

Changes in the employee benefits industry has resulted in employees demanding greater control over their benefits. We have responded to this need by providing flexible risk benefits.

We underwrite this benefit on the basis of a certain portion being compulsory (the core portion) and the remainder as voluntary (the flex portion):

Core cover	Flexible risk cover
<p>All members receive a basic level of cover (core cover):</p> <ul style="list-style-type: none"> ⌚ The Core part of the death cover is compulsory. ⌚ The Fund / employer selects this level of cover 	<p>Members may select an appropriate level of cover (flexible risk cover) over and above the core cover as their individual circumstances and cover requirements change to suit their unique needs.</p> <p>The flexible risk cover may be</p> <ul style="list-style-type: none"> ⌚ one defined maximum multiple of salary for all employees, or ⌚ various defined maximum multiples of salary cover within specified age bands, selected on a scheme level. <p>The choice for flexible risk cover must be exercised within three (3) months of the following actual events:</p> <ul style="list-style-type: none"> ⌚ inception date / members joining the fund or scheme; ⌚ marriage; ⌚ birth of a child or legal adoption of a child; ⌚ annually on fund/scheme anniversary; or ⌚ any other specified annual date for the scheme as a whole, as agreed between Sanlam and the principal employer. <p>Members aged 55 years and older, selecting or increasing flexible risk cover must always provide satisfactory proof of insurability.</p>
<p>Premiums for the core benefit is payable at an average unit rate for all members</p>	<p>Premiums for the flexible risk cover are payable at differentiated rates (separate for males and females) per age group, depending on the member's age and gender.</p> <p>In presenting cost per age bands the cross subsidisation between young and old members is mitigated.</p> <p>The premium is determined at inception and will be revised annually thereafter.</p>



Minimum Requirements

- ⦿ The scheme should consist of a minimum of 50 members to offer flexible risk cover.
- ⦿ All choices must be exercised within three (3) months of actual life or non-life events, but members will only qualify for cover from the date the cover has been approved.

Maximum flexible risk cover

- ⦿ In relation to the basic core cover, the flexible risk cover may not exceed the ratio of 1 to 5. This means the flexible risk cover may not be more than five (5) times the core cover.
- ⦿ Members may select flexible risk cover, according to their choice, **in multiples of 0,50 x salary** up to the **maximum multiple** available for the specific age group.
- ⦿ The **overall maximum multiple** of salary for core cover + flexible risk cover available is 15 x salary.

1. Increasing cover

If members are not already at the maximum cover available, they may choose to increase their flexible risk cover in multiples of 0,50 x annual salary up to the maximum applicable (or per age band), according to their own needs.

These choices must be exercised within three (3) months of the following actual events:

- ⦿ Life events:
 - Marriage; or
 - Birth or legal adoption of a child
- ⦿ Non-life events – Annually at either
 - The fund/scheme anniversary; or
 - At any other specified date for the scheme as a whole, as agreed between Sanlam and the principal employer.

This means all members seeking to increase their cover on a non-life event, may do so only at this 'once per annum'-date.

Please note –

- ⦿ In terms of the **increase in cover on a non-life event** (i.e. increases on the 'once per annum'-date), **proof of insurability will be required** on the full flexible risk cover chosen as a Free Cover Limit (FCL) **will not apply**.
- ⦿ In the event of a **take over** (existing business moving from another underwriter to Sanlam)...
 - existing **members will be transferred with their existing core and flexible risk cover**, provided that certain conditions are met; and
 - members will not be allowed to increase their existing flexible risk cover at date of transfer **unless** the inception date with Sanlam **coincides with their normal 'once per annum'-date** (i.e. when cover may be increased/decreased).



2. Reducing cover

- ⦿ Members may choose to **reduce** their flexible risk cover each year on an agreed annual date (i.e. as elected for the non-life events, e.g. on scheme anniversary or another specified date), subject to a minimum of the core benefit.
- ⦿ The choice must be exercised within three (3) months of the pre-arranged date.

3. Exclusions

- ⦿ A two (2) year suicide clause will apply to the flexible risk benefits chosen at inception date or date of entry, as well as any increases in the flexible risk benefits thereafter.
- ⦿ Should we **take over existing disability claimants' death cover**, these members do not qualify for additional flexible risk benefits.
- ⦿ Should **contract workers** form part of this scheme, these members do not qualify for flexible risk benefits.

Proof of good health

Flexible risk cover is offered to a group of minimum 10 members. A combined **Free Cover Limit (FCL)** applies to the **sum** of the core and flexible risk cover.

This means that:

- ⦿ For any excess of the core plus flexible risk cover above the combined FCL, members will have to submit satisfactory proof of insurability. Should the member's core cover however be below the FCL, the member can qualify for flexible risk cover up to the amount by which the FCL exceeds the core cover, without having to submit proof of insurability.
- ⦿ The combined FCL will apply in the following cases:
 - at inception of the scheme; or
 - at entry for a new member; or
 - at marriage, should the member choose to increase his/her flex cover multiple and the amount of the core + flexible risk benefit exceeds the combined FCL; or
 - at the birth of a child or legal adoption of a child, should the member choose to increase his/her flex cover multiple and the amount of the core + flexible risk benefit exceeds the combined FCL; or
 - at each fund/scheme anniversary (annual revision), the FCL will be recalculated, taking into account the actual flexible risk cover chosen at that date (i.e. calculated on the total core + flexible risk cover).

Please note – The combined free cover limit does **not apply** in the following cases:

- ⦿ Members aged **55 years and older** will always be required to submit satisfactory proof of insurability on any flexible risk cover, at all events
- ⦿ Members who choose to **increase their flexible risk cover on a non-life event** (i.e. on scheme anniversary or any other specified annual date, as agreed between Sanlam and the principal employer), must submit full medical proof of insurability on the full flexible risk cover chosen.



About Sanlam Employee Benefits (SEB)

Sanlam Employee Benefits specialises in the provision of risk, investment and administration services to institutions and retirement funds. Focused on meeting the unique needs of its diverse clients, SEB assists companies to create and deliver customised employee benefits solutions, including the collection of premiums and communication to fund members.

For more information, please contact your consultant or alternatively visit our website at www.sanlam.co.za

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