

COVID-19 Lockdown questions and answers

Questions about the lockdown

Q: What is a lockdown?

A lockdown is an emergency protocol that requires South Africans to stay at home except for essential purposes. Grocery stores, pharmacies, banks and other essential services will remain open. A full national lockdown commenced on Thursday 26 March 2020 at 23h59 and will last for 21 days. The lockdown is aimed at containing the spread of the COVID-19 outbreak.

Q: For what reasons may I exit my house?

You may only leave your house for performing an essential service, obtaining an essential good or service for example shopping for food, medicine or fuel or to access banking services. You may also collect a social grant or seek emergency, life-saving, or chronic medical attention. This should however be limited to avoid contact with others. Funerals can also be attended, but not by more than 50 people and night vigils are forbidden.

Q: Will you be able to order take-aways?

Unfortunately, restaurants, pubs and fast food outlets are not deemed to be essential services and will not remain open. Delivery services such as Mr D and Uber Eats will also be closed during the lockdown.

Q: Will I be able to purchase cigarettes and alcohol during the lockdown?

Unfortunately, the sale and transport of alcohol during the lockdown is prohibited. Cigarettes were also not classified as essential goods and shops will therefore not be allowed to sell them.

Q: Can I go outside for a fitness run or walk with my dogs?

No. After initially allowing this, the decision was changed. You are only allowed to exercise or walk on your own premises.

Q. Can I take my pet to the vet?

Yes, essential animal welfare and emergency veterinary services are part of essential services.

Q. Can I host a play date for my child or invite one or two friends over?

No socialising of any kind will be allowed.

Q: Does the lockdown give me a legitimate reason to exit a contract I have in place and which obliges me to, for example, pay rent or deliver a product?

You can only be excused from the terms of a legal contract if this constitutes *force majeure* (an Act of God). There are specific circumstances and criteria that need to be met for *force majeure* to be relied on to suspend obligations under a contract. Be careful not to simply rely on *force majeure* to escape from contractual obligations as this could result in specific performance or damages claims being brought against you.

Q: What does the lockdown mean for my interactions with PSG?

PSG will continue to operate and service the needs of our clients. The provision of stockbroking, fund management and insurance services is categorised as an essential service. As a lockdown of this nature is uncharted territory – not only for us, but for the industry as a whole – we ask you to bear with us during this time. Our advisers and their support staff aim to maintain our service levels during this lockdown, but also note that we do not know what the impact of our third-party providers, who might be in lockdown, will be on our service delivery. We however ask that our clients do not visit our offices or engage with our advisers on a face-to-face basis. The health of our clients and employees remain paramount. We remain fully contactable via all our electronic and telephonic channels.

Q: How will I be able to prove that I am providing essential services?

CEOs must determine the essential services to be performed by their institution and the essential staff who will perform those services. The CEO must issue a letter to these employees in line with the requirements of the regulations. Requirements are extensive beyond the employee's name, ID number and the physical address of the institution. We suggest you seek guidance from the original regulations or your own employee management. All essential staff must always carry identification with them.

Q: What if I am not home now, but away on leave? Should I stay where I am and try get home during lockdown?

The only hotels that will remain open are those dedicated to serve as quarantine centres. Everyone was urged to get home before lockdown. Travel between provinces is prohibited during the lockdown.

Q: Is my money safe and will I still be able to access it?

Banking and financial services have been classified as essential services. Your money will therefore continue to remain safe and accessible. Should you require any funds or have any insurance or medical claims to lodge, do not hesitate to contact your adviser electronically.

Q: Will I be able to have my vehicle repaired when it breaks or after an accident?

Vehicles used in performing essential services can be repaired in order to ensure the continuation of the services. Other vehicles will have to wait until after the lockdown.

Q: If I lose my job, will I be able to access my retirement fund?

Depending on the type of retirement fund, this may be possible. Contact your financial adviser, who will be able to assist you.

Q: Will the banking system still be operational and will I receive my monthly payment from my investment or pension?

Yes. All these services will continue as per usual. If you have any problems, do not hesitate to contact your adviser electronically.

Q: Should I stock up?

The entire food and basic product service chain together with financial services will remain open. There is therefore no need to stockpile items or to access your funds.

Q: What happens if I break the rules?

You will be subject to a fine and/or imprisonment for up to a month.

Q: Will I be able to use public transport to get to my essential work?

Public transport and e-hailing services (Uber and Bolt) will be allowed for obtaining essential services or for rendering financial services, provided the vehicle carries a maximum of 50% of its capacity. Public transport and e-hailing services will however only be allowed to operate between 05h00 and 09h00 and 16h00 and 20h00.

Q: Can an enforcement officer force me to be screened for COVID-19 on my way to the shops, hospital or work?

Yes. Enforcements officers have the right to screen anyone not in their residences.

Q: Can I be forced to undergo a medical examination or to be quarantined?

Yes. No person who has been confirmed to display the symptoms of COVID-19, or who is suspected of having contracted the illness or who has been in contact with a carrier of the illness may refuse consent to a medical examination or admission to a quarantine or isolation site.

Questions about the economy and markets

Q: What will the economic impact of the lockdown be on the South African economy?

The lockdown will undoubtedly hurt the economy. With freedom of movement being restricted, and many non-essential businesses shutting down over the period, spending will decrease. Many individuals will not be earning an income over the period, and some businesses may not be able to meet their obligations. We can therefore expect a retraction of the economy, but the size thereof will depend on how long the crisis will last. For this reason, government has introduced targeted initiatives aimed at reducing the impact for some of the most vulnerable sectors of the economy, like the hospitality industry.

Q: Will the stimulus provided by government be enough to offset the impact of the lockdown?

While the stimulus package will alleviate the impact of the lockdown, it cannot mitigate it entirely. South Africa's economic growth will undoubtedly be impacted. Government has also lowered interest rates, another powerful tool at their disposal that can stimulate demand by alleviating pressure on the consumer. The recent Budget Speech has already provided tax relief. Complying with government's effort to contain the outbreak is vital. The sooner it is brought under control, the sooner economic activity can return to normal levels.

Q: Will all sectors of the economy suffer equally?

No, the impact is likely to be unequally distributed. Panic buying is likely to benefit retailers and manufacturers of food and other essentials due to the increase in demand. The transport sector may benefit from lower oil prices, while the telecommunications sector may also see increased need for their services as range-bound consumers turn to digital entertainment sources. On the other hand, travel, tourism and leisure companies are likely to be adversely impacted, as will companies in the oil-production sector who will be negatively impacted by lower oil prices.

Q: What about trade and the movement of goods?

Government regulations have been deeply cognisant that supply chains need to be maintained in order to ensure food security and the continued functioning of the economy. Globally, trade continues, although supply chains are likely to be impacted.

Q: Why have markets been so volatile?

There are many different aspects that need to be considered. Firstly, share prices are based on valuation methods that are sensitive to the assumptions used, like future earnings. When these change, share prices can change sharply. Secondly, some market players may have liquidity needs that mean they are forced to sell, whatever the price. Automatic trading rules (like stop losses) can also contribute to volatility. Finally, sentiment means that at times like these, most investors are reluctant buyers, even when assets are priced attractively. Although the opportunity set may be enticing, fear keeps buyers from investing, also keeping prices at low levels.

Q: What about my investments? Are they safe? What should I do?

While the current levels of volatility are sure to cause unease, if your portfolio is correctly structured for your needs, the best policy may be to do nothing. If you sell out now, you are only likely to lock in losses. Given time, the prices of well-run companies with robust balance sheets are likely to recover. On the other hand, many speculative investments may fall by the wayside. Being selective is key, and quality remains a crucial determinant in investment decisions. Relying on thorough analysis and trusted advice is important. Before making any investment decisions, always consult with your financial adviser, who is best placed to help you ensure that your overall financial plan stays on track.

Q: I don't understand why I am invested in equities?

Equities experience extreme drops in value more frequently than most investors tend to remember. Despite these drops, in the long-run, equities have delivered returns far in excess of both inflation and cash. South African investors have experienced an anomalous environment over the last 5 years, with cash investments producing exceptional returns while equity returns have lagged. However, economies and markets are cyclical. We believe the case for long-term investment in equities remains unchanged. We do advise that investors are highly selective about the investments they enter into at this time and expect further volatility in the months ahead. Speak to a financial adviser to ensure that your investments meet your needs and risk profiles.

Questions about short-term insurance

Q: What about my short-term insurance product at this time? What should I be thinking about?

If you are working from home, check with your employer whether your work laptop or equipment is still covered under their insurance. You may need to update your all risk cover temporarily, to ensure you're covered. Speak to your financial adviser about possible other cover you might require.

Q: My business's revenue has been impacted. What should I do about my short-term insurance?

The revenue of many industries and sectors have been impacted. Some insurers have indicated that they are making specific provision for some clients or products. Please speak to your financial adviser if you have queries about your cover, as these differ per insurer and per product type.

Q: What if I cannot pay my personal insurance premium?

Contact your financial adviser, who will assist in trying to find a solution.

Q: My staff are working from home. What does this mean for the equipment they are using, is it covered?

Talk to your financial adviser as this might require the risk address of the equipment to be changed. Additional cover might also be required for new risks.

Q: I was in an accident and my car is in for repairs – what happens now?

Repairs that have already authorised will be delayed and will take longer than usual to complete. Repairs will most probably only commence after the national lockdown has ended. This delay will also apply to windscreen repair claims.

Q: My car was written off and I am waiting on the settlement. Will this still be paid?

Settlements may not be made without the deregistration papers. The national lockdown may also impact the ability of the licensing authorities to issue deregistration papers. This will unfortunately cause delays in settlement of claims.

Q: Will my car hire be extended if my vehicle was not released from the panel beater by Thursday and/or settlement for write-off is not received?

Most of the product providers confirmed that they will grant an extension of the car hire but it will be treated on a case by case basis.

Q: What will happen to my non-motor claims?

Authorised claims will continue as usual. However, repairs not completed yet will be regarded as repair delays. If the insurance supply chain is considered as non-essential, repairs will be concluded once the national lockdown ends.

Q: What will happen if I have a motor accident during lockdown?

Some of the product providers will do digital assessments and claims categorised into drivable and non-drivable. They might require photos from the claimant in order to process digital assessments. All drivable vehicle repairs will be regarded as delayed repairs until the lockdown ends. This should however be confirmed with the specific product provider. However, not all claims can be dealt with remotely or resolved entirely in this manner.

Q: What about my Assist Service?

All assist services will be operational and emergencies will be attended to. These include roadside assistance, home repairs that affect safety, security and/or pose a clear danger as well as emergency geyser repairs/replacements.

Q: Are product providers operational during lockdown?

We received communication from all product providers that they will be working remotely. The normal numbers/contact details can be used.

Q: Is underwriting still possible?

The normal processes can be followed. All providers have underwriting staff working remotely. There might be a slight delay due to connectivity not being fast on some of the systems.