terrorist activities. In SA, however, 80% of claims relate to public service protests.

Masondo said Sasria "used to get a lot of claims" from strikes but that had morphed in the past three years.

In 2017 it paid out about R320m related to damage caused by the #FeesMustFall protests. In 2018 it was knocked

by claims related to the truck drivers' protests in Mooi River.

Masondo said that the bulk of claims related to damage caused to cars and trucks, but the higher value claims related to

the destruction of property and trains. This may now see the insurer hike premiums. "The last time we increased the rate was 2009 ... we believe in some areas we might need to increase the rate ... the whole idea is to be sustainable," said Masondo.

While power utility Eskom and state owned airline SAA pose the biggest risks to SA's fiscus, according to the ratings agencies, Masondo said Sasria had contributed more than R1bn in dividend payments over the past seven years.

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