Group Business Products Profile

Zimnat LIFE ASSURANCE

associated with Sanlam group

Contents.

1. Risk Products.

a) Group Life Assurance

A Group Life Assurance scheme is an arrangement entered into between the Employer and the Insurer, for the benefit of the employee, in which the insurer promises to pay a lump sum death-in-service benefit, in exchange for a premium received from the Employer. The minimum death in service group life assurance benefit is twice the member's annual basic salary. This product is offered with an option to add a group funeral rider which will be described below.

PRODUCT FEATURES:
A lump sum benefit of at least twice the annual basic salary is paid out on an employee's death.
The Employer pays the premiums to the Insurer.
The insurer may demand submission of medicals if cover is above a set threshold (Free Cover Limit).
There are no exclusions to participation by employees even if death is due to pre-existing conditions.
Premiums paid to the Insurer are non refundable on scheme termination.
Benefit tracks salary inflation and the employee's changing earning capacity.

PRODUCT BENEFITS:
The company effectively manages cash flow by transferring the lump sum payments to the Insurer.
Higher life assurance benefits can be used to attract and retain high caliber staff.
Benefit retains value as it moves in sympathy with inflation.
Premiums are a tax-deductible expense for the employer.

Spouses Group Life Assurance

This benefit is typically meant to replace income lost as a result of the death of a spouse. The benefit is equal to 50% of the member's Group Life Assurance and is paid as a once of lump sum.

b) Group Funeral Assurance

A Group funeral scheme is an arrangement entered into between the employer, employees and the Insurer for the benefit of the employee and immediate family members in which the insurer promises to pay a lump sum funeral benefit in exchange for a monthly premium. This benefit is caters for funeral expenses. This product can be offered as a stand-alone arrangement or as a rider on an existing Group Life Assurance scheme.

PRODUCT FEATURES:
A lump sum benefit is paid out on an employee's or immediate family member's death.
Premiums are paid wholly by the Employer or employees, or shared between employer and employee.
No medical requirements.
Cash benefit is generally paid within 24 hours on submissions of the required documentation.
Premiums are generally lower when compared to individual funeral policies.
More flexible than services as beneficiaries choose how to conduct the funeral ceremony.

PRODUCT BENEFITS:
Eliminates the need by the employer to advance soft loans to employees on passing on of immediate family members.
Company can effectively manage staff welfare by showing it cares by participating at funerals.
Premiums are a tax-deductible expense of the employer.
It guarantees the provision of a decent funeral for the employee.

c) Education Protector

The benefit is meant to secure the educational needs of a member's children should a member pass on. The benefit is equal to 50% of the member's Group Life Assurance and will be managed by Zimnat and paid in installments directly to the school on a termly basis.

It guarantees continuity of the member's children's education in the event of the member passing on.
It gives peace of mind, as Zimnat will take care of the deceased members children's education

d) Ill-health / Total Permanent Disability Early Retirement

Ill health refers to a recognised medical condition giving rise to incapacity. Diagnosis must be supported by clinical findings. Subject to the production of medical evidence acceptable to the Trustees, showing that a member is permanently medically incapable of performing his/her duties in the service of the Employer or any similar employment or any other gainful occupation for which he is reasonably suited by education, training or experience, he may be permitted to retire prior to the Normal Retirement age.

Upon such early medical retirement the member shall be eligible to receive an immediate benefit equal to the ill health benefit as defined in the policy document

Application Process

Either the member or the Employer may apply for ill-health retirement, but the Employer must first investigate whether there are other options which will enable the member to carry on working. The Employer will send the application to the company's medical adviser and the insurer's medical adviser and include details of the member's job, ill-health and sickness absence records.

The company's medical adviser, together with the insurer's medical adviser must agree that the Member is medically incapable of performing his/her normal duties in the service of his Employer. They will therefore need the member's doctor's details and consent to approach him/her. If both the company's medical adviser and the insurer's medical adviser are satisfied that the member meets the criteria for ill-health retirement, the Employer may then agree to medically retire the member and present the evidence to the Trustees.

Benefit Calculation

Upon receipt of the claim the administrator calculates the benefit as follows: Ill-health benefit = Twice the Life Assured's annual salary as at the date of exit subject to a maximum of USD 100,000.00.

Method of Operation

The employer pays a monthly premium to cover the ill-health early retirement benefit as determined by the insurer from time to time.

Payment of Ill-health Early Retirement Benefit

The amount of the ill-health early retirement benefit shall be paid to the member as a lump-sum.

e) Credit Life Assurance

A Credit Life Assurance scheme is a contract entered into between an Insurer and a Loan Provider, usually a financial institution or an employer, for the benefit of the loan provider in which the Insurer promises to pay off the balance loan capital on the death of the member.

PRODUCT FEATURES:
Financial institution/loan provider pays the premiums to the Insurer.
A lump sum payment equivalent to the outstanding capital on a debt/ loan is paid out to the loan provider on death of the borrower.
The payout decreases in direct correlation to the repayments made on the loan.
Premiums paid are non refundable on loan amortization.
Cover and premiums cease on full repayment of loan.

PRODUCT BENEFITS:
Cover commences immediately on receipt of premiums.
There are no exclusions to participation even if death arises due to pre-existing conditions.
Eliminates the need for immediate family members to service a loan left behind by a deceased.

f) Group Mortgage Protection

A Group Mortgage Protection scheme is a contract entered into between an Insurer and a Loan Provider, usually an Employer or financial institution, for the benefit of the policyholder, in which the Insurer promises to pay a lump sum benefit equivalent to the outstanding mortgage loan, on the death of the borrower.

This product is targeted at Corporates that offer mortgage loans to their staff members.

Product Features:
The Employers/Financial institution/Loan Provider pays the premiums to the Insurer.
The insurer may demand submission of medicals if cover is above a set threshold (Free Cover Limit).
A lump sum payment equivalent to the outstanding capital on mortgage loan is paid out to the loan provider on death of the borrower.
The payout decreases in direct correlation to the repayments made on the loan.
Premiums paid are non refundable on loan amortization. Cover and premiums cease on full repayment of loan.

Product Benefits:
Helps employer reduce risk when considering employer assisted housing schemes
Enables employer to attract and retain high caliber staff.
Eliminates the corporate stigma of repossessing a late employee's dwelling.
Premiums paid decrease in direct correlation with repayments made

2. Pension Related Products.

a) Pension Funds

A Pension Fund is a financial vehicle into which the employee and Employer contribute for the ultimate financial benefit of the employee and his family upon retirement, retrenchment, death, disablement or termination of employment.

The Pension Fund can either be Insured (i.e. administered by an insurance company which also provides some guarantees) or Self-Administered as detailed in the following pages.

General Features:
Affairs of the Fund are overseen by a board of trustees whose members chosen from employees and management.
The operation of Pension Funds is in terms of legislation.
Two Options: o A fixed cost Defined Contribution Pension Fund or o A variable cost Defined Benefit scheme.
Provides benefits to all employees based on nature of exit o On Retirement – a monthly pension o On Death-in-Service – a lump sum death benefit.
On Permanent Disablement (Optional) – a lump sum disability benefit.

Advantages of a pension fund to the Employer:
Attractive employment conditions: To attract new staff by offering fringe benefits in addition to remuneration.
Rewards for long service: To retain existing, efficient staff by offering long term security continuing beyond retirement.
Business image in the labour market: To establish a reputation of being an employer who provides fitting rewards for employees who give long and loyal service and for those who die or are disabled in his services. Such a public image attracts applications for employment and enables the employer to select superior personnel.
Insurance: To provide for the spouse/children of employees who die or become disabled in service, thereby avoiding possible legal or moral claims against the business.
Staff loyalty, morale and security: To enhance the sense of well being and of belonging amongst staff thereby increasing their job satisfaction and productivity.

Types of Pension Funds

a. Insured Pension Fund

This is a fund which is underwritten by an insurance company.

Product Features:
All contributions are paid to the life assurance company, which in turn pays all the benefits. The Life Assurance Company underwrites and administers the fund as part and parcel of its life assurance and annuity business.
One service provider, and that is the insurer, provides all services for the Fund.
Assets accruing to the Fund are held in the name of the Insurer.
The insurer prepares statutory returns for all pension funds under his administration and submits one account to the Registrar.
Trustees have less control over the affairs of the fund as they are managed jointly with other pension funds.
The Insurer invests the assets of the Fund as a pooled arrangement.

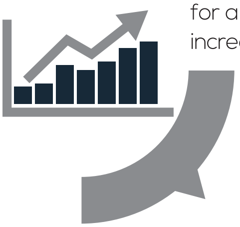
b. Self-Administered Fund

This a fund which is administered internally (in house) or by persons specially appointed to administer the fund e.g. Life Assurance Company, Brokers or Fund Administrators.

Product Features:
More than one service provider e.g. a bank, the administrator and the investment manager.
Assets of the pension fund are in the name of the Fund.
The fund has its own Bank Account.
Trustees have greater control of the fund affairs.
Statutory returns and documents done specifically for the Fund.

3. Annuities.

a) Conventional Annuity with Guaranteed Escalation



This product is an ordinary annuity product which carries a guarantee for a limited period regardless of when the annuitant dies. The annuity increases regularly at the guaranteed interest (escalation) rate for the duration of the contract. The guaranteed interest rate is chosen by the annuitant at the time of taking the annuity and the guaranteed interest rate is not linked to the actual investment performance.

Product Features:
A monthly pension (annuity) is paid to the annuitant in exchange for a single premium investment.
The annuity is guaranteed against death for a minimum period and thereafter for life. e.g an annuity guaranteed for 5 years o if death is before 5 years, beneficiary paid out for the remaining period of those 5 years o if death is after the pension is paid until death of the pensioner
Pensioners/annuitants benefit from critical mass in investment of the lump-sum amount.
The annuity increases at the guaranteed interest rate.

Product Benefits:
Retirement advisory/counseling services at no cost.
The guaranteed annuity shields the pensioner from adverse market fluctuation.
Suitable for older retirees.

b) With Profit Guaranteed Annuity

As with Conventional Annuity with Guaranteed Escalation above, this product is a conventional annuity product and the annuity is guaranteed for a minimum period regardless of when the annuitant dies and it can also carry a guaranteed escalation at the option of the pensioner. In addition, the annuity will be increased regularly through bonus declarations by the company. These bonus additions are intended to protect the pensioner from the effects of inflation.

Product Features:

Annuity paid periodically to the annuitant in exchange for a single premium investment.

The annuity is guaranteed against death for a minimum period and thereafter for life.

Pensioners/annuitants benefit from critical mass in investment of lump-sum amounts.

The annuity increases annually at the minimum guaranteed interest rate AND an additional increase is awarded subject to investment performance.

Product Benefits:

Retirement advisory/counseling services at no cost.

A guaranteed annuity shields the pensioner from market fluctuation risks.

c) Fixed Term Annuity

This is a fixed term conventional type annuity which can be structured in the same manner as the With Profit Guaranteed Annuity but is targeted at surviving children. The payment is guaranteed for a fixed term regardless of when the beneficiary dies and the payment ceases at the expiry of the policy term. Typically, these annuities are taken by or for surviving children and payment ceases when the beneficiaries reach age 18 or 21 years. The annuity will be increased regularly through bonus declarations by the company.

Product Features:

A monthly pension is paid up to a fixed term to the beneficiary in exchange for a single premium investment.

The pension is guaranteed against death for the fixed term.

The pension increases annually at the minimum guaranteed interest rate AND an additional increase is awarded subject to investment performance.

Product Benefits:

Retirement advisory/counseling services at no cost.

A guaranteed pension shields the pensioner from market fluctuation risks.

d) Flexi Annuity

This is a unit linked annuity investment plan managed by the Insurer. The policyholder chooses the level of monthly pension he would like to receive from a range provided by the insurer. Unlike a guaranteed annuity, the balance capital value of a flexi annuity is paid out on the policyholder/pensioner's death. Zimnat Life will also manage the capital value of the annuity such that it is not drawn out prematurely.

Product Features:
An annuity is paid periodically to the annuitant in exchange for a single premium investment.
The Flexi Annuity is a unitised investment, with increases awarded based on the investment performance of the underlying assets. In this regard, the full investment performance (outside investment related charges levied by the company) will accrue to the pensioner.
The Flexi annuitant can elect the level of annuity depending on income needs.
The insurer manages the annuity so that the capital is not exhausted before the death of the annuitant.
The pensioner carries the investment risk and pension payments are not guaranteed as they can be reduced depending on investment performance
Retirement income is tax exempt.
Pensioners/annuitants benefit from critical mass in investment of lump-sum amounts.

Product Benefits:
Retirement advisory/counseling services at no cost.
Level of monthly pension elected by pensioner depending on need.
Balance capital paid to beneficiaries in the event of death of principal pensioner or the beneficiary can secure own annuity with the company

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