



PPS GIVES R2 BILLION BACK TO MEMBERS

PPS, the financial services company that offers insurance, investments and healthcare products for graduate professionals, has announced that for the second consecutive year, its 200 000 plus members received over R2 billion in allocations to their policyholder *Surplus Rebate Accounts (SRA)* in 2010.

PPS, which celebrates its 70th birthday this year, is the largest insurer in South Africa operating under the principles of mutuality, where all surpluses are for the benefit of members – rather than outside shareholders - through their policyholder SRA's.

According to Mike Jackson, CEO of PPS, the R2 billion paid to members comprised a record R738 million in bonus allocations, up 26% on the previous year, while investment allocations totalled R1.3 billion.

“The record growth in bonus allocation was on the back of strong growth in net premiums, tight expense management and a decrease in net claims. The R2 billion returned to our members is in addition to the more than R1 billion that was paid out in insurance claims in the last year, equivalent to an average of R2.8 million being paid out to members every day,” says Jackson.

He added that PPS' new business ventures were gaining momentum and that strong growth in new members was as a result of the establishment of a dedicated membership division, which saw more than 13 000 new members join PPS in 2010, well ahead of expectations.

Jackson says that the excellent results highlight the value of the mutual model. “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.”

The total assets of PPS as a group also continued to show strong growth, increasing by 16% to R16.2 billion in 2010 from R13.9 billion in the previous year. Operating profits also increased by 26% to R738 million in 2010.

Jackson says 2010 reflected a period of strong performance for the group, the company having returned a total of R7.8 billion to members in the five years to 2010. In 2003 PPS's total assets were R5 billion – after 62 years in operation. A further R11 billion of assets have been added during the last seven years. “This is an outstanding figure, particularly in light of the fact that we experienced a huge global financial crisis during this period.”

Jackson says that 2011 also marks a significant year for PPS, as members voted overwhelmingly in favour of the restructuring of the holding company from a company limited by guarantee to a trust as a consequence of the new Companies Act. “Our most important objective in coming up with a new structure was to preserve the principle of mutuality, which is the cornerstone of the way in which the group operates, based on the fact that surplus funds generated from the insurance business are for the benefit of policyholders.”

PPS Investments, which provides investment products to PPS members, also performed well during the period, achieving a number of milestones. Total assets under management increased 183% in 2010 to R6.1 billion, indicating a growing awareness of PPS Investments amongst PPS members. Total new flows rose 164% on the previous year to R851 million.

PPS Short term insurance increased total premiums by 28% to R87.2 million with 1 929 new policyholders. A significant investment in the call centre and additional resources are expected to assist in increasing sales during 2011 / 2012.