



South African Insurance Association

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SAIA Media Release

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SAIA communication: COVID-19 and Business Interruption Insurance

Johannesburg - The COVID-19 pandemic and the resultant lockdown has created unprecedented socio-economic challenges in the lives of South Africans. The South African Insurance Association (SAIA) supports the actions taken by the State President, Mr Cyril Ramaphosa, and the South African government, to limit the spread of the virus.

SAIA is also very aware of the impact, and potential impact, on individuals, small businesses and the economy at large as a result of the suspension of many economic activities during the restrictive lockdown period.

SAIA represents fifty-seven (57) non-life (short-term) insurers and our members are committed to assist policyholders in various ways in these challenging times. Policyholders who are financially negatively impacted by the impact of COVID-19, and especially the lock down, are encouraged to contact their insurers and/or brokers or financial advisers to find out in which way their insurers could assist in terms of their insurance premiums, insurance cover, as well as claims.

Business Interruption (BI) Insurance and COVID-19

SAIA has noted that uncertainty may exist amongst policyholders who took out business interruption insurance cover, regarding whether their policies will respond to losses suffered due to COVID-19, and/or the resultant lockdown.

The purpose of this communication is to give information about what policyholders could typically expect in this regard.

Business interruption policies

Mainly two broad categories of business interruption cover are available, i.e. typical/standard business interruption cover, and business interruption cover with extensions for infectious or contagious diseases.

Typical/standard business interruption policies do not normally include business interruption cover due to a pandemic such as COVID-19. Such business interruption policies usually require a physical damage trigger for business interruption cover to react, i.e. from direct physical loss or damage to the insured property. Physical damage could be sustained from various proximate causes such as fire, heat, or flooding, for example.



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Although the above apply to typical/standard business interruption cover, some ***business interruption cover may include an extension for infectious or contagious diseases*** which may or may not include cover for an event of this nature, depending on the contract between the insurer and the policyholder.

Policyholders

Policyholders who are uncertain whether they have a valid claim or not, are strongly encouraged to contact their insurers and/or brokers or financial advisers to provide clarity. Should policyholders believe that they have a valid claim in terms of their policy, such policyholders are encouraged to lodge a claim with their insurers.

Should a claim be deemed by the insurer as invalid in terms of the insurance policy and the claim is repudiated, the policyholder is entitled to lodge a complaint with the Ombudsman for Short-term Insurance (OSTI) should they disagree with the insurer's decision and the claim qualifies in terms of the Ombudsman's limited jurisdiction on commercial policies.

In closing

SAIA recognises the potential impact that these uncertainties may have on both the policyholders and insurers, as well as on the reputation of the insurance industry at large. Therefore, insurers are encouraged to exercise due care in ensuring that all valid claims are processed in a manner that is timeous and fair.

Should a claim be deemed invalid by the insurer, the insurer is encouraged to communicate the decision promptly and clearly to the policyholders involved.

SAIA is happy to note that some valid business interruption claims have already been paid, or are in the process of being paid, by insurers.

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About the SAIA

The South African Insurance Association (SAIA) is the representative body of the non-life insurance industry. It represents the industry to all relevant stakeholders to ensure a sustainable and dynamic

industry. SAIA has 57 members, comprising all categories of non-life insurers, including reinsurers. Its members abide by the SAIA Code of Conduct, which ensures adherence to best-practice industry standards and self-regulation.

Its vision is to promote and represent the interests of the non-life insurance industry, while leading and enhancing the efforts of the industry to become recognised and trusted as an important contributor to the South African economy and society.

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