



## FREQUENTLY ASKED QUESTIONS

### PREMIUMS

**1. Is the quoted premium annual or monthly?**

The quoted premium is an annual amount and includes 15% VAT.

**2. What methods of payment are available?**

We only allow for premium payment through debit order. Currently the standard debit order date is set for the 25<sup>th</sup> of every month. On special request we have a limited number of alternative strike days available to assist where the 25<sup>th</sup> is problematic. These are the 15<sup>th</sup> and last calendar day of every month.

**3. What are the payment terms available to pay the premium?**

There are two standard options available to all policyholders. Premium can either be paid as a single amount or through 10 equal monthly instalments. Under both options the first debit order will be set for the agreed debit order date during the month following inception of the policy.

An example is where you opt for monthly payments and your policy incepts on 1 July. The first debit order will be collected on 25 August and continue monthly through to 25 May.

**4. Is there a difference in premium depending on the payment term opted for?**

No, there is not. The quoted premium remains unchanged and is not influenced by your choice of payment terms.

**5. What happens if the debit order date falls on a Sunday or public holiday?**

Where the agreed debit order date falls on a Sunday or public holiday in South Africa, the debit order will be moved to the next business day that is not a Sunday nor a public holiday in South Africa.

**6. Will my premium increase annually?**

This is owing to three factors, i.e. internal infrastructure that needs to be maintained to service you, our valued clients, medical inflation, and legal defence cost inflation. The last two traditionally are higher than headline inflation (approximately 2% above CPI).

## TAX

### **7. Can I claim back the VAT included in the premium?**

Depends on your VAT status. Registered VAT vendors can claim the 15% VAT included in the premium as Input VAT.

### **8. Do I need a VAT invoice?**

No, you do not need a VAT invoice to claim the Input VAT. In terms of a ruling issued by SARS, the policy document together with proof of payment of premium constitutes an alternative to a tax invoice, debit note or credit note as contemplated in sections 20(7) and 21(5) of the VAT Act respectively, and supersedes any policy documentation or renewal notice issued by insurers for this purpose.

### **9. Can I claim the premium as a deduction against taxable income?**

Yes, typically professional indemnity insurance premiums qualify as an expense incurred in the production of taxable income and can be claimed as a deduction for income tax purposes. For registered VAT vendors the deduction will be the net of VAT premium amount while non-VAT vendors can claim the total premium inclusive of VAT.

## INSURANCE COVER

### **10. What is the basis of cover?**

Technically cover is provided on the claims-made basis of insurance. This means that you must have active insurance cover with us both at the time of treating the patient and at the time of reporting a covered incident, for the insurance cover to respond. However, please refer to the Reporting Endorsement for details of cover continuation at termination of active cover.

### **11. What then happens when active cover is terminated e.g. retirement from clinical practice?**

Included with every policy is the contractual Reporting Endorsement benefit. This provides you, the insured professional, the contractual right to take up this benefit on termination of active cover. The Reporting Endorsement provides continuation of cover for insured incidents not previously reported under active cover and relating to clinical practice during the period of active cover. This in practice converts the claims-made basis of insurance provided to the occurrence basis of insurance.

### **12. What is the cost associated with the Reporting Endorsement benefit?**

For most typical life events the Reporting Endorsement benefit is provided at no additional cost. This includes death, permanent disability and retirement. For retirement there is the added requirement that you had to have been an active insured professional on a PPS Health Professions Indemnity policy for a minimum of seven (7) years. In all other cases we have the right to determine a risk-based premium for the Reporting Endorsement benefit. We also do have the discretion to waive any additional cost even where we have the right to charge this.

**13. But what about emigration or just cancelling my cover?**

No matter what the reason for terminating your active cover with PPS Health Professions Indemnity, you always have the contractual right to the Reporting Endorsement benefit. The only question is whether this benefit is provided at an additional cost or not.

**14. How is the cost of the Reporting Endorsement benefit determined?**

In those instances where you do not qualify to receive the contractual Reporting Endorsement benefit at no additional cost, a risk-based premium is determined. The main factor considered is the maturity of your risk profile with PPS Health Professions Indemnity i.e. the risk of late reported claims after termination of active cover. Generally, there is a larger risk where patients include minors or those with mental incapacity. Similarly, the risk profile of the surgical disciplines takes longer to mature.

**15. What if I feel the Reporting Endorsement benefit premium is unfair?**

As a South African registered insurance product, you have full access to regulatory and legal remedies if you believe you have been treated unfairly. The first step is to approach the independent PPS Internal Arbitrator.

**16. For how long is the Reporting Endorsement benefit active?**

The Reporting Endorsement benefit does not have an expiry date and is active till the right of your last patient attended to, comes to an end. Please note that you have 30 days after termination of your active cover to exercise your contractual right to the Reporting Endorsement benefit.

**17. Is there a limit to the cover provided under the Reporting Endorsement benefit?**

Yes, there is. The cover limit of indemnity under the Reporting Endorsement benefit on a per incident basis, is the same as under your terminated active cover that gives rise to the Reporting Endorsement benefit. Similarly, the aggregate limit for all incidents reported under the Reporting Endorsement benefit, is capped at the same amount as the per annum aggregate limit under your terminated active cover.

**18. Why don't you offer different limits of indemnity?**

Offering lower limit of cover at reduced premiums is not part of the PPS Health Professions Indemnity strategic objective of offering quality comprehensive indemnity protection at a fair premium. Offering lower limits of indemnity exposes our members to the risk of cover exhaustion as premium is only impacted where less risk is transferred from you to us.

**19. Is there a deductible/excess payable when a claim is made?**

No, our standard solution comes with zero excess meaning that you are covered from the first Rand spent to protect you when an insured incident is reported to us. We do employ deductibles as a tool on specific policies to find a balance between risk and premium and typically in consultation with the applicant insured professional.

**20. Do you provide retroactive cover for past clinical practice?**

Yes, we can cater for retroactive cover provided there was active indemnity protection during the retroactive period requested.

**21. When is it advisable to request retroactive cover?**

Where applicants are switching from an existing claims-made basis of indemnity protection it is advisable to consider the need for retroactive cover to cater for late reported claims not previously reported to your previous indemnifier. Most other indemnity products providing claims-made basis of cover do not provide a mechanism to benefit from cover for late reported insured incidents following termination of active cover. This exposes the applicant to financial risk. This sets PPS Health Professions Indemnity apart from other claims-made basis of cover offerings. Please refer to Reporting Endorsement.

**PROFIT SHARE****22. Does PPS Health Professions Indemnity qualify for further allocations to my PPS Profit-Share Account?**

Yes, it does provided that you have an existing PPS Profit

**23. What is the profit share allocation rate on PPS Health Professions Indemnity?**

The allocation to existing PPS Profit-Share Accounts is determined annually with reference to the financial performance of the underlying insurance portfolio. The long-term expectation for allocations on the PPS Health Professions Indemnity product is 2% to 5% of premium per year.

**24. Does PPS Health Professions Indemnity provide a further benefit under the PPS Cross-holdings Booster?**

Yes, it does. It must be remembered that the product is provided on the PPS Short-Term Insurance license and that members will receive only a one tier booster benefit from participating in any of the products offered by this subsidiary of the PPS Group.

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