

Innovative risk management can aid service delivery

By [Pride Choruma](#)

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How does the public sector balance its risk management framework with massive investment in infrastructural development required to reignite economic growth on the one side, and increasing damage from service delivery protests on the other?



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Protests cause massive damage

The numbers speak for themselves. The recent student protests, for example, led to damage claims of nearly R100m in less than two months. Sasria also reported in its 2015 integrated report that claims in that financial year spiked by 54% due to labour and service delivery protests (which had increased 33% over 2013/14). More recently, Metrorail in Cape Town has been the target of protests and vandalism.

Violent and disruptive actions such as these have become more common and are clearly cause for concern.

Local, district and provincial authorities as well as state-owned entities are therefore in far greater danger during these times, which calls for appropriate measures to manage their risks. Transferring risk through insurance might be one of the most effective ways to achieve this.

These entities need to cover themselves against damage to existing infrastructure and ongoing projects, which may further

hamper their ability to deliver their services to communities. This will also help them to align with sound risk management controls and good governance protocols, which apply to all organisations, to mitigate threats to their ability to operate effectively.

Extra cover

While an institution such as Sasria offers some protection against undue financial losses, proactive public sector managers are well advised to seek additional insurance solutions to cover themselves against exceptional losses that can go above Sasria limits.

While general insurance cover may be sufficient for normal circumstances, public sector managers also require nimble, intelligent insurance solutions that offer additional cover for extraordinary events.

The same principle applies to natural disasters and changing weather patterns. Coastal regions, for example, are at a far greater risk from such events than they were 10 years ago and this should be factored into any risk management and mitigation strategy.

Insurance, therefore, is no longer a matter of one size fits all – it requires an appropriate solution designed to meet a specific need or threat.

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