

Counting the cost of #FeesMustFall and other protests

By [Sharon Snell](#)

17 Oct 2016

The 39% increase in the severity of insurance claims is directly attributable to increases in service delivery and student unrest.

According to the latest figures released by [Sasria](#), the value of insurance claims received for student protests was R134m. These figures are only for the period up to March 2016, and excludes damages that have taken place as a result of student protests in the second half of the year.



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Claims spike

During the 2015/16 period claims increased to R729m compared to R525m in the previous period. South Africa experienced a high number of service delivery protests, labour unrest, #FeesMustFall protests and disgruntled commuters burning trains and buses, which gave rise to special risk claims.

Sasria received a record 2,262 insurance claims relating to special-risk damages suffered by policy holders during the year. Of those, 74% related to damages as a result of service delivery protests. Student protest unrest claims spiked from the previous period to make up 10% of all unrest claims, with a total of 220 insurance claims related to #FeesMustFall and other student unrest.

Nzimande passes the buck

Minister of higher education and training, Blade Nzimande recently told journalists that he expects that the latest figure of expected damages related to #FeesMustFall could be closer to R600m. The department of higher education reported that they experienced infrastructure damage in excess of R300m in 2015/16 financial period as a result of student protest degenerating into violence and the destruction of property.

Government responded to the campaign for no-fee increases by declaring a no-fee increase for 2016. This shortfall (R2,3bn) was partially funded by government to the tune of R1,9bn.

In addition, government also reprioritised an additional R16,2bn for higher education over the period to deal with the 2016 fee freeze shortfall and National Student Financial Aid Scheme (NSFAS) challenges. A fresh wave of student protests followed Nkomo's announcement in September 2016 that university fees would increase in 2017. He passed the buck of the final decision on increases to the university councils, with a cap at 8%.

Increase in social unrest

Thokozile Mahlangu, executive manager at Sasria, advises that there has been an increase in the frequency of riots and strikes in the past three years as well as an increase in the severity. She says that it was imperative that businesses and consumers ensure that they have sufficient insurance cover for special risk in order to avoid gaps in cover or being left uninsured.

During August 2015, Sasria suffered its biggest single loss in the history of the company as a result of labour unrest at one of the power plants in KwaZulu-Natal that gave rise to damages amounting to R103m. This happened when the open gas turbine facility of the power plant was torched a few days before the commissioning of the facility.

Another large claim of R 60m was also dealt with by Sasria arising out of the torching of the Isithebe Industrial Estate in KwaZulu-Natal, in March 2016, as a result of community dissatisfaction with the local leadership. The claims resulted from damage to building structures, plant, machinery, stock and equipment.

ABOUT SHARON SNELL

Sharon Snell holds a masters degree in law, and she is the Chief Executive Officer of the National Museum located in Bloemfontein.

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