



SOUL ABRAHAM

CHIEF EXECUTIVE: RETAIL - OLD MUTUAL INSURE



3 May 2023

Dear business partner

Changes to our power-related cover

South Africa's electricity power supply has become increasingly unstable in recent years, which has led to significant changes in the risks we face as an insurer. This instability is likely to cause losses that the industry would not be able to withstand, which is a serious reality that our reinsurers are also taking into consideration. As we are committed to providing sustainable protection for our mutual customers, we, therefore, need to make the following related changes to our policies.

Changes to grid interruption cover on Personal Lines, Commercial Lines and Agri policies

We added a general grid interruption exclusion to our Personal Lines, Commercial Lines and Agri policies during 2022.

Since then, the risk environment has developed further and after various consultations, we will be adapting this general grid interruption exclusion to ensure better transparency and understanding. This will be applied on a once off basis to all our policies during July and August 2023.

The grid interruption exclusion states that we will not cover losses caused directly or indirectly by the interruption of the electricity grid or the restoration of it.

However, we will continue to assess each claim on its own merits. Where grid interruption is too far removed from the proximate cause, this exclusion will not apply. For example, this exclusion will not be the reason for not covering losses for a motor vehicle accident caused by a traffic light not working during a grid interruption, or losses due to potholes that were not visible (due to no lighting on the road caused by a grid interruption).

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This exclusion is also not intended to remove power surge claims as a result of loadshedding.

Changes to power surge cover on all our allsure policies

Due to the sharp increase in power surge claims as a result of loadshedding, customers will now need to purchase power surge extension of cover for loadshedding separately at an additional premium. This cover is subject to the fitment of specific surge protection. The accidental damage extension was originally designed to only cover power surges as a result of lightning and this cover will still be in place.

Changes to power surge cover on Elite policies

On our Elite product, power surge cover caused by loadshedding will be limited to 5% of the sum insured, and an excess of R5 000 will apply.

Future changes to power surge cover on Commercial and Agri policies

Similar changes to power surge cover on our Commercial and Agri products will follow soon, and we will inform you when these changes are finalised.

Let us continue to do great things, every day

We realise that all the recent necessary changes may have caused some inconvenience. Thank you for your understanding and ongoing support as we continue facing the current unprecedented shifts in our risk environment. We truly value the crucial role you play in helping us to structure the most effective risk management solutions for our mutual customers.

Please read through our **FAQs** to get more clarity on the changes that will be applied.

Regards

Soul

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