



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



MEDIA STATEMENT

SASRIA IS MAKING SIGNIFICANT PROGRESS IN PAYING ELIGIBLE CLAIMS

JOHANNESBURG – Monday, 04 October 2021. It has been over two months since the unprecedented chain of events transpired in KwaZulu-Natal and Gauteng that left businesses looted, destructed and others burnt. Work has been underway since then to address the damages incurred and assist businesses to start operating again. Recent media reports have raised concerns amongst policyholders and the public at large regarding the South African Special Risk Insurance Association (Sasria's) ability to honour claims following the unrest, and; these are valid and noted.

Where are we

Sasria has made important business interventions, namely capital and reinsurance restructure, and Government, as the sole shareholder, has committed to stand in as the entity's insurer of last resort. The shareholder has committed to enable Sasria to meet all its policyholder commitments.

Mr Cedric Masondo, Sasria's Managing Director, said: "Our discussions with National Treasury are in line with the desired determination of the best medium that can inject capital, as we look at how to be future-proof ready and acknowledge the lessons learnt during the unfortunate unrest in July."

The National Treasury has indicated that R3.9 billion will be disbursed to Sasria following the conclusion of the recently tabled Special Appropriation Bill Parliamentary processes. This is intended to assist Sasria in meeting its obligations until the end of the current financial year which ends on 31 March 2022.

The National Treasury is aware, through regular engagements with Sasria, that additional government support will be required, and is therefore working closely with Sasria to finalise the actual financial support need. The final additional support is dependent on how swiftly

Sasria can finalise the total claim amounts. It is expected that the additional support which has been flagged in the recent special appropriation will be concretised in the 2022 Budget.

Sasria has sufficient reserves including through its reinsurers to meet all valid claims. While the Parliamentary processes for additional Government support is being finalised, Sasria remains liquid and continues to trade as usual.

Progress update on the settlement of claims

Taking into account the mammoth task currently underway, Sasria remains committed to honouring all eligible claims; and have implemented the following plans to expedite claims payments:

- 1) Almost 100% of claims notifications have been received and they are in the process of loss adjustment;
- 2) To date, claims amounting to over R5.8 billion have been paid;
- 3) All claims below R1 million to be settled and paid in full quicker, and the Agent companies are working extremely hard to make sure that these claims are paid as quickly as possible;
- 4) Sasria is determined to settle 80% of all claims between R1 million and R30 million by the end of October 2021;
- 5) Sasria has started paying interim payments as proposed by Loss Adjusters on all big claims (above R30 million), and are determined to make sure that at least 30% of total claim value for big claims is paid in the next couple of weeks;
- 6) We would like to assure clients that we have added resources to reduce any possible delays in the processing of claim payments
- 7) We are confident that in two weeks, we would have attended to all outstanding reports and made necessary payments; and
- 8) Sasria has engaged with industry partners and reached an agreement that the damaged properties will rather be rebuilt, than do cash in lieu payments. Collaborative work with loss adjusters and the industry will be done to ensure that the buildings are rebuilt.

“Sasria continues to play a key role in the insurance industry. We urge clients to continue and maintain their policies with Sasria and would like to assure them of our determined resilience to maintain our excellent relations”, concluded Mr Masondo.

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