

Press release from Insurance Claims Africa (ICA)
11 June 2020

Thousands of tourism sector jobs under threat as Santam rejects Business Interruption settlement proposal

- *ICA warns a lengthy court process will only benefit the insurance industry, cause mass closure of tourism businesses and lead to thousands of job losses*

Johannesburg, South Africa, 11 June 2020 -- Insurance Claims Africa (ICA), a specialist public loss adjustment firm, is disappointed by Santam's decision to outright reject a settlement proposal from hundreds of tourism and hospitality businesses related to the Covid-19 pandemic.

These businesses all bought pricey Business Interruption insurance policies that included extensions for claims arising from infectious or contagious notifiable diseases from Santam and a number of other insurers. Covid-19 qualifies as a declared notifiable disease, yet insurers are either rejecting the claims, or frustrating the process by making it near impossible to claim.

Santam says it will go to court to fight the claims, which ICA says may lead to a drawn-out process that will spell certain disaster for the industry, and lead to mass job losses across all sectors of the tourism and hospitality industry.

The Tourism and Hospitality sector sustains over 740 000 direct and 1.5 million indirect jobs and contributes 8.6% to the GDP. It is also the lifeblood for many micro and small enterprises, creating mass employment opportunities for men, women and youth across the country.

Insurance Claims Africa (ICA) has over 400 claimants in this sector against a number of insurers. It was hoping that the insurer would reach a sensible compromise settlement for these businesses, who face the existential threat of imminent closure.

Internationally, several global insurance companies are settling their customers' BI insurance claims on a compromise basis.

Ryan Woolley, CEO of Insurance Claims Africa, says: "A settlement would allow these vulnerable businesses to survive, and importantly, to pay their staff and operating costs. We are disappointed that Santam has turned down this sensible and responsible solution. If our clients are being forced to fight this in court, we hope that Santam agrees to this being done on an urgent basis, rather than adopting a cynical and drawn out legal strategy, which will mean many of these businesses will no longer exist before any resolution is achieved. Time is of the essence. We are now waiting to hear if Santam agrees to an expedited court process."



In rejecting these claims, insurers say that the policy was never meant to cover pandemics. However, insurance companies are in the business of risk assessment, and employ some of the most qualified risk research teams in the world. According to Woolley, they would have known about other infectious notifiable diseases, such as SARS, MERS, Ebola, for many years, and therefore should have anticipated a pandemic.

“Indeed, it has been raised as a potential risk publicly for a number of years, already in 2015, Bill Gates warned of the likelihood of a global pandemic. It is unconscionable of insurers to penalise their clients for their own poor underwriting skills,” says Woolley.

Insurers also allege that government regulations in respect of the lockdown are the cause of the loss, and not Covid-19. This however, doesn't make any sense as the insurers chose to insure a notifiable disease which would have contemplated government intervention and restrictions / quarantine. It is clear that without Covid-19, there would be no lockdown.

Insurance Claims Africa believes that insurers are acting in poor faith and are in breach of the ethical codes and standards that guide the insurance industry, especially where it concerns Treating Customers Fairly (TCF) regulations.

Ends

Insurance Claims Africa



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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