

Dear Valued Partner,

The past year has seen unprecedented levels of loadshedding due to unexpected breakdowns and planned maintenance at Eskom to prevent the failure of the larger electricity grid. This has led to pressure from the reinsurance market to limit our exposure to claims arising from the failure of Public Utilities and Public Telecommunications resulting from any cause.

In light of the above, we are clarifying our cover regarding the explicit exclusion of a general Electricity Grid Failure on our policy, as well as limitations to cover provided under the Fridge and Freezer Contents extension under the Contents section.

National Grid Failure

The following is a *new exclusion* applicable under the **GENERAL EXCLUSIONS** section of the policy:

We will not be liable for:

vii. any loss, damage, legal liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of, in connection with a national, regional, municipal, and/or local interruption, failure or suspension of the electricity grid of South Africa for whatsoever reason, whether due to damage, an inability and/or failure, partial or total, of the utility supplier to generate, transmit or distribute electricity, or otherwise.

Fridge and Freezer Contents

The following *updated cover and wording* is applicable under the Contents section:

We cover accidental spoiling of the contents of your refrigerators or freezers inside your private residence and outbuildings caused by a change in temperature. Our compensation is limited to the amount shown in your policy summary. However, we do not cover the following:

- a. spoiling caused by someone adjusting the temperature control;*
- b. damage to the refrigerators or freezers caused by spoiling of food or other contents;*
- c. spoiling due to load-shedding, or electrical grid failure, of a power-supply authority on a national, regional, municipal, local and/or private level;*



EchelonPCI



@echelonpci



@Echelon Private Client Insurance



www.echelonpci.co.za



JHB 011 023 2214

CPT 021 657 1100

DBN 011 023 2219

Physical/ Postal Address: 3rd Floor, Sunclare Building, 21 Dreyer Street, Claremont, 7700

d. spoiling as a result of non-payment or non-purchase of power or any type of fuel

What is the effective date of these changes?

- New Business - Effective immediately
- Existing Business - On the renewal date effective from 1 April 2023

Will the updated policy wording be provided on renewal of the policy?

- Yes, effective from 1 April 2023.

What is the difference between Loadshedding and Electricity Grid Failure?

- **Loadshedding** refers to the intentional, partial, or total withholding of electricity supply by any party other than the insured, which is implemented in phases and does not affect a municipality, province or country at the same time.
- **Electricity Grid Failure/Interruption** refers to a partial or total interruption, interference, suspension, blackout, and/or failure of the electricity supply from the national, regional, or private grid to the electricity grid of South Africa.

Will clients be covered for loss or damage when electricity is restored after loadshedding?

- Yes, Echelon clients will still enjoy cover up the maximum indemnity (full sum insured) noted in the policy schedule.

What happens if the client had surge protection installed at the premises but still has a power surge claim?

- The basic excess will be waived if the client had the approved surge protection (minimum of 40kA) installed.

If a client has loadshedding and power is not restored when it was supposed to, and this causes the contents of the fridge/freezer to spoil, would this be covered?

- Yes, as the cause of loss is failure to restore electricity, not scheduled loadshedding.

Would a fault or problem at a sub-station e.g. fire, be included under the 'grid failure' exclusion?

- An electrical grid is an interconnected network designed to deliver electricity from producers to consumers. A sub-station fire generally would not arise from or be the cause a failure of the grid at a local, municipal, regional, or national level. If this grid fails, whatever the cause, there is no cover.

If there is no electricity due to theft of cables and this causes spoiling of food, would there be cover?

- Yes, there will be cover.



EchelonPCI



@echelonpci



@Echelon Private Client Insurance



www.echelonpci.co.za



JHB 011 023 2214

CPT 021 657 1100

DBN 011 023 2219

Physical/ Postal Address: 3rd Floor, Sunclare Building, 21 Dreyer Street, Claremont, 7700