

What is a Conversion option?

At the time that an employee leaves the services of an employer, all of his/her group insurance cover ceases. Sanlam Corporate: Group Risk, a division of Sanlam Life Insurance (hereafter referred to as SGR), offers conversion options to accommodate employees wanting to convert such group cover into individual insurance upon leaving an employer.

What does a conversion option offer?

Should an employer policy provide a conversion option to accommodate employees wanting to convert and continue their group cover on an individual basis, employees do not have to provide medical evidence of good health/insurability (e.g. assessment of a client's health condition by way of physical screening or medical exam) upon converting to an individual policy.

The converted cover and premium (i.e. individual based premium) will however be subject to the conditions applicable to Sanlam Personal Finance (SPF) policies. Furthermore:

- ⌚ The individual cover amount will not exceed the group cover that was granted under the SGR group scheme, or it may be less than the total cover the insured (i.e. employee of scheme or member of a fund) had under the group policy.
- ⌚ If the member exercises the conversion option, and the same level of cover (or less) is converted, no physical medicals, HIV test or cotinine test for non-smokers are required on Sanlam's conversion options.

SPF may however request information to establish the rating factor/premium rates, for example, they may call for a BMI measurement (i.e. Body Mass Index, to be completed by a nurse), as well as information around pursuit of hazardous activities. This may result in a loading being applied.

- ⌚ The employer/broker is responsible for informing employees that conditions may differ on conversion.

Please note:

- The conversion option is valid for 60 days from the date of withdrawal/exit from the employer. This means that employees, who intend to exercise this option, will need to apply for the option within 60 days of termination of employment, by advising Sanlam of their intention to convert and submitting relevant documentation within that period. Full cover under the group insurance policy with SGR will apply for 60 days after termination of employment, but will cease as soon as the individual insurance commences. This means a member will enjoy full cover for the 60 days-period after the event, even if the member has not exercised his/her option.
- The conversion option may only be exercised if the employee is a South African citizen or permanent resident (i.e. holder of a RSA ID document).
- Contract workers unfortunately do not qualify for an option to convert from a group scheme to a similar individual policy.



What events are included when leaving the employer's service?

Please refer the group policy for the conversion option/s applicable to a specific group scheme.

The following is an overview of all the products SGR offers to employers/retirement funds:

<p>Group Life insurance</p> <p>The employee will have the option, up to the</p> <ul style="list-style-type: none"> ⦿ normal retirement age (NRA); ⦿ benefit cessation age, or ⦿ maximum age of 70 years (if still in active service after NRA) <p>to take out a similar individual policy with Sanlam when he/she</p> <ul style="list-style-type: none"> ⦿ withdraws (e.g. resigns); or ⦿ retires. 	<p>Spouse's insurance</p> <p>The employee's spouse will have the option, up to the benefit cessation age of the spouses' cover or the maximum age of 70 years, to take out a similar individual policy with Sanlam, when the following events occur:</p> <ul style="list-style-type: none"> ⦿ at death of the employee; ⦿ divorce; ⦿ termination of employment by the employee; ⦿ retirement of the employee; or ⦿ benefit cessation age of the employee, whichever event may occur first.
<p>Group Severe / Critical Illness insurance</p> <p>The employee will have the option, up to the benefit cessation age or the maximum age of 65 years, to take out a similar individual policy with Sanlam when he/she</p> <ul style="list-style-type: none"> ⦿ withdraws (e.g. resigns); or ⦿ retires. 	<p>Please Note – The option <i>may also be exercised when the spouse reaches the age of 70 years</i> only if the employee continues his/her service with the employer thereafter.</p>
<p>Please Note – The Group Severe Illness insurance can be converted to a similar individual policy that corresponds with the applicable group benefit, i.e. Cancer, Cardiovascular or Comprehensive Severe Illness benefit.</p>	<p>Group Disability cover – lump sum</p> <p>In terms of the employee:</p> <p>The employee will have the option, provided that he/she is younger than 60 years and has not yet reached the benefit cessation date, to take out a similar individual policy with Sanlam upon withdrawal from employment.</p> <p>In terms of the spouse</p> <p>The spouse will have the option, provided that he/she is younger than 60 years and has not yet reached the benefit cessation date of the spouses' cover, to take out a similar individual policy with Sanlam at</p> <ul style="list-style-type: none"> ⦿ divorce; ⦿ withdrawal of the employee; or ⦿ benefit cessation age of the employee whichever event may occur first
<p>Group Disability cover – monthly instalments</p> <p>The employee will have the option, provided that he/she is younger than 65 and has not yet reached the benefit cessation date, to take out a similar individual policy with Sanlam upon withdrawal from employment.</p>	



Waiting period

In the following instances a waiting period of 6 months, commencing on the date of acceptance of the benefit on the scheme, will be applicable before an option may be exercised:

- ④ Existing schemes at Sanlam with no conversion option, and a conversion option benefit must be added, or
- ④ When we are requested to replace an existing conversion option benefit with another type of conversion option e.g. Option 1 (i.e. ordinary insurance for the member *without* lump sum disability benefits) to Option 2 (i.e. ordinary insurance for the member *with lump sum disability benefits*), or
- ④ When an increase in the existing death or disability benefits of a scheme that also offers a conversion option benefit is requested.

Lapse of option

The option is not available in respect of an employee / insured when he/she ceases to be an insured as a result of –

- ④ An amendment to the policy;
- ④ Termination of the employer's participation in the policy;
- ④ Termination of the employer's business;
- ④ Him/her being retrenched in circumstances where the employer, as part of a retrenchment exercise, retrenches more than the greater of 3 employees and 2% of the total number of employees; or
- ④ The business of the employer being transferred to or amalgamated with any other business, company or organisation.



How to apply the Conversion Option?

An official quotation can be obtained from Sanlam Personal Finance (SPF), who deals with individual insurance. The following information is essential:

- Employee's ID number
- Date of exit (i.e. date of leaving the employer's service)
- The reason for leaving the employer's service (resignation, dismissal, retirement, retrenchment, etc.)

Who can assist?

An employee's personal **financial advisor** (or a group risk intermediary) may assist with the conversion option process from **Step 1**, but will however be required to assist from **Step 3 to obtain an actual quote**.

Note: A broker's note or authority letter may be required by SGR, if the personal financial advisor is not the appointed group risk intermediary.

What documentation is required?

Step 1: Kindly please send a mail with the employee's ID number, date of exit and reason for leaving the employer's service to: sgrconversions@sanlam.co.za

Employees of/members belonging to the Sanlam Umbrella Fund and Sanlam Staff Umbrella Funds are excluded from this process.

Please note: The employee must exercise this option within 60 days of termination of employment.

Step 2: Sanlam will, upon receiving the Annexure A, reply with a **Conversion Option-form** confirming the employee's group cover that can be converted to an individual policy. This completed form will be *returned to either the employee, his/her personal financial advisor or any other person, as authorised by the employee (in order to request a quote)*.

Please confirm the e-mail address this must be sent to (e.g. should the employee no longer be working for the employer, we shall require a forwarding e-mail address).

How to receive a quote/estimate cost?

Step 3: A risk quotation is available from SanPort (i.e. SPF). The accredited **financial advisor** uses the content of the Conversion Option form, as well as other personal information, to arrange for an official quotation from SanPort.

Why a personal financial advisor?

The SGR team is unfortunately not in the position to provide a member with either a quotation / estimated cost, or advice in this regard – an accredited financial advisor is required to assist in obtaining a quote.

Advisors / intermediaries obtain a risk quote from the SanQuote web (on SanPort) using their Sanlam code, or alternatively may ask the Sales Support Assistant (SSA) assigned to the brokerage for assistance.

For any queries regarding the process or how to get accredited, please contact:

- E-mail: supportservicestraining@sanlam.co.za
- Tel. no.: 021-947 5653

Please note: SPF may request certain information to establish the rating factor/premium rates. For example, they may call for a Body Mass Index (BMI) measurement to be completed by a nurse (i.e. height and weight measurement), as well as information around pursuits of hazardous activities.



Step 4: SPF will issue the quotation to the **financial advisor**, in order for him/her to discuss the cost and applicable conditions of the individual policy with the employee (i.e. accredited to provide specialised advice).

Please note – The financial advisor is responsible for informing employees of conditions that may differ when converting to an individual policy.

Should an employee accept SPF's quotation (i.e. following the request to convert to an individual policy), the **employee will pay an individual rate** applicable to the individual policy.

Step 5: If the employee accepts the quotation, then a completed **Risk application form** must be completed by the financial advisor and submitted to the SSA, along with the **signed quotation** and all the relevant supporting documentation:

- Advice documents
- CDD documents (requirements in terms of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001))
- Conversion Option-form

Please note – The application may be submitted electronically as well.

Step 6: SPF will send the employee his/her policy upon completion.