



# The Liability Company.

LIABILITY MATTERS

An Authorised Financial Service Provider – FSP 50828  
Company reg 2015/368135/07

1 February 2024

## **Motorsport South Africa NPC – Certificate of Insurance Coverage for the period 1 January 2024 to 31 December 2024**

This letter serves to confirm that Broadform Liability Insurance coverage has been placed with The Liability Company (Pty) Ltd (FSP 50828) on behalf of Mutual and Federal Risk Financing Limited (FSP49551) and Old Mutual Insure Limited (FSP 12) as per the attached schedule of insurances.

We have also attached an explanation of how this insurance policy functions. A full copy of the policy document is available on request from Motorsport South Africa.

Yours sincerely,

Simon Colman  
CEO

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#### The Liability Company

35 Oxford Office Park, 3 Bauhinia Street, Highveld Techno Park, Centurion. PO Box 17541, Lyttleton, Pretoria, Gauteng, 0140

#### Our Risk Carriers

All our policies are underwritten by Old Mutual Insure Limited (FSP12) and Mutual & Federal Risk Financing Limited (FSP 49551) on a co-insurance basis. Both OMI and MFRF are authorised financial services providers of short term insurance products

#### Contact Us

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## BROADFORM LIABILITY

### Schedule of Insurances

<b>POLICY NUMBER:</b>	<b>BL24000144</b>
<b>INSURED:</b>	<b>Motorsport South Africa NPC</b>
<b>NATURE OF BUSINESS:</b>	National Motorsport Federation and governing body of motorsport in South Africa, event organisers, managers and administrators of motor sport related activities.

Description of Cover:	Limit of Indemnity: (Excl. VAT)	Basis:
<b>General Public Liability</b>	R 50 000 000	Each and Every Loss
<b>Pollution Liability</b>	R 5 000 000	Annual Aggregate
<b>Products Liability</b> (Including Defective Workmanship)	R 50 000 000	Annual Aggregate
<b>Gratuitous Negligent Advice</b>	Not included	N/A

#### Deductibles:

<b>General Public Liability</b>	R 25 000	Each and Every Loss
<b>Pollution Liability</b>	R 100 000	Each and Every Loss
<b>Products Liability</b> (Including Defective Workmanship)	R 25 000	Each and Every Loss
<b>Negligent Advice</b>	Nil	N/A

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## Extensions:

(Included in the main Limit of Indemnity and not in addition thereto)

Cover Description	Limit of Indemnity (Excl. VAT)	Basis	Deductible (Each and Every Loss)
<b>Advertising Liability</b>	R2 500 000	Annual Aggregate	Nil
<b>Claims Preparation Costs</b>	R 1 000 000	Annual Aggregate	Nil
<b>Contractor's Liability</b>	Not included	N/A	Nil
<b>Care Custody and Control</b>	R 5 000 000	Annual Aggregate	R 25 000
<b>Defamation</b>	R 2 500 000	Annual Aggregate	Nil
<b>Employer's Liability</b>	R 50 000 000	Each and Every Loss	Nil
<b>Excess Motor Liability</b>	R 45 000 000	In excess of underlying R 5 000 000 primary	Nil
<b>Exhibitor's Liability</b>	Not included	N/A	Nil
<b>Incidental Medical Malpractice</b>	R 2 000 000	Annual Aggregate	Nil
<b>Lateral Support</b>	Not included	N/A	Nil
<b>Pure Economic Loss</b>	Not included	N/A	Nil
<b>Southern African Territories</b>	Not included	N/A	Nil
<b>Spread of Fire</b>	R 25 000 000	Annual Aggregate	R 100 000
<b>Statutory Defence Costs</b>	R 2 500 000	Annual Aggregate	Nil
<b>Warehouseman's and Carriers</b>	Not included	N/A	Nil
<b>Wrongful Arrest</b>	R 2 500 000	Annual Aggregate	Nil

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## Broadform Liability Summary and Explanation of Cover

*Disclaimer: This summary is intended to summarise and highlight aspects of the insured's policy and is not a substitute of the policy schedule or policy wording. Please consult the wording for full details of all terms, conditions, and exclusions.*

A broad-form liability policy has been procured by Motorsport South Africa (MSA) with coverage that can extend to all members of MSA as defined in the Memorandum of Incorporation as well as employees and officials and Board members of MSA. *Note that MSA members must have written confirmation from MSA that coverage has been extended to cover their specific events.*

The purpose of this document is to provide a plain language explanation of the coverage. This document may be shared with other parties who are entering into contractual relationships with MSA and its affiliates.

### **1. What is a broad-form liability policy?**

Liability policies are insurance policies that respond when a third party alleges that The Insured is legally liable to pay them compensation due to causing some kind of property damage or bodily injury.

### **2. Who or what is The Insured?**

That would be MSA and their members. The members that have been recognized as members in line with MSA's Memorandum of Incorporation including employees, officials and Board Members

### **3. Who or what are the third parties? These would include:**

- Property owners who agree to allow The Insured to use their land during events.
- Spectators at events.
- Participants in events.
- Basically, any person or organisation other than MSA and their members (as they are The Insureds in the policy).

### **4. What do we mean by legal liability?**

In the context of the liability insurance policy, we deal primarily with negligence.

Negligence could be summed up as follows:

- Someone had a responsibility to act with due care, which is reasonably expected.
- They didn't act with such reasonable care.
- Their actions caused someone else harm.
- The harm led to actual loss or damage.

It is important to note that it is generally up to the third party to prove that they suffered a loss because of the negligence of The Insured. This could involve approaching and obtaining an order from a court in South Africa.

### **5. What does the insurance policy do when there is an allegation that The Insured is legally liable?**

- The core purpose of a liability policy is to defend The Insured. This means that the coverage of legal defence costs is a critical part of the policy response.
- As soon as it becomes evident that there is an allegation of legal liability (that could be when a letter of demand or a court summons arrives), then the claims investigation and legal defence process begins. Of course that can only happen if The Insured notifies the Insurers – and that's important to do as soon as possible.

### **6. How does the policy cover third party compensation? This could happen either:**

- when during the claim's investigation or defence process it becomes evident that The Insured is legally liable, and the Insurers may then opt to offer a settlement to the third party on behalf of The Insured.  
or
- when the claim proceeds to trial in court and a Judge rules that The Insured is liable.

## **7. What can't the policy do?**

Liability policies aren't like property insurance policies or all risks policies and as such they don't just pay out when there is an alleged loss. This is a very important distinction that must be made. People or businesses buy liability policies to protect themselves against the impact of unexpected litigation. They do of course also cover damages, but they don't pay out before liability has been established.

## **8. What sort of incidents could result in a liability claim?** It could be alleged that MSA or its affiliates have been negligent in providing a safe environment for a race. Injuries or damage suffered because of this negligence could trigger a liability claim.

- Fires and damage to third party property are common exposures in high-risk environments.
- Injuries to spectators or damage to their property.

## **9. How long do claims take to be resolved?** Liability claims can take a while to be resolved for a couple of reasons:

- Someone who has suffered a loss, generally has three years from the date they became aware of it, to hold The Insured liable. We call this three-year period, the "prescription period". That means an incident could happen and only when the third party decides to proceed with the recovery of their loss or damages, does the liability claims process begin.
- If the insurers believe that The Insured is not liable and the matter proceeds to court, the legal process could take quite some time, depending on the backlog in the judicial system, amongst other factors.

## **10. What about damage to vehicles and participants during races:**

- Damage to vehicles taking part in races is an exclusion in the policy. Participants are responsible for their own vehicle insurance. The same would apply to injuries to participants although it may be possible that the Road Accident Fund could be called upon to respond to bodily injury claims.

## **11. Recommendations:**

- Representatives of MSA and their members should make it clear to third parties whom they are contracting with, and that MSA's policy operates as mentioned and is not a property insurance policy.
- Property owners who are contemplating contracting with MSA and their members should be encouraged to advise their own property insurers that they are considering allowing a race on the property.
  - o This will allow those insurers the opportunity to consider any increased exposure to fire or other damage.
  - o This will also allow those insurers to provide input on risk management.

It should be noted that if the property insurers pay out a claim, they may then have the right to recover their losses from MSA's insurers under the liability policy if they feel MSA is legally liable for the damage, in which case the policy may or may not respond, as explained above.