

SASRIA COVER: WHAT LOSSES ARE COVERED?

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Introduction

If I told you in June that COVID-19 would not be the worst peril to hit South Africa in 2021, it would admittedly be difficult to believe me. Unfortunately, the riots which for over a week engulfed the nation have swiftly removed the pandemic from the top of the list of priorities facing our country. Regardless of precisely what caused the devastation, we have just witnessed, one thing is abundantly clear: the social and financial ruin which has been unleashed upon millions of South Africans is now without question the greatest challenge our young democracy has ever faced. Given this, a crucial question is whether we are prepared to face that challenge. If so, how prepared are we? Of all the tools we have to assist us in the road to recovery, one of the most useful could turn out to be a relatively unknown insurer by the name of SASRIA SOC Ltd. This article shall explore what exactly SASRIA is, what they cover, whether they are adequately capitalised for South Africa's current needs, and how to go about claiming through them.

What is SASRIA and what do they cover?

SASRIA (South African Special Risk Insurance Association) is a limited liability insurance company and government entity that provides special risk cover to those owning assets in South Africa, whether they be private persons or the State. SASRIA separates itself from other typical insurers when it comes to the cover they provide, which includes cover against perils such as civil commotion, public disorder, strikes, terrorism, and (most importantly for our purposes) riots. SASRIA is the only entity in South Africa that can cover the above risks, which is why these risks are typically excluded from your ordinary South African insurance contracts.

Is SASRIA sufficiently capitalised to meet present demand?

In the 2019-2020 financial year (the most recent SASRIA financial reports are yet to be released), SASRIA collected R2,4 billion in premiums and paid out R992 million in claims.

However, what we have just witnessed across the country is bound to be a different kettle of fish altogether. The South African Property Owners Association (SAPOA) is estimating the damage caused by this month's riots at approximately R20 billion, over 20 times what SASRIA had to pay out in the 2019-2020 financial year. It is extremely unlikely that SASRIA, or indeed anyone, could have estimated such astronomical damage at the beginning of the financial year. As at 31 March 2020, SASRIA had total assets of R8,9 billion and liabilities amounting to R1,7 billion. It is unlikely that the updated asset value will peak R10 billion. In summation, and if the loss estimates are even remotely accurate, SASRIA appears to be worryingly undercapitalised to deal with the loss arising from the unrest of the last few weeks.

How to claim?

At the outset, the most important procedural point to stress in terms of SASRIA claims is urgency. Do not delay in lodging your claim. Notify your broker immediately if you have not yet done so. The reason for this is twofold. In the first instance, it is best to have your claim in early before SASRIA inevitably becomes overwhelmed with claims from across the country. If SASRIA does in fact have enough capital to pay out even a fraction of the claims, it is best to ensure that your claim is promptly lodged so as to give yourself the best possible chance of being included in that fraction. Secondly, most insurance contracts place time limits on the lodging of claims. If your delay results in a claim being lodged outside of the period stipulated in your contract, SASRIA may lawfully repudiate the claim on the basis of this delay. Once the claim is lodged, it is important to note that the matter does not entirely leave your control. You will still need to prove the losses you have suffered. It is therefore advisable to start collecting evidence of damages now so that you are adequately prepared when SASRIA requests proof of loss.

In terms of the procedure for lodging claims, the following applies:

1. SASRIA must be notified (either through your broker or directly) of your claim within 30 days of the loss suffered
2. Send the relevant documentation (claim form, policy schedule and wording, proof of premium, quantum estimate, and coupon) through to newclaims@sasria.co.za.
3. Once you are allocated a claim number, direct further correspondence to claims@sasria.co.za.

Conclusion

The capital conundrum faced by SASRIA is monumental. The entity has a massive hurdle to try and overcome in terms of its basic finances. But this alone does not mean we should abandon hope and our efforts to recover what we have lost. The least there is to do is control what we can. Whether SASRIA survives this sordid state of affairs is out of our control. However, it is prudent to assume a positive outcome and lodge your claims timeously regardless. In philosophy, there is a principle known as Pascal's Wager. The long and the short of the wager is to take whatever preparatory steps you can to mitigate your loss. If those steps turn out to be fruitless, then you have suffered no extra disadvantage. However, if those steps benefit you, then they will have been worth taking.