

Disability Products in South Africa



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Agenda



- Disability products in South Africa
- Risks and challenges

Disability products in South Africa



| Product | Definition | Payment |
|-----------------------|---------------------------------|------------------------------------|
| Income Protection | Occupational | Regular, ends at recovery or death |
| Capital Disability | Occupational | Lump sum permanent |
| Functional impairment | Ability to perform daily tasks | Lump sum permanent partial |
| Physical impairment | Loss of use of limbs and senses | Lump sum permanent partial |

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Disability premium income

Individual Life business

- Regular payments < 1% of life
- Lump sum products \pm 15% of life



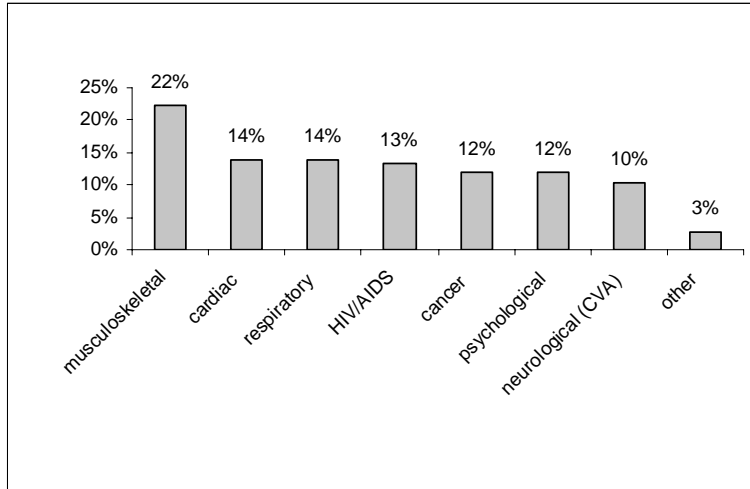
Group business (employee benefits)

- Regular payments \pm 30% of life
- Lump sum products \pm 10% of life



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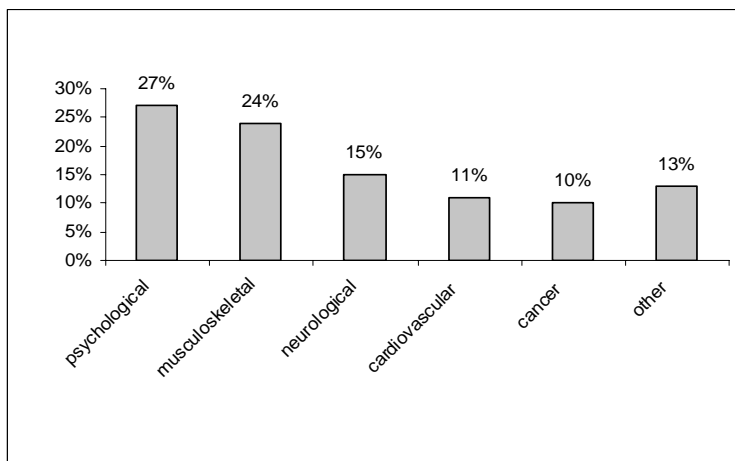
Claim causes – income protection group business



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Source: MRoA 2005 IP market survey

Claim causes – lump sum disability individual life business



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Product development

Labour law driven – employment of disabled

Integrated benefits

- Absenteeism management
- Medical aid cover
- Group Life + Disability cover

Single provider giving an individualised total health management service, and takes risk on the outcome.

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Risk management

The Life Office's Association (LOA) best practice

- Replacement ratios of monthly salary used to be
 - 75% of first R 31 500 (\$4 400)
 - 60% of next R 42 000 (\$5 800)
 - 50% thereafter
- Limited to R60 000 (\$8 400) per month regardless of salary

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Uncertainty

Black Economic Empowerment (BEE)

Economic cycle – business confidence

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Challenges

Market is not growing

Disability is still considered to be profitable – targeted

More competition driving the rates down

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The End



South Africa
Cape Town

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