**MEDIA STATEMENT**

**COMMITTEE ON APPROPRIATIONS NOTES SASRIA’S REQUEST FUNDING TO SETTLE INSURANCE CLAIMS**

**Parliament, Wednesday, 8 September 2021-** The South African Special Risks Insurance Association (Sasria) appeared before the Standing Committee on Appropriations to brief the committee on, among other things, their motivation for R3.9 billion request to be part of the Second Special Appropriations Bill.

Sasria is requesting R3.9 billion to strengthen their balance sheet in order to meet their solvency cover ratio of 100% as required by the insurance regulator. Insurance claims range between R20 billion - R25 billion from different businesses that were damaged during unrests that took place in KwaZulu-Natal and Gauteng provinces in July this year.

Sasria’s Managing Director, Mr Cedrick Masondo, told the committee that before the July riots, Sasria enjoyed a strong balance sheet, which according to him, had assets worth well over R10 billion, a sound balance sheet that allowed the association to be in a better position.

He said the association derived most of its revenue from the corporate sector which constitutes 80% of its revenue. The remaining 20% of its uptake is made up of individuals and small to medium micro enterprises. The committee heard that the riots affected the association’s net investment income in assets that were invested in bonds, money markets, in South African Reserve Bank Accounts and it is now forced to liquidate R10 billion to settle insurance claims to businesses affected by recent riots.

The Chairperson of the committee, Mr Sfiso Buthelezi asked why Sasria does not go out to the market and raise the capital to settle its claims. The response was that Sasria is a risky business because of the uncertainties and political instabilities associated with the nature of their products.

Considering the association’s track record of being profitable over years and the fact that it has been run professionally and has not incurred any disclaimers or financial losses due to mal-admiration, the committee understood its request.

Mr Buthelezi said: “We are doing so as a committee because you have not come here to ask money to pay salaries. You have been profitable and you have never asked for a bail out. Most of all, you have even paid well over R11 billion dividends to the state. That is a commendable milestone when compared to other State Owned Entities who often come to us with a cap in hand.”

The committee raised the lack of Sasria to penetrate the historically marginalised rural, township businesses in particular and urged the association to reach that market.

Mr Buthelezi said the association’s good work is noted and “we commend everyone involved including your board for ensuring that you are in a position to do what you are mandated to do, to advance our country’s developmental agenda”.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR SFISO BUTHELEZI**

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