



life,
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better

SECTION 1

FMI'S HOUSEVIEW

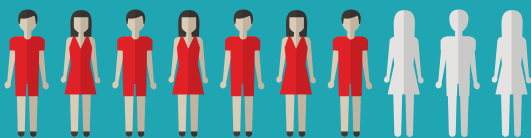
2019 Claims Report

FMI'S HOUSEVIEW

WHY WE BELIEVE IN PROTECTING YOUR INCOME FIRST

The traditional industry approach to life insurance is predominantly focused on life cover and lump sum benefits. The stats back this up: life cover is sold more than twice as much as disability cover; and disability cover is typically sold on a lump sum basis rather than a monthly income at a 3:1 ratio (FMI Disability Cover Study 2018).

While death cover is an important part of any financial plan, it isn't the only protection that you need. For the past 25 years, FMI has been protecting South African's income because we realised that the impact a temporary injury or illness can have on you and your family is often serious. A holistic financial plan must include protection against temporary injuries and illnesses, commonly referred to as income protection.



**7/10 CLIENTS WILL HAVE AT LEAST
1 INJURY OR ILLNESS THAT RESULTS
IN THEM BEING ABLE TO CLAIM ON
AN INCOME PROTECTION BENEFIT
DURING THEIR WORKING LIVES.**

The likelihood of at least one injury or illness during your lifetime is higher than you think, with potentially devastating financial consequences.

FMI's product solution is driven by the idea that your income is so much more than just the money you earn. It's what you use to make an impact in the lives of those you love, and the world around you, and therefore should form the foundation of all financial planning. Our **Income First**

approach aims to ensure that your income stream is never interrupted because of injury, illness or death. The best way to protect the life you've created and aspire to have is through income benefits to cover monthly expenses and lump sum benefits to pay for any additional expenses.

This claims report aims to demonstrate the importance of income benefits and change the way insurance is viewed and structured. We are in the business of paying claims and

we want to use this opportunity to share insights from our claimants to help you to offer advice that ensures that your clients' expectations are met at claims stage.

FMI INDIVIDUAL

We believe every South African should be able to protect their income. That's why we developed two versions of FMI Individual – Comprehensive cover and Event Based cover.


In 2015, FMI introduced Event Based cover to accommodate over 250 occupations who

couldn't previously qualify for comprehensive injury and illness cover.

Your occupation will determine which cover you qualify for. The difference lies in how the benefits work in paying an injury, illness or disability claim. The Critical Illness and Life cover benefits are the same across both versions.


COMPREHENSIVE COVER VS EVENT BASED COVER

COMPREHENSIVE

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS	TEMPORARY INCOME PROTECTOR / BUSINESS OVERHEAD PROTECTOR CRITICAL ILLNESS INCOME*	 EXTENDED INCOME PROTECTOR	LIFE INCOME
LUMP SUM BENEFITS	CRITICAL ILLNESS LUMP SUM*	DISABILITY LUMP SUM	LIFE LUMP SUM
+ MEDICAL SECOND OPINION + CI ASSIST*			



EVENT BASED

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS	DEFINED EVENT INCOME / DEFINED EVENT BUSINESS OVERHEADS CRITICAL ILLNESS INCOME*	 FUNCTIONAL IMPAIRMENT INCOME	LIFE INCOME
LUMP SUM BENEFITS	CRITICAL ILLNESS LUMP SUM*	FUNCTIONAL IMPAIRMENT LUMP SUM	LIFE LUMP SUM
+ MEDICAL SECOND OPINION + CI ASSIST*			



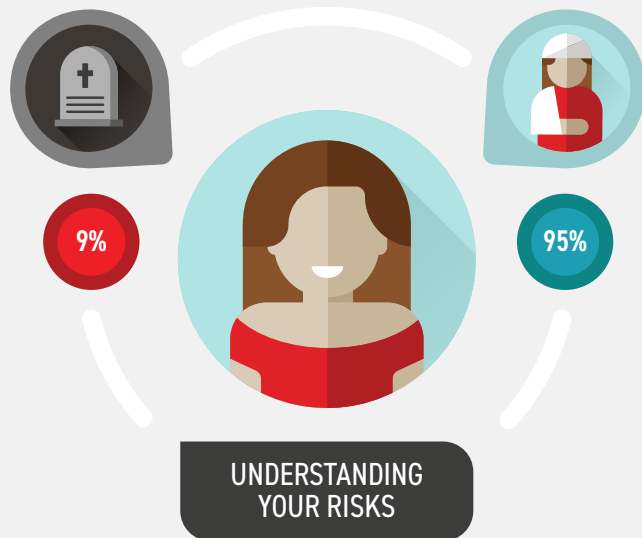
AN INJURY OR ILLNESS HAPPENS MORE OFTEN THAN YOU THINK

Based on our claims assumptions and experience, a 30-year old female has a 9% probability of passing away during their working career. During this same period, they have a 95% probability of being unable to work for more than 14 days due to an illness or injury.*

*BASED ON THE RESULTS FOR A 30-YEAR OLD FEMALE, NON-SMOKER, RETIREMENT AGE 70.



REALITY CHECK QUIZ



FMI POLICYHOLDERS WERE 6 TIMES MORE LIKELY TO CLAIM FOR A TEMPORARY INJURY OR ILLNESS THAN TO HAVE THEIR CAR STOLEN.

Many South Africans wouldn't drive a vehicle without insuring it – how much more important is protecting your ability to earn an income?

INCOME PROTECTION IS NOT ONLY FOR SERIOUS RISK EVENTS

While some of our claims have been serious and long-term, the majority are for more common events. These are the 10 most frequent claim events we received in 2019:

1. Minor infections (e.g. bronchitis, flu)
2. Hysterectomy
3. Rotator cuff repair
4. Cancer – level D – Stage 1
5. Knee surgery
6. Hiatus hernia repair
7. Removal of the gallbladder
8. Knee replacement surgery
9. Ankle fracture
10. Carpal tunnel release surgery

REAL CLAIMS IN ACTION

The following claim examples illustrate the importance of temporary income protection cover. None of these injuries or illnesses would've resulted in a lump sum payout.



JASON
(30, MUSICIAN)

CLAIM EVENT:

Fingernail infection

INCOME BENEFIT CLAIMED ON:

Defined Event Income

CLAIM:

Jason received a claim payout for 8 days

WHICH BENEFITS WOULD RESULT IN A CLAIM?

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS			
LUMP SUM BENEFITS			

CASE STUDY



PATRICIA
(37, HOMEMAKER)

CLAIM EVENT:

Laparoscopy for endometriosis

INCOME BENEFIT CLAIMED ON:

Defined Event Income

CLAIM:

Patricia received a claim payout for 14 days

WHICH BENEFITS WOULD RESULT IN A CLAIM?

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS	✓	✗	✗
LUMP SUM BENEFITS	✗	✗	✗



SUNJITH
(46, BUSINESS OWNER)

CLAIM EVENT:

Gastroenteritis

INCOME BENEFITS CLAIMED ON:

Temporary Income Protector (7-day waiting period)
and Business Overhead Protector (7-day waiting period)

CLAIM:

Sunjith was able to claim for something as minor as gastroenteritis and was paid for 8 days on both benefits.

WHICH BENEFITS WOULD RESULT IN A CLAIM?

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS	✓	✗	✗
LUMP SUM BENEFITS	✗	✗	✗



JULIE
(46, EDUCATIONAL FACILITATOR)

CLAIM EVENT:

Hysterectomy

INCOME BENEFIT CLAIMED ON:

Temporary Income Protector (split waiting periods - 7, 14 and 90-day)

CLAIM:

Julie received a 6-month payout on TIP as a result of having complications.

WHICH BENEFITS WOULD RESULT IN A CLAIM?

	INJURY & ILLNESS COVER		LIFE COVER
INCOME BENEFITS	✓	✗	✗
LUMP SUM BENEFITS	✗	✗	✗

THE IMPACT OF A TEMPORARY INJURY OR ILLNESS CAN BE SIGNIFICANT

The COVID-19 pandemic has demonstrated to many South Africans just how financially catastrophic a break in income can be.

Whilst the 71 day average income protection claim duration may be considered short by some, when compared to the lockdown period due to COVID-19 and the financial implications it has had on many South Africans unable to earn an income, it is clear that the impact of the average income protection claim is significant.

More serious conditions, such as a stroke or cancer may result in being in claim for a significantly longer period.

