



# SAMANTHA BOYD & SOUL ABRAHAM



Dear business partner

## Cover restrictions for business interruption with or without material damage

The original intention of business interruption cover was to protect against loss of income following damage to property at the insured's premises caused by an insured peril under the fire section. Over time, the business interruption section was extended to also cover loss of income due to circumstances or damages wide of the insured's premises (for example, damage at a supplier's premises or prevention of access to the insured's premises), and eventually even covering circumstances where material damage did not cause the loss of income (for example a shark attack, loss of liquor licence etc.).

Following the impact of Covid-19, the global insurance market has reviewed the extensions on the business interruption section, especially the Contingent Business interruption (CBI) cover. CBI cover is generally defined as cover where an insured peril has not damaged the insured property.

As a result, we have decided to amend our policy wordings and set cover limits on various extensions under the business interruption section, with effect from **1 September 2021 for existing business, and immediately for new business**. This decision will impact extensions to business interruption cover, with or without material damage to occur.

## Business interruption cover extensions with non-material damage

Some of our commercial and agri products (applicable to Commercial and Premier divisions) provide extensions for non-material damage such as:

- Public utilities extended cover
- Public telecommunications extended cover
- Murder, suicide, food or drink poisoning
- Vermin, pests or defective sanitary arrangements
- Wild game attack, shark scare or shark attack
- Oil pollution
- Pollution of any sea, beach or waterway
- Loss of liquor licence
- Bomb scare
- Port blockage
- Guesthouses

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We understand that you may have extended some of your policies by including other clauses, endorsements or extensions, where cover is provided for other non-material damage business interruption covers not mentioned above.

Cover available for all of the above extensions will be limited to 90% of the sum insured, with a maximum of R25 000 000 (twenty-five million rand), subject to additional premium being charged.

Requests for these covers will be underwritten on an individual basis and will only be permitted after approval has been granted by Old Mutual Insure.

You will be required to submit a monthly report (refer to the attached annexure) of all policies with non-material damage extensions. The first report is required by 10 September 2021.

### **Business interruption cover extensions with material damage**

Our standard commercial and agriculture products (applicable to Commercial and Premier divisions) provide extensions following physical damage (material damage). These extensions were sub-limited some time ago, and for the sake of clarity, these are noted below:

- Extensions limited to 90% of the sum insured:
  - Named customers
  - Specified suppliers / sub-contractors
  - Public telecommunications insured perils
  - Public utilities insured perils
  - Loss of attraction
  - Roads, bridges and railway lines
- Extensions limited to 90% of the sum insured, with a maximum of R150 000 000 (one hundred and fifty million). These extensions are also sub-limited in terms of the underwriting acceptance criteria (i.e. cover is limited to a maximum of 5 % of the sum insured):
  - Unnamed / unspecified customers
  - Unspecified suppliers / sub-contractors
- Extensions limited to 90% of the sum insured, with a maximum of R300 000 000 (three hundred million):
  - Prevention of access
  - Prevention of access extended cover

Should you have any queries in this regard, please contact your senior portfolio manager.

Regards

**Soul (Chief Executive: Retail)**

**Samantha (Chief Executive: Specialty)**

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