

## COUNTING THE COST

## Tiger Brands estimates more than R150m stock loss from unrest

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TIGER Brands said yesterday that it estimated at more than R150 million the loss of stock because of civil unrest, looting and vandalism to its property in KwaZulu-Natal and Gauteng.

The largest food manufacturer in the country said a number of its sites in KwaZulu-Natal have been affected by acts of looting and vandalism, resulting in damage to its rice and snacks and treats operations.

"It is currently estimated that the loss of stock is in excess of R150m. The loss of profit due to business interruption is still being quantified. The situation in KZN remains volatile, presenting a further risk to other Tiger Brands facilities in the area," the group said.

It said its bakery operations and the distribution of bread have been suspended in KwaZulu-Natal, while deliveries of bread in Gauteng have been affected by challenges in accessing certain areas and the closure of stores.

However, the company was banking on recouping some of the losses, because it has appropriate insurance cover and has notified its insurers accordingly, adding that cover was subject to the terms and limits of the policies.

Junior Mlodobuzi, chief executive of Entresure, said the current unrest has had a major impact and will continue to have a major impact on the insurance industry, not only from a claims perspective, but also from an underwriting perspective and a profit perspective.

"The number of claims will continue to rise in the coming weeks leading up to August and, as a result, this has forced underwriters to relook their risk modelling, especially in areas around Gauteng and KZN.

"However, it is yet to be seen if these adjustments will be permanent, but it has made it much harder to write new business amid this ongoing unrest," Mlodobuzi said.

Tracy McLaughlin, a divisional managing director at GIB Insurance Brokers, said all claims for riots, strikes, public disorder and civil commotion are paid by the South African Special Risk Insurance Association (Sasria), because they were not covered in conventional insurance markets.

"Sasria is the only non-life insurer that provides special risk cover to all individuals and businesses that own assets in South Africa, as well as government entities.

"South Africa is one of the few countries in the world that provides this type of insurance. Sasria has said it will honour claims where a client

has purchased the cover and their loss is as a direct result of violent riots," McLaughlin said.

Tiger Brands said security of supply to consumers was subject to the re-opening of key transport routes and access to the operations of their retail and wholesale partners.

"We are engaging with the government, and support efforts by law enforcement agencies to restore calm, reopen key distribution routes and create a safe environment for the resumption of normal business activity," the group said.

Bradley du Chenne, chief executive of Hippo.co.za, said South African business owners were unsure whether they have insurance cover for losses caused by the recent riots and looting – yet most short-term insurance policies already have cover for these circumstances.

"What many business owners don't know is that Sasria exists for this exact purpose. Sasria provides special cover to South African individuals and businesses against risks like civil commotion, public disorder, strikes, riots and terrorism," Du Chenne said.

## Tiger Brands

Share price, rand



Source: Moneyweb

