

Are South Africa's income protection benefit providers ready for COVID-19?



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Before pandemic 'panic' took over the world there was a time when employees would have been relieved to find out they would be switching their tiring daily commutes for some extra sleep time and working from home. As the reality of COVID-19 and our new normal sinks in, society is experiencing a significant increase in stress levels, and insurers a coincident spike in income disability claims.

The increase in claims due to the stresses introduced under the current pandemic context is something that we, as South Africa's employee benefits providers and life insurers, must consciously and conscientiously prepare for. We will have to change our definitions to accommodate customers and policyholders affected by the pandemic.

Making work from home possible

One example is that we now deem 'working from home' in the same way as traditional work, despite the obvious differences. Working from home takes a different toll on the average employee, as evidenced by early increases in our mental health claims experience. We need to ensure that our products are positioned correctly to accommodate our prediction of a continued surge in this type of claim as the lockdown draws on.

Levels of stress and anxiety are not only increasing in the workplace; but across entire populations. Humanity as a whole is suffering from increased feelings of anxiety, denial, frustration, and uncertainty. At a workplace level we have also seen a higher prevalence of guilt, induced by lack of motivation or the desire to perform to pre-lockdown norms.

It is now quite common for people to feel as if they are not contributing enough to their employer, with the result they work even harder at home than they did at the office. We are no longer taking work home with us because we are effectively living in our offices. The stress of not being in the office, coupled

with the uncertainty of our future employment status, is compounding into a mental health disaster.

A mental health claim deluge

Insurers that offer income protection benefits will face an inevitable rise in mental-health-related income disability claims from younger employees. These younger employees often have children and live in households where they must both maintain their work productivity and take care of their kids, which compounds into dangerous levels of stress.

As many employers frantically scramble to keep their doors open and staff employed, there are fears that employees' mental health could take a back seat. Employers appear not to be as involved or committed to employee wellbeing as before, and the stigma towards mental illness, always evident, has persisted through the COVID-19 crisis. Too many people are reluctant to expose it, or come forward about their inability to cope, especially during challenging times.

Leading the global market

The domestic insurance sector is in the fortunate position to cater for changing income protection needs. While the rest of the world is ahead of South Africa in dealing with the pandemic and resulting lockdowns, our world class financial institutions are taking note of the statistics generated in those markets and applying these learnings to their own products. These statistics and the experience of other international markets inform my conservative estimation that we will see a 30% increase in claims related to mental illness domestically.

We need a paradigm shift with regards to mental health in the workplace. The insurance products will not change much, perhaps a word here and a clause there; but the way we deal with these issues as employers, as insurers, and as individuals, needs to change. We must understand that productivity and employee happiness go hand-in-hand and that it is up to us to marry the two. Income protection is there to treat the symptom, not the cause. ●