

Media Release

Association for Savings and Investment South Africa (ASISA)

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Life insurers report a surge in death claims during COVID-19 third wave

South African life insurers reported a 53% surge in death claims for the six months between 1 April 2021 and 30 September 2021 when compared to the same period in pre-COVID 2019. The Rand value of these claims increased by 127%.

Commenting on the death claims statistics released today by the Association for Savings and Investment South Africa (ASISA), Hennie de Villiers, deputy chair of the ASISA Life and Risk Board Committee, points out that the six-month reporting period to the end of September 2021 covers the third wave of COVID-19 transmissions from early May 2021 to the middle of September 2021.

The six-month death claims statistics show that more than half a million claims (565 522) were received between 1 April 2021 and 30 September 2021 to a value of R44.42 billion. During the same period in 2019, life insurers received 369 892 death claims to a value of R19.53 billion.

Death claims and benefits paid during the third COVID-19 wave:

	6 months (third COVID-19 wave) 1 April 2021 - 30 Sept 2021*		6 months (pre-COVID-19) 1 April 2019 - 30 Sept 2019	
	Death claims	Value of benefits paid	Death claims	Value of benefits paid
Individual life	32 111	R23.46 bn	19 323	R9.52 bn
Group life	94 856	R12.52 bn	59 655	R5.23 bn
Funeral	424 657	R7.37 bn	280 196	R4.35 bn
Credit life	13 880	R1.07 bn	10 718	R0.43 bn
Totals	565 522	R44.42 bn	369 892	R19.53 bn

* The third COVID-19 wave ran from the first week of May 2021 to the middle of September 2021 and peaked in the middle of July 2021.

ASISA started tracking death claims against individual life, group life (offered by employers), credit life and funeral cover policies at the start of April 2020 to measure the impact of the COVID-19 pandemic on the long-term insurance industry. South Africa announced its first COVID-19 case on 5 March 2020 and the first COVID-19 death was reported on 27 March 2020.

Last year, ASISA released the first data set for the 12 month period from 1 April 2020 to 30 March 2021 and life insurers reported a total of 1 023 083 death claims to a value of R47.58 billion. This represented a 43% increase in death claims compared to the same period from 2019 to 2020 and a 64% increase in Rand value, demonstrating that the third wave was significantly more severe than the first two waves of the pandemic.

De Villiers says that in total 1 588 605 death claims were received in the 18 months from 1 April 2020 to 30 September 2021. Life insurers paid out benefits of R92 billion to the beneficiaries who submitted these death claims.

He says while not every death for which claims were submitted would have been caused by COVID-19, there is no doubt that the pandemic has been responsible for many of the 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.

Total death claims and benefits paid during the first 18 months of the COVID-19 pandemic:

	18 months	
	1 April 2020 - 30 September 2021	
	Death claims	Value of benefits paid
Individual life	96 861	R52.57 bn
Group life	202 857	R20.50 bn
Funeral	1 246 609	R16.11 bn
Credit life	42 260	R2.82 bn
Total	1 588 605	R92 bn

De Villiers notes that behind every death claim are real people who are suffering the pain of having lost a loved one. "We acknowledge that the pay-out of a death benefit cannot take this pain away. However, it can alleviate the financial hardship that often follows the loss of a breadwinner."

De Villiers points out that the R92 billion in death claims paid to families during the first 18 months of the pandemic also came at a time when COVID-19 resulted in massive job losses and the country's economy was struggling as a result of reduced retail spending and local and global restrictions that impacted on vital sectors like tourism.

He adds that the significance of the R92 billion in death benefits paid becomes particularly 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 2020 to July 2021.

Life insurers caution against complacency

De Villiers says considering the staggering number of death claims submitted over a short period of only 18 months, South Africans should guard against complacency.

"While the death rate has been lower during the fourth wave than in previous waves due to vaccinations and the emergence of the Omicron variant, death claims rates have not yet returned to pre-pandemic levels. Also, less than 50% of our adult population has been vaccinated."

According to De Villiers, life insurers expect the relatively higher rate of death claims to continue until South Africans start embracing vaccinations as the new normal. "There is

overwhelming evidence that the risk of severe illness or death is significantly lower in those who are fully vaccinated. A consistently higher claims experience will leave insurers with little choice but to adjust premiums in line with the higher risk presented by someone who is not vaccinated and therefore more likely to die from COVID-19."

De Villiers says that premiums have already increased in the group life insurance space, for example, but that employers that have implemented mandatory vaccination policies are starting to benefit from preferential premium rates.

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

De Villiers says the South African life insurance industry held assets of R3.71 trillion at the end of 2021, while liabilities amounted to R3.36 trillion. This left the industry with free assets of R350.5 billion, which is just under double the capital required by the Solvency Capital Requirements (SCR).

Ends

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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.