

9 April 2020

Dear Client

The implications of COVID-19 on individuals, businesses and economies is changing at an exponential rate. And whilst there will be a host of unusual and unique challenges, Overberg Wealth & Risk Management (OWRM) is committed to helping you get through this period with minimal loss and inconvenience as possible.

All sectors of business all over the world are investigating different options to provide some relief to their clients and remain sustainable themselves. The insurance industry is no different, during the last couple of days we have seen assistance packages made available to policyholders from various leading insurers. For any assistance, do not hesitate to contact your insurance adviser or any OWRM office near to you. OWRM offices remain operational and are being manned by employees working remotely. Unfortunately operating remotely will have a slight impact on the turnaround times of service delivery but we are monitoring and managing all processes. Information can also be found on our website [www.overbergwrm.co.za](http://www.overbergwrm.co.za) and on our Facebook <https://www.facebook.com/overbergwealthandrisk/>

Since the lockdown was announced we have been inundated with various enquiries which we have summarised in an easy to read document:

### **Frequently Asked Questions (FAQ's)**

*(These FAQ's will be added to the website for future reference [www.overbergwrm.co.za](http://www.overbergwrm.co.za))*

#### **Q: Should I cancel my short-term insurance during the lockdown?**

No, being under lockdown does not eradicate any of the risks that you are insured against like fire, floods, earthquakes, theft/ burglary or any other insured event. Cancelling your insurance would immediately transfer the risk to yourself, you might also be in breach of your finance agreement with your credit supplier.

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***Q: Can I reduce my premium without cancelling my insurance?***

Yes, different types of cover are available for most sections of your insurance policy. Typical examples would be that your burglary exposure lessened, your exposure to motor vehicle accidents changed, your use of your vehicle changed etc. All these changes can be communicated to your OWRM adviser whom will assist in restructuring your insurance portfolio.

***Q: Will my employer's hardware & equipment be covered in my house?***

Some insurers have extended their insurance contracts to include their equipment whilst temporarily stored at the premises of their employees, this will however have to be confirmed with your employer's insurer or broker.

***Q: What other exposures would I have as an employer allowing "work from home"?***

Although physical damage to equipment like fire, accidental damage and theft is a major concern and should be covered on a commercial policy, more important would be the sudden exposure to Cyber Crime. Hackers are very aware that employees would not necessarily have all the security measures in place like firewalls etc. and would therefore endeavour to obtain client's personal details. Ensure that security systems are maintained and increased. Cover against cybercrime exposure should be discussed with your adviser.

***Q: If I have Business Interruption cover, does my policy cover me against losses my business may incur due to interruptions caused by the COVID-19 outbreak?***

Business Interruption cover is there to provide cover against losses clients may suffer as a result of their businesses being interrupted following an event for which they have bought cover, such as a fire, earthquake or storm. This means that there is generally no cover against business interruptions caused by uninsured events, such as an economic crisis or a viral pandemic. This is not unique to specific policies and is the norm on general short-term insurance policies across the world.

A policy may have an extension to the Business Interruption section that provides cover for losses arising from "Prevention of Access / Denial of Access" – the above applies to this cover extension as well in that it, too, needs to be caused by an insured event resulting in damage to your property.

***Q: What about all the cancellations that I am receiving from my Customers?***

Many of the queries that we have received relate to loss due to customers cancelling orders as a result of the pandemic. In order to minimise losses, we advise you to review your own cancellation conditions in your contracts with your customers in order to establish if you are required to refund.

**Q: What insurance-related business continuity measures should one consider during this crisis?**

You may be facing the situation where you need to consider cost reduction measures in order to ensure that your business can survive this pandemic. Although insurance is often the first to go, we would caution against cancelling all your insurance covers. If you temporarily suspend your operations, you will still have insurance risks and exposures that would need to remain covered. Please contact your Insurance Advisor to discuss the structuring of your insurance portfolio and your insurance needs during this time.

Initiatives that need to be under discussion include, but are not limited to, the following:

- Working to identify the risks and covers that will not be applicable or appropriate during this shutdown or slowing of trade.
- Revision of motor portfolio – vehicles parked and not in use may be able to have cover altered to Third Party, Fire and Theft as opposed to Comprehensive.
- Potentially remove or change to declaration basis those items, such as stock, which will give immediate relief without exposing the client in the long run.
- Reviewing rates wherever justified and possible.
- Reviewing forecasts of Turnover and Fee income, as these will all affect the premium calculation of covers.

*(Please note that the above are examples and we cannot guarantee that all of these options will be possible.)*

**Q: Does my insurance cover Force Majeure?**

A "force majeure" clause (French for 'superior force') is a contract provision that relieves the parties from performing their contractual obligations when certain circumstances beyond their control arise, making performance inadvisable, commercially impracticable, illegal, or impossible. This clause may well be in your client's contracts with agents / buyers and if they activate same, it would typically mean you are obliged to refund deposits / payments in full. This is a contractual matter and not an insurance matter. There is no cover and you should consult your legal advisor in this regard.

**Q: How does insurance respond to a National Shutdown?**

A direct order by Government to shut down your operation, is not covered by short term insurance policies. Historically, other countries have seen government release funds to ease the financial exposure of those affected however, there are no guarantee's this will take place. We encourage you to advise clients to take steps to mitigating financial loss during this crisis.

**Q: What are my legal obligations during this outbreak?**

We have received queries relating to legal rights and obligations. However, due to the fact that we are not legal advisors, we are unfortunately not able to advise our clients in this regard. We would recommend that you contact your legal advisor for any queries of a legal nature.

Kind regards



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