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INTRODUCTION

The period of lockdown presently being experienced by South Africans – in response to the COVID-19 pandemic – has resulted in confusion and uncertainty relating to insurance policies as well as the extent of the cover awarded thereunder. Both individuals and businesses are growing concerned as to whether or not their insurance policies cover losses as a result of this pandemic.

South African Special Risks Association (“**SASRIA**”) cover is not an element of cover directly impacted by the COVID-19 pandemic, however, it is becoming increasingly important due to the implementation of **the Regulations** to the Disaster Management Act 57 of 2002 (“**the Regulations**”) and the impact that they will have on our society.

In this article, we will address SASRIA cover insofar as it relates to COVID-19 by outlining why it is essential that this cover be expressly included in your insurance policy.

THE BASICS

SASRIA is a state-owned enterprise and is an element of Short-Term insurance that caters to individuals; businesses and government entities (on both domestic and commercial policies) who own assets within South Africa. It insures against special risks (risks not being covered by insurers) such as civil commotion, public disorder, strikes, riots and/or terrorism and is specifically designed as an enhancement to add to regular insurance cover offered by insurers.

SASRIA is excluded from regular insurance cover on the basis of it being caused by extraordinary or unusual circumstances that the insurance companies are not prepared to assume the risk for.

SASRIA cover is not a legal requirement and is not automatically included in all insurance

policies. The SASRIA premium amount consists of a small percentage of the premium paid over to the original insurance entity (with whom you have your main policy).

SASRIA COVER AND COVID-19

As mentioned above, SASRIA cover is not directly impacted by the COVID-19 pandemic, however, the indirect impact may be dire if adequate insurance cover is not incepted.

The Regulations imposed in South Africa with the aim of flattening the curve to halt the spread of COVID-19 – have had a large and severe impact on the livelihoods of South Africans, including their jobs, families, businesses, and on the economy as a whole. While completely necessary and unavoidable, the Regulations and mandatory lockdown have caused panic, anxiety, and a flare of tensions insofar as it relates to people's livelihoods.

Many countries around the world have experienced resistance to their own Regulations imposed to address the COVID-19 pandemic, for example:

- In Thailand rumours surrounding the pandemic have caused mass prison riots; and
- In Zimbabwe, anti-riot tanks have been forced to be deployed.

Locally, many have expressed their concerns that South Africa will follow suit and subject themselves to similar riots and looting. In the event that this does become a reality and your property has been damaged as a result of any civil commotion, public disorder, strikes, riots and/or terrorism (whether on a domestic or commercial policy), it is important to understand that generic insurance policies will not cover this damage and if you do not have a SASRIA extension on the policy, your claim will be rejected.

It is therefore essential during this time that individuals and businesses ensure that they are sufficiently insured to cover any unforeseen impacts of the COVID-19 pandemic.

CONCLUSION

Most people are unaware of what SASRIA cover is or why it would ever become relevant to their lives, however, in this current climate of uncertainty and volatility, it is essential that this insurance cover be effectively and expressly instituted so as to defensively insure entities and limit the potential damage to estates or businesses arising as a direct and consequential result of the COVID-19 pandemic.

The above is only a summary of a complex area of the law. Should you have any disputes with your insurer or questions relating to your insurance cover, we suggest that you approach a lawyer with the requisite expertise in insurance law, as it is easily misunderstood, which could result in you not obtaining the results you desire.

Schindlers Attorneys remains open to the public and will be working remotely throughout the lockdown period. We are available and committed to providing sound, reliable legal advice and assistance to address any of your questions or concerns.



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