

GROUP LIFE



DO GREAT THINGS



OLD MUTUAL
CORPORATE



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The death of a breadwinner can be devastating for those who are left behind. **Group Life** products seek to provide financial security at such times.

Insurance cover may take different forms depending on the requirements of the group.

The **Funeral Support Service** guides and supports families when a close relative dies. Please refer to the Value-Added Services section for more information.

STRUCTURE OF THE CORE COVER

Group Life Assurance (GLA) product options vary from very simple to quite complex and admin intensive, allowing groups to choose a core structure that suits them best.

BASIC GLA

A simple multiple of salary is the most common approach to group life assurance. For example, an employer or retirement fund can provide a benefit of three times the employee's annual salary.

AGE-RELATED BENEFITS

Rather than specify the Group Life benefit as a multiple of salary for all members of a scheme, the benefit can be defined by age group. In this case the cover reduces as age increases, which reduces the cross-subsidy between members and aligns cover with assumed age-related needs. This structure is often used in a Defined Contribution context. A fixed premium is beneficial if the client wants certainty around the cost of risk cover, e.g. where an employer or retirement fund needs to balance the contribution to retirement savings with risk costs.

TAKING FLEXIBILITY A STEP FURTHER

Old Mutual has two group life products that blend a compulsory core component with additional voluntary cover. This helps members to align their risk benefits to their individual circumstances.

- **Optional Risk Benefits** allows members to buy additional insurance at each policy anniversary or when a specified life event occurs, e.g. marriage or the birth of a child. An advantage of this product is that there is little cross-subsidy between members for the voluntary cover, because the extra premiums are based on the cover, age and gender of each member. It is an ideal option if you want to provide comprehensive choice for members/employees and can accommodate the slightly more complex administration
- **Flexible Risk** caters for groups that require some flexibility in terms of the cover provided to members, but want to minimise the administrative complexity. At each policy anniversary, members can choose to belong to one of three categories

Each category has a defined level of cover, and the premium is a simple unit rate, which makes it easy to communicate and implement



ADD-ON COVER OPTIONS

Group Life cover can be further enhanced and customised to meet the group's needs.

- Employees are so much more mobile these days. The **Conversion Option** allows employees to buy an individual life policy with minimal underwriting to replace some or all of their group cover when they leave their employer
- **Cover-to-continue** enables members who become disability income claimants to remain covered for group life assurance
- Someone with a terminal illness may need considerable financial support. The optional **Terminal Illness** feature provides for the early payment of life cover where the person is expected to pass away in the short term i.e. within six months
- The death of a member's spouse can have dramatic financial consequences, whether the spouse was a breadwinner or not. **Spouse's Life Cover** provides an effective way to insure a member's partner at low premiums, with little or no medical underwriting
- The death of a parent could limit a child's educational options but **Education Guardian** shields children from this. Old Mutual will step in to help pay the class fees previously paid by the parent – right from



pre-primary to university, for up to four children. At the time of death, Education Guardian settles the fees for the rest of that year. From the next year, the class fees will be paid annually in advance to the institutions attended by the children. It is flexible, allowing a gap year between high school and university. If a child fails, the benefits are put on hold until they are ready to move to the next level of education. A child who attends a school for children with specific educational needs enjoys similar benefits

- An accident may leave a family totally unprepared for the financial impact of death. By increasing the overall benefit amount, **Accident Death** helps to reduce debts and unforeseen expenses. Such a combination could be considerably cheaper than just life cover if groups are heavily affected by conditions such as HIV/Aids. This add-on can be useful when employers are concerned about the risk of accidental deaths at work.
- The **Healthcare Contribution Waiver** provides a monthly benefit for up to two years to help pay medical scheme contributions for the surviving members of the family, giving them access to medical care while they adjust to their new circumstances