

Media Release**Association for Savings and Investment South Africa (ASISA)****23 April 2020****Policyholders urged to apply for premium relief rather than allowing debit orders to bounce**

The Association for Savings and Investment South Africa (ASISA) is urging policyholders unable to pay their monthly long-term insurance premiums to contact their life insurers to explore possible options for premium relief rather than allowing their debit orders to bounce or disputing the debit order.

Hennie de Villiers, deputy chair of the ASISA Life and Risk Board Committee, says life insurers and banks are expecting a significant increase in the number of policyholders unable to pay their premiums on the next payment date, given the financial hardship experienced by many South Africans as a result of the current COVID-19 pandemic lockdown situation.

De Villiers points out that ASISA member companies are sympathetic to the plight of policyholders who have diligently been paying their premiums and who, due to circumstances beyond their control, suddenly find themselves unable to do so.

"Life insurers have looked into ways of making premium relief possible for policyholders who have been in good standing, but we would need these clients to contact their insurers urgently to discuss options," says De Villiers.

He points out that simply allowing debit orders to bounce due to a lack of funds may result in an impaired credit record as well as valuable risk cover lapsing. When a policy lapses, it means that the life, disability, critical illness or income protection cover falls away, putting the continued financial security of the insured's dependents at risk.

De Villiers adds that some clients may be tempted to dispute the debit order with their banks after it has gone off and they realise that they have been left with a cashflow problem. Once the premium has been refunded to the policyholder, the outcome is the same as if the debit order had bounced and the policy benefits may be compromised.

De Villiers explains that where policyholders have contacted their insurers timeously and were able to come to a premium relief arrangement, there will be no negative impact on their credit records.

"We request that policyholders do not wait until the date of their debit order. Life insurers are operating on skeleton staff and implementing premium relief on a case by case basis might take a few days."

De Villiers cautions that premium relief should not be seen as a payment holiday and should therefore only be requested as a last resort.

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Issued on behalf of:

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Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.