

SANTAM LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number: 1918/001680/06  
JSE Share Code: SNT & ISIN: ZAE000093779  
NSX share code: SNM  
("Santam" or the "Company" or the "Group")

### **Update on contingent business interruption claims**

Santam will commence the process for assessing claims for policies with contingent business interruption (CBI) extensions. The claims assessment process will specifically apply to policies impacted by the recent judgment in the Western Cape High Court in the case between Santam and Ma-Afrika Hotels (Pty) Ltd and Stellenbosch Kitchen (Pty) Ltd ("the Ma-Afrika judgment") and the judgment of the Supreme Court of Appeal ("SCA") in *Café Chameleon v Guardrisk Limited*. In line with the court rulings, this applies to Santam policies written by its Hospitality and Leisure Division (H&L).

The Ma-Afrika judgment resolved that there is cover for business interruption losses caused by Covid-19 itself and generally by the national lockdown and related restrictions imposed by government in response to the pandemic, provided that there was an occurrence of Covid-19 within the designated radius of the insured premises. The SCA decision in the *Cafe Chameleon* matter confirmed that approach.

Following the Ma-Afrika judgment, Santam increased its net CBI claims provision by R1.7 billion in addition to the R1.3 billion that was raised in June 2020. (refer to Santam's JSE Limited Stock Exchange News Service ("SENS") announcement "Ma-Afrika Western Cape High Court Judgment" released on 20 November 2020). The increase in the provision was mainly due to the Ma-Afrika judgment in favour of the policyholders and the court's different view regarding the indemnity period applicable to the CBI extension. Santam's view is that the indemnity period is limited to three months. The court, however, found that the indemnity period is eighteen months in this particular matter.

Santam respects the decision of the courts and believes that the recent judgments are sufficient to provide legal certainty in terms of the proximate cause of business interruption losses for policies with the same conditions, characteristics and circumstances to the Ma-Afrika and *Café Chameleon* judgments. The Company will however continue with its application for leave to appeal the Ma-Afrika judgment at the SCA specifically regarding the indemnity period.

In August 2020, Santam paid R1-billion of the R1.3 billion CBI provision raised in June 2020 in interim relief to small and medium-sized businesses in hospitality, leisure and non-essential retail services that have CBI cover in the policies. As previously communicated, the amounts paid as part of the relief to insured businesses will be offset against valid claims arising from the assessment process.

The recent *Café Chameleon* SCA judgment, does not have a significant impact on Santam's net CBI provision.

The potential outcome of an appeal against the Ma-Afrika judgment relating to the indemnity period and the extent of Santam's reinsurance recoveries may still impact Santam's assessment of the estimated net CBI claims. This could result in significantly higher or lower actual claims.

The financial information included in this announcement has not been reviewed or reported on by Santam's external auditors.

4 January 2021

Sponsor: Investec Bank Limited