

INSURANCE

Busa warns Sasria might not have the resources to pay claims

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BUSINESS Unity South Africa (Busa) has warned that the state-owned insurance company might not have enough resources to compensate businesses affected by the looting.

Many companies have fallen victim to the widespread looting and vandalism of property and equipment after protests for the release of former President Jacob Zuma turned violent.

Factories, warehouses, distribution centres and shopping malls were vandalised, looted and set alight by criminals over five days, leaving a trail of destruction running into billions of rand.

The SA Special Risks Insurance Association (Sasria) has already indicated that it expected the insurance claims bill for the instability to cost up to R12 billion.

Sasria's current product range offered R500 million primary cover for classes of insurance, including material damage, business interruption, construction and goods in transit.

Corporate customers, however, can get additional cover of up to R1bn on request. South Africa is one of few countries in the world in which cover

for damage caused by special risks can be obtained.

However, Busa said yesterday that Sasria was incapable of delivering on its mandate due to some limitations.

Busa's vice-president Martin Kingston said that the challenge had already been discussed at the National Economic Development and Labour Council (Nedlac).

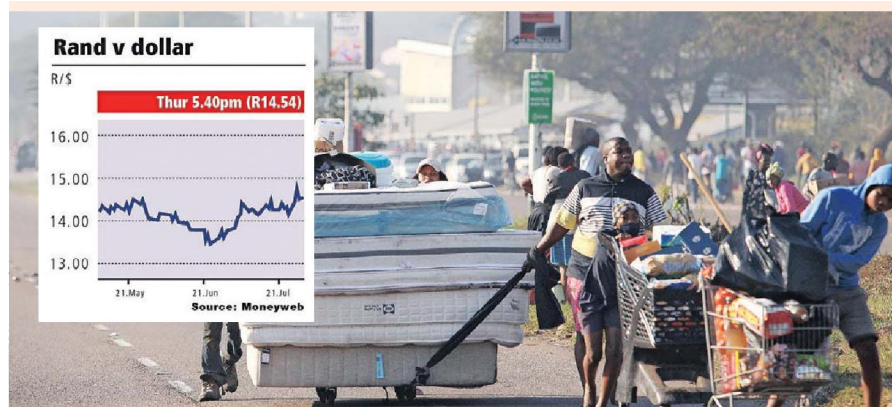
"Sasria on its own does not have the necessary resources to provide requisite support to those that have taken out insurance," Kingston said.

"The insurance industry is already looking at how it can mobilise incremental resources in a very safe manner to provide assistance, particularly to businesses that have been impaired."

Kingston also said this could leave a serious financial dent on many businesses and lead to mass shutdowns should Sasria fail to handle all claims.

"It has already been discussed in the context of the work we have done at Nedlac, which is how we can reposition the limited fiscal space that we have," he said.

"It's clear we are going to have to make decisions as a country that we had not anticipated even a week ago to ensure that we can channel relief to those that are most in need."



SHOPS in Durban's CBD were looted and factories in Springfield and Makro also looted and burnt into ashes on Monday morning during the Zuma uprising. | **DOCTOR NGCOBO** African New Agency (ANA)

Insurers, however, have expressed confidence in the ability to assist insured looted businesses.

Webber Wentzel's dispute resolution and litigation specialist Lisa Swaine said businesses seeking to

recover losses from the damage caused by recent riots needed to act promptly.

Swaine said those businesses intended to make a claim under Sasria, time was of the essence and they needed to start gathering the evidence

now.

"Your insurance broker must be notified of your claim, if not immediately, as soon as possible, so that he or she can notify your insurers," Swaine said.

