

Media Release

Association for Savings and Investment South Africa (ASISA)

31 August 2021

Beneficiaries receive R47.58 billion from life insurers for more than a million death claims in 12 month period

Death claims statistics released today by the Association for Savings and Investment South Africa (ASISA) show that 1 023 083 death claims were submitted between 1 April 2020 and 31 March 2021. The statistics reflect claims made against individual life, group life (offered by employers), credit life and funeral cover policies.

Hennie de Villiers, deputy chair of the ASISA Life and Risk Board Committee, says the tragedy is that this represents an increase of 309 733 death claims when compared to the statistics for the previous 12 months when 713 350 claims were received.

"These are staggering numbers and there is no doubt that Covid-19 has caused many of these additional deaths, whether directly as a result of a person contracting the virus or because people were reluctant to seek medical attention for other serious conditions. The hard lockdown conditions, curfews and alcohol bans would have reduced violent and accidental deaths."

De Villiers says ASISA and its members recognise that behind these numbers are real people that have suffered the pain of the loss of loved ones. "While losing a family member results in a very challenging time for those left behind, the pay-out of a death benefit does alleviate the financial hardship that can result when a breadwinner dies and this is where life insurance plays an invaluable role. Paying claims in challenging times like these is one of the core purposes of the life insurance industry."

He says the beneficiaries of the policyholders who died in the 12 months to the end of March 2021 would have received death benefits of R47.58 billion across all lines of risk business. This represents a 64% increase in the value of claims paid by life insurers when compared to the previous 12 month period when R29.08 billion was paid, according to De Villiers.

De Villiers points out that this also represents a R47.58 billion injection into the country's economy during a time when industries like the tourism industry and the liquor industry were throttled due to the Covid-19 pandemic resulting in massive job losses. "The reality is that during a period when job losses and salary cuts reduced retail spending, death benefits paid would have played an important role in supporting the economy."

The significance of the R47.58 billion in death benefits paid by life insurers in the 12 months to the end of March 2021 becomes evident when considered against the R60 billion paid by the Government's Covid-19 Temporary Employee/Employer Relief Scheme (TERS) to furloughed workers from inception in March last year to July 2021.

De Villiers says that the biggest jump in the value of benefits paid was noted in the individual life space where life insurers reported a 70% increase. In the 12 months to the end

of March 2021, life insurers paid R29.11 billion to the beneficiaries of individual life policies, compared to R17.12 billion in the previous 12 month period.

De Villiers notes that the highest increase in the number of death claims took place in the funeral insurance space where the number of claims recorded increased by 216 705 in the 12 months to the end of March 2021.

Death claims and benefits paid

Categories	Total death claims 1 April 2020 to 31 March 2021	Total death claims 1 April 2019 to 31 March 2020	% change in no. of death claims	Total value of benefits paid 1 April 2020 to 31 March 2021	Total value of benefits paid 1 April 2019 to 31 March 2020	% change in Rand amount
Individual life	64 750	41 371	57%	R29.11 bn	R17.12 bn	70%
Group life	108 001	44 413	143%	R7.98 bn	R4.87 bn	64%
Funeral	821 952	605 247	36%	R8.74 bn	R5.71 bn	53%
Credit life	28 380	22 319	27%	R1.75 bn	R1.39 bn	26%
Totals	1 023 083	713 350	43%	R47.58 bn	R29.08 bn	64%

De Villiers states that despite the significant increase in claims paid as a result of the Covid-19 pandemic, the life insurance industry remains resilient and able to support its policyholders and their beneficiaries throughout this difficult time and beyond.

De Villiers says the South African life insurance industry held assets of R3.23 trillion at the end of 2020, while liabilities amounted to R2.89 trillion. This left the industry with free assets of R333.5 billion, which is more than double the capital required by the Solvency Capital Requirements (SCR).

“As an industry we expect the death claims statistics for the current financial year to tell a grim story as they will reflect the severity of the current Covid-19 third wave. While the life industry remains well capitalised and in a strong position to continue paying death claims, no amount of money can make up for the loss of a loved one. We therefore urge all South Africans to get vaccinated rather than risk death, severe illness or even potential long-term debilitating side effects often caused by Covid-19.”

Ends

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Deputy chair: Life and Risk Board Committee

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.