

## **FSCA Press Release**

12 August 2021

## **Update on Contingent Business Interruption claims**

The Financial Sector Conduct Authority (FSCA) continues to investigate policyholder complaints regarding the assessment and payment of Contingent Business Interruption (CBI) claims. Although the volume of these complaints has reduced significantly since December 2020, and insurers have made a concerted effort to process CBI claims speedily, the complaints received by the Authority are still concerning.

In discussion with the insurance industry, the FSCA has established the following regarding pending CBI claims:

- Some registered claims for CBI are pending and insurers are awaiting outstanding documentation from policyholders;
- With some of the claims, offers have been made by insurers and been accepted by policyholders;
- Other claims have resulted in litigation as there seems to be a dispute regarding the quantum of the claim;
- Certain claims have a pending status due a lingering indemnity period, but in those instances where there are indemnity periods longer than 12 months, the insurers have provided interim relief to affected policyholders; and
- Some policyholders are abandoning claims as interim payments were adequate to cover losses incurred during the lockdown.

The documentation required by insurers to successfully process claims includes but the following:

 A copy of the Annual Financial Statement/s for the last three financial years depending on the requirements stated by the insurer; 2. A letter from the Accountant/Auditor confirming the amounts reported to be a true

reflection of the books of account;

3. Completion of templates/spreadsheets as per the request of the insurer;

4. Proof of the disease in the radius as at the 27th of March 2020, and if not, the date

the disease first entered the radius. Other insurers have utilised information from the

National Institute of Communicable Diseases (NICD) that documents the spread of

COVID-19 across South Africa. Where Contingent Business Interruption is

specifically covered at the premises only, policyholders must submit proof and

confirmation of the disease at the insured premises/address;

5. Proof of the original booking, cancellation of accommodation and refund of deposits

to guests for claims under the Cancellation of Bookings extension; and

6. Proof of Unemployment Insurance Fund (UIF) COVID-19 Temporary Employment

Relief Scheme (TERS) payments that the business received.

Policyholders are requested to proactively collate all the necessary information and/or

documents. If assistance is required, they should contact the claims department of the

insurer; the loss adjustors assigned to their claims; or their brokers to navigate the

complexities in determining the quantum of the claims.

**ENDS** 

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