

INSURANCE PAYOUT

Riot-hit firms are facing cash flow woes as Sasria crunches the numbers

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THOUSANDS of businesses affected by the civil unrest in July could struggle to continue managing their cash flow as they have to wait a little longer before their insurance payout claims are finalised.

Insurance Claims Africa (ICA), a public loss adjuster, yesterday urged the state-owned insurer, the South African Special Risk Insurance Association (Sasria), to urgently pay riot-related claimants at least 30 percent of their insured sum upfront.

ICA said payments by Sasria would assist cash-strapped businesses get back on their feet as quickly as possible and prevent looming retrenchments.

ICA is acting for a number of claimants who constitute the largest volume of claims submitted to Sasria following the recent riots that left a R50 billion economic destruction in KwaZulu-Natal and Gauteng.

Mike Gaines, the chairperson of ICA said paying 30 percent of the insured sum as an interim payment was a safe option for Sasria and would not leave it exposed or jeopardise the company's long-term sustainability.

"Claimants are living in limbo – they are desperate for cash to pay staff,

restart their businesses, replenish stock and repair damaged premises," Gaines said. Sasria has authorised insurers to pay claims up to R1 million, while at the same time making interim payments for large claims.

However, Gaines said this was not enough and not quick enough. "It's prejudicing the larger claimants, many of whom run massive retail, manufacturing and food production businesses which urgently need substantial injections of cash," he said.

"In fact, we are quite concerned that without larger, urgent interim payments, it may have an impact on food security in the country, and will certainly impact our fragile economy negatively."

Sasria spokesperson Galaletsang Molokoane yesterday said they were consolidating the quantum of all insurance claims and would inform the industry in the coming weeks.

"Sasria at present is still in the process of reaching the final quantum of claims and will be releasing an official media statement in the next coming weeks to give a consolidated update on claims and other pertinent media queries," Molokoane said.

Sasria has approached the National

Treasury to assist with a shortfall in capital needed to meet the estimated claims, but the Treasury was unavailable for comment yesterday.

Late last month, Sasria said it had registered more than 95 percent of all related insurance claims, with the total number of claims estimated to reach R19 to R20 billion.

By the end of August, Sasria had paid R2bn to settle all valid small- and medium-sized claims in the next six weeks.

Sasria said the rebuilding of all damaged infrastructure, particularly for large businesses, was going to take a long time, hence it intended to engage all clients on the journey of seeing their business recover.

