



CEO of the Tourism Business Council of South Africa Tshifhiwa Tshivhengwa. Picture: Bongani Shilubane/African News Agency (ANA)

Tourism industry faces collapse as insurance companies refuse to pay Covid-19 claims

By Marvin Charles  22h ago



Cape Town - The South African tourism and hospitality sector is facing collapse because insurance companies refuse to pay them for losses related to the Covid-19 lockdown, even though they're insured against "business interruption".

According to Insurance Claims Africa (ICA) chief executive Ryan Woolley, rejected claims are affecting the tourism industry and hospitality sector, with hundreds saying they should be covered under "business interruption".

"These businesses all bought pricey business interruption insurance policies - that included extensions for claims arising from infectious diseases or contagious notifiable diseases - from Santam and a number of other insurers. Covid-19 qualifies as a declared notifiable disease, yet insurers are either rejecting the claims, or frustrating the process by making it near impossible to claim," Woolley said.

The tourism and hospitality sector sustains over 740000 direct and 1.5million indirect jobs, and contributes 8.6% to GDP. It is also the lifeblood for many micro and small enterprises, creating mass employment opportunities across the country. The sector has been out of business since March, when the national lockdown started.

Last week it emerged that Santam has rejected a business interruption settlement proposal, from more than 400 tourism and hospitality operators, relating to the Covid-19 pandemic.

Santam has denied it.

Santam spokesperson Thabo Mabaso said: What we are seeing is that a number of our policyholders were forced to close their businesses at the start of the national lockdown. The national lockdown is not covered by our policies, so they would not be able to make a successful claim. It is a requirement, in terms of the policy, that the business is directly affected by a case of Covid-19. For example, if a policyholder ran a hotel and one of their workers or guests became infected with Covid-19, forcing them to close their operations, then they would have a claim for as long as it took them to clean their premises and return to operations. Santam is currently processing a number of Covid-19-related business interruption claims and we are committed to quickly paying all valid claims that meet the definition of loss described in our policies."

Tourism Business Council of South Africa (TBCSA) chief executive Tshifhiwa Tshivhengwa said: "It's a huge problem and what makes it massive is that they have business interruption insurance, so that they are compensated for their loss. Many insurance companies are hiding behind this lockdown and are refusing to pay. We have to deal with this issue even if we have to go to court. We are talking about thousands of businesses."

Chief executive of the Federated Hospitality Association of Southern Africa (Fedhasa) Lee Zama said the rejection by insurers of Covid-19-related business interruption insurance claims of the hospitality industry will directly contribute to further job losses in the sector, worst hit by the pandemic.

"Many of our members took out expensive business interruption insurance policies, with specific extensions to cover notifiable and infectious diseases. They have been paying their premiums and, when the pandemic hit, believed that these policy payouts would be the much-needed lifeline they had planned for, only to discover their insurers walked away from their legal obligations," Zama said.

OUTsurance head of client relations Natasha Kawulesar said they have settled 84 claims in the hospitality and tourism sector.

"Based on the current payments, the average payment is just above R400000. Most of our claims have been from the hospitality industry. We started paying claims in April for March losses and by late April - where clients had not claimed and had the appropriate cover - we started calling them to help submit claims. We have reserved R220million for the payment of business interruption extended cover claims. We have settled 135 claims and paid out R37million thus far," she said.

Chief executive of the Ombudsman for Short-Term Insurance, Edite Teixeira-Mckinon said they have received a number of complaints.

“Around 200, from the lockdown up until now. We register around 900 complaints per month. From the complaints so far, these claims were rejected because the policies do not cover infectious or contagious diseases and, in other claims, because specific requirements for cover have not been met, according to insurers,” she said.

[@MarvinCharles17](#)

marvin.charles@inl.co.za

Cape Argus

COVID-19

SHARE THIS ARTICLE:



Search IOL



TRENDING ON IOL

#CORONAVIRUS #SUPPLEMENTARYBUDGET #DONTLOOKAWAY

Related Articles



SA tourism industry hoping for early phased restart



Financial relief for SA tour guides hard hit during lockdown



'Unlike make due t



START TRADING BITCOIN WITH A REGULATED BROKER.

[Learn more](#)

VICI

PROMOTED Vici Marketing | marketingvici.com

Book free 1-on-1 training on how to trade Bitcoin

With R3000 and learn how you can profit from trading the world's most famous cryptocurrency. Start now

Recommended

by Newsroom AI



IOL.CO.ZA

Cirque du Soleil files for bankruptcy



IOL.CO.ZA

Menzi Ngubane still not healthy enough to start filming 'The Queen'



IOL.CO.ZA

Sasol's asset sale program advances with bids due for pipeline



IOL.CO.ZA

RECIPE: Creamy celery root soup with tahini



IOL.CO.ZA

The ANC will continue to support the establishment of a viable Palestinian state



IOL.CO.ZA

Maxhosa set to open new store in Cape Town

Most Read

Editors Choice

73 more deaths take Covid-19 fatalities over 2500, infections rise past 144 000

Fight on tobacco ban turns into blame game after judgment

'Golden State Killer' suspect pleads guilty to 13 murders, admits dozens of rapes

There's no need to employ extra teachers, says Angie Motshekga

Decision to operate at 100% capacity despite Covid-19 restrictions attempted mass murder, says EFF

SECTIONS ON IOL

[News](#) [Tech](#) [Business Report](#) [Entertainment](#) [Lifestyle](#) [Sport](#) [Motoring](#) [Travel](#)
[Personal Finance](#) [Multimedia](#)

FOLLOW IOL



MORE ON IOL

[About IOL](#) [Contact Us](#) [Weather](#) [IOL Mobile App FAQ](#) [Advertise with us](#) [Feedback](#)
[Complaints Procedure](#)

LEGAL

[Press Code](#) [Privacy Policy](#) [Terms & Conditions](#)

TRENDING ON IOL

[#CoronaVirus](#) [#SupplementaryBudget](#) [#dontlookaway](#)

[NEWSLETTER SUBSCRIBE](#)

NEWSPAPERS

[The Star](#) [Cape Argus](#) [Weekend Argus](#) [Daily News](#) [Cape Times](#) [The Mercury](#)
[Pretoria News](#) [Saturday Star](#) [The Independent on Saturday](#) [Sunday Tribune](#)
[Sunday Independent](#) [The Post](#) [Daily Voice](#) [Isolezwe](#)

© 2020 Independent Online and affiliated companies. All rights reserved

Please visit the official Government information portal for Coronavirus by clicking [HERE](#)