

13th May 2020



Just a few short months ago, no one could have anticipated that a global pandemic of this level would have had such a profound impact on every single aspect of our lives.

It was clear from the outset that the world was unprepared in so many ways, not least for the devastating impact that it has had on our travel and tourism industry, which was among the first and hardest hit.

We know that every one of our clients is experiencing pain in this unprecedented and unexpected environment. We feel that pain acutely.

This week, the Financial Sector Conduct Authority (FSCA) issued a directive to financial institutions, including Insurers, outlining the authority's position on certain aspects of Business Interruption (BI) insurance cover.

The Directive states that it is clear that a large majority of policies relate to standard BI insurance where a policyholder needs to, in terms of the policy, prove physical damage to the business premises covered under the policy. The authority further states that there is a small percentage of policies with BI cover that have specific extensions for infectious and contagious diseases.

Insurers and reinsurers are interpreting the infectious/contagious disease extension and in relation to the Covid-19 pandemic to apply only where the loss of business income was due to the business being interrupted as a result of a localised Covid-19 infection and not as a result of other related actions such as lockdown introduced by government.

The approach taken by Insurers in responding to claims submitted as well as legal opinion obtained to date, confirms that cover provided by the infectious and contagious disease extension is very limited and is unlikely to respond to losses resulting from the lockdown.

The result is unfortunately that very few clients may have a valid claim.

As you will recall from previous communications, SATIB was quick to seek legal counsel to get an opinion on your behalf. The outcome of this was not positive, but we are in unprecedented times where legal counsel themselves are debating these points. We believe that there is merit in seeking

a second legal opinion and are doing so to ensure that we take the process as far as we can in support of your business.

In the interim, we urge you to comply with the Insurers' requests for additional information to the best of your ability. Should you need support on how to provide this information, or have any questions, please reach out to our team, who are always on hand to assist.

While we explore all available options, we undertake to keep you updated continuously on the process we are following to get clarity on your behalf and urge Insurers to comply with the FSCA's code of Treating Customers Fairly.

We are invested in assisting you as much as we possibly can at this difficult time.

Kind regards,

A handwritten signature in black ink that reads "Dewald Cillie". The signature is written in a cursive style with a large initial 'D'.

SATIB Insurance Brokers
Executive Head - SATIB