



**The University of Cape Town (“UCT”)
Immediate and Extended Family Funeral Scheme
Implementation Date: 1 May 2021**

1. Background

Simeka Consultants and Actuaries (“Simeka”) was requested to conduct a market evaluation in respect of the existing immediate family funeral cover and an extended family funeral cover, which would be introduced as a new benefit to the UCT employees. Following a comprehensive rebroke exercise, UCT and the Coalition of Unions approved for the immediate family funeral cover to be moved from Old Mutual Group Schemes to Sanlam Sky Solutions, as they offered the most favorable rates and fair benefits for both the R30 000 and R60 000 level of cover. Furthermore, it was agreed to appoint Old Mutual (*the funeral scheme would be administered by Ditiro Group Funeral Administrators*) for the extended family funeral cover for a R30 000 level of cover.

The UCT and Coalition of Unions agreed that the immediate and extended family funeral scheme would be implemented effective from 1 March 2022. However, there were delays experienced in implementing the cover with Sanlam Sky Solutions.

2. Implementation Date Postponed to 1 May 2022

Sanlam Sky Solutions experienced some delays as a result of legislative requirements that must be completed before the take on of a new business/scheme. These issues are details below:

i. Funeral scheme structure

The existing UCT funeral scheme is based on a compulsory opt out basis, where members automatically join the funeral scheme upon employment and are provided with 30 days on which to opt out should they wish to do so.

The quote provided by Sanlam Sky Solutions during the rebroke period was based on a voluntary opt out basis, which meant that members would be required to complete a form in order to apply for the funeral cover which was not in line with how the existing funeral scheme was structured. This, therefore, meant that Sanlam Sky Solutions would not be able to implement the initial quote provided and would need to revise the quote so that it is based on a compulsory opt out structure for the R30 000 benefit, with an option to voluntary opt for the additional R30 000 cover to have a total benefit of R60 000. An updated quote was issued and signed on 23 February 2022, the rates and policy conditions remained the same.

ii. Member Communication

According to the Policyholder Protection Rules, when an Employer or a Fund has conducted a market evaluation in respect of an existing or new product which results in the appointment of a different service provider, members should be informed of the changes within 31 days before the implementation of the new product. Therefore, UCT was required to send out a member communication informing the members of the funeral scheme changes and to provide members with time to raise any queries before the implementation date.

UCT prepared the member communication in respect of the immediate and the extended funeral scheme, the communication was supposed to be sent out with the respective forms that members would use to opt for the additional R30 000 cover in respect of the immediate family funeral cover and opt for the extended family funeral cover for their extended families. However, this communication could not be sent out because Sanlam Sky Solutions had not provided the required forms to opt for the additional cover. The forms were not finalised because the funeral scheme implementation had not been completed.

iii. Party Due Diligence (“PDD”)

PDD is an additional screening that must be conducted by a service provider/ insurer before taking on new business, in order to determine the identities of the decision makers of the new client and compliance risk that they might pose to the insurer’s business. This process needs to be finalised before the onboarding process of a new scheme can be finalised. Sanlam Sky Solutions and UCT are still busy with this process.

Therefore, in order to allow for time for these issues to be resolved, the implementation date has been rescheduled to 1 May 2022.

3. Cover for the Existing Benefit

Old Mutual as the incumbent insurer for the existing R30 000 cover, was requested to continue cover until 30 April 2022, this would therefore ensure that members remain covered until all the issues are resolved and Sanlam Sky Solutions has finalised the scheme implementation and onboarding process.

4. Extended Family Funeral Scheme

In respect of the extended family funeral cover, Old Mutual has advised that they would be reviewing the rates of the extended funeral cover effective from 1 March 2022. This would therefore affect the rates that were previously provided on the initial quote. An updated quote will be provided by Old Mutual for consideration by the UCT and Coalition of Unions.

5. Conclusion

The immediate funeral scheme rates that are offered by Sanlam Sky Solutions are slightly less than what is currently being provided by the incumbent insurer and the policy conditions are similar. If the extended funeral scheme rates are significantly higher than what was previously quoted, the second-best insurer in respect of the rebroke should be considered.

Simeka Consultants and Actuaries

03 March 2022