

Insurance situation in south africa

[Economics](#), [Insurance](#)



South Africa has an especially high rate of murders, assaults, rapes and other violent crimes, compared with most countries. Crime in South Africa is a topic that is very often spoken about amongst South African citizens.

Insurance in South Africa can be a difficult situation because of the crime rates within the country. Crime is something that is not uncommon in our country and many people blame it on the rising rates of poverty. Crime is an issue in our country, but it is not going to disappear anytime soon, which is why citizens protect themselves with the help of insurance. If something were to happen, you can claim from insurance if you have been paying your monthly instalments.

I say insurance in South Africa is a difficult situation because of how high the rate of crime is. Many insurance companies find loopholes when it comes to paying people out because of how often people claim for crime related issues. As mentioned above with regards to car hijacking, Hollard insurance refused to insure VW Citi Golfs because of how often they were the targets of hijacking.

The results of the high crime rates include higher insurance premiums, and insurance companies not insuring that targeted crime anymore. Many South Africans do not trust insurance companies because of their 'selected payouts'. The fact is that crime has become easier for criminals because of how easy it is to obtain weapons and the lack of funding in the police stations. Insurances are suffering because people are claiming for crimes quicker than the monthly premiums are filling the bank account of the companies. This is also why insurance premiums are increasing constantly. The rising premiums

also have a snowball effect, because the premiums are becoming too much for people to pay and as a result, will either stop paying or cancel the contract which results in more loss of money.

South Africa's murder rate is estimated to be nine times higher than that of the United States, which means our assurance rates of funeral cover etc. could be nine times more than in America. Many South Africans hardly report crimes anymore which also slows down justice and proves their distrust of authorities and insurance companies.

It is true that South Africa's crime situation is unique with being in the top 10 countries with the highest murder rates and the country with one of the highest rates of rape.

People often don't read the fine print on contracts and policies which is also their downfall. For example, many policies protect the insured against burglary, but not against theft so you can be paid out for being robbed, but the item that was taken will not be recovered because you are not protected against theft. There are also rules regarding timeframes, if you do not report the crime within a certain period of time, the insurance is not legally forced to pay out.

There are many rules and regulations when it comes to insurance policies and contracts and the insured must ensure that they have read through the fine print on the contracts and that they understand the implications if requirements are not met. Insurance in South Africa is a difficult situation,

and there are loop holes that can be avoided if the policy is understood and read through properly.