

Insurers expect some earthquake claims

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Hundreds of insurance claims have flooded in after the earthquake that rocked parts of South Africa this week.



A gaping hole in one of the houses that was damaged in Khuma after a earthquake outside Orkney in North West. Few people, it seems, are insured against losses and will have to pay the repair costs themselves. Image: [Earthquake Report](#)

Hardest hit were mining towns on the West Rand, including Orkney, Stilfontein and Klerksdorp. The quake measured 5.3 on the Richter scale and caused the death of one person although 34 people were injured.

People in Gauteng, KwaZulu-Natal, Free State and Northern Cape reported feeling the quake. Tremors were also felt as far away as Mozambique and Botswana.

It remains unclear whether margins of insurance companies will take a knock or hike premiums as a result. The claims lodged so far, with companies including Absa and Outsurance, have been for structural damage to buildings in places like Orkney.

This week's earthquake was a lot less damaging than the devastating event in 1969 that laid waste to the small winelands town of Tulbagh near Ceres, about 100km from Cape Town. In that quake, which registered 6.3 on the Richter scale, 1,572 houses were damaged.

The Sunday Times reported at the time that about 60% of Tulbagh's farm dwellings and 80% of its town dwellings were destroyed. The army was called in, and 12 people died.

Insurance companies forked out about R66m for the Tulbagh disaster, according to a 2013 University of Cape Town thesis. This was only a small part of the estimated losses of R268m for the event.

Dawie Buys, a Manager at the South African Insurance Association, said while the costs of this week's quake were not yet known, claims were mostly for private houses, though there were reports of damage to a clinic, a school and some small businesses.

"It is too early to determine the extent of the damage as all our members are still in the process of assessing the damage," said Buys.

People who live in Orkney told of extensive damage to shops and buildings.

For many people, the insurance companies won't be any help. More than 600 houses were damaged in the North West township of Khuma, a low-cost housing area where few houses are insured. Buys said insurers would have put in place reinsurance programmes to mitigate risk.

"Depending on the aggregate loss of this event, which may only be determined in the months to come, it can ultimately influence the cost of reinsurance," he said.

In general, insurance companies in South Africa do not have much to fear from earthquakes. A report by insurance company AON in 2010 concluded that large-magnitude earthquakes have a low frequency in South Africa.

Source: Business Times via I-Net Bridge

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