

**APPROVED RISK  
TERMS AND CONDITIONS**

EFFECTIVE 15 JUNE 2021

## Contents

General information	1
Proposal and premiums	1
Membership	1
Life insurance	2
Lump sum disability insurance	2
Cover during disability	3
Cover in excess of the free cover limit	3
Conversion option	3
Absence from work	4
Claims	4
Exclusions	5
Take-over of existing benefits and cover	5

## **GENERAL INFORMATION**

1. The Board has approved three insurance companies, namely Sanlam, Hollard and Capital Alliance (**'the Insurer(s)'**), to provide both group life and lump sum disability insurance to the Allan Gray Umbrella Retirement Fund (**'the Fund'**).
2. The policy terms and conditions of the Insurers are identical to the Fund's Master Policy, as approved by the Board. The Insurers have also all agreed to the standard service levels of the Fund.
3. The words which are capitalised in these terms and conditions shall have the same meaning ascribed to them in the Participation Agreement terms and conditions.

## **PROPOSAL AND PREMIUMS**

4. The proposal process has been designed so that the Employer and its employees benefit from having the insurance components automatically placed with the Insurer offering the most competitive premium rate. However, the Employer may select a specific Insurer from the insurers listed in clause 1 above, to provide group life and/or lump sum disability insurance for its employees who become Members.
5. Proposals in relation to insurance premiums will be calculated with reference to eligible employees under the Normal Retirement Age and who are actively at work. A Member will be actively at work if they are attending all the usual and routine duties of their job.
6. The proposals provided by the Administrator will include a premium quotation, which will be valid for 90 days from the date on which the proposal was issued. The premium quotation is subject to Member information and assumptions relevant at that point in time and may be adjusted if this information differs on the Participation Date.
7. Unless otherwise stated in the proposal, the premium quotation will exclude contract workers; employees who are older than the Normal Retirement Age selected by the Employer; employees in receipt of disability income benefits; and employees for whom no salary or date of birth was provided.
8. The insurance premiums applicable on the Participation Date are guaranteed for a period of 12 months. The Insurer may revise the premium rates with effect from the anniversary of the Participation Date and the Fund will provide the Employer with 31 days' written notice of the new premium rate required by the Insurer.
9. Notwithstanding the guarantee referred to in clause 8, the Insurer may revise the premium rates and the conditions of the cover at any time if there is a material change in the risk profile of the Members, provided that the Insurer gives the Fund at least 31 days' written notice.
10. On commencement of participation, a certificate of participation, also referred to as a policy schedule, issued by the Insurer will be provided to the Employer by the Administrator.
11. The benefit maximums applicable to the life and lump sum disability insurance are reviewed annually by the Insurer. The Administrator will notify the Employer of any changes to the benefit maximums at least 31 days before the change becomes effective.

## **MEMBERSHIP**

12. In circumstances where employees who have passed the Normal Retirement Age were covered under a transferring scheme's group lump sum and/or life insurance policy, such employees will be eligible for cover under the group lump sum disability

and life insurance policy provided by the Fund, provided that the continued cover is indicated on the proposal provided by the Administrator.

13. Subject to agreement by the Fund and the Insurer, an employee who receives a disability income benefit from an alternative retirement fund or insurance policy instituted by the Employer will be regarded as a Member and will be eligible for cover.
14. Insurance cover is only applicable to Members who are physically present in South Africa. If a Member is physically outside the borders of South Africa, they will be covered for a maximum period of six months, provided that the payment of the premiums continues during this period. The Employer may apply to the Fund in writing for an extension of the six-month period, which will be subject to approval by the Insurer.

## **LIFE INSURANCE**

15. Only active Members will be entitled to life insurance cover.
16. Member groups must be specifically defined by the Employer in the Participation Agreement.
17. Life insurance is charged as a percentage of a Member's salary.
18. The life insurance benefit is expressed as a multiple of annual salary for all Members in a particular member group. The Employer must select the appropriate multiple per member group.
19. The maximum life cover is the lesser amount of a multiple of 10 times the Member's annual salary or R25 000 000.
20. Life cover for each Member will be limited to the free cover limit indicated in the certificate of participation, unless the Member provides the Insurer with proof of good health.
21. The life insurance cover will cease at the earlier of termination of employment and Normal Retirement Age or a later benefit cessation age as indicated in the Participation Agreement (**the Benefit Cessation Date**). The maximum age that an Employer may select as the benefit cessation age for life insurance is 70 years old, if the employee continues employment after the Normal Retirement Age.

## **LUMP SUM DISABILITY INSURANCE**

22. A lump sum disability benefit will be added to a Member's retirement benefit when a Member becomes permanently disabled, applies for early retirement in terms of the Fund's rules and meets the criteria for the lump sum disability determined by the Insurer.
23. The lump sum disability benefit will be charged on the same basis as the life insurance benefit.
24. The lump sum benefit is payable after a waiting period of six months after the date on which the Member became totally and permanently disabled. Total and permanent disability refers to the total inability of the Member to work in their own occupation or a reasonable alternative occupation due to illness or injury.
25. Medical and other information that is required to prove the Member's total and permanent disability must be obtained at the Member's own expense. A Member may request that the Fund advance the costs to obtain this information, provided that such expenses shall be deducted from the Member's investment account in the Fund.

26. No benefit will be payable if:
  - 26.1. the claim is only submitted to the Fund after the Benefit Cessation Date;
  - 26.2. the six-month waiting period referred to in clause 23 expires after the Benefit Cessation Date; or
  - 26.3. the claim is not submitted within six months from the Member's last day of work.
27. Lump sum disability cover for each Member will be limited to the free cover limit indicated in the certificate of participation, unless the Member provides the Insurer with proof of good health. The lump sum will be reduced by 1.667% per month to zero over the last five years before the Benefit Cessation Date.
28. The maximum benefit available is the lesser amount of a multiple of five times the Member's annual salary or R6 000 000. The Insurer may limit the disability benefit if the Member receives a disability benefit from an alternative retirement fund or insurance policy instituted by the Employer.
29. A Member who becomes permanently disabled will not be entitled to a lump sum disability benefit if the date of disability occurred within 12 months of the date on which the insurance cover began and the disability was caused by an illness or injury that existed in the six months immediately before the Participation Date.
30. Lump sum disability cover will cease at the earlier of termination of employment, for reasons other than disability, and Normal Retirement Age or a later benefit cessation age, as indicated in the Participation Agreement ('the Benefit Cessation Date'). The maximum age that an Employer may select as the Benefit Cessation Date for lump sum disability insurance is 65 years old.

### **COVER DURING DISABILITY**

31. A Member who receives a disability income benefit will be entitled to life and lump sum disability cover, provided that the Employer continues to pay premiums for such Member.
32. The cover referred to in clause 19 will increase at a rate equal to the annual growth rate of the disability income benefit.

### **COVER IN EXCESS OF THE FREE COVER LIMIT**

33. The medical free cover limit is determined by the benefit chosen as well as the data that applies at that specific time. This amount will be stipulated in the certificate of participation.
34. No medical evidence of good health is required for cover less than or equal to the medical free cover limit. Cover in excess of the free cover limit will only be provided once the Insurer has been provided with satisfactory proof of the Member's good health.
35. If the medical evidence provided is not acceptable, the excess cover may be declined or it may be given subject to specific terms and conditions agreed to by the Insurer and the Member.

### **CONVERSION OPTION**

36. A Member who terminates employment or continues employment after the Benefit Cessation Date, may take out a similar individual policy (life insurance or lump sum disability) with the applicable approved Insurer, subject to limited underwriting requirements, if the Employer has elected to provide this conversion option to the Members.
37. Members will have one month from their last day of employment (or, if they remain employed, from their Benefit Cessation Date) to notify the Insurer that they want to take out an individual policy according to the conversion option.

38. The conversion option for life insurance is only available to Members who are younger than 65, while the conversion option for lump sum disability insurance is only available to Members who are younger than 60.
39. The maximum death benefit in terms of this conversion option may not exceed the benefit a Member was entitled to immediately before the Benefit Cessation Date. Any increase to the maximum death benefit resulting from an amendment to the insurance policy in the six months prior to the Benefit Cessation Date will not be taken into account.
40. The maximum lump sum disability benefit may not exceed the lesser of the benefit a Member was entitled to immediately before the Benefit Cessation Date, the death benefit referred to in clause 39 or the amount of which the Insurer normally restricts similar individual disability insurance.
41. If an Employer implements the conversion option on the scheme after the Participation Date, the conversion option may only be exercised six months after the date that this benefit was added.

## **ABSENCE FROM WORK**

42. If an employee is not actively at work, with the Employer's consent, on the date on which they become a Member of the Fund, the employee's cover will only commence once the Insurer has received proof of the employee's good health or once the employee has been actively at work for a period of two consecutive months without absence. This restriction does not apply to existing uninterrupted take-over approved risk benefits.
43. If a Member is temporarily absent from work with the Employer's consent, the Member will remain covered in terms of the insurance policy, provided that the Employer continues to pay premiums to the Fund for that Member. Such cover will remain in place for a maximum period of six months. If a Member is absent more than once, the absences must be separated by at least three consecutive months, failing which the absences will be added together to determine whether the Member is absent for longer than the six-month limit.

## **CLAIMS**

44. The Employer must submit insured benefit claims in writing to the Fund, using the claim forms provided, within:
  - 44.1. nine months of an employee's death (for a death benefit); or
  - 44.2. within six months of the last day on which the Member was actively at work (for a lump sum disability benefit).
45. No benefit will be paid if the Insurer is not notified of the claim within the abovementioned time periods.
46. The Insurer may require the Employer and/or the Member to submit additional information before considering a claim.
47. The Fund will only be liable for the payment to Members of life or lump sum disability benefits to the extent that such benefits have been paid to the Fund by the Insurer. Where the Insurer rejects a claim, the Employer indemnifies and holds the Fund, the Board, the Principal Officer, the Administrator, Allan Gray Proprietary Limited and their officers harmless against all loss, damage, liability, costs and expenses, which the Fund, a Member and/or any other person may sustain or incur, either directly or indirectly, as a result of any action or inaction by the Employer, its adviser and/or any of the Employer's representatives which resulted in the rejection of the claim.

## **EXCLUSIONS**

48. No death benefit will be paid if the Member's death or permanent disability is a direct or indirect consequence of:
- 48.1. active participation in an act of terrorism, war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
  - 48.2. the use of nuclear, biological or chemical weapons, or any radioactive contamination; or
  - 48.3. attacks on or sabotage of facilities (including, but not limited to, nuclear power plants, reprocessing plants, final repository sites and research reactors) and storage depots, which lead to the release of radioactivity or nuclear, biological or chemical warfare agents,
- irrespective of whether any of the aforesaid has been performed with the specific use of information technology.
49. No lump sum disability benefit will be paid if the Member's permanent disability is:
- 49.1. a direct or indirect consequence of the Member's active participation in criminal activity irrespective of whether such activity has been performed with the specific use of information technology; or
  - 49.2. self-inflicted by the Member as a consequence of attempting suicide or deliberately inflicting self-harm; refusing to seek and follow reasonable medical advice or treatment; driving when over the legal alcohol limit; taking drugs or poison; taking medication unless a qualified medical practitioner prescribes them; or deliberately or negligently exposing themselves to the risks and events that led to the claim, except where the Member attempts to save a human life.
50. The restrictions imposed on a death benefit referred to in clause 48 above also apply to a lump sum disability benefit.

## **TAKE-OVER OF EXISTING BENEFITS AND COVER**

51. Where the Employer has an existing group risk insurance policy for its employees, the Insurer will replace the existing insurer and cover all Members who were previously covered for benefits which are similar to those provided by the Fund. The Insurer, however, is not required to take over existing medical free cover limits.
52. The Insurer will replace the cover of Members who have already provided proof of good health to the previous insurer, subject to written confirmation by the previous insurer. Benefit statements will not be sufficient in this regard. Existing limitations will also be considered by the Insurer and must be disclosed at the date of take-over.
53. The Insurer reserves the right to request medical proof of good health for any increases in a Member's cover after the insurance has been transferred.
54. Future increases will be subject to underwriting. Some insurers apply forward underwriting which means that when a Member has provided proof of good health, further increases in their cover, subject to certain conditions, for a specific period will not require underwriting. It is important to note that if forward underwriting applied at the previous insurer, this may not necessarily apply with the Insurer.
55. In circumstances where previous accepted cover was not underwritten:
- 55.1. existing cover, where no medical proof of good health was provided (cover below the previous insurer's free cover limit) will also be replaced; and
  - 55.2. any future increases above the Insurer's free cover limit will be subject to the Insurer's normal underwriting conditions, with proof of good health required.
56. Existing and pending disability claimants need to be identified by the Employer at the proposal stage. These Members will be quoted on as a separate category so that their cover can be confirmed subject to underwriting conditions.
57. While a Member receives a disability income benefit, the contributions to the Fund remain payable on the same basis as they were immediately before the date the Member became disabled.

1 Silo Square  
V&A Waterfront  
Cape Town  
8001  
South Africa

P O Box 51605  
V&A Waterfront  
Cape Town  
8002  
South Africa

**Client Service Centre**

**T** 0860 000 654 or +27 (0)21 415 2301

**F** 0860 000 655 or +27 (0)21 415 2492

**E** [info@allangray.co.za](mailto:info@allangray.co.za)

**www.allangray.co.za**