

SANTAM COMMENCES ASSESSMENT PROCESS FOR SETTLEMENT OF BUSINESS INTERRUPTION CLAIMS IMPACTED BY RECENT JUDGMENTS

CAPE TOWN, 4 January 2021 – Santam announced today that it will commence the process for assessing claims for policies with contingent business interruption (CBI) extensions.

The claims assessment process will specifically apply to policies impacted by the recent judgment in the Western Cape High Court in the case between Santam and Ma-Afrika Hotels and The Stellenbosch Kitchen, and the judgment of the Supreme Court of Appeal (SCA) in the case between Café Chameleon and Guardrisk Limited. In line with the court rulings, this applies to Santam policies written by its Hospitality and Leisure Division (H&L).

The process will include assessments for the applicable H&L business interruption claims that were previously rejected in the months after the national lockdown commenced on 27 March 2020.

The Ma-Afrika judgment resolved that there is cover for business interruption losses caused by Covid-19 itself and generally by the national lockdown and related restrictions imposed by government in response to the pandemic, provided that there was an occurrence of Covid-19 within the designated radius of the insured premises. The SCA decision in the Café Chameleon court case confirmed that approach.

The assessment process for CBI claims requires that businesses provide audited financial statements and other documentation to support their claims. Santam has previously advised intermediaries of these requirements and will continue to do so over the next few weeks. Clients are urged to work closely with their intermediaries to ensure that the requirements for processing claims are met.

Santam has already paid out more than R1-billion in interim relief to nearly 2 500 small and medium-sized businesses in the hospitality, leisure and non-essential retail services industries that have CBI cover in the policies. The company further committed up to R400-million in COVID-19 funding to provide relief through premium reductions, premium refunds, support to SMMEs, corporate social responsibility and contributed to the Solidarity Fund.

As previously communicated, the amounts paid as part of the R1-billion relief to insured businesses will be offset against valid claims arising from the assessment process.

Santam respects the decision of the courts and believes that the recent judgments are sufficient to provide legal certainty in terms of the proximate cause of business interruption losses for policies with the same conditions, characteristics and circumstances to the Ma-Afrika and Café Chameleon judgments.

However, the company believes that there are valid reasons to appeal the judgment of the Western Cape High Court in the Ma-Afrika case with respect to the indemnity period. The company will therefore continue with its application for leave to appeal the Ma-Afrika judgment at the SCA, specifically with regard to the indemnity period.

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