

Media Release
Actuarial Society of South Africa (ASSA)
19 July 2021

Property covered by a short-term insurance policy likely to have Sasria cover

Business owners and individuals who had their property damaged or looted over the past week are turning to their short-term insurance policies in the hope that they are covered for the losses they incurred.

Deshni Subbiah, chair of the Short-term Insurance Committee of the Actuarial Society of South Africa (ASSA), says the good news is that if the property that was damaged or looted was covered by a short-term insurance policy, it is very likely that Sasria specialist cover was also in place.

According to Subbiah, the South African Special Risk Insurance Association (Sasria) is the only short-term insurance company in South Africa that provides cover for losses incurred as a result of events such as civil commotion, public disorder, strikes, riots and terrorism. Subbiah adds that South Africa is one of the few countries in the world that provides this type of insurance cover, with most short-term insurance contracts automatically including Sasria specialist cover.

Subbiah explains that Sasria cover is generally bundled into short-term insurance policies, unless a client specifically requests that it is excluded. She adds that since the premiums are so low most people do not take note of the Sasria inclusion in their policies. The Sasria contract details usually follow at the end of a short-term insurance policy contract, which is the section that many people may not read.

Subbiah says that until the widespread destruction and looting of property over the last week, most South Africans were unaware of the existence of Sasria, which was created as a state-owned company following the 1976 Soweto uprisings. At the time, South Africa's short-term insurance companies decided that they could no longer provide cover for losses caused by politically motivated unrest and violence and as a result Sasria was launched as a Section 21 company.

Subbiah is not surprised that most people have never heard of Sasria or checked their policies to make sure that it is included, given that South Africa has not seen destruction and looting of property of the magnitude witnessed last week since Sasria was created. Even Sasria commented last week that in its 42-year history, it has never experienced riots, violence and looting at such levels.

Subbiah has the following guidance for business owners and individuals who had insurance cover in place and who suffered losses and damage to property during last week's violence:

- It is not possible to have stand-alone Sasria cover. It will always be linked to an underlying short-term insurance policy sold by a short-term insurance company. Therefore, check your insurance policy first to make sure that your damaged or

looted items were covered by your policy. Also check that Sasria cover was included in your policy.

- If you have a valid claim, you must submit it to Sasria via your short-term insurer. It is not possible to claim from Sasria directly. Your short-term insurance company will assess and submit your claim to Sasria on your behalf.
- If you have a valid claim, you can expect your claim to be processed and paid quickly. Sasria exists to restore the liquidity and operations of businesses quickly and efficiently after a claim event to prevent job losses, maintain livelihoods and facilitate economic stability.

Subbiah points out that it is not possible to insure property retrospectively with the aim of claiming from a recent loss. “If you did not have short-term insurance cover in place when your property was damaged or destroyed, it will not be possible to add it to your insurance after the loss. Also, if you recently cancelled your insurance cover to save on costs, you will not be able to reinstate it after a loss even if you pay an outstanding premium.”

She says that unfortunately the economic shocks triggered by the Covid-19 pandemic have resulted in some business owners and individuals doing away with grudge expenses such as short-term insurance premiums.

“Even before the pandemic approximately two thirds of all cars on South African roads were uninsured. This indicates that far too many South African have the mindset of believing that the unthinkable will not happen to them.”

Subbiah says that unfortunately the true value of insurance, whether long-term or short-term, is often only realised after a loss is suffered.

She explains that business owners and consumers should weigh up the financial consequences that could arise from the potential risks that they are exposed to on a daily basis against the cost of an insurance premium.

“This requires the unpleasant task of contemplating the possibility of an event that could cause destruction. While it was hard to believe before 12 July that our country would see so much violence and destruction on such a large scale, business owners and individuals face a number of risks every day that could result in significant loss that could cripple a business financially or cause enormous financial hardship to a family.”

Subbiah says that every business owner and every individual should have short-term insurance cover unless they have a very solid emergency fund in place that can cover a total loss of property and potential liability claims associated with the total loss event.

She recommends that consumers and business owners should sit down with an insurance broker or a financial adviser and do a needs analysis. “There are different types of cover for individuals and for businesses and it is important to make sure that your business and your property are covered. For example, a private vehicle used to transport stock may not be covered under a personal lines policy and equally a home used for business

purposes may require a different cover. Having the right insurance cover in place can protect you financially even in the most trying of times.”

Ends

To set up interviews please contact:

Lucienne Fild
Independent Communications Consultant
082 567 1533
lucienne@fild.co

Issued on behalf of:

Deshni Subbiah
Chair of the Short-term Insurance Committee
Actuarial Society of South Africa

The Actuarial Society of South Africa is the professional organisation for actuaries and actuarial students in South Africa. The vision of the Actuarial Society is an actuarial profession of substance and stature, serving, and valued by, our communities as a primary source of authoritative advice and thought leadership in the understanding, modelling and management of financial and other measurable risks.