

Santam extends contingent business interruption claims settlement process to all commercial policies

CAPE TOWN, 25 January 2021 – Santam announced today that it will settle valid claims for all commercial policies with contingent business interruption (CBI) extensions in addition to those covered by its Hospitality & Leisure division.

This announcement impacts the total base of Santam's 4 000 commercial clients with CBI policy extensions that cover contagious and infectious diseases. Santam previously announced that it would commence the process of assessing and processing claims for policies with CBI extensions in its Hospitality & Leisure division that had been specifically affected by recent court judgments. This impacted 1 300 clients in this division. Large corporate policies in Santam's Specialist business will be handled on an individual basis due to their bespoke and complex nature.

Santam made the decision to include the claims emanating from all commercial policies with CBI extensions after further analysis and consideration of recent court judgments. Following further engagements with stakeholders, Santam has concluded that the core of the judgments in these cases can be applied in principle to all policies with CBI extensions.

The assessment process for CBI claims requires that businesses provide financial statements and other necessary documentation to support their claims. Clients are urged to work closely with their intermediaries to ensure that the requirements for processing claims are met.

Following Santam's announcement on 4 January about policies in the Hospitality & Leisure division, the company has made good progress in allocating assessors to claims that have been submitted. Santam is well geared to process the volume of CBI claims and has put in place additional resources with the relevant expertise.

Santam Group CEO Lizé Lambrechts said: "We are pleased to have reached a point where we have a level of legal certainty that enables us to proceed with the assessment and settlement of all valid CBI claims as quickly as possible."

She added that Santam has been acutely conscious throughout the process of establishing legal certainty that clients are under exceptional pressure because of the impact of Covid-19 and the associated measures taken by the Government to deal with the pandemic. It is for that reason that Santam paid interim relief of R1-billion to SMEs impacted by the lockdown.

"While the process of establishing legal certainty may have felt lengthy, it was completed as expeditiously as possible in the interests of clarity for clients, insurers and reinsurers. The unprecedented circumstances of the pandemic made it critical to go through this process to conclusively address the uncertainties we all faced."

"We are therefore pleased that the core issue of establishing what is covered in the policies has been dealt with sufficiently by courts in South Africa, the UK and elsewhere for us to move ahead with the claims assessment and settlement process," she said.

Lambrechts said that the matter regarding the indemnity period was relevant only to the Hospitality & Leisure division and represents a minority of the total CBI policies at Santam. The company is appealing the judgment of the Western Cape High Court with respect to the indemnity period.

Santam will continue to keep intermediaries and clients updated on the progress of assessing and processing their claims.

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Santam Media Statement