

# BUSINESS

## BRIEF

FEATURE

# FOSTERING GREATER MUTUALITY: PPS'S FINANCIAL RESULTS EMPOWER PROFESSIONALS

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[www.pps.co.za](http://www.pps.co.za)

PPS is a licensed insurer conducting life insurance business,  
a licensed controlling company and an authorised FSP.



# Fostering greater mutuality: PPS's financial results empower professionals

IN 2023, PPS RETURNED EXCEPTIONAL VALUE TO OUR MEMBERS IN AN INFLATIONARY ECONOMY AS OPERATING PERFORMANCE IMPROVED.

"The return of operating performance in 2023 demonstrates the resilience of our mutual model which serves to ensure that we contribute positively to our membership base of graduate professionals despite the economic constraints.

Graduate professionals are central to South Africa's knowledge economy as ultimately, it is professionals who – through their training and experience – will drive the solutions and the country's economic growth," says PPS Group CEO, Izak Smit.

"We remain committed to progressing our **future-growth strategic agenda** focused on our unique member value proposition, innovative solutions, the digitalisation journey and integrating sustainability in our purpose-led ambition. Leadership, our people and culture are central to our success," he adds.

The Group's insurance life premiums revenue in South Africa reached R6.0 billion, an increase of 8.7% in 2022.

"In 2023, total benefits paid to members by the Group was R6.12 billion compared to R5.04 billion in 2022," Smit adds.

Life insurance claims are a critical factor influencing operational profits. While PPS has seen an overall

reduction in life and disability claims paid, there is an increasing trend in sickness cover claims.

Total gross life claims came in at R3.72 billion for 2023 compared to R3.25 billion in 2022. While this was still around 5% higher than PPS's longer-term actuarial expectation, the difference has reduced significantly when compared to previous years.

Life Insurance lapses remained low at just under 4.7% despite the challenging economic conditions in South Africa. These low lapses can be attributed to the **lifetime value** PPS offers its members through its mutual model which ensures that all insurance premiums paid by members – who hold qualifying products – are ultimately returned to them through claims paid or allocations to their notional PPS

**“We remain committed to progressing our future-growth strategic agenda.”**

Profit-Share Accounts™\*.

"In the past five years, our **Profit-Share millionaires** across the Group continued to grow to more than 11 000 in 2023," adds Smit. These are members who have accumulated more than R1 million in their notional PPS Profit-Share Accounts™.

Investment performance in 2023 improved after a flat year in 2022. Financial markets were especially strong in the first and last quarters of 2023. Geopolitical events and local factors such as the unstable supply of utilities, high political risks and inflationary pressures continue to impact investor and business confidence.

"With the long-term nature of our members' Profit-Share assets, we have a unique competitive advantage that allows us to focus on investing in growth assets which enable us to ride out short-term market volatility.

"**Total profit allocated** to members with qualifying products contributing to the PPS Profit-Share Accounts™ was much stronger in 2023 at **R4.54 billion** from R619 million in 2022 – due to the return of operating profit at R1.2 billion and the investment returns of R3.34 billion off the back of our substantial balance sheet," says Smit.



# Performance snapshots

Most business subsidiaries performed above expectation. **PPS Investments** had another exceptional year with assets under management increasing to R84.0 billion. Investors grew 8% to 66 546. Gross new investment flows remained steady at R7.6 billion in 2023.

Both PPS Short-Term Insurance and the PPS Health Professions Indemnity are in their growth phases and achieved steady results in 2023. In 2023 **PPS Short-Term Insurance** increased net written premiums by 14% to R229.8 million despite the surge in climate change-related claims across the country. Loadshedding claims continued to impact members.

**PPS Health Professions Indemnity**, which operates under the short-term business, serves a niche member base offering indemnity protection for registered healthcare professionals. The businesses in-force book of insured professionals grew by 21%. Service is a key differentiator and not only contributes to the low lapse rate but also continues to drive the ongoing growth in the number of insured professionals choosing PPS Health Professions Indemnity as their indemnifier of choice.

**PPS Healthcare Administrators** delivered another solid performance in 2023. Revenue of R358 million was 4% up on 2022. A major achievement was securing the first client outside of South Africa where administration services are being provided for the Botswana Public Officers Medical Aid Scheme.



Izak Smit  
PPS Group CEO

## Deepening member value

In 2023, the business implemented changes to its organisational structure to deliver on its expansion into new markets and territories and introduced changes to the Distribution function to optimise and improve services in our “go-to-market” strategy.

“Intermediaries are essential and valued business partners who, together with our internal advisers,

deliver customised PPS solutions across the value chain including wealth and fiduciary services. To ensure that we remain focused on our purpose, a Mutuality division was created to enhance member and intermediary experience for them to experience the mutual difference,” he says.

“As we operationalise our current five-year strategy and our commitment to

sustainability, we will be focused on expanding and enriching the benefits of mutuality for our members. PPS has a unique value proposition to offer its members and our function as custodians of that proposition is to consistently secure and deepen its value,” concludes Smit.

*\* Members with eligible life-risk products share in PPS's profits and losses through the notional PPS Profit-Share Account™, which vests at retirement (age 60) or death, with past performance not guaranteeing future results.*



# mutuality

## The power of mutuality: Playing the infinite game for greater good

IN 2023, THE BBC WORLD SERVICE DECIDED TO TRIAL A GOOD NEWS SERVICE CALLED THE *HAPPY POD* AFTER RECEIVING MANY YEARS OF FEEDBACK THAT THE NEWS WAS GLOOMY AND DEPRESSING.

**T**he idea was simple yet powerful: once a week, on a Saturday, broadcast a 30-minute segment, the only rule being that it must be good news. The *Happy Pod* could feature uplifting stories about anything from anywhere in the world.

In a world that is often polarised and divisive, it is heartwarming to know that there are like-minded people out there who want to do good and be good, not just for themselves but for society as a whole. This sentiment epitomises PPS's ethos of mutuality, where **professionals come together** in the good times so

that anyone who needs support can count on the rest to help. The mutual model is regenerative, with purpose and sustainability built in, and the community not only takes ownership but constantly pays it forward.

The *Happy Pod* initiative was **met with great enthusiasm** and quickly gained a loyal following. People were tired of hearing about the negativity and the problems of the world and they craved stories of hope, kindness and progress. The *Happy Pod* provided exactly that, and more.

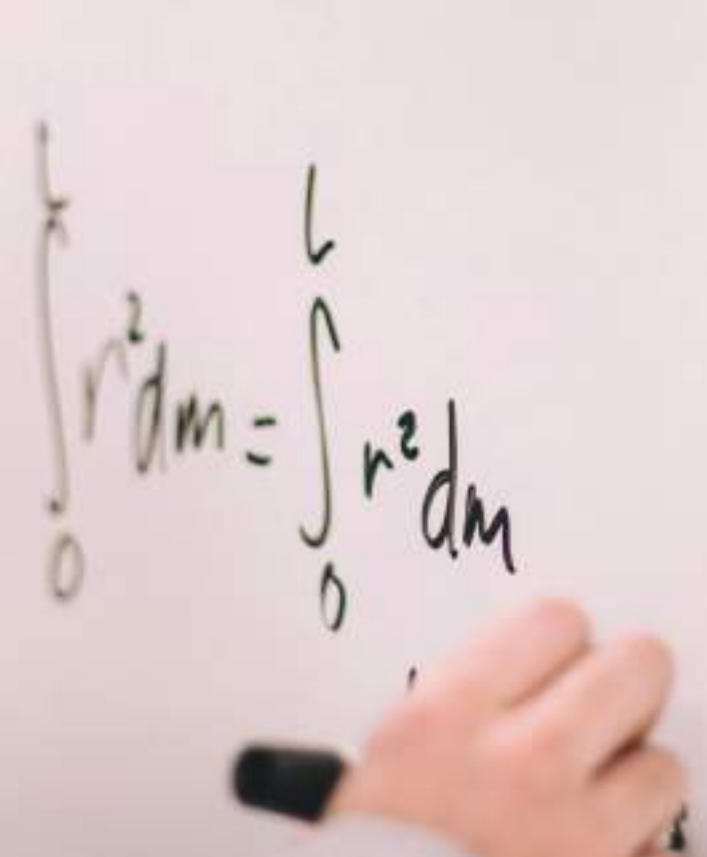
Listeners of the *Happy Pod* heard about children who overcame adversity, communities that came together to solve problems and individuals who made a positive impact on their surroundings. These stories not only brought a smile to people's faces but also inspired them to do more good in their own lives.

The success of the *Happy Pod* is a testament to **the power of positivity and the impact that one**

**small idea can have on the world.**

It also highlights the importance of having a sense of community and shared purpose, which is what PPS embodies. By working together and supporting each other, we can create a better world for all.

The vision of eight dentists who realised that they were only stronger together, not just for themselves but for like-minded people, led to the creation of a permanent endowment for South African professionals. In 2023, PPS members funded 70 young people with **incredible potential** to achieve an education and join the exclusive community of graduate professionals. Thousands of other aspiring professionals were reached around the country through PPS's money matters and work readiness programme, which equips students with complementary skills for their academic studies. Supporting young people unlocks their potential and grows their talent, which in turn grows the economy and creates



more opportunities for personal and societal growth.

It is essential to understand that **business is not disconnected from society** but a contributor. Doing the right thing, even when it is hard, is critical. The infinite potential that lies in the network of PPS members is what our eight founding fathers had envisioned. Senior members mentor early career professionals, not only in their respective crafts but also in sharing the lessons they have learned along the way.

Perhaps the most evident expression of the elegance of the mutual model is how PPS members who decided to participate in the Healthy Weigh Challenge to improve their health and well-being could fund a student for a year from their collective contributions. That is impact; when scaled up, it could chip away at many seemingly insurmountable challenges.

My personal favourite of PPS's initiatives has to be **Cultivating Tomorrow's Professionals**, an employee volunteerism programme whose focus is to help high-potential learners from under-resourced schools improve their chances of success in high school. Grade 11 and 12 learners are given maths enrichment classes and access to cutting-edge digital tools such as Advantage

Learn to help them prepare for their matric final exams. In addition to academic support, the programme also offers valuable life experiences through guest speakers who share their personal stories, fields of study and career paths. **Representation truly matters** and having diverse individuals share their experiences is crucial.

Watching the Group CEO share his love of mathematics and teach wide-eyed learners about Pascal's Triangle and the poetry of the golden ratio is a marvel. In an instant, you experience the fear of mathematics evaporating as the love for it begins to grow. Perhaps it was not an accident that

our founding fathers chose the mutual model; it was the numerical poetry of the infinite game.

**By: Ayanda Seboni - Group Executive for Mutuality**

*\* This article was first published in PPS's member magazine: The Professional. Visit [www.pps.co.za/media](http://www.pps.co.za/media) for a library of links to all editions you can share with your clients.*



**Ayanda Seboni**  
Group Executive for Mutuality

# PPS protects and creates wealth through claim payments

**L**ife insurance risk benefits provide financial protection to policyholders and their families during illness, disability or death. At PPS Insurance, our priority lies in delivering comprehensive financial security and peace of mind. We ensure that our members and their families are **shielded from potential financial burdens** arising from unforeseen circumstances.

In 2023, our total claims increased by 14% from 2022 to R3.84 billion. This is in line with our expectations and well in line with the claim payments pre-COVID-19.

Although the overall number of claims has decreased, the average value of health and life claims has increased, which is good for reducing the insurance gap.

Interestingly, we have seen our claims for cancer-related illnesses drop significantly from the previous year. This can be attributed to the fact that in 2022, the year of the world going back to the new normal post-COVID-19, more people would have gotten tested for other illnesses including cancer, as they had not necessarily done so during the high COVID-19 years.

## Sickness benefit

In 2023, we paid R949.5 million in Sickness benefits. The purpose of the Sickness benefit is to **pay for living expenses** generally covered by income while providing the space and time required to recover and recuperate from an illness. The illness could be short (but must be at least seven days) or longer.

More than 99% of our claims were on the seven-day waiting period, which once again shows that most of our claims are for short-duration, high-frequency and the richness of our Sickness benefit, that we honour all valid claims, if a medical doctor has booked a member off work.

**Musculoskeletal conditions** were again the highest causes of sickness claims at 22%. This is a sharp increase of 9% from the year before.

**Respiratory system diseases** were the second highest condition claimed for, showing that although COVID-19 has abated, respiratory diseases are still high even though they cannot necessarily be confirmed as COVID-19, as few people are testing for COVID-19. We have seen a 30% increase in the number of **pregnancy-related sickness** claims. This is when expecting mothers experience problems with their pregnancy and are unable to work for some periods

during their pregnancy or when they have had a caesarean section and are recovering from the surgical wounds of the procedure. Pregnancy-related claims made up 6% of overall sickness claims.

## Mental and behavioural illnesses

**Behavioural health** (sometimes called mental health) includes a person's psychological, emotional and social well-being. It shapes how one thinks, feels, behaves and interacts with others. One's mental state also affects how one copes with stress.

We paid more than R224 million for mental or behavioural disorders. This includes claims for anxiety disorders, depression and schizophrenia.

Mental and behavioural disorder claims made up 13% of all Permanent Incapacity benefit claims.



### Permanent Incapacity claims

A significant portion of all permanent incapacity claims, totaling 75%, received the maximum benefit of 100%. This implies that members facing prolonged illness or incapacity will sustain their insured income at the full amount. This support persists until either the retirement age or until their condition improves, rendering benefit payments unnecessary.

Members between the ages of 41 and 60 account for 50% of claims for permanent incapacity benefits. This means that a significant portion of our claims for this benefit goes to members who must stop working in their profession due to an illness that has become permanent.

### Death claims

For death claims, we paid R1.4 billion. This is significantly higher than in 2022. However, this is primarily due to the average size of the claims rather than necessarily the number of claims themselves.

The leading cause of death among our younger members, below the age

of 35, is still motor vehicle accidents. This has doubled on the claims from 2022.

### Critical Illness

PPS paid more than R550 million towards critical illness claims. This is a 34% increase on 2022.

Although the top condition is still cancer, it has dropped by 10% from the previous year. However, we have seen an increase in critical illness claims for younger members between the ages of 21 and 30 years.

PPS experiences cancer as still being the top reason for critical illness and death claims, at 39% and 20%, respectively. The youngest member who received a claim for critical illness was only 28 years old.

To find out more about PPS claim statistics for 2023, visit [www.pps.co.za](http://www.pps.co.za).

*By: Motshabi Nomvethé - Head of Technical Marketing*



**Motshabi Nomvethé**  
Head of Technical Marketing



# Turning numbers into action: Using PPS's Profit-Share for success

IT IS PPS'S MOST EXCITING TIME OF THE YEAR, THE ANNOUNCEMENT OF OUR FINANCIAL RESULTS TO MEMBERS AND OUR FINANCIAL ADVISERS! TODAY, 17 APRIL 2024, PPS RELEASED ITS FINANCIAL RESULTS, WHICH INCLUDES THE MUCH-ANTICIPATED PROFIT-SHARE ALLOCATION FOR 2023.

**W**e know that the financial results are of great significance for both our intermediaries and members. To ensure that we land the significance of the results, especially the 2023 results, we made a special effort to include all advisers in face-to-face launch events. If you missed them, this *Business Brief* edition contains all the information you need. Information that is key in demonstrating the value you bring to your clients through the unique benefits of PPS membership.

The 2023 financial year showcased the strength of the PPS mutual model. After a period of volatility due to factors like COVID-19 and market fluctuations, both operating and investment returns have rebounded significantly in 2023. This translates to a massive **R4.54 billion in Profit-Share** allocated to members with qualifying life-risk products' notional PPS Profit-Share Accounts™\*.

The results also highlight the exceptional value of the PPS Profit-Share Account™. Some members with large accounts can expect allocations **well exceeding R100 000**. There is also a significant increase in the number of members with more than R1 million in their accounts. To be exact, there are now more than 11 000 PPS members in South Africa who can boast that they are members of the "PPS Profit-Share Millionaire Club".

A real-life example is a 56-year-old member who has been with PPS for 22 years. This member's PPS Profit-Share Account™ allocations was R3.5 million, which is already more than double the R1.35 million he has paid in premiums over the years. In addition, because the member also has products with other subsidiaries and affiliates within the PPS Group,

His Profit-Share allocation was boosted by an additional R106 750 thanks to the **PPS Profit-Share Cross-Holdings Booster\*\***. So, his total PPS Profit-Share Account™ balance for 2023 is R3.6 million.

## **This is the real value of mutuality.**

All PPS members with qualifying life-risk benefits will receive a personalised e-mail containing their 2023 PPS Profit-Share Account™ statement and a video explaining the details. The statement will also include guidance on how to increase Profit-Share potential by expanding their PPS Group portfolio. We believe that this will be a great conversation starter with your members, as you not only look after their financial well-being today, but also help them to plan for their future and create wealth.





You will have also received links to your client's current PPS Profit-Share Account™ statements. This presents a perfect opportunity to discuss and review your client's financial situation, starting with reviewing their gross professional income (GPI) and ensuring they are covered for their full income. This will ensure that they can **cover or pay for any needs**, like paying for their bond, medical aid and investments when they are unable to work. Because PPS **wants to partner with you** and help you maximise opportunities through collaborative efforts with your sales office and the marketing team, you can also consider **personalised bulk mailings or sales campaigns** tailored to your clients with your branding and message.

Our Integrated Report, Financial Results and claim numbers for 2023 are available on the PPS website at [www.pps.co.za](http://www.pps.co.za). This transparency reflects our commitment to the core principle of mutuality – sharing returns with our members through the notional PPS Profit-Share Account™.

We at PPS remain dedicated to protecting the lives and livelihoods of our professional members and helping them achieve their financial goals.

We wish you all the best in the coming months!



**Wimpie Mouton**  
CEO of PPS Life Solutions

**By: Wimpie Mouton –  
CEO of PPS Life Solutions**

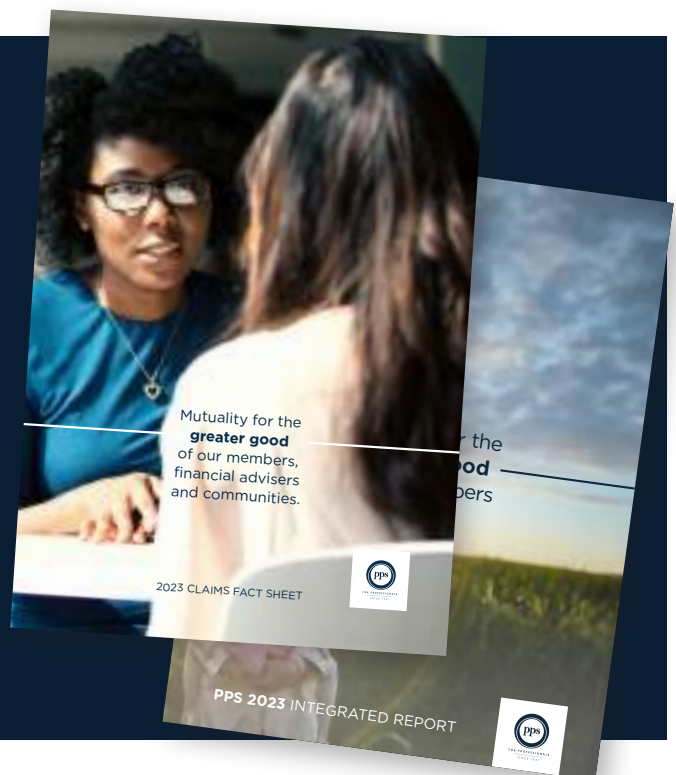
*\* Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share Account™ and past performance is not necessarily indicative of future performance. The PPS Profit-Share Account™ remains notional until it vests upon retirement from age 60 or upon death.*

*\*\* The PPS Profit-Share Cross-Holdings Booster is based on the number of a member's qualifying products across subsidiaries/affiliates in addition to the PPS life-risk product. The annual allocation will increase subject to the profitability of PPS and its subsidiary/affiliates products. PPS may discontinue this offering at its own discretion.*

### Discover more about PPS's 2023 Annual Results

Dive into a wealth of insights regarding our performance in 2023. Our communication collateral provides a comprehensive overview of our performance, featuring the Integrated Report 2023 containing detailed financial and operational highlights. Gain invaluable perspectives from our leadership through a video message from Group CEO Izak Smit and acting Group CFO Simphiwe Johnson. Explore further with our eight-page highlights brochure offering a succinct summary of key achievements and milestones.

Delve into the specifics with our claims fact sheet, offering transparency into our unwavering commitment to our members. Plus, uncover additional resources crafted to enrich your understanding of our 2023 results and the broader impact of our endeavours. Embark on this journey by visiting [pps.co.za](http://pps.co.za) and unlock access to these essential resources, gaining deeper insights into PPS's performance and contributions throughout 2023.



# Inside PPS’s Claims department: Ensuring accurate decisions

Siphumelele Ngema has been with PPS for eight years but has been in the insurance industry for over 15 years. Her background in occupational therapy has trained her to analyse the impact of a medical condition on an individual’s functioning ability.

Siphumelele’s clinical background and assessing skills help her determine the impact of a condition on the member’s occupation and decide on the validity of a claim based on the PPS Provider™ policy definitions. For example, an engineer who broke a leg. It takes about 12 weeks for fractures to heal

without complications. An engineer requires intact cognitive and physical abilities to perform their occupation. The fracture will impact their mobility and ability to perform site visits; therefore, this claim would be valid for the recommended period.

Siphumelele’s role includes validating claims decisions based on referral limits and ensuring accurate decisions are made. Ensuring quality assurance checks are completed. She also manages the operational relationship with internal and external stakeholders.

She and her team are constantly working on process improvements to ensure that claim processes work effectively, such as updating work instructions.

For claims queries please submit them to [Claims@pps.co.za](mailto:Claims@pps.co.za). The team understands that the process does not always run smoothly, and queries and escalations arise. Below is the process that you can follow should you hit a wall during the process.

PROCESS OR WORKFLOW TYPES	FIRST ESCALATION	SECOND ESCALATION	THIRD ESCALATION
Claims admin	<b>Rehana Ally</b> <a href="mailto:rally@pps.co.za">rally@pps.co.za</a>	<b>Siphumelele Ngema</b> <a href="mailto:sngema@pps.co.za">sngema@pps.co.za</a>	<b>Neil Kelly</b> <a href="mailto:nkelly@pps.co.za">nkelly@pps.co.za</a>
Sickness claims Tele-claims Death claims Critical Illness claims	<b>Palesa Ndlovu</b> <a href="mailto:pndlovu@pps.co.za">pndlovu@pps.co.za</a> or <b>Sarah Motlhagodi</b> <a href="mailto:smotlhagodi@pps.co.za">smotlhagodi@pps.co.za</a>		
Permanent Incapacity claims Case Management claims	<b>Ronelle Chetty</b> <a href="mailto:rchetty2@pps.co.za">rchetty2@pps.co.za</a>		

The claims team is available to provide feedback on claims progress updates, communicate claim decisions and assist with queries related to benefit types and policy definitions. They are also available for training sessions on claims updates, processes, and policy definitions. The team can assist you in addressing questions and queries submitted by members.



**Siphumelele Ngema**  
PPS Claims Manager

## Ask the experts:

Your gateway to professional insights at PPS

Do you have any questions about our products, claims or procedures? We are here to help! Send your “Questions for a specialist” to *Business Brief* at [businessbrief@pps.co.za](mailto:businessbrief@pps.co.za) and we will ensure they are directed to the most appropriate expert within PPS.

Your questions will be answered in the next edition of *Business Brief*, providing valuable insights for everyone. As this is our first edition and we have yet to receive any questions, we would like to introduce Siphumelele Ngema, a seasoned Claims Manager at PPS, who will be one of the specialists answering questions in future editions.

**Please note** that the “Questions for a specialist” feature in *Business Brief* is intended for general inquiries related to PPS products, claims, and procedures. It is not a platform for resolving specific issues related to current claims or member accounts. Questions submitted should be of a more general nature and aimed at gaining insights or clarification on broader topics. Specific claims-related issues will not be resolved or published through this feature. For assistance with individual claims or member-related matters, please contact our dedicated support channels.

# New claim limits for the Sickness and Permanent Incapacity benefit



PPS will apply new contractual claim limits. These limits will affect new and additional PPS Sickness and Permanent Incapacity benefits. Payments will be limited to 70% of members' benefit amount for specific conditions as are specified in Appendix H of the PPS Provider™ Policy.

Conditions specified in Appendix H include, but are not limited to, chronic pain, chronic fatigue and tiredness, any psychiatric diagnosis listed in the latest version of the Diagnostic and Statistical Manual of Mental Disorders (DSM) and post-viral syndromes in all its forms and irrespective of the cause.

For severe conditions, we will pay 100% of the claim amount for the listed conditions if the criteria in Column B of Appendix H are met.

The above will be effective for all new and additional PPS Sickness and Permanent Incapacity benefit amounts, including the Permanent Incapacity Booster, student benefits and the Actual Business Expenses benefit.

The Permanent Incapacity Booster benefit will continue to exclude chronic fatigue syndrome, fibromyalgia and mental illness and will now also exclude the conditions listed in Appendix H.

Please refer to Appendix H of the PPS Provider™ Policy for the complete list of conditions.

**Click here** to read the Adviser Alert shared on this issue.

We assure our members and intermediaries that these changes are made in the interests of all our members. The 70% limitation now makes treatment of these cases fair across all sum-assured bands.



## Share your feedback on the new *Business Brief*

*Welcome to the new and improved Business Brief! We are excited to unveil our revamped quarterly newsletter and want your anonymous feedback! Click the link or scan the QR code to share your thoughts and help us enhance the Business Brief experience.*

**JOIN THE CONVERSATION:**



[CLICK HERE](#)



# ELEVATE YOUR SKILLS

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- Fundamentals of risk planning
- Compliance
- Ethics and conflict of interest
- Introduction to investments
- Introduction to retirement planning

### FACE-TO-FACE WORKSHOPS:

- Sales resilience
- Business assurance workshop
- Estate planning workshop
- Investments workshop

**Join us in advancing your skills and serving your clients better!**

**For more information and registration, contact:**

Esmelda Kok (ekok@pps.co.za) or  
Yashantha Nayager (ynayager@pps.co.za) or  
theppsacademy@pps.co.za.



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