

Technical query bank

General section

1. Who may issue Sasria cover?

Sasria Coupons and Policies may only be issued by Insurance Companies (referred to as Agent Companies) who have received authority from Sasria and have signed an outsourced and intermediary agreement.

2. How does a short-term insurer become a Sasria agent?

Insurance companies must apply to become Sasria agents. Below is an example of documents that must be submitted for application to become a Sasria agent:

- Company letterhead
- FSCA certificate
- FAIS certificate
- Reg certificate
- VAT number
- Company reg number
- Etc

3. Is there difference between a Sasria coupon and policy?

A Sasria coupon imports the terms, conditions, exclusions, exceptions and warranties of the underlying policy to which it attaches i.e. Material damage and Contract works.

A Sasria policy is stand alone and does NOT import terms of a conventional policy and has its own terms and conditions i.e. Motor and Business Interruption.

4. When does Sasria allow backdating and what is required?

Backdating of Sasria policies is requested if the Agent company failed to issue a coupon/ policy within the stipulated time frame i.e. within 30 days of the date of instruction received from the Insured or their Intermediary.

Backdating is allowed if the request is within 6 months and if there was declaration that there were no Sasria related claims within the requested period.

5. Is Sasria cover re-issued or automatically renewable?

The renewal of Sasria cover is automatic - the broker and/or insured is no longer required to request for the renewal.

6. Does Sasria automatically attach to the underlying policy extensions?

Sasria does not automatically attach to underlying policy extensions. All extensions must be listed, and a premium charged in order for them to be covered in terms of Sasria.

7. What is Sasria Loss limit?

Sasria's loss limit is R1.5 billion. The Sasria loss limit is split into two, primary layer R500m and excess of loss cover R1b.

8. Is the reinstatement of the Sasria sum insured permissible following a claim?

There is no need to apply for the re-instatement of the Sum insured under a Sasria coupon or policy. The Sasria sum insured remains unchanged after a claim. However, the limit of indemnity may not be exceeded.

9. When should a pro forma policy be issued and what is the procedure?

A pro forma (dummy) policy may be issued, but not limited to, the following instances:

- Where the underlying Policy is issued by an insurance company that is not a Sasria Agent.
- Where the underlying Policy is issued overseas for a South African risk.
- Where fire insurance may not be applicable or available.
- Where a Sasria Agent have declined to issue an underlying Policy.

10. Does Sasria provide cover for Machinery Breakdown?

No, Sasria does not cover for machinery breakdown. However, Sasria covers damage to machinery following an operation of one of our perils and not breakdown.

11. Please clarify looting and when this will be a valid claim under Sasria?

Looting is not a stand-alone Sasria peril and will only be considered as a valid claim in terms of Sasria if it occurs during an active Sasria peril for which Sasria accepts liability.

12. If you consider the political outlook in South Africa, what are your view of the Sasria claims to be expected over the next year?

Over the years we have observed an increase in claims, both in numbers and severity. Approximately 80% of Sasria claims are as a result of service delivery protests happening across the country. These claims are not deemed political but are driven by socio-economic circumstances. we are not anticipating any reduction in these types of protests.

13. Will Sasria look into offering cover or product with regards to BI - infectious diseases in the future (as most insurers are busy excluding this as a general exclusion)?

The Saria Act limits Sasria cover to specific special risks and we are not licenced to cover infectious disease. This will require changing the act. It is also subject to finding adequate reinsurance to cover this risk and the reinsurance market is currently averse to offering this cover.

14. If a Sasria claim arises where a client has not abided to the national lockdown regulations - will the claim still be entertained?

Sasria cover follows but does not attach to underlying policies. Any exclusion pertaining to duty of care and or non-compliance to the law may be considered when the claim is being validated. However, each claim is treated based on its own unique circumstances and merit and therefore we are only able to determine the liability on investigation of the claim.

Accounting section

15. When should payment of premiums to Sasria be made?

Sasria premiums are due 30 days from the end of the month in which the policy incepts.

16. If we have businesses which are paid both monthly and annually, on the annexure how do we submit the annexure?

Separate annexures must be issued for monthly and annual payments respectively.

17. Does Sasria refund premiums?

Yes, Sasria does refund premium, if the insured qualifies for same. However, permission to refund premiums must be granted by Sasria.

18. Does Sasria pay a fee for policy administration?

Yes, Sasria pays fees to Agents and Intermediaries, structured as follows:

- Non motor classes of business

Sasria agents retain 27.5% of the premium, of which no more than 15% may be rebated to the Intermediary.

- Motor classes of business (including motor fleet)

Sasria agents may retain 25% per policy of which no more than 12.5% may be rebated to Intermediaries.

19. Please clarify the Sasria relief measures and the process to be followed to ensure your client qualify for this relief measure

- Sasria has agreed to follow underlying insurance companies in extending the grace period for unpaid debit orders up to 90 days

- Flexible payments which gives agent companies an option to pay annual premium on instalment basis. Annual client may opt to change premium to monthly premium with monthly rating applied. Late payments of premium can follow regulations in 90-day grace with no penalty.

- Sasria does not offer premium discount or premium holiday during COVID-19, however, we are open to discussions with insurance companies who have been approached by clients and these discussions are on case by case basis.

Material Damage

20. How is escalation and inflation calculated for Sasria if it is charged under the underlying policy?

If an underlying premium is charged for this extension, the underlying method used to calculate this premium is also used to calculate the additional Sasria premium.

21. How is the Sasria free extension cover provision applied?

Sasria gives free cover of R250,000 per extension and accumulatively to a maximum of R1,000,000 for all extensions combined on Commercial policies and up to R250 000 free cover for Domestic policies, limited to R100 000 per extension.

22. Is the free provision cover for extensions applicable to all Sasria policies?

No, the free extension cover is only applicable to fire policies.

23. Which Sasria rate applies for mix use properties?

Where a building is used both for commercial and domestic purposes and the risks can be undisputedly separated from each other, separate rates should be applied i.e. commercial and domestic respectively. However, where the risks cannot be clearly separated then the commercial rate should be applied to the entire building.

24. How is the security cost extension covered in terms of Sasria?

Sasria has split the security extension cover into two and this only applies to the Sasria Fire and Contract works policies:

- Rate applicable to this extension depends on the section it is added onto i.e. Fire rate applicable if insured under this section, Contract works rate applicable if insured under this section

- Imminent danger – protection of property prior a loss is limited to R10m annual aggregate (this responds before a loss occurs).

- Normal security cost cover – protection of property after a loss, the limit for this cover is according to underlying policy limit, can be greater than R10m (this responds after a loss occurs).

25. Can a mayor/councillor living with parent, renting or living in an informal settlement cover the property under the Councillors cover?

Yes. Mayors and councillors cover is for the mayor or councillors primary residence.

26. Can Councillor's vehicles be covered under mayors and councillors cover and is there a special Sasria rate?

Mayors and councillors cover is for houses and contents only. Vehicles can be covered under the normal Sasria motor policy, the rate is according to the category of the vehicle.

27. Can councillors cover more than one house under Sasria?

Yes, however only the primary residence can be covered under the mayors and councillors cover. Other houses will be covered under the normal policy at a normal rate.

28. Is ownership of the property necessary or can a councillor/mayor insure place of residence?

The councillor can cover place of residence as the risk is where the councillor resides.

29. Is revenue covered under Material Damage (MD) or Business Interruption (BI)?

Revenue is covered under the Material damage in terms of Sasria.

30. How does Sasria define tertiary institutions and what rate is applied when calculating premium for same?

Tertiary institution are defined as institutions (public or private) that offers specific capacities of higher learning or further education e.g. colleges, universities, technical and vocational education and training institutes, etc.

31. Does Sasria cover agricultural risks and how are they rated?

Yes, Sasria covers agricultural risks such as livestock and crops. A commercial fire rate is applied to these risks.

32. How is rent covered in terms of Material Damage (MD)?

Sasria covers rent receivable, until the premises are tenantable under the Material Damage section.

Excess of loss/Sasria wrap

33. Does the Insured have to buy the higher limit if they elect to buy Sasria Material Damage (MD) cover and the total sum insured exceeds R500 million?

Excess of loss cover is not compulsory. The insured has an option to increase the loss limit under the primary coupon (R500m) to R1, 5bn per group or subsidiary per period of insurance.

34. Can the Insured buy Material Damage (MD) cover in excess of R500 million from the alternative Riot Wrap Around markets instead if we wish to?

No. This cover must be bought from Sasria, as it falls within our limit of R1.5b.

35. Does the Excess of Loss cover include Standing Charges? What about Net Profit?

Sasria excess of loss only covers standing charges and/or working expenses under business interruption not net profit or gross profit cover.

36. Is it permissible for the Insured to buy Standing Charges cover in excess of R500 million from an alternative Riot Wrap Around markets instead of Sasria?

Dispensation may be granted by Sasria to buy this cover in another market if there is need to buy

extensions that are not covered by Sasria. However, the material damage cover must be bought from Sasria.

37. Is it permissible for each Subsidiary of a One Insured to purchase its own limit of up to R1.5 billion?

This is permissible in a case where the whole group has opted to issue Sasria cover at subsidiary level.

38. How is the excess of loss premium calculated and what is the process?

Sasria excess of loss is calculated in house (by Sasria). Agent companies and brokers send requests for quotations directly to the Sasria underwriting department.

39. What happens if the sum insured is greater than the R 1,5 billion, how will Sasria pay in the event of a claim?

Sasria will pay a claim according to its limit of indemnity, which is R1,5bn.

40. Is there a Sasria policy wording for the excess of loss cover?

The fire, standing charges/working expenses and contract works wording are applicable to the wrap cover.

41. Suppose there is a claim of R750 million comprising MD of R250m and Standing Charges of R500 million and the Insured has purchased the primary limit of R500 million and the XOL layer of R1 billion x R500 million? Can the full Standing Charges loss of R500 million be applied to the primary R500m coupon and the MD loss of R250m applied to the "XOL" layer?

The Coupon will respond to the claim as per the maximum limit of indemnity purchased, subject Sasria's maximum loss limit of R1,5bn. Part of the claim will be paid under R500m coupon and the balance of the claim will be paid under the Excess of Loss coupon up to the limit purchased by the Insured.

42. How does one apply the magnitude discount to this cover?

Magnitude discount is not applicable to excess of loss; this cover has its own discount structure which is calculated by Sasria.

Group schemes

43. Can I Insure certain sections on the group scheme?

Yes, selection is NOW permissible in terms of Sasria group scheme policies.

44. What is the minimum number of people to be insured on a group scheme?

A minimum number of clients required to register a group scheme with Sasria is ten (10).

45. How is premium calculated for group scheme clients?

Sasria allows the issue of bulk coupons or policies but the premium is calculated and applied per client.

46. When does Sasria allow backdating and what is required?

Backdating of Sasria policies is requested if the Agent company failed to issue a coupon/ policy within the stipulated time frame i.e. within 60 days of the date of instruction received from the Insured or their Intermediary.

Backdating is allowed if the request is within 6 months and if there was declaration that there were no Sasria related claims within the requested period.

Money section

47. Can the money sum insured be added to calculate the magnitude discount?

The money sum insured cannot be added to the magnitude discount calculation, but the resultant discount may be applied to this section.

48. How is the premium for money calculated?

Sasria uses the underlying premium to calculate the money premium, but cover will be according to the policy limit.

Business interruption section

49. Does the Sasria Business interruption cover attach to the underlying policy cover?

Sasria Business interruption is a stand-alone policy and does NOT attach to the underlying policy.

50. What options are available to place business interruption cover for Sasria?

Sasria has different basis of cover in terms BI:

- Standing charges (additions basis)
- Working expenses (difference basis)
- Net profit
- Gross profit

51. Does Sasria provide cover for Net profit and Gross profit?

Yes. However, net profit and gross profit cover is only available under the primary coupon (R500m), not on the Sasria wrap cover.

52. Does Sasria provide cover for Additional Increase in Cost of Working (AICOW) only?

No, AICOW is an extension and cannot be covered on its own. This extension is covered at 1,5% times the base rate.

53. Can Salaries and wages only be insured under the Sasria Business interruption section?

Yes. Salaries and wages are part of the standing charges and this risk can only be covered under business interruption.

54. Does Sasria cover extensions such as, prevention of access, public utilities, customers and suppliers (Contingent Business Interruption)?

No. These extensions are consequential in nature and are they are excluded from the Sasria cover.

55. Is the Working Expenses (WE) coupon used to issue Gross Profit (GP) or is there a separate?

WE coupon is for working expenses only, there is a separate GP coupon for Gross profit cover.

56. Can an insured claim for loss of income where there was no material damage claim accepted in terms of Sasria?

The general rule dictates that the Sasria BI cover must always follow the material damage of the property listed in the policy schedule. BI following a non-material damage claim cannot be accepted as a valid claim.

57. How is rent covered in terms of Business Interruption (BI)?

Sasria covers rent payable, as a standing charge under the Business Interruption section.

Construction risk section

58. How do I insure the construction risk for Sasria?

Construction risks can be insured either on an annual turn-over (annual policy) or on the contract value (specific contracts).

59. If a plant is insured under the plant all risks, can I insure it under the motor policy for Sasria purposes?

The only time you can insure a plant under the motor section, is when the plant is registered for road use.

60. Does Sasria charge a deductible?

Only time Sasria charges a deductible, is under the construction risk for both the construction risk and plant all risk.

61. Can construction risk section be included in calculating the magnitude discount?

The construction risk section has a separate magnitude discount calculation.

Motor section

62. Does the motor cover attach to the underlying policy cover?

Sasria cover is a stand-alone policy and does NOT attach to the underlying policy.

63. Does Sasria provide car hire?

Sasria cover does not extend to include car hire.

64. Can construction plant be insured under the Motor section?

Only mobile plant that is registered for road use can be covered under the motor section.

65. How is Sasria charged for vehicles on a policy that are only insured for Motor Third Party or Motor Third Party Fire and Theft?

These are charged the normal Sasria motor rate which is according to the category they fall within.

66. How does Sasria charge for bakkies, 4x4s and SUVs on a personal policy?

Sasria charges according to use rather than the type of vehicle. A vehicle will be charged a commercial rate if it is used to convey goods for trade purposes, if not then a domestic rate must apply.

67. How are vehicles categorised in terms of Sasria?

Sasria has eight different categories in terms of motor, these are rated according to their use:

- M1 – Private
- M2 – Light commercial vehicles (GVM less than 3500KG)
- M3 – Taxis
- M4 – Motor traders
- M5 – Buses
- M6 – Mobile plant (registered for road use)
- M7 – Bus Rapid Transit system (BRT)
- M8 – Heavy commercial vehicles (GVM of 3500KG and above)

- 68. Sasria offers motor vehicle cover on a standalone basis. Is that correct? Employers are concerned about staff vehicles on the premises that is damaged during a commotion and looting. Most of the staff do not have vehicle insurance.**

Yes, Sasria Motor cover is standalone. A vehicle can be insured for Sasria even if there is no underlying cover, or the said vehicle is insured for third party only.

Discount

- 69. What discounts are available for clients under Sasria cover?**

Discounts available under Sasria cover are:

- Loss limit/magnitude discount
- Voluntary deductible
- Co-insurance

- 70. Can escalation/inflation be included in the calculation of magnitude discount?**

Escalation and Inflation cannot be included in the magnitude discount calculation.

- 71. Can I include co-insurance and voluntary deductible to increase my discount if I qualify for magnitude discount?**

A coupon or policy can only have two discounts, magnitude discount and voluntary deductible or magnitude discount and co-insurance. Not all three discounts are allowed on one coupon/policy.

- 72. Which sections are excluded when calculating the magnitude discount?**

Money, Good in transit (GIT) and marine but the resultant discount may be applied to these sections.

- 73. Is magnitude discount applicable to the excess of loss?**

Excess of loss has its own structured discount and the magnitude discount does not apply to excess of loss.

- 74. Must the domestic sum insured, and the commercial sum insured be combined to calculate the magnitude discount?**

Yes. When calculating the magnitude discount, we use both commercial and domestic sum insured.

- 75. Must the same magnitude discount that was used at the renewal of a coupon be used in the event of an extension of the coupon?**

Magnitude discount is calculated at renewal or inception of a coupon policy and may not be recalculated mid-term.

Goods in Transit and Marine section

- 76. Can the GIT Section be included in calculating magnitude discount?**

Only the stock throughput value can be added to the discount calculation, but the resultant discount can be applied to the whole section.

- 77. What is RSCC and why is the rate 50% less than without RSCC?**

RSCC is the Riot Strike Civil Commotion Clause cover, which is similar to Sasria cover and is sold by the marine institutes for clients that go beyond Sasria territorial limits.

RSCC policy holders are given a 50% discount in premium when purchasing Sasria cover because of dual coverage.

78. What rate is applicable to the transit section premium calculation?

Sasria has different basis of coverage in term of the transit risk section e.g. fixed and non-adjustable rates, turnover basis, load limit etc.

The rate applicable depends on the basis of coverage on the underlying policy as Sasria attaches to same.