

## COVER INTERVIEW

# benefit to all

Sasria's success comes from its strong relationship with the government and independent work within the private sector, says its MD Cedric Masondo. **BY KERRY DIMMER**

### It is unusual to find a wholly-owned

South African state-run enterprise that hasn't undergone significant reform since democracy, and more so when realising that its history pre-dates the 1994 elections by 15 years. Extraordinary and exceptional are words often linked to Sasria – from being awarded the 2014 Financial Intermediaries Association Award for 'Exceptional Support and Service', to their company vision, which is 'to protect the assets of all South Africans against extraordinary risks'.

For some, insurance is a necessary evil, for others a lifesaver. This was proven when the National Party government of 35 years ago saw the need to support a gap in the market when short-term insurers paled at the idea of underwriting damage caused by the political unrest of the times.

State-owned Sasria remains an instrument through which the government offered insurance support for those affected by politically motivated acts, political riots and terrorism. It also includes non-political perils such as strikes and labour disturbances. This last mandate is, with mixed feelings, what sustains Sasria today.

'It can certainly be said that Sasria has a colourful history,' says its managing director, Cedric Masondo. 'Yet in any well-developed

society, where democracy allows for the freedom to protest and strike, there is a real need to offset the negatives, and minimise those, to lessen the distress of the impacts. There was foresight in Sasria's creation, and while the essence of the company has not really changed, the focus has always been based on a business model that proves it is not just a financially stable business, but the epitome of a good citizen.'

The business model is a simple one: through a network of authorised non-mandated intermediaries that manage the administration and collection of premiums on behalf of Sasria, the enterprise maintains low operational costs. This in turn enables it to offer affordable premiums and cover claims and expenses.

'This distribution chain is enormously successful because it drives the efficiency of all parties,' says Masondo. 'It is the intermediaries [brokers] that inform, educate and guide the client on what cover to buy. Sasria's involvement is at the claim stage and in the support of the distribution channel through underwriting.'

'In effect, the insurance companies are our agents – they manage the day-to-day administration of the business, which is vitally important. As Sasria does not deal directly

with the end customer and is not in competition with agent companies, it actually enhances their business offerings.' This formula was so successful that, by 2010, the offering had escalated to ZAR1.5 billion from an inception base of about ZAR100 million.

'Today we have almost zero claims related to political unrest. Some 80% of our claims are related to labour strikes that bring about the usual damage and intimidation typically associated with such events,' says Masondo.

'The 20% balance is connected to service delivery protests. In the past six years we have seen a steady increase in claims, having paid out some ZAR500 million. But this is to be expected considering the challenges our country faces with issues of poverty, inequality, unemployment and a slow-to-grow economy, given the current climate.'

'These all impact on claims and, whether rich or poor, an economy that is not growing translates into higher premiums. It does not help that wage increase negotiations in the mining, agriculture and automotive industries, for example, are taking longer to resolve.'

This is a scenario that Masondo is anxious to address. 'What we see with strike action, and the longer it endures, is a greater awareness by people that they need to be protected. At Sasria we want to ensure that

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we keep premiums down to affordable levels, especially during times when income is scarce.

'Sasria's future opportunities during such difficult times include developing a package that fills a gap – that of taking care of the SMME market, largely black-owned businesses that under normal conditions would thrive in local communities where intense-labour operations are based. In downtimes, these businesses flounder and become the victims of circumstance, part of a chain of events beyond their control.'

Masondo points out that shops are most often targeted in the wake of desperation following a long strike, and affected traders generally don't have the funds or means to rebuild what was once a thriving business.

'A package that speaks to low premiums with maximum benefits specifically for micro-businesses is a product that will ensure people maintain their assets. In some ways we can compare this concept to the very successful funeral schemes that have become popular in South Africa, in many cases now seen as an imperative.'

With Masondo and Sasria placing significant emphasis on the protection of society, it should be no surprise that in embracing the goals of the government's National Development Plan, the organisation applies principles of corporate social

responsibility to education. From sponsoring 140 students in actuarial programmes and offering university bursaries, to the adoption of schools, Sasria also pays the costs and salaries of students it places in stakeholder agent companies. It has more recently become active in generating educational infrastructure, such as the rebuilding of schools.

Enterprise development is also targeted because, as Masondo says: 'This talks to what we ultimately procure with our protection products, such as black small businesses, like builders.'

'We recently increased our CSI spend from 2% to 4% of our net profit, proving that we are committed to expanding our assistance to education, particularly in the fields of mathematics and science. Most private companies consider a CSI spend of 2% as significant, but Sasria is committed to leveraging whatever it can to ensure a better future for South Africans.'

Masondo is also firmly of the mind that corporate citizenship plays a crucial role in maintaining a properly governed institution.

'All developed societies need well-run and managed state institutions, the collapse of which can have disastrous consequences for a country. Such institutions have a role in ensuring that they are the benchmark against which others are measured.'

'Sasria's success has largely come from having an excellent relationship with its shareholder – government – and being able to work independently within the private sector to the benefit of all. However, it does require good values, and I have the drive to ensure we continue to be successful but not at all costs.'

Masondo fits neatly into his role given that he encourages freedom of expression among the employees.

'Leadership means you don't have to agree, but you must be able to provide an opportunity for others to have a voice without fear of suppression.' He is not afraid of criticism: 'Far better not to agree than not to hear it.'

His guidance is one of balance. 'Fairness with consistency, because consistency is what ultimately ensures I continue to motivate that at least 80% of our people remain on target.'

'Generally, in business, every time a target is reached, it is the CEO who gets the credit. Yet it is impossible for him to have achieved this alone. The sustainability of Sasria – financially and otherwise – can be attributed threefold: the trust and leadership of our government stakeholder; the agents in the private sector who market our offerings; and the people who believe, like I do, that good values are maintained.' **AD**