



MoneyTalk

Insurance Firms warn on Blackout Cover

Insurance-policy holders should check the fine print to see whether they are covered for losses during "load shedding", insurance companies advised on Wednesday.

Caroline da Silva, head of portfolio management at Santam, said: "We encourage policyholders to contact their insurance brokers if they are unclear about their exact cover."

She said alarm systems that did not respond to a burglary because of power failure would not affect the claim, as long as the system was in working order before the failure.

She said the general rule of whether businesses or consumers would be covered as a result of electricity blackouts was whether the interruption was caused by damage as a result of a specific peril named in the policy, such as fire, lightning or impact.

"The recent power cuts have not been due to a peril, but the result of load shedding, a deliberate withholding of power from certain areas for short periods of time to prevent system overload."

Santam's personal and business policies do not cover situations where power is deliberately withheld by the provider or where the interruption is a result of utilities being unable to supply sufficient power - in the case of intentional power cuts like load-shedding.

Buying extra cover

"This therefore may impact on how insurers respond to, for example, loss of goods from freezers. These are not covered in the event of deliberate withdrawal.

"However, if the client has purchased accidental damage cover and a fridge or freezer is damaged as a result of a power surge or spike then the damage to the unit will be covered," she said.

Computers also will be covered for power surges, if the client has bought "all risks" cover for electronic equipment.

In addition, pool pumps and gate motors that burn out as a result of a surge will be covered if the client has specifically taken out "optional accidental insurance" for these items.

For businesses that are really reliant on power supply, cover is available, called "public utilities cover", which extends the cover beyond specific perils like lightning and fire, to mechanical and

electrical breakdown which results in the interruption of power supply.

Exclude deliberate withdrawal of power

However, when the loss is as a result of mechanical or electrical breakdown at the supplier, cover only kicks in once the power is down for 24 hours or more and some policies may even specify 72 hours of interruption before they will pay out.

These policies also exclude deliberate withdrawal of power by the supplier so load shedding would not be covered.

Outsurance communications manager Trevor Devitt urged homeowners to service their burglar alarm batteries so that they could cope with interruptions of up to eight hours.

When assessing a claim they decided whether the incident was beyond the policy-holder's control and whether they were already "regular alarm users" by activating their alarms whenever they went out, or at night.

The latter is ascertained by checking with the alarm company for frequency of use.

He said there was no specific cover for power outages, but "perils" cover could compensate for damage to equipment during the power surges associated with load shedding.

Surge protectors

He said the company probably would not pay for food spoilt in freezers because "unless it's sushi", a freezer can maintain its temperature for at least 24 hours.

He said homeowners must also take steps to protect their property as though it were not insured.

This could include buying a chain and bolted lock for the garage doors when they cannot close and surge protectors for equipment.

Da Silva said surge-protection products could protect computers, pool pumps and gate motors and reduce the risk of burnout.

She advised not opening and closing the fridge when the power was off as it helped keep the contents cooler for longer; and, if buying a generator, to have it fitted by a qualified technician.

A SAPA article dated 06/02/2007.

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20 February 2008

