



INSURANCE FOR  
PROFESSIONALS

## ***PPS Sickness and Permanent Incapacity Benefit***

## **Disclaimer – Financial Adviser’s Guide**

PPS Insurance, in making this guide available, is not supplying advice, making any recommendation or providing any guidance, but is merely supplying objective information about the matters concerned.

The information appearing in this guide may be amended without notice and PPS Insurance does not guarantee the accuracy of any statement contained in this guide.

In no event shall PPS Insurance, nor any of its affiliates or employees and officials, be held liable for any damages or losses of whatsoever nature flowing directly or indirectly from reading or otherwise utilising this guide.

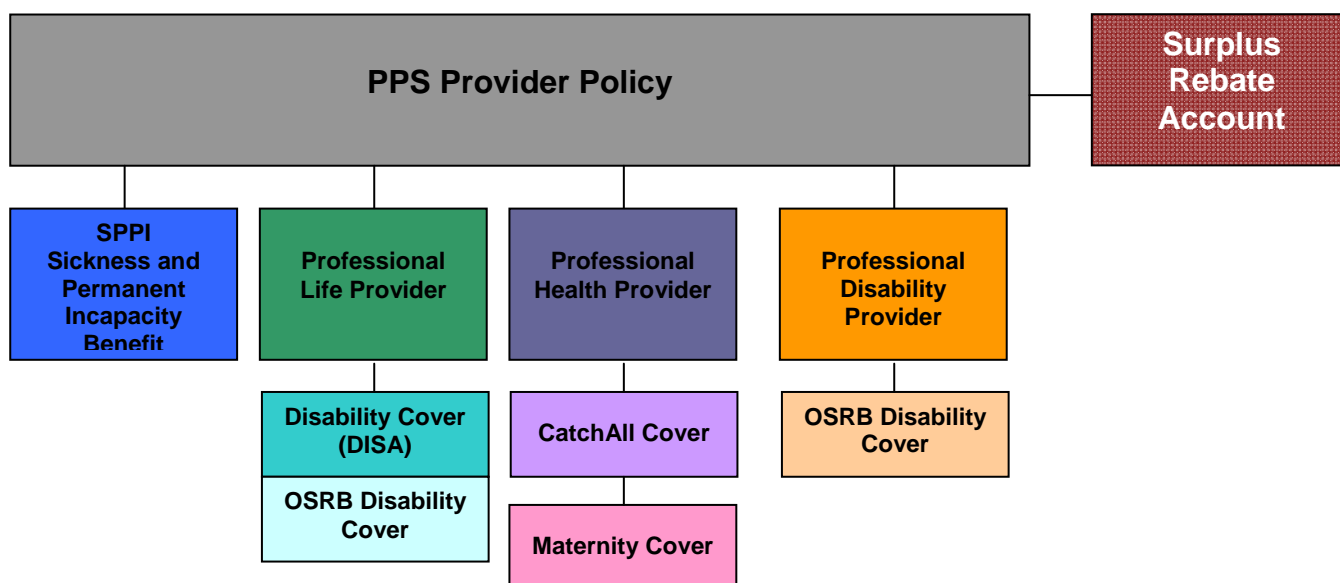
## INTRODUCTION

PPS's core benefits are designed to protect its policyholders against the financial risks associated with **Sickness or Incapacity** where they would not be able to practice their profession and lose the ability to earn an income. The cover is made available by enabling policyholders to purchase **Units of Benefit** in accordance with their gross professional income (GPI). A fixed amount per Unit of Benefit is paid to a policyholder for the period that he/she is unable to carry out their professional duties.

The Sickness and Permanent Incapacity Benefit **covers Gross Professional Income (GPI), including business expenses (overhead expenses) excluding VAT** and not just the taxable income of the policyholder. This means that the full Gross Professional Income (GPI) is covered for the entire duration of the claim and the business expense (overhead expense) cover does not stop after 24 months (2 years).

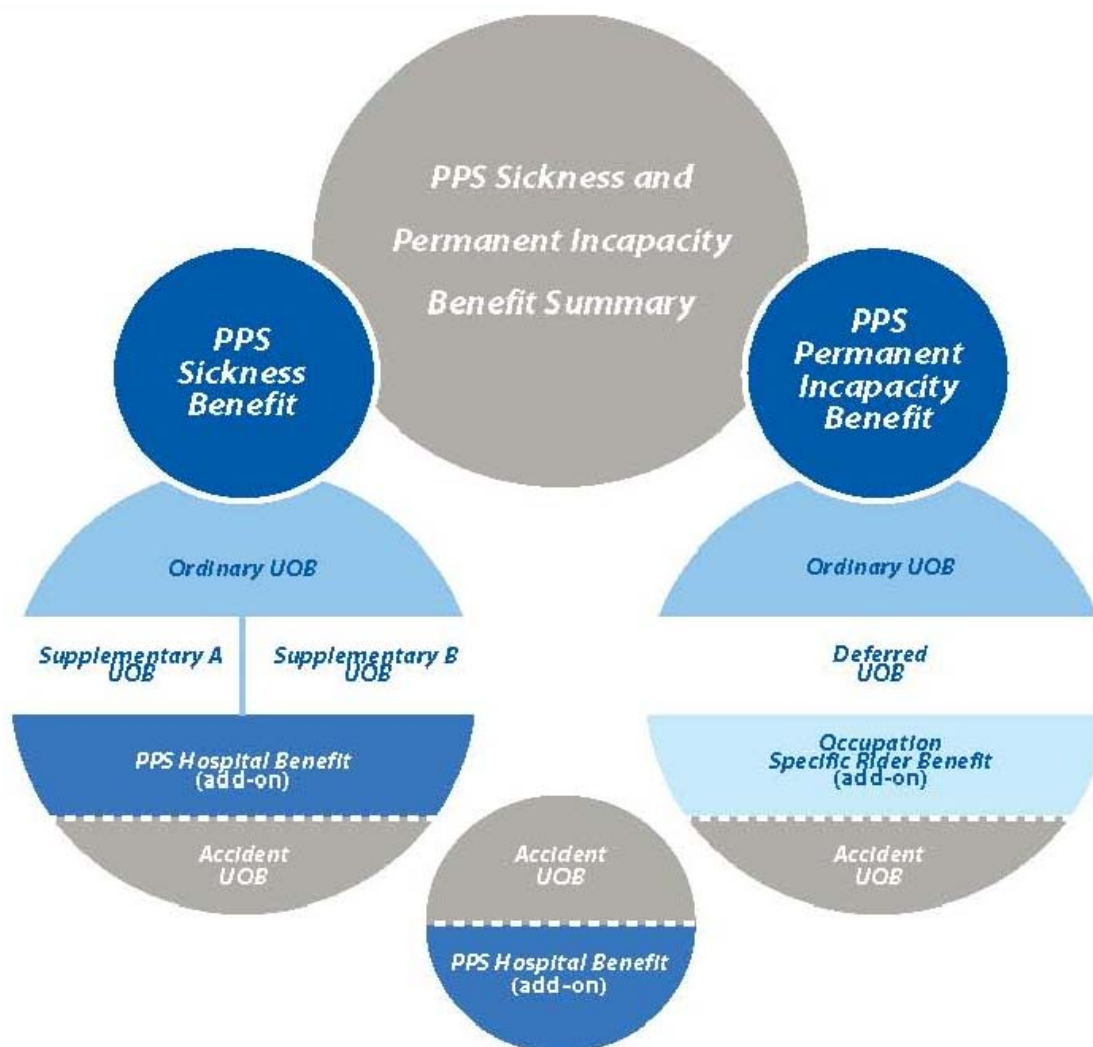
These Sickness and Incapacity benefits do not simply provide a form of income protection. Policyholders are allowed to work while they receive incapacity benefits, as **any income earned is not taken into account during the claim period**. More importantly, **proof of loss of earnings is not a requirement** since cover is based on gross professional income (GPI) at the time of claim. This is particularly important for professionals in private practice.

In addition, PPS policyholders participate in the operating surplus and investment returns of the company. This non-vesting lump sum is known as the Surplus Rebate Account (SRA).



## OVERVIEW

PPS offers various Sickness and Permanent Incapacity benefits at different rates and with varying degrees of cover. The diagram below illustrates the types of Units of Benefit that provide cover for Sickness, Permanent Incapacity or both. The PPS Hospital Benefit and OSRB can be taken as add-ons to the Sickness Benefit and the Permanent Incapacity Benefit, respectively. The PPS Hospital Benefit can be added to your Accident UOB.



PPS policyholders can structure the Units of Benefit to suit their specific needs.

The **Ordinary Units of Benefit option** is what is known as the core benefit i.e. a policyholder must have these Units of Benefit in order to qualify for any other benefit (excluding the Accident Units of Benefit). These Units of Benefit provide both Sickness and Permanent Incapacity cover.

The **Accident Units of Benefit option** is available for those persons whose state of health would under normal circumstances, not enable them to receive other PPS insurance benefits. Ordinary Units of Benefit are therefore not a prerequisite in this instance. This benefit provides Sickness and Incapacity benefits in the event of an accident only.

**Note:** A policyholder may also add the Accident Unit of benefit option to the Ordinary Units of Benefit.

The remaining Units of Benefit are optional and may be added to the Ordinary Units of Benefit:

A policyholder may add **Supplementary A and/or B Units of Benefit** to the Ordinary Units of Benefit for additional sickness cover only.

The **Deferred Units of Benefit** is designed to cover Permanent (PI) or Partial Permanent (PPI) incapacity only.

The **Hospital Benefit** pays out an additional Sickness benefit for the period of hospitalisation. This benefit may be added on to all Units of Benefit selected except the Deferred Units of Benefit and Occupation Specific Rider Benefit (OSRB), as these are PI benefits only.

The **Occupation Specific Rider Benefit (OSRB)**, is a monthly incapacity benefit that increases any PI award (even a 20% award) to a 100% benefit.

Once the benefit is awarded it is never reviewed and **any** income earned is not offset against it.

### **How do these Units of Benefit work?**

Once an applicant has been approved in terms of the PPS eligibility criteria, the policyholder can purchase Sickness and Permanent Incapacity cover, by applying for Units of Benefit. These units determine the amount of Sickness and Permanent Incapacity cover a policyholder is covered for. Each Unit of Benefit held by a policyholder provides a monthly monetary benefit, calculated per day for a Sickness or Permanent Incapacity.

## How is Annual Gross Professional Income (GPI) determined?

The number of Units of Benefit a policyholder may apply for is determined by their annual gross professional income (GPI).

Gross professional income of a policyholder is determined by taking into account the following:

- If a practitioner (either alone or in partnership) earns a professional income only i.e. by charging a fee for services, the gross professional income is used to determine his allowable Units of Benefit.
- If a practitioner “trades” in addition to charging a professional fee, the income must be split between the two categories. Once this is done the sum of the following will be used.
  - The gross professional income based on the fees charged; and
  - The net income from trading activities
- Individuals who have started a private practice during the past twelve months and who are applying for sickness and incapacity benefits for the first time are initially able to apply for benefits equal to half of their estimated annual income.
- An existing policyholder, who starts a private practice after being in corporate employment, must notify PPS Insurance of this. His/her present portfolio of benefits will remain unchanged for 1 year. After this period, proof of annual gross professional income will be required. The policyholder’s portfolio may be amended should the income not be equal to or more than they earned before.
- Should it be difficult to identify a policyholder’s income from professional fees, the policyholder’s net income will be used.
- In the case of employed professionals the “Cost to Company” figure is used to determine the amount of cover a person qualifies for.

**Note:** VAT is always excluded from the Gross Professional Income since VAT is *not* income.

### Proof of income

When the cover applied for is equal to or exceeds R 1.2 million, proof of income will be required at application stage and if deemed necessary, at claim stage too.

Proof of income may be requested at claim stage for any sickness and incapacity benefits. This is not **proof of loss of income**, but proof of what the policyholder was earning directly prior to the sickness/injury.

## Sickness Benefits

The Sickness benefit covers a sickness that exceeds a period of 7 consecutive days. This benefit pays from day 1. The Sickness benefit period covers a policyholder for a period of (approximately) 728 days or 2 years for every condition that is not the same, similar or related.

*For Example:*

Mr. Policyholder suffers from asthma and is unable to work for a few weeks, then returns to work. After a couple of months he has another setback and he is off again, but again returns to work. For every period that Mr. Policyholder is off with the same or related condition PPS adds the days together, until he reaches 728. In the interim, Mr. Policyholder breaks his leg and claims Sickness benefits. This has no effect on the asthma claim, as they are unrelated conditions and 728 days can be claimed.

Sickness is any inability to attend to usual professional duties that necessitates medical or dental treatment and exceeds a period of 7 consecutive days (including weekends and public holidays).

PPS sickness claims are usually high in frequency and of short duration. Many sickness claims relate to influenza, gastro-enteritis, infections, muscle injuries etc.

The Sickness Benefit does not cease at a specific age but continues for policyholders in private practice, for as long as they remain working. For policyholders who are not in private practice, the Sickness Benefit will remain in place until age 71, if such a policyholder continues to work until age 71.

The claims process of the Sickness Benefit is also very simple.

### **Partial Sickness Benefit**

The Sickness Benefit also covers partial sickness claims that offer an invaluable benefit while the policyholder recuperates and rehabilitates from their condition.

If a policyholder is able to return to work, but not in their full capacity, PPS will pay a “Partial” Sickness benefit. This means that the policyholder will receive half of the usual Sickness benefits for the period that they are working a portion of the day.

#### *For Example:*

Ms. Policyholder, a pharmacist suffers a heart attack and is not able to work for 3 months. She starts feeling better and returns to work half-day for a period of 6 weeks, after which she resumes her full time duties. For the 6-week period, PPS will pay her a “Partial” Sickness benefit.

#### **Note:**

- A policyholder has to be off for 7 “full” days before they are able to start claiming Partial benefits, and are able to claim up to 721 “partial” days.
- Partial benefit claim days are still accumulated as a ‘full day’ for the 728-day rule.

#### **Important things to remember about the Sickness benefits**

- The Sickness benefits are paid tax-free to the policyholder as they are of a capital nature.
- The Sickness benefits provides cover on receipt of a valid medical certificate for being booked off from your own job.
- No need to prove loss of income, therefore no IRP5 required.
- Any income a policyholder earns during a Sickness claim will have no effect on the benefits received from PPS and there is no aggregation with other benefits.
- Claim procedure is simple.
- PPS sees these 728 days or 2-year period as a rehabilitation period, the claim must be reasonable and a medical doctor must book the policyholder off as per the claim form.

## Permanent (PI) and Partial Permanent (PPI) Incapacity

### How does PPS define Permanent (PI) or Partial Permanent (PPI) Incapacity?

A policyholder will be considered for the Incapacity benefit if, according to PPS' assessment process, a policyholder is permanently unable to carry out his own profession as well as any other profession that could be carried out by persons with similar or comparable qualifications.

PPS determines the extent of the incapacitation as either Partially or Totally Permanently Incapacitated.

*It is important to understand that the PPS Permanent Incapacity assessment is unlike an income protection assessment. The assessment is neither "own occupation" nor "own or similar occupation" as is understood in the rest of the market.*

*When assessing Permanent Incapacity, PPS does take into account amongst the other criteria, the policyholder's own occupation. Policyholders are expected to use their professional knowledge, experience and expertise to seek involvement in other similar related occupations within their professional field.*

Permanent Incapacity benefits are specifically tailored to professionals who are the type of people who are motivated to work and want to return to work as quickly as possible. The assessment therefore looks at what the policyholder is still able to do, taking cognizance of both the policyholder's own occupation before the claim as well as what the policyholder is still able to do in his professional field. A partial or total permanent incapacity award is then made. Any income that the policyholder then earns from working in his own professional field or any other field is not taken into account and does not reduce the benefit awarded.

Income protection on the other hand assesses if the policyholder is losing a significant (more than 80% is the general rule) amount of income from being unable to work in his profession and then makes an award. Any income that the policyholder then earns is deducted from this benefit. So for a professional policyholder, whilst the benefits are not the same, the most like for like comparison is a typical income protection product assessing on own occupation compared to the PPS permanent Incapacity benefit.

## Permanent Incapacity Benefit Assessment

The following requirements and assessment criteria will apply:

- the payment of a valid sick pay claim of at least seven consecutive days of sickness according to the definition of sickness contained in the PPS Provider contract;
- a policyholder's ability to apply his mental and decision making skills, required for his profession as a primary consideration;
- a policyholder's functional capacity;
- a policyholder's profession;
- a policyholder's ability to carry out an alternative vocation or occupation in his professional field, based on his qualifications;
- a policyholder's age;
- medication and the side-effects;
- all medical reports and evidence furnished by the policyholder to PPS Insurance;
- all medical reports and evidence requested by PPS Insurance;
- the completion of Occupational and Quality of Life questionnaires; and
- any other information that PPS Insurance may require or considers relevant for the purposes of assessment
- the condition must be considered permanent and maximum medical improvement must have been attained

Once a person has been deemed to be permanently incapacitated, PPS will, in accordance with its set criteria determine whether the policyholder is totally or partially incapacitated.

Once in possession of all the required information, PPS Insurance will undertake the Permanent Incapacity Assessment Process.

In the context of Permanent Incapacity profession shall mean any occupations for which your qualification is a requirement.

At the discretion of PPS Insurance, policyholders with any permanent incapacity award may be reassessed, based on the submission of new medical evidence, by the policyholder in accordance with PPS Permanent Incapacity Assessment Process.

### **Partial Permanent Incapacity Benefit**

A policyholder that is still able to work partially may receive a partial permanent incapacity award after the PPS Permanent Incapacity Assessment Process. The policyholder will either be awarded a 20% partially incapacity award or a 60% partially incapacity award.

If a policyholder is deemed to be less than 20% incapacitated in terms of the Permanent Incapacity Assessment Process, he will not qualify for any award.

When PPS finds that the policyholder is more than 20% incapacitated the policyholder will receive a 60% partial incapacity award. If the policyholder is assessed as being more than 60% incapacitated the policyholder will receive a 100% permanent incapacity award.

A policyholder who has been awarded a partial permanent incapacity award of 20% or 60% can elect to remain working or may elect not to work within his profession.

### **Policyholders who REMAIN WORKING:**

- will still be required to pay premiums and
- can claim for any sickness or permanent incapacity benefit unrelated to the current permanent incapacity award
- will be entitled to an upward review if the condition worsens.
- The benefit will be paid until the day before the policyholder turns 66.
- The annual declared increase in benefits is still applicable during claim, which will help reduce the eroding effects of inflation.
- No application for any further benefits allowed.

### **Policyholders who choose NOT TO WORK:**

- are not required to pay any further premiums and
- can NOT claim for any sickness or permanent incapacity benefit unrelated to the current permanent incapacity award.
  - Supplementary Units of Benefit will be cancelled. They only provide Sickness benefits so are no longer required.
  - The amount of bonus allocations to the SRA will continue for the remaining Units of Benefit only
- NO upward review of a 20% partial permanent incapacity award.
- A 60% partial permanent incapacity award will receive an upward review if the condition worsens.
- The benefit will be paid until the day before the policyholder turns 66.
- Bonus units may be allocated annually which will help reduce the eroding effects of inflation.

- No application for any further benefits allowed.

### **Total Permanent Incapacity**

A policyholder who has been awarded a total permanent incapacity award of 100% will:

- Receive a 100% of the benefit (84% of GPI)
- Not pay any further premiums
- Not be entitled to file any further sick pay claims.
- The benefit will be paid until the day before the policyholder turns 66.
- Bonus units may be allocated annually which will help reduce the eroding effects of inflation.
- No application for any further benefits allowed.

### **Important things to remember about the Permanent Incapacity benefits**

- The Incapacity benefits are not tax-free in the hands of the policyholder but the portion of the premium covering Permanent Incapacity is tax deductible.
- The benefit is assessed taking into account amongst other criteria, the policyholder's own occupation.
- There is no aggregation with any other income benefits or lump sum benefits a policyholder has.
- Any income the policyholder continues to earn after being declared incapacitated will have **no** effect on the benefit received from PPS.
- To remove any grey areas and get a 100% benefit for any Permanent Incapacity awarded, the policyholder must select the Occupation Specific Rider Benefit™ (OSRB) option

## Claims

A policyholder does not have to prove loss of income in order to claim. The policyholder may have to provide proof of income at the time of commencement of the claim.

The PPS claims procedure is simple and quick requiring only a completed claim form and doctor's certificate.

### Submitting claims

- Claims can be submitted to any PPS Insurance office within 6 months of the commencement of the claim depending on the sickness.
- If a claim is submitted after 6 months from the start of the sickness, PPS Insurance will pay that portion of the claim that falls within the 6 months period preceding the receipt of the claim.

*For example:*

Mrs. Policyholder contracts a sickness, which lasts from 15 January until 15 February. She has six months to submit her claim i.e. she must submit it by 15 July. She only submits the claim on 31 July. The claim will then only be paid from 31 January to 15 February, because this falls in the 6-month period. If the claim was submitted before or on 15 July, the claim will be fully paid.

- The policyholder can only submit a Sickness benefit claim if he/she has been sick for a minimum period of 7 or more consecutive days, or a hospital claim if he/she has been hospitalised for 4 or more consecutive days (based on the hospital account). Saturdays, Sundays and Public Holidays are included.
- Ongoing claims longer than one month should be submitted monthly to ensure prompt, regular payment and to avoid a portion of the claim being refused due to late submission.

### Consulting doctor or dentist

- Policyholders who are sick must consult their doctor/dentist within three days of becoming sick or five days if they become sick during the weekend. If not, the days prior to the first consultation will not be taken into account in determining the Sickness claim period.

### Medical certificates

- A policyholder who has been claiming full sickness benefits and returns to work on a part time basis must submit a medical certificate if the partial sickness claim is for more than 6 days.
- Post-dated medical certificates are **NOT** accepted.
- The date that the doctor signed the claim form will be seen as the "end date" of the claim in most instances.

## Claims not recognised

Sickness benefit claims will not be recognised in the following circumstances:

- Where a sickpay claim form is completed after a telephone consultation with the doctor
- In the case of self-treatment.
- In the case where the claim forms have been submitted 6 months after the commencement of the claim. If a claim is submitted after 6 months from the start of the sickness, PPS Insurance will pay only that portion of the claim that falls within the 6 months period.
- Where medical certificate/s is not from a medical or dental practitioner or any other practitioner who is both registered with the Health Professions Council of South Africa and approved by PPS Insurance.
- No Sickness or Permanent Incapacity Benefit will be payable in respect of sickness or permanent incapacity directly or indirectly attributable to pregnancy, confinement or miscarriage, except during a period of hospitalisation of at least four consecutive days in respect of such sickness (if a policyholder is in possession of hospital Units of Benefit). A sickness will be deemed to be directly or indirectly attributable to pregnancy, confinement or miscarriage if it is established that, in spite of one or more intervening events or conditions, such sickness would not have been contracted by the Policyholder, had it not been for the pregnancy, confinement or miscarriage.
- No Sickness or Permanent Incapacity Benefit will be payable in respect of sickness or permanent incapacity directly or indirectly attributable to procedures of a cosmetic nature.

## Hospitalisation

- If a policyholder has been in hospital for four days or more (based on the hospital account), and the claim includes hospital treatment, the member must submit the first page of the hospital account, which shows the dates on which the member has been admitted as well as discharged, with the completed claim forms.
- No Sickpay Benefit will be paid in terms of the Hospital Rider Benefit in respect of any sickness arising out of a condition or injury which predates the issue of the Hospital Rider Benefit by twelve months or less.

## Limited registration

PPS Insurance is not liable for Permanent Incapacity or Partial Permanent Incapacity benefits (as defined in the policy document) if the inability to perform any professional duty is attributable to, or aggravated by a limited registration to practice in South Africa.

- Not due to medical conditions, but to the regis status with HPCSA (Health Professions Council of SA).
- The PPS Insurance Board has sole discretion to decide whether the implementation of this limitation on cover shall apply.

**Note:** Applicants with limited registration may apply for all the usual benefits. It is important that PPS Insurance is notified once full registration is obtained.

## PRODUCT FEATURES

### Eligibility

- The applicant must meet the eligibility criteria of PPS Hold Co.
- Individuals who meet the PPS Student eligibility criteria, are also able to apply for PPS Sickness and Permanent Incapacity Benefits

### Entry Ages

- Maximum entry ages for the Sickness and Permanent Incapacity Units of Benefit vary depending on the benefit category selected.
- Entry ages are based on an individual's age next birthday.
- Age next birthday is equal to actual age + 1.

### Underwriting

The following aspects are relevant when it comes to underwriting:

- *Profession*

In considering the policyholder's profession, for example, a serious injury to a dentist's shoulder would render him incapable of practicing his profession and would be seen as a more serious condition than in the case of an accountant.

- *Financial status*

The financial status of a policyholder will reveal whether or not they qualify for the number of Units of Benefit applied for. Financial underwriting is applied based on the policyholder's gross professional income (GPI), in order to determine the maximum cover allowable. Proof of income is required at the discretion of PPS.

- *Family medical history*

The applicant's family medical history is also an important consideration that needs investigation due to the fact that many medical conditions are hereditary e.g. Diabetes.

- *Moral risk*

Moral risk covers aspects of selection for example the policyholder neglects to inform PPS of anticipated future surgery, lifestyle or past medical conditions.

## Loadings

If an underwriter should feel that a policyholder is acceptable, but cannot be admitted as a policyholder based on the standard premium rates, a premium loading will be imposed according to the severity of the impairment.

- Loadings will not be applied to the OSRB, however certain exclusions are.
- There are no loadings and exclusions applied to the Accident Benefit.
- There are no loadings and exclusions applied to hazardous pursuits e.g. mountain climbing.
- Loadings are only applicable on the new cover that has been applied for and will never be imposed on any existing cover a policyholder might have. If a loading cannot be applied to a specific condition because of the risk and severity, an exclusion will be applied e.g. depression or cardiac problems.
- PPS applies loadings to impairments that are excluded or not covered by other Life Assurers some examples are: Varicose Veins, Sinusitis, Cystitis, Eczema, Hernias etc. PPS covers these conditions when most other Life Assurers don't.
- Loadings and exclusions may be applied simultaneously for the same condition:

### *For Example:*

PPS applies exclusions to **specific** conditions only, for example asthma. The insurance industry in general exclude asthma, as well as any condition related to it, conditions such as sinusitis, bronchitis, or allergic rhinitis that are associated with the asthmatic condition. Under these circumstances, PPS will exclude asthma and load any related conditions, which are then covered.

**Note:** PPS reserves the right to place a loading on premiums and deduct them without asking permission from the policyholder (if the loading is due to an increased health risk).

*(See Annexure 1 – Medical Underwriting Requirements)*

## Exclusions

The following exclusions are applied to the Sickness and Incapacity Units of Benefit:

- Any disease, illness, sickness or incapacity attributed to excessive indulgence in liquor, drugs, immorality or disorderly conduct, and intentional self-inflicted or intentionally self-induced disease, sickness, injury or disability.
- Any disease, illness, sickness or incapacity;
  - Directly attributable to military service (excluding peace keeping missions during peace time).
  - Directly or indirectly attributable to procedures of a non-functional cosmetic nature.
  - Resulting from consumption of a poisonous substance that would be known by a reasonable person to be harmful.
  - Due to an act committed that constitutes a breach of any law.

- Any sickness attributable to pregnancy, confinement or miscarriage. PPS Insurance will pay a claim if the pregnancy resulted in a hospitalisation period of four days or more.

### **Waiting Periods**

- Waiting periods are applied to specific categories of benefits.

### **Premiums**

- Premiums are determined by the number of benefit options selected by the policyholder.
- The premium rate applicable at the time of application is fixed throughout the benefit period for that portion of cover.
- Premiums may be revised at the discretion of PPS and are not guaranteed.

### **Premium Frequency**

- Premiums are payable monthly, quarterly, semi-annually or annually in advance.
- The policyholder may select the premium frequency.
- A discount of 5 percent shall be granted on premiums paid twelve months in advance and a discount of 2,5 percent on premiums paid six months in advance.
- Policyholders are able to select a debit order date of either the 1st or 15th of each month.
- Premiums must be paid before the fifteenth day of the month in respect of which the premium is payable.

### **Tax Deductibility of Premiums**

- Premiums for the Sickness portion of the benefit are not tax deductible in the hands of the policyholder.
- Sickness benefits received by the policyholder are tax free.
- Permanent Incapacity benefits received by the policyholder are taxed, as they are viewed by SARS as an income.
- Premiums for the Permanent Incapacity portion of the benefit are tax deductible in the hands of the policyholder.
- Premiums for the OSRB benefit are tax deductible in the hands of the policyholder.

### Reduced premiums for policyholders under 30 years of age

PPS offers all policyholders who are under the age of 30 a reduced rate. This concession is to assist young professionals currently building up their practices/careers to join PPS and its unique cover at affordable rates:

- These policyholders enjoy exactly the same Sickness and Permanent Incapacity benefits as all other policyholders, but will receive a reduced return into their Surplus Rebate Account.
- All policyholders under the age of 30 will continue to pay such reduced rate until the day before he/she turns 30.
- The policyholder will start paying the full rate on the **first of the next month** that he/she turns 30 or on any earlier date chosen by the policyholder.
- A policyholder under the age of 30 who has chosen to pay the full rate will not be permitted again to pay a reduced rate.

The reduced premium rate is 18c per Unit of Ordinary benefit as opposed to the normal 31c per Unit of Ordinary benefit

### Temporary Cessation of Premium Payments

At the discretion of PPS, a policyholder may temporarily cease paying premiums if he/she temporarily ceases to practice his/ her profession due to temporarily financial difficulty, maternity leave, full-time study and/or overseas travel.

The following conditions will apply to the Temporary Cessation of Premium Payments (TCPP):

- Only a period of 12 calendar months is allowed at a time, except for temporarily financial difficulty where a maximum period of 6 months is allowed.
- A minimum period of 1 month and a maximum of 36 calendar months in aggregate are allowed.
- No benefit will be payable during the period of non-contribution.
- A 3-month waiting period is applied to the Sickness and Permanent Incapacity benefits, once the non-contributory period is completed.
- A policyholder may not apply for a temporary cessation of premium payments beyond their 60<sup>th</sup> birthday.
- If a policyholder wishes to reinstate cover during a non-contributory period, before the expiry date, they will be subject to a full medical as well as financial underwriting.
- If a policyholder wishes to extend this non-contributory period, he/she must provide two calendar month's notice. The extension will be granted at the discretion of PPS.
- Although interest will be paid, no bonus declarations will be made to the Apportionment account balance of the policyholder during the period of non-contribution.
- Declared annual increases will be applied to these policyholder's at the beginning of each year.
- When the policyholder returns to practising his / her profession, the payment of premiums will be resumed at the same rate immediately before the period of non-contribution. This premium will include any declared



INSURANCE FOR  
PROFESSIONALS

annual increase and if applicable any general rate increase by PPS.

- If the policyholder wants to resume payment at the end of the 12-months as stipulated in the application form, he/she will start paying premiums automatically and **NO** re-underwriting will take place.

## Benefit Cover

### Maximum Cover

- At the time of application, the different individual Units of Benefit options will cover a maximum of two-thirds of a policyholder's gross professional annual income (GPI) for the Sickness benefit,
- PPS Insurance will pay a bonus of 10 cents per unit in the case of Ordinary Units of Benefit. This means that PPS Insurance in fact pays approximately 84% of GPI in the case of Permanent Incapacity relating to the Ordinary benefit option only.
- The current maximum GPI that PPS will ensure is R 3 667 554.

### Declared Annual Increases

- Annual benefit increases may be declared, at the discretion of PPS Insurance, to help reduce the eroding effects of inflation on benefits.
- Benefits will increase by the declared percentage on 1 January each year.
- Premiums for the increased cover will be based on the policyholder's age next birthday at the time of the increase.
- The declared annual increase is granted without further medical underwriting.
- The same percentage increase will be applied to any other benefit chosen under the Provider policy.
- Permanently disabled policyholders are issued with bonus Units of Benefit annually on 1 January to increase their monthly income.

**Note:** The number of Units of Benefit, including the declared annual increases should not exceed the maximum cover described above.

### Additional Cover and Reduction of Cover

- A policyholder may apply for additional Units of Benefit. The policyholder will be re-underwritten for any additional cover applied for.
- A policyholder may also reduce the amount of Sickness and Permanent Incapacity cover.

### Change in profession

- A policyholder who changes his/her profession must notify PPS Insurance in writing giving details of the new profession, the duties and how his/her qualification/s and experience is being utilised in the new position
- The policyholder may be called upon to complete the standard Eligibility questionnaire and to provide PPS Insurance with a complete job description of the new occupation. A decision will then be taken as to whether the policyholder still qualifies for Sickness and Permanent Incapacity cover.

### **Cover after the age of 66 years**

Should a PPS policyholder still practice his/her profession at the age of 66, the following rules become effective when:

- Sickness benefits will be limited to 26 weeks (approx 6 months), or for periods that aggregate 26 weeks in a period of 52 weeks, should the policyholder suffer from the same, a consequential or related sickness.
- No permanent incapacity benefits are payable after the age of 66.
- The declared annual increases in benefits are no longer effective.

**Note:** The existing Deferred Units of Benefit and existing Supplementary B Units of Benefit will be cancelled when the policyholder turns 66. The existing Accident Units of Benefit will be cancelled when the policyholder turns 71.

### **Cover after the age of 71 years**

A policyholder who has turned 71 and is still in private practice, may retain the SPPI benefit under the following conditions:

- Cover will not be subject to a maximum age restriction, but continued participation will at all times remain in the absolute discretion of PPS Insurance.
- The premiums paid by a policyholder for his Units of Benefit will be doubled.
- It is the **rate per unit** that doubles and includes any loadings that might be applicable at the time.
- A policyholder will only be able to claim sickness benefits in respect of a sickness that lasts at least 14 days in duration.
- If a policyholder is Sick or Incapacitated and is unable to perform his/her professional duties for a continuous period of 90 days (or for periods which aggregate 90 days in any period of 360 days), the policy will be terminated on the day after the 90-day period.
- The policyholder will not be entitled to any Permanent Incapacity benefits.

### **Cover for GPI of R 1 200 000 or more**

- When a policyholder applies for cover that is equal to or exceeds R 1 200 000, proof of income will be required at application stage and if deemed necessary, at claim stage too.
- When a policyholder applies for cover with a GPI of R 1 200 000 or more additional underwriting will be applied and certain conditions will be limited to R 1 200 000 GPI only.

### **Maximum GPI of R 1 200 000 covered for the following conditions:**

- Mental & behavioural disorders
- Fibromyalgia
- Chronic fatigue syndrome (yuppie flu).

This means that should you earn more than R 100 000 per month and the cause of claim is one of the conditions above, then only the benefit for the R 1 200 000 GPI will be paid.

### **Reinstatement of Cover**

If a policyholder does not pay premiums for more than two months the cover will cease. The policyholder will be able to reinstate the policy (subject to underwriting) if the following conditions are met:

- All arrear premiums (with interest at the legal rate) are paid within three months of the termination.
- No benefits shall be payable during the period from the date of termination to the date PPS agrees to reinstate the cover.
- No benefits shall be payable with respect to any claim events that occurred during the period from the date of termination to the date PPS agrees to reinstate the cover.

### **Re-application for cancelled cover**

- An exited policyholder may re-apply for cover with PPS Insurance subject to the normal underwriting and eligibility criteria.
- If a policyholder cancels his/her policy and then wishes to reapply again at a later stage, the individual will apply as if he/she were a new applicant.
- A 1 year waiting period applies if a policyholder cancels all benefits and is paid out the SRA less forfeitures before new benefits can be applied for.

### **Termination of Cover**

Sickness and Permanent Incapacity benefits will cease on the earliest of the following events occurring:

- When the life insured dies.
- Cancellation of cover by the policyholder.
- Termination of PPS membership at Holding Company level.
- Termination by PPS Insurance Company Board due to material non-disclosure.
- Non-payment of premiums.
- When the initial term of the contract expires.

### **Cessions**

- The Sickness and Incapacity Units of Benefit **may not** be ceded.

### **Surplus Rebate Account (SRA)**

- A PPS policyholder with Sickness and Permanent Incapacity cover qualifies for a SRA account to be opened and bonus allocations will be made into the account.

## STUDENT COVER

### How is a Student defined?

A student is defined as a person who is younger than 30 years of age and is studying towards a qualification eligible for PPS by either:

- Being enrolled for the fourth year of study of an eligible degree consisting of four or more years; **or**
- Being enrolled for an additional eligible qualification, following the completion of a three-year degree.
- Students may apply for benefits up to the day before they turn 30 (i.e. age 29).
- Student benefits continue from the date of application to maximum age 29 (the day before they turn 30).
- Student policyholders will receive a reduced return into their Surplus Rebate Account.
- Students may not apply for the Occupation Specific Rider Benefit product.
- A compulsory conversion from Student benefits to Ordinary Units of Benefits will take place when a student attains the age of 30, subject to underwriting and if they qualify.
- When the compulsory conversion from Student benefits to Ordinary benefits takes place (age 30), the policyholder has a grace period of 6 months in which to submit proof of graduation. Should the student fail to submit his/her confirmation of official graduation/qualification, it will result in the cancellation of the student's benefits and PPS will refund all premiums paid for the 6 month period (less any charges and costs incurred).

### Maximum cover at application

- A maximum of 100 Ordinary Units of Benefit may be applied for.
- If Ordinary Units of Benefit have been declined due to ill health, students can apply for 100 Accident Units of Benefit with the Hospital benefit as an add-on benefit.

### Graduate Enhancer Benefit

- This benefit provides increased benefit to students on graduation.
- Allows a student to increase their cover, with limited underwriting:
  - Up to 400 Ordinary Units of Benefit
  - Increase life cover by R 200 000 (to a maximum of R 400 000 total cover)
  - Increase disability cover by R 100 000 (to a maximum of R 400 000 total cover)
- This enhancement option can be exercised at any time during a student's participation in the Student Package, and provided the student is still under the age of 30, subject to notification of qualification.
- The option to exercise the Graduate Enhancer benefit will cease on the policyholder's 30th birthday, and the policyholder will need to complete an additional application form with full underwriting for increased benefits.

## PREGNANCY

Pregnancy is not viewed as a sickness and in setting the premium rates for Sickness and Permanent Incapacity benefits, PPS Insurance never contemplated that a “Sickness or Incapacity benefit” should be payable to a healthy woman during her confinement and delivery of a child. PPS’s core business is to provide Sickness and Incapacity benefits, not unemployment or maternity benefits.

### **Policy on applying for PPS Sickness and Permanent Incapacity Units of Benefit**

- If the applicant is 5 months (20 weeks) or more pregnant, PPS Insurance will defer the application for 3 months post confinement.
- If the applicant is less than 5 months pregnant, normal underwriting will apply (normal underwriting may also include deferring).

### **Claims**

- A policyholder will not receive Sickness or Permanent Incapacity benefits during a sickness attributable to pregnancy, confinement or miscarriage.
- Subject to the provisions of these rules, a policyholder, however, will be considered for Sickness benefits or Permanent Incapacity benefits during pregnancy or following confinement or miscarriage in respect of a sickness not attributable to but possibly aggravated by those conditions.

**Note:** All pregnancy related claims will go to the Medical Officer for a decision. Each case is treated individually and according to merit.

### **Pregnancy related Sicknesses**

- PPS Insurance will pay a claim if the pregnancy resulted in a hospitalisation period of four days or more (based on the hospital account)
- Benefits will be paid from day 1.
- The policyholder will be paid on her holding of Ordinary Units of Benefit for the hospital period.

## MARKETING FEATURES OF THE PPS SICKNESS AND INCAPACITY BENEFIT

- PPS policyholders can structure the amount of Units of Benefit required to suit their specific needs. The Units of Benefits are designed to cover events due to Sickness and Permanent Incapacity.
- PPS offers cover exclusively to graduate professionals, these results in a low claim rate, which in turn results in lower premiums.
- Policyholders share in the net operating income and investment earned by PPS Insurance through the Surplus Rebate Account (SRA).
- Any income a policyholder earns during a claim will have no effect on the benefit received from PPS.
- The benefit pays regardless of any other policies or insurance cover a policyholder may have. There is no aggregation at underwriting or claim stage.
- Proof of loss of earnings is not a requirement at claim stage; cover is based on gross professional income (GPI) immediately prior to the claim.
- Policyholders are covered if they decide to emigrate or take up temporary work abroad (regardless of the country)
- The PPS Sickness benefit covers a maximum of two-thirds of a policyholder's GPI. This benefit is **tax-free** in the hands of the policyholder, as opposed to most companies' Income Protection products.
- The premiums for the Permanent Incapacity portion of the benefit and the OSRB benefit are tax deductible.
- PPS sickness claims are usually high in frequency and of short duration. Many sickness claims relate to influenza, gastro-enteritis, infections, and muscle injuries etc, many of which are not covered from day one by most Life Assurance companies even with a 7-day waiting period.
- In order to reduce the eroding effects of inflation, policyholders who are claiming Permanent Incapacity benefits, may receive bonus units of benefits.
- No loadings and exclusions are applied to hazardous pursuits e.g. mountain climbing, scuba diving etc.
- PPS provides cover for conditions that are not covered or are excluded by other life insurers some examples are: Varicose Veins, Sinusitis, Cystitis, and Eczema.
- The premium rate applicable at the time of application is level throughout the cover
- PPS offers all policyholders who are under the age of 30 a reduced rate. This concession provides young professionals cover at affordable rates.
- The Graduate Enhancer Benefit provides increased benefits to students on graduation with limited medical and financial underwriting.
- If a policyholder temporarily ceases to practice their profession due to maternity leave, full-time study and/or overseas travel they may temporarily cease paying premiums. (The cessation of payment would have to be approved by PPS Insurance and no benefits are payable during this period)

## DETAILED DESCRIPTION OF THE UNITS OF BENEFIT

### Introduction

Various Units of Benefits allow the policyholder to structure benefits best suited to them. For example if the policyholder is worried about sickness but has lump sum disability benefits they should structure more Sickness Benefits for example Supplementary A Benefits to cover this need. However if the policyholder can fund his/her sickness but is worried about Permanent Incapacity, they should structure the Unit of Benefits by taking more Deferred Units of Benefit and a minimum Sickness Benefit.

Why pay for cover that you don't need? Rather structure the benefit that you require.

### Ordinary Units of Benefit

The Ordinary Units of Benefit are the core benefit for Sickness and Permanent Incapacity. A policyholder must have a minimum of 100 Ordinary units in order to obtain any other of the benefit options. This benefit provides both Sickness and Permanent Incapacity benefits.

If an applicant has been declined Ordinary Units of Benefit due to ill health, Accident Units of Benefit may be awarded in place of the Ordinary Units of Benefit.

For every ONE Ordinary Unit of Benefit held, the policyholder is entitled to:

- Sickness cover of 40 cents per unit of benefit held, per day. This benefit is calculated from the first day of sickness, provided the sickness lasts for at least seven consecutive days (including weekends and public holidays).
- Permanent Incapacity cover of 50 cents per unit of benefit held, per day, for as long as the policyholder is permanently incapacitated, or until the policyholder attains the age of 66.
- The criteria used for assessing permanent incapacity payments from the Ordinary Units of Benefit differs when a policyholder has a successful claim under the Occupation Specific Rider benefit option.



### Benefit limits (Units)

<b>Minimum</b>	100 Units
<b>Maximum</b>	16 670 Units 100 Units (Students)

### Benefit limits

<b>Total Sickness</b>	R 206 708 per month
<b>Total Incapacity</b>	R 258 385 per month

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age – New Business</b>	62 age next birthday (61 actual age)
<b>Maximum entry age – Additional Business</b>	62 age next birthday (61 actual age)

### Benefit term (Sickness benefit)

The Sickness benefit will be paid for a maximum period of 728 days (approximately 2 years) for every unrelated condition.

#### *For Example:*

Ms. Policyholder suffers from a minor heart attack and is unable to work for 2 months, then is back at work. After a couple of months she undergoes surgery related to her heart condition and is off again for 1 month. After this period she returns to work. For every period that Ms. Policyholder is off with the same or related condition, PPS adds the claims together and until she reaches the 728-day cut off. In the interim, Ms. Policyholder develops multiple sclerosis; she is unable to practice for 2 weeks and claims Sickness benefits. This has no effect on the heart related claim, as they are unrelated conditions.

**Note:** A Permanent Incapacity benefit may be awarded prior to the 728-day period of Sickness. This will depend on the permanency of the sickness and whether it is in the best interest of the policyholder to receive Permanent Incapacity benefits rather than Sickness benefits.

### Benefit term (Permanent Incapacity benefit)

The Permanent Incapacity benefit will cease on the policyholder's 66<sup>th</sup> birthday.

### Waiting Periods

No waiting periods are applied to the Ordinary Units of Benefit.

**Rider Benefits available:**

- Hospital Benefit is available as a rider benefit
- Occupation Specific Rider Benefit is available.

**How is Ordinary Units of Benefit determined using GPI?**

A policyholder must hold a minimum of 100 Ordinary Units of Benefit. A policyholder may apply for ONE unit of Ordinary benefit for every R 220 GPI.

*For Example:*

If a policyholder' GPI is R 1 200 000, the maximum number of Ordinary Units of Benefit that he can qualify for is:

$$\text{Ordinary} = \frac{\text{GPI}}{220} \quad \text{i.e.} \quad \frac{\text{R } 1\,200\,000}{220} = 5\,454 \text{ maximum}$$

## Supplementary A Units of Benefit Option

In order to qualify for these Units of Benefit, a policyholder must have a minimum of 100 Ordinary Units of Benefit. These Units of Benefit provide a daily Sickness benefit. For every ONE Supplementary A Unit of Benefit held, a policyholder is entitled to:

- Sickness cover of 35 cents per Unit of Benefit, per day. This benefit is calculated from the first day of sickness, provided the sickness lasts for at least seven consecutive days.

### Benefit limits (Units)

<b>Minimum</b>	100 Units
<b>Maximum</b>	18 227 Units

### Benefit Limits

<b>Total Sickness</b>	R 197 762 per month
<b>Total Incapacity</b>	N/A

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age – New Business</b>	50 age next birthday (49 actual age)
<b>Maximum entry age – Additional Business</b>	59 age next birthday (58 actual age)

### Benefit term (Sickness benefit)

- The Sickness benefit will be paid for a maximum period of 728 days (approximately 2 years) for the same, similar or related disease from policy inception.

#### *For Example:*

Mr. Policyholder suffers a major asthma attack and is unable to work for 2 weeks. He claims Sickness benefits for these 2 weeks and then returns to work. A few months later he develops bronchitis, which is directly related to his asthmatic condition and is unable to work for a further 3-week period. After this period he returns to work. For every period that Mr. Policyholder is off with the same or related condition, PPS adds the claims together and until he reaches 728 days i.e. he has been unable to earn an income for a total of five 5 weeks. Only future additional asthma related illnesses would have an impact on this claim. Any other unrelated conditions will be added to a separate 728-day Sickness cycle.

### Waiting Periods

- No waiting periods are applied to this benefit.

### Rider Benefit available:

- Hospital Benefit is available as a rider benefit

### How are Supplementary A Units of Benefit determined using GPI?

A minimum of 100 Ordinary Units of Benefit must be held before a policyholder qualifies for the minimum of 100 Supplementary A Units of Benefit. A policyholder may hold a maximum of ONE unit for every R 200 GPI over and above the GPI necessary for 100 Ordinary Units of Benefit.

*For Example:*

If a policyholder earns R 1 200 000, the maximum number of Supplementary A Units of Benefit will be:

$$\begin{aligned} \text{Supplementary A} &= \text{GPI minus R 22 000 (100 Ordinary units)} \\ &= \text{R 1 200 000 less R 22 000} = \text{R 1 178 000} \\ \frac{\text{R 1 178 000}}{200} &= 5\,890 \text{ maximum} \end{aligned}$$

## Supplementary B Units of Benefit

In order to qualify for these Units of Benefit, the policyholder must have a minimum of 100 Ordinary Units of Benefit. These Units of Benefit provide a daily Sickness cover benefit. For every ONE Supplementary B Unit of benefit held, a policyholder is entitled to:

- Sickness cover of R 1, 60 per Unit of Benefit, per day. This benefit is calculated from the first day of sickness, provided the sickness lasts for at least seven consecutive days.

### Benefit limits (Units)

<b>Minimum</b>	100 Units
<b>Maximum</b>	4 050 Units

### Benefit Limits

<b>Sickness</b>	R 200 880 per month
<b>Incapacity</b>	N/A

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age – New Business</b>	50 age next birthday (49 actual age)
<b>Maximum entry age – Additional Business</b>	59 age next birthday (58 actual age)

### Benefit term (Sickness benefit)

- Sick pay benefits are paid for a maximum period of 728 days (approximately 2 years).
- The benefits are paid for a maximum period of 26 weeks in any cycle of 52 weeks, for the same, similar or related disease from policy inception.

*For example:*

Mr. Policyholder contracts lupus and is unable to practice as a lawyer for 6 months from January until August 2006 and is able to claim Supplementary B benefits for that period. He is sick again for a further 3 weeks in November due to his lupus condition, but cannot claim Supplementary B benefits because he has used up his maximum benefit i.e. 26 weeks or 6 months in the annual or 52-week cycle. In February 2007, Mr. Policyholder is again unable to work for a month due to a sickness relating to lupus. He is able to claim Supplementary B benefits as he is now in a new annual or 52-week cycle. For every period that Mr. Policyholder is off with a

Lupus related sickness, PPS adds the claims together and until he reaches 728 days. If he claims for another Sickness benefit unrelated to his lupus condition, the claim will be treated completely separately.

### Waiting Periods

There is a 3-month waiting period applied to this benefit from policy inception.

### Rider Benefit available:

- Hospital Benefit is available as a rider benefit

### How is Supplementary B Units of Benefit determined using GPI?

A minimum of 100 Ordinary Units of Benefit must be held in order to qualify for the minimum of 100 Supplementary B Units of Benefit. A policyholder may hold ONE Supplementary B Unit of benefit for every R 900 GPI over and above the GPI necessary for 100 Ordinary Units of Benefit.

*For Example:*

If a policyholder earns R 1 200 000, the maximum number of units of Supplementary B Units of Benefit will be:

$$\begin{aligned}
 \text{Supplementary B} &= \text{GPI minus R 22 000 (100 Ordinary units)} \\
 &= \text{R 1 200 000 less R 22 000} = \text{R 1 178 000} \\
 \frac{\text{R 1 178 000}}{900} &= 1\,308 \text{ maximum}
 \end{aligned}$$

## Deferred Units of Benefit

These Units of benefit are deferred usually for 728 days or 2 years (whilst a sickness benefit is being paid) and provide a Permanent Incapacity cover benefit. In order to qualify for these Units of Benefit, the policyholder must have a minimum of 100 Ordinary Units of Benefit.

For every ONE Deferred Unit of Benefit held, a policyholder is entitled to:

- A Permanent Incapacity benefit of 30 cents per unit, per day.
- Payment of this benefit to a maximum age of 66.

### Benefit limits (Units)

<b>Minimum</b>	100 Units
<b>Maximum</b>	22 094 Units

### Benefit Limits

<b>Total Sickness</b>	N/A
<b>Total Incapacity</b>	R 205 474 per month

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age at application</b>	55 age next birthday (54 actual age)

### Benefit term (Incapacity)

The benefit is payable up to age 65 age next birthday (66 actual age).

### Rider Benefits available:

- Occupation Specific Rider Benefit is available.

### How are Deferred Units of Benefit determined using GPI?

A minimum of 100 Ordinary Units of Benefit must be held before a policyholder qualifies for the minimum of 100 Deferred Units of Benefit. A policyholder may hold a maximum of ONE Deferred Unit of benefit for every R 165 GPI over and above the GPI necessary for 100 Ordinary Units of Benefit.

*For Example:*

If a policyholder's GPI is R1 200 000, the maximum number of Deferred Units of Benefit will be:

$$\begin{aligned} \text{Deferred Units of Benefit} &= \text{GPI minus R 22 000 (100 Ordinary units)} \\ &= \text{R 1 200 000 less R 22 000} = \text{R 1 178 000} \\ &= \frac{\text{R 1 178 000}}{165} = 7\,139 \text{ maximum} \end{aligned}$$

## Accident Units of Benefit

Accident Units of Benefit provide both a daily Sickness and Permanent Incapacity cover benefit. **These benefits are only payable in the event of an accident.** The Hospital Benefit may be attached to this benefit option, however this benefit will only cover hospitalisation in the event of an accident.

Accident Units of Benefit are also available to those individuals who meet PPS eligibility criteria in all respects e.g. age, qualifications, citizenship, but are unable to receive Sickness and Incapacity benefits because of ill health.

It is not guaranteed that a policyholder who has been declined for Ordinary Units of Benefit will necessarily be granted Accident Units of Benefit.

### *For Example:*

A policyholder who suffers from severe epilepsy, severe depression or heart disease is still regarded as an increased risk, even for the Accident Units of Benefit option.

### **What does PPS consider to be an 'accident'?**

An accident is deemed to be a sickness and/or incapacity that is the result of a visible bodily injury or caused violently and accidentally by external means, and where:

- The sickness and/or incapacity suffered by the policyholder is not one that is ordinarily considered to be a sickness, and
- The sickness and/or incapacity has occurred within six months of the date of the injury that caused the sickness.

In certain instances an application may be deferred by PPS. Deferment refers to a decision made by an underwriter where the underwriter is of the opinion that a policyholder may be able to obtain cover in a certain period of time, e.g. six months or twelve months from date of application, or a specific condition may be mentioned such as 'when his/her cholesterol is stable'.

A policyholder who has been deferred is able to apply for Accident Units of Benefit, BUT PPS must be willing to grant at least 100 Ordinary Units of Benefit due to the fact that the applicant has not been declined outright and therefore cannot qualify for only Accident Units of Benefit.

The applicant may apply for full Ordinary Units of Benefit once the deferment period has expired. If his/her application is then successful, the Accident Units of Benefit that were granted in the interim will be cancelled and replaced with the Ordinary Units of Benefit applied for.

For every ONE Accident unit of benefit held, the policyholder is entitled to:

- Sickness cover of 35 cents per unit, per day. This benefit is payable from the first day of sickness, provided the sickness lasts for at least seven consecutive days.
- Permanent Incapacity cover of 35 cents per unit, per day for as long as the policyholder is Permanently Incapacitated, or until he/she attains the age of 66.

### Benefit limits (Units)

<b>Minimum</b>	100 Units
<b>Maximum</b>	18 327 Units (Accident Units of Benefit <b>ONLY</b> ) 18 227 Units (as an added benefit)

### Benefit Limits

<b>Total Sickness</b>	R 198 847 per month (Accident Units of Benefit <b>ONLY</b> ) R 197 762 per month (as an added benefit)
<b>Total Incapacity</b>	R 198 847 per month (Accident Units of Benefit <b>ONLY</b> ) R 197 762 per month (as an added benefit)

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age – New Business</b>	62 age next birthday (61 actual age)
<b>Maximum entry age – Additional Business</b>	62 age next birthday (61 actual age)

### Benefit term (Sickness benefit)

- The Sickness benefit will be paid for a maximum period of 728 days (approximately 2 years) for the same, similar or related sickness from policy inception.

*For Example:*

Mrs. Policyholder suffers a severe burns resulting from a car accident and is unable to work for 3 months. She claims Sickness benefits for these 3 months and then is able to return to work. A few months later she undergoes surgery relating to her accident and is unable to work for a further month. For every period that Mrs. Policyholder is unable to work due to the same or related condition PPS adds the claims together and until she reaches 728 days. As a result of this accident, she has been unable to earn an income for a total of 4 months. A few months later, Mrs. Policyholder is sick with influenza and is unable to work for 10 days, this condition is not related to her previous accident but also not a result of an accident. She will not be able to claim from the

Accident Units of Benefit, however, if she has Ordinary Units of Benefit, she will be able to claim Sickness benefits for those 10 days, this claim will count to a 728-day Sickness period separately.

**Note:** A Permanent Incapacity benefit may be awarded prior to the 728-day period of Sickness. This will depend on the severity of the sickness (resulting from an accident) and whether it is in the best interest of the policyholder to receive Permanent Incapacity benefits rather than Sickness benefits (if the policyholder will be financially better off).

### **Benefit term (Incapacity)**

The benefit is payable up to age 65 age next birthday (66 actual age).

### **Waiting Periods**

No waiting period is applied to this benefit.

### **Loadings and Exclusions**

No specific loadings are applicable on these Units of Benefit. General exclusions do apply.

### **Rider Benefit available:**

- Hospital Benefit is available as a rider benefit

### **How will Accident Units of Benefit be determined using GPI?**

For added benefit, a minimum of 100 Ordinary Units of Benefit must be held in order to qualify for the minimum of 100 Accident Units of Benefit. A policyholder may hold ONE Accident Unit of benefit for every R 200 GPI **over and above** the GPI necessary for 100 Ordinary Units of Benefit.

*For Example:*

If a policyholder earns R 1 200 000, the maximum number of Accident Units of Benefit will be:

$$\begin{aligned}
 \text{Accident} &= \text{GPI minus R22 000 (100 Ordinary units)} \\
 &= \text{R 1 200 000 less R 22 000} = \text{R 1 178 000} \\
 \frac{\text{R 1 178 000}}{200} &= 5\,890
 \end{aligned}$$

OR (If the policyholder does not qualify for Ordinary Units of Benefit)

$$\begin{aligned}
 \text{Accident} &= \frac{\text{GPI}}{200} \quad \text{i.e.} \quad \frac{\text{R 1 200 000}}{200} = 6\,000
 \end{aligned}$$

## THE RIDER BENEFITS

### PPS Hospital benefit

The Hospital Benefit option is available on any of the Units of Benefit that pay Sickness Benefit and this excludes the Deferred Benefit and OSRB option. Policyholders who select this benefit will receive an additional Sickness benefit equal to the daily benefit per Unit of Benefit held for the period of hospitalisation. This benefit will only become payable when the period of hospitalisation exceeds 4 consecutive days.

The Hospital Benefit must be taken out on the Ordinary Units of Benefit option before it can be taken out on any of the other benefit options that provide Sickness benefits.

### How does this benefit work?

Benefits payable are based on the relevant benefit option that it is taken out on. The Hospital add-on Benefit may be added to the following Units of Benefit:

- Ordinary Units of Benefit
- Supplementary A Units of Benefit
- Supplementary B Units of Benefit
- Accident Units of Benefit

#### *For Example:*

Ms. Policyholder is in a serious motor vehicle accident and is admitted to hospital for 3 weeks. She has selected the Hospital Benefit as an add-on to her Ordinary Units of Benefit. The Hospital benefit will be paid out from day one as she has been hospitalised for more than 4 consecutive days. She will receive 80 cents (instead of 40 cents) per unit per day for the time that she was in hospital.

### Entry ages

<b>Minimum entry age</b>	Need to meet eligibility criteria of PPS HoldCo
<b>Maximum entry age – New business</b>	62 age next birthday (61 actual age)
<b>Maximum entry age – Additional business</b>	62 age next birthday (61 actual age)

### Benefit term

The hospital benefit option is payable for a maximum of 6 months in any annual or 52-week cycle.

## Premiums

The hospital benefit premium payable will depend on which Unit of benefit category the hospital benefit was taken out on, as follows:

- Ordinary Units of Benefit, Supplementary A, Supplementary B = 10% of UOB premium.
- Accident = 50% of Units of Benefit premium.

## Waiting Periods

- A once-off waiting period of one month will apply from policy inception.
- This benefit will only become payable after the policyholder has been hospitalised for more than four consecutive days.

## Occupation Specific Rider Benefit (OSRB)

Occupation Specific Rider Benefit (OSRB) is an add-on or rider benefit, which pays out a monthly Permanent Incapacity benefit. It is a rider benefit onto the Deferred and Ordinary Units of Benefit because they offer Permanent Incapacity. It provides an additional layer of Permanent Incapacity cover, covering nominated specific occupations. The product is available at an additional premium. The Occupation Specific Rider Benefit (OSRB) will increase any Permanent Incapacity award to a guaranteed 100% of cover for permanent incapacity until the age of 66. Even if a policyholder should somehow improve to such an extent that he/she continues to work, PPS will never review the case and will continue to pay the full claim until age 66.

The Permanent Incapacity must significantly restrict or impair the policyholder's ability to practice his/her nominated specific profession.

For a policyholder to have a successful OSRB claim, the condition suffered must meet all 3 of the following criteria:

- The condition must be permanent (the condition will in all probability never get better or disappear suddenly).
- The condition must be significant (functioning is effected to a large extent).
- The condition must be continuous (is not impairing one week and not the next).

Remember that to qualify for a 20% PI award the condition is considered significant. This means that a surgeon who loses an index finger on his dominant hand would receive a partial PI award and with OSRB he would then get a 100% benefit. For an actuary who loses an index finger there would be no PI award as this would be considered insignificant and therefore no OSRB award would be made.

### Benefit Term

The Occupation Specific Rider Benefit will **only** be paid out once a policyholder has claimed Sickness benefits for 728 days or an average of two years for the same or related sickness. The incapacity payments will then be made until the policyholder reaches the actual age of 66 and the benefit is guaranteed not to be reviewed.

### Maximum Benefit

This add-on benefit is linked to the Ordinary and Deferred Units of Benefit and they will therefore determine the minimum and maximum Units of Benefit applicable to the Occupation Specific Rider Benefit.

**Note:**

- Occupation Specific Rider Benefit is only available to policyholders paying the full and reduced rates on their Units of Benefit.
- The OSRB premium rate though is not reduced. OSRB is not available to student members
- Should the policyholder hold Ordinary and Deferred Units of Benefit, the Occupation Specific Rider Benefit must be taken out on both Units of Benefit i.e. a policyholder is not able to take cover on only the Ordinary or Deferred units.

**Entry ages and availability of the OSRB**

<b>Policyholder holding Ordinary Units of Benefit only</b>	
<b>Availability of OSRB on current Ordinary benefit holding</b>	
Age next birthday	62 (61 actual age)
Ordinary	Yes
Apply for new OSRB	Yes
<b>Application for additional Ordinary and OSRB benefits</b>	
Age next birthday	62 (61 actual age)
Apply for additional Ordinary	Yes
Apply for additional OSRB	Yes

<b>Policyholder holding a combination of Ordinary and Deferred Units of Benefit</b>		
<b>Availability of OSRB on current Ordinary and Deferred benefit holding</b>		
Age next birthday	55	57 – 62
Ordinary	Yes	Yes
<i>Deferred</i>	Yes	Yes
Apply for new OSRB	Yes	Yes
<b>Application for additional Ordinary, Deferred and OSRB benefits</b>		
Age next birthday	55	57 – 62
Apply for additional Ordinary	Yes	Yes
Apply for additional Deferred	Yes	No
Apply for additional OSRB	Yes	Yes

## Loadings and Exclusions

No loadings will be applied to this benefit, however specific exclusions are applied.

*(See annexure 3 for Additional Underwriting requirements and Exclusions for OSRB).*

## Premiums

The OSRB premium payable will depend on the number of Ordinary Units of Benefit and Deferred Units of Benefit held. Once an OSRB claim has been awarded the monthly premium will stop and no further payment will be made for any related or unrelated sickness or permanent incapacity claims. However the member will still receive his/her profit allocation on the ordinary and deferred units of benefit that is held.

## Waiting Periods

This benefit will only be paid after 728 days or 2 years Sickness benefit has been claimed.

## Increase and Decrease in Units of Benefit

- If a policyholder should increase or decrease his/her Ordinary or Deferred Units of Benefit, the Occupation Specific Rider Benefit will be increased or decreased accordingly.
- The premiums will be waived and Sickness benefits will cease with a successful Occupation Specific Rider Benefit award.

## How are OSRB claims awarded?

Monthly claims awarded on the Occupation Specific Rider Benefit will be calculated according to the following formula:

- Ordinary Occupation Specific Rider Benefit units x 50 cents x 31 days
- Deferred Occupation Specific Rider Benefit units x 30 cents x 31 days
- Should the policyholder not qualify for an Occupation Specific Rider Benefit award, he/she will still be assessed on the existing Permanent Incapacity criteria. A full 100% benefit may be awarded and this is then reviewable.

## What happens if a client has both OSRB under SPPI and (DISA) lump sum Disability benefit?

After being assessed for the Occupation Specific Rider Benefit, a policyholder that holds DISA cover will also be assessed according to the standard DISA assessment criteria to determine whether the policyholder also qualifies for a lump sum disability benefit.

It is possible that an OSRB benefit is awarded but that the claim does not qualify for a payout under the DISA benefit for example.

### Important things to remember about the OSRB

- Policyholders who are awarded with an OSRB payment, may also receive an annual bonus allocation to help reduce the eroding effect of inflation on the monthly benefit being claimed.
- OSRB is only payable when the policyholder has applied for a specific nominated occupation on the most recent application form received by PPS. ("Nominated Specific Occupation").
- The OSRB adds a layer of protection and does NOT replace the other Permanent Incapacity and Partial Permanent Incapacity benefits. If for some reason the policyholder fails the criteria for the OSRB product he/she will still be assessed as before for PI and PPI.
- The OSRB award is not reduced as a result of any income earned.
- Once awarded it is never reviewed and pays until 66.
- Premiums for the OSRB benefit are tax deductible.

### How will OSRB benefits be determined using GPI?

This rider benefit can be linked to the Ordinary and Deferred Units of Benefit. The minimums and maximums that govern these two unit categories will therefore also determine the minimum and maximum cover under the Occupation Specific Rider benefit. **Proof of income will be requested at claim stage on this benefit, at the discretion of PPS Insurance.**

### Exclusions on OSRB:

- Mental & behavioural disorders
- Fibromyalgia
- Chronic fatigue syndrome (yuppie flu).

The life insured will still be assessed on the standard permanent Incapacity (PI) benefit and can qualify for a payment here. The reason for the OSRB exclusion is that the OSRB benefit is unique and unlike any in the market. Once granted it will NEVER be reviewed, even if you fully recover and return to work full time in your own profession. Once granted it is guaranteed to age 66. With the advances being made in the treatment of mental disorders, for example, this is therefore not a guarantee that can be made, so whilst you will receive a PI benefit this is reviewable and should you recover, the benefit will be reduced or cease.

**SUMMARY OF THE SICKNESS AND INCAPACITY UNITS OF BENEFIT**

<b>ORDINARY UNITS OF BENEFIT</b>	
Pays an amount of 40 cents per Unit of Benefit per day, in the event of Sickness. If the sickness/sickness lasts longer than 728 days, the policyholder may be deemed Permanently Incapacitated and a bonus benefit of 10 cents per Unit of benefit per day is payable.	
<b>Sickness and Incapacity Benefits (Core benefit option)</b>	
<b>Minimum units of benefit</b>	100
<b>Maximum units of benefit</b>	16 670 (100 units for students)
<b>Maximum age at application</b>	New business: 62 age next birthday (61 actual age) Additional business: 62 age next birthday (61 actual age)
<b>Benefit Calculation</b>	$GPI \div 220$
<b>Waiting Periods</b>	No Waiting Period
<b>Loadings and Exclusions</b>	Standard
<b>Sickness Benefit</b>	
<b>Sickness benefit</b>	40c <sup>1</sup>
<b>Maximum sickness benefit</b>	R 206 708 per month
<b>Benefit Term</b>	728 days or 2 years
<b>Permanent Incapacity Benefit</b>	
<b>Permanent Incapacity benefit</b>	50c <sup>1</sup>
<b>Maximum Permanent Incapacity benefit</b>	R 258 385 per month
<b>Benefit Term</b>	Up to 65 next birthday (66 actual age)

<b>SUPPLEMENTARY A UNITS OF BENEFIT (Sickness Benefit ONLY)</b>	
Pays an amount of 35 cents per Unit of Benefit per day for 728 days, in the event of Sickness.	
<b>Minimum units of benefit</b>	100 <sup>3</sup>
<b>Maximum units of benefit</b>	18 227
<b>Maximum age at application</b>	New business: 50 age next birthday (49 actual age) Additional business: 59 age next birthday (58 actual age)
<b>Maximum sickness benefit</b>	R 197 762 per month
<b>Sickness benefit</b>	35c <sup>1</sup>
<b>Benefit Calculation</b>	$(GPI - 22\ 000) \div 200$
<b>Benefit Term</b>	728 days or 2 years
<b>Waiting Periods</b>	No Waiting Period
<b>Loadings and Exclusions</b>	Standard



INSURANCE FOR  
PROFESSIONALS

<b>SUPPLEMENTARY B UNITS OF BENEFIT (Sickness Benefit ONLY)</b>	
Pays an amount of R1,60 per Unit of Benefit per day, in the event of Sickness.	
<b>Minimum units of benefit</b>	100 <sup>3</sup>
<b>Maximum units of benefit</b>	4 050
<b>Maximum age at application</b>	New business: 50 age next birthday (49 actual age) Additional business: 59 age next birthday (58 actual age)
<b>Maximum sickness benefit</b>	R 200 880 per month
<b>Sickness benefit</b>	R 1,60 <sup>1</sup>
<b>Benefit Calculation</b>	$(GPI - 22\ 000) \div 900$
<b>Benefit Term</b>	Max: 6 months (26 weeks in a cycle of 52 weeks)
<b>Waiting Periods</b>	3 Month waiting period from inception
<b>Loadings and Exclusions</b>	Standard

<b>ACCIDENT UNITS OF BENEFIT</b>	
Provides Sickness and Incapacity benefits resulting from an accident. Also available to persons whose state of health would, under normal circumstances, not enable them to receive other PPS Ins benefit options.	
<b>Sickness and Incapacity Benefits</b>	
<b>Minimum units of benefit</b>	100 <sup>3</sup>
<b>Maximum units of benefit</b>	18 327 (18 227 <sup>2</sup> )
<b>Maximum age at application</b>	New policy: 62 age next birthday (61 actual age) Additional business: 62 age next birthday (61 actual age)
<b>Benefit Calculation</b>	$(GPI - 22\ 000) \div 200$
<b>Waiting Periods</b>	No Waiting Period
<b>Loadings and Exclusions</b>	None
<b>Sickness Benefit</b>	
<b>Sickness benefit</b>	35c <sup>1</sup>
<b>Maximum sickness benefit</b>	R 198 847 per month (R 197 762 <sup>2</sup> )
<b>Benefit Term</b>	728 days or 2 years
<b>Permanent Incapacity Benefit</b>	
<b>Permanent Incapacity benefit</b>	35c <sup>1</sup>
<b>Maximum Permanent Incapacity benefit</b>	R 198 847 per month (R 197 762 <sup>2</sup> )
<b>Benefit Term</b>	Up to 65 age next birthday (66 actual age)

<b>HOSPITAL BENEFIT</b>	
Pays an additional sickness benefit equal to the daily benefit per Unit of Benefit held (except Deferred Units of Benefit), for the period of hospitalisation, provided it exceeds 4 days. An additional 10% on the premium for benefit options held is paid, except the Accident benefit option, where the payment is 50% of premiums.	
<b>Hospitalisation</b>	
<b>Maximum age at application</b>	New business: 62 age next birthday (61 actual age) Additional business: 62 age next birthday (61 actual age)
<b>Benefit Calculation</b>	Based on Units of benefit
<b>Benefit Term</b>	6 months
<b>Waiting Periods</b>	1 month from inception
<b>Loadings and Exclusions</b>	No benefit for drug/alcohol related hospitalisation or pre-exclusions



<b>DEFERRED UNITS OF BENEFIT</b>	
Pays an amount of 30 cents per Unit of Benefit per day, in the event of Permanent Incapacity.	
<b>Incapacity Benefit ONLY</b>	
<b>Minimum units of benefit</b>	100 <sup>3</sup>
<b>Maximum units of benefit</b>	22 094
<b>Maximum age at application</b>	55 age next birthday (54 actual age)
<b>Maximum Permanent Incapacity benefit</b>	R 205 474 per month
<b>Permanent Incapacity benefit</b>	30c <sup>1</sup>
<b>Benefit Calculation</b>	$(\text{GPI} - 22\ 000) \div 165$
<b>Benefit Term</b>	Up to 65 age next birthday (66 actual age)
<b>Waiting Periods</b>	728 days or 2 years (but may pay sooner)
<b>Loadings and Exclusions</b>	Standard

<b>OCCUPATION SPECIFIC RIDER BENEFIT (OSRB)</b>	
Pays a monthly Incapacity benefit based on nominated specific profession. The benefit is payable on assessment of a Incapacity that is due to a disease, injury, accident or other cause that is deemed to be continuous and permanent in nature and significantly restricts the policyholder's functioning.	
<b>Incapacity Benefit ONLY</b>	
<b>Maximum age at application</b>	New business: 62 age next birthday (61 actual age) Additional business: 62 age next birthday (61 actual age)
<b>Permanent Incapacity benefit</b>	100% of Ordinary or Deferred benefits
<b>Maximum Permanent Incapacity benefit</b>	100% of Ordinary or Deferred benefits
<b>Benefit Calculation</b>	Based on Units of benefit
<b>Benefit Term</b>	Up to 65 age next birthday (66 actual age)
<b>Waiting Periods</b>	728 days or 2 years
<b>Loadings and Exclusions</b>	No loadings but specific exclusions applied

<b>NOTES</b>
<ul style="list-style-type: none"> <li>• <sup>1</sup> Per Unit of benefit per day.</li> <li>• <sup>2</sup> Maximum number of Accident Units of Benefit if policyholder holds other categories of benefit options.</li> <li>• <sup>3</sup> At least 100 Ordinary units of benefit must be held before applying for any other benefit options.</li> <li>• PPS Insurance benefit options provide Sickness benefits from the first day of sickness, provided the sickness lasts for at least seven consecutive days.</li> <li>• All benefit options awarded are subject to the normal PPS Insurance underwriting policy.</li> <li>• For cover of R 1 200 000 GPI per annum, or more, additional underwriting requirements will apply.</li> <li>• Specific exclusions apply to policyholders applying for cover of R 1 200 000 per annum, or more.</li> </ul>