

# Disability and impairment

## Introduction

**T**his focus on Permanent Disability and Impairment is an update of our original and very popular Permanent Disability and Impairment focus, originally published in 2002. The focus consists of two parts: an overview of the products available from the main players in the industry and a disability scenario comparison.

### Products from the main players

This is a useful summary of the most salient features of the products offered by Altrisk, Discovery Life, Liberty, Metropolitan Odyssey, Momentum Myriad, Old Mutual Greenlight and Sanlam.

### Disability scenario comparison

To assist brokers in comparing the covers available from the main players in the industry, we asked them to indicate what the typical payout would be in certain scenarios. It provides an insightful starting point to assist clients in selecting the right products.

Please note that the scenarios and the insurers' answers are not the full and final word on the subject, and each claim will be judged on its own merits. Instead, comparing the payouts in different scenarios helps brokers understand how the cover from different policies and different insurers would affect a client's claim in real life situations.

### The scenarios presented are:

1. **A 43-year-old female physiotherapist** sustained a cervical spine (neck) injury due to a motor vehicle accident. Left – C3/C4 (third and fourth cervical vertebrae) and C5/C6 (fifth and sixth cervical vertebrae) radiculopathy (pressure on the nerve). There is constant pain in the left shoulder that shows absent biceps reflex and muscle

wasting of left upper arm. She also experiences pins and needles. Claimant has opted not to risk surgery.

2. **A 52-year-old female teacher** suffering from depression and is currently boarded by the Department of Education. Treatment commenced January 2008 with no response to date and prognosis remains poor.

3. **A 54-year-old surgeon** suffered a stroke with hemiplegia down the left side (paralysis). Prognosis for recovery is poor.

4. **A switchboard operator** loses one leg in an accident. The claimant is younger than 55 for disability benefits (i.e. there is no scaling down).

5. **A marketer** with marked Ishaemic heart disease with heart functions severely impaired (LVEF 38%) and capacity to exercise severely limited (achieves 3 METS with exercise test). The claimant is younger than 55 for disability benefits (i.e. there is no scaling down).

6. **Broker** suffers from 50% loss of speech.

7. **Housewife** diagnosed with Stage IV breast cancer.

8. **A 52-year-old company secretary** has suffered from bipolar depression for more than 12 years. A psychiatrist has treated her for the last 18 months, including hospitalisation. She has suicidal tendencies with little improvement and poor general functioning.



## 1. Altrisk's views and definitions on income disability benefits vs. lump sum disability benefits vs. impairment benefits

Altrisk believes in extending appropriate cover to the widest range of people possible. Its offering includes:

### Income disability:

Pays a monthly benefit to the life insured after the expiry of a waiting period should he/she be disabled and unable to follow his/her occupation. The life insured may apply for own occupation disability or own/suited occupation disability (another occupation for which he/she is suited in terms of status, training, education and experience).

### Lump sum disability:

Pays out a lump sum in the event of permanent and total disablement that results in the life assureds' inability to engage in an own, own/suited occupation.

### Impairment:

Covers the life insured for specific physical impairment events or functional impairment events of a permanent nature. Cover is not related to the life insured's ability to perform his/her occupation.

Altrisk's Disability Plus benefit incorporates elements of an income disability benefit, lump sum occupational disability benefit and impairment benefit, so makes a great alternative to income disability if cost is a factor.

Altrisk is committed to providing uncomplicated benefits. The company keeps its definitions as simple as possible so that clients understand what they are buying and when the benefits are payable.

## 2. A summary of Altrisk's income disability benefits

Altrisk's Income Replacement Plan is designed to pay a monthly benefit to the life insured (after the expiry of a waiting period) if he/she is disabled and unable to follow his or her occupation.

The offering consists of several free standing benefits including:

- a **basic disability income benefit** for 24 months
- an **extended disability income benefit** from month 25
- either a **basic disability income top-up** or **extended disability income top-up**
- a **business overhead protector** for up to 12 months (for self-employed people paying business expenses)

This allows financial planners to tailor-make cost effective solutions to meet individual needs.

Five extra benefit features have also been included:

- a one month death income benefit
- a guaranteed insurability benefit that allows the life insured to increase the benefit amount (by the lesser of actual percentage salary increase or 10%) with no additional underwriting, on each policy anniversary
- a sickness benefit which removes the need for the life insured to prove previous earnings or income in the first three months of claim payments under the basic and extended disability income benefits or to prove expenses for the first month under the business overhead protector benefit
- a travel benefit for drivers (if using a vehicle constitutes more than 25% of the life insured's occupation and this is an essential part of his or her own occupation)
- a business continuation benefit that pays the salary of a person performing the life insured's duties in his/her absence (for clients who are self-employed)

## 3. A summary of Altrisk's lump sum disability benefits

Altrisk's three lump sum disability benefits include:

- **Disability** – including physical impairment and occupational lump sum disability.
- **Comprehensive Disability** – including physical impairment, functional impairment and occupational lump sum disability.
- **Disability Plus** – a unique benefit that offers a monthly income (1% of the total lump sum paid) or an impairment income benefit for 24 months or an occupational disability lump sum benefit or a physical and functional impairment benefit. The benefit structure allows for multiple claims and has built in re-instatement and waiver of premium facilities.

## 4. A summary of Altrisk's impairment benefits

Altrisk's two impairment benefits include:

- **Core Impairment** – physical impairment as per a defined table of events, which includes daily activities (ADW & ADL)
- **Comprehensive Impairment** – combination of core (physical) impairment and functional impairment

## 5. Claims criteria for income disability, lump sum disability and impairment

## Income disability:

- Pays a monthly benefit to the life insured (after the expiry of the selected waiting period) if he/she is disabled and unable to follow his/her occupation.
- Claims are admitted on proof that the life insured has been totally and continuously incapacitated for the duration of the waiting period.
- The life insured has three months to provide proof of previous earnings.
- Benefits are payable if:
  - the life insured had been gainfully employed for a minimum of six months before the onset of the disability
  - written notice of the event giving rise to a claim is submitted within six months of the date of the disability.

## Lump sum disability:

- Pays a lump sum benefit to the life insured if he/she is permanently and totally disabled and unable to engage in an occupation.
- The occupational disability benefit is payable on condition that the life insured had been gainfully employed for a minimum of six months before the onset of the disability.

## Impairment:

- Pays a percentage of the lump sum benefit as per a defined list of events (e.g. loss of use of / loss of limb under the core impairment option; conditions that could functionally impair the life insured under the functional impairment option).
- The physical impairment benefit is payable if written notice of the event giving rise to a claim is submitted within six months of the date of the disability.

## 6. How is the claim amount determined?

### Income disability:

The claim amount is determined in relation to the life insured's previous earnings. This means the average monthly cost-to-company package of the life insured from his or her nominated occupation during the 12 months prior to incapacity. The benefit amount will be reduced by any earnings (after multiplying by the replacement ratio) or other insured benefits the life insured receives after becoming disabled apart from: lump sum disability benefits; income received from the life insured's own occupation (in the first three months following incapacity); residual income received in respect of work done prior to becoming disabled (in the first six months following incapacity); interest or rental income; dividend income (subject to criteria).

### Lump sum disability:

The lump sum amount agreed upfront will be paid regardless of any further lump sum disability policies the life insured may have purchased after accepting Altrisk's policy (i.e. aggregation is not applied at claims stage).

### Impairment:

The amount will be determined in terms of a defined table of events (core impairment) or defined conditions and criteria (functional impairment).

## 7. With reference to each category of benefits, which benefit is appropriate when?

### Income disability:

This offering is appropriate for clients wishing to protect themselves against losing their income due to incapacity events preventing them from working.

### Lump sum disability:

This offering is appropriate for clients who are concerned about being able to pay off large debts if they were to become permanently disabled and unable to work.

### Impairment:

This offering is appropriate for clients who require cover for the loss of use of / loss of a limb or the inability to perform two or more daily activities. This benefit is not linked to an occupation so is appropriate for people who do not work (e.g. housewife or student).

## 8. Is it compulsory that clients notify you of a change of occupation?

Yes.

## 9. Specific exclusions applying to specific benefits (eg back and mental disorder exclusions)

Altrisk has only one general exclusion - self-inflicted injuries: "No payment shall be made if the incident or illness giving rise to such claim was directly or indirectly occasioned or accelerated by a self inflicted injury".

## 10. Technical aspects of the product important to intermediaries

### Income disability benefits:

- Maximum entry age is 66 at next birthday.
- Sum assured is either 100% / R100 000 or 75% / R75 000 of previous earnings.
- Three termination ages available: 60, 65 or 70
- Various waiting periods include: 7 days, 1 month, 3 months, 6 months or 12 months.
- Optional in claim escalation of the lesser of 10% or CPI.

### Lump sum disability benefits:

- Maximum entry age is 56 at next birthday.
- Maximum sum assured at application stage is R10 million.
- Can be taken as stand alone or accelerator (except Disability Plus, which is stand alone).
- Can select a 15 year guarantee or a experience rated guarantee.
- Can select the benefits to age 65 or for life (if the life option is chosen, the occupational disability, functional impairment or income benefit will taper at 20% of the initial benefit amount per annum from the anniversary immediately preceding the

life insured's 66th birthday, but the core physical impairment will continue for the life insured's life).

- No waiting period, but three month survival period applies.

**Impairment benefits:**

- Maximum entry age is 65 at next birthday.
- Maximum sum assured at application stage is R10 million.
- Benefits are stand alone only.
- Can select a 15 year guarantee or an experience

rated guarantee.

- Can select the benefits to age 65 or for life (if the life option is chosen within the comprehensive disability offering, the functional impairment benefit will taper at 20% of the initial benefit amount per annum from the anniversary immediately preceding the life insured's 66th birthday, but the core [physical] impairment will continue for the life insured's life).
- No waiting period but a three month survival period applies.



**1. Discovery's views and definitions on income disability vs. lump sum disability benefits vs. impairment benefits**

Discovery's Capital Disability Benefit is the most comprehensive disability product in the market catering for every disability event. Since the launch of Discovery's new generation products the trend to include physical impairment and functional impairment products and to assess partial permanent disabilities has become more common in the market.

Traditionally, disability products only assessed disabilities based on a person's ability to perform their own or own or similar occupation, and the disability had to be total and permanent. An example of total and permanent disability would be the loss of two limbs. But what if a person only lost one limb? While it is still permanent, it is not considered to be a total disability, and it should be considered a partial disability. Our constant innovation drive ensures that disability cover stays in line with the policyholder's needs.

As the needs of clients are diverse, the products at Discovery aim to meet these diverse needs. Under the disability product banner at Discovery Life there are the Capital Disability Benefit and the Income Continuation Benefit.

**2. A summary of Discovery's lump sum disability benefits**

Discovery Life's Capital Disability Benefit provides a lump sum to ensure policyholders remain financially secure in the event of becoming disabled and not being able to earn an income. The Capital Disability Benefit has recently been adapted to reflect the loss of future earning relevant to the policyholder's specific cause of disability and expected future salary growth through the LifeTime Capital Disability model.

**Key features of the LifeTime Capital Disability model:**

- Efficiency of cover created by providing up to 200% of the Capital Disability Benefit.
- Cover dynamically adjusts to reflect the lost future earnings (based on selected earnings growth pattern) as a result of disability.
- Claims assessment is based on a transparent clinical model that objectively measures the impact of a disability on lost future earnings.

At the selected retirement age Discovery Life will take up to 95% of the Capital Disability Benefit and convert it into Severe Illness Benefit (covering Severities A and B), without underwriting and the premium for this new Severe Illness Benefit will be the same what the client was paying for the Capital Disability Benefit.

**3. A summary of Discovery's impairment benefits**

Discovery has a comprehensive product covering all disability scenarios and does not have separate products to cover all disability impairments.

**4. A summary of Discovery's income disability benefits**

The Income Continuation Benefit provides a monthly benefit if the policyholder experiences a loss in income due to an injury or illness that prevents them from following their nominated occupation. This monthly benefit is paid for temporary as well as permanent disabilities. The benefit will supplement up to 75% of your pre-disability income on temporary disability which will motivate policyholders to rehabilitate and get back to work as soon as possible.

If permanently disabled as defined by our medical and occupational criteria, the policyholder will be

compensated for up to 100% of their pre-disability income as declared on the application form (increasing each year by CPI). This upgrade to 100% of earnings is an immediate upgrade. When a policyholder meets the criteria for total and permanent disability (Category A of the Capital Disability Benefit) or the permanent inability to perform their nominated occupation (Category D of the Capital Disability Benefit), the benefit will be paid.

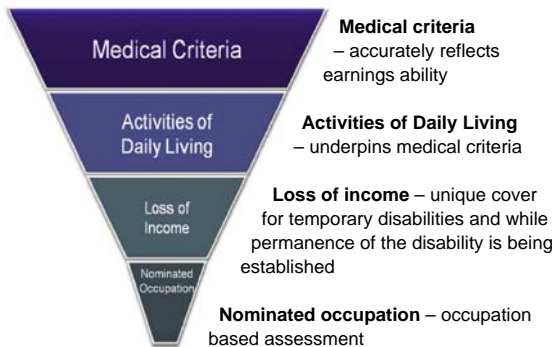
Discovery's definition of nominated occupation will protect clients from being unable to perform the duties of the occupation they specified on the application form; Discovery never expects their policyholder's to rehabilitate or re-skill to continue working in another profession.

Discovery's Income Continuation Benefit can be taken up to age 70 and has flexible waiting periods to maximise cost and efficiency of the product. The Income Continuation Benefit does not limit clients in only being able to insure taxable earnings. Clients have the flexibility to insure total income (less business overheads where applicable). The premiums for the Income Continuation Benefit are tax deductible and the proceeds are taxable.

### 5. The claims criteria for income disability, lump sum disability and impairment

#### Capital Disability claims:

The Capital Disability Assessment Filter



The medical criteria are robust and cater for medical disabilities which would leave a person disabled regardless of their occupation, for example paraplegia. It is Discovery's view that paraplegia is a disability, and it affects a chartered accountant in the same way that it would affect a tour guide, therefore the disability is paid according to its severity: 100% of the Capital Disability amount for paraplegia. The medical criteria are defined in the Individual LIFE PLAN Guide, Appendix 2.

The Activities of Daily Living underpins the medical criteria by ensuring that even subjective claims such as depression and back disorders can be objectively assessed and paid. There are some disabling conditions that cannot be accurately measured by medical science, for example back pain, but these

can be assessed by the permanent impact that the condition has on the person's life. This assessment will assess the person's ability to perform normal activities such as standing, walking, sitting, grooming etc. The Activities of Daily Living and the score system are detailed in the Individual LIFE PLAN Guide.

The loss of income assessment criteria provides financial assistance when you have lost a large portion of your income due to the disability, even if the disability is temporary. The payment made under this assessment will not be reduced by any other disability or sickness income payments that you may be receiving at the time. This payout is tax free.

The nominated occupation assessment underpins all the other assessment criteria. This criterion is designed to pay when the severity of the disability is too low to be assessed under the medical criteria and the Activities of Daily Living assessments, however, the effect of the disability is so high that the client is unable to continue with his/her specialised occupation. Consider the example of a chemical engineer - most companies would consider the occupation as an engineer, at Discovery we will assess the disability based on the area of engineering in which the client has specialised, understanding that the job of a chemical engineer is very different to the job of a civil engineer. It is therefore imperative that clients notify us of any change in occupation to ensure that the benefit will cover the new nominated occupation.

From the explanation of the assessment filter, it's clear that every disability scenario is catered for. It is important to emphasise that these criteria are used simultaneously to assess a disability, and the highest qualifying assessment will be paid out.

#### Income Continuation Benefit claims:

The Income Continuation Benefit will pay when a policyholder has been continuously disabled due to injury or illness for a period of time (beyond the chosen waiting period) after consulting with a medical practitioner and has suffered a loss in income as a result.

### 6. How is the claim amount determined?

Comprehensive Plus Capital Disability Benefit:  
Pays either 100% or 50% for permanent disabilities and 2.5% for temporary disabilities, as detailed below:

- **Category A:** Pays out 100% where the impairment is severe enough to prevent the client from working at all. In some cases a payout will be made even if a client is still working, as the medical criteria are designed to pay out when, based on a client's medical impairment, he/she should no longer be working.
- **Category B:** Pays out at 50% where the

impairment allows the client to fulfill his/her job only partially. This payout will be made even if the client is still working as the medical criteria are designed to payout when, based on a client's medical impairment, he/she would find it difficult to continue working.

- **Category C:** Pays out at 2.5% at the end of each four month period if the client incurred a loss of between 80% and 100% of income in each month during the previous four months. If the loss of income persists for two years, an additional 50% of the benefit is paid, and if the loss of income persists for three years, the remainder of the benefit will be paid.
- **Category D:** Pays out 100% where the client is permanently unable to perform his/her nominated occupation due to illness or injury.

#### **LifeTime Capital Disability Benefit:**

Provides a lump sum benefit more relevant to financial needs at the date of claim and thereafter. This benefit boosts the payments under Category A and B. The boost is determined by the LifeTime Impact Score applicable to the life-changing event as detailed in appendix 2 of the Individual LIFE PLAN Guide.

#### **7. With reference to each category of benefits, which benefit is appropriate when?**

##### **Discovery Life's Capital Disability Benefit:**

Provides a lump sum to ensure policyholders remain financially secure in the event of becoming disabled and not being able to earn an income. The loss of future earning relevant to the policyholder's specific cause of disability and expected future salary growth is taken into consideration through the LifeTime Capital Disability model.

##### **Income Continuation Benefit:**

Provides a monthly benefit if the policyholder experiences a loss in income due to an injury or illness that prevents them from following their nominated occupation.

#### **8. Is it compulsory that clients notify you of a change of occupation?**

Yes. Discovery Life uses a number of factors to determine the risk of clients. One of these is the occupation. It is very important that policyholders inform us when they have a change in their occupation as it can affect their cover.

#### **9. Specific exclusions applying to specific benefits (e.g. back and mental disorder exclusions)**

Discovery's Capital Disability Benefit has no general exclusions, benefits are not tapered as clients grow older, providing the complete disability cover up to age 70. Claims payment might be affected as Discovery

only covers your client's nominated occupation and not someone else's occupation.

#### **10. Technical aspects of the product important to intermediaries**

Discovery Life's Income Continuation Benefit is unique by offering an in-claim escalation option of CPI +3%, which is a more realistic reflection of one's average annual salary increases, therefore providing more relevant cover on both temporary and permanent disability.

Another feature of the Income Continuation Benefit is the inclusion of the Guaranteed Insurability Benefit which allows clients to increase their cover by up to 20% every three years without medical underwriting. This is particularly valuable for clients who expect their earnings to grow by more than inflation.

#### **Additional benefits under the Income Continuation Benefit:**

- **Contribution Protector:** this benefit will pay up to 100% of the client's Discovery premiums on the following products – Discovery Health, Vitality, Health Plan Protector, Discovery Card Protector, Discovery retirement Optimiser and Discovery LIFE PLAN (excluding the contribution for the Income Continuation Benefit as this is already waived in claim).
- **Interest Rate Protector:** provides an income boost of up to 15% on temporary disability depending on the prime interest rate versus the lowest prime interest rate in the 12 months before the claim. We will pay this benefit for up to two years.

#### **Additional benefits under the Capital Disability Benefit and Income Continuation Benefit:**

- **Dynamic Spend Protector:** Discovery Card partner discounts will be boosted by up to 50%, including spend on the DiscoveryMotor card.

#### **The Capital Disability Benefit will not be reduced**

When a client is permanently disabled, claiming the Income Continuation Benefit and also qualifies for a Capital Disability payment, Discovery will not reduce the Capital Disability amount because an income replacement benefit is received from the Income Continuation Benefit. This is because income replacement needs are covered through indemnity protection with the Income Continuation Benefit and perhaps other liabilities through the Capital Disability Benefit.





Liberty Life's Lifestyle Protector offers a range of both monthly income as well as lump sum Loss of Income Protection benefits – designed to suit clients' unique needs in terms of comprehensiveness of cover and affordability. These include occupational disability benefits, a combination of functional and physical impairment benefits, a combination of disability and impairment benefits, monthly income disability and for business owners the overhead expenses benefit.

Liberty Life's lump sum disability, impairment and combination benefits are all available as accelerated benefits or as non-accelerated benefits. The accelerated option reduces Life Cover if one claims on this benefit, which makes the benefit more affordable and also ideal for business assurance purposes. It is important to note that accelerated benefits on the Lifestyle protector accelerate Life Cover and not other ancillary benefits. The non-accelerated benefit is completely independent of Life Cover and insures that an individual's Life Cover is not reduced where this benefit remains a need, after a claim.

### 1. A summary of Liberty Life's lump sum disability benefits

#### **Capital Disability:**

More affordable, accelerated benefit, reduces life cover and capital disability cover by claim amount.

#### **Capital Disability Plus:**

Independent non-accelerated benefit. Claims will not impact life cover or other benefits. Therefore this benefit provides a more secure form of disability cover.

#### **Absolute Protector benefits:**

Accelerated and Non-accelerated. These benefits provide the client with the best of both worlds. It combines both occupational disability as well functional, physical and mental impairment benefits.

The Capital Disability and Absolute Protector can be selected from the following two categories:

- Own occupation disability cover.
- Own or any reasonable occupation disability cover.

### 2. A summary of Liberty Life's impairment benefits

The Impairment benefit provides cover in the event of a permanent loss of function in any part of the body, whether it is physical, functional or mental. It covers a range of benefit payouts depending on the severity of the condition suffered by the policyholder. The claims criteria investigates the extent to which the

policyholder's ability to perform bodily functions are affected and is independent of the policyholder's ability to perform the duties of his or her occupation.

The Absolute Protector combines the claim criteria of the impairment and the capital disability benefit in order to provide comprehensive disability cover.

The Absolute Impairment benefit protects clients against physical, functional or mental impairment. Absolute Impairment benefits pay out 100% of the sum assured if the claim conditions are met.

### 3. A summary of Liberty Life's income disability benefits

The Income Disability benefit provides a monthly income when a client is ill or injured and unable to work. A temporary benefit is paid if the injury or illness is transitory, a partial benefit for a partial disability or an income until the selected benefit term if the disability is permanent. Monthly premiums are waived during claim. Premiums may be tax deductible and proceeds are taxed in client's hands.

The Income Disability benefit pays out 75% of the life assured's income for the duration of the disability and will increase each year at the claims anniversary at the selected escalation rate to maintain the life assured's income level over time. The Top Up option can also be selected to ensure that 100% of the life assured's income is paid in the first two years of disability to ensure complete peace of mind in the early and most traumatic time of a disability.

### 4. The claims criteria for income disability, lump sum disability and impairment

#### **Lump sum disability benefits:**

- *Own occupation disability cover:* The benefit is payable if the client cannot perform the duties of his/her specific job.
- *Own or reasonable occupation disability cover:* The benefit is payable if the client is unable to perform his/her job or any other reasonable type of occupation. This takes into account the life assured's education, previous training and work experience at the time of the disability.

#### **Impairment benefits:**

Payment is dependent on meeting the criteria specified for physical, functional or mental impairment.

#### **Disability Income benefits:**

Clients must be ill or injured and unable to perform the

duties of his/her own occupation.

## 5. How is the claim amount determined?

### Capital Disability benefits:

- *Own Occupation disability:* The full sum assured is payable if the client is unable to perform the duties of his or her own occupation
- *Own or any reasonable Occupation disability:* The full sum assured is payable if the client is unable to perform the duties of his own or any reasonable occupation

### Impairment and Absolute Impairment:

- *Impairment benefits:* The size of the payout is based on the severity of the impairment suffered.
- *Absolute Impairment benefits:* The benefits pay out 100% of the sum assured if the claim conditions are met.

### Disability Income benefits:

The full benefit amount is payable if the injury or illness is transitory, a partial benefit for a partial disability (i.e. a partial reduction in income) or an income until the selected benefit term if the disability is permanent. An additional 33% of the benefit amount is payable in the first two years of disability if the Top Up option is selected.

## 6. With reference to each category of benefits, which benefit is appropriate when?

### Lump sum disability cover:

- Protects against permanent disability and the inability to earn an income.
- Protects against permanent disability and the ability to settle debt
- Capital Disability is more affordable and also ideal for business assurance.
- Capital Disability Plus is more secure.

### Impairment benefits:

- Provides cover against permanent loss of function in any part of the body, whether physical, functional or mental.
- The claims criteria is independent of the life assured's ability to perform the duties of his/her occupation
- Provides an income alternative and security to cover debt in the event of impairment.

### Absolute Impairment benefits:

Especially suitable for business assurance purposes for occupation categories that do not qualify for Capital Disability cover.

### Income disability benefit:

- Provides a monthly income if the life assured is ill or injured and unable to perform the duties of his/her occupation.
- This benefit provides protection in the event of temporary, partial and permanent disability.

- In addition the Overhead Expense Benefit can be selected to provide against the losses incurred by a business in the event of disability of the owner.

### Absolute Protector/Plus benefit:

- Cover against both occupational disability and physical, functional and mental impairment under a single comprehensive benefit.
- Provides an income protection and security to cover debt in the event of impairment or disability.

## 7. Is it compulsory that clients notify you of a change of occupation?

Yes, except on Impairment and Absolute Impairment/benefits.

## 8. Specific exclusions applying to specific benefits (e.g. back and mental disorder exclusions)

### Lump sum disability benefits:

- Own occupation disability cover: No specific exclusions.
- Own or any reasonable occupation disability cover: No disability cover if policyholder refuses to undergo reasonable re-training or re-skilling, considering his/her education, previous training and work experience.

### Impairment/Plus and Absolute impairment/Plus benefits:

- Arrhythmias
- Skin
- Impairment of consciousness
- No benefit claim if policyholder declines to undergo recommended medical treatment.

### Income disability benefit:

- Cosmetic surgery unless necessitated by illness or injury
- Post-natal depression
- 1 month waiting period, rather than a 7-day waiting period on certain conditions where 7-day waiting period is selected,

## 9. Technical aspects of the product important to intermediaries

### Lump sum disability and impairment benefits

Absolute Protector provides the best of both worlds combining occupational disability and impairment. Impairment benefits are independent of the life assured's ability to perform his/her occupation. No waiting period. Lump sum benefits do not taper and full sum assured is paid till age 65 next birthday. OOD benefits are available to approx. 1000 different occupations. The benefit is paid as soon as permanence has been established.

### Income Disability benefits

- This benefit provides protection in the event of

temporary, partial, and permanent disability.

- The benefit will increase each year at the selected claim escalation rate to protect the life assured's income over the term of the claim payment
- An additional 33% of the sum assured is payable within the first two years of disability when the Top Up option is selected.

Liberty Life's Group Risk Advisory Services and Risk Products departments.

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**METROPOLITAN**  
ODYSSEY 

The newly launched Odyssey RiskPlan product includes the Occupational Disability benefit, which offers lump sum disability benefits, and the various Income Protector benefits, which offer income disability benefits when the life insured is deemed unable to work. The Comprehensive Disability benefit combines two benefits: Occupational Disability and Functional Impairment benefits. Physical Impairment and the Functional Impairment benefits pay out on the severity of the impairment suffered, irrespective of the life insured's ability to work.

**1. A summary of Metropolitan Retail Marketing's lump sum disability benefits**

**Occupational Disability Benefit:**

Pays the benefit amount in a lump sum if the client is totally and permanently unable to work based on client's selection "own occupation" or "own or a reasonable alternative occupation" definition at inception. Asset Cover allows cover to be increased at a future date, without medical underwriting.

**2. A summary of Odyssey RiskPlan's impairment benefits**

**Physical Impairment Benefit:**

Covers the loss of one or more limbs, extremities, senses, burns, permanent confinement to bed or wheelchair, facial disfigurement and mental/cognitive impairment.

**Functional Impairment Benefit:**

Covers impairment of one or more of the main body systems and certain physical impairments.

**3. A summary of Odyssey RiskPlan's income disability benefits**

**Income protection plans:**

- *Temporary Income Protector:* Replaces up to 100% of lost income for up to 24 months
- *Extended Income Protector:* Pays up to 75% of lost income until selected expiry age
- *Business Overhead Protector:* Assists self-employed clients unable to work due to illness or injury

**Severe impairment:**

Severe Impairment definition recognises that severe disabilities impact on lifestyle and finances even where the client is able to return to work.

## 4. Claims criteria for income disability, lump sum disability and impairment

### Occupational Disability Benefit:

Client totally and permanently unable to work. A deferral period of six months applies to all claims during which premiums must be paid. This period is for the purpose of establishing permanency and can be waived where permanence is established prior to the end of the 6 month period.

### Impairment benefits:

*Physical Impairment Benefit:* Requirements of one of the defined physical impairment claim events must be met.

*Functional Impairment Benefit:* Requirements of one of the defined functional impairment claim events must be met. Impairment must be permanent. Claims only admitted once the disease reaches Maximum Medical Improvement.

### Income disability benefits:

Two criteria:

#### a) Own occupation disability

- Injury or illness renders client unable to perform the material duties of his/her own occupation.
- Client must prove loss or reduction of income due to disability.

#### b) Severe Impairment

- Life insured employed in his/her nominated occupation at the date of disability.
- Maximum medical improvement reached.
- Waiting period and backdating rules apply.
- Lost income exceeds 25% of the selected benefit amount or pre-disability earnings.

## 5. How is the claim amount determined?

### Occupational Disability Benefit:

100% of the Benefit amount is paid in a lump sum.

### Impairment benefits:

*Physical Impairment Benefit:* Specified percentage of the current benefit amount less any deductions for prior related claims and allowing for maximum benefit limits.

*Functional Impairment Benefit:* Specified percentage determined according to Schedule 2 of the current benefit amount less any deductions for prior related claims and allowing for maximum benefit limits.

### Income disability benefits:

A monthly benefit depending on the type of plan and the income earning ability following the disability. A benefit will not be reduced by amounts received from compensation schemes, sick leave payments or social security payments, but will be reduced by amounts received from other overhead expense or income protection insurance policies.

## 6. With reference to each category of benefits, which benefit is appropriate when?

### Occupational Disability benefit:

Aimed at persons who will need a lump sum benefit in the event of not being able to work due to permanent disability.

### Impairment benefits:

Aimed at persons who need benefits in the event of suffering debilities that are either linked to the loss of use of limbs or loss of senses (hearing, eye-sight, etc.) The amount payable will be in line with the severity of the impairment.

### Income Protector benefits:

Aimed at persons who are temporarily or permanent disabled and unable to work or suffer a severe impairment. The benefit is an income replacement and is therefore paid monthly and is linked to the pre-disability earnings.

## 7. Is it compulsory that clients notify you of a change of occupation?

Yes.

## 8. Specific exclusions applying to specific benefits (eg back and mental disorder exclusions)

All benefits:

- War, radioactivity, nuclear explosion, chemical or biological warfare, participation in civil commotion, riot, terrorist activity, rebellion.
- Violation of criminal law, including alcohol consumption above legal driving limit.
- Intentional self-inflicted injury, attempted suicide, neglect or refusal to seek or follow reasonable medical advice.
- Undisclosed risky or dangerous activities.
- Abuse of alcohol, consumption of drugs or narcotics.

## 9. Technical aspects of the product important to intermediaries

### Occupational Disability benefit:

- Aggregation with other disability benefit at claims stage - target payout ratio equals replacement of 75% of pre-disability income.
- 6-month waiting period waived if permanence established earlier.
- Maximum sum insured: R20 million - higher amounts subject to underwriting approval.
- No tapering down of benefit amount between age 60 and 65.

### Physical and Functional Impairment benefits:

- 6-month waiting period waived if permanence established earlier.
- 14-day survival period applies.
- Tiered severity levels between 15% and 100% of full benefit amount.

- Multiple claims allowed but total benefit amount paid may not exceed 100% of the benefit sum insured.
- Impairment benefits offered on a whole life basis - schedule of conditions reduces from age 65.
- Lump sum on Physical Impairment benefit can be paid over 12, 24 or 80 months.
- The Physical Impairment benefit is not a substitute for either Occupational Disability benefit or Functional Impairment benefit.

**Income Protector plans:**

- Income offsets less severe.
- Pays out under “own” occupation and Severe Impairment definitions for increased breadth of coverage and greater objectivity of claim assessment.
- Backdating of claims to day one on the 7-day waiting period is allowed.
- Future Insurability and voluntary premium increase

benefits enable clients to increase income benefit by over 20% p.a.

- Claims in payment escalate at nominated rate or CPI (capped at 10%).
- Income Protector benefits offered on stand alone basis only.
- Extended Income Protector replaces up to 75% of pre-disability income.
- Premiums are tax-deductible and benefits are taxable in the owner’s hands.
- Income protection benefits aggregated with other lump sum and income benefits.
- Premiums waived when a claim accepted and benefits paid.
- Market comparable exclusions.
- Partial disability benefits payable only if lost income exceeds 25% of pre-disability income.
- Waiting period on a recurrent related claim waived within 3 months of recovery from previous claim.
- “Own occupation” cover driven by revised and extended Odyssey RiskPlan Occupational list.



**1. Momentum Myriad’s views and definitions on income disability vs lump sum disability benefits vs impairment benefits**

The choice of a risk benefit must always be guided by a client’s needs. If the client needs to protect his earnings in the event of illness or injury, he needs a disability benefit. If he wants provision for lifestyle adjustments while working or living with a permanent impairment, a functional impairment benefit would be an appropriate solution.

Lump sum disability and impairment benefits both require the condition to be permanent. If the client needs to protect his income on temporary disability, it is crucial that he also has an income disability benefit in place. Momentum believes that an income disability benefit should form an integral part of every financial planning solution. Not only does it cover temporary disability (which lump sum benefits do not), but it is also the most cost-effective way to protect income on permanent disability.

**Types of disability definitions**

Occupational disability definitions can be divided into “own occupation” occupation, “own or similar” occupation (not offered by Myriad) and Activities of Daily Work (ADW). Of the three, the “own occupation” definition is superior.

With “own or similar” benefits, the life company needs to assess whether a client can perform a similar occupation based on his/her experience, education and training, which can be subjective. Someone who can perform a “similar” occupation will not receive a payout.

With an ADW benefit, the client needs to score a minimum amount of points in order to claim. This benefit is more objective than an “own or similar” benefit, as the client’s specific work tasks are taken into account. It is, however, still not as strong as an “own occupation” definition, as the inability over a range of work tasks is sometimes required to obtain the minimum points, while the inability to do only one of those work tasks may be sufficient for an “own occupation” claim.

The golden rule is: If the client qualifies for an “own occupation” benefit, this is what the intermediary should recommend. If he does not qualify, the choice is between ADW and “own and similar” benefits. ADW benefits are generally very well suited for manual occupations or professional sports people, as work categories like work posture, muscle power, and ability to use work tools are taken into account. A fitter and turner, for example, can qualify for a claim, even for minor limb impairment if this significantly restricts his ability to use his work tools.

## Types of impairment definitions

Impairment benefits can be divided into functional impairment and physical impairment definitions.

Physical impairment is basically just a small sub-set of functional impairment, covering mainly loss of, loss of use of limbs and loss of senses. This benefit should never be used as an alternative to a disability benefit.

In addition to physical impairments, Myriad's Functional Impairment Benefit includes medical impairments (such as impairment as a result of a severe heart attack) and activities of daily living (ADLs) as a "catch-all". ADLs measure an individual's ability to perform certain basic functions such as bathing or eating.

Functional impairment benefits use a tiered approach and cover both severe and moderate impairments. The severity of the permanent impairment determines the level of claim payable. Under functional impairment benefits, payouts are made irrespective of the client's *ability to work*. If the client meets any of the defined criteria, a claim is paid.

These benefits have the advantage of being objective, with clients knowing in advance what they are covered for. However, by not considering the ability to work, each client's unique circumstances in his working environment are not taken into account.

### The relationship between impairment and disability

While impairment is often a good proxy for ability to work, there is not always a direct relationship. For example:

- A person may be significantly impaired, but not necessarily disabled, like a paraplegic accountant, and
- conversely, a minor impairment could lead to disability, like a mechanic who loses a thumb and an index finger from his dominant hand.

### Combination benefits

All Myriad's disability benefits include both the occupational disability definition and the functional impairment definitions. Clients are thus getting the best of both worlds, being able to claim under either of these definitions.

The addition of functional impairment criteria to Myriad's lump sum disability benefits have brought about two important advantages:

- Under the Comprehensive Disability Benefit, partial lump sum payments can be made in cases where a client is significantly impaired but not totally disabled, and
- claims are assessed against a set of objective medically defined criteria, resulting in more benefit certainty.

Combination benefits maximise the probability of a

claim being paid, by using objective benefits definitions, while also giving claim assessors the ability to assess each claim based on its unique circumstances. Myriad's unique new generation income disability benefits follow a similar approach. The combination of the own occupation, functional impairment and critical illness definitions results in the most comprehensive and objective claim definitions in the market.

## Building block philosophy

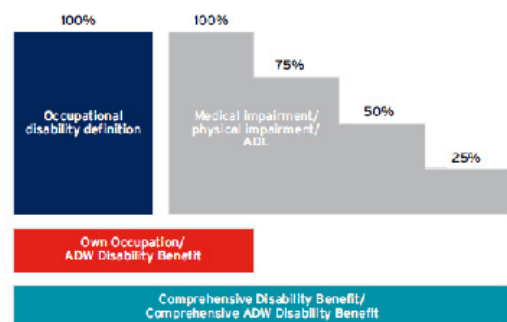
While Myriad's best-of-breed philosophy ensures that clients always get the most comprehensive cover, Myriad's building-block philosophy ensures the most cost-effective solutions. Especially when compared to the one-size-fits-all approach taken by some companies. Clients only pay for what they need. For example, clients can combine income disability benefits and lump sum disability benefits in a very cost-effective way, ensuring that they are optimally covered for temporary disabilities and permanent disability. Myriad's building block approach not only ensures a more comprehensive solution, but it is also more cost-effective than a one-size-fits-all approach.

## 2. A summary of Momentum Myriad's lump sum disability benefits

Myriad offers four lump sum disability benefits, namely:

- Comprehensive Disability Benefit,
- Own Occupation Disability Benefit,
- Comprehensive ADW Disability Benefit, and
- ADW Disability Benefit.

All Myriad's disability benefits automatically include functional impairment events. The difference between the comprehensive and the non-comprehensive benefits is that the comprehensive benefit covers functional impairment events ranging from 25% to 100% severities, while the non-comprehensive benefits only cover the 100% functional impairment severities.



## 3. A summary of Momentum Myriad's impairment benefits

Myriad offers three impairment benefits, namely:

- Functional Impairment Benefit
- Functional Protector
- Physical Impairment Benefit

*The Functional Impairment Benefit* covers events ranging from 25% to 100% severities. It is therefore

similar to Myriad's Comprehensive Disability Benefit, except that it does not include the occupational disability definition.

*The Functional Protector* pays a monthly benefit for whole of life. It only covers the 100% functional impairment severities.

*The Physical Impairment Benefit* covers a sub-set of functional impairment, including loss of and loss of use of limbs and senses, major burns and permanent confinement to a wheelchair or mental institution.

#### 4. A summary of Momentum Myriad's income disability benefits

Myriad's four income disability benefits are:

- **Temporary Income Protector:**  
up to 100% of income for up to two years,
- **Income Protector:**  
up to 75% of income up to age 55, 60 or 65. Can be combined with a lump sum disability benefit, effectively providing a 100% income protection solution on permanent disability,
- **Business Protector:**  
up to 100% of gross fees for two years (gross fees include personal income and overhead expenses, only available to self-employed professionals), and
- **Business Overheads Protector:**  
up to 100% of business overhead expenses for two years.

#### 5. Claims criteria for income disability, lump sum disability and impairment

**All income disability benefits:**

- Own occupation disability definition, or
- Functional impairment (25% - 100% severities), or
- Critical illness (100% severities), or
- Fractures, or
- Hospitalisation

A unique feature of Myriad's income disability benefits is the inclusion of functional impairment and critical illness events, resulting in additional objectivity and benefit certainty.

**Own Occupation Disability Benefit:**

- Own occupation disability definition, or
- Functional impairment (100% severities)
- Functional impairment includes medical impairment, physical impairment and activities of daily living (ADLs).

**ADW Disability Benefit:**

- A score of six for ability to do certain activities of daily work (ADWs), or
- Functional impairment (100% severities) Functional impairment includes medical impairment, physical impairment and ADLs.

**Comprehensive Disability Benefit:**

- Own occupation disability definition, or
- Functional impairment (25% - 100% severities).
- Functional impairment includes medical impairment, physical impairment and ADLs.

**Comprehensive ADW Disability Benefit:**

- A score of six for ability to do certain activities of daily work, or
- Functional impairment (25% - 100% severities).
- Functional impairment includes medical impairment, physical impairment and ADLs.

**Functional Impairment Benefit:**

- Functional impairment (25% - 100% severities), or
- Functional impairment includes medical impairment, physical impairment and ADLs.

**Functional Protector:**

- Functional impairment (100% severities).
- Functional impairment includes medical impairment, physical impairment and ADLs.

**Physical Impairment Benefit:**

- Physical impairment (25% - 100% severities).

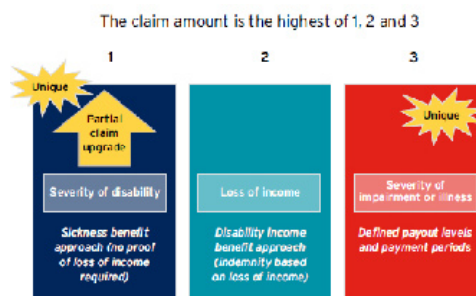
#### 6. How is the claim amount determined?

**Income disability benefits:**

- Highest of
  - Severity of disability (first year from claim event; first two years for professionals) – 25% to 100%. (No proof of loss of income required)
  - Loss of income\*, and
  - Severity of impairment or illness. (No proof of loss of income required)

\*Except for Business Overheads Protector, which covers highest of severity of disability and severity of impairment or illness.

Myriad's income disability benefits offer the best of a sickness benefit approach and a loss of income benefit approach. A further unique feature is the defined payout levels and payment periods under the impairment and illness events.



**Own Occupation Disability Benefit:**

- 100% under own occupation disability definition, and

- 100% under functional impairment.

#### **ADW Disability Benefit:**

- 100% under ADW disability definition, and
- 100% under functional impairment.

#### **Comprehensive Disability Benefit:**

- 100% under own occupation disability definition, and
- 25% - 100% under functional impairment.

#### **Comprehensive ADW Disability Benefit:**

- 100% under ADW disability definition, and
- 25% - 100% under functional impairment.

#### **Functional Impairment Benefit:**

- 25% - 100% under functional impairment.

#### **Functional Protector:**

- 100% of the benefit amount paid monthly for whole of life.

#### **Physical Impairment Benefit:**

- 15% - 100% under physical impairment, and
- certain events have maximum rand limits.

### **7. With reference to each category of benefits, which benefit is appropriate when?**

#### **Income disability benefits:**

- The only solution to protect income on temporary disability.
- The best and most cost-effective solution to protect income on permanent disability.
- The only solution to cover business overhead expenses on temporary disability.

#### **Lump sum disability benefits:**

- Ideal to settle debt on permanent disability.
- The Own Occupation Disability Benefit and ADW Disability Benefit are ideal for business assurance.

#### **Impairment benefits:**

- Ideal to make provision for the cost of living or working with a permanent impairment, such as modifications to a home or car or ongoing expenses such as hiring a private nurse, child care or frail care.

### **8. Is it compulsory that clients notify you of a change of occupation?**

Yes. Momentum will have the right to review the premium, apply altered terms and conditions, or cancel the benefit if there is a change in occupation.

Clients are far more likely to change to a better (and less risky) occupation. In such a case, the client stands to pay a lower premium upon notifying Momentum.

The benefit will only be cancelled if the client changes to an occupation that is not covered by Momentum.

If his occupation does not qualify under his current benefit, Momentum will issue a counteroffer to cover

him under a different benefit.

### **9. Specific exclusions applying to specific benefits (e.g. back and mental disorder exclusions)**

There are no specific exclusions under any of Myriad's benefits. A claim will be paid if any of the defined criteria are met.

There are certain exclusions for a retrospective payment from day one on the seven-day waiting period under the income disability benefits. These conditions will, however, be covered from day eight. These conditions are as follows: cosmetic surgery, influenza and bronchitis\*, mental or psychiatric disorders\*, gastric influenza\*, gastritis\*, constipation\*, diarrhoea\*, headaches and migraines\*, stress-related disorders, chronic fatigue syndrome, laryngitis, sinusitis and pharyngitis, abortion, surgical procedures for infertility, pregnancy, and complications due to pregnancy, back injury, fibromyalgia. Conditions marked with an asterisk will be covered retrospectively, if they require hospitalisation for longer than 24 hours.

### **10. Technical aspects of the product important to intermediaries**

#### **Income disability benefits:**

- Dynamic protection, always paying out the highest of severity of disability (one to two years from the claim event), loss of income and severity of impairment or illness throughout the duration of the claim.
- Unique partial claim upgrade: Momentum will continue to pay 100% of the benefit amount on partial disability if the client received a 100% payment for three months after the waiting period and is still partially disabled. Applies for one year from claim event, two years for professionals.
- Unique claim increase booster for professionals younger than age 30 years. Pays up to 50% more than a benefit with conventional in-claim increases. Available at no extra cost.
- Guaranteed insurability feature automatically included in all income disability benefits.
- Conversion option to whole of life Functional Protector at benefit expiry.

#### **Lump sum disability benefits and functional impairment benefit:**

- No aggregation of other lump sum disability and income disability benefits at claim stage.
- Conversion option to a whole of life Functional Protector at benefit expiry. Ideal to protect retirement savings from the financial consequences of severe impairment.

#### **General:**

Myriad's living product philosophy ensures that benefits enhancements are automatically included on existing client's benefits whenever possible, at no extra cost.



**1. Old Mutual Greenlight's views and definitions on income disability vs lump sum disability benefits vs impairment benefits**

Greenlight regards income disability as well as lump sum disability as earning ability protection. Impairment benefits are regarded as protection of lifestyle - there is no "replacement of income" concept associated with these benefits. A person may have a physical impairment such as the loss of a limb which does quite severely impact their lifestyle (i.e. they need to alter their house, their car etc), but which may not affect their ability to earn an income.

Similarly, a person may have no visible physical impairment but may be unable to earn an income - for example, if they lost their memory. A physical impairment product may not cover such a person, but a disability product would. Income disability products directly cover loss of income - and cover partial and temporary as well as permanent and full income loss.

Lump sum disability products cover *permanent* loss of ability to earn. Daily Tasks benefits cover functional disability.

**2. A summary of Old Mutual Greenlight's lump sum disability benefits**

**Occupational Disability:**

Benefits provide cover when clients cannot perform their own occupation or a reasonable alternative. Use these benefits to cover personal needs as well as business cover needs.

*Occupational Disability (Own) Benefit:* Professionals who have undergone significant training in order to perform a particular occupation requiring specific skills are able to protect their income using this benefit. No alternative occupations will be considered if a claim is submitted. Old Mutual will consider whether the client is able to perform their own occupation only. Both a lump sum and an income version of this product is available.

*Occupational Disability Benefit:* A client performing an occupation which uses more general skills can be covered using this benefit. Old Mutual considers whether these clients can perform their occupation or a reasonable alternative without sacrificing significant salary or training undergone.

**Daily Tasks Benefit:**

Greenlight offers a simple 6-point test in order to assess a client's ability to perform tasks usually required in

order to function. But don't be fooled by the simplicity – this Daily Tasks Test checks the outcome of a very wide range of conditions! A lump sum as well as an income product is available.

**Comprehensive Disability benefits:**

The best of both worlds in one: occupational protection (either own occupation or own/reasonable occupation cover) PLUS functional protection (using the same Daily Tasks Test as above).

**Accidental Disability and/or Death Benefit:**

Protects clients dying or becoming disabled as a result of an accident, crime or violence. This benefit also includes the physical impairments covered in Greenlight's Physical Impairment (Comprehensive) Benefit where these arise due to an accident, crime or violence.

**3. A summary of Old Mutual Greenlight's impairment benefits**

**Physical Impairment benefits:**

Provide cover when the client has a serious physical impairment such as being wheelchair-bound or blind. A "core" version of the product covers very severe impairments at 100% while a "comprehensive" version covers the core events at 100% plus some other impairments at lesser percentages.

*The Physical Impairment (Core) Benefit covers:*

- Permanent loss of speech (100%)
- Permanent loss of use of a combination of any two of the following: hand, foot, eye, leg, arm (100%)
- Permanent confinement to bed or wheelchair (100%)
- Burns (100%)
- Severe permanent facial disfigurement (100%)

*The Physical Impairment (Comprehensive) Benefit covers:*

The events covered under the Core version PLUS the permanent loss of use of:

- 1 arm (60%)
- 1 leg (45%)
- 1 hand (45%)
- 1 foot (30%)
- Sight in 1 eye (30%)
- Hearing in both ears (45%)

**4. A summary of Old Mutual Greenlight's income disability benefits**

*Occupational Disability (Own) Income Benefit and Daily Tasks Income Benefit* are similar to their respective

lump sum versions mentioned previously. A choice of waiting periods applies, including a 7-day waiting period on the occupational income benefit. Up to 90% of income, depending on age can be covered using these products. Income benefits in claim will automatically increase each year if cover increases were chosen upfront.

**Own Occupation Temporary Income Benefit:**

Covers the gap left by a lump sum disability product while permanence is established, provides cover for temporary disabilities and offers cover of up to 100% of income for up to 2 years of disability. A 7-day waiting period can be elected.

**Business Overheads Replacer Benefit:**

Structured to cover temporary disability of clients who contribute to the turnover that is financing business overheads. A useful 7-day waiting period option with a built-in Day 1 payment feature ensures robust protection for businesses.

**5. Claims criteria for income disability, lump sum disability and impairment**

**Occupational disability cover:**

Requires a loss of income – temporary/partial/full/permanent on the income benefits and permanent loss on the lump sum benefits.

Daily tasks and comprehensive disability benefits: Pay out if 6 or more points are scored on the Daily Tasks Test, a one-page test in understandable English measuring the ability to do day-to-day activities such as the ability to pick up a coin, walk without assistive devices and so on.

**Impairment cover:**

Requires the life covered to experience the specific impairments covered.

**6. How is the claim amount determined?**

**Lump sum disability:**

All lump sum disability claims are for the full Cover Amount. No severity-based payments are made. 100% cover for occupational as well as functional disability as covered by the Daily Tasks Test is available under the Comprehensive Disability benefits.

**Occupational income disability:**

Claims for full loss of income are paid at 100% of the Cover Amount. For partial loss of income, a proportional claim is paid, depending on the extent of the loss of income as well as the person's inability to perform their occupation.

**Daily tasks income benefits:**

Pay 100% of the Cover Amount if 6 points are scored on the Daily Tasks Test – no severity-based payments are applicable. Impairment benefits pay out different amounts depending on the impairment experienced,

and do not affect the disability claim payment amount.

**7. With reference to each category of benefits, which benefit is appropriate when?**

To cover loss of earning ability – lump sum benefits can be used for asset protection (best protection using comprehensive disability benefits) and income benefits for the remaining lost earnings. Use impairment cover for lifestyle protection.

**8. Is it compulsory that clients notify you of a change of occupation?**

Yes. In order to accurately cover our customers, we do need to know their occupation and we do require notification of change in occupation. The notification of change in occupation removes claim uncertainty for customers. However, if we are not notified of a change in occupation, a claim is still considered on the cover. Greenlight does not automatically decline the claim. We assess the impact of the change in occupation – if no change in premium or terms would have been required had we been notified, we would pay the full claim (assuming the claim is valid).

At claims stage; if the change in occupation is acceptable according to Old Mutual's underwriting practice (includes radical changes in occupation, for example moving from Occupation Class A to E) we will reconstruct the benefit keeping the premium constant from date that the occupation changed. The reduced cover amount will be paid accordingly, assuming the claim is valid.

Only if the change in occupation would have meant that we would have withdrawn cover would the claim be declined and premiums from the date of the occupation change refunded, taking administration expenses into account.

**9. Specific exclusions applying to specific benefits (eg back and mental disorder exclusions)**

Greenlight does not apply any general exclusions for back and psych disorders, alcohol or drug use, or willful breaking of any law (specific serious crimes as listed only).

The following apply to all lump sum and income disability benefits, as well as to the physical impairment benefits:

- War (declared or not), civil commotion, riot, terrorist activity and rebellion.
- Radioactivity or nuclear explosion.
- Committing or attempting to commit the crimes of murder, assault, theft, housebreaking, robbery, a crime involving a sexual act or involving the forceful detention of another person, or other crimes similar in nature to any of these mentioned.
- Recurrent participation in undisclosed risky activities.

- Self-inflicted injury (except Accidental Disability and/or Death Benefit).
- Any client-specific exclusions that are applied.

**10. Technical aspects of the product important to intermediaries**

Greenlight is specifically structured to be as simple and transparent as possible. A few features are worth mentioning:

- Immediate cover on issue for the full cover amount for all lives, for up to 30 days before the first premium is due.
- Free access to Greenlight Care 4U, a set of ways to help you 24/7.
- For income benefits –
  - Top-up cover on occupational income benefits (those benefits with cover increases selected) with no medical underwriting (available to those aged 45 and younger)
  - 90% cover of long-term income is available
  - Escalation of claims in payment is built in (those benefits with cover increases selected).
- Built-in conversion option on term cover.
- Premium protection built in.
- ERNI tool assists with product selection and cover calculations for clients, taking the client's occupation and income into account.



**1. Sanlam Group's views and definitions on income disability vs. lump sum disability benefits vs. impairment benefits**

Disability benefits normally cater for possible future loss of income-earning potential. In protecting the client's potential income-earning there are different needs. The income benefits address both temporary and permanent income loss; while the lump sum disability benefit is aimed more at addressing the client's permanent earning potential. Income protection has the further benefit of the tax deductibility of the contribution which makes this benefit very attractive to the client. Sanlam Life offers the disability income benefits on a separate Income Protector product at no extra cost, which makes the administration of tax easier for the client.

The purpose of the functional impairment benefit is not to address the client's loss of earning ability - it could pay nothing or a very small amount, even if the client is unable to permanently follow his or her occupation.

On the other hand, it can pay a sizable benefit, even if the client is still able to follow his or her occupation. Payments are based on the loss of normal function compared to a healthy individual. Thus, functional impairment is purely a medical condition and pays percentages according to severity of the impairment. In some cases, a functional impairment benefit can therefore be a suitable replacement for disability protection, but often this is not the case. It does provide a very useful additional protection, though.

Sanlam Life also offers a combination-benefit of occupational disability together with functional impairment. Clients therefore benefit from the protection of occupational disability cover, with the added safety net of functional impairment protection.

**2. A summary of Sanlam Group's lump sum disability benefits**

Sanlam disability benefits not only cover occupational

disability, but automatically also include recognised and personal disability.

**Benefits offered:**

- Disability for Regular Occupation (cover for the occupational demands of the job that you follow immediately before disability sets in);
- Disability for Regular and Reasonable alternative occupation;
- Functional Impairment plus Disability for Regular Occupation;
- Functional Impairment plus Disability for Regular and Reasonable alternative occupation.

**3. A summary of Sanlam Group's impairment benefits**

There are 2 types of impairment benefits that form part of our offering: Functional Impairment that includes extremities as well as organ- and organ system impairments; and Physical Impairment that covers the loss of the use and or amputation of body parts, or extremities, and the senses.

**Benefits offered:**

- Functional Impairment plus Disability for Regular Occupation;
- Functional Impairment plus Disability for Regular and Reasonable alternative occupation;
- Functional Impairment;
- Physical Impairment;
- Whole Life Physical Impairment.

**4. A summary of Sanlam Group's income disability benefits**

An Income Protector product that offers the following:

- Disability Income-benefit up to age 65 next birthday (with a choice of different waiting periods, including a 7-day waiting period).
- Temporary Disability Income-benefit (also with a choice of waiting periods and it pays for a maximum of 24 months for a particular cause of claim).
- Overhead Expenses Protector-benefit (also with a choice of waiting periods and aimed to cover the overhead expenses of a business owner).

Part of our full Risk offering is also a separate Sickness benefit for professionals, which may be claimed if the life insured is on sick leave, and which pays in full regardless of the actual loss of income associated with that event.

**5. The claims criteria for income disability, lump sum disability and impairment**

**Income Disability:**

The disability income benefits offer the client cover in the event that he or she is continuously unable to fulfill the duties of the regular income engaged in for income immediately before the disability, resulting in a loss of some or all of such income. The overhead expenses

protector provides additional cover for the overhead expenses of the client's business, in the event of his or her disability.

**Lump sum disability:**

A benefit may be claimed if the life insured becomes disabled, and the disability amounts to one of the following:

- Total, permanent and irrecoverable loss of
  - The vision in two eyes, or
  - The use of two hands, or
  - The use of two feet, or
  - The use of one hand and one foot.
- Disability to the extent that the life insured is totally, permanently and continuously:
  - unable to take care of his or her body, or take care of his or her personal interests, or
  - unable to fulfil the occupational demands of the occupation he or she engaged in for income **immediately before the disability** if the benefit is for **regular occupation**;

**Or**

- unable to fulfil the occupational demands of the occupation he or she engaged in for income immediately before the disability well as an occupation Sanlam Life may reasonably expect him or her to engage in, taking into account his or her education, training and experience if the benefit is for **regular and reasonable alternative occupation**;
- will be, if he or she is a full-time student when he or she becomes disabled, unable to fulfil the occupational demands that Sanlam Life may reasonably expect him or her to engage in, taking into account his or her education, training, and experience.

**Functional Impairment:**

Sanlam Life will pay the percentage of the cover amount linked to the particular claim event as specified for this benefit. The functional impairment must be permanent and evaluated according to principles and ratings of the latest edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment. Sanlam's functional impairment benefit comprehensively covers all bodily systems. Sanlam's claims consultants, who are qualified as specialists in disability and functional impairment evaluation (FAADEP), are highly rated in the industry and also acknowledged by the Ombudsman.

**6. How is the claim amount determined?**

**Disability Income:**

Income Protector-benefits: The specific cover amount chosen, taking into account the client's actual income from his or her regular occupation, is payable for a valid claim. The amount of the income payment may be limited so that this amount, plus other income the life insured receives in spite of the disability claim, does not

exceed 100% of income for the income for the first 24 months of disability, or 75% of income thereafter.  
Sickness benefit: Cover amount is payable in full for a valid claim, regardless of actual loss of income.

**Lump sum Disability:**

100% of the cover amount is always payable for a valid claim. The benefit is available with or without tapering of the cover amount between ages 61 and 65.

**Functional Impairment:**

The percentage of the cover amount linked to the particular claim event as specified for this benefit and supported by the AMA-guide will be paid for a valid claim.

**Physical Impairment:**

The percentage of the cover amount linked to the particular claim event as specified for this benefit will be paid for a valid claim.

**Combination benefit (Functional Impairment plus occupational impairment-benefits):**

It will firstly be assessed whether there is a recognised claim under the occupational disability benefit, if so, 100% of cover amount will be payable. In event of no claim under the disability benefit, the extent of the functional impairment will be assessed and a specific amount in accordance to the severity of the functional impairment and supported by the AMA-guide will be payable.

**7. With reference to each category of benefits, which benefit is appropriate when?**

**Disability benefits:**

Cater for possible future income-earning potential. In protecting the client's potential income earning there are, however, different needs. The income benefits address both temporary and permanent income loss, and are particularly suited to match a specific income replacement need. Income protection has also the further benefit of the tax deductibility of the contribution which makes this benefit very attractive to the client.

**Lump sum disability:**

benefits are aimed more at addressing the client's permanent earning potential and pay 100% of benefit amount. This provides the client with control over the potential investment, as well as the utilisation of the funds. Lump sum disability benefits are particularly suited to match certain immediate lump sum needs, e.g. paying of debt, making certain alterations to your house, etc.

**Functional impairment benefit:**

The purpose of this benefit is not to address the client's loss of earning ability, but to protect against the loss of the functionality of organs and or organ systems. This benefit may be useful to people who do not qualify for occupational disability, e.g. housewives and students.

**8. Is it compulsory that clients notify you of a change of occupation?**

No.

**9. Specific exclusions applying to specific benefits (e.g. back and mental disorder exclusions)**

*(Over and above the general exclusions that apply)*

**Income Protector Benefits:**

If the life insured at any time engages in sport as an occupation (in the case of income protector and temporary income protector), and becomes continuously unable to fulfil a substantial and material part of the duties of that occupation, Sanlam Life will not admit a claim as a result of such inability.

Sanlam Life will also not admit a claim if it directly or indirectly resulted from:

- Normal pregnancy,
- Normal childbirth.

**Lump Sum Disability Benefits:**

Sanlam Life will not admit a claim if the disability of the life insured can be substantially removed or improved by surgery or other medical treatment, which we can reasonably expect him or her to undergo, taking into account the risks involved and the chances of success of such surgery or treatment.

If the life insured engages at any time in **sport** as an occupation, or works as a **pilot**, and becomes continuously unable to fulfill the occupational demands of that occupation, Sanlam Life will not admit a claim as a result of such inability. Sanlam Life insures the ability to work, and not the availability of work.

Our occupational disability benefit has no specific condition-exclusions. There is, however, an option to choose the benefit with or without the exclusion of certain psychiatric conditions and mechanical back pain. This option would be particularly suitable for clients who suffer from existing back- and psychiatric conditions that normally may lead to the disability benefit being declined.

**Disability and Impairment benefits:**

Sanlam Life will not admit a claim if the disability of the life insured can be substantially removed or improved by surgery or other medical treatment, which we can reasonably expect him or her to undergo, taking into account the risks involved and the chances of success of such surgery or treatment.

**10. Technical aspects of the product important to intermediaries**

The insured life can change his or her occupation, smoker status and or activities anytime without informing Sanlam. This applies to all our benefits. The client's benefits or premiums will not be adjusted and/or benefits cancelled - the client's cover stays in

place. Our philosophy is to only underwrite at inception of the policy and we do not pass the inevitable risk of deteriorating health, or changing circumstances, back to the client.

**Income Disability Benefits:**

Our Income Protector benefits cover the client's loss of income for regular occupation (occupation directly prior to claim event). Our Sickness benefit covers a client in case of being booked off by a medical practitioner for Sickness, regardless of loss of income. It pays from Day 1 for all conditions. By combining our Sickness Benefit with our Income Disability benefit with 24 months waiting period, intermediaries can provide their professional clients with a unique and tax friendly

package solution.

**Lump sum disability:**

Our disability benefits not only cover occupational disability, but also automatically include recognised and personal disability. Our regular occupation-definition is unique in the industry - the client's occupational demands directly prior to disability are covered, regardless of what it was at inception of the policy.

**Functional Impairment:**

Sanlam is the only life office that has medical advisors qualified as specialists in disability medicine (FAADEP) - they are therefore qualified to use the AMA guide when assessing functional impairment claims.

## Disability scenario comparison

To assist brokers in comparing the covers available from the main players in the industry, we asked them to indicate what the typical payout would be in certain scenarios. It provides an insightful starting point for helping clients select the right products.

Please note that the scenarios and the insurers' answers are not the full and final word on the subject, and each claim submitted to an insurer will be judged on its own merits. Instead, comparing the answers provided for the different scenarios helps brokers understand how the cover from different policies and different insurers would affect a client's claim in real life situations.

Kindly refer to the explanatory notes at the end of the document when interpreting the individual insurers' answers.

**1. A 43-year-old female physiotherapist sustained a cervical spine (neck) injury due to a motor vehicle accident. Left – C3/C4 (third and fourth cervical vertebrae) and C5/C6 (fifth and sixth cervical vertebrae) radiculopathy (pressure on the nerve). There is constant pain in the left shoulder that shows absent biceps reflex and muscle wasting of left upper arm. She also experiences pins and needles. Claimant has opted not to risk surgery.**

**Altrisk**

**Disability Income:**

Pay

**Lump Sum:**

Pay

**Impairment:**

Pay

**Benefit Notes:**

According to a Life Ombud industry ruling, a claim cannot be rejected on the grounds of failure by a client to undergo invasive surgery.

**Discovery**

The above medical diagnosis does not clearly state if the condition is permanent and also has not considered the impact of this disability on the policyholder's life. Discovery would consider all the medical evidence, the impact on the person's lifestyle by measuring and scoring the Activities of Daily Living, and also take into account the impact that this disability would have on her ability to continue working as a physiotherapist. If one were to only consider the above medical criteria, she would qualify under Category B, which is a 50% payment. Under the occupational assessment, Category D nominated occupation, she could qualify for 100% payment.

**Liberty**

**Disability Income:**

Claim will be approved and benefit will be payable for period off work and if it becomes long term will review medically.

**Lump Sum:**

No claim until permanency can be determined.

**Impairment:**

No claim.

**Metropolitan Retail**

**Occupational Disability:**

If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100% of Occupational disability is payable for either Own or Own/Similar Occupation.

**Physical Impairment:**

Can claim under Loss of use of one limb (total and permanent loss of use of one limb i.e. arm above the elbow). If successful 50% of benefit amount payable.

**Functional Impairment:**

Can claim under Chronic back and neck pain. If successful, the % can range from 30% to 100% depending on the severity.

**Momentum Myriad**

**Own Occupation Disability Benefit**

100% of benefit amount under the "own occupation" disability definition\*.

**Comprehensive Occupation Disability Benefit**

100% of benefit amount under the "own occupation" disability definition\*.

**ADW Disability Benefit**

100% of benefit amount under the "Activities of Daily Work" disability definition\*.

**Comprehensive ADW Disability Benefit**

100% of benefit amount under the "Activities of Daily Work" disability definition\*.

**Functional Impairment Benefit**

25%, 50% or 100%. There is insufficient information. The injury could have caused compression to the vertebral body and/or motion segment instability, in which case a 50% or 100% claim is possible.

**Physical Impairment Benefit**

No payment.

*\*Please note that all companies require permanency under lump sum disability and impairment benefits.*

*Momentum would pay if there has been no or little response to treatment.*

**Income Protector**

100% of benefit amount for two years, based on severity of disability. Thereafter, the payout will equal actual loss of income, up to 100% of the benefit amount.

Guaranteed minimum payout of 50% for five years

or 100% up to benefit expiry (e.g. age 65 years), depending on whether the injury caused compression to the vertebral body and/or motion segment instability. No proof of loss of income required under impairment claim.

**Old Mutual**

**Occupational disability lump sum:**

100% claim.

**Daily Tasks lump sum:**

100% claim (assessment of ability to perform certain of the tasks is a little unclear from the above information but probability of claim is high).

**Comprehensive Disability lump sum:**

100% claim.

**Occupational disability income:**

100% claim.

**Daily Tasks income:**

100% claim (assessment of ability to perform certain of the tasks is a little unclear from the above information but probability of claim is high).

**Physical Impairment:**

60% claim when total loss of use of arm is permanent (core/comprehensive).

**Sanlam**

More information is needed regarding the pathology at the C3/4 and C5/6 levels. Sanlam would want to know whether this is a fracture, fracture/dislocation or only a disc lesion at the mentioned levels causing the impairment in the left upper arm.

This scenario sketches a person with severe radiculopathy in the (L) arm with absent reflexes and wasting of muscles making surgery mandatory and not an option in this case. Without surgery this person could ultimately lose the function of the (L) arm and any sensible person would not like to take that risk. In such a case then the assessment could only be done after surgery with evidence of any residual impairment.

Depending on the type of pathology at the mentioned cervical levels, the residual impairments and the job description there is a high probability that the client could qualify for a 100% disability claim.

**2. A 52-year-old female teacher suffering from depression and is currently boarded by the Department of Education. Treatment commenced January 2008 with no response to date and prognosis remains poor.**

**Altrisk**

**Disability Income:**

Pay temporary benefit.

**Lump Sum:**

Pay.

**Impairment:**

Reject.

**Benefit Notes:**

Altrisk would insist that the client undergoes psychiatric treatment in line with the Psychiatric Society of South Africa's optimal treatment guidance principles for a two year period before assessing the permanence of the disability.

**Discovery**

Being boarded by the Department of Education is not qualifying criteria for a disability claim. Discovery would need to carry out the medical criteria, Activities of Daily Living and nominated occupation assessments before this claim could be paid. If Discovery found that she could no longer teach, the claim would be paid under Category D, nominated occupation at 100%.

**Liberty**

**Disability Income:**

Claim will initially be paid and reviewed every year.

**Lump Sum:**

Case will be deferred until optimal treatment has been exhausted or off work for 2 years due to depression.

**Impairment:**

No claim.

**Metropolitan Retail**

Occupational Disability: If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100% of Occupational disability is payable for either Own or Own/Similar Occupation.

**Physical Impairment:**

No claim.

**Functional Impairment:**

Can claim under Psychiatric disorders. If successful, the % can either be 50% or 100%, depending on the severity.

**Momentum Myriad**

**Own Occupation Disability Benefit**

100% of benefit amount under the "own occupation" disability definition\*.

**Comprehensive Occupation Disability Benefit**

100% of benefit amount under the "own occupation" disability definition\*.

**ADW Disability Benefit**

No payment yet. Potential payment after she has been treated for two years. Potential claim under functional impairment definitions, if activities of daily living are affected.

**Comprehensive ADW Disability Benefit**

No payment yet. Potential payment after she has been treated for two years. Potential claim under functional impairment definitions, if activities of daily living are permanently affected.

**Functional Impairment Benefit**

Potential claim if activities of daily living are permanently affected\*.

**Physical Impairment Benefit**

No payment.

*\*Please note that all companies require permanency under lump sum disability and impairment benefits. Momentum will pay if the client remains unresponsive to treatment.*

**Income Protector**

100% of benefit amount for up to one year based on severity of disability (with no proof of loss of income required). Thereafter, the payout will equal actual loss of income, up to 100% of the benefit amount, as long as the client is unable to perform at least 25% of the main duties of her occupation.

Guaranteed minimum payout of 50% for five years or 100% up to benefit expiry (e.g. age 65 years), depending on if, and the extent to which, activities of daily living are permanently affected. No proof of loss of income required under impairment claim.

**Old Mutual**

**Occupational disability lump sum:**

100% claim.

**Daily Tasks lump sum:**

100% claim if GAF score 40 or less.

**Comprehensive Disability lump sum:**

100% claim.

**Occupational disability income:**

100% claim.

**Daily Tasks income:**

100% claim if GAF score 40 or less.

**Physical Impairment:**

No claim but could later qualify for physical impairment at 100% (core/comprehensive) cover if permanently bed-ridden.

## Sanlam

More information regarding the treatment received would be needed to determine whether the client was optimally treated according to the treatment guidelines set out by the South African Psychiatric Society.

If it so happens that the client did receive optimal treatment and is functionally still markedly impaired, then she would be regarded as totally and permanently disabled and a 100% payment would be made.

**3. A 54-year-old surgeon suffered a stroke with hemiplegia down the left side (paralysis). Prognosis for recovery is poor.**

## Altrisk

### Disability Income:

Pay.

### Lump Sum:

Pay.

### Impairment:

Pay.

### Benefit Notes:

None.

## Discovery

Under the medical definitions, permanent hemiplegia qualifies for a 100% payment, this claim would be paid under Category A, medical criteria. If the surgeon had the LifeTime Benefit on his Discovery policy, the LifeTime boost on this claim would be 35%, therefore, he would have received 135% of his Capital Disability Benefit.

## Liberty

### Disability Income:

Claim will be approved.

### Lump Sum:

Claim will be approved.

### Impairment:

Claim will be paid, 100% of cover for hemiplegia.

## Metropolitan Retail

### Occupational Disability:

If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100% of Occupational disability is payable for either Own or Own/Similar Occupation.

### Physical Impairment:

Can claim under Total and Permanent loss or loss of

use of two or more limbs (arm above elbow and leg above knee) which is 100% or total and permanent loss of loss of use of one limb which is 50%.

### Functional Impairment:

If the loss of functioning of one side of the body due to brain injury is total and permanent - 100% of benefit payable.

## Momentum Myriad

### Own Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability and functional impairment definition.

### Comprehensive Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability and functional impairment definition.

### ADW Disability Benefit

100% of benefit amount under the "Activities of Daily Work" disability and functional impairment definition.

### Comprehensive ADW Disability Benefit

100% of benefit amount under the "Activities of Daily Work" disability and functional impairment definition.

### Functional Impairment Benefit

100% of benefit amount.

### Physical Impairment Benefit

100% of benefit amount.

### Income Protector

100% of benefit amount up to benefit expiry (e.g. age 65 years). No proof of loss of income required.

## Old Mutual

### Occupational disability lump sum:

100% claim.

### Daily Tasks lump sum:

100% claim.

### Comprehensive Disability lump sum:

100% claim.

### Occupational disability income:

100% claim.

### Daily Tasks income:

100% claim.

### Physical Impairment:

100% claim (core/comprehensive).

## Sanlam

Considering the left sided hemiplegia and the poor prognosis, Sanlam would regard him as totally and permanently disabled and a 100% payment would be made.

**4. A switchboard operator loses one leg in an accident. The claimant is younger than 55 for disability benefits (i.e. there is no scaling down).**

**Altrisk**

Disability Income:  
Pay temporary benefit.

Lump Sum:  
Reject.

Impairment:  
Pay.

Benefit Notes:  
A lump sum claim would be rejected because a switchboard operator is able to perform her occupation in a wheelchair.

**Discovery**

Loss of a leg qualifies under the medical criteria for a 100% claim, this claim would be paid under Category A, medical criteria.

**Liberty**

Disability Income:  
Claim will be paid for period off work.

Lump Sum:  
No claim, as switchboard operator he/she is able to work.

Impairment:  
Claim will be paid for loss of leg = 25% of cover.

**Metropolitan Retail**

Occupational Disability:  
The client is a switchboard operator. If prosthesis is fitted, she would be able to return to her workplace. This applies to Own and Own/Similar occupation.

Physical Impairment:  
Can claim under Total and Permanent loss of a leg above the knee OR total and permanent loss of one foot below the ankle - same %: 50%.

Functional Impairment:  
Can claim under Hemiplegia. % is 100%. Exclusion: Hemiplegia facialis (facial palsy).

**Momentum Myriad**

Own Occupation Disability Benefit:  
No payment.

Comprehensive Occupation Disability Benefit:  
75% of benefit amount under the functional impairment definitions.

ADW Disability Benefit:  
No payment.

Comprehensive ADW Disability Benefit:  
75% of benefit amount under the functional impairment definitions.

Functional Impairment Benefit:  
75% of benefit amount.

Physical Impairment Benefit:  
50% of benefit amount, limited to R750 000.

Income Protector:  
100% while booked off from work, with no proof of loss of income required. Thereafter, a guaranteed 75% of benefit amount up to benefit expiry (e.g. age 65 years), with no proof of loss of income required.

**Old Mutual**

Occupational disability lump sum:  
No claim.

Daily Tasks lump sum:  
No claim.

Comprehensive Disability lump sum:  
No claim.

Occupational disability income:  
100% claim temporarily, until recovery and prosthesis. Income claim amount would likely be 100% cover (if the claimant is not working during recovery).

Daily Tasks income:  
100% claim temporarily, until recovery and prosthesis.

Physical Impairment:  
45% cover amount claim (comprehensive).

**Sanlam**

Under the Disability benefit the clients would not qualify for a claim but the client would qualify for a 50% claim payout under the Functional Impairment benefit.

**5. A marketer with marked Ishaemic heart disease with heart functions severely impaired (LVEF 38%) and capacity to exercise severely limited (achieves 3 METS with exercise test). The claimant is younger than 55 for disability benefits (i.e. there is no scaling down).**

**Altrisk**

Disability Income:  
Pay.

Lump Sum:  
Pay.

Impairment:  
Pay.

### Discovery

Based on the medical criteria submitted here, this would qualify for a 50% payment under Category B, medical criteria. This claim could also be assessed under the Category D, Nominated occupation, with the relevant reports from an Occupational Therapist.

### Liberty

#### Disability Income:

Claim will be paid for period off work.

#### Lump Sum:

Claim would be based on Cardiac evaluation and ability to do primary duties but based on information given, claim would be paid.

#### Impairment:

50% of cover will be paid based on current definitions.

### Metropolitan Retail

#### Occupational Disability:

If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100% of Occupational disability is payable for either Own or Own/Similar Occupation.

#### Physical Impairment:

No claim.

#### Functional Impairment:

Under Heart Related conditions % payable is 100%.

### Momentum Myriad

#### Own Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability and functional impairment definition.

#### Comprehensive Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability and functional impairment definition.

#### ADW Disability Benefit

100% of benefit amount under the functional impairment definition.

#### Comprehensive ADW Disability Benefit

100% of benefit amount under the functional impairment definition.

#### Functional Impairment Benefit

100% of benefit amount.

#### Physical Impairment Benefit

No payment, unless condition necessitates confinement to bed, in which case 100% would be payable.

### Income Protector

100% of benefit amount up to benefit expiry (e.g. age 65 years). No proof of loss of income required.

### Old Mutual

#### Occupational Disability lump sum:

100% claim.

#### Daily Tasks lump sum:

100% claim.

#### Comprehensive Disability lump sum:

100% claim.

#### Occupational Disability income:

100% claim.

#### Daily Tasks income:

100% claim.

#### Physical Impairment:

100% claim if permanently bed-ridden (core/comprehensive).

### Sanlam

The scenario does not mention whether the impairment described is after reasonable optimal treatment. If these impairment criteria's were measured after optimal treatment, then Sanlam would regard this client as totally and permanently disabled and make a 100% payout.

### 6. Broker suffers from 50% loss of speech.

### Altrisk

#### Disability Income:

Not answered.

#### Lump Sum:

Not answered.

#### Impairment:

Not answered.

#### Benefit Notes:

The information provided is too limited to make an informed decision.

### Discovery

Based on the American Medical Association's guidelines (4<sup>th</sup> edition), there is no assessment where a person would suffer from a 50% loss of speech, they would be assessed at the 60% loss of speech level. Under the medical definitions, this would qualify for a Category B claim and pay 50% of the Capital Disability Benefit. However, the assessment criteria are measured simultaneously, and in this instance it can be assumed that a broker could qualify under Category

D, nominated occupation, if he suffered a 60% loss of speech and could no longer verbally communicate with his clients.

## Liberty

### Disability Income:

Claim will be paid

### Lump Sum:

Claim will be paid

### Impairment:

Depending on severity, the claim could be anything from 25% to 50% of cover

## Metropolitan Retail

### Occupational Disability:

If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100% of Occupational disability is payable for either Own or Own/Similar Occupation.

### Physical Impairment:

100% benefit can be considered if total and irreversible loss of the ability to speak and continuous for period of 12 months.

### Functional Impairment:

Can claim under Speech - depending on severity, % is either 50% or 100%.

## Momentum Myriad

### Own Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability definition.

### Comprehensive Occupation Disability Benefit

100% of benefit amount under the "own occupation" disability definition.

### ADW Disability Benefit

No payment.

### Comprehensive ADW Disability Benefit

50% of benefit amount under the functional impairment definitions.

### Functional Impairment Benefit

50% of benefit amount.

### Physical Impairment Benefit

No payment.

### Income Protector

100% of benefit amount for one year, based on severity of disability (two years if the broker is a CFP). No proof of loss of income is required. Thereafter, the payout will

equal actual loss of income, up to 100% of the benefit amount.

Guaranteed minimum payout of 50% for five years under the impairment definitions. No proof of loss of income required under impairment claim.

## Old Mutual

### Occupational disability lump sum:

100% claim (assuming condition is permanent).

### Daily Tasks lump sum:

No claim.

### Comprehensive Disability lump sum:

100% claim (assuming condition is permanent).

### Occupational disability income:

100% claim.

### Daily Tasks income:

No claim.

### Physical Impairment:

No claim (core/comprehensive).

## Sanlam

This case cannot be assessed without more information.

1. We would want to know what the cause is for the speech impairment.
  - Is it due to a condition of the brain which would also have other impairments?
  - Is it due to a local condition of the vocal cords (cancer, paralysis, etc.)?
2. Would want to know whether the speech impairment is in audibility, intelligibility or functional efficiency.
3. Who determined the 50% impairment? According to the AMA Guides the maximum impairment for pure voice and speech impairment is only 35%, so therefore here should be another impairment apart from the speech impairment to get a 50% impairment.

## 7. Housewife diagnosed with Stage IV breast cancer.

## Altrisk

### Disability Income:

Reject.

### Lump Sum:

Reject.

### Impairment:

Pay.

### Benefit Notes:

Disability income and lump sum benefits are not payable as a housewife is not employed. A claim under Altrisk's comprehensive impairment policy would be paid.

### Discovery

Cancer stage 4 qualifies under the medical criteria as a 100% payment. This claim would qualify under Category A, medical criteria.

### Liberty

#### Disability Income:

No claim.

#### Lump Sum:

No claim.

#### Impairment:

No claim.

### Metropolitan Retail

#### Occupational Disability:

None.

#### Physical Impairment:

No Claim.

#### Functional Impairment:

Can claim under Cancer - up to 100% depending on the severity. Exclusion to Cancer benefit: any claims within first 12 months of policy.

### Momentum Myriad

#### Own Occupation Disability Benefit:

Housewives do not qualify for this benefit.

#### Comprehensive Occupation Disability Benefit:

Housewives do not qualify for this benefit.

#### ADW Disability Benefit:

100% of benefit amount under the functional impairment definitions\*.

#### Comprehensive ADW Disability Benefit:

100% of benefit amount under the functional impairment definitions\*.

#### Functional Impairment Benefit:

100% of benefit amount\*.

#### Physical Impairment Benefit:

No payment, unless condition necessitates confinement to bed, in which case 100% would be payable.

*\*Please note that all companies require permanency under lump sum disability and impairment benefits. Momentum will pay if the cancer does not respond to optimal treatment.*

#### Income Protector:

Housewives do not qualify for this benefit.

### Old Mutual

#### Occupational disability lump sum:

Not eligible for this cover.

#### Daily Tasks lump sum:

100% claim if worst stage cancer.

#### Comprehensive Disability lump sum:

Not eligible for this cover.

#### Occupational disability income:

Not eligible for this cover.

#### Daily Tasks income:

100% claim if worst stage cancer.

#### Physical Impairment:

100% claim if permanently bed-ridden (core/comprehensive).

### Sanlam

For Disability and Functional impairment benefits one can only assess the claim if there is an indication as to the degree of impairment. A claim cannot be assessed on diagnoses only. With this scenario Sanlam would need to know the degree of impairment before making a final decision.

Sanlam would make a 100% payout under the "Personal disability" cover if the client needs assistance for her daily activities, since housewives do not qualify for occupational disability. The client could have a payout under the Functional Impairment benefit depending on the degree of impairment.

**8. A 52-year-old company secretary has suffered from bipolar depression for more than 12 years. A psychiatrist has treated her for the last 18 months, including hospitalisation. She has suicidal tendencies with little improvement and poor general functioning.**

### Altrisk

#### Disability Income:

Pay.

#### Lump Sum:

Pay.

#### Impairment:

Pay.

#### Benefit Notes:

The claim would be paid because:

- (a) the condition has existed for more than 2 years;
- (b) the claimant has received treatment from a specialist;

- (c) the claimant has been hospitalised;
- (d) the claimant has a suicidal tendency.

## Discovery

Depression claims are very difficult to assess, and based on the given medical information, she would not qualify for a disability claim. However, the Activities of Daily Living and ability to perform her nominated occupation would need to be assessed and a claim could be paid under these two additional assessments.

## Liberty

### Disability Income:

Benefit will be paid.

### Lump Sum:

Will probably pay but may require evaluation.

### Impairment:

If markedly impaired we would pay between 50% and 75% of cover.

## Metropolitan Retail

### Occupational Disability:

If the life insured has received reasonable (optimal) medical treatment and no improvement, the claim could be considered. If the client has not received optimal treatment, the claim can be deferred until such time that the specialist can supply a final prognosis. 100 % of Occupational disability is payable for either Own or Own/Similar Occupation.

### Physical Impairment:

None.

### Functional Impairment:

Can claim under Psychiatric disorders. If successful, the % can either be 50% or 100%, depending on the severity.

## Momentum Myriad

### Own Occupation Disability Benefit:

100% of benefit amount under the "own occupation" disability definition.

### Comprehensive Occupation Disability Benefit:

100% of benefit amount under the "own occupation" disability definition.

### ADW Disability Benefit

No payment yet. Potential payment after she has been treated for two years. Potential claim under functional impairment definitions, if activities of daily living are permanently affected.

### Comprehensive ADW Disability Benefit

No payment yet. Potential payment after she has been treated for two years. Potential claim under functional impairment definitions, if activities of daily living are permanently affected.

### Functional Impairment Benefit:

Potential claim of 50% or 100%, if activities of daily living are permanently affected.

### Physical Impairment Benefit:

No payment. 100% payment if permanently confined to mental institution.

### Income Protector:

100% of benefit amount for one year, based on severity of disability. Thereafter, the payout will equal actual loss of income, up to 100% of the benefit amount, as long as the client is unable to perform at least 25% of the main duties of her occupation.

Guaranteed minimum payout of 50% for five years or 100% up to benefit expiry (e.g. age 65 years),

depending on if, and the extent to which, activities of daily living are permanently affected. No proof of loss of income required under impairment claim.

## Old Mutual

### Occupational disability lump sum:

100% claim.

### Daily Tasks lump sum:

100% claim (if her GAF score of functioning is around 40 or less).

### Comprehensive Disability lump sum:

100% claim.

### Occupational disability income:

100% claim.

### Daily Tasks income:

100% claim (if her GAF score of functioning is around 40 or less).

### Physical Impairment:

No claim (core/comprehensive).

## Sanlam

In this scenario we do not know what other treatment this client received apart from the hospitalisation. This information is required to determine whether the client received optimal treatment according to the Psychiatric Society's treatment guidelines in order to see whether the condition can be regarded as permanent or not.

Furthermore, there is no indication as to the degree of impairment of this client.

Sanlam would need copies of the treating psychiatrist's reports in this case and/or request a report from an independent psychiatrist in order to make a final decision. If the medical evidence reveals that the client had received optimal treatment and that she remains markedly impaired, Sanlam would regard her as totally and permanently disabled and make a 100% payout.

### **Explanatory notes to interpreting the payments**

#### **Discovery**

Discovery's claim payment principles are based on the medical information submitted, therefore the above claim scenarios are assumed based on the evidence stated, and with further medical evidence and investigation, some claims could be assessed and paid at a higher level.

It is also assumed that the policyholders did not have the LifeTime Benefit, which would further have boosted the payments.

#### **Liberty**

- To assess a claim, we require the correct documentation which will always include a Claimant Statement.
- On receipt, the claims administrators will set up an electronic file.
- The case is then referred to the Assessors.
- The assessors will then do one of the following:
  - Approve and return to admin to set up payment.
  - Decline and send the letter to client. If reason is Non-Disclosure the policy will be amended accordingly.
- We may need to call for further requirement on some cases. These will be returned to admin who will request information and on receipt the cycle will be followed again.

#### **Sanlam**

1. There is a vast difference between a Disability product and a Functional impairment product. For a Disability product, a person's occupation is taken into account when evaluating a claim, thus a proper job description is important. For a Functional Impairment product, the client has to comply to a contractual definition only.
2. Sanlam makes a clear distinction between the concepts of "Disability" and "Functional Impairment" by offering the client the option of buying a Disability product on its own or a Functional Impairment product on its own or buying a combination of Disability plus Functional Impairment as one product.
3. Some companies sell Disability benefits in a combination product only (Disability and Functional Impairment), naming it a "Disability product", which can be misleading.
4. To compare apples with apples in this comparison exercise, Sanlam evaluated the eight scenarios put forward according the Disability plus Functional Impairment options offered to clients.
5. A Disability and Functional Impairment claim is evaluated once the client's condition is regarded as permanent. "Permanency" means the client should have had reasonable optimal treatment.
6. Some of the scenarios that have been put forward for this exercise lack sufficient information for Sanlam to be able to make a final decision on the outcome of a claim.

