

Press Release from Insurance Claims Africa (ICA)
07 July 2020

ICA welcomes court ruling calling on Guardrisk to settle claims with Cape restaurant

- *Judge rejects insurers argument that losses suffered are due to Government lockdown, and not Covid-19*

Johannesburg, 7 July 2020 – Insurance Claims Africa welcomes the Western Cape High Court decision compelling insurance company Guardrisk to honour the Covid-19 Business Interruption insurance claims of Cafe Chameleon, a Cape restaurant.

ICA is a specialist public loss adjustment firm championing the cause of 500 businesses in the tourism and hospitality sector in their battle to get large insurers to pay out on Business Interruption insurance claims. Thus far, insurers have been rejecting claims, even though they have extension cover for infectious and notifiable diseases, saying that these policies were never meant to cover pandemics.

“This is a significant win for the tourism and hospitality sector. While there is no doubt that this sets a precedent we expect the judgment to be appealed, so it is still a long way from payment. Of critical importance, is the fact that Judge Andre le Grange rejected the insurers’ argument that the losses suffered by the claimant was due to the lockdown, and not the Covid-19 pandemic,” says Ryan Woolley, CEO of Insurance Claims Africa.

Insurers, in rejecting their customers’ claims, have alleged that government regulations in respect of the lockdown are the cause of the loss, and not Covid-19.

“This argument has never made any sense, as the insurers chose to insure a notifiable disease which would have contemplated government intervention and restrictions or quarantine. It is clear that without Covid-19, there would be no lockdown, so to attempt to separate the two is nothing short of disingenuous,” says Woolley.

Business Interruption (BI) insurance exists to help companies survive following an unanticipated event. There are generally two types of BI insurance: a basic policy which requires physical damage to the business premises in order to trigger a claim, and a Tourism / Hospitality policy that contains a specific extension that includes interruption by infectious or contagious notifiable disease.

The Tourism and Hospitality sector sustains over 740 000 direct and 1.5 million indirect jobs and contributes 8.6% to the GDP. According to the Tourism Business Council of South Africa (TBCSA), tourism also adds roughly R206.5 billion to the supply chain annually, feeding vehicle manufacture, agriculture, fuel, textiles, furniture, security, marketing and other sectors.

It is also the lifeblood for many micro and small enterprises creating mass employment opportunities for men, women and youth across the country.

Ends.



About ICA:

ICA is a specialist claims preparing company that has between three to four billion rands worth of claims under management at any one time. The company has dealt with most of the large complex claims in sub-equatorial Africa and the Indian Ocean island and have a long history of championing vulnerable claimants in critical circumstances. ICA defended home and business owners against insurers from the Cyclone Domoina floods in 1984 to the Knysna fires in 2017, the most severe wildfire in the country's history. It also acted for claimants in the Mozambique floods caused by Cyclone Idai in 2019.

Notes to editors:

Results of an April 2020 survey conducted by SA Tourism, the Tourism Business Council of South Africa (TBCSA) and the International Finance Corporation, on the impact of Covid19 on the tourism sector:

https://www.tourism.gov.za/CurrentProjects/Tourism_Relief_Fund_for_SMMes/Documents/Tourism%20Industry%20Survey%20of%20South%20Africa%20-%20%20COVID-19.pdf

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