

Date: 2023-04-02

S Hancock

Policy number: 54500008551

Dear Santam client

POWER SURGE AND ELECTRICITY GRID FAILURE OR INTERRUPTION COVER UPDATES EFFECTIVE 1 JUNE 2023

The last couple of months have been a period of immense challenges for our country. We have seen high levels of load shedding, which impacts our daily lives. The country's power utility has reassured us that it is working hard to protect our electricity grid by balancing supply and demand in a controlled, risk managed manner. Within this environment we want to provide you with clarity on your cover, cover changes and tips on how to reduce your risk.

Power Surge cover

Load shedding, the temporary switching off of power supply in a scheduled and controlled manner, in itself, is not explicitly covered by insurance policies. However, it does result in the frequent switching on of electricity supply to your home and, depending on the quality of the network and the components thereof, it could cause power surge that damages your electronic items. Subject to the electricity grid failure or interruption exclusion noted below, Santam continues to provide cover for power surge damage, including after load shedding, if selected on your policy.

During the last 12 months, our power surge claims have however increased by around 50%, and more than 200% over the last 3 years. To ensure the sustainability of this power surge cover, with effect from 1 June 2023, the following comes into effect:

1. You will have a **compulsory excess of R2500** when claiming for any power surge, mechanical, electrical, or electronic damage, or accidental damage to fixed machinery.
2. The following will be excluded from our power surge cover:
 - Power surge damage that occurs as a result of switching on electricity, following load shedding in excess of 12 consecutive hours.
 - Power surge damage that occurs as a result of switching on electricity, following electricity grid failure or interruption.

SOME TIPS TO HELP YOU REDUCE OR EVEN ELIMINATE YOUR RISK OF LOSS DUE TO POWER SURGE:

- It is best to unplug your devices when the power has been switched off. After power has been restored to your premises, it should be safe to plug them back in again. In an electricity grid failure or interruption scenario, this is especially important.
- Surge arrestors or surge protection devices may provide protection, depending on the type of surge experienced. The following should be considered:
 - Any device should come with a warranty of at least 5 years, for which you should receive an installation certificate.
 - Any device should protect against over voltage, under voltage, multiple strikes and lightning surge.

Remember to check your policy to confirm your power supply covers, including their insured amounts. You can select, reduce or increase your power surge cover options at any time, with the resultant impact on your premium.

Electricity grid failure or interruption

Electricity grid failure or interruption means a total or partial interruption; interference; suspension; blackout; failure; of electricity supply in connection with any national; regional; municipal; local; private; grid, in connection with any premises or business of the Insured.

With **effect from 1 June 2023**, Santam's electricity grid failure or interruption exclusion applies and where already enforced, is extended to incorporate the following:

1. Any damage caused directly or indirectly by electricity grid failure or interruption.
2. Fridge / Freezer contents. Cover for lack of electricity caused by load shedding of any stage or duration and/or electricity grid failure or interruption of any duration is explicitly excluded.
3. Power surge damage as noted by point 2 under Power Surge cover above

PLEASE NOTE:

- This letter confirms our 31 days' written notice for the material cover changes mentioned above to your policy, in accordance with the Short-Term Insurance Act (1998) and Policyholder Protection Rules (2017).
- It forms part of your insurance contract and all claims on or after 1 June 2023, will have these changes and conditions applied.
- Your policy schedule and wording will be updated with these changes during the course of 2023 or upon your next policy renewal. During this time (from 1 June 2023 onwards and until such time that your schedule and wording are updated) the terms and conditions of this letter apply and not those of your schedule and wording at claims stage, should there be any difference.

These and other policy revisions introduced in recent months reflect the unprecedented shifts in the risk environment over the past year.

Should you have any queries please discuss these with your intermediary. We wish the extent of our actions wasn't necessary, but the complexity of a grid failure risk has unfortunately compelled us to include these measures.

Kind regards



Andrew Coutts
CEO SANTAM BROKER SOLUTIONS