



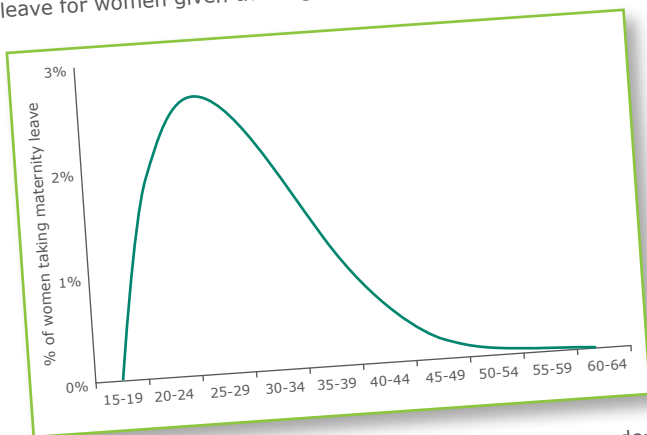
Demystifying Income Protection

Maternity Cover

The birth of a child is a truly momentous experience. Yet this tiny bundle of joy affects the mother's income while she is at home caring for it ... and also impacts on the workplace.

The need for cover

The graph below shows the expected pattern of maternity leave for women given their age.



Employers with a high proportion of female employees under the age of 30 will be particularly concerned about stabilising the cost of providing maternity leave. While they continue to pay an income to the employee, they are also left with a gap in productivity or the additional cost of hiring temporary workers.

In some cases women need to take unpaid leave to care for their children. Against this background Maternity Cover was born, bringing with it reduced financial risk for employers and income protection for young families.

A user-friendly solution

Maternity Cover is an optional component of Group Income Protection. It is also very simple to use.

- When adding this cover to the insurance arrangement, employers only need to specify the maximum duration of maternity leave, e.g. 4 months, and the benefit as a percentage of salary, e.g. 80%.
- When submitting a claim, the employer submits a 2-page application form with proof of the employee's level of income and a medical certificate to confirm the birth.
- Based on this information, a single lump sum is paid to the employer, who can then use it to provide an income to the employee via the normal payroll system. The benefit amount is based on the employee's salary, the replacement ratio chosen by the employer and the duration of maternity leave.

Flexibility in cover and process

The cover takes the Basic Condition of Employment Act and the Unemployment Insurance Act into consideration but is customised to support the individual employer's official maternity leave policy.

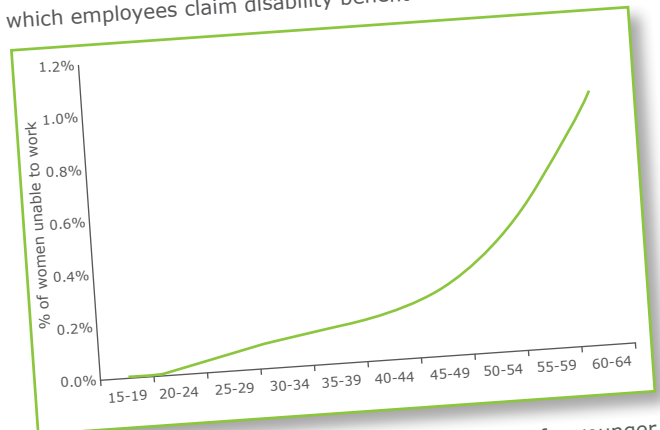
If an employee adopted a child younger than 2 years old, and is taking time off to care for and bond with the baby, the same short form is completed and a letter from the relevant social worker replaces the required medical certificate.

Pricing

As with other risk benefits, the price of Maternity Cover is based on the actual membership profile of each group. It takes age, income and gender into account – so no charge for men!

Increased value for all members

Though disability can occur at any age, the average age at which employees claim disability benefits is 47.



With Maternity Cover, employers add direct value for younger female employees by providing an income that will meet their needs during maternity leave. Older females and all male employees benefit indirectly, as the employer may now be in a better position to engage temporary staff to help with production pressure in the absence of the young mothers.

A next generation of benefits

Although the duration of maternity leave is short compared to the average period of disability, the number of claims can be considerably higher. This reinforces the need for such cover and highlights the value of the benefit as part of a more holistic income protection solution.



OLD MUTUAL

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