



## ELECTRICITY GRID INTERRUPTION (grid interruption) FAQ JUNE 2023

This document is to provide clarity on the product changes referred to in the changes to our power-related cover communication. It does not form part of the contract of insurance between Old Mutual Insure and the client.

### 1. What is the wording of the new grid interruption exclusion?

We've reworded our grid interruption exclusion to provide more transparency on what is included, and it now reads as follows:

*Notwithstanding any Provision of this Policy, including any Exclusion, Exception, Extension, Insuring Provision, or any Provision which would otherwise override this General Exception, this Policy does not cover any loss, damage, claim, liability, cost, exposure, expense or other sum of any nature, including any consequential losses in terms of any section of this Policy, that is directly or indirectly, regardless of any other cause or event contributing concurrently or in any other sequence, caused by, attributable to, in consequence of, related to, resulting from, arising out of, following, or in any way in connection with the following:*

- A) *Electricity Grid Interruption (as defined below); and/or*
- B) *the restoration or reconnection of the supply of electricity following Electricity Grid Interruption.*

**Electricity Grid Interruption** means an interruption or suspension of electricity supply from any electrical power supply network to any end user, in any manner, from whatsoever source, and for whatsoever reason, whether due to damage, an inability, and/or failure (whether partial or total) of any electrical power supplier to generate, transmit or distribute electricity, or otherwise.

*This exclusion also applies to consequential losses in respect of any utilities that are affected by Electricity Grid Interruption including, but not limited to, the disruption of water, telecommunications and sewage systems. It also applies to other consequential losses, such as the deterioration of stock, food or other items.*

*This exclusion does not apply to:*

1. *any loss or damage to property, other than property that is in any way used for, implemented in, or part of the generation or production of electricity, which is covered in terms of any public utilities section or extension (if selected by the Insured) of this Policy.*
2. *any loss, damage, claim, liability, cost, exposure, expense or other sum of any nature caused by, attributable to, in consequence of, related to, resulting from, arising out of, following, or in any way in connection with Power Surge (as defined below) following Loadshedding (as defined below)*



*Loadshedding is the intentional total or partial withholding of electricity supply (from any source) by any party other than the insured, which is implemented in phases, and which does not affect a municipality (including local, district, regional or any other level that is created by law) or province or the country at substantially the same time.*

*Power Surge is any temporary increase (of any degree) in the current or voltage of an electrical circuit, electricity network or supply.*

## **2. Why are we applying the revised grid interruption changes?**

The risk of grid interruption has increased. As we believe grid interruption is a systemic risk, we cannot provide such cover. We have therefore taken the prudent approach to update our insurance contracts with our mutual customers. The revised wording makes it very clear under which circumstances we will not provide cover.

We have had further engagements with our Reinsurers, legal teams, brokers, and FIA. This ultimately led to us updating the wording. We also wanted to ensure that we provide as much clarity as possible and we believe this wording, provides more clarity in its structuring and wording.

## **3. Which products will be affected and from which date will this change be effective from?**

All products underwritten by Frontline (Old Mutual Insure) will be impacted by the grid interruption exclusion.

These changes will be effective on all existing In Force business during August 2023.  
For ALL new business this change will be effective 1 June 2023.

## **4. Is cover in respect of grid interruption loss excluded from the Business Interruption section under Commercial policies?**

Yes, Business Interruption cover has been removed for losses caused by grid interruption, except for losses under the public utilities and public telecommunications extensions of cover. These covers will, however, be limited because business interruption loss in relation to all property used to generate or produce power will not be covered.

## **5. What cover is still available on the Business Interruption Public Utilities extension?**

Cover is still available on the public utilities and public telecommunications extensions as long as the damage is not at a power generating facility. This means that if there was damage to a small substation providing a business with their electricity, the business would have Business Interruption cover. However, if the damage causing the outage was at the power plant that they source their power from, there would be no Business Interruption cover.



**6. What does “that is directly or indirectly caused by Electricity Grid Interruption” mean in the electricity grid interruption exclusion?**

There will be no cover where the loss or damage is caused by or is attributable to the grid interruption. Each claim will be considered on its own merits and where the proximate cause of the loss is too far removed from grid interruption, this exclusion will not apply to the claim.

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 grid interruption, or losses due to potholes that were not visible. The proximate cause here is too far removed from grid interruption. The claim will be assessed in the normal course according to the remaining terms and conditions of the policy.

**7. Can electricity grid interruption cover be purchased for an additional premium?**

Cover for Grid Interruption cannot be purchased.

**8. What happens if electricity grid interruption is caused by an insured peril, will there be cover?**

There is no cover for grid interruption in any other sequence, whether before or after an insured peril.

**9. What happens if a client receives a renewal letter, after the 31 days’ notice letter, that does not contain the changes? Do the changes still apply?**

A separate schedule will be emailed to you showing the new grid interruption clause. This clause will apply from the date shown in the schedule.

**10. Is loadshedding covered?**

Cover for power surge following loadshedding is still available. The relevant extensions will need to be purchased and there may be requirements for surge protection devices. This depends on the limit required and product purchased.

There is no cover for power surge after any other grid interruption event.

Other than power surge following loadshedding, our policies do not give any other loadshedding cover.