

A person is relaxing in a white hammock outdoors. A laptop is open on their lap, and they are holding a light-colored straw hat with a dark blue band. The background is a lush green garden with trees and sunlight filtering through the leaves.

Our 2012 Claims Record

At FMI our philosophy is simple. We pay claims.

For more information please contact our FMI Financial Advisers Distribution Team on
0860 10 52 08, sales@fmi.co.za or www.fmi.co.za

Underwritten by Lombard Life Ltd. FMI Ltd is an authorised Financial Services Provider FSP 2717



FMI[™]
Income Protection Specialists

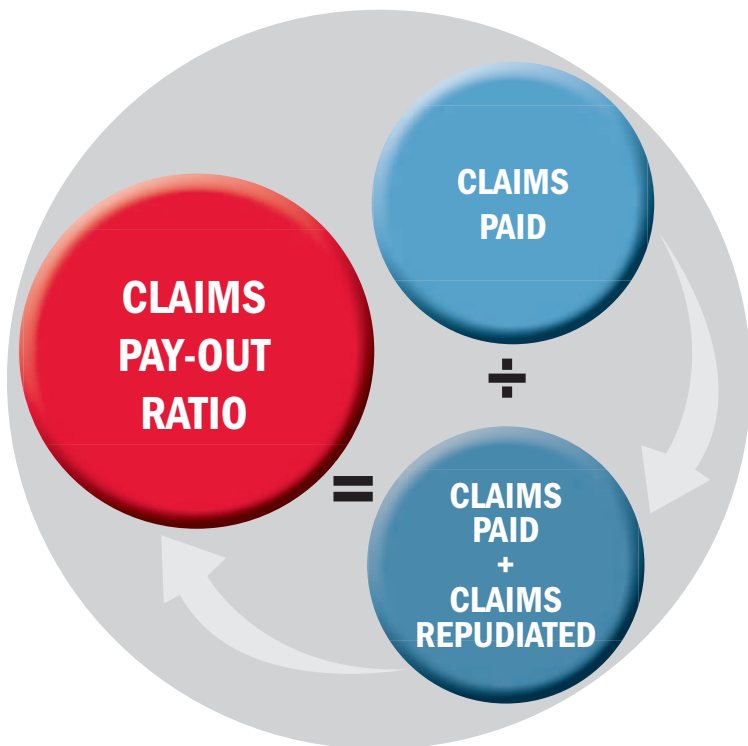
Numbers that tell our story

Every year, we release our claims record – numbers that tell us about the claims we've paid for the previous year. But these numbers are about more than just how many payments we've made, for how much, and for what period of time. At FMI, each claim is about a real person and represents our commitment to help our clients financially when they need it most.

We are proud of our claims record and the tangible value it represents to our clients.

How do we calculate our claims pay-out ratio?

We believe that the most important measure of an insurer's claims payment history is their claims pay-out ratio. This figure can be calculated in different ways and we are transparent as to how it is calculated. To determine our claims pay-out ratio, we remove claims that were not taken up as they did not meet the claims criteria and use the following formula:



We are proud of our claims record
and the tangible value it represents to our clients.

Will my claim get paid?

Our claims pay-out ratio reflects the likelihood of your claim being paid. **The claim pay-out ratio for the last financial year = 96%**. We believe this ratio reflects our commitment to claim certainty.

What is a repudiated claim?

While FMI is committed to paying valid claims, certain claims are not paid (repudiated claims). The main reasons for repudiated claims include:

- Non-disclosure of information at underwriting stage
- Pre-existing conditions
- Fraudulent claims

Non-disclosure is the most common cause of repudiated claims. It is best to reveal all your historical and current medical conditions at underwriting stage to ensure you receive the best possible cover. For this reason, FMI recommends tele-underwriting so that our expert tele-underwriters can source the relevant information directly from you, making things much simpler should you need to claim.

Illness Claim

Steve's story - Back operation and knee replacement

When Steve started his own brokerage in 1999, he understood the risks of owning his own business and decided to take out Income Protection with FMI. Having played a number of sports over the years, Steve exposed his body to some serious "wear and tear". In 2006, he realised that he would have to have a back operation to relieve his terrible back ache. The operation meant that he was unable to work for 6 weeks.

Relieved that he had Income Protection in place, he notes "As a business owner, if I hadn't taken out Income Protection, the situation could have proved disastrous. Income is every business owner's greatest asset and without it you could find yourself and your family in debt, not to mention under huge amounts of stress. I claimed from FMI and received payment. I must say I would not have been able to relax and heal after my operation without FMI."

By the end of 2006, Steve needed a knee replacement and was booked off work for another 6 weeks. Luckily, at FMI, we allow for multiple claims and Steve was paid out in full for his policy's benefit period.

Impressed by our efficient service, Steve recommends FMI to other business owners, noting "the service I received from FMI saved my business and allowed me to take the time I needed to fully heal. The easy claims process and prompt pay-out also meant minimal stress during this already difficult time. Thank you, FMI!"

"I would not have been able to relax and heal without FMI!"
Steve Tearnan, Financial Adviser



How likely am I to have a claim?

You wouldn't drive a car without car insurance, right? Did you know that, during 2012, FMI policyholders were 3.8 times more likely to have a Temporary Income Protection claim on their policy than have their car stolen or hijacked?

Temporary Income Protection is essential and FMI's claims experience shows that disabilities of a temporary nature are where the real risk lies – they are more likely to happen than you think, they happen more often than permanent disabilities, and they can have a severe impact on your lifestyle. This is why we insist on Temporary Income Protection being a compulsory benefit on all FMI policies.

Temporary disability as a result of an accident or illness can interrupt your ability to generate an income and maintain your lifestyle. This is especially true for small business owners and self-employed individuals who often don't have sick leave pay or run cash-based businesses. Could you survive if you didn't have a salary for even one month?

Our research shows that 7 out of 10 FMI policyholders will experience at least 1 temporary disability in their working life. What are your chances?

**“And that is what
Income Protection is
for – to replace your
income when you
can't work”**

**Erica Groenewald, Sports
Coach, Glandular Fever**



I can claim

for that?

In the insurance industry, the term 'disability' covers a wide range of illnesses or injuries that prevent a person from working and generating an income. When people think about disability, they tend to think about severe, life-changing conditions but our research shows that most disabilities are temporary in nature and can happen as the result of day-to-day activities. The following are just some of the claims we've received in 2012:

REASON FOR CLAIM	PAY-OUT AMOUNT
Acute appendicitis and laparotomy	R18 410
Injured left elbow with torn ligaments	R19 068
Pregnancy complications	R29 983
Hiatus hernia repair	R41 096
Bronchitis / Influenza B	R43 397
Slipped and fell resulting in injured gluteal muscles	R44 072
MVA resulting in dislocated shoulder joint	R90 098
Injured left ankle	R69 041
Removal of kidney stones	R9 863
Mumps	R4 274

23% of the claims we paid in 2012 were for policies in their first year. Why wait to put in place this important cover? These claimants are glad they didn't!

Accident Claim

Johannes' story - Motor vehicle accident

Johannes is a wine maker who understands the importance of Income Protection. On the recommendation of his financial adviser, he took out an FMI Business Person Elect policy in August 2010. A year later, he was involved in a serious car accident.

Suffering extensive injuries, Johannes was not able to work for 4 months and, being self-employed, this meant he could not generate the income necessary to cover his hefty medical bills. However, his FMI policy meant that his income was protected. For Johannes, "I was so glad that I had a policy with FMI and I can't believe how easily it all went through. The service was great. Without this kind of cover, I would have been broke - you just can't be without it!"

Johannes also points out how important it is to regularly review your policies, "I had enough cover for that stage. But I recently sat down with my financial adviser and we have increased my cover. This is important because everything gets more expensive and you need to adjust your cover accordingly." Asked to sum up his experience with us in one word, Johannes chose "Fantastic!"

"FMI in one word - fantastic!"

Johannes Meyer, Wine Maker



Split of **Accident** versus **Illness** claims in 2012:



23% of claims were for accident in 2012



77% of claims were for illness in 2012

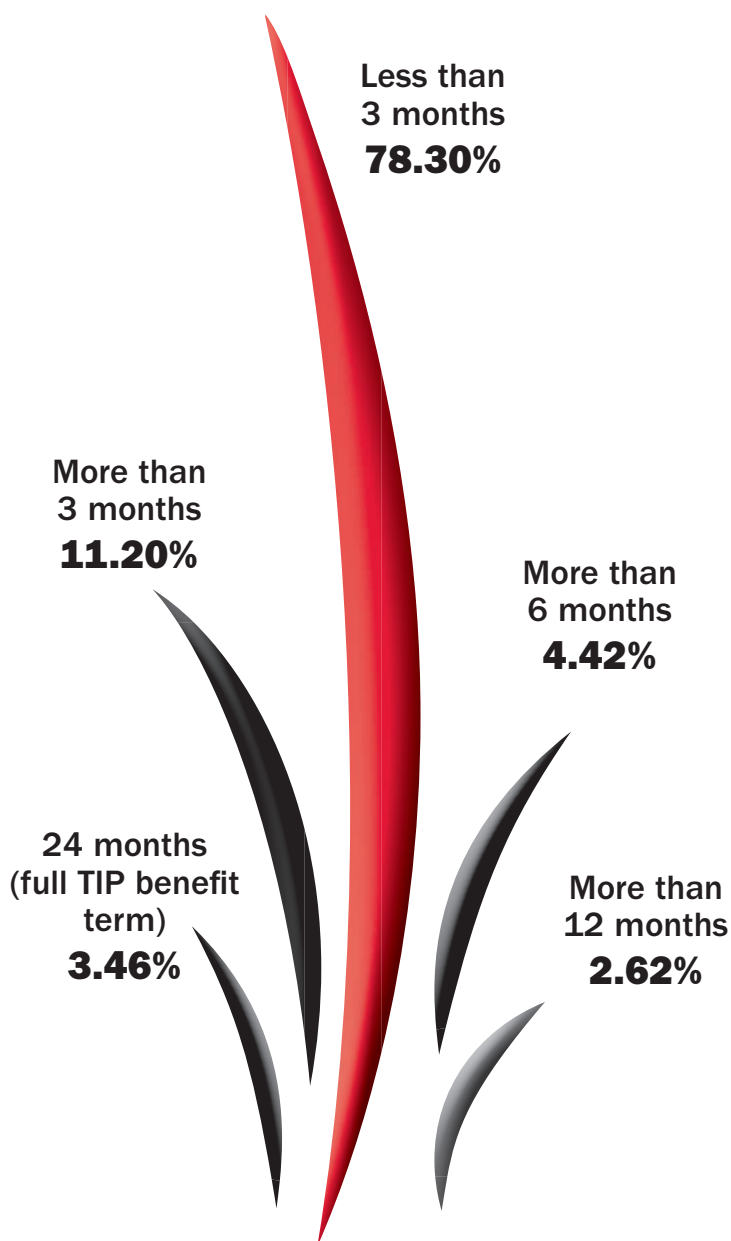
How long could my claim last?

Our research shows you are far more likely to have a short-term claim than a long-term claim. If you only have permanent income protection in place, you are leaving a massive gap in your cover. Only 5.2% of our Temporary Income Protection (TIP) claims historically have gone the full benefit term. This means that at least 94.8% of the TIP claims we pay for disabilities would never qualify for permanent cover because they are not permanent.

Not only is a temporary disability more likely than a permanent disability, it can last anywhere between a few weeks and 2 years. This means that a temporary disability, while not permanently life-changing, can have serious effects on your ability to earn an income for the immediate future and can cost you much more than you think.

Biggest claim for 2012: Policyholder diagnosed with pulmonary emboli with hypertension and cardiac failure. Unable to work full-time due to her illness, she has been in claim since Jan 2012 and her TIP cover has paid out R979 846 so far.

Duration of TIP claims in 2012:



Childbirth Benefit Claim

Kerry Lee's story - Childbirth benefit

When Kerry-Lee realised she needed Income Protection, she decided to go with FMI because of our additional benefits, standard on every BPE policy. She recalls, "I decided to get Income Protection with FMI because they were the only company that offered me maternity cover in the form of a one month's childbirth benefit."

When Kerry-Lee had her first child, her time off work affected her family financially. Luckily, her FMI childbirth benefit paid out while she was on maternity leave, ensuring she had money in the bank during a crucial time in her new-born's life.

Not only did we pay Kerry-Lee's benefit, we did so quickly and efficiently, "They paid exactly what the policy offered and their service was efficient and timeous." The unique nature of our cover means that Kerry-Lee recommends FMI to those looking for Income Protection, "What I love most about FMI is that they offer me cover that no other company does!"

"What I love most about FMI is that they offer me cover that no other company does"
Kerry-Lee Galliard, Speech and Language Therapist



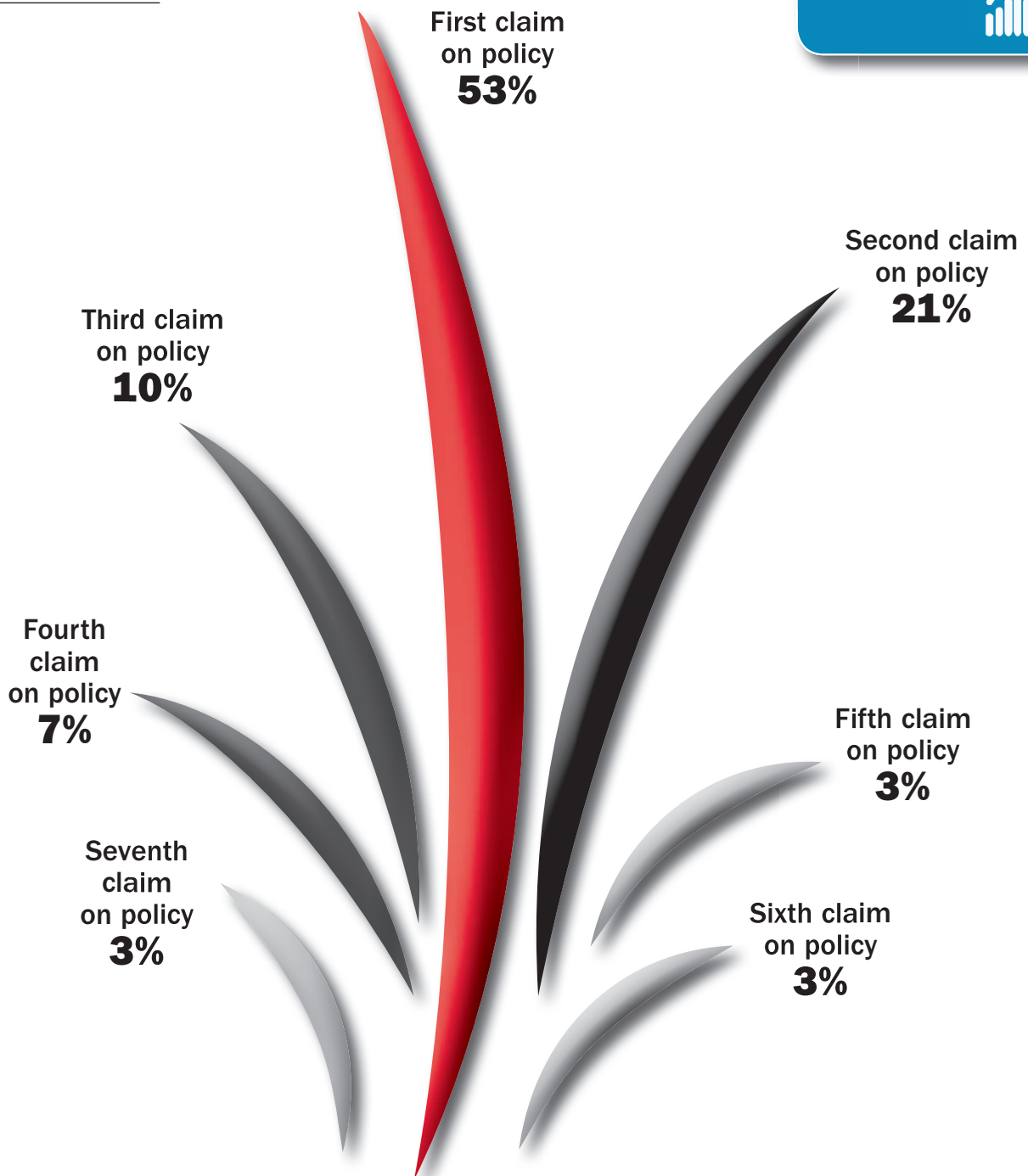
Can I claim more than once?

While FMI has benefit terms to cap the maximum period that is paid for any single claim, there is no cap on the number of TIP claims that can be made, making our Temporary Income Protection cover a benefit that can be used throughout your working life. And, for related claims, we waive the waiting period to ensure complete cover.

In 2012:

- 53% of TIP claims were from first-time claimants
- 47% of TIP claims came as part of a multiple claim on behalf of the policyholder
- 1 claim was the 18th claim we paid on the policy!

Breakdown of TIP claims in 2012:



"I would never cancel this policy"

Johan Steyn, Financial Adviser, Hip Replacement and Carpel Tunnel Syndrome



Average time period a TIP claim lasted in 2012:

PRIMARY WAITING PERIOD **71 DAYS**

MONTHLY WAITING PERIOD **120 DAYS**

The choice of waiting period on your TIP benefit is an important decision and a shorter waiting period can mean better cover overall. We compared the experience on our Primary and Monthly waiting period policyholders and noted the following for 2012:

- 40% of the TIP claims on the Primary waiting period would not qualify as a claim under the Monthly waiting period because the claim length was less than 30 days.
- For TIP claims on a Primary waiting period that would have qualified under the Monthly waiting period, the Primary waiting period paid out 37% more than would have been paid on the Monthly waiting period, because payments are backdated to Day 1 of the disability period.

Did you know? We offer a unique 14 day waiting period on our TIP benefit for salaried individuals and we allow you to place your TIP cover across several waiting periods. This means you can tailor your cover to your specific needs.

Simple and quick claims process

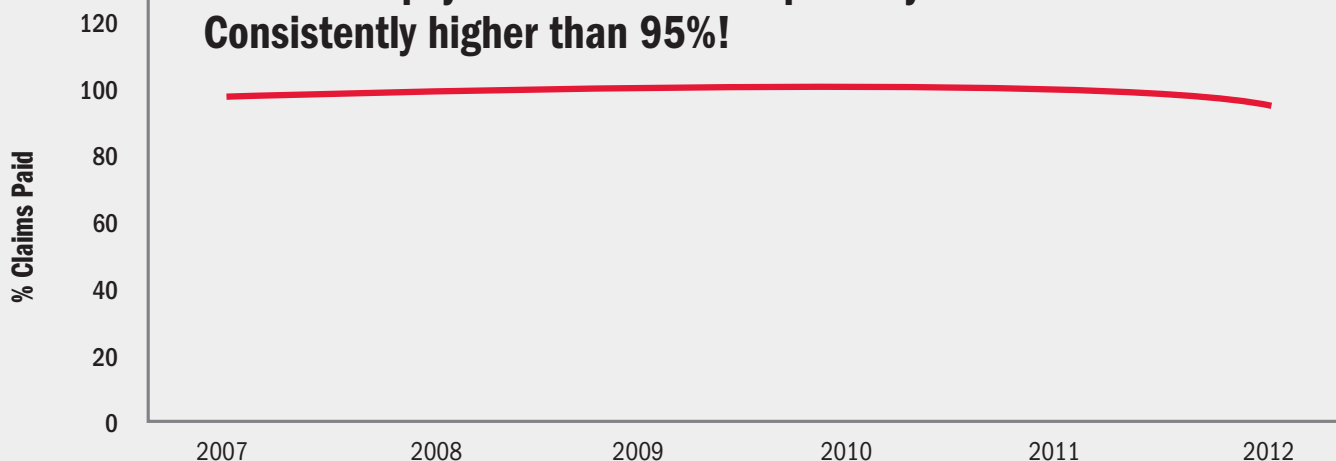
As the Income Protection experts, we know a disability event can be highly stressful. That's why we are constantly refining our processes to ensure quick, hassle-free pay-outs.

We have made the claims process as simple as possible with:

- Multiple claims criteria: Depending on the nature of your claim, it will be assessed under selected criteria to ensure you receive the best possible pay-out.
- Online or telephonic submission for instant submission of the claim or the chance to discuss the claim with one of our experienced assessors.
- Payment for the doctor's form: FMI will pay for the completion of a FMI-specific medical claim form, sending the form to the doctor, and following up to ensure speedy completion.
- Tracked claims: We track claims twice a week and will give you regular reports on the progress of your claim
- Fast pay-outs: We offer our self-employed clients a 7 day waiting period and bi-weekly claim payments to ensure they receive quick pay-outs.

We are committed to paying valid claims with ease and speed, ensuring our clients are supported financially when they need it most.

Our claims pay-out ratio over the past 6 years? Consistently higher than 95%!



Illness Claim

Lou's story - Knee replacement

A contract farmer, Lou is always on his feet. When a knee replacement last year led to septicaemia, he had to have a knee replaced and extensive chiropractic rehabilitation. This meant that Lou was not able to do his practical daily work.

While not being able to work was frustrating, Lou was able to focus on his recovery because he had an FMI Income Protection policy in place. On the advice of his financial adviser, Lou took out the policy in 2004 and notes "I was starting to wonder why I had this kind of policy because I'm a healthy guy who never gets sick or takes time off work. And then I did! I was so relieved when the claim was accepted and I now know that this cover is essential for anyone who has the ability to lose their income."

It took Lou over 15 months (with two claims) to recover. Pleased with the efficient service he received, Lou recommends us to his colleagues, believing that "FMI's products are absolutely to my benefit."

"This cover is essential for anyone who has the ability to lose their income"

**Lou Lourens, Farmer,
Knee Replacement**



We sustain people financially when they need us most.

For more information, please contact our FMI Financial Advisers
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