

**LIBERTY GROUP INCOME PROTECTION POLICY
REDUCING INCOME PROTECTION PLAN**

1. Background

- 1.1 The Group Policy with all annexures (which includes without limitation the Employer Participation Certificate and this product description of the Reducing Income Protection Plan) constitute an indivisible agreement between the Parties in respect of the Group.
- 1.2 All words and expressions defined in the Group Policy shall have a similar meaning in this product description of the Reducing Income Protection Plan unless expressly stipulated otherwise or inconsistent with, or otherwise indicated by the context.
- 1.3 In the event of a conflict between the provisions of the Group Policy and this annexure, the provisions of the Group Policy shall prevail.

2. Summary of Reducing Income Protection Plan (available options)

| | | |
|-----------------------------------|--|--|
| <u>Main Benefit</u> | Available Scales | |
| | • Tiered scale | Yes |
| | • 75% scale | Yes |
| | • Custom scale | Yes |
| | Assessment criteria | |
| | • Occupational | Yes |
| | • Impairment (progressive) | Yes |
| | Initial Period | 24 months |
| | Rehabilitation | Yes |
| | | First 24 months maximum of R17 000 per month or such additional limitations per scale as mentioned below and indicated in the Employer Participation Certificate From 25 month R175,000 per month or such additional limitations per scale as mentioned below and indicated in the Employer Participation Certificate |
| | Insurance Limit | |
| <u>Waivers and Options</u> | Waiver Benefits | |
| | • Employer Contribution and Premium Waiver | Yes |

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- Health Premium Waiver Yes
- Payback Option Yes
- Plus Benefit Yes

3. Summary

A summary and explanation of the available options applicable to the Reducing Income Protection Plan are set out below, which must be read with the terms and conditions of the Group Policy (including all Annexures) and which are at all times subject to such terms and conditions of the Group Policy.

3.1 Disability Benefit payments

3.1.1 A Disability Benefit payment equal to 100% (one hundred percent) of the Employee's Annual Salary shall be payable for the first 24 (twenty four) months from the Date of Disablement. After 24 (twenty four) months, the Disability Benefit equal to the percentage of the Disabled Employee's Annual Salary as stipulated in the Employer Participation Certificate shall be payable. Such payments are subject to the condition that the Employee meets the Disability definition, subject at all times to the terms and conditions of the Group Policy.

3.1.2 The Disability Benefit payable shall at all times be subject to the Insurance Limits, or additional limitations per Scale as mentioned below.

3.1.3 The Employer may select for the Group and/or each Qualifying Employment Category one of the following scales on which the Disability Benefits shall be calculated:

3.1.3.1 Tier scale

3.1.3.1.1 The value of the Disability Benefits in this scale will be calculated as a percentage of the Disabled Employee's Annual Salary as follows:

3.1.3.1.1.1 80% (eighty percent) of the first R 75 000 (seventy five thousand Rand) in the Annual Salary per annum, plus

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3.1.4 The Disability Benefit and Waiver Benefits if applicable, are payable to the Employer who is the policyholder in terms of the Group Policy. Liberty will only make Disability Benefit payments to the Disabled Employee in the event that the Employee -

3.1.4.1 ceases to be employed by the Employer and is no longer on the payroll of the Employer; and/or

3.1.4.2 the Employer is liquidated or ceases its business operations for whatsoever reason, subject to the Disabled Employee accepting the terms and conditions of the Group Policy.

3.2 Assessment criteria for a claim for Disability Benefits

3.2.1 The assessment of a claim for Disability Benefits may be carried out either on an occupational basis ("**Occupational Assessment**"), or on occupational and severity of Impairment basis ("**Progressive Assessment**"). As this Reducing Income Protection Plan provides for both Occupational Assessment and Progressive Assessment, the Disabled Employee shall first be assessed against the Occupational Assessment, where after the Progressive Assessment criteria will become applicable:

3.2.1.1 Occupational Assessment means, in the event of an Employee becoming Disabled so as to be incapable of fully performing his/her Own Occupation for the duration of the Waiting Period, a Disability Benefit shall only be paid for the duration of the Initial Period, calculated from the Date of Disablement. Thereafter the Employee will be assessed against Any Occupation to determine if the Disability Benefit may continue.

3.2.1.2 Progressive Assessment means that the Disability Benefit payable will be a stated percentage of the Employee's Disability Benefit, in accordance with the Employee's degree of Impairment according to the Whole Person Impairment percentages. A Disability Benefit payable in the event of Impairment, of less than 100% Whole Person Impairment shall only be paid for the duration of the Initial Period, calculated from the Date of Disablement.

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3.3 Waiver Benefits

The Employer may select any of the following Waiver Benefits payable in the manner set out in the Group Policy to the Employer:

3.3.1 Employer Contribution and Premium Waiver benefit

3.3.1.1 The Employer Contribution and Premium Waiver benefit provides cover to supplement the Employer's continuing retirement and risk premium contributions in respect of a Disabled Employee, and is payable to the Employer, subject to the conditions stipulated in the Group Policy.

3.3.1.2 An Employer can select the value of the Employer Contribution and Premium Waiver benefit, calculated either as a percentage of the Employee's Annual Salary or a fixed rand amount.

3.3.1.3 The total value of the Employer Contribution and Premium Waiver benefit may not exceed-

3.3.1.3.1 the percentage of the Employee's Annual Salary as specified in the Employer Participation Certificate; or

3.3.1.3.2 35% (thirty five percent) of the Employee's Annual Salary; or

3.3.1.3.3 R45 000 (forty five thousand Rand) per month,

whichever is less, subject to escalation as stipulated in the Group Policy at the same time as the escalation in respect of the Disability Benefits.

3.3.2 Health Waiver benefit

3.3.2.1 The Health Waiver benefit is payable towards a Disabled Employee's medical aid contribution, provided that the Employee is the main member on the Employer's sponsored or subsidised medical aid scheme and is payable to the Employer, subject to the terms of the Group Policy.

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3.3.2.2 Only 24 (twenty four) monthly contributions will be made in respect of a Disabled Employee, which contributions will be calculated from Date of Disablement.

3.3.2.3 The value of the Health Waiver benefit may not exceed -

3.3.2.3.1 The medical aid contribution; or

3.3.2.3.2 R7 200 (seven thousand two hundred Rand) per month,

whichever is less, subject to escalation as stipulated in the Group Policy at the same time as the escalation in respect of the Disability Benefits.

3.3.3 Payback Option benefit

3.3.3.1 The Payback Option benefit is payable as a once-off lump sum to cover the short-fall between a Disability Benefit payment and the cost to company payments in respect of a Disabled Employee and is paid to the Employer, subject to the terms of the Group Policy.

3.3.3.2 The Payback Option benefit shall be calculated as the total monthly Benefits payable in respect of an Employee, multiplied by the number of months selected as the Waiting Period

3.3.3.3 The value of the Payback Option benefit may not exceed-

3.3.3.3.1 The amount specific in the Employer Participation Schedule; or

3.3.3.3.2 The maximum amount of R525 000 (five hundred and twenty five thousand Rand),

whichever is less, subject to escalation as stipulated in the Group Policy at the same time as the escalation in respect of the Disability Benefits.

3.3.4 Plus Benefit

3.3.4.1 The Plus Benefit is a fixed amount payable to supplement a Disabled Employee's continuing retirement and risk premium contributions

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calculated as the difference between the escalation of the Reducing Income Protection Plan and the Annual Salary increase, which the Employee would have received had the Employee not become Disabled, and is payable to the Employer, subject to the terms of the Group Policy.

3.3.4.2 The Plus Benefit shall be payable 24 (twenty four) months after Date of Disablement.

3.3.4.3 The Plus Benefit shall be equal to 1/9th (one ninth) of each Disability Benefit payment payable as at 24 (twenty four) months after Date of Disablement.

3.3.4.4 The value of the Plus Benefit may not exceed-

3.3.4.4.1 The amount specific in the Employer Participation Schedule; or

3.3.4.4.2 The maximum amount of R19 444 (nineteen thousand four hundred and forty four Rand),

whichever is less, subject to escalation as stipulated in the Group Policy at the same time as the escalation in respect of the Disability Benefits.

4. EVIDENCE OF INSURABILITY

4.1 When Liberty requests medical evidence the Employee is entitled to cover for a period ending on the earlier of:

4.1.1 The completion of 60 days from the date the evidence was first requested by Liberty, or

4.1.2 The date on which a decision on the assessment of the risk is made.

4.2 The amount of cover shall, in respect of a newly admitted Employee as well as an Employee whose cover was previously accepted at ordinary terms and rates, be the Employee's full entitlement in terms of the Group Policy. In both instances, the cover will be limited to the maximum amount of cover that Liberty is prepared to make available for this type of insurance from time to time