



RECORD BREAKING R2.6 BILLION ALLOCATED TO PPS MEMBERS

PPS, the financial services company that offers insurance, investments and healthcare products for graduate professionals, announced that its more than 200,000 members received a record R2.6 billion in allocations to their *Surplus Rebate Accounts (SRA)* in 2009. This was primarily due to the strong operational and investment performance of the organisation, despite the tough economic conditions.

Unlike listed financial services companies, in which all profits accrue to shareholders, PPS embraces an ethos of mutuality, which means that the company exists solely for the benefit of its members, who share in the profits of the company through its unique *SRA*.

According to Mike Jackson, CEO of PPS, this R2.6 billion is made up of R585 million in bonus allocations generated as a result of increased sales revenue, lower claims and reduced expenses and R2.1 billion in investment allocations, the highest amount ever credited to members. These allocations are over and above any payments on death, incapacity or sick pay claims.

Jackson says that the excellent results highlight the value of the mutual model – where all surpluses accrue to members – and not to outside shareholders. Members who have stayed with PPS for many years have a substantial financial interest in the company over and above the benefits as a policyholder. He emphasises that the adherence to this model has assisted many PPS members to retire more comfortably.

An increasing number of graduate professionals are realising this, with over 10,000 new members joining PPS in 2009. PPS boasts an extremely low turnover of members compared to other financial service providers. For many years, this has been below 5%, which is largely due to its business model.

PPS recorded a healthy 21.2% increase in recurring new risk business income over the year, including the automatic annual increase in January. “This growth in new business is one of the highlights of the year, particularly given the backdrop of tougher economic conditions in which it was achieved. It also bodes well for the future growth of the business.”

“As the results indicate PPS is continuing to attract new business and as these new members and our existing members take out additional cover, we also expect our claims to increase proportionately.”

In 2009, PPS paid out R1.1 billion in benefits to members, including R235 million paid to retiring members and sick pay claims paid to a total of R363 million.

Jackson says that PPS Investments had a particularly strong year with sales of personal pensions, unit trusts and endowments up by 190% on 2008. PPS Short-Term Insurance also continued on its growth path with premiums growing by 56.5%.