Media Release
Association for Savings and Investment South Africa (ASISA)
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Fully underwritten individual life policies pay a record R15.1 billion in claims in 2018

Beneficiaries received more than R15.1 billion from South African life insurers last year, following claims against fully underwritten individual life policies.

The 2018 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 paid 33 545 claims, representing 99.3% of all claims received. Life insurers declined 222 claims, a mere 0.7% of claims against underwritten individual life policies in 2018.

Fully underwritten life policies are only issued if the individual policyholder has completed 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, points out that the value of death claim benefits for fully underwritten individual life policies has more than doubled from R6.8 billion to R15.1 billion since ASISA started consolidating statistics in 2012.

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**

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 more than half 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 in 2018	Number of claims declined	Percentage of claims declined
Non-disclosure	123 out of 222	55.4%
Underwriting exclusions	18 out of 222	8.1%
Suicide	45 out of 222	20.3%
Fraud	36 out of 222	16.2%

- **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 says it is encouraging that the percentage of claims declined due to non-disclosure has decreased significantly from 70.3% in 2012 to 55.4% in 2018.

She 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**

Incidents of claims declined due to suicide dropped from 65 cases in 2017 to 45 in 2018.

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.

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**

Claims declined due to criminal intent by either the policyholder or the beneficiary increased to 16.2% of claims last year from 7.6% in 2017.

Lightbody says it is not uncommon for fraud to increase in a difficult economic environment as people get more desperate to access cash.

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.