

**FundsAtWork insurance benefits**

Your quote in detail



# Contents

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	<b>Page</b>
<b>Market share</b>	<b>3</b>
<b>More about your FundsAtWork insurance quote</b>	<b>4</b>
<b>Insurance benefits</b>	<b>7</b>
<b>Definitions</b>	<b>11</b>
<b>Standard terms and conditions</b>	<b>13</b>
<b>Standard industry policy definitions for certain dread disease conditions</b>	<b>16</b>
<b>Pre-existing conditions</b>	<b>20</b>
<b>Tax aspects</b>	<b>21</b>
<b>Disclosure in terms of the Financial Advisory and Intermediary Services Act (the FAIS Act)</b>	<b>22</b>
<b>Disclaimer</b>	<b>24</b>

## Market share

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MMI Holdings was officially listed on 1 December 2010 from the merger of Momentum and Metropolitan. According to a survey from a leading reinsurer MMI is now the biggest player in the group insurance space with 26% of the market.

## More about your FundsAtWork insurance quote

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### Note to the intermediary

If this quote is accepted and the scheme is installed with Momentum the intermediary will be required to furnish Momentum with proof that they are accredited by the Financial Services Board in terms of section 7(3) of the Financial Advisory and Intermediary Services Act, 2002 to give advice in respect of a particular product category.

### Validity

This quotation is valid for 90 days from the date of issue and is subject to Momentum's standard terms, conditions and assumptions.

### Details

This quotation is based on the details provided and the figures are subject to possible change if the data supplied was incomplete. Staff data must be forwarded to Momentum at commencement of cover for the insurance benefits. If the staff data is not provided, insurance cover will cease.

### Data

This quotation is based on data provided by the employer and an expected spread of occupations. The figures may differ if installation data is different or if occupational hazards exist which were not declared for this quotation. In addition, the quotation excludes members in instances where:

- they are past the cover cease age;
- no salary was provided at quote stage; and
- no date of birth was provided at quote stage.

### Conditions for entry

- The employer will perform the monthly process of providing data and claims notification via the employer portal.
- A free cover limit will only be available to schemes with 5 or more members for group life cover and income and lump sum disability.
- Insurance premiums are paid by the employer by an "automatic fund transfer", what this means is that Momentum collects the premiums after the employer has confirmed the amount.
- Any scheme profile is acceptable as long as the minimum requirements with regard to minimum membership apply.

Momentum reserves the right to make a final decision regarding the acceptance of any scheme.

### Rate guarantee

The rates used to calculate premiums are guaranteed for a period of between 12 to 18 months from the commencement date. Thereafter, Momentum may alter the premium rates on giving the policyholder one month's written notice.

Momentum's rates are renewable annually on 1 July. Momentum will advise the broker and the employer accordingly.

### Free cover limit

Momentum from time to time determines a free cover limit for the insurance policies. No evidence of health and insurability is required for an amount of cover less than or equal to the free cover limit.

A member's cover in excess of the free cover limit will be given by Momentum after the member has provided evidence of good health and insurability. If the evidence is not acceptable to Momentum, the excess cover may be given subject to special terms and conditions and / or extra premiums agreed to by Momentum and the policyholder or declined.

The free cover limit will be calculated for each benefit for each employer.

### Existing cover

Subject to Momentum's free cover limits and policy terms and conditions, the cover of the members actively at work in the existing arrangement will be taken over under the same terms and conditions, as long as the member was medically underwritten by a reputable underwriter in the previous 6 months.

The following details in respect of the members must be provided:

- name;
- date of birth;
- amount of cover under existing scheme;
- any loadings, postponements or acceptance refusals under the existing scheme or alternatively the most-recently supplied medical evidence; and
- additional information (if required).

### Acceptance of quotation

If this quotation is accepted and a new scheme is installed, acceptance by Momentum will be subject to compliance with our standard new business procedures.

### Claims experience

Claims experience is required if the scheme has been previously underwritten. If not submitted at quotation stage, Momentum will call for the actual claims experience and reserves the right to amend the quotation accordingly.

The scheme will only be installed once a full claims experience has been submitted. Claims experience is required for schemes with 300 or more members.

### Claims procedure

The employer must submit all claims via the employer portal. The relevant documentation can then follow.

Momentum's claim forms must be submitted to Momentum within the timeframes set out in the policy. Copies of official documents, eg death certificates, identity documents etc are to be certified by a commissioner of oaths. Only original medical reports will be accepted. Forms and accompanying documentation may be faxed.

### Members currently in receipt of disability income benefits

No allowance has been made for members currently in receipt of disability income benefits to be covered for any benefits under this quotation.

If there are any members that need to be included please provide the following details:

- name;
- date of birth;
- sex;
- salary;
- cause of disability; and
- date of disability.

Momentum will confirm acceptance of cover in writing.

### **Payment of premiums**

Insurance premiums are due on the last day of the month. The total premium must be paid to Momentum monthly in arrears. A period of grace of 30 days is allowed for payment of premiums. If the full amount of premiums due is not received by Momentum within the period of grace, all cover will automatically cease from the last date the full amount of premiums were paid, unless it is agreed otherwise by Momentum in writing. Interest will be charged on the overdue premium at the most recent call interest rate charged by First National Bank for the period from the expiry of the period of grace to the date of payment of the overdue premium.

### **Policy details**

Policies for insurance benefits may be either fund policies or policies issued to the employer.

### **Replacement caution**

If any new policy is entered into in order to replace another policy, various potential detrimental consequences may arise, which should have been disclosed to the employer by the broker concerned.

### **Right to cancel policy**

Subject to any restriction imposed by the Income Tax Act, the policyholder may cancel the insurance transaction and Momentum will refund all premiums paid in respect of the transaction, within 30 days of receipt of the policy summary where applicable. However, the policyholder may not cancel the transaction if a benefit has been paid or claimed or an insured event has already occurred.

Momentum reserves the right to deduct reasonable time-based fees where work, over-and-above the standard has been done.

## Insurance benefits

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Death and lump sum disability benefits may be provided as part of a registered and approved retirement fund (provided by the fund), or in terms of a separate policy (self standing), or a combination of both.

### Group life cover (GLA)

On the death of a member, the cover is paid as a lump sum. The employer can choose cover between 1 and 10 times annual salary, capped at R40m.

### Spouse's life cover

Spouse's life cover is a lump sum benefit paid out to the member on the death of a member's spouse.

The maximum benefit is the lesser of R1m, 2 times annual salary and the member's group life cover.

The spouse's life cover is provided as a self-standing scheme. The benefit cannot be more than the member's group life cover.

A spouse can include a person married to the member legally or by custom or by Asiatic religion or a permanent life partner. If members are married under a customary union, they must provide Momentum with a declaration of customary union confirming that they have been married for at least 6 months. If the member has more than one spouse, the spouse that will qualify for the benefit is the one that the member married first or the one that the member notified Momentum about. Following a divorce and re-marriage the member may nominate the latter spouse who will immediately be eligible for cover without any waiting period. Momentum must be notified of the nomination within 30 days following the marriage.

### Spouse's and children's annuity (SAC)

A monthly benefit is paid to the spouse and the children on the death of a member while in service of the employer. The monthly benefit cannot exceed 100% of the member's monthly salary.

As an example the benefit can be structured as follows:

Spouse: 50% of member's monthly salary.

Children: 12.5% of member's monthly salary, subject to a maximum of 4 children.

These percentages can then vary in any combination, with the percentage for the spouse capped at a maximum of 66.67%.

The spouse's pension will be paid for the lifetime of the spouse. The spouse's pension will be reduced if the spouse is more than 10 years younger than the deceased member. The reduction will be one and a half per cent for each complete year by which the age difference exceeds 10 years.

The children's pension will be paid until the child reaches the age of 21. Children's pensions will double where no spouse's pension is paid but will be capped at 100% of the member's monthly salary.

Benefits in course of payment may escalate annually at 5% or 10% or 5% capped at CPI or 10% capped at CPI.

### Accidental death cover

The accidental death cover is a lump sum benefit paid out on the death of a member if death is as a result of an accident.

The accidental death cover does not have to be set up with matching group life cover; it is provided on its own. The accidental death cover can be provided as a fund benefit or as a self-standing scheme.

The benefit is generally expressed as a multiple of salary in the same way as group life cover, capped at the lower of 6 times annual salary and R2m.

If the group life cover is expressed as a flat Rand amount, the accidental death cover can be expressed as a percentage of group life cover, as a flat Rand amount or a multiple of salary.

Cover will be reduced by 50% if the accident is a result of a motor vehicle accident where the member was the driver and was younger than 27 years of age at the time of accident.

### **Funeral cover**

Following the death of the member or the member's family members, as specified in the quote, the funeral benefit will provide a lump sum to cover the urgent expenses.

Funeral claims will be paid within 48 working hours of receipt of all relevant documentation. Written notification of a claim must be received within 3 months of the date of death for it to be admitted. All required documentation must be received within 12 months for the claim to be paid.

The information below is required at time of claim:

- Fully completed claim form
- Birth certificate
- Marriage certificate
- Death certificate
- Further proof of relationship with the member, which can include correspondence from the employer / minister / pastor / person of good standing in the community.

### **Lump sum disability (PTD)**

A lump sum is paid to the member if they are totally and permanently disabled in terms of the policy.

Matching group life cover at least equal to the permanent and total disability benefit must be provided.

The maximum benefit available is the lesser of R4 million, 6 times annual salary and the member's group life cover. This maximum benefit will increase automatically from time to time unless the employer informs Momentum to the contrary.

The waiting period is 6 months.

### **Permanent health insurance (PHI)**

If the member becomes disabled in terms of the policy, a monthly benefit is paid until the member recovers or retires or dies or lives outside South Africa for more than 12 consecutive months unless an arrangement is made with Momentum.

The waiting period can be 1, 3, 6, 12 or 24 months.

A benefit level of up to 100% of insurance salary can be selected by an employer.

Momentum has embraced the philosophy of actively assisting incapacitated employees to return to work, when possible. The success of return to work interventions is largely dependent on the stability of the medical condition, the employee's motivation to participate in a return to work programme and the employer's willingness to reasonably accommodate an employee in the workplace.



The skills shortage in South Africa makes the retention of workers imperative. This is compounded by high employee replacement costs. The active rehabilitation of disabled employees therefore presents a win-win situation to all the relevant stakeholders.

Following through on the philosophy of assisting incapacitated employees to return to work we have added the vocational rehabilitation benefit to the permanent health insurance benefit.

There are two periods where different definitions of occupation can apply:

- **The initial period**  
The initial period is the initial 12 or 24 months as selected including the waiting period. During this period an employer can select a disability definition of either “own occupation with own employer”, “own occupation with any employer” or “own or any reasonable occupation”. The selected definition will have an impact on the benefit’s premium rate.
- **The deferred period**  
After initial period expires Momentum will consider whether the member is capable of performing any occupation for which, in the opinion of Momentum, the member is, or could reasonably be expected to become qualified or suited taking into account their degree of disability, knowledge, training, education, ability and experience.

### Temporary income disability (TTD)

Temporary income disability (TTD) is designed with the cost conscious employer in mind or the employer who is looking to provide income disability cover to employees during the waiting period of the permanent health insurance benefit or lump sum disability benefit.

If the member becomes disabled in terms of the policy, an income is paid after the expiry of the waiting period, for a limited period of time, after which all payments cease. This benefit pays a monthly income while employees can adjust their lifestyle and possibly make alternative working arrangements.

The benefit term is 6, 12, 18, 24 to 30 months.

### Capital income provider (CIP)

Capital income provider is a combination of an income and a stand-alone lump sum benefit.

- If a member becomes disabled in terms of the policy, a monthly income is paid over an initial 24 month period.
- The income benefit is discontinued after the initial period.
- A lump sum benefit is then paid if the member is totally and permanently disabled to perform any occupation.

The maximum lump sum benefit is a multiple of salary equal to the lesser of 6 times annual salary and the member’s group life cover, capped at R4m.

The waiting period can be 3 months or 6 months. There is no escalation on the income benefit.

### Dread disease

Three options are offered, namely:

- **Essential:** accelerated payment of the lump sum death benefit, paid on essential conditions.

- Inclusive: accelerated payment of the lump sum death benefit, paid on essential and inclusive conditions.
- Inclusive stand-alone: non-accelerated payment paid on essential conditions and inclusive conditions. The benefit is taken without corresponding group life cover.

The essential conditions are:

- |                          |             |
|--------------------------|-------------|
| • Cancer                 | • Paralysis |
| • Heart attack / surgery | • Stroke    |
| • Kidney failure         | • Blindness |
| • Major organ transplant |             |

The inclusive conditions are:

- |                                    |   |
|------------------------------------|---|
| • Loss of limbs / hearing / speech | • Poliomyelitis                           |
| • Coma                             | • Aplastic anaemia                        |
| • Severe burns                     | • Severe ulcerative colitis               |
| • Multiple sclerosis               | • Severe Crohn's disease                  |
| • Motor neuron disease             | • Primary pulmonary hypertension          |
| • Parkinson's disease              | • Acquiring of HIV from blood transfusion |
| • Benign brain tumour              | • Occupationally acquired HIV             |
| • Alzheimer's disease              |   |

The maximum cover is the lesser of 2 times annual salary and R1m, subject to a maximum of group life cover for the essential and inclusive options. This maximum benefit will increase automatically from time to time unless the employer informs Momentum to the contrary.

The group life benefit can be reinstated if the member survives for 90 days after the date that the dread disease was first diagnosed. This applies to the essential option and the inclusive option.

There are two levels of payment for the three options (please read in conjunction with section titled "Standard Industry Policy Definitions for Certain Dread Disease Conditions"):

Full payment: 100% of the benefit paid for serious and life threatening conditions.

Partial payment: A percentage of the benefit paid for non-life threatening conditions depending on the severity of the claim.

This excludes the four "core" diseases explained in the section "Standard industry policy definitions for certain dread disease conditions".

Members who receive any benefit remain covered for unrelated causes, ie multiples of 100% of payments can be made. Members who receive a partial benefit will remain covered for the same condition if there is progression to a higher severity level, but the benefit paid will be reduced by the amount previously paid. For example if a member has had kidney failure then he may claim again for cancer or blindness or loss of speech as these are unrelated conditions but may not claim for a heart attack or paralysis or a stroke as these are classified as related causes.

## Definitions

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### Dependants

Dependants are the spouses and children of the member. A spouse is defined under the section called "Eligible spouse". Children are the natural or adopted (legally or by custom) children of the member and spouse.

The term child refers to:

- a natural or adopted (whether legally or by custom) child of the member and / or the member's spouse, up to the age of 21 if the child is unmarried or up to the age of 25 if studying full time at a recognized educational institution or is incapable of earning an income because of a mental or physical defect;
- a stillborn child - a stillbirth is deemed to have occurred when a foetus dies after the 28<sup>th</sup> week of pregnancy.

### Eligible spouse

Spouse means the person with whom the member has entered into a union, which is recognised by Momentum as a marriage in accordance with any law or custom, and includes the following:

- a customary marriage concluded in accordance with customary law;
- a union recognised as a marriage under the tenets of any Asiatic religion;
- a permanent life partnership, provided that Momentum receives satisfactory proof that a permanent life partnership had been established in which the partners to such relationship had been living together for at least the last 6 months.

### Temporary income disability

A member will be regarded as disabled and entitled to their benefit from the expiry of the waiting period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging in their own occupation.

### Capital income provider

A member will be regarded as disabled and entitled to the income disability benefit for the duration of the income disability benefit period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging in their own occupation.

A member will be regarded as totally and permanently disabled and entitled to the lump sum benefit after the expiry of the income disability benefit period if, in the reasonable opinion of Momentum:

- their injury or illness has rendered them totally, permanently and continuously incapable of engaging for remuneration or profit in their own occupation or any other occupation to which they are suited or for which they are or could reasonably be expected to become qualified by virtue of their knowledge, training, education, ability and experience;
- they have suffered the permanent loss of the use of two limbs or the sight in both eyes or the use of one limb and the sight in one eye; or
- their mental or physical condition has been permanently impaired to such an extent that they are unable to attend to their normal bodily functions.

## Permanent health insurance

During the initial period, a member will be regarded as disabled and entitled to their benefit from the expiry of the waiting period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging either in their own occupation with their own employer, or their own occupation with any employer, or their own occupation or any alternative occupation with any employer, as indicated in the quote.

After the expiry of the initial period, Momentum will be entitled to assess whether or not the claimant is then capable of engaging in an alternative occupation with any employer. If Momentum, on the basis of objective medical evidence, regards the claimant as capable of engaging in an alternative occupation, whether or not the claimant is able to obtain employment in such alternative occupation, the benefit will be reduced and the following formula will apply:

$$\text{Current benefit} \quad x \quad \frac{(\text{Previous earnings} - \text{Current earnings})}{\text{Previous earnings}}$$

At any stage after the payment of the benefit has started, Momentum will be entitled to re-assess the claimant.

## Lump sum disability

A member will qualify for a benefit if they suffer from total and permanent disability. Total and permanent disability is defined as:

- the total, permanent and continuous inability, in the opinion of Momentum, of a member due to injury or illness to engage for remuneration or profit in their own occupation or any other occupation to which they are suited or for which they are or could reasonably be expected to become qualified by virtue of their knowledge, training, education, ability and experience; or
- the total, permanent and continuous inability, in the opinion of Momentum, of a member due to injury or illness to engage for remuneration or profit in any occupation whatsoever, or the permanent impairment of a member's mental or physical condition to such an extent that they are unable to attend to their normal bodily functions; or
- the permanent loss by a member of the use of two limbs or the sight in both eyes or the loss of use of one limb and the sight in one eye.

## Standard terms and conditions

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### Actively at work

Momentum requires a member to be "actively at work attending to and capable of attending to all their normal duties" on the first working day on which their cover starts or their entry will be deferred until they have submitted evidence of their good health and insurability satisfactory to Momentum, or completed eight consecutive weeks' service without absence. This provision also applies to increases in benefits brought about by increases in salary. Members on annual leave will be included as long as they do not receive medical attention for a condition that leads to their disability within eight weeks of their intended date of return to work.

### Temporary absence

At the discretion of the employer the service of a member may be extended to include any period of temporary absence from active, full time employment. After 12 consecutive months' absence, all benefits in respect of the member will automatically terminate. A member's insurance salary can't be increased during the period of temporary absence.

### Eligibility

All eligible employees must be insured as members under this scheme. The cover in respect of a member will, subject to compliance with "actively at work" and "temporary absence" requirements, start on their entry date. Where an employee becomes a member by the waiving of any eligibility condition, then the cover for such member will not start until Momentum has agreed in writing.

### Medical expenses

Medical expenses incurred when providing evidence of health and insurability in respect of cover in excess of the free cover limit will be paid by Momentum. The employer will pay for the initial information and assessments required by Momentum in order to adequately assess a claim.

### Exclusions (all insurance benefits)

The following exclusions will apply:

- Active participation in war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military action or usurped power.
- The use of nuclear, biological or chemical weapons, or any radioactive contamination, or 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.
- Excessive use of liquor, wilful inhalation of gas, taking of poisons, drugs or narcotics (except under proper medical direction) for disability benefits. Wilful inhalation of gas under the group life benefit applies in respect of the accident cover during the medical evidence period.
- Any violation of the criminal law or any event occurring whilst in violation of the criminal law.
- Participation in any type of aviation except as a passenger.

### **Maximums for all insurance benefits**

The maximum benefit (including the employer's waiver) will increase automatically from time to time unless the employer informs Momentum to the contrary.

### **Cover of previous dread disease claimant**

Unless Momentum agrees otherwise, there will be no dread disease cover for a member who previously received such a benefit.

### **Reduced benefit due to other disability benefit payments**

Momentum may limit any benefit payable in respect of a claimant in accordance with the Life Offices' Association of South Africa (now part of the Association for Savings and Investment South Africa (ASISA)) Code of Good Practice for Disability Insurance.

### **Combination of lump sum disability and income disability benefits**

A member may not have a combination of both lump sum disability and income disability benefits. The employer may select either one of the benefits for different groups of employees.

### **Escalation of benefit in payment for permanent health insurance**

Subject to an appropriate adjustment to the premiums, an employer may provide for the benefit to escalate at any rate up to 10% per annum (integral % only). The escalation rate is limited to year on year increases in the official Consumer Price Index (all items).

### **Maximum monthly benefit for the income disability benefits**

The maximum benefit is R150 000 per month.

A waiver of employer's contributions to FundsAtWork on behalf of the member can be added. The maximum is R30 000 per month and is additional to the maximum set out above. The employer's waiver covers the employer's contributions to a retirement fund and the insurance benefit costs.

### **Continuous assurance option**

When the member leaves their employer up to the age specified in the policy, the member has the option to take out an individual policy at ordinary rates for a sum assured less than or equal to the one they had under this scheme. Except for a cotinine test, the new policy will be issued without the member having to provide evidence of health and insurability.

The type of individual policy that the member will be offered, will be the Momentum product best suited to replace the previous group cover.

The amount of cover provided under the new individual policy will be limited to the amount that was available to the member under the group scheme that wasn't subject to any restrictions, special terms, loadings or additional rates.

The employer may choose the continuous assurance option up to ages 55, 60, 63 or 65 for group life cover. This option is only available to age 55 for income and lump sum disability benefits. Dread disease benefits allow this option up to age 55 or 60.

### **Option to continue cover in the event of a disability claim**

Where this option is specified in the quote, the following will apply:

Where the member is entitled to receive a disability income benefit from a scheme arranged by the employer, the group life cover will be paid on the death of the member before the cover cease age or their early retirement, whichever is the earlier, unless otherwise stated in the policy.

#### **Accident cover during medical evidence period (free accident cover)**

In order to protect a member's insurance during the time they submit evidence of insurability, Momentum provides accidental death and disability cover. This cover applies for one year following the date the member's benefit first exceeds the free cover limit or any higher level to which Momentum has accepted them. There is no extra charge for the accident cover provided for this period.

The members will qualify for the following cover during the medical evidence period:

- Death or disability not as a result of an accident: Full death or disability cover up to the free cover limit.
- Accidental death or disability: Full cover, not restricted to the free cover limit, subject to a maximum of R10m for group life cover, R1.5m for lump sum disability and R57 000 per month for income disability.

If medicals are not submitted by the end of the 1<sup>st</sup> year submission period, the member will be restricted to the free cover limit even for accidents. The member will not be entitled to accident cover from that point onwards.

Accident is defined as involuntary bodily damage through external, violent and sudden means. Epidemics, infectious diseases and poisoning are not considered accidents. Furthermore, no accidental death cover will be paid where death is wholly or partially, directly or indirectly caused by or traceable to suicide, excessive use of liquor, use of poisons, drugs or narcotics, terrorism or participation in any type of aviation except as a passenger.

#### **Pilots and drivers**

If a member's employment is dependent on their being in possession of a valid pilot's or driver's licence no disability claim will be recognised unless it renders them incapable of engaging in any occupation for remuneration or profit.

## Standard industry policy definitions for certain dread disease conditions

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From 1 September 2009 Momentum has been following an industry standard of assessing certain dread disease (critical illness) events, to ensure that consistent and objective claims decisions are made.

The former Life Offices Association (LOA), whose members are now part of ASISA (Association for Savings & Investment SA), set up SCIDEP (Standardised Critical Illness Definitions Project) to derive a set of standard industry definitions.

The standard definitions apply to the following four “core” diseases, which make up between 70% and 90% of all dread disease claims:

- heart attack
- cancer
- stroke
- coronary artery bypass graft (CABG).

All other conditions not listed above will be assessed in terms of Momentum’s standard policy definitions and terms.

In order to provide greater transparency in terms of how the above dread disease events will be assessed, ASISA has provided a set of ‘Layman’s’ definitions to be provided to policyholders at quotation stage, and a Disclosure Grid setting out the percentages which an insurer will pay out, depending on the severity levels of the dread disease event. The Layman’s definitions and the Disclosure Grid are set out below. Please note that the definitions are more comprehensively defined in the policy, and should there be any discrepancy between the Layman’s definitions and the policy conditions, the provisions of the policy will apply.

### Heart attack - Layman’s description

Four levels of severity of heart attacks are defined:

- Level D is the mildest and Level A the most severe.
- In both levels C and D the patient recovers fully and the heart function returns to normal.
- In levels A and B, more permanent damage has resulted, which means the heart function is less than 100% after recovery.
- The effect of the heart attack on heart function should be measured 6 weeks after the heart attack.

### Level A: Heart attack severe impairment in function

These are heart attacks where a significant proportion of the heart muscle was damaged. The same tests are used to measure the damage as under Level B but the results would show a more serious level of impaired function.

This person will have difficulty coping with normal activities of daily living, and will most likely not be able to work.



### **Level B: Heart attack with mild permanent impairment in function**

This is usually a heart attack that does not recover 100% of normal function. The degree of permanent damage can be measured by a heart sonar, an exercise tolerance test or a measurement of physical abilities. These measurements should be performed 6 weeks after the heart attack.

A person with this level of heart damage should still be able to manage normal daily activities and even their occupation, if the occupation does not involve strenuous physical work. However, this person's insurability will be adversely affected, and the future risk for a repeat cardiac event is high. Significant lifestyle adaptation and risk factor modification are indicated.

### **Level C: Moderate heart attack of specified severity**

In this case damage to the heart muscle is more than in Level D. In some cases a cardiologist will intervene early and reverse the potential damage. This intervention may include administration of drugs to dissolve the blood clot in the coronary artery/ies, balloon stretching of the coronary artery, with or without a stent.

Because the clinical methods of diagnosing this level of heart attack are unambiguous, only two of the three criteria are required:

- Typical chest pain or other symptoms typically associated with a heart attack.
- Certain defined ECG changes. At this level the changes are more marked and more specific to a heart attack.
- Elevated blood test results greater than required for Level D.

### **Level D: Mild heart attack with full recovery**

This is a heart attack where the ECG changes and blood test results are mildly abnormal. Therefore, all three criteria are required, ie:

- Typical chest pain or other symptoms associated with a heart attack.
- Certain defined ECG changes.
- An elevation in certain blood test results.

### **Cancer - Layman's description**

Cancer is an uncontrolled growth that spreads into the normal tissue surrounding the organ where the cancer originates. The diagnosis must be supported by tests where a pathologist confirms the presence of cancer cells using a microscope. Some cancers have been specifically excluded because:

- The long term outcome is good and the effect on quality of life is minimal; and
- Treatment is neither expensive nor extensive.

There are specific exclusions to this definition that include:

- Cancerous cells that have not invaded the surrounding or underlying tissue.
- Early cancer of the prostate gland and breast.
- All cancers of the skin except cancerous moles that have invaded underlying tissue.

## Staging of cancer

As a general rule there are four stages of cancer. Stage 1 cancer is defined by an invasive cancer confined to the tissue or organ of origin. Stage 2 cancer is defined by the involvement of adjacent structures or organs. Stage 3 cancer involves spreading to regional lymph nodes. Stage 4 cancer is characterised by distant metastasis.

However, each type of cancer is staged specifically by the American Joint Committee for Cancer (AJCC). This staging is based on the outcome of the specific cancer and does not always follow the general rule as stated above. In order to standardise staging, ASISA used the AJCC system which is the same system used in clinical practice by specialists who treat cancer.

## Stroke - Layman's Definition

A stroke occurs when the blood supply to a portion of the brain is obstructed and this part of the brain tissue dies. It can also happen when there is bleeding into the brain tissue due to a weakening or abnormality of the blood vessel wall. A common cause of the rupture of a brain blood vessel is longstanding uncontrolled high blood pressure.

The result of a stroke is usually paralysis of an arm and leg, sometimes with one half of the face affected as well. In some cases people also lose their ability to speak. The paralysis can recover to varying degrees. Some recover fully, whereas others may retain permanent weakness of a limb/s.

A Transient Ischaemic Attack (TIA) does not cause a stroke. It occurs when the blood supply is momentarily interrupted, but restored before any permanent damage can occur. It usually results in one or more of the following symptoms:

- a loss of sensation;
- dizziness;
- lameness of a limb; or
- loss of speech,

which only occur for a few minutes to hours and recovery is quick and spontaneous.

## Coronary artery bypass graft (CABG) - Layman's definition

Coronary artery bypass graft surgery, also called heart bypass or bypass surgery is a surgical procedure performed to relieve chest pain and reduce the risk of death from heart disease.

Arteries or veins from elsewhere in the patient's body (most commonly the leg) are joined to the coronary arteries of the heart to bypass the narrowings of the affected or diseased arteries. This improves the blood supply and circulation to the heart muscle. The terms "single bypass", "double bypass", "triple bypass", "quadruple bypass" and "quintuple bypass" refer to the number of coronary arteries bypassed in the procedure.

This surgery is usually performed with the heart stopped, necessitating the usage of highly specialised theatre equipment to keep the heart and the lungs working during the course of the operation.

The grid below specifies Momentum's percentage payouts for each of the defined illnesses:

**Dread disease benefit Disclosure Grid as measured against ASISA critical illness definitions (severity level payments)**

DEFINED ILLNESSES	SEVERITY LEVEL			
	A Most severe	B Moderate impairment	C Mild impairment	D Almost full recovery
Heart Attack	100%	75%	50%	50%
Coronary artery bypass graft (CABG)	100%	50%	50%	50%
Stroke	100%	50%	50%	10%
Cancer	100%	100%	100%	50%

## Pre-existing conditions

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### Disability

No benefit will be paid if the member is disabled during the first 12 months of their membership, if their disability is the result of an injury or illness for which they received medical treatment in the 6-month period preceding the commencement of their membership.

### Dread disease

If any contingent event occurs within 24 months of the member's entry, arising directly or indirectly from a condition for which the member had been treated during the 24 months prior to entry or of which they were aware at the date of entry into the scheme, no dread disease benefit will be paid.

Any period of membership served under the previous arrangement will be taken into account in applying this condition (ie only the expired portion of the twenty-four month period would be taken into account).

The conditions specified above may be waived in negotiation with Momentum, provided the conditions have been fulfilled under the previous arrangement, but only in respect of the amount of cover provided by the previous scheme at standard rates for such member's age and risk class.

## Tax aspects

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### Provided by the fund (approved) vs self standing (unapproved) insurance benefits and their taxation

Lump sum disability benefits can be provided by a retirement fund (approved benefits) or by a self standing (unapproved) group disability scheme.

Disability income benefits are provided under a self standing (unapproved) disability income insurance scheme.

Group life schemes can be approved if they form part of the benefits offered in terms of the rules of approved pension or provident funds. A self standing (unapproved) group life scheme constitutes a contract for the benefit of a third party, ie it is a group insurance contract entered into by the employer with an insurer for the benefit of eligible employees of the employer.

### Taxation Laws Amendment Act, 2011 - Taxation of self standing (unapproved) insurance benefits

The recent changes to the Income Tax Act (ITA) have impacted on the taxation of the premiums and proceeds in respect of an employer owned self standing (unapproved) policy. The main changes effective 1 March 2012 which impact on insurance policies issued by Momentum where the benefit is paid to the employer are:

- Employers must ensure that the premiums paid on behalf of an employee are taxed as a fringe benefit in the employee's hands.
- The employer can then claim a deduction for the premiums in terms of section 11(w)(i) of the ITA.
- Proceeds received will then also be tax exempt in the employee's hands unless the employee was entitled to a further deduction in terms of section 11(a) of the ITA for example in the case of a disability income benefit.
- If the employee was entitled to a deduction in terms of section 11(a) of the ITA, then the policy proceeds will be taxable.

	<b>Lump sum</b>	<b>Disability income</b>
<b>Employer</b>	Deduction for premiums paid	Deduction for premiums paid
<b>Member</b>	Premiums taxed as fringe benefit	Premiums taxed as fringe benefit & deduction for premiums
<b>Duty of employer</b>	Include fringe benefit for PAYE	Include fringe benefit and deduction for PAYE
<b>Benefit</b>	Tax-free – exemption will apply	Taxed – included in gross income, no exemption

## Disclosure in terms of the Financial Advisory and Intermediary Services Act (the FAIS Act)

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Momentum Group Limited (registration number: 1904/002186/06) ("Momentum") the product provider and supplier is registered as a financial services provider in terms of the FAIS Act (FSP number: 6406) and is authorised to provide financial services in respect of Long-term Insurance Category A, B, C & Pension Fund Benefits (excluding retail pension benefits).

Momentum's contact details are:

Physical address	268 West Avenue, Centurion, 0157
Postal address	PO Box 7400, Centurion, 0046
Telephone	0860 65 75 85
Fax	012 675 3970
Email address	clientcontactcentre@momentum.co.za
Website	www.momentum.co.za

Momentum has professional indemnity and fidelity insurance cover.

Momentum accepts responsibility for the actions of its representatives acting within their mandates, in rendering financial services as defined in the FAIS Act. Our representatives meet the fit and proper requirements as prescribed by the FAIS Act.

The compliance officer is Francois Jooste who may be contacted at the above postal address, by telephone on 012 673 7479, by fax on 012 673 7739 or by email at clientcontactcentre@momentum.co.za.

The complaints resolution officer is Brian Segoe who may also be contacted at the above postal address, by telephone on 012 673 7838, by fax on 012 675 8502 or by email at clientcomplaints@momentum.co.za. All complaints should be in writing and accompanied by any supporting documents. The complaints resolution procedure can be viewed on our website.

If the complaint is in respect of "financial services" rendered by Momentum or a duly appointed representative and was not resolved within six weeks or it is not resolved satisfactorily, the complainant may refer the matter to the Ombud for Financial Services Providers ("the FAIS Ombud"). A complaint should be referred to the FAIS Ombud within six months of the date on which the complainant was advised of the outcome by the complaints resolution officer. The FAIS Ombud's contact details are:

PO Box 74571  
Lynnwood Ridge  
0040

Tel	012 470 9080/99
Fax	012 348 3447
Email	info@faisombud.co.za
Website	www.faisombud.co.za

If the complaint is product related; the complainant should refer it to the Ombudsman for Long-term Insurance ("the Ombud"). The Ombud's contact details are:

Private Bag X45

Claremont

Cape Town

7735

Tel 021 657 5000

Fax 021 674 0951

Email [info@ombud.co.za](mailto:info@ombud.co.za)

Website [www.ombud.co.za](http://www.ombud.co.za)

## Disclaimer

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Momentum accepts no liability where information in this document conflicts with the insurance policies. All the rights of the members are embodied in the insurance policies issued.