

14 September 2021

Circular 510

To All Sasria Agents and Intermediaries

Sasria SOC Limited update notification of a rate review

Following Circular **509** dated **4 August 2021**, Sasria concluded the technical rate review internally and engaged the various stakeholders necessary to finalise the implementation of the proposed rate structures. In view of the discussions Sasria has deemed it prudent to amend the effective date of the rate increase to 1 January 2022.

Sasria is committed to ensure the principles of Treating Customer Fairly and the PPR regulations are adhered to in all our endeavours, as such, the following changes will be implemented together with the rate increase.

1. Classes with no rate increase

Sasria conducts an annual rate review and factors loss patterns over a number of years. The recent catastrophe event losses were considered, but they are not the basis on which the increases were determined. The affected lines of business have traditionally been affected by high frequency and severity claims. Lines of business that have not portrayed an increase in losses over the past 3 to 5 years are excluded from the increase and therefore, we are not increasing rates on the following classes of business:

- 1.1 F1 – Fire Domestic
- 1.2 F1(T) – Tertiary Institutions
- 1.3 F4 – SME Product
- 1.4 M1 – Cars, Private Use
- 1.5 M4 – Motor Ferries & Traders
- 1.6 MON – Money
- 1.7 Various BI Classes

2. Structural risk rating changes

2.1 M2 (Light Commercial Vehicles) and M3 (Minibuses/Taxis)

Our rate review has indicated the need for a change in structure of M2 (Light Commercial vehicles) and M3 (Taxis). These classes are currently rated at a flat rate of R45.39 per annum and henceforth will be rated on a rating scale in order to price the risk on the correct value at risk to Sasria.

3. New Rating Class

The claims volatility on Municipalities has warranted a review on the rating structure for this risk. We are therefore, introducing a new rating class “MUN” specifically for all Municipal related risks to be added with its own risk profile.

4. Separation of F2 (Fire commercial)

The F2 (Fire commercial) class of business is amongst the hardest hit in terms of severity of claims, however, the rate review exercise has shown that the risk within “office premises” exhibits a different risk profile to the rest of the Fire risk. As such, we are introducing a separate rating structure for F2 (Fire commercial – Office). This rate is exclusively applicable to commercial Office Premises risks.

5. Applicability of the rate increase

The new rates become effective on 1 January 2022 (Inclusive) as follows:

- All new business
- Monthly policies on their annual anniversary date
- Annual policies on their annual anniversary date

The following are the new annual increased rates:

Rating Code	New Rate (VAT Incl)
CW – Contract Works	0,08661%
F2 – Fire Commercial	0,02906%
F2 – Fire Commercial (Office)	0,02088%
GIT – Goods in Transit	0,17408%
M2 – Light Commercial Vehicles	0,07062%
M3 – Taxis	0,02130%
M5 – Buses	0,56499%
M6 – Mobile Plant	0,05663%
M8 – Heavy Commercial Vehicles	0,34506%
MUN – Municipalities	0,02958%

The below is an illustration of the Rate Review Impact on premium per annum exclusive of VAT.

F2 - Fire		
Sum Insured	Current Premium	New Premium
100 000	15.13	25.29
200 000	30.26	50.57
500 000	75.65	126.43
1 000 000	151.30	252.86
2 000 000	302.61	505.72

M8 – Heavy Commercial Vehicles		
Sum Insured	Current Premium	New Premium
100 000	16.34	300.05
200 000	32.68	600.10
500 000	81.70	1 500.25
1 000 000	163.39	3 000.49
2 000 000	326.78	6 000.98

M2 – Light Commercial Vehicles		
Sum Insured	Current Premium	New Premium
100 000	39.47	61.41
200 000	39.47	122.82
500 000	39.47	307.05
1 000 000	39.47	614.09
2 000 000	39.47	1 228.19

M3 – Taxis		
Sum Insured	Current Premium	New Premium
100 000	39.47	50.00
200 000	39.47	50.00
500 000	39.47	92.59
1 000 000	39.47	185.19
2 000 000	39.47	370.38

The technical rating table will follow from Underwriting along with a Frequently Asked Questions document.

We encourage you as our Business Partners to engage Sasria via your respective Sasria Customer Relationship Manager or write to Contact_Underwriting@sasria.co.za.

Kindly confirm receipt of this communication and distribute copies of this communication as widely as possible in your organisation.

Regards

Sasria SOC Limited