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Tourism sector continues to crumble under lockdown

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Image: SABC News

Hotel and lodge owners have turned to the insurance industry for some relief but they're finding that claims they consider to be legitimate, are being declined.

The Tourism and Hospitality sector has not been spared from the jobs bloodbath seen in the country. According to Tourism Recovery South Africa – more than one million jobs are in jeopardy in the sector and more than 600 000 people are currently facing retrenchment.

Many hotels, lodges and B&B's in the country are on the brink of closure.

The extended lockdown, now into its fifth month, has been hard on the travel and Tourism sector. The restrictions on interprovincial travel has dented recovery plans. This has been exacerbated by the continued closure of the country's borders as a result of the deadly coronavirus that's already claimed more than 10 000 lives in South Africa. It's meant no revenue for the sector from international travellers.

Hotel and lodge owners have turned to the insurance industry for some relief but they're finding that claims they consider to be legitimate, are being declined. They say, this is despite them meeting the relevant criteria for such payouts.

Below the Tourism Minister briefs the media on Level 3 COVID-19 rules:

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William van der Riet is the owner of the Cathedral Peak Hotel, located in the KwaZulu-Natal Drakensburg mountains.

The establishment employs 200 people from surrounding rural communities, who've been left without an income. He says without his insurance payout – many jobs will be lost leaving families destitute.

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"Insurance companies are refusing to pay even though we qualify in every aspect of the claim. We should be getting relief from the insurance company. They have not come to the party, our business is now closed for over 3 months and there is no sign of it re-opening. Businesses have overheads, it's not a bottomless pit, money has run out. We have 200 staff relying on us, UIF has not come through for June. Our staff are stressed, we are stressing, it's a very tough situation," says Van Der Riet.

The company in question declined an interview with SABC News.

The Managing Executive at Guardrisk Insurance, Richard Eales, sent a voicenote saying that they're trying to assist businesses in distress.

"Guardrisk has been exploring avenues to provide support to businesses in both the tourism and hospitality sector. We are continuing this process to implement measures of support and we will communicate this to our policy holders as soon as possible," says Eales.

Other small establishments have experienced similar challenges with other companies and now face shutdown.

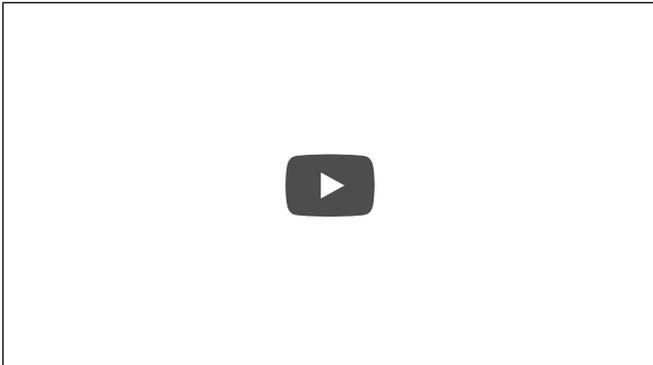
Spokesperson for the Insurance Ombudsman, Peter Nkhuna, says they've received hundreds of complaints since the lockdown, specifically from the travel and tourism sector.

The Ombud provides dispute resolution between clients and insurance companies. Nkhuna says that while the Ombud can intervene in reported cases, there's uncertainty on how COVID-19 should be applied to existing policies.

"We have been receiving a lot of complaints around COVID related disputes. Sometimes people misunderstand their policies in terms of what is covered. Likewise, you even find the insurance companies not applying their own policies. If there is a disputed aspect of a claim, our office is available to be approached for an investigation into that. Due to the uniqueness of COVID-19, some of the implications may have never been anticipated when the policies were drawn up. Because of that anomaly as well, it creates, additional complexities," says Nkhuna.

The Insurance Ombudsman can be reached on 011 726-8900 or email info@osti.co.za.

In the video below, Unathi Sonwabile Henama discusses tourism restrictions:



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