

15 April 2020

Momentum Short-term Insurance provides premium rebate – an automatic 10% PLUS cash of up to six months' worth of premiums

(MSTI also announces support for service providers)

Momentum Short-term Insurance (MSTI) realises that clients are less exposed to vehicle accident risk during the national lockdown as a result of the Covid-19 pandemic and have therefore implemented additional measures to provide financial relief. "We acknowledge that the lockdown would mean a decrease in vehicle claims and that we will see a staggered approach for people returning to work post lockdown, which may also impact claims frequency. Our commitment in assisting our clients and service providers during this challenging time remains constant and stands firm," says Brand Pretorius, CEO of Momentum's short-term insurance businesses.

Support for clients:

"We are adding an additional relief measure in the form of an automatic 10% premium rebate to all clients for their vehicle insurance premiums that are due in May and June," says Pretorius.

This is in addition to our plans outlined on 27 March, providing clients with a once-off opportunity between 1 April and 30 June 2020, to choose to receive an early payment for a portion of their accumulated Rewarder benefit (no claims bonus) and/or their Safety Bonus.

This means that a combined R26 million in future bonuses that would have paid out over the next four years, is available immediately to help lessen the financial burden that clients may experience. Clients who are eligible for this benefit may typically be able to cover two months, and for some as much as six months, worth of insurance premiums.

In addition, we also confirm the following relief measures for clients:

- All clients have a 'premium and cover pause' option. Upon reinstatement of the premium following the pause, MSTI will not deem the period as a break in cover, which otherwise might impact the clients' risk profile and future premiums.
- An alternative 'downscale of cover' option is also available. We understand that clients may be under strain financially and may find it difficult to afford an increase in premium once they change the cover back to comprehensive cover. In light of this, we have undertaken the following; if this change is done within the lockdown period and reverting to the original cover happens within 10 working days after the lifting of the lockdown restriction, we will keep premiums the same as what it was before the change, provided that there is no material change in the risk.



short-term insurance

We believe that quality financial advice is now more important than ever, and as such, we encourage all our clients who want to make use of these options to consult with their financial adviser to consider their individual circumstances.

Support for service providers:

“We understand that our long-term success is also dependent on the ability of our suppliers, who often act as an extension of our business, to weather the storm. We appreciate that they are equally impacted by the COVID-19 pandemic and that liquidity is critical to them, in particular the motor body repairers,” says Pretorius.

In response, we have:

- Suspended all volume-based discounts that we receive from motor body repairers for a period of three months.
- Implemented an upfront invoice payment measure to assist specific suppliers, whereby MSTI will immediately make available 50% of the initial assessment costs upon proof that the vehicle is in their workshop and parts have been ordered.
- We have also doubled our resources responsible for making service provider payments, and payments are made immediately versus the typical industry 30-day payment cycle.

Clients from recently acquired Alexander Forbes Insurance (AFI), owned by Momentum Metropolitan Holdings, will also enjoy premium relief for May and June, with similar support initiatives taken in respect of their service providers.

“This pandemic will be a defining moment for the insurance industry, as we continue to balance the expectations and interests of our clients, our financial advisers, our suppliers and our employees. Clients must have the peace of mind that our products and services will respond – as promised. How we react now will influence consumer trust in our business, but also in our industry for a very long time,” Pretorius concludes.

Ends