



BI Claims

Possible interim payments to SMMEs in the hospitality sector

26 July 2020

Questions/Statements	Responses
Why SMMEs?	
<p>1. Why is this consideration only being extended to SMMEs – and only those in the hospitality sector?</p>	<p>Bryte recognises that the hospitality sector is among those worst affected by the continuing effects of COVID-19. This is a sector with multiple links into other industries and sectors (agriculture, textiles, retail, financial services, etc.). Furthermore, it is a vital contributor towards economic empowerment, job creation and South Africa's national and international tourism proposition.</p> <p>We further appreciate the added strain on SMMEs within the hospitality sector, many of whom are much more vulnerable due to chronic resource challenges. Over the past few weeks, in partnership with the FSCA and PA, Bryte has been in discussions about how insurers can put structured measures in place to alleviate some of the immediate pressure on smaller hospitality customers. We are proud to share that we have arrived at a commitment to provide interim financial relief to small businesses who hold one of our extended hospitality policies.</p> <p>However, our efforts are certainly not just concentrated on the hospitality sector. The support we continue to provide to all businesses as well as communities is multi-faceted. To date, we have:</p> <ul style="list-style-type: none"> • Offered more than 300 hospitality customers at least R3.5 million in premium relief • Put back in excess of R31.5 million into the pockets of commercial and personal vehicle owners • Provided R5.6 million in relief to policyholders in the Jewellery, Fine Art & Specie, Marine and Engineering sectors • Afforded concessions to private households • Paid more than R100 million towards COVID-19 related claims • Through salary sacrifices and donations from Bryte as well as our parent company, Fairfax Financial Holdings, R5 million has been raised, which is being used to support communities most in need
<p>2. My business is not an SMME (based on your criteria) but is hardly a big business that can withstand the current economic shocks. Surely, you need to consider provision for those of us who are on the economic threshold fence?</p>	<p>The sustainability of every business remains vital and understanding the difficult conditions that lie ahead, we began rolling out a range of relief efforts targeted at providing businesses of all sizes with some financial relief. As a business committed to partnerships, we urge you to engage us so we can explore feasible options aimed at supporting the resilience of your business together.</p>

Recourse for claims that aren't valid	
<p>3. So, what happens if an SMME receives this interim payment and it turns out that they didn't in fact have a valid claim? How will you get the money back?</p>	<p>Bryte's understanding and interpretation of the principles of Business Interruption is aligned to our policy wording, which we apply consistently and fairly. While our policies were not designed to respond to a pandemic of this nature or a government-mandated national lockdown, the unprecedented circumstances we find ourselves in continues to compel us to reassess how we apply certain principles, what informs our decisions and what exceptions are made. It also requires a host of measures aimed at supporting the most vulnerable and demonstrating goodwill to our policyholders, to whom we remain committed.</p> <p>Accordingly, this interim payment relief falls within that context. While legal certainty is currently being sought on the legitimacy of claims emanating from a lockdown, should the courts find in favour of insurers, policyholders who received this payment, will not be required to refund the payment received.</p>
Acceptance of liability	
<p>4. Why has the FSCA forced you to take this step? Does this mean that they disagree with your view and that lockdown is an insurable event?</p>	<p>As we collectively navigate uncharted territory, we remain committed to sustaining livelihoods and supporting business resilience in a manner that is sustainable for all. As a responsible business, this involves regular engagement with authorities such as the FSCA and other relevant bodies on matters impacting the broader business community and by virtue of this – society.</p> <p>This is a commitment we take extremely seriously and there are a range of measures already in place to offer such support to policyholders. However, it is important to reaffirm that this does not change our fastidious adherence to policy wording, which was never intended to provide cover for a government-mandated national lockdown.</p> <p>Bryte maintains that the national lockdown is not an insured event and that our policies are not intended to provide cover for such an event. However, we understand that policyholders and other stakeholders may have a different view. Therefore, in order to achieve certainty, we have opted to submit this matter to the judicial process to enable all parties to achieve legal certainty.</p> <p>In the insurance sector, a strict adherence to the consistent interpretation of each policy contract is a fundamental of good governance that ensures the interests of all parties are protected. For Bryte – and for the sector – the process of achieving legal certainty is therefore essential to ensuring a robust and resilient interpretation of policy wording that all insurers can use to validate claims.</p>

<p>5. Surely this interim payment is an acknowledgement that your policy interpretation relating to lockdown and business interruption insurance is invalid?</p>	<p>Not at all. Bryte maintains that the national lockdown is not an insured event and that our policies are not intended to provide cover for such an event. However, we understand that policyholders and other stakeholders may have a different view. Therefore, in order to achieve certainty, we have opted to submit this matter to the judicial process to enable all parties to achieve legal certainty.</p> <p>Bryte continues to apply the principles of Treating Customers Fairly, robustly assessing every claim on its individual merits. This is a commitment that will never change. However, we appreciate that operating in the midst of tremendous uncertainty – on multiple fronts – is a challenge every individual and every organisation has in common.</p> <p>The hospitality sector, and most particularly, SMMEs in this sector are amongst those most impacted by the national lockdown restriction. Bryte is deeply invested in this sector and is committed to recognising our president's call for a much-needed "social compact for economic recovery, growth and transformation".</p> <p>Over the past few weeks, in partnership with the FSCA and PA, Bryte has been in discussions about how insurers can put structured measures in place to alleviate some of the immediate pressure on smaller hospitality customers. We are proud to share that we have arrived at a commitment to provide interim financial relief to small businesses who hold one of our extended hospitality policies.</p>
<p>Losses not claimed for</p>	
<p>6. My broker advised me that I could not claim as the lockdown is not an insurable event. Now it seems I have lost out because at the very least, I could have received the interim relief. Will you review my claim or at least extend the relief to my business?</p>	<p>There is no precedent for appropriate responses/solutions based on the unique circumstances we find ourselves in. Accordingly, our policies were never intended to provide cover for a pandemic of this nature or a government-mandated national lockdown. As an agile and customer-centric business, however, we continue to define parameters and make informed decisions to the best of our collective abilities and in the interest of our stakeholders.</p> <p>If you believe there is merit to your claim based on the evolving circumstances, please engage your broker to present your case.</p>
<p>7. What are you doing for all those businesses and people who are struggling?</p>	<p>Bryte is deeply invested in the markets we serve and we believe that a concerted effort, by both government and private sector, is needed to secure the sustainability of the South African economy. Understanding the difficult conditions that lie ahead, we rolled out a range of relief efforts targeted at providing businesses of all sizes with some financial relief, very early on.</p>

	<p>To date, we have:</p> <ul style="list-style-type: none"> • Offered more than 300 hospitality customers at least R3.5 million in premium relief • Put back in excess of R31.5 million into the pockets of commercial and personal vehicle owners • Provided R5.6 million in relief to policyholders in the Jewellery, Fine Art & Specie, Marine and Engineering sectors • Afforded concessions to private households • Paid more than R100 million towards COVID-19 related claims • Through salary sacrifices and donations from Bryte as well as our parent company, Fairfax Financial Holdings, R5 million was raised, which is being used to support those most in need <p>We are also actively focused on a range of community relief initiatives and working with policyholders to explore feasible options aimed at supporting the resilience of their business.</p>
<p>Qualifying criteria</p>	
<p>8. How does my business qualify for this consideration?</p>	<p>To qualify for the relief, please contact your broker and please note the below criteria. The policyholder must:</p> <ul style="list-style-type: none"> • Confirm that turnover is less than R5 million per annum – as per the definitions published by the Minister of Small Business Development and the DTI (e.g. by referencing the BI sum insured on the policy schedule) • Have a bespoke hospitality policy (Wine Dine & Leisure, Cuisine, Boutique Stay or Tours & Transfers) • Have an active policy as at 1 August 2020, with the necessary BI cover in place • Ensure all premiums are paid up to date (except where a policyholder is already party to Bryte's Premium Relief programme) • Confirm the presence of a COVID-19 positive case at the premises or within a 50km radius of the business before 1 June (the effective date of the pandemic exclusion). If required, the policyholder must be in a position to provide the necessary evidence
<p>9. Your "good standing" criteria requires that my premiums be up to date. My outstanding premiums are due to the fact that you refuse to settle my claim. This is an unfair expectation and must be removed.</p>	<p>Our policy wording was never intended to provide cover for a pandemic of this nature nor a government-mandated national lockdown. The Bryte relief initiative is meant to provide relief to insureds with policies – that are in good standing and are active at 1 August 2020.</p>
<p>10. In spite of my better judgement, I have continued to maintain my insurance cover but I have excluded BI, which is very expensive and clearly of no benefit to my business. Having said that, your active BI requirement is extremely unfair. This claim relates to when the lockdown began and at that point my cover was in place.</p>	<p>Our policy wording was never intended to provide cover for a pandemic of this nature nor a government-mandated national lockdown. The Bryte relief initiative is meant to provide relief to insureds with policies that have the appropriate covers in place – that are in good standing and are active at 1 August 2020.</p>

Value of consideration	
11. How much can I receive?	The relief available to qualifying SMMEs will be the equivalent of 2 weeks of the insured's BI benefit, up to a maximum value of R100,000 per policy. This amount excludes VAT.
Prescription	
12. Why are you only now extending the prescription period?	<p>Dealing with circumstances for which there is no precedent, is extremely challenging. There are multiple factors to be considered, a range of consultations required and a diversity of scenarios that must be planned for across different sectors/industries. This is a critical part of the robust governance processes required by the insurance sector.</p> <p>At Bryte, we have chosen to extend the prescription period timeline as part of our TCF commitment and considering the cost and duration of litigation. This is important in view of the legal certainty currently being sought from the courts.</p>