

SPECIAL OPERATIONAL CIRCULAR

16 NOVEMBER 2020



Dear Intermediary

POLICYCENTER: BUSINESS INTERRUPTION SECTION

The year 2020 has been an unprecedented year for commercial insurance, our economy and the financial wellness of many South Africans, including our clients. The effects of Covid-19 and the national lockdown have been far reaching. Through it all Santam, remained committed to insurance good and proper and committed over R1.3 billion in relief payments to our clients since April this year.

Certain restrictions have been placed on our contingent business interruption (CBI) extension and extensions to other premises covers, and as a result, with effect from 1 January 2021, we will be aligning these covers with our reinsurance treaty stipulations.

In view of these changes to our maximum exposures as defined in the below table and the alignment of PolicyCenter to these changes it is important to illustrate the impact on all policyholders.

All new policies will be subject to the below limitations from inception date. Existing policies will be amended as follows:

Group 1:

Existing policies that exceed the business interruption extension sum insured of R57 500 000, including VAT, will receive a 31 days' written notice letter and the policy will be aligned to these limitations as from 1 January 2021.

Group 2:

Existing policies that has a business interruption extension sum insured of R57 500 000, including VAT, and below, will automatically be adjusted from the next renewal date starting from 1 March 2021.

Amendments to existing policies after 17 November 2020 will enforce the recalculation of the sums insured to align with the boundaries set out in the table. Santam will, however, in the unfortunate event of a claim, before 1 January 2021 for Group 1 and before their next renewal date for Group 2, honour the original sums insured and will not prejudice the insured in any way because of the enforcement of the recalculation up until the next renewal date of the policy.

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PolicyCenter policies

CBI and Extensions to other premises covers

BUSINESS INTERRUPTION EXTENSION	CONDITIONS AND LIMITATIONS EFFECTIVE 1 JANUARY 2021
<p>CBI which refers to contagious and infectious disease cover.</p> <p>NOTE: Contagious disease exclusion introduced in 2020 remains in force.</p> <p>Public telecommunications – insured perils</p> <p>Public telecommunications – extended cover</p> <p>Public utilities – extended cover</p>	<p>The maximum indemnity period is 3 months.</p> <p>The maximum amount payable is the Insured amount, for the applicable extension, with a maximum of R57,500,000, including VAT.</p>
<p>Unspecified customers</p> <p>Unspecified suppliers</p>	<p>The maximum amount payable is 90% of the Business Interruption Insured amount, for the applicable extension, subject to a maximum of R230,000,000, including VAT.</p>
<p>Prevention of access</p> <p>Prevention of access – extended covers</p>	<p>The maximum amount payable is 90% of the Business Interruption Insured amount, for the applicable extension, subject to a maximum of R402,500,000, including VAT.</p> <p>The maximum radius from the premises is 50 kilometers.</p>
<p>Specified customers</p> <p>Specified suppliers</p> <p>Loss of attraction</p> <p>Public utilities – insured perils</p>	<p>The maximum amount payable is 90% of the Business Interruption Insured amount for the applicable extension.</p>

Should you have any queries regarding the above, please refer it to your relationship manager or the Commercial Contact Centre.