

OPERATIONAL CIRCULAR

10 FEBRUARY 2023



Dear Intermediary

FURTHER NOTICE OF CHANGES IN EXCESS STRUCTURES

During July 2022 Santam communicated some change to excess structures required because of above-inflationary increases in claims costs, as well as an increase in the frequency of certain types of claims. Buildings excesses are now addressed as follows:

Buildings Basic Excess changes:

- The excesses for the basic Buildings cover will increase by R500.
- The excesses for "Power surge" and "Accidental damage to fixed machinery" covers will increase by R1 500. Excesses are product specific and, in most cases, the new excesses will therefore be R2 500. For our Executive product, the increase in excess will also apply to accidental damage type claims.
- The excesses for "Tracing of leaks" and "Damage by wild baboons or wild monkeys" cover will increase by R500. Excesses are product specific and, in most cases, the new excesses will be R1 000.
- These excesses are not applicable to clients 55 years and older.

The implementation dates of the changes are as follows:

- New policies and new additions, from 16 February 2023.
- Existing business on the renewal date of the policy, from 1 May 2023.

Policy Life Cycles

Policy life cycles, the expected behaviour, and actions to be taken, if needed, are indicated below:

	POLICY LIFE CYCLE	BEHAVIOUR	ACTION REQUIRED
1	New submission after excess change	New excess value applies	
2	Reinstate (policy created before the excess change)	Old excess value applies	
3	Rewrite remainder – (policy created before the excess change)	Old excess value applies	
4	Broker appointment	Old excess value applies	
5	Policy change – coverable before excess change	Old excess value applies	

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	POLICY LIFE CYCLE	BEHAVIOUR	ACTION REQUIRED
6	Policy change – Actions: Wizard Move location (policy created before the excess change)	Old excess value applies	
7	Policy change – add coverable after excess change (policy created before the excess change)	New excess value applies	
8	Policy change – remove premises and add new premises because of address change	New excess value applies	Underwriting Instruction to users to match premium and excess
9	Renewal work order at renewal before excess change	Old excess value applies	
10	Renewal work order created after excess change (policy created before the excess change)	New excess value applies	
11	Rewrite full term (policy created before the excess change)	New excess value applies	
12	Lifecycle on a new submission created after the excess change	New excess value applies	

We again confirm that the applicable changes will be highlighted in renewal letters for Personal Lines.

Due to the complexity of the Portfolio Administration Outsourced Business and Product models, the changes and implementation will go in with its own timelines as communicated to Binder holders and System providers.

Please contact your Relationship Manager if you have any questions.