

# Riot Wrap insurance - what you need to know

Riot Wrap insurance has been around for many years and was introduced, as the name suggests, to wrap around the Sasria Coupon and Assets Policy. This insurance also provides additional coverage in particular relating to profits, either gross or net, contingent business interruption and material damage above the Sasria Coupon within South Africa, and/or for territories outside of South Africa.

Over the years Sasria has developed its capacity, increasing it to R1.5bn, which includes net profits within the primary R500m coupon. Common exclusions under the fire/assets policy include: South African Insurance Association (SAIA) exclusion; war, civil war and terrorism endorsement; and terrorism exclusion NMA 2920.

## What Sasria covers and what a Riot Wrap policy covers

Sasria picks up the SAIA exclusions, but excludes war, insurrection, rebellion, revolution, military or usurped power.

Riot Wrap tops up the Sasria cover and provides wider coverage such as sabotage, insurrections, rebellion or revolution, mutiny, coup d'états, looting and malicious damage to property.

### Other inclusions:

- Riot Wrap also covers contingent business interruption extensions, which include suppliers, customers, public utilities and prevention of access.
- It provides material damage top up cover above the coupon and ground up in respect of African territories. These must be declared in order to drop down.
- It covers net or gross profits. If gross profit is required, then dispensation will be required from Sasria to allow the standing charges or working expenses to be covered.
- Additional cover included within the Riot Wrap policy is terrorism liability. R20m is standard cover, but this can be increased up to R100m upon request and at an additional premium.

## Things to look out for

While the Sasria coupon covers the majority of the riot and strikes exposures excluded under the assets policy, Riot Wrap provides a far wider cover as mentioned above, enhancing the Sasria coupon and providing the insured with a superior product.

Another point that should be noted is that the original intention of Sasria, by including the net profits under the primary coupon, was to cover the larger commercial risks where the combined material damage and business interruption sums insured fell within the R500m primary limit. It was not aimed at the large corporates

or mining houses, and this is a common misunderstanding among brokers.

In the event of a loss, the coupon would pay the material damage claim first, while the inclusion of net profits or standing charges does not increase the limit of the coverage the client has. The primary coupon limit remains at R500m, irrespective of the cover being bought.

Where values are in excess of R500m, combined between material damages and business interruption, the insured should consider the option of a Riot Wrap policy to ensure full coverage in respect of profits in the event of a potential claim, and the primary layer having been eroded by material damage losses.

## South Africa at the moment

With the current unrest in the labour sector, annual wage negotiations in full swing, and looming strike actions, there is definitely an increased awareness that Riot Wrap cover is available via the insurance market.

## Emerald increases binder facility

Emerald has developed a wording and facility over the past few years that we are extremely proud of. We have a binder facility allowing us to write risks up to limits of R1bn, or up to R2bn with referral to our binder lead in London.

Our facility caters for mining and non-mining business, property risks and construction projects (CAR and Advance Loss of Profits), and we are able to offer periods of insurance in line with the contract period, subject to an annual resigning review clause after each 12 months covered. Once the contract period is completed, we are able to issue a policy for the operational phase immediately.



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