

01 April 2020

The FSCA Communication 11 of 2020 (RF) suggests that the National State of Disaster which was declared will give rise to 'unprecedented financial challenges' and that priority should be afforded to paying risk benefits in full. Furthermore, following the feedback we have received from our policyholders, by far the greater majority of our policyholders with whom we have engaged, is that they fully expect to be able to pay risk benefit premiums in full over this period. However, we also must anticipate that there will be policyholders who are not able to meet these obligations over this period.

Premiums:

We are aware that the payment of premiums has a direct impact on the cover of insureds as well as the payment of claims. Taking the importance of the cover of insureds into account we will consider offering, on written application, a temporary extension where an employer/fund is not able to meet their premium obligation. The following will form part of such an extension:

- The grace period will be extended from thirty (30) days to sixty (60) days in respect of the payment of premiums.
- Policies will not terminate due to non-payment of premiums unless premiums are 120 days or more in arrears

Please take note that the extension of the grace period will only be considered for clients whose premium obligations were fully met up to and including the 29th of February 2020. For those policyholders where an extension is not granted, the normal policy terms and conditions will apply.

Even though we have extended the grace period, our standard policy terms and conditions apply. Should a policyholder default on premiums following the extension period, the policy will be terminated from the date of the last premium received. Any claims received after the date of the last premium received will not be honoured.

Applications for a temporary extension for premium payment can only be considered from Monday the 6th of April 2020. The Temporary Extension Application Form will be made available shortly and will be accessible on our Website <https://hollardgrouprisk.com/covid19.html>

Claims:

For policyholders where the sixty (60) grace period applies based on our guidelines or terms, valid claims will be dealt with as follows:

- Claim payment for admitted claims may only be processed upon receipt of all outstanding premiums for the month of the claim.
- Upon request from the policyholder, claims can be considered on a pro-rata basis should the policyholder only be able to pay the outstanding premiums on a pro-rata basis. The claim value will be calculated on the average premium for the insured received for the last twelve (12) months or the relevant period for less than one year of cover.

- No claims will be paid for any policyholder where premiums are greater than sixty (60) days in arrears
- Funeral premiums should be paid in full as at date of claim to allow for payment of benefits within our normal turnaround times
- Premium payment history of the policyholder will be considered when assessing a claim even if the policyholder is within the extended grace period
- It is critical that the policyholder continues to submit updated and accurate register of lives to be insured to avoid potential delays and complaints at claims stage

Benefit Changes and Termination of Policies:

Policyholders who are experiencing financial difficulties must approach us to discuss options available in terms of premiums and benefits before policies are terminated and prior to claim events. Possible options include reduced benefits and corresponding premiums or changing the benefit definition.

In the event that policyholders terminate cover or cover is terminated due to non-payment of premiums, we will allow policies to reinstate benefits and cover per pre-termination terms and conditions, however the following terms would apply:

- Actively at work and pre-existing conditions will be partially waived for all insureds who were active on the policy as at termination date. Insureds must have satisfied these conditions prior to the termination of the policy.
- All premiums must be paid up to the termination date
- No claims will be covered for any event that occurred during the break in cover
- Reinstatement must be applied for and approved by us in writing and at our discretion
- No reinstatement will be considered after a 3-month period of break in cover
- Significant changes in risk and/or policy profile/demographics will necessitate a new quote that must be accepted by the policyholder
- Active insureds underwriting decisions finalised prior to termination date will be carried over to the reinstated policy
- New insureds will be subject to actively at work and pre-existing clauses as well as underwriting as applicable
- Premiums must be paid by the due date for the 1st month of cover, no grace period will apply

If you have any questions, please contact your Business Development Consultant.

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