Media Release
Association for Savings and Investment South Africa (ASISA)
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Beneficiaries of fully underwritten life policies receive R16.7 billion in death benefits in 2019

South African life insurers paid 99% of all claims against fully underwritten individual life policies in 2019 to a value of R16.7 billion.

The 2019 annual death claim benefit statistics for fully underwritten individual life policies, released this week by the Association for Savings and Investment South Africa (ASISA), show that life insurers received 27 547 claims and paid 27 304 claims, representing 99% of claims received. Life insurers declined 243 claims, which represent 1% of claims against underwritten individual life policies in 2019.

Fully underwritten life policies are only issued if the individual policyholder has participated in a full underwriting process, which involves a comprehensive assessment of the life insured's health and medical history.

Rosemary Lightbody, senior policy adviser at ASISA, comments that while the number of claims received in 2019 has been the lowest since 2012 when ASISA started consolidating statistics for fully underwritten individual life policies, the value of claims paid has more than doubled from R6.8 billion to R16.7 billion.

Year	% of claims paid	Number of claims paid	Rand value
2012	99%	34 724	**R6.8 billion**
2013	98.9%	36 199	**R8.4 billion**
2014	98.9%	36 421	**R10.3 billion**
2015	98.9%	35 983	**R12.3 billion**
2016	99.3%	35 347	**R13.1 billion**
2017	99.3%	34 100	**R14.4 billion**
2018	99.3%	33 545	**R15.1 billion**
2019	99%	27 304	**R16.7 billion**

Why claims were declined

Death claims against fully underwritten life policies will always be paid by insurers, provided the claim is not fraudulent and the policyholder did not:

- Commit suicide within the first two years of taking out the policy;
- Withhold important information from the insurer when applying for the policy; or
- Die as a result of an exclusion.

Lightbody points out that the majority of claims were rejected by life insurers due to non-disclosure of material information, which involves an act of dishonesty on the part of policyholders.

Reasons why claims were declined	Number of claims declined in 2019	Number of claims declined in 2018
Non-disclosure	145 out of 243	123 out of 222
Client specific underwriting exclusions	31 out of 243	18 out of 222
Suicide	40 out of 243	45 out of 222
Fraud	27 out of 243	36 out of 222

- **Non-disclosure**

Non-disclosure refers to policyholders not disclosing material information to a life insurer about a medical or lifestyle condition to secure lower premiums or to obtain cover without exclusions.

Lightbody points out that it is critically important for consumers to understand the potentially devastating financial consequences for their families of not honestly disclosing important information such as any lifestyle or health related detail that could materially affect the terms of the policy.

Lightbody says if you are not sure whether information could be considered as material by the life insurer, rather disclose it. "If you cannot remember the exact technical details of a health event, like the medical diagnosis, then mention the year, the name of the doctor involved, and more or less what was wrong. In such a case the insurer can then obtain more detailed information from the relevant health care provider."

- **Underwriting exclusions**

Lightbody explains that exclusions applied by life companies are usually for risky part-time activities or territorial exclusions where people spend some time working in other countries under dangerous conditions. This means that if the policyholder is killed as a result of the excluded activity or in the excluded territory, the life policy will not pay a benefit.

- **Suicide**

Life insurers generally apply a two-year exclusion period to suicide in order to prevent someone from taking out life cover with the intention of committing suicide shortly afterwards.

According to Lightbody, this means that if a policyholder commits suicide within the first two years of taking out life cover, no death benefit will be payable to the beneficiaries.

- **Fraud**

According to Lightbody, claims fraud usually involves the submission of fraudulent documentation and/or syndicate activity aimed at getting the life company to pay a claim to someone not entitled to the benefit.

Ends

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Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.