

Update on Contingent Business Interruption Insurance cover

Following ongoing discussions with the non-life insurance industry, the Financial Sector Conduct Authority (FSCA) would like to provide an update regarding the process of obtaining legal certainty on Contingent Business Interruption (CBI) Cover.

As indicated in previous communications, the FSCA has been engaging with the non-life insurance industry on the most efficient way to approach the courts in order to obtain legal certainty on CBI Cover. After engaging with their legal teams, the majority of non-life insurers have advised the FSCA that due to many legal complexities they are now of the view that the cases that are currently before the South African courts and the one by the Financial Conduct Authority in the United Kingdom will provide the required legal certainty on CBI policy wordings for the non-life insurance industry.

Considering the view of these insurers, the FSCA will await the outcome of all these cases to see if the cases indeed provide the required legal certainty on all elements of the CBI policy wordings.

Should there be any elements of the CBI policy wordings that remain unclear after finalisation of the cases referred to above and/or the cases do not provide certainty for the non-life insurance industry as hoped, the FSCA will engage with the non-life insurance industry and consult its legal representatives again in an effort to have such elements or uncertainty clarified efficiently.

Finally, the FSCA is aware of the FCA judgment that was handed down yesterday and it is studying it. For more information about this matter, please contact Mr Makgompi Raphasha at Makgompi.Raphasha@fsc.co.za

ENDS

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