

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

New StatsSA report shows urgent insurance settlement only solution to halt devastation of tourism & hospitality sector

- *Income for the tourist accommodation industry decreased by 98,0% in May 2020, compared to May 2019*
- *Income in the food & beverage industry decreased by 87,9% during the same period.*
- *According to TBCSA, 49 000 businesses may not survive the pandemic, and 600 000 jobs already impacted.*
- *Insurers continue to reject these claims, despite the FSCA's instruction in its announcement of 9 July to pay these claims expeditiously.*

Johannesburg, 23 July 2020 -- StatsSA on Tuesday released [statistics](#) indicating the extent of the economic devastation wreaked by the Covid-19 pandemic on the tourism and hospitality sector. An urgent settlement by insurers of the sector's COVID-19 Business Interruption claims is needed to provide the oxygen to keep businesses in the sector going. Without this, 600 000 jobs will be lost across the country.

This is according to Ryan Woolley, CEO of Insurance Claims Africa, a specialist public loss adjustment company representing over 600 businesses in the tourism and hospitality sector in their battle to get large insurers to pay out on COVID-19 Business Interruption insurance claims.

These businesses bought insurance policies which included cover for infectious, contagious and notifiable diseases, yet large insurance companies, including Old Mutual, Santam, Hollard, Momentum (HIC / Guardrisk), Bryte and Thatch are refusing to honour their customers claims, saying that their policies were never meant to cover pandemics, and that it is Government's lockdown, and not the pandemic, that caused the losses in the tourism sector.

Woolley said: "While we are ready to meet the insurers in court, this is not going to be a speedy process. Every day that payouts of these valid claims is delayed is another nail in the coffin of these businesses. Many of the larger operations which have been around for years will survive, albeit with continued retrenchments, but much of the industry is made up of small businesses, which simply do not have access to the critical cash flow needed to sustain them through the pandemic. Already, 49 000 small businesses in the tourism industry have been impacted so severely that it seems unlikely that they will reopen."

Insurers continue to reject these claims, despite the FSCA's instruction in its [announcement](#) of 9 July to pay these claims expeditiously. It also called for this not to be buried in protracted litigation. The FSCA said that the insurers' conduct goes against the principles of treating customers fairly and breaks down confidence and trust in the insurance sector.

Woolley added: "We are once again saying to the insurers: in the spirit of solidarity, let's find a way to reach a responsible settlement which will offer these businesses a lifeline to pay their staff and stay afloat. A fair and responsible settlement will also go a long way in restoring trust in the insurance industry, whose reputation has been battered as they continue to reject claims. Our claimants, who are vulnerable small and medium sized businesses in the tourism and hospitality sector, would consider a fair offer which could include payment terms of 50% payment upfront, with the rest payable over time."

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

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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.

A few of Insurance Claims Africa's affected parties (please feel free to reach out to them):

ORGANISATION	NAME & CONTACTS	VITAL STATISTICS
The Foundry	Dumasi Mfugale, Owner 078 118 9707	Restaurant and bar Location: Parktown North, JHB 28 staff Insurer: Old Mutual
The More Family Collection	Rob More, Owner 082 776 3647	9 lodges, 3 hotels Location: SA 840 staff Insurer: H&L Insurers/ Santam
Cathedral Peak Hotel	William van der Riet, Owner 082 558 4498	Iconic hotel in the Drakensberg 200 staff Insurer: HIC (Guardrisk)
The Forum	Glynis Hyslop, Owner 082 901 7000	Conference and events (JHB & CPT) 147 staff Insurer: Old Mutual
Tented Adventures	Wynand du Toit, Owner 082 756 8119	Safari camps Location: Pilanesberg / Kruger 19 staff Insurer: Santam
Cradle Nature Reserve & Boutique Hotel	Kobus Botha, CEO 083 451 9131	Hotel, restaurant, nature reserve Cradle of Humankind, Gauteng 75 staff Insurer: H&L Insurers/ Santam
Budmarsh Lodge	Meg & Ken Fargher, Owners 083 610 2020	Lodge in Magaliesburg 32 staff Insurer: Santam
Brahman Hills	Iain Buchan, Co-owner iain.buchan@theunlimited.co.za Onwaba Maholwana, Co-owner 061 477 9674	Hotel, restaurants 200 staff Insurer: HIC (Guardrisk)

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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.

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