



SPECIAL RISK COVER FOR MUNICIPALITIES

Sasria Limited (Sasria) is a special risk insurer. It provides short term insurance cover for special risks such as riots, strikes, labour disturbance, civil commotion, public disorder and terrorism to both corporates and individuals. Sasria is the only insurer in the country that provides this type of cover. We provide cover up to R1.5 billion per municipality, and bigger metros can buy special risk cover above that limit in the open market.

Municipalities are responsible for providing a number of vital public services, failure to provide these services can lead to discomforts within the community being serviced. The resultant effect of poor or lack of service delivery is riots that lead to damages to municipal as well as councillors' property. The latest trends in riots against the state range from social needs to a high unemployment rate with an emphasis on unemployment among the youth and graduates.

In the recent Arab spring, it was noted that protests against the states are becoming sophisticated. Self immolation was noted in Tunisia; in Egypt the following was noted: self-immolations, nationwide protests, occupation of public spaces, attacks on and burning of official buildings and police stations, storming prisons and raiding State Security Investigations Service buildings.

Cover available

About 80% of municipalities purchase cover for special risks. From the claims experience it has been noted that municipalities purchase limited cover, as a result claims are settled proportionally to the premium received, ie the average principle is applied. The impact of the limited cover is limited payout at claims stage. It is therefore imperative for municipalities to ensure that they purchase sufficient special risk cover in order to enjoy the full benefit of the cover. Generally councillors' property is not insured, therefore when a loss as a result of special risks occurs, councillors are left uninsured.

Sasria provides two types of policies: Primary Coupon, with a limit of R500 million, and Sasria Wrap, with a limit of R1 billion. "All municipalities buy the primary coupon of R500 million and a few big metros buy the Sasria Wrap as top-up cover. The cover is available on the following classes of business: Motor (owned by the municipality, subsidised or employees' vehicles), Material damage (structure, contents, electronic equipment, houses of officials etc), Goods in transit, Money, and Standing charges. The cover purchased or to be purchased is dependent on the municipalities' risk appetite.

In order to avoid gaps in cover, it is advisable for municipalities to ensure that they have sufficient cover at all times, not only for specific events. Special risk cover for councillors can be arranged individually by each councillor or through the municipality's broker as part of the municipality's existing insurance portfolio.

Sasria cover is available through brokers and underlying insurers. We function through a network of Agents, it does not do direct business. Therefore municipalities need to contact their brokers to ensure that they have sufficient cover.

Claims experience

Sasria operates like all other insurers in that when there is an incident, a loss adjuster gets appointed to investigate the circumstances, verify the cover and quantify the claim. The loss adjuster will then make recommendations to Sasria on liability and cover. Sasria would then analyse the evidence at hand in line with the policy terms.

In the past three years Sasria has seen an increase in number of claims as a result of service delivery protest riots. Claims figures for the 2010 period showed a very steep increase in claims, especially incidents directed at municipalities.

For more information please visit our website www.sasria.co.za
or call us on +27 (0)11 881 1300



'covering the extraordinary'