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Why you must have cover

With natural disasters becoming part of our daily lives, it is hardly necessary to explain why you need insurance to cover the damage and loss that are left behind after a flood or big storm.

Just more than a week ago what appears to have been a tornado swept through Montana, north of Pretoria, causing damages to cars and buildings.

Trees were uprooted, roofs were blown away, whole areas and roads were flooded, while many residents had to be evacuated.

While there was some debate whether SA Weather could classify this extreme weather event as a tornado or a landspout, some people point out that South Africa is not historically known as a tornado hotspot.

However, this was the second weather incident of this kind within the space of a year, says Wynand van Vuuren, client experience partner at King Price Insurance.

"The country's most common natural disasters, such as floods, droughts, fires and large storms are on the increase and lighting strikes, hail damage, wind storms and sea level rises are also happening more often."

He says consumers who do not insure their cars, buildings and home contents are becoming increasingly vulnerable.

Having to fix damage caused by a natural disaster can be a devastating blow to your finances, Van Vuuren says.

"Only around 30-40% of cars on South African roads are insured. When it comes to their buildings and home contents, most South Africans focus on cover for robberies and break-ins, but they do not pay enough attention to protecting their homes and possessions against the effects of natural disasters," he says.

"And if they do, many are under-insured and often only realise this when it is time to claim."

Van Vuuren explains that under-insurance happens when your buildings and home contents are covered for an amount that is less than the replacement value at today's prices. In these cases, valid claims are paid out proportionately.

For example, if the value of your building is R400 000 and you only insure it for R200 000, you will likely only be compensated for 50% of your loss if the building is damaged in a flood.

In 2024, natural disasters across the world caused losses estimated at $320 billion (about R5.8 trillion) and only around half of it was insured.

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