

February 2023

Statement for grid failure exclusion

Please quote: Attie Blaauw, Head: PL Underwriting

Santam confirms that it is implementing a general electricity grid failure exclusion on all our policies.

The grid failure exclusion has been introduced on the back of unprecedented levels of load shedding and pressure from global reinsurers that require Santam to reduce our exposure to business interruption claims arising from failure of Public Utilities and Public Telecommunications.

For personal clients this exclusion relates to existing cover provided for spoiling of contents of refrigerators and freezers. It also provides clarity that any unforeseen damages direct or indirect resulting from a grid failure will not be covered.

Santam will continue to provide cover for power surge claims as in accordance with the terms and conditions stated in each client's contract, provided the client opted for this cover.

In addition, cover limits are being introduced for business interruption on business policies due to failure of public utilities or public telecommunications services, with an indemnity period of three months. Premiums will be revised to reflect the reduced coverage limits.

The grid failure exclusion will be implemented for existing policies from the date of renewal, starting on 1 April 2023. The exclusion will be applied to new business quotations requested from 1 January 2023. We will communicate to both Direct and Broker clients prior to renewal when the exclusion will take effect. We have alerted our broker community of these pending exclusions.

These and other policy revisions introduced in recent months reflect the unprecedented shifts in the risk environment over the past year. Santam advises policyholders to discuss the changes with their intermediaries or directly with the insurer. While we wish the extent of our actions wasn't necessary, the complexity of risk increasingly showcases the value of the intermediary and the benefit that can be gained from helping clients to structure the most effective risk management solutions.

ENDS