

Riot cover demand soars

INSURANCE CLAIMS: COMPANIES INCREASE COVERAGE AFTER XENO ATTACKS

» One company owner lost R500 000 in damage to vehicles.

Sipho Mabena

The spike in violent protests in recent years, accompanied by looting and massive damage to property, has sparked an upsurge in businesses and individuals taking out riot risk insurance.

The South African Special Risk Insurance Association (Sasria) yesterday revealed that its gross written insurance premiums increased by 8.8% from R1.9 billion last year to R2.1 billion for 2019.

The state-owned, short-term insurer provides special risk cover to businesses and individuals with assets in the country, as well as government entities, and specialises in insurance cover for civil commotion, public disorder, strikes, riots and terrorism.

Sasria credited its marketing and sales strategy to create awareness of its products, as well as the increase in service delivery protests, for creating a demand for insurance cover.

Last month, people protesting against illegal immigrants and drugs left a Johannesburg businessperson with a R500 000 loss when they pelted some new and used vehicles with stones as they marched past his dealership in Jules Street, Malvern.

"There was also panic and confusion. A few cars damaged

by rocks. All the keys somehow disappeared so about R500 000 in damage plus lost sales," a businessperson who did not want to be named said.

Cedric Masondo, Sasria managing director, said it had noticed an increase in claims following

the violence that engulfed parts of Johannesburg and Pretoria, resulting in the death of 12 people, looting of shops and damage to property last month.

"We are still receiving claims in relation to this incident. Ordinarily, it takes approximately five

weeks to obtain all claims after most incidents. We are anticipating more claims, though we expect the value of these claims to remain manageable," he said.

As a direct result of the recent riots, Masondo said Sasria expected a 9% growth in its gross written insurance premium, compared with the previous year.

"It is very difficult to predict the claims numbers. However, we do expect the increase trend to continue," he said.

The state insurer also saw a spike in its net insurance claims, which shot up to a record R1.5 billion, up from R662 million in the 2018 financial year, for the year ending March 2019.

"Service delivery protests were almost entirely responsible, accounting for 80% of claims, while labour strikes accounted for the balance. In the past five years, Sasria received over 16 000 claims to the tune of over R4.6 billion," Masondo said.

He said the balance sheet remained healthy, with total assets worth R8.4 billion, up 5.7%, ensuring the ability to honour current and future claim obligations.

Masondo said Sasria currently held 2.7 times the amount of capital that the Prudential Authority required it to hold.

Sasria was created in response to riots and civil unrest during apartheid, when insurance companies balked at paying compensation to businesses damaged by the protesting public.

Masondo said recent protests showed this special risk insurance cover was critical and necessary. – siphom@citizen.co.za