

Competitor analysis for Capitec Funeral Insurance

Summary

This report compares the Capitec Funeral Plan to other competitor plans in the funeral insurance market. The aim is to establish whether Capitec is selling funeral products that are competitive in terms of premiums and benefits.

The information considered here is the latest available that could be obtained through company websites, client walk-in centres, call centres and sales agents. Competitors considered include banks and insurance companies, as well as some retail companies that are players in this business.

In summary the Capitec Funeral Plan remains competitive in the market in terms of benefit and premium offerings. The results will be discussed below.

Methodology

Benefits

For each plan we will state which benefits are included and the specific life type to which the benefits relate to. This information will help us understand the reasons for differences in the premium rates.

Many companies have more than one plan in their funeral offering, but here we have considered plans that closely match Capitec's funeral offering in terms of the underlying benefits.

Some benefits are offered as optional extras in some plans. Here we only consider the standard-benefit offering for each plan i.e. we exclude optional benefits under each plan.

Premiums

The premiums compared are based on specified groups of lives covered (specific "policy bundle") for each competitor.

The specific bundles have been put together by combining individual premiums for the lives included in the bundles by considering the specific ages and cover amounts (where applicable). Some premiums were not available for the required cover amounts or life types. Here reasonable approximations were used to arrive at the required premiums.

For example Bank E; where the PLA premium for R20 000 cover was required and only premiums for R10 000 and R30 000 cover levels are available, the average premium of the R10 000 and R30 000 cover levels was used.

Another example is where the parent premium for R20 000 cover was required but the available premium is for maximum cover level of R15 000. Here the premium for R15 000 cover was used.



Results and analysis

Premium comparisons

Consider the following absolute and percentage premium comparison tables:

Absolute premiums



	Main life only, age 37, R20 000 cover	Main life and spouse, both age 37, R20 000 cover	Main life and spouse, both age 37, R20 000 cover, 2 children (aged 5 & 7), R10 000 cover	Main life and Parent, aged 37 and 60 respectively, R20 000 cover	Main life and spouse, both age 37, R20 000 cover, 2 children (aged 5 & 7), R10 000 cover. Wider age 40, R15 000 cover
Banking offering comparison					
Capitec	51	86	92	128	162
Bank A	67	110	130	152	223
Bank B	86	130	144	175	233
Bank C	49	88	100	131	196
Bank D	61	105	121	142	193
Bank E (no option for R20 000 available)*	69	141	141	135	266
Traditional Insurance comparison					
Insurer A	62	100	100	144	143
Insurer B	131	148	148	330	304
Insurer C	94	188	234	274	392
Insurer D	114	228	276	309	443
Insurer E	213	242	254	290	230
Insurer F	104	187	202	292	Not available
Insurer G	218	285	285	366	368
Insurer H	127	161	161	183	202
Insurer I	80	80	80	Not available	Not available

(Source: IBIS TM (Pty) Ltd, November 2019)

Where premiums are not available it is due to premiums not found/provided for the stated ages and/or life types.

The table below summarises these differences in percentages terms, which makes for easier reading.

Percentage comparisons



	Main life only, age 37, R20 000 cover	Main life and spouse, both age 37, R20 000 cover	Main life and spouse, both age 37, R20 000 cover, 2 children (aged 5 & 7), R10 000 cover	Main life and Parent, aged 37 and 60 respectively, R20 000 cover	Main life and spouse, both age 37, R20 000 cover, 2 children (aged 5 & 7), R10 000 cover. Wider age 40, R15 000 cover
Banking offering comparison					
Capitec	0%	0%	0%	0%	0%
Bank A	32%	28%	41%	35%	37%
Bank B	70%	52%	56%	37%	44%
Bank C	-3%	3%	9%	3%	21%
Bank D	20%	23%	31%	12%	76%
Bank E	36%	64%	52%	6%	64%
Traditional Insurance comparison					
Insurer A	22%	17%	9%	13%	-12%
Insurer B	159%	73%	61%	158%	87%
Insurer C	86%	119%	154%	114%	142%
Insurer D	125%	166%	200%	142%	173%
Insurer E	321%	182%	175%	127%	42%
Insurer F	105%	118%	119%	128%	Not available
Insurer G	330%	233%	209%	186%	127%
Insurer H	152%	88%	75%	44%	25%
Insurer I	58%	-7%	-13%	Not available	Not available

(Source: IBIS TM (Pty) Ltd, November 2019)

Conclusion

Overall the Capitec funeral plan is significantly cheaper than the majority of competitor products across the different policy bundles.



Underwritten by Centriq Life, an authorised financial services provider (FSP 7370) (Reg. no.: 1943/016409/06), part of the Sanlam Group.