KEY CHANGES TO GENERAL POLICY STRUCTURE AND MATERIAL DAMAGE ASPECTS

1 **Structural and Format Changes**

1.1 We have conducted a full rewriting and restructuring of the Policy Wordings for clarity and ease of use for policyholders.

1.2 As can be seen from the revised Policy Wordings, they follow a clear and logical structure, with easily identifiable sections under clear headings and simplified clauses for definitions, defined events, bases of settlement, conditions, extensions and exclusions.

1.3 We have also removed any duplication across sections, to avoid any possibility of ambiguity of conflicting meanings.

2 **Definitional clarity**

2.1 The revised Policy Wordings consolidates and centralises all definitions into a detailed Definitions and Interpretation section, which substantially expands, refines and modernises key terms used such as (but not limited to):

2.1.1 Civil Commotion;

2.1.2 Criminal Activity;

2.1.3 Cyber Attack;

2.1.4 Imminent Damage;

2.1.5 Land Invasion;

2.1.6 Looting;

2.1.7 Malicious Damage;

2.1.8 Public Disorder;

2.1.9 Reasonable Measures;

2.1.10 Riot;

2.1.11 Social or Economic Change; and

2.1.12 Terrorism.

2.2 Definitions that are drawn from legislation and other legal documents have also been updated to reflect legislative citations and remove outdated references.

2.3 The revised Policy Wording also clarifies the tools of interpretation that must be employed when considered the Policy Wording, which includes rules as to any inconsistencies or conflicts between documents.

2.4 Our Distribution partners encouraged to carefully consider the revised definitions along with the guidance thereon in the Sasria regulations.

3 Coverage Changes

3.1 The revised Policy Wordings provide a clear articulation of the statutorily prescribed Defined Events that Sasria cover, and the relevant definitions in relation thereto clearly prescribe the ambit of such Defined Events, in accordance with Sasria's legislative mandate and risk appetite.

3.2 It is also clearly stated that Sasria cover requires a direct causal link between the Defined Event and the Loss or Damage to Insured Property, as prescribed by statute. Any Loss or Damage that is not directly caused by the Defined Event will not be covered, subject to any other limitations of exclusions.

3.3 Brokers are encouraged to carefully consider the Defined Events, the definitions and the guidance thereon in the Sasria regulations I in advising clients on the scope and ambit of Sasria cover.

4 **The Insured**

4.1 Sasria has included an express provision in the revised Policy Wordings to provide clarity on how its cover will operate in relation to various types and structures of policyholders. Sasria accepts that it has a statutory mandate to afford cover to all policyholders, but it remains entitled to limit the manner or structure in which it does this premised on its own risk appetite and the greater financial stability of the risk pool within which Sasria operates.

4.2 Distribution partners are encouraged to carefully consider the provisions contained under the heading "*The Insured*" together with the guidance in the Sasria regulations , to ensure that policyholders seeking Sasria cover are appropriately structured so as to fall within the relevant categories, and obtain adequate cover in instances where there may be a diverse risk portfolio.

5 **Material Changes to General Conditions**

5.1 The revised Policy Wording has restructured and modernised the applicable General Conditions to align with market standards. Notably, each General Condition is a prerequisite to cover and if a policyholder breaches or fails to meet any such requirements in a General Condition, Sasria may reject the claim on that basis without prejudice to any other rights it may have. It is therefore imperative that policyholders are clearly advised on the scope and ambit of their right and obligations flowing from the General Conditions.

5.2 Please note that notwithstanding that the material damage policy wording attaches to an underlying policy, the General Conditions in the Sasria Policy Wording must be afforded preference and primacy if there is any difference or discrepancy.

5.3 Sasria has included clear General Conditions pertaining to *inter alia*:

5.3.1 Premium payment and timelines, including a 30-day Grace Period and express consequences for non-payment;

5.3.2 Disclosure duties pertaining to policyholder structures and changes to Risk Information, which impacts on the manner in which the cover will rated and issued, and how the Limit of Liability will apply;

5.3.3 Time limitations, including a 24 month time period during which a claim must be paid, and a 6-month time period following rejection for claims to be made the subject of a legal process against Sasria;

5.3.4 Fraud, enhancing the requirements and consequences of fraudulent claims or misrepresentations/disclosures in this regard; and

5.3.5 Reasonable precautions, which includes an elevated requirement and warranty pertaining to all reasonable steps and precautions, as well as adherence to all laws, and any Additional Risk Mitigation Measures put in place.

5.4 Please note that Sasria has also enhanced the claims handling requirements and there are specific obligations placed on the policyholders in terms of claims notification, submission requirements and timelines. These include:

5.4.1 A 48-hour time period within which to report any event to the South African Police Services;

5.4.2 A 30-day notification period; and

5.4.3 A 60-day claim submission period.

6 **Limits and Cover Mechanics**

6.1 The revised Policy Wording clarifies that for all material damage classes of business, a policyholder will enjoy a **R500 000 000 annual aggregate Limit of Indemnity** for the relevant Period of Insurance.

6.2 The revised Policy Wordings also provide that there is an **Excess of Loss Cover** available for material damage and standing charges for up to R500 000 000, on express election and purchase by a policyholder. This Excess of Loss cover is subject to separate rating classes for premium computation.

6.3 Sasria has also provided clarity on the basis of settlement for material damage claims for various types of Insured Property including buildings, stock, documents, and other Insured Property.

6.4 Please note that notwithstanding that the material damage policy wording attaches to an underlying policy, the basis of settlement for purposes of Sasria claims will always only be that as set out in the Sasria Policy Wording and will never follow or adopt the basis of settlement in the underlying policy.

6.5 Distribution partners are therefore encouraged to bring these changes and differences in the basis of settlement in the Sasria Policy Wordings and the underlying policies to the attention of policyholders, to ensure that an expectation of the same or a similar basis of settlement is not incorrectly created.

7 Extensions

7.1 Sasria has now included specific wording for various material damage extensions in the revised Policy Wording, to align with market standards.

7.2 The scope, ambit, and limitations of these extensions together with the revised definitions must be carefully considered by Distribution partners in advising policyholders, as they are not necessarily reproductions of the extensions in underlying policies. Sasria has, in accordance with its risk appetite, placed certain limitations on the ambit of any such extended cover.

7.3 Please note that while in an underlying policy certain extensions may be automatically included, any extensions to Sasria cover must be expressly requested, paid for in the form of an additional premium, and expressly noted on the policy schedule. **There are no automatically included extensions for purposes of Sasria cover.**

7.4 While the list of possible extensions as set out in the revised Policy Wording is comprehensive, if there is an additional extension that a policyholder may request, Distribution partners are advised to contact Sasria with a proposal in this regard, which will then be considered and Sasria may, in its sole discretion, agree to provide such extended cover against an appropriate and commensurate premium.

8 Exclusions

8.1 Sasria has revised and clarified the list of events, occurrences or causes that are excluded from Sasria cover, and this must be carefully considered together with the revised definitions in the Policy Wordings.

8.2 Revised exclusions include:

8.2.1 Cyber Attack exclusion;

8.2.2 Land Invasion exclusion;

8.2.3 Hijacked / Abandoned Buildings;

8.2.4 Broader nuclear exclusion; and

8.2.5 Prevention of Access.

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