

# COVID-19 and group insurance benefits

We understand the significant financial challenges that employers and their employees are facing due to COVID-19. The pandemic is having a profound, far-reaching impact.

We have spent a significant amount of time exploring how we can support our group insurance clients and provide financial relief to them during these trying times. However, we've had to balance this against our responsibility to all employers and their employees insured by Momentum Corporate. It's imperative that our risk decisions are sound and that we ensure that we remain financially stable and capable of paying all valid claims.

## Group insurance premiums

Unfortunately it is not viable to allow clients to stop paying premiums and continue to enjoy their current level of insurance benefits, even for a short period. Doing so could have a severe impact on the sustainability of group insurance business as the vast proportion of the premiums we receive are used to pay claims. It is therefore important that clients continue to pay premiums in order to maintain employees' group insurance cover.

The Financial Sector Conduct Authority (FSCA) acknowledges this situation and has encouraged consumers to keep paying premiums in full in order to maintain full insurance cover. This applies even when employers have opted to either temporarily reduce or postpone their retirement savings contributions to their retirement fund.

## How we can accommodate clients

Communication 14 of 2020 from the FSCA recommends that insurers consider a grace period where premiums not paid on the due date can be brought up to date, in order to treat customers fairly during these challenging times and to avoid unnecessary lapses in cover.

The terms and conditions for Momentum Corporate group insurance policies stipulate that premiums are collected monthly in arrears. Our policies also allow for a grace period to pay premiums that are due. Given the challenging circumstances, we wish to highlight this flexibility in the premiums payment process by using the March premiums as an example.

## Payment of March premiums

