

5006/J1131/YP
6 December 2012



Employee Benefits

The Chairman
Board of Trustees
The University of Cape Town
Private Bag X 30
RONDEBOSCH
7700

Dear Sir/Madam

UNIVERSITY OF CAPE TOWN INCOME CONTINUATION INSURANCE POLICY [CODE J1131]

We have pleasure in enclosing a revised policy, endorsement number 10 to policy number 14652734x6, which contains the underwriting conditions as well as the Waiver of Contributions Benefit that is added from 1 January 2013.

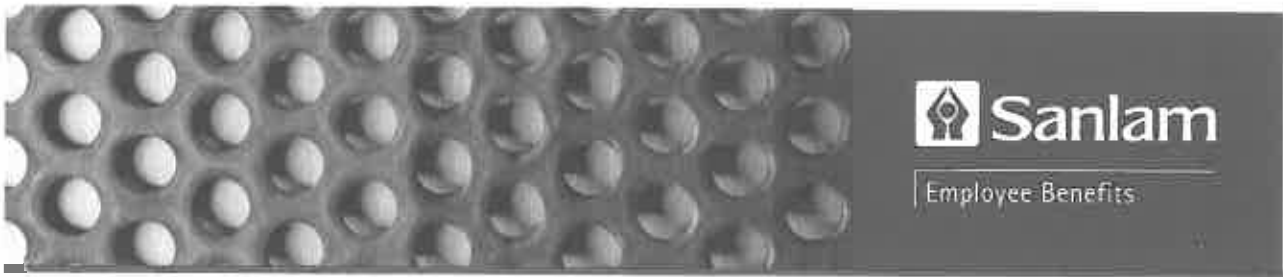
Should you require any further information, please do not hesitate to contact us at the numbers indicated below.

Yours faithfully

A handwritten signature in black ink, appearing to read "J. Pretorius", written in a cursive style.

SANLAM EMPLOYEE BENEFITS: GROUP RISK: CONTRACTS

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ENDORSEMENT NO. 10

to the

INCOME CONTINUATION INSURANCE POLICY

effected by

UNIVERSITY OF CAPE TOWN

(Policy number 14652734X6)

The provisions of the Policy are replaced by the provisions in this document with effect from 1 January 2012.

Sanlam Life Insurance Limited (Registration no 1998/021121/06) must provide –

- (a) income continuation insurance for the EMPLOYEES of the EMPLOYER; and
- (b) from 1 January 2013, the insurance as set out in Schedule 4 of the Policy for the benefit of the EMPLOYER,

in terms of this Policy (in which the attached Schedules are incorporated), provided that the provisions of the Policy are complied with by the EMPLOYER.

Signed at Bellville on behalf of Sanlam Life Insurance Limited on 6 December 2012.

J. Pretorius

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SCHEDULE 1. DEFINITIONS

1.1(1) In this Policy, unless the context indicates otherwise,

- ♦ the singular also denotes the plural and vice versa; and
- ♦ the expressions below have the meanings indicated opposite them.

BENEFIT CESSATION DATE in regard to an INSURED means the day on which he/she reaches the NORMAL RETIREMENT DATE.

COMMENCEMENT DATE means 1 January 1995.

COMMENCEMENT OF DISABILITY in regard to an INSURED means the beginning of the latest continuous period during which the INSURED is DISABLED.

CONSUMER PRICE INDEX means the "consumer price index for all urban areas" supplied by Statistics South Africa from time to time.

CURRENT EMPLOYER means the EMPLOYER in whose service the INSURED is immediately before the COMMENCEMENT OF DISABILITY.

DISABILITY means a condition where the INSURED is either TOTALLY or PARTIALLY DISABLED, and **DISABLED** has a corresponding meaning.

EMPLOYEE means an employee of the EMPLOYER whose conditions of service require the EMPLOYEE to be a member of the FUND and insured in terms of this Policy.

EMPLOYER means the PRINCIPAL EMPLOYER and any employer connected to the PRINCIPAL EMPLOYER which with the consent of the PRINCIPAL EMPLOYER participates in the FUND and whose EMPLOYEES are insured in terms of this Policy.

With regard to an EMPLOYEE, EMPLOYER means that EMPLOYER by whom the EMPLOYEE is or was last employed.

EMPLOYER'S CONTRIBUTIONS TO THE FUND means

- (a) for an INSURED in receipt of a TOTAL DISABILITY INCOME a monthly sum equal to
 - (i) 22,5% of the INSURED'S monthly PENSIONABLE EMOLUMENTS in the MONTH immediately before the WAITING PERIOD,
 - (ii) less the cost of applicable insurance premiums no longer payable in respect of the INSURED that would have been paid from the 22,5% contribution referred to above if the INSURED was not in receipt of a disability income;
 - (iii) increased according to clause 3.3 on 1 January each year; and

(b) for an **INSURED** in receipt of a **PARTIAL DISABILITY INCOME** a monthly sum calculated as in (a) but reduced in the same proportion as the **PARTIAL DISABILITY INCOME** bears to the **TOTAL DISABILITY INCOME**.

FUND means **UNIVERSITY OF CAPE TOWN RETIREMENT FUND**.

INSURED means an **EMPLOYEE** who is insured in terms of this Policy.

LABOUR RELATIONS ACT means the Labour Relations Act, 1995, and the regulations made in terms of it, or any substituting statutory measures.

MONTH means any of the twelve periods in which a year is divided.

NORMAL RETIREMENT AGE shall for the purpose of this Policy deemed to be the age of 65 years.

NORMAL RETIREMENT DATE in regard to any **INSURED** means the last day of December in the year in which he/she reaches the **NORMAL RETIREMENT AGE**. If an **INSURED** retires on his/her **NORMAL RETIREMENT DATE**, he/she will be deemed to be on retirement with effect from the first day of the succeeding month.

PARTIAL DISABILITY has a meaning corresponding to **TOTAL DISABILITY**, except that

- ♦ the **INSURED**'s functional impairment is of such an extent that he/she is only partially or part-timely unable to perform the duties that he/she must be unable to perform for him/her to be **TOTALLY DISABLED**;
- ♦ the functional impairment results in the **INSURED** foregoing at least 25% of his/her **PENSIONABLE EMOLUMENTS** that he/she received or was entitled to immediately before the **WAITING PERIOD**;
- ♦ the **INSURED**'s functional impairment is not deemed **PARTIAL DISABILITY** if the **INSURED** is no longer in the service of his/her **CURRENT EMPLOYER**.

PARTIALLY DISABLED has a corresponding meaning.

PARTICIPATION DATE means 1 March 2002.

PENSIONABLE EMOLUMENTS means the deemed pensionable salary of the **INSURED** upon which contributions are paid in terms of the **FUND** rules and in terms of which premiums are paid in terms of this Policy.

Changes in an **INSURED**'S emoluments and the corresponding changes in benefits and contributions will become effective from the actual date of change in **PENSIONABLE EMOLUMENTS**.

POLICY ANNIVERSARY means the first day of January of each year.

PRINCIPAL EMPLOYER means University of Cape Town.

REGULAR OCCUPATION means the occupation regularly followed by the INSURED immediately before the COMMENCEMENT OF DISABILITY, disregarding any duties not normally associated with an occupation of that nature.

SANLAM means Sanlam Life Insurance Limited.

SUITABLE OCCUPATION means an occupation which the INSURED, by virtue of his/her training and experience, could reasonably be expected to follow - with or without further in-service training - if it were not for the INSURED's functional impairment.

TOTAL DISABILITY means a functional impairment - directly and exclusively caused by a bodily injury or an illness - to such an extent that the INSURED

(a) is continuously and totally unable to perform, in the service of his/her CURRENT EMPLOYER, the normal duties of his/her REGULAR OCCUPATION and any other SUITABLE OCCUPATION that his/her CURRENT EMPLOYER can offer him/her, in accordance with the LABOUR RELATIONS ACT; and

(b) after a period of 12 MONTHS has elapsed since the COMMENCEMENT OF DISABILITY, is continuously and totally unable to perform, in the service of any employer or otherwise, the normal duties of his/her REGULAR OCCUPATION and any other SUITABLE OCCUPATION,

provided that the functional impairment

- ◆ is not attributable to the INSURED's having negligently or wilfully exposed himself/herself to danger, except in the interests of the law or to protect his/her or another's life or property;
- ◆ is not attributable to intentional self-inflicted injury.

TOTALLY DISABLED has a corresponding meaning.

WAITING PERIOD means a period of six MONTHS starting at the COMMENCEMENT OF DISABILITY, during which no benefit is paid.

- 1.1(2) In this Policy **the insurance described in this Policy** also includes the insurance of the income continuation benefit that was provided immediately prior to 1 January 2012 in terms of the Policy.

SCHEDULE 2. PARTICIPATION**2.1 INSURED**

- 2.1(1) Every EMPLOYEE qualifies to become an INSURED in terms of this Policy, provided that -
- (a) he/she has already reached the age of 15 years;
 - (b) he/she has not reached the NORMAL RETIREMENT AGE;
 - (c) he/she did not, at any time in the past, terminate his/her service with the EMPLOYER or somebody else as a result of ill-health.
- 2.1(2) Every EMPLOYEE who qualifies for this insurance on or after the PARTICIPATION DATE, automatically and without any specific application is insured in terms of this Policy from the date on which he/she qualifies for the insurance.
- 2.1(3) The requirements referred to in the preceding sub-clause must be laid down by the EMPLOYER as a condition of employment of its EMPLOYEES.

2.2 Termination of participation of an INSURED

An INSURED ceases to be an INSURED -

- (a) at the INSURED'S death; or
 - (b) as soon as the INSURED, after he/she has ceased to be an EMPLOYEE, ceases to be entitled to a benefit in terms of the Policy; or
 - (c) at the cancellation of the insurance in terms of the provisions of the Policy; or
 - (d) if the EMPLOYER ceases to carry on business,
- whichever event occurs first.

SCHEDULE 3. INCOME CARE

3.1 Income benefit

If an INSURED who is an EMPLOYEE, becomes DISABLED after the latest date on which the insurance described in this Schedule becomes applicable to him/her, but before the BENEFIT CESSATION DATE, SANLAM pays to the INSURED the TOTAL DISABILITY INCOME (described below) in the case of TOTAL DISABILITY and the PARTIAL DISABILITY INCOME (described below) in the case of PARTIAL DISABILITY.

In determining the TOTAL DISABILITY INCOME, PENSIONABLE EMOLUMENTS means the PENSIONABLE EMOLUMENTS immediately before the WAITING PERIOD.

The **PARTIAL DISABILITY INCOME** is an amount equal to the INSURED's TOTAL DISABILITY INCOME, multiplied by $(A - B)$ divided by A , where -

A represents the INSURED's monthly PENSIONABLE EMOLUMENTS on the latest date on which DISABILITY commenced and increased in accordance with the increase in the CONSUMER PRICE INDEX at intervals of 12 MONTHS;

B represents the monthly income that the INSURED is earning or the monthly income that the INSURED is in the opinion of SANLAM capable of earning as a disabled person from his/her REGULAR OCCUPATION or any other SUITABLE OCCUPATION, with a maximum value for B equal to A .

In determining this monthly income SANLAM takes into account, among others, market rates of PENSIONABLE EMOLUMENTS, and generally accepted industry practice regarding the evaluation of the extent of the DISABILITY.

TOTAL DISABILITY INCOME, subject to the provisions of this part regarding proof of assurability, means an amount equal to 70% of the INSURED'S PENSIONABLE EMOLUMENTS, on the latest date on which TOTAL DISABILITY commenced.

3.2 Cessation of premiums

During the period in which a disability income is paid in respect of an INSURED in terms of this Schedule, no premiums for the insurance described in this Schedule are payable to SANLAM in respect of that INSURED.

3.3 Growth of disability income

3.3(1) After payment of the disability income has commenced, the TOTAL DISABILITY INCOME is increased annually on 1 January at a rate of 5% per annum compounded annually.

- 3.3(2) The increase in terms of this clause is limited so that the annual increase in the disability income does not exceed the increase in the CONSUMER PRICE INDEX for the twelve months ending 3 MONTHS prior to the increase date.

3.4 Subjection to treatment and rehabilitation programmes

- 3.4(1) No benefit is paid unless, before and after the COMMENCEMENT OF DISABILITY,
- ♦ the INSURED undergoes suitable rehabilitation programmes; and
 - ♦ the INSURED submits to medical examinations and vocational and return to work assessments, when required by SANLAM to do so; and
 - ♦ the CURRENT EMPLOYER causes the workplace of the INSURED to be adapted to a reasonable extent to enable the INSURED to follow his/her REGULAR or a SUITABLE OCCUPATION.

When an INSURED has been on sick-leave for more than fourteen days continuously, or when an INSURED has been on sick-leave for more than fourteen days in total over any period of three MONTHS, the EMPLOYER must inform SANLAM as soon as reasonably possible, but in any case within 14 days, of such absence. This information must include the particulars that SANLAM may request from time to time, including the reasons for the absence, treatment undergone, and the provider of the treatment.

Notwithstanding any other provision to the contrary in the Policy, no benefit is paid in terms of this Schedule in respect of an INSURED who resides or travels outside the Republic of South Africa if he/she, as a result thereof, is unable to undergo suitable treatment or suitable rehabilitation programmes.

- 3.4(2) For the purpose of the preceding sub-clause "suitable rehabilitation programs" means medical and surgical treatment and occupational and medical therapy and return to work programmes reasonably deemed necessary by SANLAM with the view of improving or preventing a deterioration of the INSURED's ability to work, taking into account the risk and the prospect of success of that treatment, therapy or program.

In deciding on the suitability or not of a rehabilitation program SANLAM will take into consideration the existence of appropriate facilities within reasonable proximity of the INSURED's place of employment.

- 3.4(3) If an INSURED experiences DISABILITY more than five years before reaching the BENEFIT CESSATION DATE, and SANLAM evaluates that physiotherapy or psychotherapy is likely to rehabilitate or enhance the INSURED's capacity for work to the extent that he/she will be able to earn at least 50% of his/her PENSIONABLE EMOLUMENTS within a reasonable period after the start of the WAITING PERIOD,

SANLAM, at its discretion, will consider arranging for the provision, at SANLAM's cost, of the therapy.

- 3.4(4) The cost of the therapy that SANLAM may arrange will not exceed 24 months' TOTAL DISABILITY INCOME. Such therapy will not include any service the cost of which is covered by the INSURED's medical aid scheme. The INSURED must prove non-coverage to the satisfaction of SANLAM. SANLAM will not be responsible for the cost of any adaptation required to the workplace of the INSURED.
- 3.4(5) The cost of the provision of any service arranged by SANLAM in terms of the preceding two sub-clauses will be paid directly to the providers of the service.

3.5 Commencement of disability

SANLAM determines the COMMENCEMENT OF DISABILITY on grounds of the medical and other information submitted.

3.6 Notification of claim

Benefits may be claimed in terms of this Schedule only if within six MONTHS after the COMMENCEMENT OF DISABILITY, SANLAM is notified in writing of the claim for the benefits.

3.7 Proof of disability and cost involved

- 3.7(1) SANLAM has to be satisfied, by way of medical and other information which is required at its sole discretion and which is submitted at its head office on behalf of the INSURED, that the INSURED is TOTALLY or PARTIALLY DISABLED.
- 3.7(2) After SANLAM has admitted a claim for the payment of disability income, it may, at any time afterwards and as frequently as it deems necessary, require the INSURED to again submit medical and other information so that SANLAM may consider whether he/she is still DISABLED.
- 3.7(3) SANLAM may at its sole discretion require an INSURED residing or travelling outside the Republic of South Africa to submit to an examination by a medical doctor (other than the INSURED himself/herself) practising in the Republic of South Africa or any other country indicated by SANLAM. SANLAM may also require such an INSURED to provide SANLAM with satisfactory proof of existence on a periodic basis.
- 3.7(4) Medical and other information which is required in respect of an INSURED before SANLAM is satisfied for the first time that he/she is TOTALLY or PARTIALLY DISABLED, must be submitted at the INSURED's expense. The submission of further information which SANLAM requires, is at SANLAM's expense.

3.8 Commencement of and time of payment of monthly disability income

- 3.8(1) The first MONTH for which a disability income is payable in terms of this Schedule is -

- ♦ the MONTH in which the INSURED's WAITING PERIOD expires, in the case of an INSURED whose WAITING PERIOD expires before the fifteenth of a MONTH; and
- ♦ the MONTH that follows on the MONTH in which the INSURED's WAITING PERIOD expires, in the case of an INSURED whose WAITING PERIOD expires on or after the fifteenth of a MONTH.

3.8(2) The monthly disability income which is payable in terms of this Schedule, is payable on the last day of the MONTH.

3.9 Cessation of disability income

3.9(1) The payment of the disability income in terms of this Schedule ceases as soon as the first of the following occurs:

- (a) the INSURED is no longer DISABLED;
- (b) the INSURED receives retirement benefits from the EMPLOYER or from a fund to which the EMPLOYER contributes or has contributed for its EMPLOYEES;
- (c) the BENEFIT CESSATION DATE.

3.9(2) If a DISABLED INSURED to whom a disability income is still paid in terms of this Schedule, dies, three further monthly disability income payments at the level applicable immediately before death will be made in advance to the INSURED's estate.

3.10 Proof of good health

3.10(1) For the purposes of the following clauses -

BENEFIT ENTITLEMENT in regard to an INSURED means the benefits that would have been provided by SANLAM in regard to him/her in terms of this Schedule and Schedule 4 but for the stipulations of this Schedule regarding proof of good health.

FREE COVER LIMIT means that part of the BENEFIT ENTITLEMENT regarding which proof of good health does not have to be submitted, as laid down from time to time by SANLAM and conveyed in writing to the EMPLOYER.

3.10(2) The insurance provided in terms of this Policy regarding an INSURED is limited to the FREE COVER LIMIT, unless proof of good health to the satisfaction of SANLAM regarding that part of his/her BENEFIT ENTITLEMENT exceeding the FREE COVER LIMIT is submitted to SANLAM in the manner specified by SANLAM from time to time. If more than one benefit is payable in terms of this Policy, SANLAM may apply the limitation proportionally in respect of each benefit. But the insurance is not limited to the FREE COVER LIMIT in the following instances-

- (a) for the first three MONTHS after the INSURED becomes an INSURED; and
- (b) for the first three MONTHS after an increase in the INSURED's BENEFIT ENTITLEMENT if the FREE COVER LIMIT is exceeded for the first time as a result of the increase,

provided that-

- ♦ the benefits which are provided in the three MONTHS referred to in paragraphs (a) and (b) above may not exceed amounts determined by SANLAM from time to time; and
- ♦ paragraph (a) is not applicable if the INSURED becomes an INSURED as a result of the insurance provided in terms of this Schedule replacing other insurance in terms of which the INSURED was insured; and
- ♦ if the INSURED becomes DISABLED within the three MONTHS referred to in paragraphs (a) or (b) above, and SANLAM is satisfied that the cause of the DISABILITY relates to an illness or an injury which occurred within the six MONTHS immediately prior to the beginning of the period of three MONTHS, the benefits in terms of this Policy will, unless totally excluded in terms of the Policy, be limited to the FREE COVER LIMIT; and
- ♦ if the INSURED submits proof of good health to the satisfaction of SANLAM within the three MONTHS referred to in paragraphs (a) or (b) above, then the insurance that is agreed to by the EMPLOYER and SANLAM in writing is applicable to the INSURED from the moment it is put in writing.

The EMPLOYER must advise SANLAM in writing immediately when an INSURED's BENEFIT ENTITLEMENT exceeds the FREE COVER LIMIT.

SANLAM will only request proof of good health in respect of an INSURED upon being advised by the EMPLOYER in writing that the INSURED's BENEFIT ENTITLEMENT has exceeded the FREE COVER LIMIT.

SANLAM will not be liable for any claim in respect of any amount in excess of the FREE COVER LIMIT where the EMPLOYER did not advise SANLAM in writing that the INSURED's BENEFIT ENTITLEMENT has exceeded the FREE COVER LIMIT and in respect of whom proof of good health to the satisfaction of SANLAM was not submitted to SANLAM in the manner specified by SANLAM from time to time.

- 3.10(3) In deciding on medical grounds that the proof of good health that has been submitted in a particular case in terms of the preceding clauses is to its satisfaction, SANLAM may -

- (a) levy an additional premium (over and above its premium rate for standard lives) for the insurance of that part of the cover that exceeds the FREE COVER LIMIT or
- (b) determine that the part of the benefits referred to is not applicable in the case of causes of disability as laid down by SANLAM.

provided that the part of the benefits referred to (including the increases) is only applicable if and after the EMPLOYER and SANLAM have agreed to it in writing and then also not in the case of causes of disability as laid down by SANLAM.

- 3.10(4) Once proof of good health to the satisfaction of SANLAM for that part of an INSURED's insurance exceeding the FREE COVER LIMIT has been submitted to SANLAM in the manner specified by SANLAM from time to time, subsequent increases in the INSURED's BENEFIT ENTITLEMENT will, in the following circumstances, apply only if further proof of good health to SANLAM's satisfaction has been provided:
- (a) if certain periods determined by SANLAM from time to time have expired; or
 - (b) if the INSURED reaches a certain age determined by SANLAM from time to time; or
 - (c) if the benefit exceeds amounts determined by SANLAM from time to time, and notified to the EMPLOYER.
- 3.10(5) If SANLAM reduces the FREE COVER LIMIT at any specific time, the insurance that applied in respect of an existing INSURED before such reduction, is not reduced accordingly, provided that the benefit remains applicable in respect of the INSURED without interruption.
- 3.10(6) If the benefits in terms of this Schedule have ceased to apply in respect of an INSURED temporarily, proof of good health that was submitted in respect of the INSURED before such cessation, is not taken into account.
- 3.10(7) If the FREE COVER LIMIT laid down in general is increased while payments in terms of this Schedule are being made in respect of an INSURED whose benefits have been restricted in terms of the preceding clauses regarding proof of good health, such payments are not increased accordingly.
- 3.10(8) SANLAM pays all costs incurred in obtaining proof of good health, except in the case where the INSURED must submit the proof because he/she became an INSURED more than three MONTHS after he/she could have become an INSURED.

3.11 Sanlam's liability when underwriting requirements are due

Once the INSURED'S data has been submitted to SANLAM **and** where an INSURED'S potential cover exceeds the FREE COVER LIMIT, it is recorded that in the event of a claim during the following periods, the liability of SANLAM is as specified below:

- (a) If an INSURED is disabled as a result of an accident within 3 months of the date that cover was due to commence or increase, then SANLAM will assess the claim against the full potential cover.
- (b) Disability claims other than in (a) above are treated as follows:

Claims during the following period	Sanlam on risk for
Following receipt of INSURED'S data by SANLAM until SANLAM request underwriting requirements.	INSURED'S previously accepted cover increased by any advance underwriting provisions granted by SANLAM.
Where SANLAM takes longer than 10 working days following receipt of INSURED'S data to request underwriting requirements, then: During the period from the end of these 10 working days until SANLAM request underwriting requirements.	INSURED'S full potential cover

<p>From the date of the request by SANLAM of underwriting information until the date that the underwriting requirements are received by SANLAM and until the EMPLOYER is advised of SANLAM'S assessment of the case and its terms conditions.</p>	<p>(a) If, based on the medical evidence provided, SANLAM would have accepted the INSURED without limitation of cover (with or without and additional premium), then: INSURED'S full potential cover. (This is subject to the payment by the EMPLOYER of any additional premium that SANLAM would have imposed, based on the evidence.)</p> <p>(b) If, based on the medical evidence provided, SANLAM would not have accepted the INSURED then, The INSURED'S previously accepted cover increased by any advanced underwriting provisions. In the event that the claim is due to accidental causes, SANLAM will pay the excess up to the INSURED'S full potential cover (subject to any limitations provided for in the policy of insurance.)</p>
<p>Where SANLAM takes longer than 10 working days following receipt of underwriting requirements to advise its assessment then: During the period from the end of these 10 working days until SANLAM advises its assessment.</p>	<p>INSURED'S full potential cover</p>
<p>From the date that SANLAM advises its underwriting assessment.</p>	<p>INSURED'S cover in accordance with SANLAM'S assessment.</p>
<p>In the event that the INSURED does not submit requested underwriting requirements within 90 days then: From the date of notification by SANLAM to the EMPLOYER that the INSURED'S</p>	<p>INSURED'S previously accepted cover increased by any advance underwriting provisions as advised by SANLAM.</p>

cover is to be limited.	
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3.12 General exclusions

- 3.12(1) No benefit is paid in terms of this Policy if the **DISABILITY** is caused by a bodily injury or an illness which directly or indirectly arises from or is traceable to military or hostile action, provided that this provision does not apply unless **SANLAM** notifies the **EMPLOYER** to the contrary in writing, in which event this provision only applies to disability caused subsequent to the notification. For the purposes of this proviso the notification is deemed to be effected at the time at which a letter, posted by **SANLAM** in this connection, would be delivered in the ordinary course of post.
- 3.12(2) A new **EMPLOYEE** becomes an **INSURED** from the date of his/her appointment as an **EMPLOYEE** of the **EMPLOYER**. However, if an **EMPLOYEE** is incapable of performing his/her normal duties on his/her first day of employment with the **EMPLOYER** because of injury or illness and
- (i) as a result does not start or resume his/her normal duties with the **EMPLOYER**; and
 - (ii) is found to be **TOTALLY DISABLED** as a result of this injury or illness,
- the benefit is not payable.
- 3.12(3) The benefit described in this Schedule is also not payable in respect of an **INSURED** if the **INSURED** becomes **DISABLED** within twelve **MONTHS** after the latest date on which the insurance described in this Schedule has commenced with **SANLAM** in respect of the **INSURED** and such disability directly or indirectly arises from or is traceable to
- ♦ a bodily injury which occurred, or
 - ♦ a condition of which the **INSURED** was conscious or experienced symptoms or for which medical treatment was received
- during the six **MONTHS** immediately before the above-mentioned date. This provision does not apply to an **INSURED** in respect of whom proof of good health for the insurance in terms of this Policy has been submitted to the satisfaction of **SANLAM** after the mentioned date and in the manner specified by **SANLAM** from time to time.
- 3.12(4) If the extent of the benefit described in this Schedule was or is increased by virtue of an amendment to the Policy, clauses 3.12(2) to 3.12(3) apply to the increase. But for the purposes of this provision the date referred to in the relevant clauses means the date of the policy amendment.

3.13 Commencement of insurance

- 3.13(1) The benefit described in this Schedule is not payable in respect of an INSURED if he/she has the option of participating in the insurance and his/her DISABILITY commences before SANLAM receives full particulars concerning him/her.
- 3.13(2) The part of the insurance of the benefit described in this Schedule regarding which proof of good health to the satisfaction of SANLAM has been submitted to SANLAM in the manner specified by SANLAM from time to time, is normally insured as from the date on which SANLAM received the last information taken into account in considering the good health of the INSURED. But any such insurance for which SANLAM requires an additional premium or excludes certain causes of disability, only commences after the EMPLOYER and SANLAM agree to it in writing.

3.14 Leave of absence

No claim for the benefit in terms of this Schedule is admitted if the DISABILITY arises during a period in which the INSURED concerned is deliberately absent from the EMPLOYER's service without permission, unless the EMPLOYER and SANLAM agree otherwise in a particular case.

3.15 Termination of service

If an INSURED's service is terminated with the EMPLOYER and he/she is DISABLED on the date of termination of service, he/she continues to be an INSURED as if he/she had remained an EMPLOYEE and the EMPLOYER had consented to his/her absence from work. His/Her participation as an INSURED is, however, only deemed to continue thus until the earliest of -

- ◆ the expiry of two years;
- ◆ the date on which the benefit in terms of this Schedule becomes payable; or
- ◆ a claim for the benefit is declined.

3.16 Subsequent periods of DISABILITY

If the INSURED again experiences DISABILITY after the disability income has ceased for less than six MONTHS, the subsequent DISABILITY is, from its commencement, deemed to be a continuation of the immediately preceding period of DISABILITY.

3.17 Maximum benefits from all sources

- 3.17(1) In the case of TOTAL DISABILITY SANLAM limits the disability income paid in terms of this Schedule in respect of an INSURED so that the average monthly income of the INSURED after disability (as defined below) does not during the first two years of DISABILITY exceed 100%, and thereafter 75%, of the INSURED's average monthly earnings before disability (as defined below).

- 3.17(2) The average monthly earnings of the INSURED before disability is taken as the average per MONTH of all income and PENSIONABLE EMOLUMENTS which accrued to the INSURED from his/her engaging in his/her occupation during the twelve MONTHS before the start of the WAITING PERIOD. Any form of fringe benefits of a non-recurrent nature are, however, excluded. Further, all expenditure and costs incurred directly with a view to earning such income and PENSIONABLE EMOLUMENTS are deducted from the said income and PENSIONABLE EMOLUMENTS. The INSURED's average monthly earnings before disability is adjusted in accordance with the increase in the CONSUMER PRICE INDEX after two years and thereafter at intervals determined by SANLAM but not exceeding 18 MONTHS.
- 3.17(3) For the purposes of this clause the INSURED's average monthly income after disability is determined by taking into account the following receipts:
- (a) all income and PENSIONABLE EMOLUMENTS payable to the INSURED directly or indirectly for services which he/she renders or rendered in connection with an occupation which he/she follows or followed, decreased by all expenditure and costs incurred directly with a view to earning that income and PENSIONABLE EMOLUMENTS; and
 - (b) any form of benefits or PENSIONABLE EMOLUMENTS (whether in cash or not) to which somebody becomes entitled in connection with or as a result of the INSURED's disability or to which somebody would have been entitled if the benefit in terms of this Schedule had not existed. This includes any gratuity or other payment from a fund or scheme which provides benefits at retirement or disability and benefits in terms of the Compensation for Occupational Injuries and Diseases Act, 1993, as amended.

The following are not taken into account:

- (i) the waiver of employer's contributions to pension and provident funds in terms of group disability policies;
- (ii) any benefits in terms of the Motor Vehicle Accidents Act, 1986, as amended, read together with section 3 of the Multilateral Motor Vehicle Accidents Fund Act, 1989, as amended;
- (iii) the benefits in terms of any policy owned by the EMPLOYER from which no benefit consequent upon the disability of the INSURED becomes payable to the INSURED or to his/her spouse or to any member of the INSURED's family;

- (iv) disability income benefits which are payable for not more than two years to cover continued business expenses;
 - (v) lump sum receipts of which the aggregate does not exceed the larger of R400 000, or any other amount determined by SANLAM, and 2,5 times the annual PENSIONABLE EMOLUMENTS of the INSURED before the WAITING PERIOD;
 - (vi) any benefit which would have been payable at the surrender of a policy or at early retirement or withdrawal from any fund or scheme for reasons other than ill health. For this purpose a retirement annuity policy is deemed to have a surrender value;
 - (vii) benefits payable if the INSURED, due to an accident, experiences the total and permanent loss of the sight of one or both eyes or the use of any part of his/her body; and
 - (viii) benefits payable due to the INSURED being permanently, continuously and totally prevented from performing the normal actions and functions with regard to the care of his/her body or from taking care of his/her personal interests.
- 3.17(4) In the determination of the average monthly income after disability, lump sum receipts are deemed to be a regular monthly income equal to such lump sum receipts divided by 120.
- 3.17(5) Any receipt expressed as a capital amount payable by instalments over a period of 10 years or less, is also deemed to be a lump sum receipt.
- 3.17(6) Where a receipt is expressed as a capital amount payable by instalments over a period exceeding 10 years, only the instalments are taken into account.
- 3.17(7) If PARTIAL DISABILITY INCOME is granted in terms of this Schedule, SANLAM limits the disability income payable in respect of the INSURED so that the INSURED's average monthly income after disability (as described above) does not exceed Y.
- 3.17(8) For the purposes of the preceding subclause Y means, for the first two years of disability, 100% of the INSURED's average monthly earnings before disability as defined above. After expiry of the first two years of disability, Y however means 75% of the said average monthly earnings before disability, plus 25% of the average monthly earnings of the INSURED from the occupation (if any) that he/she follows, subject to a maximum value of Y equal to the mentioned average monthly earnings before disability.

- 3.17(9) At the request of SANLAM the INSURED must submit proof of the extent of his/her average monthly income after disability. If the INSURED fails to submit such proof to SANLAM's satisfaction, the disability income payable in terms of this Schedule may be decreased at SANLAM's discretion.
- 3.17(10) The amounts by which SANLAM limits the income continuation benefits by virtue of income from other sources (other than the income taken into account in the determination of PARTIAL DISABILITY INCOME) are either -
- (a) taken into account by SANLAM at the next revision of the rate at which premiums are payable to the Policy; or
 - (b) utilized by SANLAM to add bonuses to the disability income payable in respect of the INSURED.

The bonuses, together with the growth described in clause 3.3, may however not amount to an increase in an INSURED's disability income in excess of the increase in the CONSUMER PRICE INDEX for the period concerned.

3.18 Cancellation

- 3.18(1) If the insurance described in this Schedule is cancelled for a group of INSURED, SANLAM's liabilities in terms of this Schedule regarding each of those INSURED lapse, unless -
- (a) a claim for the benefit in terms of this Schedule arises before the date of cancellation; and
 - (b) the claim referred to is submitted to SANLAM before or within six MONTHS of the date of cancellation; and
 - (c) the claim referred to has been or is admitted by SANLAM; and
 - (d) if the WAITING PERIOD expires after the date of cancellation, the cost of the insurance described in this Policy in respect of the INSURED is paid to SANLAM until the end of the WAITING PERIOD.
- 3.18(2) The provision above in terms of which an incidence of disability is sometimes deemed to be a continuation of a previous period of disability, does not apply after the cancellation of the insurance.
- 3.18(3) An INSURED is deemed to be a member of a group if he/she was a member of the group immediately prior to the COMMENCEMENT OF DISABILITY.

SCHEDULE 4. WAIVER OF CONTRIBUTIONS BENEFIT

4.1 Benefit

During the period in which a disability income is paid in respect of an INSURED in terms of Schedule 3, SANLAM pays to the EMPLOYER the EMPLOYER'S CONTRIBUTIONS TO THE FUND.

4.2 Proof of good health

The benefit described in this Schedule is subject to proof of the INSURED's good health in accordance with the conditions regarding proof of good health described in Schedule 3.

4.3 Cancellation

4.3(1) If the insurance described in this Schedule is cancelled for a group of INSURED, SANLAM's liabilities in terms of this Schedule regarding each of those INSURED lapse, unless -

- (a) a claim for the benefit in terms of this Schedule arises before the date of cancellation; and
- (b) the claim referred to is submitted to SANLAM before or within six MONTHS of the date of cancellation; and
- (c) the claim referred to has been or is admitted by SANLAM; and
- (d) the cost of the insurance described in this Schedule in respect of the INSURED is paid to SANLAM until the payment of the said disability income commences.

4.3(2) If SANLAM's liabilities do not lapse in terms of the preceding sub-clause, SANLAM must apply the contributions which would have been paid by SANLAM to the EMPLOYER in terms of this Schedule if the insurance described in this Schedule had not been cancelled on a basis on which SANLAM decides in consultation with the EMPLOYER.

4.3(3) For the purposes of this clause the insurance described in this Schedule is also regarded as cancelled for a group of INSURED when the membership of the FUND of a group of INSURED is terminated.

Furthermore an INSURED is deemed to be a member of a group if he/she was a member of the group immediately prior to the commencement of disability.

SCHEDULE 5. ABSENCE FROM SERVICE

- 5.1(1) The income continuation insurance of an INSURED lapses and for the purposes of the Policy it is deemed that the INSURED's service with the EMPLOYER has been terminated if and as soon as the INSURED is absent from the service of the EMPLOYER and is not remunerated in full while he/she is thus absent, on the understanding that the insurance is continued as if he/she were in the service of the EMPLOYER if the EMPLOYER consented to his/her being absent from his/her work. An EMPLOYEE is deemed to be absent with the EMPLOYER's consent while he/she is engaged in a strike that is protected in terms of the LABOUR RELATIONS ACT.
- 5.1(2) During the period in which the insurance of an INSURED is continued in terms of the proviso to the preceding sub-clause, the PENSIONABLE EMOLUMENTS of such an INSURED is for all purposes of this Policy deemed to be equal to the PENSIONABLE EMOLUMENTS which he/she received immediately before the commencement of the absence.
- 5.1(3) The insurance which is continued during temporary absence from service in terms of subclause (1), is terminated as if the service of the INSURED were terminated if and as soon as a period of twenty-seven months has expired since the commencement of the absence. Periods of absence that were interrupted by periods of less than three consecutive calendar MONTHS, are added together to determine whether the period of twenty-seven months has elapsed or not.

SCHEDULE 6. PREMIUMS**6.1 Monthly premiums**

- 6.1(1) As consideration for SANLAM's obligation in terms of the Policy, a monthly premium laid down by SANLAM from time to time is payable to SANLAM.
- 6.1(2) The EMPLOYER guarantees to pay the premiums for each MONTH in respect of all the INSURED to SANLAM in one amount at the end of the MONTH.
- 6.1(3) If an INSURED's service does not commence on the first day of a MONTH with the EMPLOYER no premium is payable for the MONTH in which he/she becomes an INSURED.

6.2 Days of grace

Fifteen days of grace are allowed for the payment of premiums.

SCHEDULE 7. MISCELLANEOUS PROVISIONS**7.1 Currency**

All amounts payable to or by the parties in terms of the Policy, are payable in the Republic of South Africa in the currency of the Republic of South Africa.

7.2 Provision of data

The EMPLOYER must provide, in a manner determined by SANLAM, the data which SANLAM may require in relation to the Policy.

SANLAM may act upon the data without further enquiry and is not responsible to anybody for any mis-statements, errors or omissions that may be contained in the data.

If it transpires that such data is incorrect, SANLAM may in consultation with the EMPLOYER effect adjustments in the insurance which SANLAM provides in terms of the Policy and to the basis for calculation of the premium of the insurance. These adjustments may only be made to the extent which in SANLAM's opinion is necessitated by the incorrect data.

7.3 Proof of claims

When a claim for any benefit arises, SANLAM may require proof to its satisfaction as to any circumstance which may affect the recognition of the claim.

7.4 Cession

Neither the Policy nor any rights in terms of the Policy or any certificate issued by SANLAM in relation to the Policy, may be transferred or otherwise ceded or pledged.

7.5 Indemnity

SANLAM indemnifies the EMPLOYER against any losses or damages that may result from the negligence, dishonesty or fraud of any of SANLAM's directors, employees or agents. The EMPLOYER also indemnifies SANLAM against any losses or damages that may result from the negligence, dishonesty or fraud of any of the EMPLOYER's directors, employees or agents.

7.6 Alterations to the Policy

7.6(1) Subject to any contrary provision in the Policy, SANLAM may at any time amend any provision of the Policy, provided that SANLAM notifies the PRINCIPAL EMPLOYER in writing of the amendment contemplated at least three MONTHS before the amendment becomes effective.

7.6(2) SANLAM may not amend the Policy after the PRINCIPAL EMPLOYER has given notice of cancellation of the whole Policy in terms of clause 7.11(1).

- 7.6(3) If the PRINCIPAL EMPLOYER appoints an intermediary to render services, SANLAM may immediately alter the premium charged for the benefits in terms of this Policy in proportion to any commission or fee payable to the intermediary.
- 7.6(4) If the Policy is amended with regard to the benefits payable in terms of the Policy, the amendment will, unless specifically stated otherwise, not apply to -
- (a) the benefits in respect of INSURED who are no longer EMPLOYEES on the amendment date; and
 - (b) benefits regarding claims which arise before the amendment date.

7.7 Measures by the authorities

If the authorities take measures which have a financial effect on the business to which this Policy is related, SANLAM, notwithstanding any provision to the contrary, may adjust, in relation to those measures, the provisions of the Policy with effect from the date on which the measures become effective.

7.8 Communication between the parties

The EMPLOYER must represent the INSURED in all aspects regarding the Policy. Benefit payments are, however, made as follows:

- (a) the disability income, directly to the INSURED; and
- (b) other benefits (if applicable) as set out in the Policy, directly to the EMPLOYER or to the FUND as directed by the EMPLOYER.

7.9 Notifications to and by the parties

For the purposes of the Policy, any notification directed by SANLAM to the person or body appointed by the PRINCIPAL EMPLOYER from time to time to deal with SANLAM on behalf of the PRINCIPAL EMPLOYER, is deemed to have been directed to the PRINCIPAL EMPLOYER. And any notification or instruction directed to SANLAM by any person or body purporting to act for the PRINCIPAL EMPLOYER is deemed to have been directed by the PRINCIPAL EMPLOYER.

7.10 Entry of participating employers

- 7.10(1) Participation in the Policy of a new EMPLOYER and its EMPLOYEES is subject to the consent of the PRINCIPAL EMPLOYER and SANLAM and also to any special conditions agreed to by the PRINCIPAL EMPLOYER and SANLAM with respect to that EMPLOYER and its EMPLOYEES.
- 7.10(2) Subject to the previous sub-clause an EMPLOYEE who is in the service of a new participating EMPLOYER before the date on which the EMPLOYER starts participating in the Policy and remains in the EMPLOYER's service without

interruption, may become an INSURED on or after the date on which he/she qualifies for the insurance by applying for it. If an EMPLOYEE applies to become an INSURED more than three MONTHS after the date of qualification, he/she may become an INSURED with the approval of SANLAM. His/her right to become an INSURED will, however, lapse if he/she does not submit proof of good health to the satisfaction of SANLAM.

7.11 Cancellation and termination of the Policy

- 7.11(1) The PRINCIPAL EMPLOYER or SANLAM may cancel the Policy at any time by giving the other party two MONTHS' written notice.
- 7.11(2) Any EMPLOYER may cancel its participation at any time by giving SANLAM two MONTHS' written notice.
- 7.11(3) If an EMPLOYER ceases to do business, the part of the Policy pertaining to that EMPLOYER is deemed to be cancelled with effect from the date on which the EMPLOYER thus ceases.
- 7.11(4) SANLAM may cancel the Policy or the part of the Policy pertaining to an EMPLOYER if any obligation to SANLAM in terms of the Policy is not met.

7.12 Territorial limitations

The insurance provided in terms of this Policy in respect of an INSURED will remain applicable to the INSURED irrespective of the fact that the INSURED is not physically present in the Republic of South Africa. SANLAM may ask for details about such INSURED on POLICY ANNIVERSARY for underwriting purposes.