

Electricity Grid Failure Exclusion

Commercial and Personal Lines FAQ

19 January 2023

No.	Applicable to	Question	Answer
1	Commercial Lines and Personal Lines	What is the difference between Electricity Grid Failure and Loadshedding?	<ul style="list-style-type: none">• Electricity Grid Failure is an interruption to or suspension of electricity supply, in any manner and from any source, and for any reason (including damage and any inability and/or failure on the part of the supplier) which affects an entire municipality (including local, district, regional or any other level that is created by law) or province or the country at substantially the same time, including any interruption, power surge or suspension at the reconnection or reinstatement of electricity supply.• Loadshedding is the intentional, total or partial, withholding of electricity supply (from any source) by any party other than the insured implemented in phases which do 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.
2	Commercial Lines and Personal Lines	What does this change mean for new and existing business?	<ul style="list-style-type: none">• The effective date of the change is 1 April 2023.• All existing clients must be given 31 days' notice of this change to be effective 1 April 2023.
3	Commercial Lines and Personal Lines	How will this be communicated to clients?	A letter giving clients 31 days' notice has been included as part of the broker communication. Note: Where brokers issue policies on behalf of Hollard, it is recommended that this letter should be added as a mail merge on the line of business system so that a record is kept for compliance purposes.
4	Commercial Lines and Personal Lines	Will updated policy schedules be available?	Yes, we will be liaising with our preferred system providers for broker issued business and expect this to be executed by 1 April 2023 .
5	Commercial Lines and Personal Lines	Will updated policy wordings be available?	The Commercial Lines and Personal Lines policy wordings are being updated and will be rolled out by 1 March 2023 .

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6	Commercial Lines and Personal Lines	Which wordings will this exclusion be applicable to?	<p>Commercial Lines</p> <ul style="list-style-type: none"> Hollard Business Policy Hollard Agriculture Policy Hollard Landbou Polis Hollard Hospitality & Tourism Policy Hollard Sectional Title Insurance Policy Hollard Commercial Property Assets Policy Hollard My Business and More All Bespoke Wordings - Commercial/Assets All other Commercial policies with co-insurance or which are facultative inwards of nature <p>Personal Lines</p> <p>All Personal Lines wordings and variants thereof.</p>
7	Commercial Lines and Personal Lines	Is Hollard only excluding loss or damage as a result of power failure or failure of all public utilities due to Electricity Grid Failure?	This exclusion also applies to consequential losses in respect of any public utilities that are affected by Electricity Grid Failure, including but not limited to, the disruption of water, telecommunications and sewage systems.
8	Commercial Lines and Personal Lines	What will happen if there is a lack of or no maintenance to the power generating units at a power utility, which then leads to Electricity Grid Failure?	There will be no cover.
9	Commercial Lines and Personal Lines	Could cover for Electricity Grid Failure be purchased at an additional premium or restricted limits be provided?	No, Hollard cannot provide this cover.
10	Commercial Lines and Personal Lines	Is facultative reinsurance (FAC) cover available for Electricity Grid Failure?	No, facultative reinsurance cover is not available in either the local or international markets.
11	Commercial Lines and Personal Lines	Does the burglar alarm warranty still apply during Electricity Grid Failure?	Yes, if noted on the policy schedule to be applicable.
12	Commercial Lines and Personal Lines	Will Hollard cover power surge damage to insured property when electricity is restored following Electricity Grid Failure?	No, there will be no cover.
13	Commercial Lines and Personal Lines	Will Hollard cover power surge damage to insured property when electricity is restored following Loadshedding?	Yes, power surge as a result of Loadshedding will continue to be covered up to the limits provided in the policy and subject to the relevant terms and conditions. Please carefully note the differences between Loadshedding and Electricity Grid Failure.

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14	Commercial Lines and Personal Lines	Does the client benefit from installing a surge protection device?	Yes, if approved surge protection is installed as noted in the relevant policy wording, the applicable excess will not apply. For Commercial Lines, if the policy has a risk requirement to install specific surge protection, this will become a mandatory requirement in order for the client to have power surge cover.
15	Commercial Lines	Does this endorsement now provide cover for Loadshedding where previously not available?	No, where cover was not provided for Loadshedding, this will remain unchanged.
16	Commercial Lines	Will the insured be able to claim from the Business Interruption section of their policy if Electricity Grid Failure was due to a fire (as defined in their policy wording) at the premises of the public utility?	No, there will be no cover.
17	Commercial Lines	Can the insured claim under the Prevention of Access clause in the instance of Electricity Grid Failure?	No, there will be no cover.
18	Commercial Lines	What if a customer or supplier of the insured suffers a loss due to Electricity Grid Failure which causes a reduction in income to our insured – will they be able to claim for this?	No, there will be no cover.
19	Commercial Lines	If customers stopped supporting the insured's business due to Electricity Grid Failure, will that be covered?	No, there will be no cover, this is a trade risk.