

A Practical Guide to Group Risk Benefits with TSA Administration

1. Introduction to Group Risk

Group risk benefits include life assurance products offered by employers to their employees as part of their terms of employment or employment package. These “employee benefits” may be offered together with some form of retirement savings vehicle and/or medical aid, or they may stand on their own. Benefits include, but are not limited to, the following:

<p>Group Life Cover Pays if a member dies.</p>	<p>Education Cover Pays education fees for dependent children after a member's death.</p>
<p>Income Protection Disability Cover Pays up to 75% of a member's salary on a monthly basis if they're unable to perform their regular occupation.</p>	<p>Income Protection Top-Up Cover Pays an additional 25% of a member's salary for certain causes of disability.</p>
<p>Employer Reimbursement Cover Refunds the employer in full for the salary paid to the member in the waiting period.</p>	<p>Medical Aid Premium Waiver Cover Pays the medical aid contributions for up to 24 months on successful Income Protection Disability claims.</p>
<p>Lump Sum Disability Cover Pays a lump sum amount should the member become totally and permanently disabled.</p>	<p>Trauma Cover Pays an amount should the member contract a traumatic illness.</p>
<p>Accident Cover (death and bodily loss) Pays an amount should the member die or suffer any form of bodily loss due to an accident.</p>	<p>Spouse's Cover (death and disability) Pays an amount should the spouse of a member die or become totally and permanently disabled.</p>
<p>Funeral Cover Pays an amount should the member, their spouse, or their child die.</p>	

The main benefits of enjoying cover through an employer's scheme are (1) the cost saving that it offers and (2) the ease with which cover can be obtained due to medical proof free limits.

(1) The rates offered by an insurer to a scheme are dependent on factors relating to the company (the type of work they do and their geographic location) as well as to the employees in the company (age, gender and salary profile).

There is cross subsidisation of costs across members of a scheme but over the full term of cover for a member the cost of cover through a group arrangement is usually considerably cheaper than through an individual policy.

(2) For individual policies, every applicant has to submit proof of medical health before being granted their cover but with group arrangements insurers will look at the demographics of the scheme and the cover requested and they will grant a Rand limit (known as a proof free limit) per benefit under which they will grant cover without the

need to provide proof of health. Cover is usually linked to the members' salaries and it is usually only the top income earners with the highest levels of cover that have to provide proof of health in order to be granted their full potential cover.

Group risk policies are employer owned policies that have defined qualification criteria and all members who meet the defined criteria are compelled to join the scheme. There is no individual choice in the matter and besides acceptable distinctions between defined employment categories, e.g. all Directors in one category with a set of benefits and all Staff in another, group risk is more of a "one size fits all" approach to life cover.

There are some benefit structures that allow an element of choice in terms of how much cover members may enjoy but participation in the scheme is required for all members who meet the qualification criteria.

2. Introduction to TSA Administration (TSA)

TSA is a group risk wholesaler or aggregator who sits between life insurers and employee benefit advisors. In the intangible and largely generic world of group risk benefits, advisors are looking for cost effective products backed up by efficient and attentive service for their clients, and this is exactly what we at TSA aim to provide.

Not needing to "reinvent the wheel" and not wanting to limit choice for those that make use of our services, we have no hand in the design of the products but rather, we provide advisors with access to the full range of risk benefits that Sanlam, Old Mutual, Capital Alliance and Hollard offer.

What we do focus on and take full responsibility for is the level of service that advisors experience from the initial quoting experience, to installations, medical underwriting and claims processing. We also proactively reconcile every scheme's member data every month to check for medicals and to make sure that premiums received are correct, and we perform a full rebroking exercise on every scheme annually.

We act as the face of the insurer on all policies meaning that advisors never have to deal directly with corporate call centres or generic mailboxes on schemes placed via us. Instead, they have a dedicated "back office team" ready to take care of their needs and the needs of their clients for everything related to their group benefits.

We have been administering group risk for 22 years now and are currently trusted by hundreds of advisors around the country to look after more than 1,800 employer groups comprising about 87,000 lives. There is no other independently owned and run company in South Africa that does what TSA does on the same scale and we believe that this focus, free of any conflict of interest with advisors or between our insurers, is part of the reason why the model has been a success. The competitive rates and exceptional service levels that we offer hopefully explains the rest.

3. Group Risk with TSA

At TSA we aim to offer a more personal and responsive experience to advisors and employers that work with us and regardless of the insurer with whom the risk has been placed, we strive for consistent levels of service in all areas.

3.1. Quotes: In order for us to run a quote we need the following information:

- Company info (name, industry and region)
- Full benefit structure
- Member data (name, date of birth, gender, salary and category)

For schemes of 400 or more members, claims experience is also required and it is helpful to see what a scheme with existing cover currently has in place in the form of a quote, renewal document or monthly statement if possible.

These can all be sent to Priya, Thembu, Serina, Ashvir or Calvin (priya@tichsmith.co.za; thembu@tichsmith.co.za; serina@tichsmith.co.za; ashvir@tichsmith.co.za or calvin@tichsmith.co.za) and you will receive four quotes and a TSA Cost Summary back within 48 hours for standard quotes and within the industry standard 5 days for experience rated schemes or schemes with non-standard benefit structures, as these would need to be referred to the insurers.

3.2. Acceptances: If a client wants to accept a quote the person from whom the quote was received should be notified and they will have an acceptance form sent out.

Once the completed and signed acceptance form is received back we will put an electronic and/or hard copy acceptance pack together that is normally sent to the advisor for onward delivery to the client. If previous cover was in place it will also be necessary for us to receive proof of cover (acceptance letters) for members who are over the medical proof free limit in order to do this.

The acceptance pack will include the following:

- Acceptance letter confirming start date, benefits, rates, banking details to be used for monthly premium payments, medicals required for individuals over the proof free limit and who the relevant contact people are for that group in the other teams at TSA.
- Benefit statements
- Beneficiary nomination form to be completed by every member and kept by the employer until claims stage
- Member schedule showing each member's potential and accepted covers
- Terms and conditions
- Full policy wording
- Medical forms (if required)

- Certificate of Participation (for Sanlam and Capital Alliance schemes) that needs to be signed by the authorised signatory at the company and returned to us. This, together with the full policy document forms the legal agreement between employer and insurer.

3.3. Medicals: Medicals that are requested in the installation process are loaded onto our system and these are actively followed up on with the intention of getting every member fully underwritten for their full potential cover.

Whether it's a gentle reminder for a form that is required from the member, the need to arrange a travelling nurse or to set up an appointment with a doctor, or the chasing of the doctor's rooms to have a report released to the insurers – the responsible Medicals person will stay involved in every case until its completion and the member has received a satisfactory decision from the insurer.

3.4. Scheme Accounts: Premiums are due monthly in arrears on group schemes and so at the beginning of the month following the first month of cover, and at the beginning of every month thereafter, we will expect to receive a premium from the scheme and a copy of the member data (names, ID numbers or dates of birth, genders, salaries and categories if there is more than one) in Excel sent to the person noted as the responsible Scheme Accounts person in the acceptance letter.

Every month we check that the premium is correct based on the accepted rate and the member data for that month, and to see whether any new members have to submit medical evidence (this could be as a result of a new member joining the scheme or a member having a salary increase that pushes them above the proof free limit).

If medicals are required then the responsible Medicals person will be in touch with the advisor or client setting out the necessary requirements and assisting in having these completed and submitted timeously, as they do at installation.

Our payovers are done on the 25th of every month and the insurers are paid their premiums, advisors their commission and TSA their fees at this time. Schedules and statements are sent to all parties detailing payments made.

3.5. Reviews: The rates that are accepted initially are annually renewable and so the Reviews team will pick up a scheme a few months prior to its review date to carry out the annual review. They will run quotes with up to four of our insurers before sending out a letter to the advisor that points out the proposed changes, if any, to the existing insurer's rates and/or proof free limits as well as the alternatives offered by the other insurers.

This ensures that schemes continue to receive value for money benefits, and it assists the advisor in fulfilling their role and obligation to the client.

3.6. Regquotes: Should there be the need for a requote or we receive a request to run a new quote on an existing scheme outside of the review date then we have a team

dedicated to handling these requests. This might be as a result of a material change in membership or at the request of the client to change the structure in any way.

3.7. Claims: The reason that all of this is in place is to ensure that valid claims are met as quickly and simply as possible. We understand that this is ultimately how we are measured and what people come to us for and so every effort is made to ensure that claims are processed as empathetically and efficiently as possible.

The moment the Claims person assigned to the scheme (and noted in the acceptance or latest review letter) is notified of a claim or potential claim, they will be in touch with the advisor or employer to explain the requirements and to assist in getting these to the insurer to allow them to make the correct decision as quickly as possible.

These are the seven internal teams that make up the service offering of TSA and their collective aim is to make group risk as simple as possible for intermediaries and as valuable as possible for their clients in as personal a manner as possible.

Advisors who make use of us still earn full regulated commission, as they would if they went directly to the insurers, and we know that our overall cost has to be as competitive or better than what a scheme can get elsewhere in order for it to make sense to an employer and their employees.

TSA's fee for the role that we fulfil is made up of binder and outsource or administration fees. The insurers have effectively outsourced much of the administration they would normally do on schemes that are placed via us and so they reduce their fees and we add ours on.

This means that there is a shift in administration fee (from insurer to TSA) rather than an additional layer. Insurer fees on group schemes can be a combination of Rand per member per month costs, policy fees and percentage of payroll or premium charges as well. TSA does not charge a minimum fee and our cost starts at 10% of the premium and reduces as the premium grows.

4. Conclusion

TSA has, over more than two decades, become focused on a single area of the assurance landscape - that of group risk benefits. We have partnered with four leading long term insurers and have built up the resources required to make the lives of intermediaries and their clients simpler and more cost effective.

We are completely independent and offer unbiased access to a full range of group risk products. This, together with our dedication to personal service and to making the experience of group risk as convenient as possible, all at no additional cost to members, should make TSA a worthwhile consideration for anyone looking for group risk solutions.

5. Head Office Contact Details

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