



7 June 2023

CHANGES TO FRONTLINES POWER-RELATED COVERS

BACKGROUND

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 - Updated

We added a general grid interruption exclusion to our Personal Lines, Commercial Lines and Agri policies during May 2023.

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 all New Business issued June 2023 and a once off basis to all our In-Force policies effective 1st 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.

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

Changes to power surge cover on Personal Protector, Commercial Protector, Guestsure & Constructsure 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 damage caused due to power surges as a result of:

- **Lightning** - will still be in place, as cover is provided under the Fire classes of insurance. Proof of lighting as the proximate cause of the damages, will be required.
- **Cable Theft** – will still be covered under the Power Surge extension. Proof of cable theft as the proximate cause of the damages, will be required.

The changes to the policy wordings for each product are detailed in the accompanying Product Comparison documents.

Future similar changes to the power surge cover on the AgriPlus policies will follow soon, and we will inform you when these changes are finalised.

Changes applicable to power surge cover on Personal Protector, Commercial Protector, Guestsure & Constructsure policies as follows:

New Business (quotes & new cover) – Effective 1st June 2023

- Limit = **NIL (included in quote template) – Cover must be requested**
- **Premium will be charged on the limit selected**
- **Surge Arrester – Limit R10,000 and below - Not Mandatory**
- **Surge Arrester – Limit above R10,000 - Type 2 Surge Arrester Mandatory**

Renewals – Effective 1st August 2023 rolling until 31st July 2024

- Limit = **REDUCE the limit to R10,000 - Broker to request an increase in the limit**
- **Premium will be charged on the limit selected**
- **Surge Arrester – Limit R10,000 and below - Not Mandatory**
- **Surge Arrester – Limit above R10,000 - Type 2 Surge Arrester Mandatory**

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 the FAQs to get more clarity on the changes that will be applied.