# SWIMMING IN THE DEEP END OF THE RISK POOL: WHY ARE HEALTHY INDIVIDUALS PURCHASING NON-UNDERWRITTEN/ LIMITED-UNDERWRITTEN LIFE INSURANCE?

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**ABSTRACT**

The purpose of this study is to better understand how the South African mass consumer market perceives and understands life-insurance benefits, explore some of the purchasing patterns and behaviours of policyholders, and gain insight and perspective into some of the outlooks and attitudes customers in this market have towards insurance. The path we will take to arrive at these conclusions is perhaps unconventional and somewhat indirect. We begin by posing a simple paradox. By pulling apart the problem, and with the help of some industry information and a customer survey, we will begin to reveal some interesting and perhaps unexpected insights. The specific problem we look to untangle will be less important than the insights that are revealed through the process, but this approach will allow us a point of departure from which to explore some of the unique aspects of product development in the emerging consumer markets.

**KEYWORDS**

Life insurance; emerging consumer markets; mass market; underwriting, customer value proposition; product development

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## 1. INTRODUCTION

The South African intermediated life insurance industry appears to be polarised in the sense that it is divided into two segments, each targeting a distinct market population and offering a unique value proposition. On the one hand middle-to-high income earners are offered a 'complex' risk offering (referred in this paper interchangeably by the terms: "complex products", "fully-underwritten products" and "high-end benefits") which entails a broad range of risk solutions. Entry criteria for these benefits typically involves a long application form, a wide range of medical questions probing both personal and family histories, as well as medical examinations such as HIV and nicotine blood tests. On the other hand the lower income earners (referred in this paper interchangeably by the terms: "emerging consumer market", "mass market" and "bottom of the pyramid") are offered a 'simple' product offering (referred in this paper interchangeably by the terms: "simple products", "non-underwritten products" or "partially-underwritten products" and "low-end benefits"). These products tend to have very low levels of underwriting upfront with perhaps a few medical questions and a clause excluding pre-existing conditions and/or claims due to HIV.

The purpose of this study is to explore some aspects of the mass insurance market, in particular to get a better understanding of how this market perceives and understands life-insurance benefits, explore some of the sales and purchasing patterns and behaviours, and get a clearer perspective of the outlooks and attitudes that policyholders have towards insurance.

The method used to arrive at these answers is perhaps unconventional and somewhat indirect. We begin by posing a simple paradox. By pulling apart the problem we will begin to reveal certain insights into the bottom of the financial pyramid and, in particular, how they relate to the life insurance market. The final conclusion regarding this specific problem will be less important, but it will allow us a point of departure from which to explore some unique aspects of product development in the emerging consumer markets. In short, the journey will be more significant than the destination.

The method of investigation used in this paper is somewhat analogous to that of a medical doctor being presented with an unknown condition or illness. The doctor will set out a series of possible differentials which could possibly explain the set of symptoms being presented, and methodically test each against the evidence, eliminating and refining those options which seem less explanatory. This continues until the final diagnosis is reached. In a similar fashion, a set of ten possible hypotheses, which could possibly explain the product decision of mass-market policyholders, are presented. These hypotheses were selected as the most likely, given the numerous conversations the author has had with business colleagues; however it is acknowledged that it is very possible that there could be other explanations which were not considered and have not been presented here. Each hypothesis is weighed against the evidence available. Comments and conclusions are given at certain points; however the author has generally preferred to let the reader form his/her own opinions and conclusions from the facts presented.

## 2. LAYING OUT THE CONUNDRUM

The research question is as follows: Why are emerging-market customers buying simple life insurance products when the value proposition seems clearly more attractive for the complex-product counterpart; i.e. by undergoing full medical-underwriting upfront these customers would seem to qualify for far cheaper premiums or, alternatively, far greater sums assured for an equivalent rate.

This study focuses specifically on whole of life pure death cover offered to the two insurance market segments referred to in the introduction. The purpose for this is that life cover is a largely commoditised benefit (there are however some product differences which will be discussed below), and from a benefit point of view potential policyholders should be indifferent between purchasing a high-income or low-income packaged product – both pay the sum assured on death.

From a premium point of view, high-income life cover seems significantly cheaper. In order to compare the premiums across product ranges we looked at three large South African life insurers that have distinct sales and product offerings for the low- and high-income brackets. The results of this comparison are shown in Appendix B and reveal that premiums can be up to 550% more expensive for the same premium, or put another way policyholders can get up to 5.5 times as much cover for the same premium.

Table 1 overleaf gives some background information to help readers understand some of the differences between life cover sold in the two markets. Many of these differences are visited again as hypotheses which could possibly explain customer product preferences.

## 3. RESEARCH QUESTIONNAIRE

In order to do this study we created a survey which was delivered telephonically to 150 Liberty Life Emerging Consumer Market (ECM) policyholders with active Life Cover Plans, filtered by the following criteria to avoid distortions in the results: pure life cover only, main member cover only, no disability rider, no missed premiums to date, written between January 2011 and March 2012. It is often difficult to contact customers in this market segment and although we would have preferred a larger sample size this has time and cost implications.

Random sampling was used to ensure an unbiased outcome, although it is noted that there may be selection bias from those willing and able to participate in the survey.

We used a third-party market research company to run the survey in order to avoid possibly biased results from phoning from a particular life office, as well as to benefit from their expertise in communicating effectively with this market. Appendix A indicates the high-level demographic profile of the participants in the survey.

— **Hypothesis 1:** *Customers in this segment are unhealthy and would therefore not pass the underwriting requirements of a complex life product without significant loadings or exclusions being applied*

Table 1 Background information

| | Complex products | Simple products |
|---|---|---|
| **Application form** | | |
| Length | In the region of about 20–40 pages | In the region of about 5–10 pages |
| Medical questions | – A wide range of medical questions exploring all aspects of personal and family medical history.<br>– Many open-ended questions | – A short list of the most severe medical conditions.<br>– Typically yes/no answers.<br>– A list of pre-existing conditions is required |
| **Medical underwriting** | Depending on the responses to medical questions and the sum assured, but all applications typically require at least a blood test for HIV and possibly nicotine. | No medical testing required |
| **Product features** | Short or no waiting periods | Usually cover is phased in, for example x% of sum assured if death occurs in the first 6 months, y% of sum assured if death occurs in the next 6 months etc. (where y>x)<br>The full sum assured is typically only available after 2–5 years |
| **Time to issue** | – Depends on how quickly forms can be completed, medical tests done and policy issued.<br>– An average turnover rate of about 2 weeks seem reasonable | – Shorter forms and no medical tests speed up the issuing process.<br>– An average turnover rate of about 48 hours seem reasonable |
| **Advice process** | – Typically sold through high-advice channels: independent and tied financial advisers.<br>– Full financial needs analysis conducted. | – Sold through a mixture of independent and tied financial advisers as well as direct channels<br>– Full financial needs analysis conducted through intermediaries. |
| **Commission** | Regulated by Long Term Insurance Act | Regulated by Long Term Insurance Act<br>Life cover typically starts from around R50,000 sum assured, therefore this is not assistance business and identical commission rate to complex products |

Although we know that income and life expectancy have a positive correlation and that the health of the average life in the mass market tends to be worse than that of the more affluent market, there is still a significant proportion of healthy lives in the mass market insurance sector who would qualify for standard life rates on a complex product. Even with the possibility of a significant health loading, it still seems unlikely that they are getting better premium rates under the non-underwritten benefit. This hypothesis would only explain why those with very severe health issues, in particular HIV-positive customers, would select the simple products.

It seems unlikely that all (or even most) of the Emerging Market risk pool have severe medical conditions, and although this cannot be determined explicitly, there are three pieces of evidence that seem to support this fact.

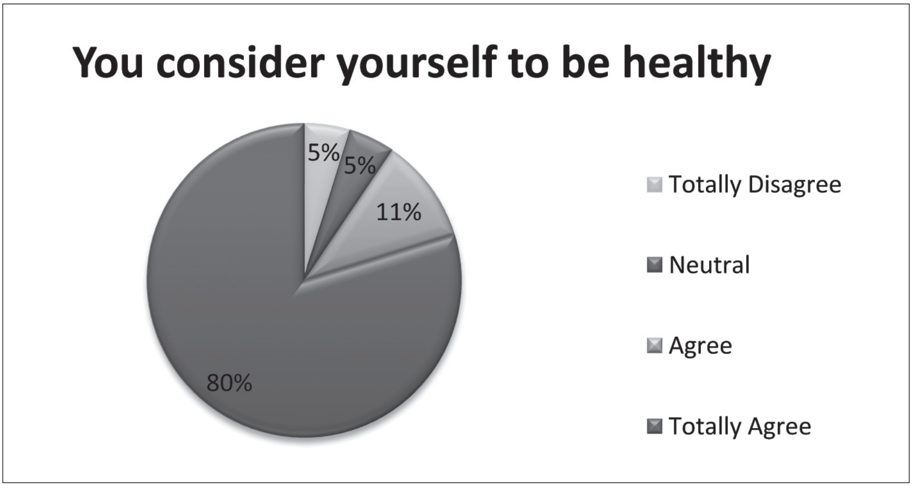
Firstly, approximately 80% of all applications received answer negative to all the medical questions asked in the application form and give no further disclosure. Although much of this may be due to non-disclosure, there would seem to be at least a reasonable percentage of policyholders who in fact are perfectly healthy.

Secondly we asked policyholders explicitly if they consider themselves healthy, and 91% agree or totally agree with this statement.

It is possible that this may be exaggerated due to fear of answering truthfully for the survey, but again, there would seem to be at least a reasonable percentage of standard lives in this risk pool.

Lastly, the Liberty ECM actual mortality consistently runs below best estimate expectations (which are in line with industry statistics and the ASSA Aids Model), which seems to suggest that it is not only unhealthy lives migrating to these products. We do acknowledge however that this may be due to a number of different factors such as low percentage of valid claims being exercised or an incorrect calculation of the mortality expectation.

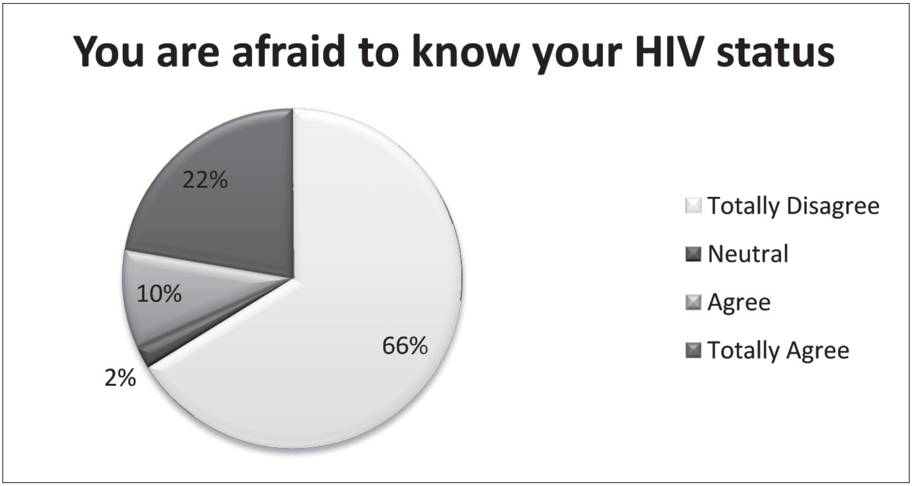
In aggregate, these three points taken together seem to confirm that there is a significant proportion of policyholders who would otherwise qualify for a fully-underwritten product at a substantial pricing discount.



— **Hypothesis 2:** *Customers don't want to undergo medical examinations for the fear of knowing their HIV status*

Due to the high HIV prevalence in South Africa and the associated stigma and fears of finding out that one is HIV-positive, it seems reasonable to assume that potential policyholders might avoid the process of full underwriting and the inevitable HIV blood test.

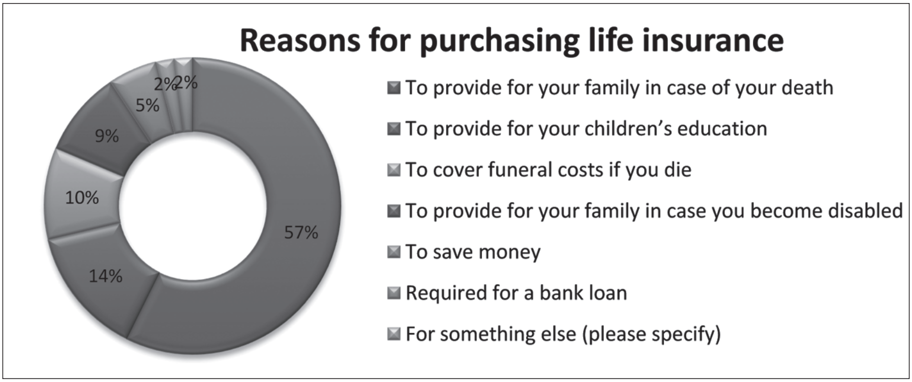
It seems that this could be at least a partial explanatory factor. When asked if they were afraid of knowing their HIV status, 32% agreed or totally agreed with this statement. It is expected that this effect will decrease over time in line with the success of government's HIV Counselling and Testing campaign and other similar drives aiming to get all South Africans to know their HIV status, and removing the social stigma around the disease.

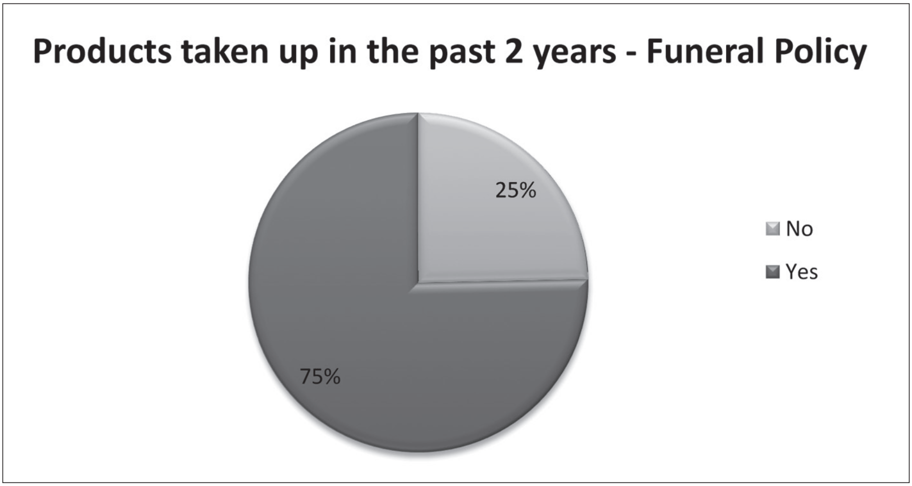



— **Hypothesis 3:** *Customers are buying emerging-market life cover as a replacement for funeral insurance and therefore expecting a similar sales process*

Funeral insurance is typically sold on a no/limited underwriting basis. If potential life insurance policyholders are purchasing their risk cover as an alternative to funeral cover, it might seem reasonable that they would be framing their expectations with reference to a funeral plan and not necessarily compare with other forms of life cover available.

When asked the reason for purchasing life insurance, only 10% stated that the reason they purchased life insurance was to cover funeral costs if they die. The vast majority seem to be purchasing cover for typical life insurance purposes such as providing for family or children's education in the event of death. Therefore, for a majority of customers, their frame of reference will be a comparison with other available forms of life cover.



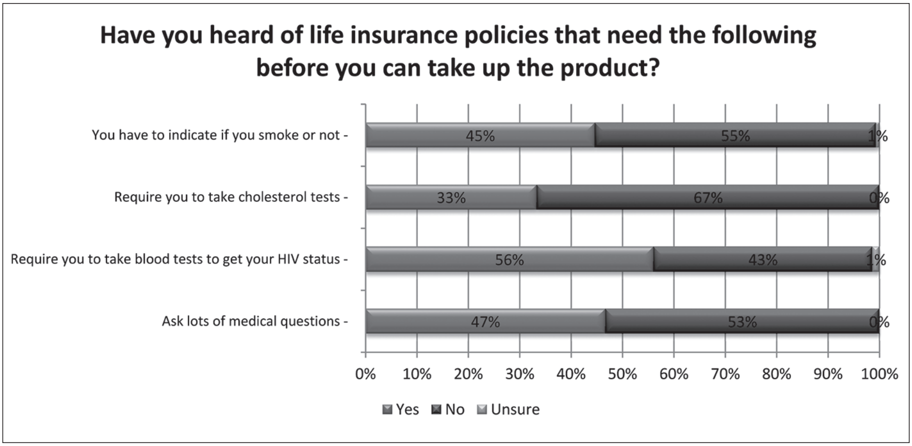




Furthermore, 75% of customers said that they had separately bought a funeral policy during the last two years. It is however possible that customers who took out life cover as an alternative to funeral cover may have lapsed their funeral policy in the process.

— **Hypothesis 4:** *Customers are unaware that fully underwritten products exist*

The survey shows that there tends to be a general lack of awareness of underwritten products. This may perhaps be as the result of very closely targeted marketing by insurers which results in a lack of exposure to the more complex products by the mass market.

A further point to note is that even though there are slightly less than half of customers who are aware of these products, even within this group they may not fully be aware of the finer details, in particular that they can get far better rates by going through the underwriting process.

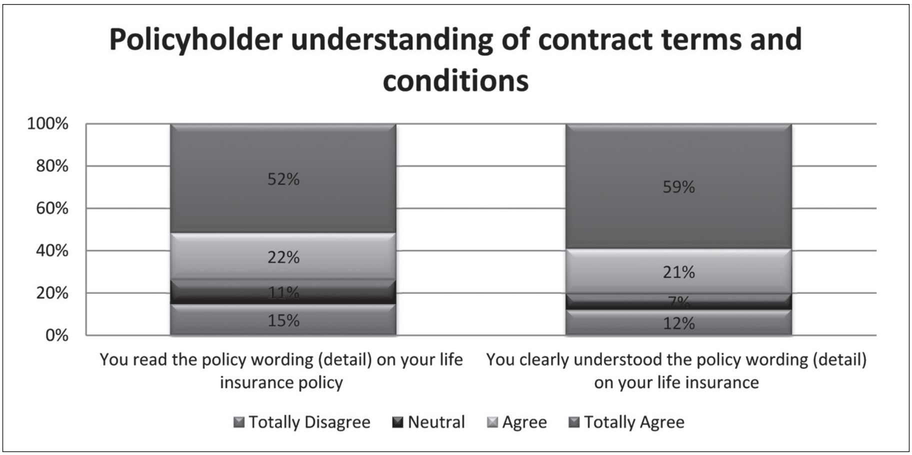



— **Hypothesis 5:** *Policyholders do not understand what they are buying*

This hypothesis asserts that perhaps policyholders do not understand the product they are purchasing, possibly due to being financially unsophisticated or to aggressive sales practices.

The accuracy of results from this question seems questionable as more people understood the product terms and conditions than those who read the policy documents. Nevertheless there is a significant majority of policyholders who do understand what they are buying.

However, in a related question we asked policyholders the open-ended question: "what does your life insurance product offer you". In these responses only 10% said that they were not sure. 1% gave a completely untrue statement such as "I can get money any time I want" or "After 2 years I can buy a house or car for R100 000".



The remaining 89% gave an answer that touched on at least one of the real needs life cover intends to address. This suggests that knowledge of the product is better than we would otherwise expect for a financially unsophisticated customer. It seems unlikely that dubious sales practices are pushing customers into these products. This theme is continued under Hypothesis 7 below.

— **Hypothesis 6:** *Customers in this market find it difficult to assess the value of insurance contracts and therefore cannot compare across different company value propositions*

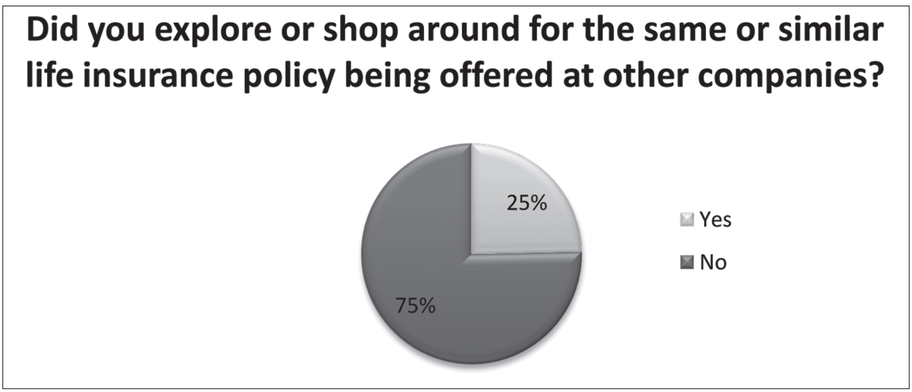
When we asked customers if they shop around or compare against similar financial offerings, only 25% responded affirmative. This can be due to many factors such as:

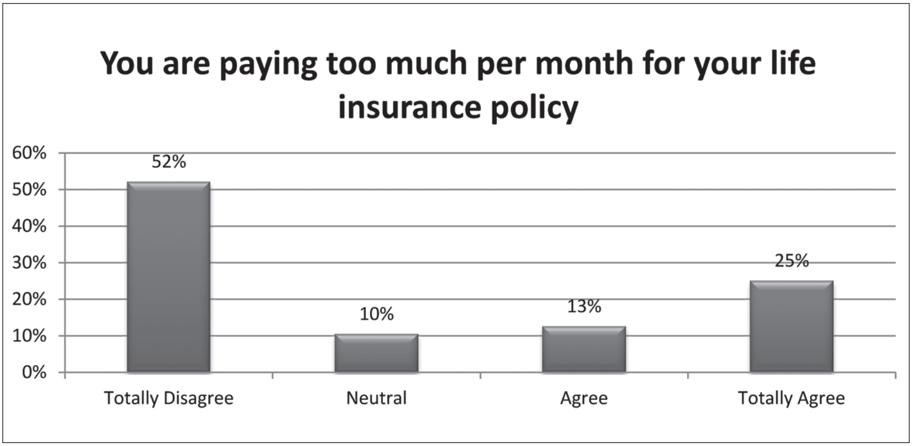
— A large portion of product in this market is distributed via call-centres and other direct channels. These are generally outbound campaigns, offering customers limited opportunity to set products one against the other and make a fair comparison. In this sample, more than 80% of policyholders had bought their policies face-to-face through a tied agent.

— Many customers lack access to financial advice. This may be a real lack such as in many rural settings. This lack of access may also be a perceived one, where customers do not have sufficient financial sophistication to know who to approach for financial advice.

It would seem reasonable that of the 25% of customers who do compare products, the comparative offerings are likely to be other simple offerings marketed to this segment of the market. Perhaps only a fraction of this comparison is being made with a complex product offering.

What is interesting to note is that only 38% believe that they are paying too much on their life insurance policy. This again reinforces the fact that customers find it difficult to assess the value of a financial benefit and that comparisons across value propositions remain limited.

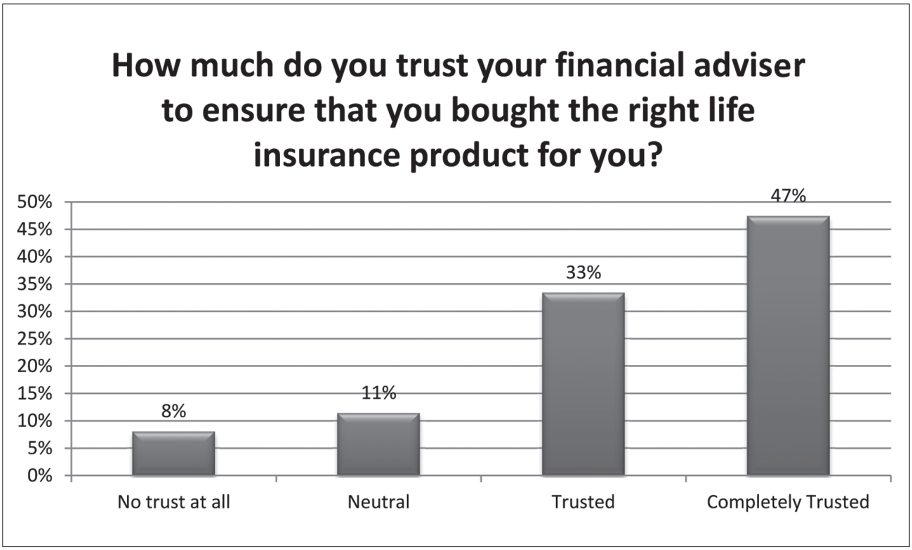





— **Hypothesis 7:** *Financial advisers or other sales channels have pushed this product range on to customers*

When asked how much customers trust the advice they receive, 80% indicated that they either trust or completely trust their financial adviser/salesperson for guidance in making insurance decisions. Such high levels of trust can create a ripe situation for vulnerability to poor advice and the potential mis-selling.

It is interesting to note that many of the independent brokers and tied agents accredited to sell the simple product range are also authorised to offer advice on the company's complex product range. The author conducted an informal telephonic



interview with five such advisers to get more insight into these sales practices. Although this was not a statistically sound process, it did provide a pragmatic approach to becoming more aware with some of the sales practices in the field. This investigation revealed that each salesperson tends to focus and specialise on a specific end of the market continuum and offers the benefits marketed as appropriate for that segment. In most instances an adviser will complete a customer financial needs analysis and offer advice within a predetermined paradigm of suitable products, without taking a step backwards and questioning which basket of products is most appropriate. For example, a healthy low-income earner visiting an independent broker will get the benefit of a complete financial needs analysis, will be advised on the required level of cover across the different risk benefits, and will also be quoted on a range of competitor products with an indication as to which is the best value for money and the closest match to the customer's unique and particular needs. However, what you will find is that all the products quoted to the customer will be of a non-underwritten simple-risk product range. The salesperson typically will not stop to consider whether a fully-underwritten product is perhaps the best solution for a healthy life, even one earning a low-income. The possible reasons for this can be both legitimate as well as devious. Some examples raised in the interviews were:

— Simple life products are easier and quicker to sell due to the limited complexity of the products and application processes.
— Simple products are marketed as being appropriate for a particular market segment and population. Specific branding, imagery and positioning can have the subconscious effect of reinforcing the appropriateness of a product range for a particular customer whether this is correct or otherwise.
— FAIS accreditation can be an explanatory cause as advice on the complex products requires further accreditation, training and examinations, over and above that required for advisers offering a simple product offering.
— As you move away from a more commoditised product such as pure life cover towards benefits such as disability and dread disease, the complexity of a high-advice product will often be too difficult to explain to a less financially sophisticated customer. Furthermore, this can expose an adviser to incorrect-advice risk and the risk of professional indemnity claims at a later date.
— Although the maximum regulated commission under the Long Term Insurance Act has an identical percentage calculation for all non-assistance business, due to the smaller sums assured required for lower income earners, the overall commission payable is lower in nominal terms. These small commission flows drive advisers towards a high-volume, low-value strategy in order to maximise their earning potential. The relatively tedious sales process and delays in originating cover make the complex product offering a less commercially attractive proposition for these advisers.

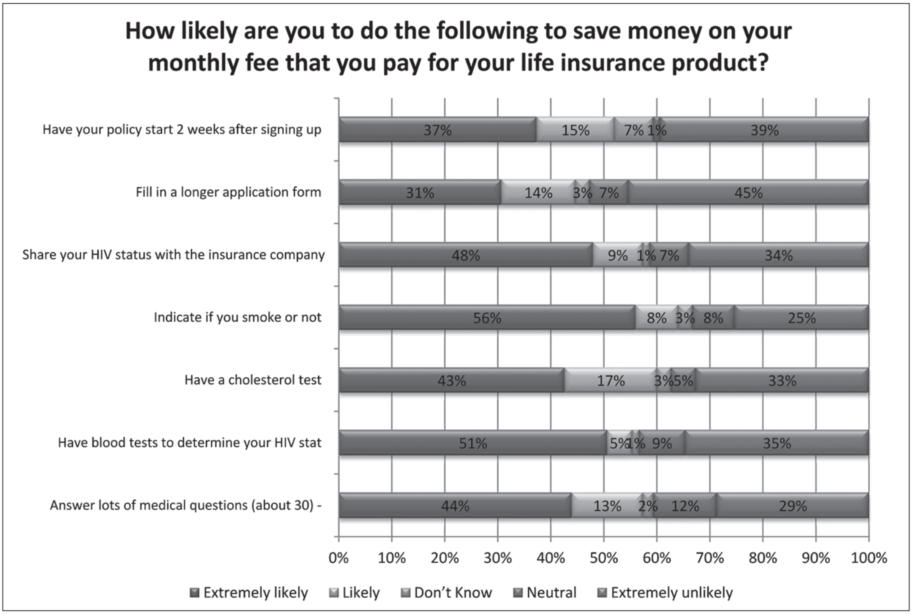
— **Hypothesis 8:** *Customers prefer convenience and are not prepared to go through the underwriting process to qualify for a cheaper premium*

On average most customers would do something from the list to reduce their monthly insurance premium. This seems to show that for many potential policyholders, if they were exposed to a fully underwritten risk offering, they would find the alternative to be attractive.

There is a general perception that for the low-income market the sales process needs to be as fast and slick as possible. This highlights that there may be a tolerance in this space to lift the burden in the process of bringing business on to the book, provided that it is associated with a cost saving. The quantum of this saving remains elusive – product development in this area requires a fine balancing act between a cumbersome application process which reduces some of the risk in the pool and thus the ultimate office premium payable by policyholders, and a low barrier to entry but with perhaps a higher risk population.

Taking this one step further, we tried to quantify the price elasticity of policyholders entering into insurance contracts in this market. Through a series of questions customers were presented with two products A and B, whereby Product A describes a typical simple life cover offering and Product B describes a typical complex life cover offering. Both products offer a sum assured of R100, 000.

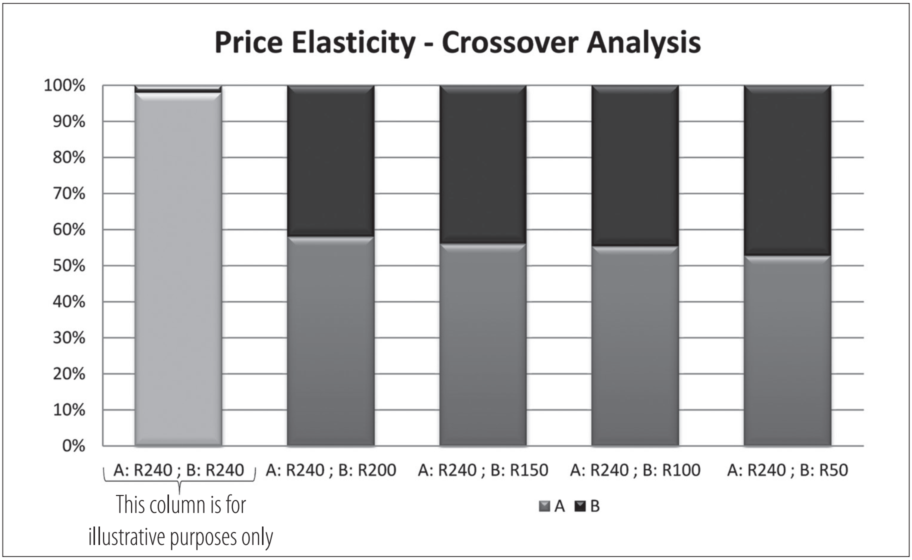
Customers were then asked to indicate which option they preferred under four difference scenarios. All four scenarios were nearly identical except for the monthly premium charged for Product B which decreased with each scenario. The idea behind



this was to test how sensitive customers in the emerging market are to price, and if they could be tempted toward taking a complex product offering at significant discounts to premium. This neutralises some of the sales practices and other potential market distortions and allows us to test the price elasticity in a controlled environment.

| | **Product A** | **Product B** |
|---|---|---|
| Sum Assured | R100,000 | R100,000 |
| Description | – Four medical questions<br>– Three page application form<br>– On average 48 hours until policy begins. | – Thirty medical questions<br>– Requires blood tests<br>– Insurer knows your HIV status, any current or past illnesses, if you smoke, and your family medical history<br>– A 15 page application form<br>– On average 2 weeks until policy begins |

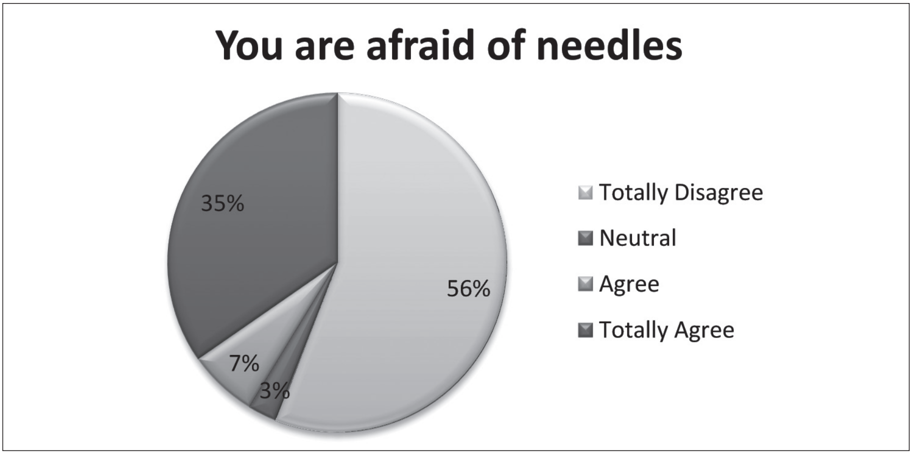
We would assume that if products A and B were both priced at R240 then there would be close to 100% of customers selecting A, with the balance representing non-rational behaviour or not understanding the question correctly (for example see the first column in the chart above). It therefore seems that the universe of customers in this environment can be separated into two. Approximately 40% of the population are very price sensitive and will alter preferences fairly easily for a lower price. The remaining customers seem to exhibit a very different behaviour, and even for very large price discounts retain their initial benefit preferences.

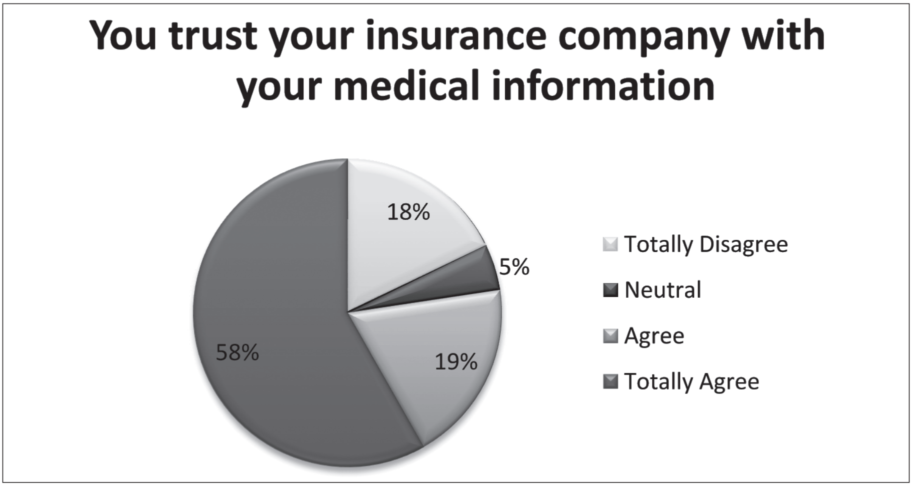


— **Hypothesis 9:** *Customers fear needles and therefore avoid the process of full medical underwriting*

There has been a move by at least one of the leading South African life insurers to underwrite complex risk business based on the clinical results of a finger-prick as opposed to a needle jab. Sometimes behaviour can be affected by simple and less obvious drivers and this could be one such example.

It is interesting to note that almost half of customers confirm that they are afraid of needles, and it does not seem unreasonable that at least a small proportion of those have such a heightened fear that they would pay more to avoid having to get the inevitable blood test that goes hand-in-hand with an application for a complex risk offering.

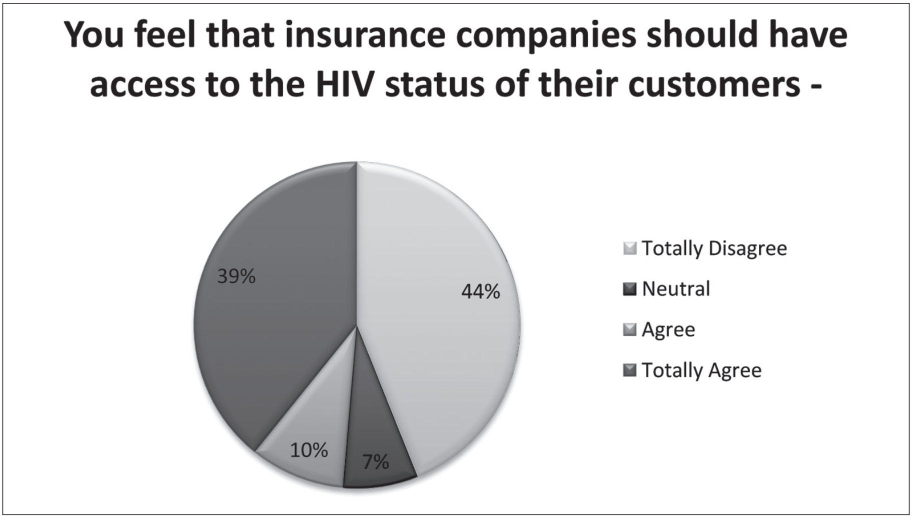


— **Hypothesis 10:** *Customers do not trust insurers with their HIV status and other medical information*

It is interesting to note that more than three quarters of customers trust their insurer with personal medical information. This does not seem to be a barrier to entry for fully-underwritten products in the mass market.

Having said that, there were 44% of customers who said they totally disagree with the statement "You feel that insurance companies should have access to the HIV status of their customers". This is perhaps a function of the sensitivity that exists regarding who should be allowed access to a person's HIV status, and the fear that this may be used against that person in some way.




## 4. CONCLUSION

When collating the key findings from this study, we can begin to build a clearer profile of the customers interacting in the South African emerging mass market. Below, in summary, is an interpretion of the findings, formed in conjunction with other insights and intuitions which the author has gathered through dealing in this market. It is reiterated that these are only the author's opinions which may or may not be the truth.

— Customers have a basic but clear understanding of the products they are buying and how this will enhance their lives.

— They find it difficult to quantify the value of these benefits into a monetary currency, i.e. they do not know what is a fair premium for a set of risk benefits.

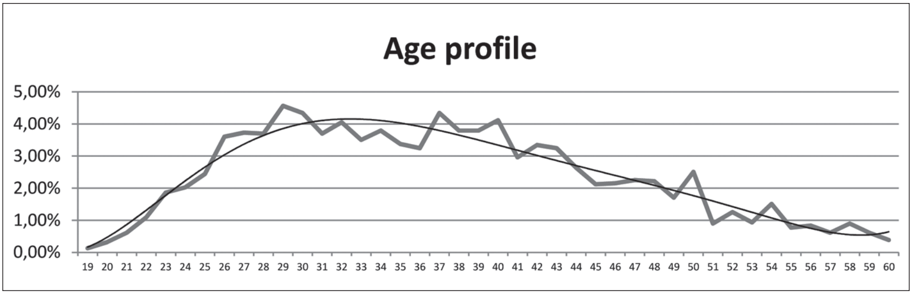
— Therefore customers generally don't believe they are paying too much, and trust the advice that they are given.

— This is further reinforced by the fact that customers do not aggressively compare across different offerings. This is likely to be as the result of not having a deep understanding of product design and features as well as not having access to comparable product information. There is often an underlying uneasiness and even a slight anxiety with regard to financial services, which the author believes is due to the large asymmetry of information skewed against customers of which they are either consciously or unconsciously aware.

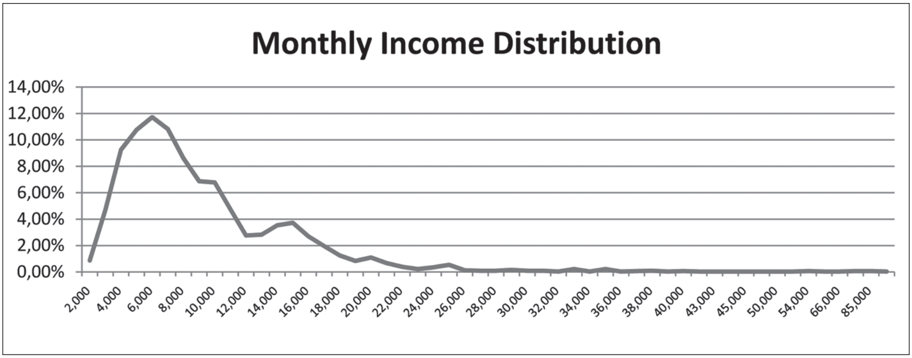
— This results in very low levels of price elasticity and a tendency to prefer benefits which have been tried and tested. The market obsession with funeral cover seems to be a case in point. Due to the financial strain of individuals in this market there is a large portion of customers drawn to a lower premium offering.
— There do not appear to be any dubious sales practices which can be identified, however the natural consequence of advisers aiming to maximise their commission income results in customers not being presented with the full spectrum of product underwriting options.
— There would seem to be a ready market for a fully underwritten product and many customers would be willing to go through the lengthy process required to secure a cheaper premium. Having said that, the complexity of benefits contained in fully underwritten risk offerings will be largely inappropriate for the vast majority of potential policyholders (all besides those requiring a very vanilla mortality risk offering).
— There are a list of unique behaviours and attitudes which should never be overlooked when considering product development for this market, such as the sensitivity and stigma associated with HIV, fear issues, trust issues and a strong migration to convenience.

## APPENDIX A – DEMOGRAPHICS

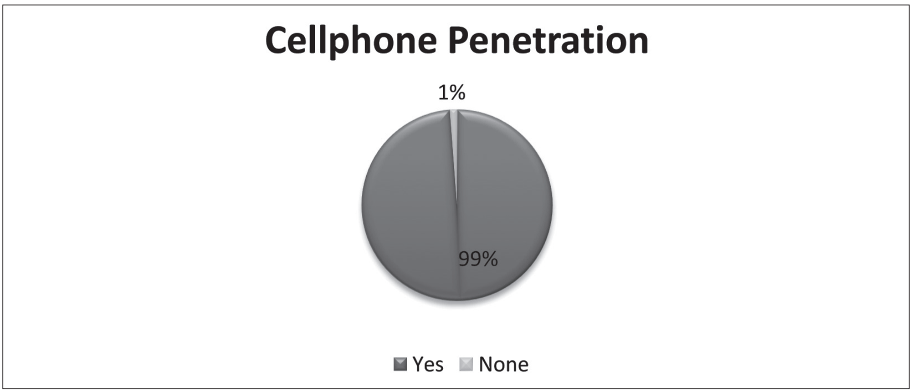
### Age



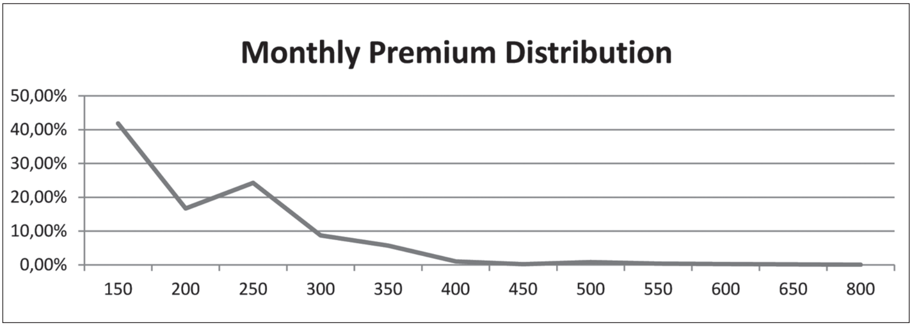

### Income



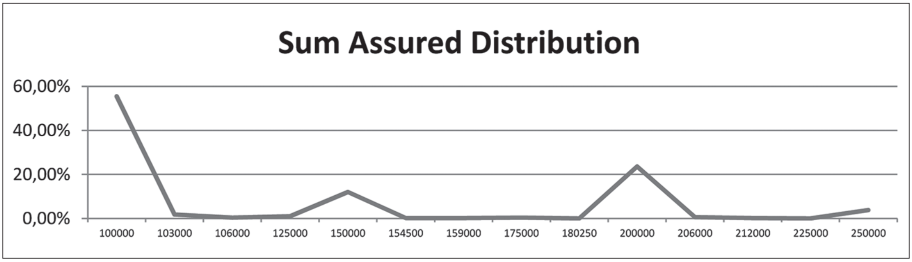

### Cellphone Penetration



### Premium




### Sum Assured



# APPENDIX B – PRICING

**Monthly Premium - Fully Underwritten Product**

Company A

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 24.77 | R 34.54 | R 44.31 | R 54.07 | R 63.84 |
| 31 | R 25.48 | R 35.95 | R 46.43 | R 56.90 | R 67.38 |
| 36 | R 27.79 | R 40.58 | R 53.37 | R 66.16 | R 78.95 |
| 41 | R 32.29 | R 49.58 | R 66.86 | R 84.15 | R 101.44 |
| 46 | R 40.06 | R 65.13 | R 90.19 | R 115.26 | R 132.37 |
| 51 | R 50.67 | R 86.34 | R 122.01 | R 139.08 | R 157.11 |
| 56 | R 66.35 | R 117.70 | R 144.10 | R 172.91 | R 206.06 |
| 61 | R 94.24 | R 193.64 | R 249.27 | R 307.84 | R 307.84 |

Company B

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | | R 39.00 | R 51.00 | R 62.00 | R 73.00 |
| 31 | | R 43.00 | R 57.00 | R 70.00 | R 83.00 |
| 36 | | R 53.00 | R 70.00 | R 88.00 | R 106.00 |
| 41 | | R 67.00 | R 92.00 | R 117.00 | R 142.00 |
| 46 | | R 95.00 | R 133.00 | R 172.00 | R 210.00 |
| 51 | | R 130.00 | R 186.00 | R 242.00 | R 298.00 |
| 56 | | R 174.00 | R 253.00 | R 331.00 | R 410.00 |
| 61 | | R 229.00 | R 336.00 | R 442.00 | R 548.00 |

Company C

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | | | R 42.55 | R 48.50 | R 56.25 |
| 31 | | | R 42.55 | R 50.90 | R 59.25 |
| 36 | | | R 49.75 | R 60.50 | R 71.25 |
| 41 | | | R 60.10 | R 74.30 | R 88.50 |
| 46 | | | R 77.50 | R 97.50 | R 97.50 |
| 51 | | | R 107.35 | R 137.30 | R 167.25 |
| 56 | | | R 154.15 | R 199.70 | R 245.25 |
| 61 | | | R 209.50 | R 273.50 | R 337.50 |

Average

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 24.77 | R 36.77 | R 45.95 | R 54.86 | R 64.36 |
| 31 | R 25.48 | R 39.48 | R 48.66 | R 59.27 | R 69.88 |
| 36 | R 27.79 | R 46.79 | R 57.71 | R 71.55 | R 85.40 |
| 41 | R 32.29 | R 58.29 | R 72.99 | R 91.82 | R 110.65 |
| 46 | R 40.06 | R 80.07 | R 100.23 | R 128.25 | R 146.62 |
| 51 | R 50.67 | R 108.17 | R 138.45 | R 172.79 | R 207.45 |
| 56 | R 66.35 | R 145.85 | R 183.75 | R 234.54 | R 287.10 |
| 61 | R 94.24 | R 211.32 | R 264.92 | R 341.11 | R 397.78 |

**Legend**

- Not offered
- Premiums extrapolated
- Below mimum premium allowed

**Monthly Premium - Emerging Market Simple Life Product**

Company A

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 100.00 | R 180.00 | R 250.00 | R 325.00 | R 375.00 |
| 31 | R 110.00 | R 210.00 | R 300.00 | R 400.00 | R 475.00 |
| 36 | R 115.00 | R 225.00 | R 325.00 | R 425.00 | R 525.00 |
| 41 | R 125.00 | R 240.00 | R 340.00 | R 475.00 | R 550.00 |
| 46 | R 125.00 | R 240.00 | R 350.00 | R 475.00 | R 575.00 |
| 51 | R 140.00 | R 250.00 | R 375.00 | R 500.00 | R 600.00 |
| 56 | R 150.00 | R 275.00 | R 400.00 | R 500.00 | R 625.00 |
| 61 | R 190.00 | R 350.00 | R 525.00 | R 700.00 | R 875.00 |

Company B

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 70.00 | R 125.00 | R 180.00 | R 240.00 | R 300.00 |
| 31 | R 85.00 | R 115.00 | R 225.00 | R 300.00 | R 375.00 |
| 36 | R 90.00 | R 165.00 | R 240.00 | R 320.00 | R 400.00 |
| 41 | R 100.00 | R 185.00 | R 270.00 | R 360.00 | R 450.00 |
| 46 | R 115.00 | R 215.00 | R 315.00 | R 420.00 | R 525.00 |
| 51 | R 135.00 | R 255.00 | R 375.00 | R 500.00 | R 625.00 |
| 56 | R 170.00 | R 325.00 | R 480.00 | R 640.00 | R 800.00 |
| 61 | R 170.00 | R 325.00 | R 480.00 | R 640.00 | R 800.00 |

Company C

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 191.67 | R 291.67 | R 340.00 | R 430.00 | R 515.00 |
| 31 | R 191.67 | R 291.67 | R 340.00 | R 430.00 | R 515.00 |
| 36 | R 200.00 | R 300.00 | R 350.00 | R 450.00 | R 545.00 |
| 41 | R 200.00 | R 300.00 | R 350.00 | R 450.00 | R 545.00 |
| 46 | R 225.00 | R 341.67 | R 420.00 | R 550.00 | R 675.00 |
| 51 | R 225.00 | R 341.67 | R 420.00 | R 550.00 | R 675.00 |
| 56 | R 300.00 | R 500.00 | R 640.00 | R 830.00 | R 1,010.00 |
| 61 | | | | | |

Average

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | R 120.56 | R 198.89 | R 256.67 | R 331.67 | R 396.67 |
| 31 | R 128.89 | R 205.56 | R 288.33 | R 376.67 | R 455.00 |
| 36 | R 135.00 | R 230.00 | R 305.00 | R 398.33 | R 490.00 |
| 41 | R 141.67 | R 241.67 | R 320.00 | R 428.33 | R 515.00 |
| 46 | R 155.00 | R 265.56 | R 361.67 | R 481.67 | R 591.67 |
| 51 | R 166.67 | R 282.22 | R 390.00 | R 516.67 | R 633.33 |
| 56 | R 206.67 | R 366.67 | R 506.67 | R 656.67 | R 811.67 |
| 61 | R 180.00 | R 337.50 | R 502.50 | R 670.00 | R 837.50 |

**Percentage More Expensive**

| Age next | Sum Assured 50,000 | 100,000 | 150,000 | 200,000 | 250,000 |
|---|---|---|---|---|---|
| 26 | 387% | 441% | 459% | 505% | 516% |
| 31 | 406% | 421% | 493% | 536% | 551% |
| 36 | 386% | 392% | 429% | 457% | 474% |
| 41 | 339% | 315% | 338% | 367% | 365% |
| 46 | 287% | 232% | 261% | 276% | 304% |
| 51 | 229% | 161% | 182% | 199% | 205% |
| 56 | 211% | 151% | 176% | 180% | 183% |
| 61 | 91% | 60% | 90% | 96% | 111% |

Assumptions: Male, non-smoker, factory worker (100% manual work), no ancillary benefits, no cover for dependants, 0% commission discount.