

14 November 2023

## Communiqe 108

Sasria SOC Limited would like to provide our Stakeholders with clarity on the calculation of Sasria premium on project specific contract works policies.

The current interim excell sasria calculator does not calculate premium on Project Specific policies according to the duration of the contract period. Sasria has therefore deemed it necessary to clarify to the market on the correct calculation of open annual contract works and project specific contract works by highlighting the following:

1. The open annual contract works rate is charged against the contract works sum insured for the period of insurance, however, project specific premium is calculated for the entire duration of the project period where the project period exceeds 12 months.

For example:

Contract Period 01 January 2024 – 31 December 2027 (36 months)

Contract Value: R450 000 000 @ 0,011326% = R50 967

The annual premium of R50 967 must be further calculated for the 36 months duration of cover.

$R50\,967/365 \times 1095 \text{ days} = R152\,901$

2. Where a contract period is less than 12 months, the full 12 month premium will apply. If a contract period which is less than 12 months, e.g 9 months project period is extended by another 3 months, this may be done without an additional premium charged if an extension premium is not being charged on the underlying policy.

An additional extension premium is charged for the full duration on risk if an original project specific contract of less than 12 months is extended beyond 12 months, e.g an original contract period is 6 months (01<sup>st</sup> January 2024 – 30<sup>th</sup> June 2024) with premium charged for the 6 month project period. The 6 month project period is extended beyond 12 months to expire on the 31<sup>st</sup> March 2025. An additional premium is charged for the extended project period ending on the 31<sup>st</sup> of March 2025.

3. Once off Contract Works is payable Once-Off or monthly following the underlying Contract Works policy. Consideration (on application) will be given to “Instalment” premiums in those cases where the Sasria premium exceeds R50, 000 in respect of all Construction Risks. The number of instalments permitted will depend on the duration of the contract and the premium involved.

4. The magnitude discount applicable to Contract Works policies is for Project Specific policies only and does not apply to Open Annual Contract Works.

**Advanced Standing Charges is not included when determining the magnitude discount, however the advance standing charges premium will attract the discount.**

The Contract Works Regulations will be updated to clearly state the calculation of Sasria premiums on Contract Works policies. An updated calculator will be made available on the Sasria website on the 01<sup>st</sup> December 2023.

**Note:** It is important that the correct calculation of premium and the correct application of the magnitude discount is used. The Sasria agent has the responsibility of making sure that the correct premium is paid over to Sasria.

Sasria would like to re-iterate All contract work coupons must be issued on an individual basis and not part of a group scheme.

Regards

**Sasria SOC Limited**