

SUPREME COURT OF APPEAL OF SOUTH AFRICA

MEDIA STATEMENT – JUDGMENT DELIVERED IN SUPREME COURT OF APPEAL

From: The Registrar, Supreme Court of Appeal

Date: 24 September 2004

Status: Immediate

SOUTH AFRICAN EAGLE INSURANCE COMPANY LIMITED v KRS INVESTMENTS CC

Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

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The Supreme Court of Appeal today held in the matter of South African Eagle Insurance Company Limited v KRS Investments CC that an insurance company cannot avoid liability under the policy for a valid claim merely because a fraudulent claim was submitted to it in the past.

The case arose from a claim against an insurance company by the insured for the recovery of the loss that it sustained when its restaurant was damaged by a fire. Upon investigation of the claim the insurance company discovered that an

earlier claim that had been submitted for the damage to a motor vehicle was fraudulent because the claim form falsely misrepresented the identity of the driver. On those grounds it repudiated liability not only for the motor vehicle claim but also for the fire claim. The Johannesburg High Court held that it was not obliged to meet the motor vehicle claim but that it was obliged to meet the subsequent fire claim. The Supreme Court of Appeal dismissed the insurance company's appeal against that decision.