



**INSURANCE FOR
PROFESSIONALS**

Why PPS?



There is no competitive alternative for graduate professionals who qualify for PPS membership.

In a typical listed company, profits go to outside shareholders PPS and its subsidiaries are not listed. This means that we can treat our inner circle of policyholders like shareholders.

Profits stay in the inner circle

Each year, we share our net operating profits and investment returns exclusively with our members, the policyholders.

The *Surplus Rebate Account (SRA)* is the mechanism to distribute these profits. There is no premium charge for the *SRA*. Instead, by buying a *PPS Provider™* policy, you become a “shareholder” without buying shares.

The net operating profits and investment returns are distributed to your *SRA*, based on the number of *Units of Benefit* you have with PPS. This is a model unmatched in the market.

The Power of the SRA

- o In 2006 alone, PPS allocated R2.2 billion to the *Surplus Rebate Accounts (SRAs)* of its 150 000+ policyholders.
- o The table below shows the bonus allocations as a percentage of the premium for the *SPPI Ordinary Units of Benefits*:

Year	As % of Ordinary UOB premium
2002	50.40%
2003	50.40%
2004	48.60%
2005	50.00%
2006	60.10%
2007	55.61%

* Note: past performance is not necessarily an indication of future performance

- o Based on actual allocations to the SRA, on average, the premiums you pay to your *PPS Sickness and Permanent Incapacity Benefit (SPPI)* will be approximately equal to the value in your SRA within 7 years

Total allocations to SRA



Your SRA is paid out tax-free at retirement or death. You may even get some benefit paid out tax-free should you cancel your benefits.



Unique PPS Benefits

PPS' benefits are requested by professionals, created by professionals and cater exclusively to professionals. As a result PPS offers benefits unique in the market, ideally suited to you, the professional.

PPS Sickness & Permanent Incapacity Benefit

- **Covers Gross Professional Income (GPI)**, including **business expenses** and not just taxable income. Uniquely, cover is based on your GPI for the entire duration of the claim and business expense cover does not stop after only two years
- **Students** in 4th year of study receive **cover** from just R18 p.m.
- **No need to prove loss of income**
- **No aggregation with other benefits**

PPS Sickness Benefit

- **Tax-free benefit**
- Uniquely **covers partial sickness claims**, offering an invaluable benefit whilst you recuperate and get back on your feet
- **No cease age** - cover continues as long as you remain working in private practice
- **Simple claim process**

PPS Permanent Incapacity (PI) Benefit

- Premiums for the PPS Permanent Incapacity Benefit are **tax deductible**
PI claims are assessed as either **total or partial**
- A total award:
 - Pays 100% of the benefit (84% of GPI)
 - Premiums cease
- A partial award can be either 20% (more minor conditions) or 60% (more significant conditions)
- PI of more than 20% will receive a 60% award; PI of more than 60% will receive a 100% award
- Any incapacity over 20% is significant and will qualify for an award

- With a partial award the claimant can **choose to remain working or not to work at all**
- **For claimants who remain working**
 - Premiums continue
 - Can claim for any unrelated sickness or PI
 - Will get an upward review if condition worsens
- **For claimants who choose not to work**
 - Premiums stop
 - No claims for unrelated sickness or PI
 - No upwards review of a 20% award
 - 60% award will receive an upward review if condition worsens
- There is **no aggregation of the benefit** with any lump sum or other income benefits
- There is **no offset of any income earned**
- The benefit is assessed taking into account, among other things, the claimant's own occupation

Example:

- A **trial lawyer** who **loses his ability to speak** and **continues to earn an income from other legal activities**
- Will be assessed under PI and will certainly receive a **partial award** simply because he cannot argue in court
- The assessment also takes into account own occupation
- The **income that he earns from his other legal work will not reduce the benefit**

NOTE: A pure Income Protection product would, assuming he is assessed as a trial lawyer, determine if he is losing a significant income from being unable to perform his own occupation. He will then get a partial benefit payment (all income earned from other legal work will reduce the benefit).

- Both, **PPS Permanent Incapacity Benefit** and **Income Protection** products, take account of the claimant's own profession and this is the most like for like comparison that can be made



PPS Occupation Specific Rider Benefit™ (OSRB)

- Increases any PI award to 100% - even a 20% PI award will pay 100%
 - This benefit will therefore pay even if the claimant is still working in his own occupation, with no reduction of any income earned (this is certainly not the case with any income protection product)
 - Critically, the OSRB award, once made, is never reviewed
 - Remains payable until the claimant turns 66
- OSRB was requested by the PPS members as a benefit offering complete peace of mind, removing any grey area as to the amount of benefit that would be received for any partial incapacity, as well as removing the risk and hassle of constant reviews of the level and validity of the claim
 - Adding this benefit fundamentally changes the nature of the PPS benefit and any premium comparison is then no longer comparing like with like
 - Premiums for this valuable benefit are tax deductible



Unique Features of PPS Benefits

PPS has no loadings or exclusions for any hazardous pursuits or activities. Claims resulting from any such activities are fully covered.

PPS offers global cover with no loadings, exclusions or restrictions regardless of where you travel, live or work in the world. Importantly, claims can be made anywhere in the world, even whilst on holiday, and there is no requirement to be medically assessed in South Africa.

Exclusive to graduate professionals

- Becoming a PPS member remains aspirational
- The result is an excellent risk pool, with significantly lower incidence of HIV for example, which speaks volumes as to likely future premium increases
- Over 65 years of experience and knowledge of the professional market
- Products have been specifically requested by and designed for graduate professionals

There is no need to prove loss of income
There are no external shareholders – you get the profits!

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