

ASISA

ASISA INSURANCE GAP STUDY 2022

2 November 2022

- 6th South African insurance Gap Study – conducted every 3 years by True South Actuaries on behalf of ASISA
- Study measures the extent of life & disability cover *under-insurance* in SA
- The Insurance Gap is the difference between the amount of insurance cover people *should* have to maintain their lifestyles after a death/disability event vs the amount of cover that they *do* have

- Shows the extent of life & disability cover *under-insurance* in SA – “the insurance gap”
- Tracks the gap and measure increases and decreases since the previous study
- Shows the insurance gap for different segments of the population in terms of income, education, age, province and gender
- Determines groups of earners particularly at risk
- Helps to inform decisions on life and disability insurance cover requirements

- Marginal widening of the Gap (0.2% per year) since the previous Study but main reason for the small increase is the decline in no of earners
- Country's income earners dropped from 15.6 million to 14.3 million – significant job losses during the COVID-19 pandemic
- On average only 45% of insurance need is covered

- On average Death Gap is R1 million & Disability Gap is R1.4 million
- Gap is largest for earners under 40
- Earners with degrees on average have the highest cover adequacy (76% for life and 58% for disability)
- The lowest income earners (<R33 154 per year) have disability insurance need covered by Government disability grants
- Geographically the cover adequacy is lowest in Limpopo and highest in the Western Cape

Average life and disability insurance gap per age group

Age group	Under 30	30 to 39	40 to 49	50 to 54	55 +
Life cover gap	R1.6 million	R1.4 million	R1 million	No gap	No gap
Disability cover gap	R1.7 million	R1.8 million	R1.3 million	R0.6 million	R0.1 million
Total number of earners	3.7 million	4.3 million	3.7 million	1.4 million	1.3 million



- Young earners particularly need more life and disability cover – not immune to dying or being disabled
- COVID 19 pandemic resulted in record number of claims
- Between 1 April 2020 to 31 March 2022 there were nearly 2 million death claims amounting to payments by life insurers of R120.5 billion
- The impact of COVID-19 was similar across all age groups*

- Worldwide it led to a greater awareness of the value of insurance
- International survey found that more than 40% of retail customers consider health and life insurance as more important post-pandemic, though only a fifth intend to buy (additional) coverage due to other priorities

*Geneva Association Report, June 2021 “The Global Risk Landscape After COVID-19”

- The Insurance Gap is significant - many families will suffer significant hardship if the main breadwinner dies or is disabled
- Urge consumers to make it a priority to have adequate life and disability cover in place
- According to actuarial statistics, more than 500 families, young and old, are likely to suffer a death or disability event on any given day this year.
- The Study shows the % of income to be spent to purchase the additional cover needed
...over to True South for details on the Study