

Fedhasa urges insurers to 'do the right thing' as the hospitality industry continues to bleed

Fedhasa has condemned Santam's decision to appeal the decision by the Western Cape High Court requiring the insurer to pay full Business Interruption losses to the plaintiff, Ma-Afrika Hotels.



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Insurers' refusal to settle Business Interruption insurance claims for losses incurred by the hospitality sector has left owners and operators of accommodation establishments and restaurants reeling and further forced many businesses to retrench staff or close down.

Their decision to appeal indicates that insurers had no intention to settle claims even once their stated requirement for legal certainty had been obtained.

Mitigating Covid-19 impact

It also further delays the outcome at a time when the tourism and hospitality sector remains massively impacted by the lasting impact of the Covid-19 lockdown on travel.

"The hospitality sector is unlikely to forget the mistreatment it has endured from the insurance industry, aside from a few

exceptions, when it is precisely for this kind of event that we faithfully pay our expensive Business Interruption insurance extension premiums in the first place," says Rosemary Anderson, Fedhasa chairperson.

"When the pandemic hit, our members believed that these policy payouts would be the much-needed lifeline they had planned for, only to discover that their insurers walked away from their legal obligations.

"In addition to failing to provide business interruption cover, insurers have subjected their hospitality customers to months of delay tactics, making them re-submit information repeatedly, some of it wholly unreasonable, only to revert with a blanket refusal to pay. And now this – legal certainty has been provided and yet they continue to delay."

Stemming sector losses

Fedhasa believes the insurance sector failed in its duty to treat customers fairly, contributing directly to further job losses in the sector that was worst hit by the pandemic.

"Covid has wreaked havoc in the hospitality industry, with hundreds of businesses and jobs lost. Although borders have been reopened and travel to South Africa and within South Africa is allowed, it would be naïve to believe that it's back to business as usual for our hospitality businesses.

"As many of our source markets remain closed to international travel, and with UIF TERS ending on 15 October, the payment of these claims would have had the ability to save jobs and livelihoods. We are acutely aware that if businesses are no longer in business their claim lapses."

According to Anderson, these delay tactics are unacceptable. She concludes: "Fedhasa urges insurers to do the right thing and stem the devastating losses the hospitality sector will still incur as it gets back on its feet, by paying what is rightfully due."

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