

Claim Statistics Insights 2016

iPad edition

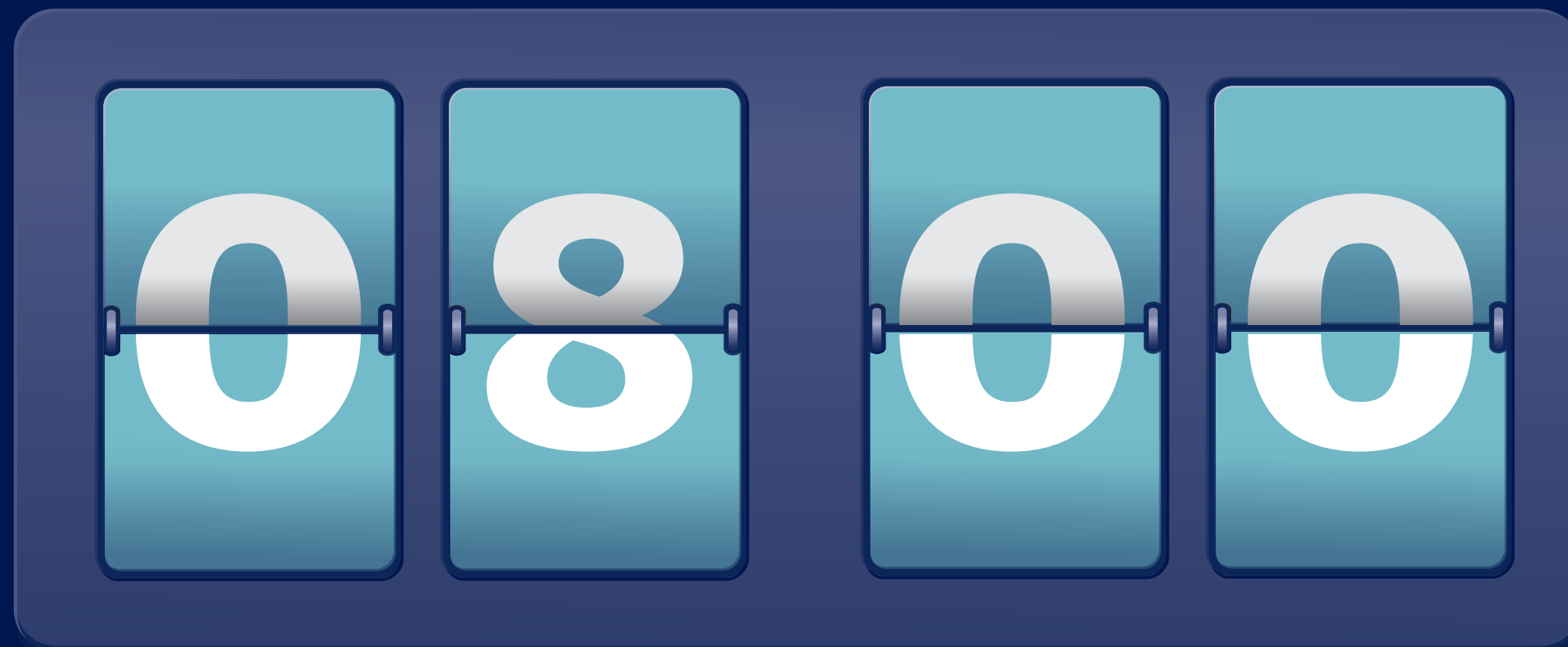
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LIBERTY

A reality is changed every



minutes.

Claim Statistics Insights 2016

Contents

Liberty is not just our name.

“We are an organisation that understands the value of knowledge and its power to change realities, when set into action.”

Liberty was founded in 1957 by Sir Donald Gordon who watched his father work hard all his life, yet reap little financial reward for his efforts. This struggle ignited in him the overwhelming belief that all people should have the opportunity to grow their wealth and leave a proud legacy for their families. This belief is captured in our name and our flame, taken from the Statue of Liberty and imbued with the same meaning of freedom and opportunity.

Nearly 60 years later, and with a presence in 18 African countries, we have grown from being a South African life insurer to a pan-African financial services company, offering asset management, investment, insurance and health products to 3.2 million people across Africa.

We are an organisation that understands the value of knowledge and its power to change realities, when set into action. This is why we have invested over R480 million in supporting various educational initiatives and projects within our communities.

What do we know about not knowing? We understand that knowledge is a continuous pursuit. You have to constantly seek it, chase it and build on it. Knowledge is our currency and our wealth. It's our future as well as our past. It is where we come from and what we stand for.

The pursuit of knowledge is entrenched in our organisational DNA and is demonstrated in the way we engage with our customers, business partners and stakeholders.

However, the more we learn, the more we know that knowledge alone isn't enough. You can have knowledge and still understand very little. So until knowledge is turned into action, there is no freedom, no progress and no advantage. People don't follow knowledgeable thinkers; they follow those who act, those who have experience, with the dust on their shoes to prove it.

We know the path to financial freedom because we walk it with our customers every day.

A reality is changed every 8 minutes.

Putting our knowledge into action to protect you, your family and your business against life's uncertainties.

At Liberty, we're committed to making our customers' financial freedom a reality. By providing insurance against life's uncertainties, we can free you and your family from the financial burden caused by death, disability and severe illness. While insurance is only a part of the solution Liberty provides, our promise to pay all valid claims is essential to ensuring you get to live the life you've worked so hard to achieve.

Whether you're just starting out in your career, welcoming your first child into the world, celebrating their graduation or planning your retirement, we know that you have your own individual challenges and ambitions. That's why we make it our purpose to help you choose the right risk solutions to suit your unique needs throughout the different stages of your life.

In 2016, we paid claims to the value of R4 296 380 969. That's an average of 63 claims, one every 8 minutes, totalling R17 185 524 every working day.

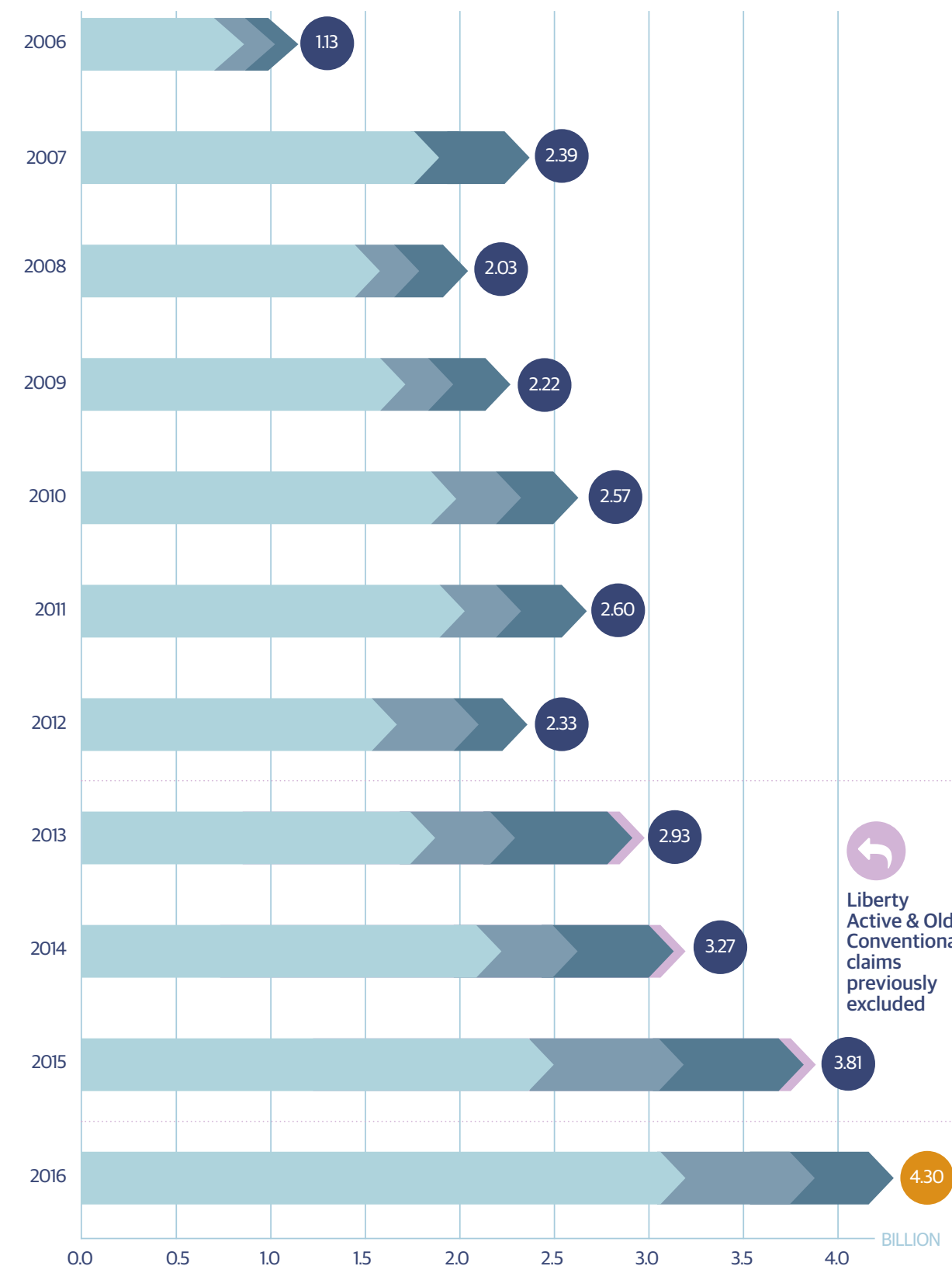
Since Swiss Re, an independent reinsurance company, started doing their South African Individual Market Risk Volumes Survey in 2003, Liberty has been the largest writer of new risk business by sum assured. By carefully managing the risk we take on, through our product design and underwriting, our customers can rest assured that their claims will be honoured.

- 

Life Protection
R3 046 982 170
- 

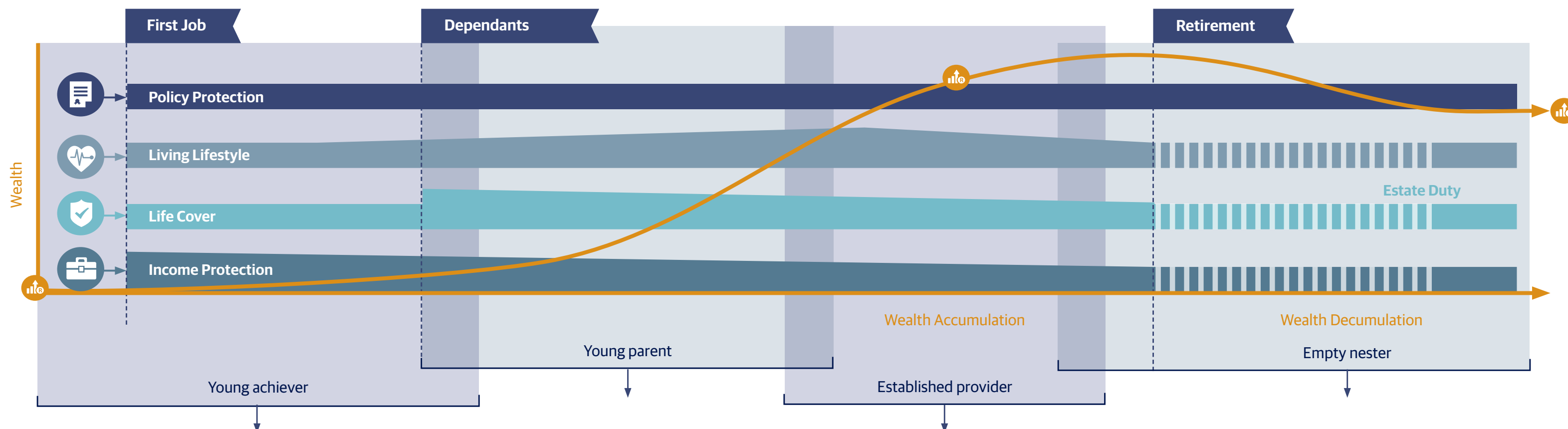
Lifestyle Protection
R697 111 198
- 

Loss of Income Protection
R552 287 601
- Lump sum**
R410 700 122
- Monthly recurring**
R141 587 479



Cover for every stage of life.

As you go through the various stages of your life, your priorities and ambitions are likely to change. We know how to help you gain a better understanding of the leading risks and most appropriate cover for people in your particular life stage. Take a look at the different profiles below and choose the one that you identify with most.



Young achiever

As you progress from your early twenties to thirties, you are establishing your career, settling study loans, building personal wealth and accumulating assets. All of this is possible because you have the ability to earn an income.

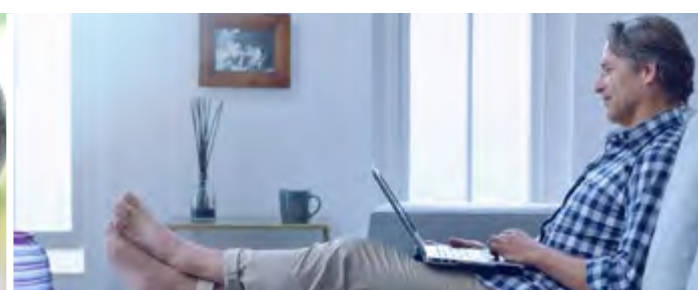
Plan for the unexpected so that you can retain your financial independence even if the worst should happen.



Young parent

When you start a family, it's likely that your priorities will change. During this phase of your life you're more focused on providing a safe home and financial security in the form of savings and insurance for your loved ones.

Plan for the unexpected to protect your family's financial security now and in the future.



Established provider

Your loved ones are still a priority but retirement is also a growing reality. As you get older, the probability of contracting a serious or life-altering illness increases.

Plan for the unexpected by ensuring that your savings are preserved and that you can continue your retirement contributions even when you are not working.



Empty nester

You've worked hard to accumulate assets over your working career and are now looking forward to retirement. However, your monthly retirement income may not be sufficient to cover the cost of long-term care following a severe illness or impairment.

Plan for the unexpected to ensure you can afford long-term care and that your estate is liquid.

Cover for every stage of life.

Do you know how much money you or those you support financially would need to maintain your lifestyle should you become disabled or pass away?

No matter your life stage, the amount of cover you need is usually linked to your income. The need for a payment (lump sum) following a permanent impairment/disability or death can be calculated as follows:

Annual income
Total earnings including expected bonuses etc.



Proportion
The percentage of your income that is needed after your death or impairment/disability. The proportion for impairment/disability is usually greater than that of life cover as your personal expenses will cease in the event of death.



Years until retirement/repayment
This is the number of years that you would still have earned an income and used it to look after someone or pay off a debt. Allowance can however be made for investment return outstripping inflation.



Estimated cover needed
Additional cover will also be needed to replace monthly income following a temporary impairment/disability and for lifestyle changes following a severe illness.



Note that this is an estimated lump sum amount to replace a portion of your income. It does not include other insurance considerations, for example estate duty and capital amounts to settle debt.

Young achiever

On average
Young achievers
need 8 times
more life cover
and 3 times more
loss of income
cover than they
currently have.¹

You're young, independent and driven to succeed. At this life stage, your ability to earn an income is your biggest asset. But what if you could no longer work due to illness, accidental impairment or retrenchment? Depending on your circumstances, such as buying your first home or getting married, you may have an even wider range of potential risk cover needs.

What others like you are buying

Most Young achievers understand that their savings won't be enough to honour their commitments if they cannot work. As a result, 54% of them typically buy a combination of policies that consist of all three benefit categories. This protects them from a loss of income for short or extended periods due to illness or retrenchment.



Tap on the icons below to navigate

[Tap here to view the calculator](#)

¹ Source: The South African insurance gap (2016). A study by True South Actuaries & Consultants for ASISA.

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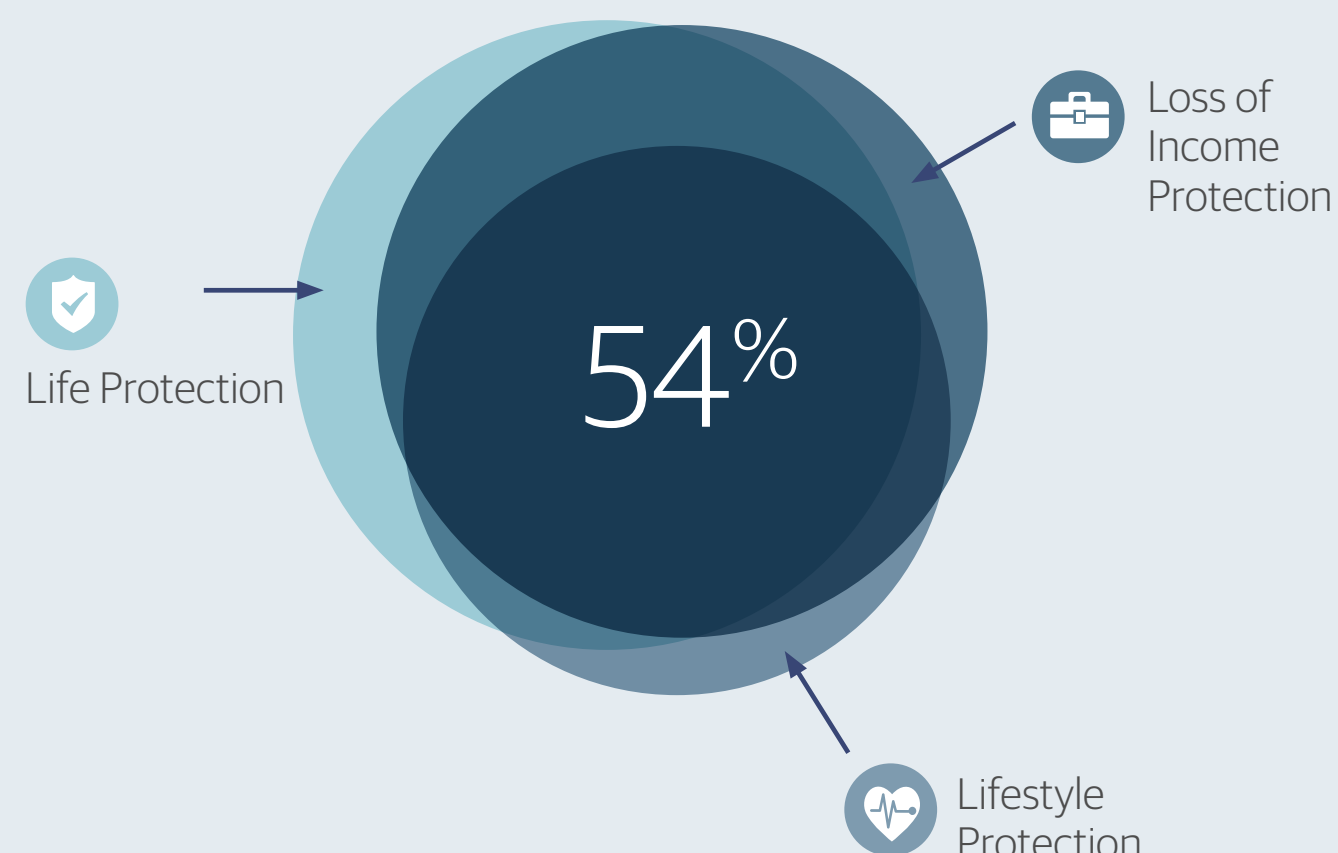
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What others like you are buying at this stage of their lives:



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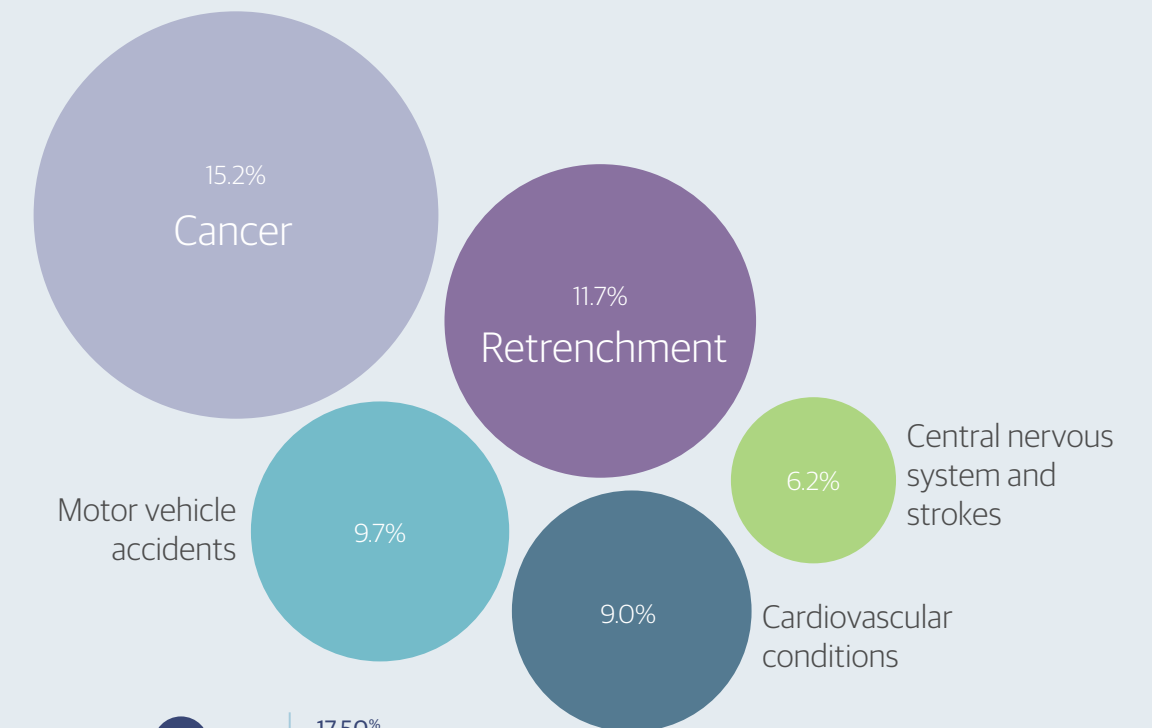
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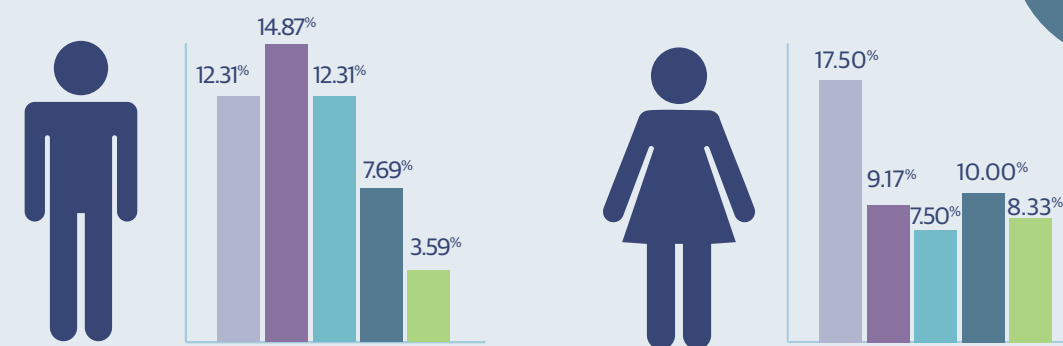
What others like you are claiming for:

52%

of all claims paid to Young achievers are attributable to these top five causes:



How this differs by gender:



What others like you are claiming for

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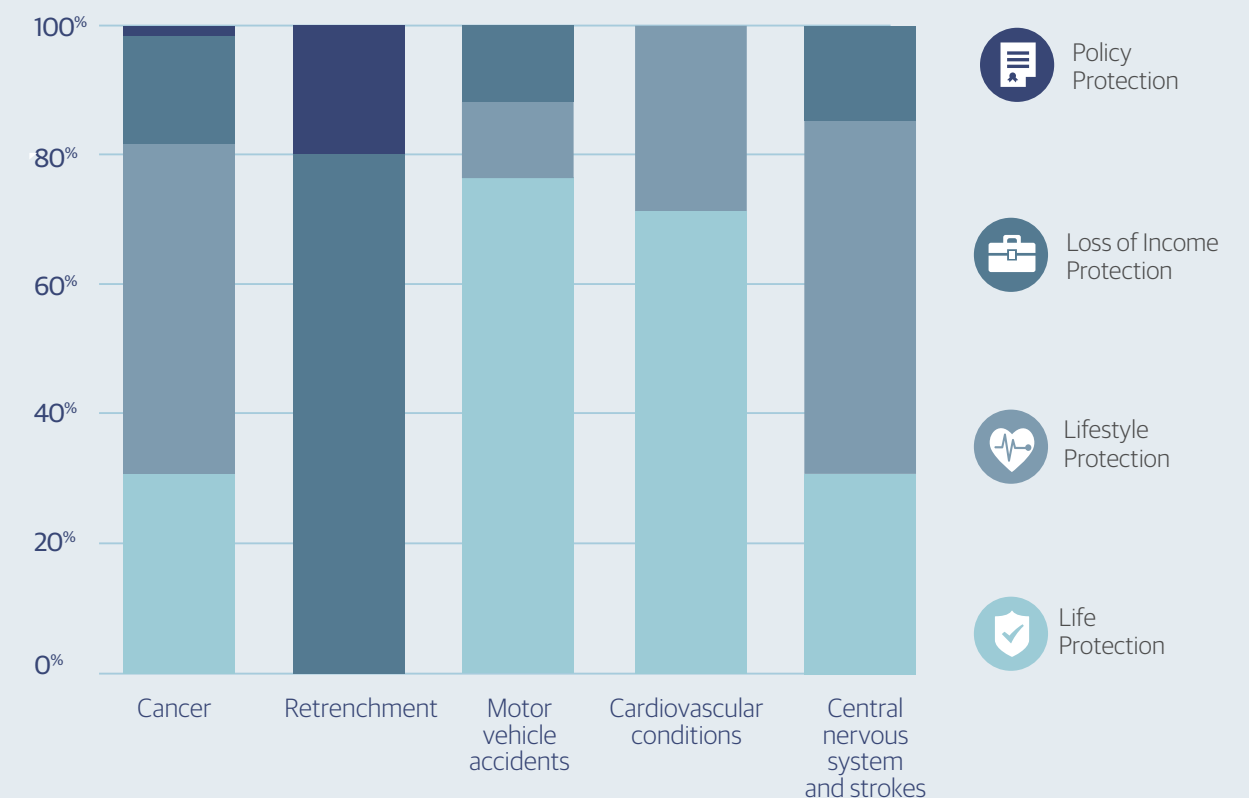
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Good to know

Excessive drinking can increase your risk of high blood pressure, strokes and mouth, throat, liver and breast cancer. Alcohol is also a contributor to motor vehicle accidents and suicides. Responsible drinking will help ensure a longer, physically fitter and emotionally healthier life. Here are some ways to control your alcohol consumption and risk of accidents:



Set a goal like alcohol free days of the week and limiting the amount on the days you do drink.



Have a glass of water or cool drink between drinks.



Replace drinking time with other activities that you enjoy doing.



Ask for support from family and friends and be persistent, it takes time to build new habits.



Good to know

¹ Source: The South African insurance gap (2016). A study by True South Actuaries & Consultants for ASISA.

Young achiever



Are you adequately covered?

Do you know how much money you or those you support financially would need to maintain your lifestyles should you become disabled or die? There are currently 3.5 million income earners under the age of 30 in South Africa. On average this group needs 8 times more life cover and 3 times more loss of income cover than they currently have¹.

The questions below will also help you identify specific needs.

- Do I have enough savings or insurance in case I face a retrenchment?
- Will I be able to support myself for the rest of my life if I become disabled?
- Do I have debt e.g. outstanding student or motor vehicle loans?
- Will I be able to achieve my savings goals if I can no longer work?

1. Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Estimating your needs:²

Use the calculator to see if you have enough savings and risk cover in the event of death or permanent disability/impairment.

Death:	Permanent impairment/disability:
Annual Gross Income: R <input type="text"/>	Annual Gross Income: R <input type="text"/>
Proportion: ³ x <input type="text"/> % ⁴	Proportion: ³ x <input type="text"/> % ⁴
Years until retirement/repayment: x <input type="text"/> yrs ⁴	Years until retirement/repayment: x <input type="text"/> yrs ⁴
Estimated need: = R <input type="text"/>	Estimated need: = R <input type="text"/>

Example: Consider a 28 year old non-smoker who earns a gross annual salary of R300,000

Event	Death	Permanent impairment/disability
Approximate needs	R 1.875m (300k x 0.25 x 25)	R 5.625m (300k x 0.75 x 25)
Initial age rated premium per month ⁵	Male: R 330 Female: R 240	Male: R 685 Female: R 635

Additional cover may be needed for temporary impairment/disability and/or lifestyle changes following a severe illness.

2. This section does not constitute financial advice and individual circumstances should be taken into account.

3. The percentage of your income that is needed after your death or impairment/disability. The proportion for impairment/disability is usually greater than that of life cover as your personal expenses will cease in the event of death.

4. Suggested estimated proportion percentages and period to retirement.

5. Premiums are risk-profile dependent, this is not an offer. Liberty is under no obligation to provide cover. Disability premium based on Absolute Protector Plus (OOD) term to age 65. Any recommendations made must take into consideration your specific needs and unique circumstances.

Young parent

On average Young parents need 4 times more life cover and 3 times more loss of income protection than they currently have."²

While you're more established in your career and earning a stable income, your responsibilities are increasing along with the size of your family. Now is the time to ensure that you are able to cover your expenses, as well as provide a good education and quality of life for your children - regardless of what may happen to you.

What others like you are buying

Besides protecting their income, Young parents also take out more life cover to protect the financial wellbeing of their families in the event of their death. 43% bought a policy which incorporated loss of income, lifestyle and life protection to ensure they have holistic cover in place.



Tap on the icons below to navigate

Tap here to view the calculator

²Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Young parent

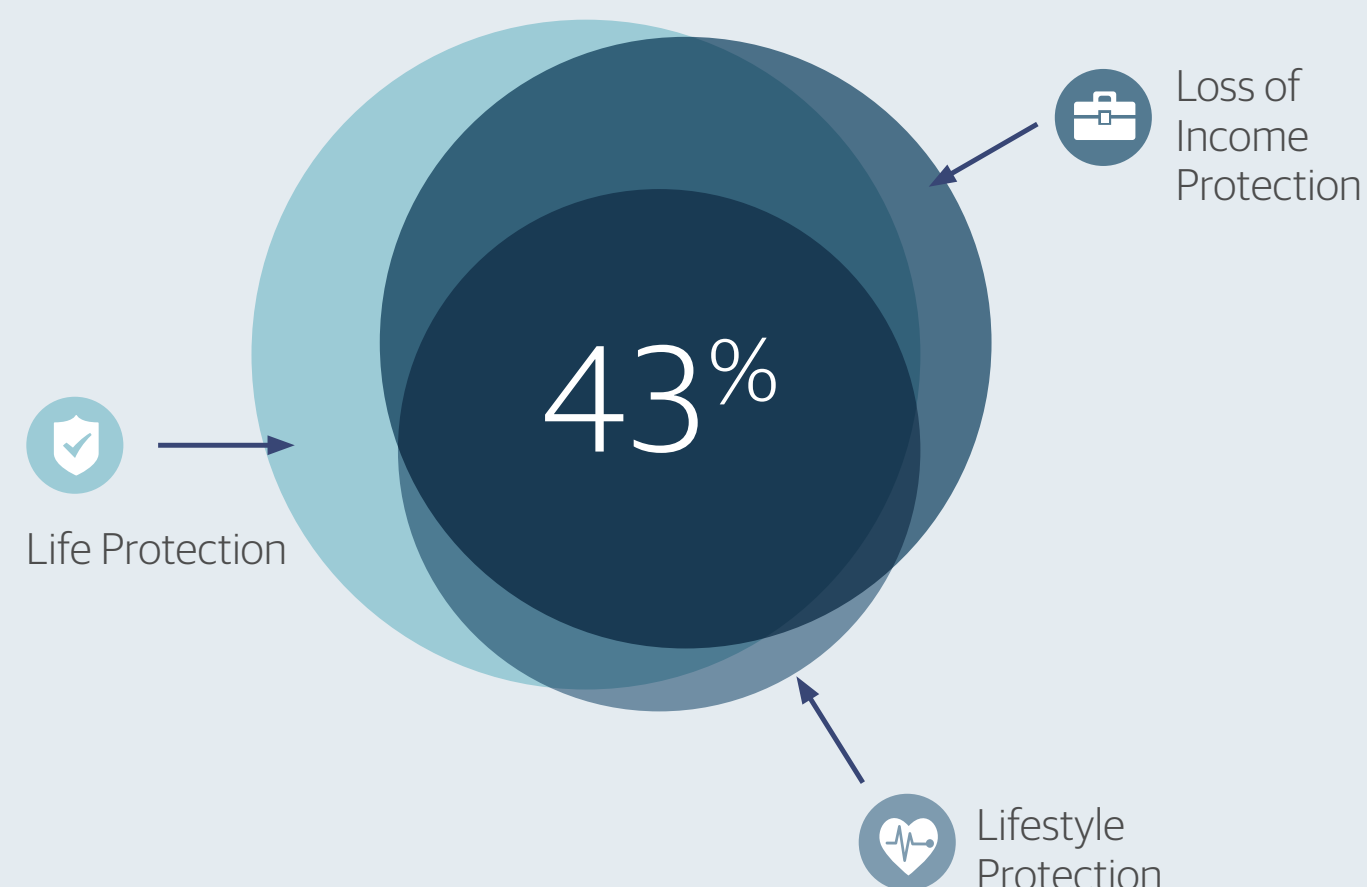
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What others like you are buying at this stage of their lives:



What others like you are buying

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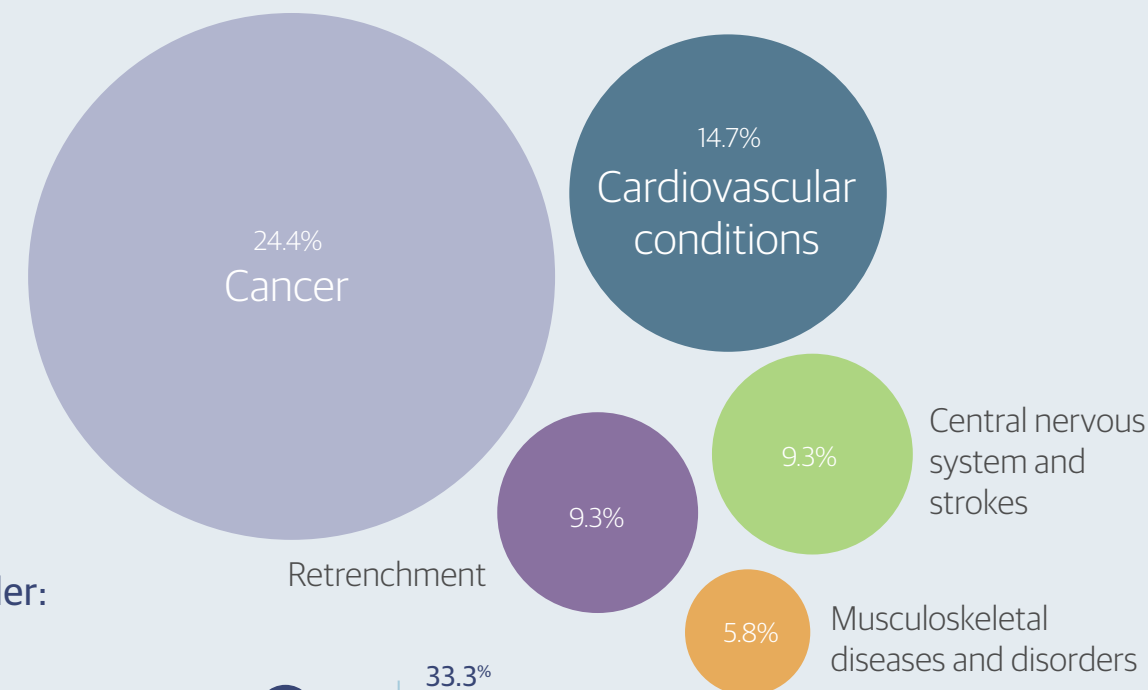
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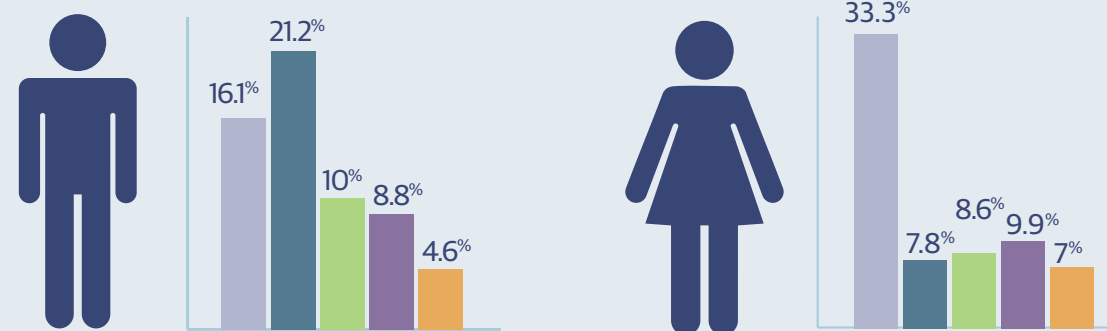
What others like you are claiming for:

64%

of all claims paid to Young parents are attributable to these top five causes:



How this differs by gender:



What others like you are claiming for

²Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

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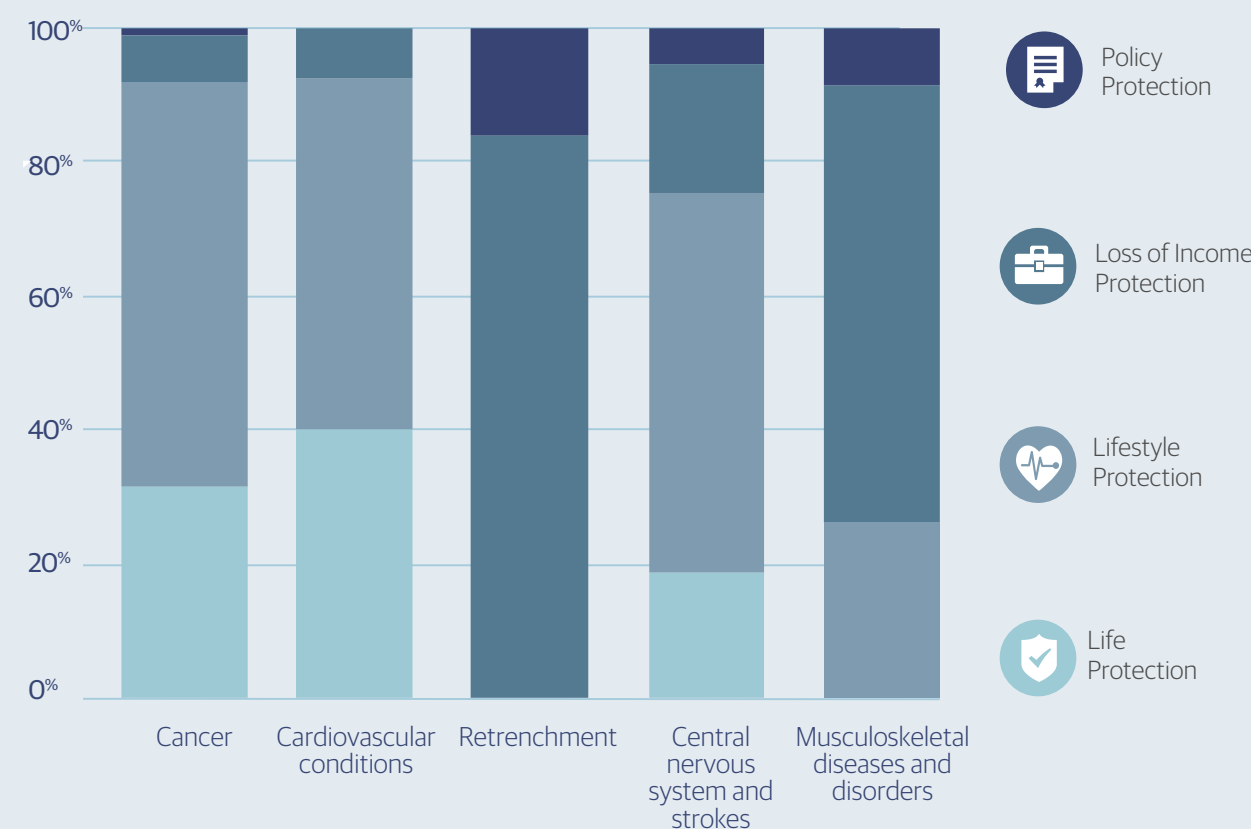
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Good to know

According to the American Cancer Society, there is strong evidence that an individual's risk of developing cancer can be substantially reduced by healthy behaviour such as:



Reduce or avoid tobacco use.



Get sufficient physical exercise - 1 hour of moderate or vigorous activity each day.



Eat healthy foods and in moderation – achieve and maintain a healthy weight throughout life.



Participate in cancer screening and discuss any concerns with your GP.



Good to know

²Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Young parent



Are you adequately covered?

Do you know how much money you or those you support financially would need to maintain your current lifestyle should you become disabled or die? There are currently 4.7 million income earners between 30 and 39 years old in South Africa. On average this group needs 4 times more life cover and 3 times more loss of income protection than they currently have¹.

The questions below will also help you identify specific needs.

- If my spouse or I die, will we be able to pay for daycare and housekeeping?
- Will my children be able to complete school and university or college if I die?
- Do I have outstanding debt e.g. a mortgage bond or a motor vehicle loan?
- Can my family care for me and maintain their living standard if I become disabled?

1. Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Estimating your needs:²

Use the calculator to see if you have enough savings and risk cover in the event of death or permanent disability/impairment.

Death:	Permanent impairment/disability:
Annual Gross Income: R <input type="text"/>	Annual Gross Income: R <input type="text"/>
Proportion: ³ x <input type="text"/> % ⁴	Proportion: ³ x <input type="text"/> % ⁴
Years until retirement/repayment: x <input type="text"/> yrs ⁴	Years until retirement/repayment: x <input type="text"/> yrs ⁴
Estimated need: = R <input type="text"/>	Estimated need: = R <input type="text"/>

Example: Consider a 35-year-old non-smoker who earns a gross annual salary of R420,000

Event	Death	Permanent impairment/disability
Approximate needs	R 4.62m (420k x 0.55 x 20)	R 6.3m (420k x 0.75 x 20)
Initial age rated premium per month ⁵	Male: R 730 Female: R 500	Male: R 930 Female: R 840

Additional cover may be needed for temporary impairment/disability and/or lifestyle changes following a severe illness.

2. This section does not constitute financial advice and individual circumstances should be taken into account.

3. The percentage of your income that is needed after your death or impairment/disability. The proportion for impairment/disability is usually greater than that of life cover as your personal expenses will cease in the event of death.

4. Suggested estimated proportion percentages and period to retirement.

5. Premiums are risk-profile dependent, this is not an offer. Liberty is under no obligation to provide cover. Disability premium based on Absolute Protector Plus (OOD) term to age 65. Any recommendations made must take into consideration your specific needs and unique circumstances.

Established provider

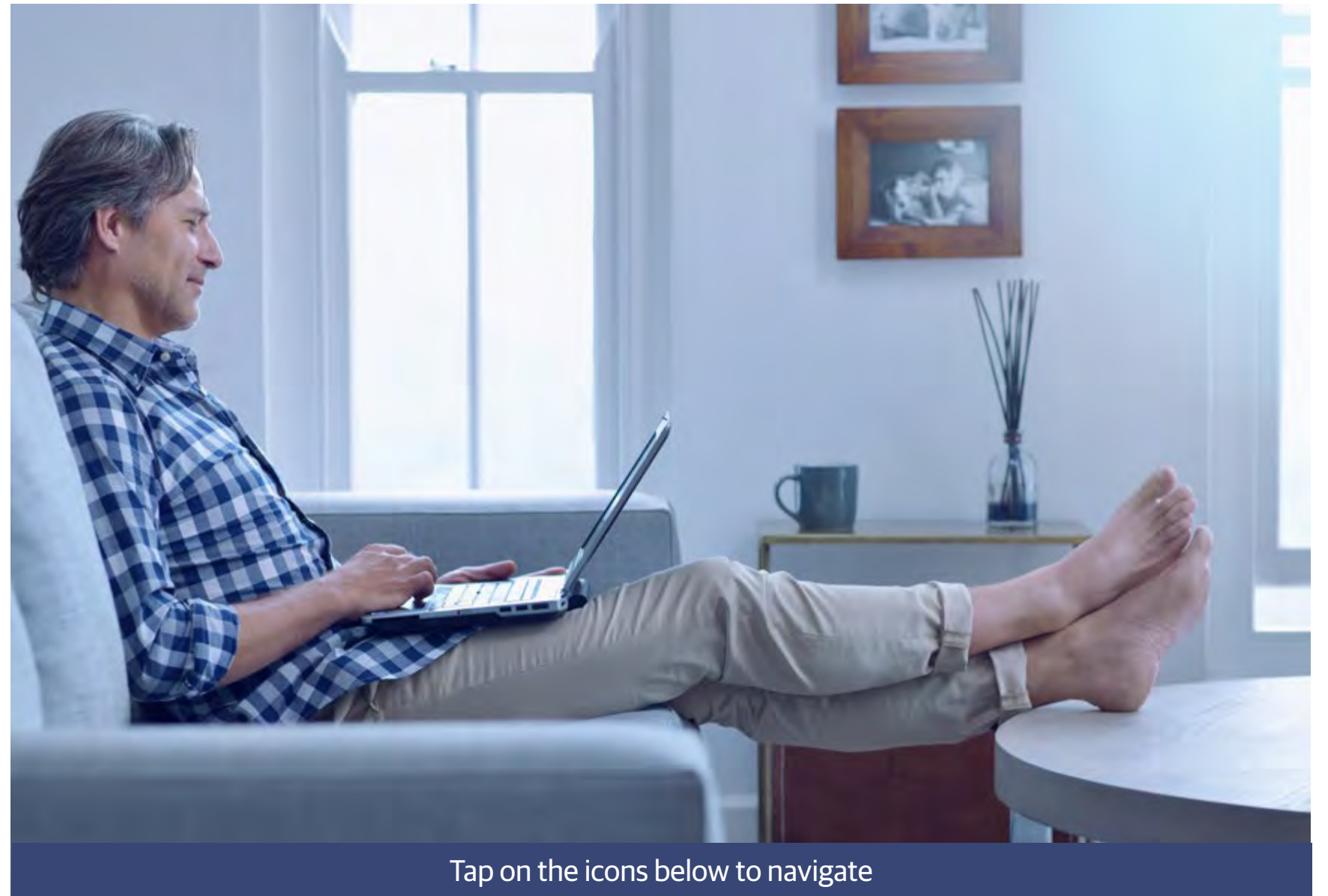
On average, the 40 to 49 age group needs to double their life and loss of income protection."³

Your family is your biggest priority and you're focused on ensuring that all of their needs are taken care of. You're also aware that retirement is nearing, so settling debts to start boosting your retirement savings is also on your mind. At this stage, comprehensive risk cover is essential to protect your family or retirement savings should life take a turn for the worst.

What others like you are buying

Most Established providers topped up their life protection to secure their loved ones' current lifestyle, as well as ensure that their estate is liquid in the event of death. They also recognised that the risk of being diagnosed with a critical illness or impairment increases with age. Lifestyle and income protection can offset the cost of the potential lifestyle adjustments they'll need to make, such as taking time off work to receive treatment. As a result, 1 out of 3 (31%) Established providers bought a policy incorporating all three benefit categories.

[Tap here to view the calculator](#)



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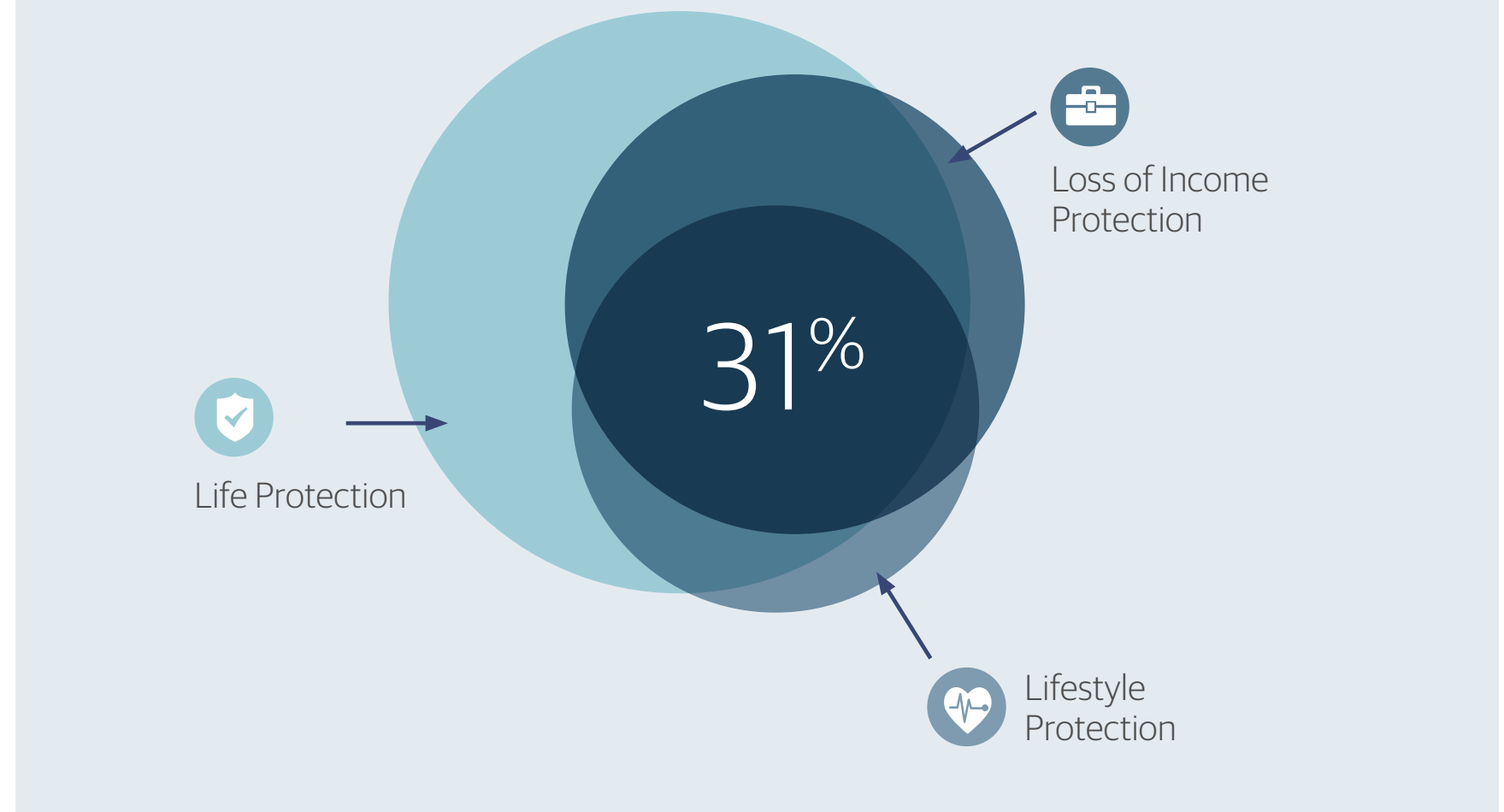
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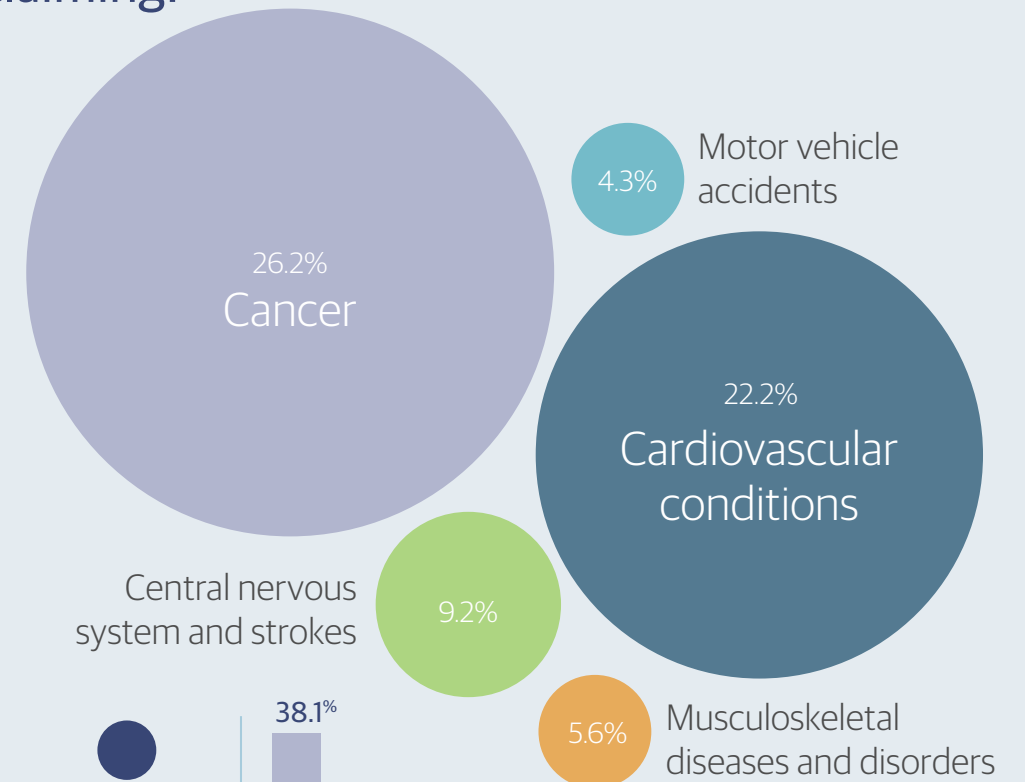
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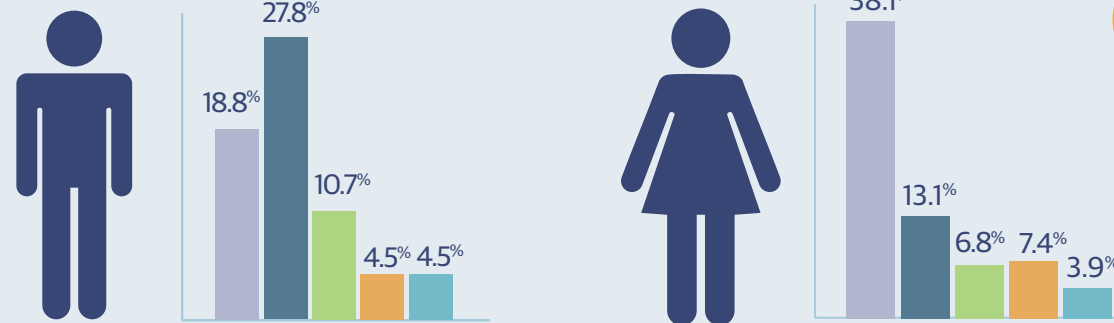
What others like you are claiming:

67%

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How this differs by gender:



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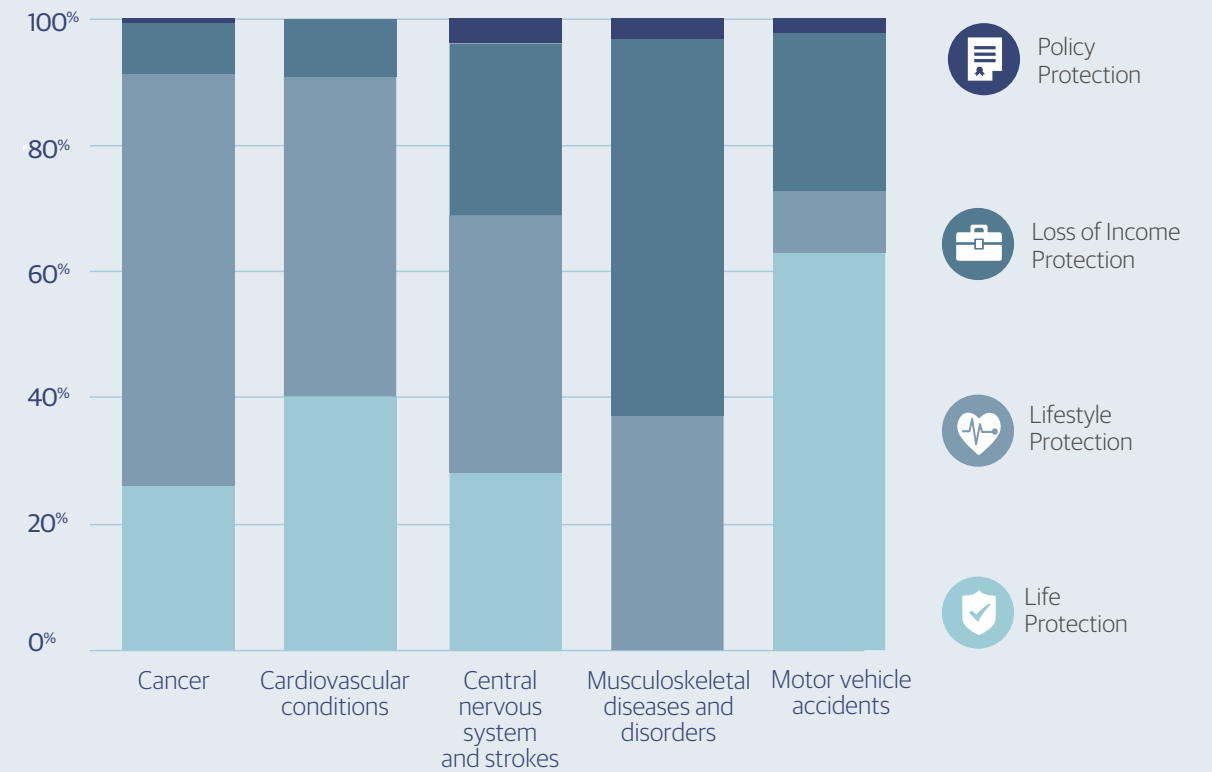
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Established provider

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Your family is your biggest priority and you're focused on ensuring that all of their needs are taken care of. You're also aware that retirement is nearing, so settling debts to start boosting your retirement savings is also on your mind. At this stage, comprehensive risk cover is essential to protect your family or retirement savings should life take a turn for the worst.

What others like you are buying

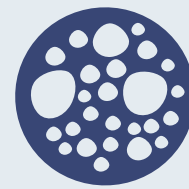
Most Established providers topped up their life protection to secure their loved ones' current lifestyle, as well as ensure that their estate is liquid in the event of death. They also recognised that the risk of being diagnosed with a critical illness or impairment increases with age. Lifestyle and income protection can offset the cost of the potential lifestyle adjustments they'll need to make, such as taking time off work to receive treatment. As a result, 1 out of 3 (31%) Established providers bought a policy incorporating all three benefit categories.

[Tap here to view the calculator](#)

³Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Good to know

Cancer that's diagnosed at an early stage, before it grows or spreads, is more likely to be treated successfully:



Check your skin for moles that are new, large, irregular, contain more than one colour or change colour.



From age 50, both men and women are at risk of developing colorectal cancer and should have colonoscopies every 5 to 10 years.



Women should have a clinical breast exam at least every 3 years, and annually after age 40. Beginning at age 30, a Pap smear test combined with an HPV test should be done every 5 years until age 65.



Good to know

Established provider



Are you adequately covered?

There are 3.2 million income earners between the ages of 40 and 49, and 1.3 million between 50 and 54 in South Africa. On average, the 40 to 49 age group needs to double their life and loss of income cover, while the 50 to 54 age group needs to increase their life cover by 20% and loss of income protection by 30%.¹ Do you know how much money you or those you support financially would need to maintain your current lifestyle if you become disabled or die?

The questions below will also help you identify specific needs.

- Will my children be able to complete school and university or college if I die?
- Do I have outstanding debt e.g. a mortgage bond or a motor vehicle loan?
- Will I have to draw from my retirement savings if I become disabled?
- Do I have adequate risk cover for my business debt and interests?

1. Source: The South African insurance gap (2016), A study by True South Actuaries & Consultants for ASISA.

Estimating your needs:²

Use the calculator to see if you have enough savings and risk cover in the event of death or permanent disability/impairment.

Death:	Permanent impairment/disability:
Annual Gross Income: R	Annual Gross Income: R
Proportion: ³ x % ⁴	Proportion: ³ x % ⁴
Years until retirement/repayment: x yrs ⁴	Years until retirement/repayment: x yrs ⁴
Estimated need: = R	Estimated need: = R

Example: Consider a 48 year old non-smoker who earns a gross annual salary of R540,000

Event	Death	Permanent impairment/disability
Approximate needs	R 3.24m (540k x 0.6 x 10)	R 4.158m (540k x 0.77 x 10)
Initial age rated premium per month ⁵	Male: R 1 085 Female: R 705	Male: R 1 565 Female: R 1 490

Additional cover may be needed for temporary impairment/disability and/or lifestyle changes following a severe illness.

2. This section does not constitute financial advice and individual circumstances should be taken into account.

3. The percentage of your income that is needed after your death or impairment/disability. The proportion for impairment/disability is usually greater than that of life cover as your personal expenses will cease in the event of death.

4. Suggested estimated proportion percentages and period to retirement.

5. Premiums are risk-profile dependent, this is not an offer. Liberty is under no obligation to provide cover. Disability premium based on Absolute Protector Plus (OOD) term to age 65. Any recommendations made must take into consideration your specific needs and unique circumstances.

Empty nester

“The cost of a long-term caregiver or even assistive devices could significantly cut into your retirement savings.”

[Tap here to view the calculator](#)

You're looking forward to your golden years knowing that your dependants are now well established. As you work hard to settle any outstanding debts, your focus is shifting to protecting your retirement savings. However, unexpected costs associated with a permanent impairment or severe illness can deplete those savings faster than you think.

What others like you are buying

Estate planning means that many Empty nesters buy additional life cover. The risk of impairment or critical illness also increases with age, and the cost of a long-term caregiver and/or assistance devices could significantly cut into your retirement savings. That's why many Empty nesters also buy additional whole of life income and lifestyle protection. Only 1 in 10 (11%) Empty nesters bought a policy with all three benefits due to the fact that many already have comprehensive cover.



Tap on the icons below to navigate



[Previous Segment](#)

[Next Section](#)

Empty nester

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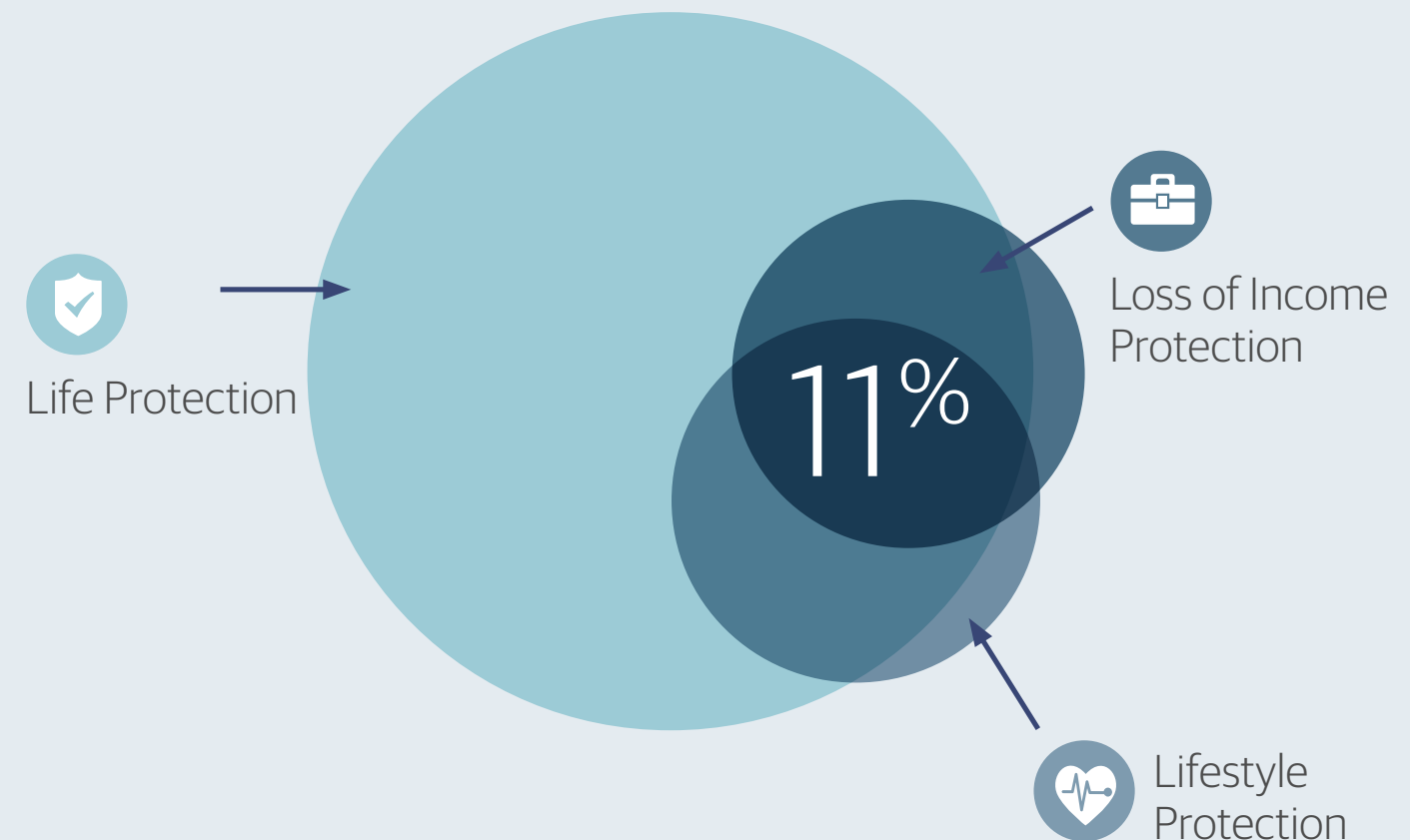
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[Tap here to view the calculator](#)

What others like you are buying at this stage of their lives:



What others like you are buying

[Start Segment](#)

[Next Section](#)

Empty nester

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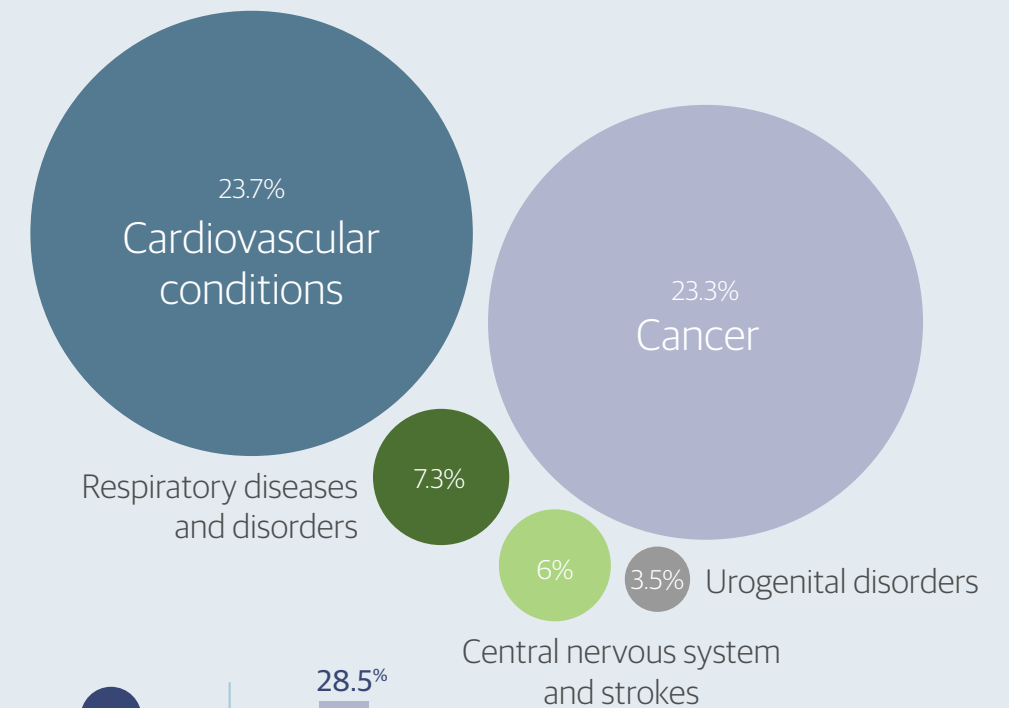
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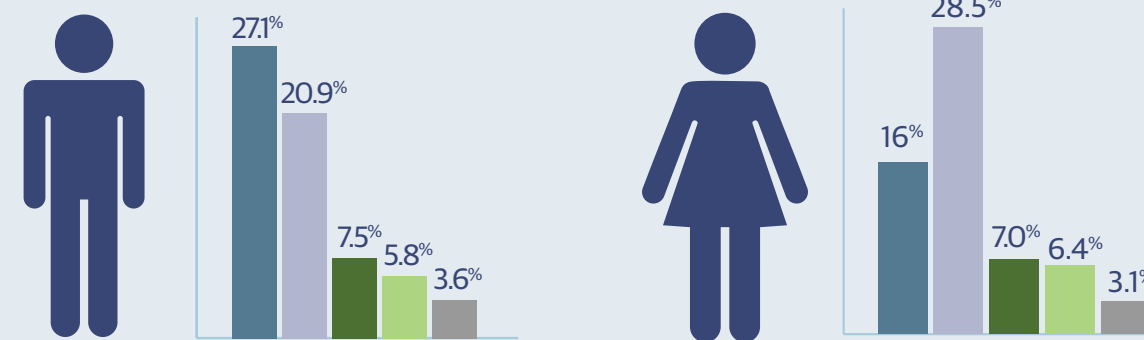
[Tap here to view the calculator](#)

What others like you are claiming for:

64% of claims paid to Empty nesters are attributable to these top five causes:



How this differs by gender:



What others like you are claiming for

Empty nester

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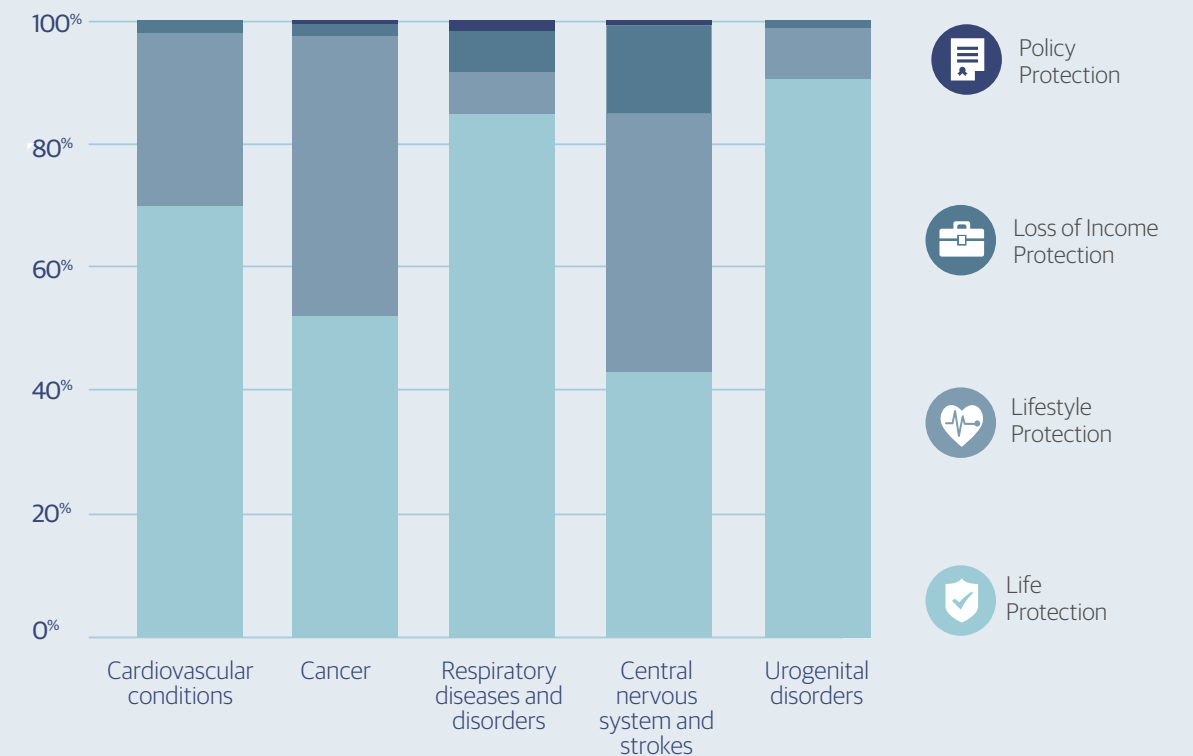
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[Tap here to view the calculator](#)

How these events could affect you:

Each claim cause can affect you in a different way depending on your health and how early on you detect it; the graph below shows how these events impacted our customers in 2016.



How these events could affect you

Empty nester

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[Tap here to view the calculator](#)

Good to know

It's important to have a Will in place to ensure that your loved ones are provided for even when you're no longer there. Liberty Wills and Trusts can help you set up your Will with your adviser, ensure its safe custody and provide professional executor services. A professional executor has a number of benefits.



Experience in the field including relationships with the appropriate government agencies and the professional skills to manage the accounting and legal requirements of the role.



Impartiality - the personal distance from you and your family will ensure that they remain emotionally uninvolved while still remaining accountable - ensuring your affairs will be dealt with exactly as you intended.



Most importantly, you won't be leaving a loved one with potentially onerous amounts of tedious work - estates always take longer than expected to wind up.



Good to know

Empty nester



Are you adequately covered?

Even though you may have settled most of your debt, estate planning and ensuring a surviving spouse or any other dependants can maintain their lifestyle creates a need for life cover.

The questions below will also help you identify specific needs.

- Can my spouse retire comfortably when I die?
- Is my retirement income sufficient to pay for long-term care should I suffer a chronic illness?
- Have I made provision for estate tax to avoid a forced sale of assets to generate cash?
- Will I be able to retire comfortably if my spouse passes away before I do?

Estimating your needs:¹

Use the calculator to see if you have enough savings and risk cover in the event of death or permanent disability/impairment.

<p>Death:</p> <p>Annual Gross Income:</p> <p>R <input type="text"/></p> <p>Proportion:³</p> <p>x <input type="text"/> %⁴</p> <p>Years until retirement/repayment:</p> <p>x <input type="text"/> yrs⁴</p> <p>Estimated need:</p> <p>= R <input type="text"/></p>	<p>Annual Gross Income:</p> <p>R <input type="text"/></p> <p>Proportion:³</p> <p>x <input type="text"/> %⁴</p> <p>Years until retirement/repayment:</p> <p>x <input type="text"/> yrs⁴</p> <p>Estimated need:</p> <p>= R <input type="text"/></p>
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Example: Consider a 59-year-old non-smoker who earns a gross annual salary of R480,000

Event	Death	Permanent impairment/disability
Approximate needs	R 0.892m (480k x 0.62 x 3)	R 1.152m (480k x 0.8 x 3)
Initial age rated premium per month ⁵	Male: R 635 Female: R 410	Male: R 1 080 Female: R 1 050

Additional cover may be needed for temporary impairment/disability and/or lifestyle changes following a severe illness.

2. This section does not constitute financial advice and individual circumstances should be taken into account.

3. The percentage of your income that is needed after your death or impairment/disability. The proportion for impairment/disability is usually greater than that of life cover as your personal expenses will cease in the event of death.

4. Suggested estimated proportion percentages and period to retirement.

5. Premiums are risk-profile dependent, this is not an offer. Liberty is under no obligation to provide cover. Disability premium based on Absolute Protector Plus (OOD) term to age 65. Any recommendations made must take into consideration your specific needs and unique circumstances.

How to ensure that your claim is paid.

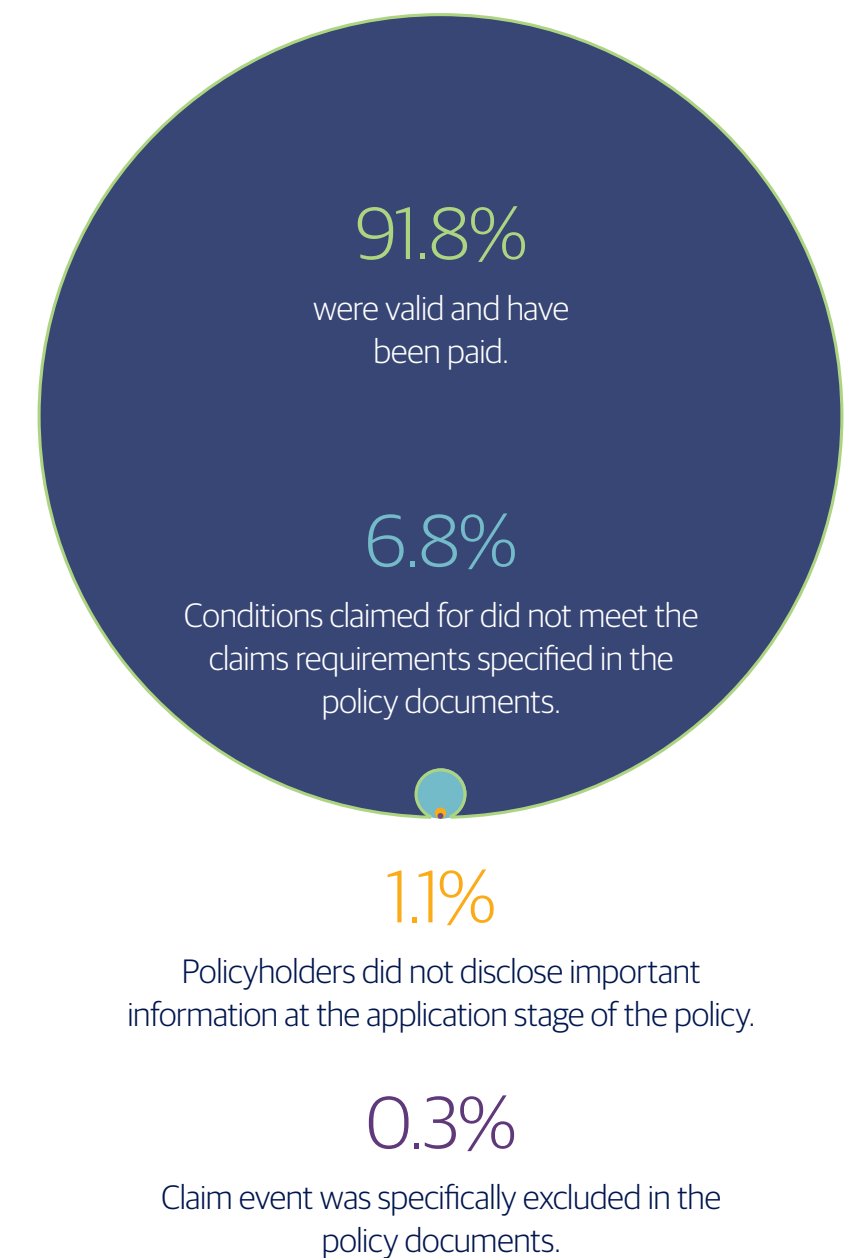
“Where non-disclosure is identified at claim stage, we will reconstruct the policy as though we had all the information at underwriting stage and the cover may be reinstated on different terms or declined.”

While we always do our best to ensure that all valid claims are paid, there are some instances when this won't be the case. To help ensure that you get the full benefit of your cover, we encourage customers to submit claims even if they're uncertain of the severity of their condition or whether it is covered under their benefits. As a result, some conditions claimed for may not be covered or aren't severe enough to meet the minimum requirements set out in the policy document.

We also have a duty to our customers to make sure their premiums are not inflated by the cost of paying for pre-existing conditions that weren't

disclosed during underwriting or where information was misrepresented. Where non-disclosure is identified at claim stage, we may reconstruct the policy as though we had all the information at underwriting stage and the cover may be reinstated on different terms or declined. We understand that the validation process itself can add to your stress during this difficult time. For this reason we encourage you to disclose as much as possible when first applying for your policy to ensure you're properly covered for any unexpected events.

Claims submitted

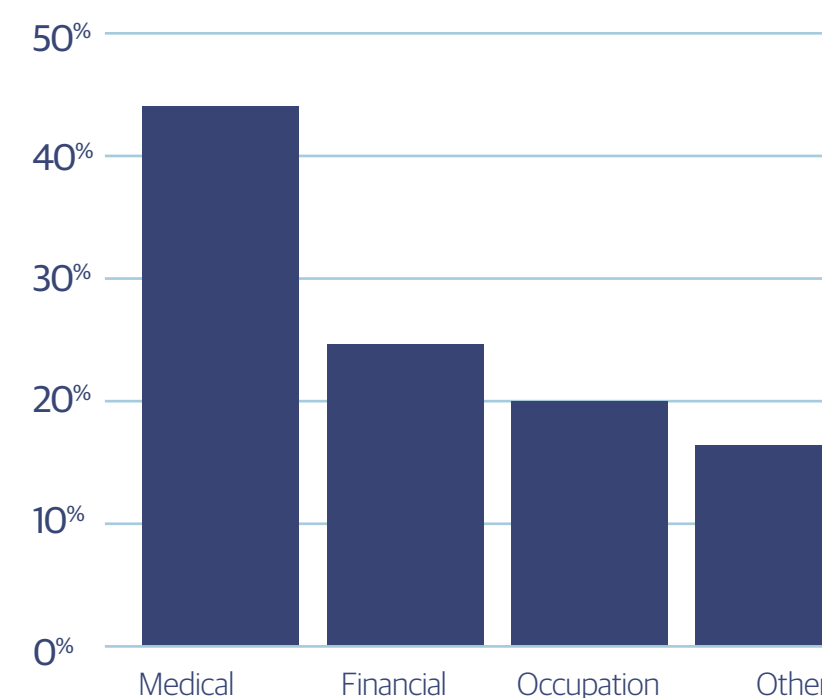


The cost of non-disclosure and fraud.

Non-disclosure occurs when the medical, financial, lifestyle or occupational questions are answered incorrectly or where important information is omitted when cover is first bought. This ranges from deliberate fraud to innocent omissions where certain information is simply forgotten.

Some policyholders don't view the omission of medical information or making false claims as actual fraud. What they don't realise though is that dishonesty and fraud result in significant costs to the industry which will ultimately be borne by other customers through higher premiums.

Areas of non-disclosure



How to reduce the risk

Here are a number of ways to help ensure that you provide all relevant information and that your claims are paid:

- Advisers should point out that failure to provide full medical and financial information at application may delay the underwriting processes and it could also lead to the cancellation of the policy or reduced payment at claim stage.
- Consider the questions on the application form carefully and provide all relevant information.
- Consider tele-underwriting if some of the information is sensitive – all client details are treated confidentially and stored securely with access to only a small number of authorised staff.
- Regularly review your cover to ensure it remains in line with your needs and can be supported by financial evidence.

For more information please contact your Liberty financial adviser or broker, contact our call centre on 0860 327 327 or visit www.liberty.co.za

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Disclaimer

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Any recommendations made must take into consideration your specific needs and unique circumstances.

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