

## F4 REGULATION: SMALL, MEDIUM ENTERPRISE

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## 1. INTRODUCTION

### 1.1. Underwriting Philosophy

Sasria Fire category F4 product offers special risk insurance for businesses falling within the SME sector to ensure their property is adequately insured. Sasria, in partnership with various Sasria Agents and Associations have identified a gap in cover and have created this category to bridge the gap in the market.

The special risk insurance cover is non-refusable and non-cancellable, this means that the cover is available to all clients who require same regardless of their risk profile, and Agent companies may not refuse clients the cover. Furthermore, Sasria does not cancel the cover once effected; only the customers have the option of cancelling the cover provided by Sasria. Sasria does reserve the right to underwrite specific accounts where the risk posed deems it necessary.

### 1.2. Distribution Channel

Sasria's existing distribution channel will apply where Sasria Agents (Insurance companies) will be responsible for the full administration function such as quotations, administration of coupons, collection of premiums and registration of Sasria claims.

### 1.3. Limits and Premiums

There are four (4) options of policy limits to choose from. The premium charged is based on the option selected, i.e. there is a minimum policy limit with a minimum premium and a maximum policy limit with a maximum premium payable.

### 1.4. Guideline Questions and Queries

Underwriting department is available to answer guideline questions. Please contact our office on 011 214 0800 or you can send your queries to [contact\\_underwriting@sasria.co.za](mailto:contact_underwriting@sasria.co.za).

## 2. PURPOSE

The purpose of this regulation is to highlight the set of rules to be taken into consideration, from sales to the administration of F4 class of business, such as rates/premiums applicable, limits, exclusions, exceptions, provisions, etc.

## 3. QUALIFYING CRITERIA

This cover is geared for the SME market that fit withing the following description:

- Must be a formal trader that is generating an income (e.g. sole proprietors)
- This product is aimed at commercial risk business only. The product does not cover micro insurance, personal lines risk and or corporate risks.
- Combined Asset value of the business (i.e. Buildings and stock) must be from R500 000 to R2 000 000 only.



### 3.1. Target Market

The target market under this cover is businesses that are currently uninsured due to unavailability/ access of insurance, mainly small businesses.

### 3.2. Insurable Interest

When insuring property, it is vital for the insurance company to establish if the policyholder has an insurable interest on the property. The policyholder must stand to suffer a direct financial loss in an event of a Sasria peril, so the policyholder needs to be the owner of the property or directly responsible for the property. Sasria does not wish to cover property which is not owned by or in custody/control, or for which the policyholder is responsible for.

### 3.3. Policy coverage (to be read along with the Saria Perils)

This policy covers business assets against:

- Losses or damages to insured property during **Riots**, including resulting looting
- Losses or damages to insured property during **Strikes**, including resulting looting
- Losses or damages to insured property during **Public Disorder**, including resulting looting
- Losses or damages to insured property during **Civil commotion**, including resulting looting
- Losses or damages to insured property during **Labour disturbances**, including resulting looting
- Losses or damages to insured property during **Lockouts**, including resulting looting
- Losses or damages to insured property during **Terrorism attacks**, including resulting looting

### 3.4. Policy Limitations

This policy covers:

- Loss of or damage to buildings, stock and or material in trade;
- Loss of or damage to money in transit anywhere within the Republic of South Africa, but not exceeding the limit of R10 000 (ten thousand Rands only) per annum;
- Loss of or damage to stock while temporarily away from premises, i.e. in transit or storage;
- Loss of or damage to the whole or part of the insured's property, owned by the insured or for which they are responsible for, while in transit by means of road conveyance.

Emergency Stock removal from the premises:

- Temporary moving of stock away from policyholder's place of business due to an imminent Sasria peril
- An active Sasria peril should be present within 1km radius of the policyholder's place of business

This cover **does not** cater for:

- Businesses classified under Micro-insurance
- Personal policies
- Motor risks
- Personal injuries or death
- Liability risks of any kind
- Legal costs



- This policy follows the exclusions as stated on the Sasria Fire policy wording and underlying policy where applicable.

#### 4. Policy Limits and Premiums

Policy limit	Monthly	Annual Premium
R500 000	R5.00	R50.00
R1 000 000	R10.00	R100.00
R1 500 000	R15.00	R150.00
R2 000 000	R20.00	R200.00

#### 5. Inception date of cover

The inception date of the Sasria Coupon or Policy may only be the inception date of the underlying Policy, the date of receiving written instructions or issue date of the Coupon or Policy, whichever the latest date.

In a case where the Agent has not issued a coupon and the inception date of cover is beyond 30 days, the Agent must send a written request for backdating of cover, as per the backdating procedures.

#### 6. Issuing of coupons

Sasria cover is activated by issuing coupons/policies and these documents must be issued by the Sasria Agent within 30 days from the date of instruction received from the Insured or the intermediary (effective date of cover).

Fire coupon Category F4 must be issued for all qualifying policies, taking into consideration the qualifying criteria as well as limits and premiums as stated under 4. and 5., above.

Sasria Agents are urged to request batches of coupon numbers from Sasria and be allocated in accordance with this class of business.

Sasria agents must submit issued F4 coupon to Sasria on a monthly basis.

#### 7. Period of Insurance

The Period of Insurance of a Sasria Coupon or Policy should be from the inception date of the underlying Policy for a period of 12 consecutive calendar months. Subject to the backdating procedures and inception date of the Sasria Document. The only time where Sasria cover will commence for a period shorter or longer than twelve consecutive months on a coupon, will be for a specific contract or where the Coupon/Policy is issued for the first time during the period of insurance of the underlying policy.

#### 8. Limit of Indemnity

The limit of indemnity is as per the limit stated on the coupon and it is an annual aggregate. The policyholder can select any limit as stated under 5., above. These limits are VAT inclusive.



## 9. Sum Insured

The value of property at risk must be stated on the coupon and will be regarded as a maximum liability per event or series of events. The sum insured must be VAT inclusive.

## 10. Settlement Basis

There are various methods to settle a valid Sasria claim, depending on the type of the damaged property and severity. In an event of a valid claim, Sasria will settle on either of the following basis:

- 10.1. Replacement of property; or
- 10.2. Repair of damaged property; or
- 10.3. paying the cost price of the lost or damaged or looted stock

## 11. Reinstatement of Policy Limits

Sasria liability is limited to the sum insured stated on the policy, up to a policy limit and the policy limit cannot be reinstated. In a case where the policy limit is exhausted during the period of insurance, Sasria cover will cease immediately and the policyholder will be regarded as their own insurer.

## 12. Average Clause

Generally, if the policyholder has underinsured their property and suffers a loss, average will apply on the claim.

However, for the purpose of this cover, average does not apply on claims under this policy.

## 13. Sasria' Right to Review Rates and Premiums

Sasria SOC Ltd reserves the right to review the terms and conditions of a policy, including rates and premiums, in line with all applicable laws (e.g. Policyholder Protection Rules). Where necessary, some or all classes of business rates and premiums may be reviewed including but not limited to the following:

- a) Documented trend of poor performance on class or classes of business over the last 3 (three) to 5 (five) year period;
- b) Reasonably balancing the interests of Sasria SOC Ltd and its policyholder's expectations and;
- c) The review will be justified with reference to the extent to which the assumptions on which the premium was based have been met

In accordance with the laws, Sasria will duly notify the policyholder in writing, through its distribution channels, of among others, the details of the pending review; the effective date of the review; the reasons for the review; the implication of review; and the policyholder's rights and obligations regarding the review, including any cooling-off rights offered and procedures applicable for the exercise thereof.

Each policyholder will be afforded reasonable notice period in order to make an informed decision as to whether the policy continues to meet the policyholder's requirements as a result of the reviewed terms and conditions.

## 14. VAT (Value Added Tax)

Sasria premiums and sums insured are inclusive of Value Added Tax (VAT). All Fees payable to Sasria agents and to intermediaries are also inclusive of VAT.



## **15. Fees payable by Sasria**

### ***Outsource Agreement***

Sasria has signed an Outsource Agreement with all Sasria Agents and the fee payable to Agents for administration of Sasria cover is called Outsource fee. The administration function includes issuing of coupons, collection of Sasria premiums and registration of Sasria claims.

Sasria Agents are entitled to 12.5% outsource fee under this agreement.

### ***Intermediary Agreement***

Intermediary agreement is a contract between Sasria and intermediaries for providing Sasria-related advice to the end-user customer.

Sasria Intermediaries are entitled to 15% intermediary fee under this agreement.