Disability 2.0
Disability benefits reimagined
Research insights
We are constantly searching for new and innovative ways to improve our products through our agile home grown research. In 2018, we engaged extensively with employers, disability claimants and financial advisers. We wanted to know what worked and what didn’t, where there was room to improve products and processes, and what the experience of becoming disabled really involved. We have learnt a lot and some of the insights we gained are:

1. **Current product is expensive**
   
   Over the past few years, the average premium increases on income disability products in the industry have been between 25% and 40%, sometimes even higher, forcing some employers to reduce disability benefits. In the current economic climate, employers need risk benefits to be as cost-efficient as possible and still deliver a meaningful benefit.

2. **Current product is inequitable**
   
   Since the changes to tax legislation in March 2015, unlike salaries, income disability benefits are no longer taxed. This means that higher income earners benefit more from the change in the tax laws than lower income earners when it comes to disability benefits. When comparing net, post-tax earnings before and after disability, not only do high income earners have a better deal than low income earners, this disparity also leads to changes in claim patterns, driving up costs.

3. **Claimants incur additional expenses during disability**
   
   Current disability benefits are not necessarily structured to meet the right needs at the right time. Our research shows that when a member becomes disabled, there are often extra, unexpected expenses, especially in the early stages of disability and in the waiting period. This can lead to the member going into debt or having to make drastic lifestyle changes because of cash flow shortfalls, such as medical expenses, additional childcare costs, problems with transport and loss of income.

The result is our new, revolutionary disability 2.0 benefit that better meets our clients’ needs. It is a more affordable benefit with the same relative benefit amount for all members.
Disability 2.0

Disability 2.0 is different. Benefits are paid in a way that better match the real needs of the member and at a time when they need them most.

The core benefit is still a monthly income disability benefit that is paid when a member is unable to work. A monthly income is the main thing, but it is not the only thing.

Disability 2.0 also includes:

- lump sum benefits, paid as the critical top-up and the cash assistance benefit;
- ad hoc payments as and when they are needed, under the daily life adaptor benefit; and
- ongoing, regular benefit payments like the permanent income booster and the point-to-point transport service.

The monthly benefit

We offer a benefit of up to 100% of net insurance salary. In calculating the net insurance salary, the employer provides us with a risk salary amount for each member in the scheme. The risk salary can be the cost to company, pensionable salary or gross salary, just as it always was. We then calculate a proxy for tax by applying the latest tax scale to the risk salary provided. If there are retirement fund contributions, we will use this amount as a deduction when we do our calculations. So the net insurance salary is the risk salary less the tax amount.
The additional benefit options

Nobody plans to become disabled and many don't think about the financial problems they might face. Often a monthly benefit on its own is not enough. Our additional benefits give members the extra financial help they need. These components are optional, and employers can choose what to include, in any combination.

- The **daily life adaptor** pays for physical adaptions a claimant might need to make to their home, place of work and car. This is done to improve mobility and the ability to perform day-to-day tasks. The benefit is subject to a maximum of R100 000. Because every claimant is unique, we will work with a dedicated occupational therapist to determine each claimant’s specific needs. We will make all the arrangements and will pay the costs directly to the service provider to minimise the hassle for the claimant.

- The **permanent income booster** increases the income disability benefit to 100% of net insurance salary if the claimant is permanently incapacitated or terminally ill. A member will qualify for the benefit if they are unable to perform two or more prescribed activities of daily living. The permanent income booster option provides a comprehensive benefit to the claimants who need it most.

- The **critical top-up** allows for two times the monthly income disability benefit to be paid when the member has suffered a specific defined and listed event or condition. This includes certain pre-defined conditions and injuries as a result of an accident. This is subject to a maximum of R100 000 and can assist in addressing the gap in the waiting period if a member is seriously ill or has run out of sick or annual leave.

- The **cash assistance benefit** is a lump sum to the value of three times the monthly income disability benefit and is paid after the waiting period to all claimants who receive the full income disability benefit. This benefit can be used for anything from paying medical expenses to minor debts after becoming disabled. The purpose of this benefit is to provide financial assistance to the claimant to help avoid the lasting consequences of short-term cash flow issues.

- The **point-to-point transport** service provides transportation in the surrounding area of any of the major metropolitan regions; Johannesburg, Pretoria, Cape Town and Durban. These trips of up to six one-way or three return per year and as far as 50km per trip can be used to reduce dependency on family and close friends for transportation.
Tumi sustained serious injuries in a car accident and is unable to work for 2 years while he recovers.

Tumi receives the following benefits:
- Monthly income disability benefit R21 751 p.m. after the waiting period;
- Lump sum cash assistance benefit of R65 252 as soon as the monthly benefit starts;
- Critical top-up benefit of R43 502 paid immediately as a cash lump sum;
- Up to R100 000 will be spent on making changes to his home so that he can get around independently;
- Point-to-point transport service to go to physiotherapy appointments.

If Tumi is so badly injured that he is permanently unable to look after himself and qualifes for the permanent income booster benefit, his monthly benefit would increase to R25 589 p.m.

Note: these numbers are based on the 2020 / 2021 tax tables.
What sets us apart?

• **Medically trained staff** – we are the only insurer in South Africa where all claim decisions are made by medically qualified staff, such as occupational therapists and physiotherapists.

• **Quality decisions** – we pay valid claims that are assessed against objective and consistent best practices. Each of our 52 medically trained experts deal with two to three claims a day, which is intentionally lower than the industry norm. This means that each claimant is given the proper level of attention and focus.

• **Ombudsman** – even though we have the largest book in the market, we have one of the lowest complaints ratios in the industry.

• **Risk management** – we provide client-specific and automated reports and have the ability to benchmark a client against other clients on our book to identify the issues that are specific to them, such as medical trends. We also recommend process improvements and targeted interventions.

• **Cost saving** – our active case management could mean a significant saving for employers. In the long term, financial sustainability of risk benefits means that we can cover, and ultimately help, more people.

• **Wider Momentum** – being part of a leading financial services group means that Momentum members enjoy efficient and comprehensive service delivery. Our Fastlane nurses and membership of Multiply are just some of the advantages for our members.

Claiming for disability should be a simple and clear process that employers and claimants can easily manage. The Wellness Care Centre is there to help every step of the way; from starting the claims process and assessing the claim, to assisting the member with rehabilitation and reskilling.