

LOL – Lots of Load Shedding

By Indira Iyer

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LOL used to be the social media acronym for laugh out loud; these days it could more aptly be the acronym for Lots of Load shedding.

Previous Eskom Chief Executive Brian Dames advised that most power stations are in mid-life and require increased maintenance; however maintenance has been continually postponed in order to ensure demands are met. “The strategy of shifting maintenance outages can no longer be sustained”, he advised. Thus it now appears that load shedding will be with us for a considerable time, so the inevitable question is “how does this affect our client’s insurance policies?”

Dawie Buys, Manager Insurance Risks at SAIA, recently pointed out that although most domestic policies are subject to a burglar alarm warranty, insurers have the consumer’s interest at heart and understand the effect load shedding has on the operational ability of alarm systems. They are committed to the fair treatment of their customers and they will assess each claim individually on merit, taking all circumstances into account. He added that some SAIA members have already publicly declared that they will deal with such claims sympathetically and will look for reasons to pay rather than reject these claims.

There has been an increase in insurance claims as a result of damage apparently caused by load shedding, in particular:

1. Personal consumers/domestic (electronics/ appliances)
2. Business (machinery).

It appears that insurers have taken their various stances on the matter.

Brokers should make it clear to clients that “Load shedding is not fortuitous, sudden or unforeseen. It is a planned intervention by Eskom”. The public is aware of the problems that Eskom is currently experiencing and the additional risks it consequently imposes on their property. Load shedding schedules have been made public through various platforms. The media coverage regarding load shedding is also in the public domain. At this stage of load shedding, clients should be made aware of the measures which can be taken to prevent or reduce claims against their Insurance policies. These include:-

1. Ensure that all back up batteries for alarm systems and gates are in order.
2. If possible, inform alarm companies of load shedding schedules, and request for more frequent patrols.
3. If practical, unplug all appliances while waiting for power to be restored, to avoid surge damage.
4. Improve manual security, such as doors, burglar bars and guards. Always have some form of emergency lighting available , like a torch or solar powered light, when arriving home in the dark.
5. Make every effort to ensure cell phones are always fully charged when power is available.

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6. During load shedding it is possible that hijackers and “smash and grab” criminals will seize an opportunity; therefore be attentive and raise levels of awareness.
7. When possible, plan routes in advance to avoid possible crime hot spots.
8. Installation of surge protectors to prevent power surge damage.
9. Keep refrigerator and freezer doors closed to minimize spoilage.

Consumers are often unaware of what their insurance cover includes or excludes. Therefore Intermediaries/brokers need to become more proactive in the education of their clients. When policies are issued or renewed, it is important to ensure that clients are adequately covered for the load shedding risks affecting them.

Clients should be advised of the benefits of electing additional accidental insurance cover.

Load shedding unfortunately is going to be reality for years to come. We should all start planning for the future.

References: FA News Editor (27 January 2015)