



PPS MEMBERS ARE ALLOCATED A RECORD R3 BILLION IN PROFITS

PPS Group also announces total assets reach R21.7 billion

02 April 2013: PPS, the financial services company focused exclusively on graduate professionals, has announced it allocated R3.0 billion in profits to its members* in respect of the 2012 financial year, in addition to benefit payments of a further R1.5 billion.

The company is the largest financial services company in South Africa that operates under the ethos of mutuality – meaning that it is a business that is ‘owned’ by its members and therefore returns all profits to them rather than shareholders.

Mike Jackson, CEO of PPS, says members have benefited hugely from their ability to share in the profits of the company in recent years. “Over the last 5 and 10 years, PPS has allocated more than R8.9 billion and R15.9 billion, respectively, to its members*, making it by far the largest and most successful mutual company in South Africa.”

He notes that the global mutual industry has performed well internationally. According to latest statistics published by the International Cooperative and Mutual Insurance Federation (ICMIF) for the period between 2007 and 2011, premium income for the world’s mutual and cooperative insurers grew by 25.4%, compared to just 12% for the insurance market as a whole.

Jackson says PPS has taken the decision to rename members’ Surplus Rebate Accounts (SRA), to PPS Profit-Share Account. This is the vehicle that accumulates their profit allocations. “Our members have a unique value proposition by belonging to PPS, as they receive all the profits of the company. Upon retirement they qualify for a lump sum pay-out of all the accumulated profits. As a result, we are renaming the SRA to the PPS Profit-Share Account in order to better explain to members the benefit of being a member of PPS.”

He says members also now stand to benefit even further, as the company has broadened the basis on which members share in the profits of the company. “Previously, members’ share of the profits was based on the level of Sickness and Permanent Incapacity Benefit (SPPI) cover they took out. From the 2012 financial year, members share in the profits of the company based on the level of SPPI cover they have, as well as the premiums paid on qualifying products they have taken out,” says Jackson.

Jackson says that in addition total gross benefits paid to members, including life, dread disease and disability claims, increased by 19% on the previous year to R1.5 billion.

“We are extremely pleased with the performance of PPS during the last year. These results demonstrate the strength of members belonging to a mutual financial services company. As the PPS business continues to grow, our members* benefit by receiving all of the profits of the company.”

** PPS members with qualifying products*