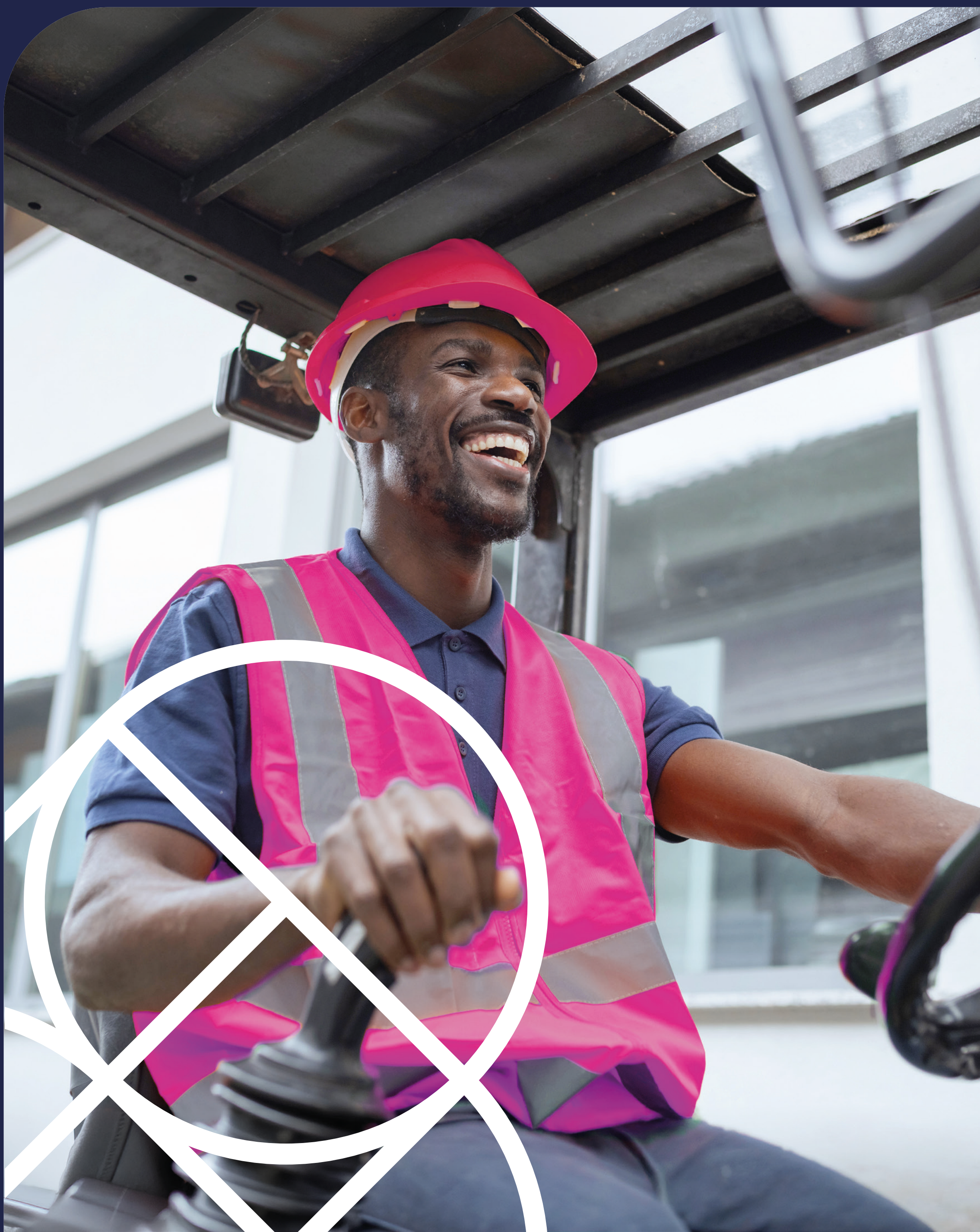
FEDGROUP | EMPLOYEE BENEFITS

INABILITY COVER

EXPLAINER BROCHURE

Helping employers close an overlooked protection gap



The protection gap many employee benefits miss

Most employee benefit solutions are built around two outcomes: death and disability. Yet many employees experience life-changing health events that fall somewhere in between.

An employee may survive an injury, illness or disease but permanently lose their sight, hearing, speech, mobility or the use of a limb. They may still be employed and continue earning an income, but the impact on their independence, future opportunities, family responsibilities, and quality of life can be profound.

For many employers, this represents a significant protection gap. Funeral and Life Cover provides support after death. Critical Illness Cover focuses on specific diagnoses. Disability benefits are typically linked to an individual's ability to work and can be expensive for employers with predominantly blue-collar or physically demanding workforces.

Inability Cover was developed to address a specific need. It provides a lump-sum benefit when an employee experiences the permanent and irreversible loss of defined physical abilities, helping employers provide meaningful support when life changes dramatically.

Why we developed Inability Cover

At Fedgroup, we believe employee benefits should solve real-world problems. Across South Africa, many employers want to provide meaningful protection to their employees but face difficult decisions around affordability, accessibility and relevance.

Traditional disability solutions often rely on complex occupational assessments and extensive underwriting. Critical illness products focus on specific medical conditions. Neither necessarily addresses the practical impact of permanently losing an essential ability.

Inability Cover takes a different approach. Rather than focusing on diagnosis or occupation, the benefit focuses on the permanent loss itself. This creates a simpler, more transparent solution that can be applied consistently across a wide range of industries and workforce profiles.

Who is it for?

Inability Cover caters to employers seeking meaningful employee protection at an affordable cost, particularly in physically demanding industries, as well as employees who may have limited access to traditional disability solutions.

Benefits of Inability Cover

For employer

- Helps close an important gap in employee protection.
- Affordable solution for a broad range of workforce types.
- Easy to understand and communicate.
- Suitable as a standalone benefit or alongside existing risk benefits.
- Supports employee wellbeing through meaningful financial protection.

For employee

- Cover for all eligible employees from day one.
- No individual medical underwriting at entry.
- Financial support following a life-changing loss.
- Objective and transparent assessment criteria.
- Protection regardless of whether the employee continues to work.

How Inability Cover works

Inability Cover pays a lump-sum benefit when an employee permanently and irreversibly loses:

- One essential ability: sight, hearing or speech; or
- Any two defined essential physical abilities.

The assessment focuses on the loss itself rather than the event that caused it. Whether the loss results from an injury, illness, or disease, the assessment remains the same.

Eligibility is determined through objective physical assessments conducted by a registered nurse or medical practitioner using clearly defined testing criteria.

The same standards apply to every employee, regardless of occupation, income level or background.

Defining essential abilities

The benefit recognises three essential senses and seven essential physical abilities.

Senses

Sight

Hearing

Speech

Physical abilities

- Walking or climbing stairs
- Bending or stooping
- Standing
- Sitting
- Use of one arm
- Lifting and carrying
- Use of one hand

Each essential ability is linked to a defined objective assessment, creating a consistent and transparent claims process.

Waiting period and benefit structure

A waiting period applies to help establish that the loss is permanent and irreversible Throughout the waiting period, the employee must continue to experience the loss, remain under appropriate medical care and be alive at the end of the waiting period.

Benefits may be structured as:

- **A fixed rand amount selected at scheme level; or**
- **A multiple of the employee's annual salary.**

The minimum benefit amount is R50 000 and the maximum is the lesser of R1 million or two times the employee's annual salary.

Benefits can be paid as a single lump sum or in six instalments, depending on the scheme design.

6

How Inability Cover complements other benefits

Inability Cover is not intended to replace disability or critical illness cover. Instead, it addresses a different need.

Disability cover focuses on an employee's ability to perform an occupation. Critical illness cover focuses on the diagnosis of specific medical conditions. Inability Cover focuses on the permanent loss of defined physical abilities. Together, these benefits can create a more comprehensive employee protection solution.

	GROUP DISABILITY	CRITICAL ILLNESS	INABILITY COVER
CLAIM TRIGGER	Unable to perform own / any occupation	Diagnosis of a listed disease	Permanent loss of a defined physical ability
LINKED TO WORK?	Yes — depends on whether they can still work	No — based on diagnosis	No — based on loss of physical abilities
PAYOUT	Monthly income replacement (% of salary)	Once-off lump sum (linked to salary multiple)	Once-off lump sum or six equal instalments
MEDICAL UNDERWRITING	Required — exclusions, loadings or declines possible	Required — health questions, sometimes tests	None — all employees covered from day one
MENTAL HEALTH	Often covered	Typically not covered	Not covered
RELATIVE COST	Higher — especially for blue-collar / high-risk	Moderate	Significantly lower (up to 70% of capital disability)
BEST POSITIONED FOR	Comprehensive income protection — larger employers, white-collar	Specific catastrophic disease cover — typically higher income	Affordable mass-market protection — all employees, especially blue-collar and SMEs

The claim journey

1

Loss occurs
An employee experiences an injury, illness, or disease that results in the loss of an essential ability.

2

Claim notification
The employer or broker notifies Fedgroup Life of the potential claim.

3

Assessment
A registered nurse/ medical practitioner performs the required assessments and completes the claim documentation.

4

Date of inability

If the requirements have been met, a date of inability is established and the waiting period begins.

5

Waiting period

The employee continues to meet the requirements throughout the 6-month waiting period.

6

Benefit payment

Once all requirements have been met, the benefit is paid according to the policy and scheme design.

Illustrative examples

Example 1

An employee develops a severe medical condition that results in the permanent loss of multiple essential physical abilities. Objective assessment confirms the loss and the employee continues to meet the requirements throughout the waiting period. The claim is approved and the benefit is paid.

Example 2

An employee experiences a temporary loss of function following a medical event but makes a full recovery through treatment and rehabilitation before the waiting period ends. As the loss is not permanent and irreversible, the requirements for a claim are not met.

Example 3

An employee requires significant medical intervention but faces an extended wait before treatment becomes available. Objective assessment confirms the permanent loss of essential abilities and the requirements remain satisfied throughout the waiting period. The claim is approved and the benefit is paid.

These examples are illustrative only. Actual claim outcomes depend on the facts of each case and the policy terms in force at the time.

Frequently asked questions

Is Inability Cover the same as disability cover?

No. Disability cover focuses on occupational capability, while Inability Cover focuses on the permanent loss of defined physical abilities.

Do employees require medical underwriting to join?

No. Eligible employees are covered from day one, subject to policy terms and conditions.

Can employees claim more than once?

Separate and unrelated claim events may qualify for additional claims, subject to policy conditions.

How is a loss assessed?

Losses are assessed through objective physical tests conducted by a registered nurse or medical practitioner.

What happens if an employee dies during the waiting period?

The employee must be alive at the end of the waiting period for the benefit to become payable.

Important policy conditions

- Inability Cover may be offered as a standalone benefit or alongside other group risk benefits.
- Waiting periods apply.
- Pre-existing condition provisions apply.
- Mental health conditions are not covered under Inability Cover.
- Related claims arising from the progression of an earlier claim event do not result in additional benefit payments.
- Full terms, conditions, limits and exclusions are contained in the policy documentation.

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