Q&A | In Conversation with Sanlam Corporate | 17 March 2021

Question	Answer(s)
Can you please explain the process that can be followed when Consolidating two Provident and Pension funds, is there a cost involved in the process?	The initial cost would be minimal and the cost benefit in the long run would far outweigh this initial cost. The process would involve a S14 transfer in most cases and there would be costs associated with closing down / deregistering / terminating the transferor fund.
It is often stated that only about 6% of people retire with enough funds - surely then the whole system is a 'failed system' ? Only compulsory preservation can fix this - so why have things like annuitisation when that simply adds costs to members	Annuitisation should be seen as protecting members interests. Yes, only a small proportion of membership is able to maintain their standard of living in retirement but this is also as a result of a lack of financial education and empowerment which is a key focus for us. In fact we are able to demonstrate marked improvement in levels of preservation as a result of the free pro-active benefit counselling we have made available to all members.
I know of administrators that are still unable to manage vested and non-vested pots ... is Sanlam able to administer this properly? Can members access information on their pots via the app or portal?	We administer in accordance with legislation and provide view of vested and unvested portion to members as well.
Does Sanlam have evidence that the excess deaths are caused by covid? Some commentators are saying that the deaths might be caused by other effects - eg. citizens not going to hospital, not receiving diabetes medication, etc.	There are definitely some instances where the deaths are related to causes other than Covid-19 (e.g. heart attacks at home) but these are often attributable to the fear of seeking or inability to access medical assistance/hospital care as a result of Covid-19. That is, in a sense many of these cases are still attributable to Covid-19 although not caused by the virus directly. A study by the SAMRC estimates that between 80% and 95% of all the excess deaths are Covid-related.
What is the corporate sector doing to speed up the vaccination process? After all, it is in your interests.	Sanlam (and other ASISA companies) have lobbied government to allow us to purchase and distribute vaccines. However, government has indicated that it wishes to remain in control of the process and ensure the roll-out happens according to the published roll-out plan. That being said, Sanlam will continue engaging stakeholders offering our assistance if it is required.
Renier, do I understand correctly, SGR not trying to recover losses, the repricing is intended simply to price the cover correctly for what SGR expects future experience to be?	Correct. Sanlam Group Risk never prices with the intention of recovering losses incurred in previous periods. Instead, we simply aim to charge a premium rate that is commensurate with the risk posed by the client given the scheme/fund's risk profile, own underlying experience and current market conditions (e.g. the pandemic we are living through).

Why would actuaries assume that the covid death experience is anything but once-off? And if it is once-off then the future death claim experience is likely to be better. I see little argument for higher pricing.	The Covid death experience may be once off in that it is a particular event limited to a specific time in our lives. However, the increased death experience is unfolding over a period of years with stabilisation only expected to occur once sufficient individuals are vaccinated and/or population immunity is reached. There is also substantial medical research at this stage that indicates that complete immunity may never be reached and that vaccination may require annual repeats (similar to flu) suggesting that Covid-19 may never entirely disappear and hence could still adversely impact future mortality. In addition, research is indicating that the health interventions required to minimise the Covid risks (notably masks and sanitising) may have long term knock-on impacts on individuals' health (and hence mortality) through other mechanisms such as asthma, autoimmune disorders, etc. This risk is especially high for those who are currently under the age of 6 but remains relevant for all children as well as those who are already immune compromised. However, regardless of the longer term impacts, group insurance is annually renewable and we set premium rates based on the expected risk for the next year and, by all accounts, we can still expect the next 12 to 18 months to be heavily impacted by increased Covid mortality. The benefit of the annually renewable nature of group insurance is however that the moment the experience stabilises, the premium rates will be adjusted back to levels aligned to the expected, stabilised experience for the next 12 month period.
Employers requested Suspensions, however behind the scenes employers applied for TERS relief, why did Insurers not negotiate with Treasury that if employers and employees received TERS relief, Risk costs must be compulsory and letters of good standing should have been issued to employers applying for TERS.	Throughout the process Sanlam Group Risk encouraged employers and funds not to suspend members' covers. In fact, we had numerous engagements and forums in which we highlighted that the suspension of risk contributions should be the last avenue explored given that the need for cover is highest exactly during periods such as the current pandemic. Enforcing compulsory risk contributions however is against the aims of TERS which was to enable families to provide for basic necessities such as food and forcing the continuation of risk cover upon members who may be starving seemed an unfair (even unreasonable) burden to impose on members during trying financial times.
Is Sanlam the only insurer increasing prices because of Covid? If not, by how much is the market moving?	It would be anticompetitive to liaise with and agree upon increases with other insurers and therefore the extent of market movement is not entirely clear. However, it is clear from the feedback of annual reviews as well as new business quotations that the market has substantially increased rates. In some cases these increases have been as much as 200% on individual schemes while the average appears to lie somewhere between 30% and 50%. This is however sensitive to scheme profile, claims experience (both that of the particular scheme as well as the specific insurer) as well as employer industry.

Does Sanlam have enough capital to continue paying claims if 3rd and 4th waves hit? What about the other insurers? Should we be concerned?	Thanks to ongoing prudent risk management, Sanlam has a strong balance sheet and will be able to pay claims should, or more likely when, the 3rd and 4th waves hit. It is also for this reason that Sanlam is adjusting premium rates on our group insurance policies in accordance with the scheme's risk. This will enable us to not only honour claims for the next wave or two but also into the uncertain future.
What is Sanlam's view, in the capacity of an administrator, on the timing of contributions received versus the effective date of those contributions i.e. for contributions effective February 2021 (and prior months) but only physically received into the Fund's bank account post 1 March 2021, has Sanlam allocated these contributions to the vested or non-vested balances?	In accordance with the legislation, these have been allocated to members non-vested portions. This view has been reinforced through legal opinions obtained from intermediaries.
I am under Sanlam umbrella fund, is the Funeral cover for Children and Spouses not reviewed on annual basis? 3 years since i have joined the company I work for, the Funeral benefit has been 5K and there is no mention of increasing it	Sanlam does not initiate the review of the funeral cover (or other benefits) because such a decision involves the seeking and giving of appropriate advice and without understanding the circumstances of the employer (e.g. there may be sufficient other cover through an industry body that members belong to) it is impossible to ensure that the appropriate benefit is provided. We do however encourage clients and advisors to regularly review benefit structures and will gladly assist with the provision of risk quotations and options/alternative product to consider to ensure the correct conversations are happening.
It's noticed that your rate guarantees have reduced from 12 months to just 6 months. will the rate guarantees revert to 12 months in the future?	The rate guarantees have not all shifted to 6 months. By and large the rate guarantees remain at 12 months, but in certain high risk cases a shorter guarantee period is provided to allow for more rapid adjustment to unfolding experience during this uncertain time. In some cases the shorter period was negotiated by the employer because of differences in expectation around the future impacts of Covid-19. However, these cases are atypical as the general consensus appears to be that two more waves can be expected for 2021 and early 2022. Where this has happened the guarantee period will be adjusted back to 12 months at some future date.
Question to Sanlam as an administrator, with regards to admin fees, are you looking at retaining the current fees due for clients that may have suffered financial constraints due to COVID?	As far as possible, we have tried to stand in solidarity with our clients during this difficult time. An example of this is the Sanlam Umbrella Fund declaring a 0% increase in admin fees effective 1 April 2021. In addition, the SUF has negotiated with insurers to not increase risk rates as at this date as well. This has benefited our client base.
Please explain if in the case of lumpsum, are claimants forced to annuitise, or does the rules of the Sanlam Umbrella Fund allow	As per the legislation, in the case of lump sum disability for members older than 55, these members are required to annuitise.

claimants to resign instead of retire? in which case no annuitisation required	
Has the Covid group risk now been passed on to members ito increased premuims?	The sustainability of insurance is based on the pooling of risk and in periods of unseasonably high risk this will translate into higher premiums for all members. While the full impact of Covid is not being passed onto members some of the impact has to be passed through to ensure sustainability of the insurer and the insurance industry. This is not unreasonable since each member has an increased chance of becoming a claimant during the pandemic period and therefore an increased risk premium commensurate with the increased risk (or at least part thereof) is appropriate. This is especially true in the group insurance market where cover is annually renewable. In particular, periods of standard risk cannot offset periods of increased risk due to the prevalent market forces driving prices to levels that consistently remain in line with the risk expectations for the next 12 months.
Can a pension fund transfer to a provident fund tax-free at the moment i.e. via section 14?	Yes - this is as a result of the uniform annuitisation rules applied to both Pension and Provident funds from 1 March 2021