

# Capitec Funeral Product Competitor analysis



## Summary

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

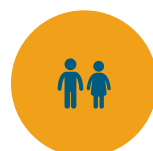
The information considered here is the latest available that could be obtained through company websites (online quoting), client walk-in centres, call centres and sales agents. Competitors considered include banks, telecommunications and insurance companies, as well as some retail companies that are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

This report compares the premium rates of Capitec Funeral product with competitors listed in the next section.

## Competitors Considered

- Bank A
- Insurer A
- Insurer B selling into the Groceries Retail Group C, which has entities (Grocery Retailer C1, Grocery Retailer C2 and Grocery Retailer C3)
- Telecommunications Company A

The above competitors are compared on three profiles.  
The profiles are as follows:



	Main	Spouse	Children	Parent	Wider family
Profile 1 - age	29	30	1	53	33
Profile 2 - age	35	34	1 and 5	59	27
Profile 3 - age	45	40	5 and 9	61	26
Cover amount	R20,000	R20,000	R10,000	R20,000	R15,000

# Results of Analysis – Profile 1

The following table shows the profile of the policy used in the comparison:



	Main	Spouse	Children	Parent	Wider family
<b>Policy Profile 1 - age</b>	29	30	1	53	33

The table below shows the premium rates that competitors are charging on their product:

## App/Website Premium Rates

Profile 1	Main (29)	Spouse (30)	Children	Parent (53)	Wider Family (33)	Main (40k)	Main (50k)
<b>Capitec</b>	<b>R32</b>	<b>R56</b>	<b>R58</b>	<b>R125</b>	<b>R182</b>	<b>R41</b>	<b>R46</b>
Insurer B selling in Grocery Retailer C1	R99	R99	R99	R99	R99	R198	R319
Telecommunications Company A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bank A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Insurer A	R46	R83	R83	R152	R222	R57	R65

## Branch/Face to Face Premium Rates

Profile 1	Main (29)	Spouse (30)	Children	Parent (53)	Wider Family (33)	Main (40k)	Main (50k)
<b>Capitec</b>	<b>R47</b>	<b>R71</b>	<b>R73</b>	<b>R140</b>	<b>R197</b>	<b>R56</b>	<b>R61</b>
Insurer B selling in Grocery Retailer C1	R40	R53	R57	R81	R112	R114	R264
Telecommunications Company A	R99	R107	R107	R232	R307	N/A	R248
Bank A	R55	R110	R99	R185	R282	R95	R115
Insurer A	R92	R92	R92	R196	R278	R129	R155

### Comments:

- Capitec is very competitive across all the lives in this profile but is second to Insurer B selling in Grocery Retailer C1 on the branch channel. This could be due to the fact that it is not a “like for like” comparison as Insurer B Selling in Grocery Retailer C1 has cover only up to R10 000 for both the parent and wider family roles per policy.
- Capitec App rates are the most competitive in this profile.
- Insurer A. product is a package product that may not be directly comparable to the other products listed above.
- Bank A seems to be closely competing with Capitec on this profile. Bank A's spouse premium is less competitive than the main life's one.
- The premiums for Insurer A for R40k and R50k are for main life only. It seems they are more expensive if they are not packaged, hence the high premiums.

# Results of Analysis – Profile 2

The following table shows the profile of the policy used in the comparison:



	Main	Spouse	Children	Parent	Wider family
Policy Profile 2 - age	35	34	1 and 5	59	27

The table below shows the premium rates that competitors are charging on their product:

## App/Website Rates

Profile 2	Main (35)	Spouse (34)	Children	Parent (59)	Wider Family (27)	Main (40k)	Main (50k)
Capitec	R35	R64	R69	R154	R182	R49	R55
Insurer B selling in Grocery Retailer C2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Telecommunications Company A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bank A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Insurer A	R64	R88	R88	R172	R220	R92	R106

## Branch

Profile 2	Main (35)	Spouse (34)	Children	Parent (59)	Wider Family (27)	Main (40k)	Main (50k)
Capitec	R50	R79	R84	R169	R197	R64	R70
Insurer B selling in Grocery Retailer C2	R49	R62	R66	R98	R120	R132	R148
Telecommunications Company A	R99	R107	R107	R232	R307	N/A	R248
Bank A	R55	R110	R99	R197	R267	R95	R115
Insurer A	R97	R97	R97	R217	R274	R144	R173

### Comments:

- Capitec is the most competitive on the App channel.
- Capitec is still very competitive across all the lives in this profile but is second to Insurer B selling in Grocery Retailer C2. This could be due to the fact that it is not a “like for like” comparison as Insurer B Selling in Grocery Retailer C1 has cover only up to R10 000 for both the parent and wider family roles per policy.
- Insurer A. product appears like a package product that may not be directly comparable to the other products listed above.
- Once again Bank A seems to be closely competing with Capitec on this profile.
- At higher sum assureds, R40k and R50k, Capitec is charging half the premium that other competitors are charging.

# Results of Analysis – Profile 3

The following table shows the profile of the policy used in the comparison:



	Main	Spouse	Children	Parent	Wider family
<b>Policy Profile 3 - age</b>	45	40	5 and 9	61	26

The table below shows the premium rates that competitors are charging on their product:

## App/Website Rates

Profile 3	Main (35)	Spouse (34)	Children	Parent (59)	Wider Family (27)	Main (40k)	Main (50k)
<b>Capitec</b>	<b>R38</b>	<b>R72</b>	<b>R77</b>	<b>R171</b>	<b>R196</b>	<b>R55</b>	<b>R64</b>
Insurer B selling in Grocery Retailer C3	R99	R99	R99	R99	R99	R198	R319
Telecommunications Company A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bank A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Insurer A	R72	R96	R96	R200	R248	R116	R141

## Branch

Profile 3	Main (35)	Spouse (34)	Children	Parent (59)	Wider Family (27)	Main (40k)	Main (50k)
<b>Capitec</b>	<b>R53</b>	<b>R87</b>	<b>R92</b>	<b>R186</b>	<b>R211</b>	<b>R70</b>	<b>R79</b>
Insurer B selling in Grocery Retailer C3	R86	R93	R103	R141	R167	R172	R136
Telecommunications Company A	R99	R107	R107	R232	R307	N/A	R248
Bank A	R55	R110	R99	R255	R342	R95	R115
Insurer A	R104	R104	R104	R257	R307	R164	R198

### Comments:

- Capitec is the most competitive across all the lives in this profile on both App/website and branch channels.
- Once again Bank A seems to be closely competing with Capitec on this profile.
- Competitors' branch rates are cheaper than app/website premiums which is an anomaly.

# Comparison with Bank A

Since Bank A appears very close to Capitec across all profiles, further analysis was done of its pricing.

The premium rates for Bank A with the number suffix showing the profile number are shown below:

Main member	Main	Spouse	Children	Parent	Wider family
Bank A – 1	R55	R110	R99	R185	R282
Bank A – 2	R55	R110	R99	R197	R267
Bank A – 3	R55	R110	R99	R256	R342

The table shows that Bank A maintains the same premium rates for all ages except for parents and wider family.

Similar rates for Capitec are shown in the table below:

Main member	Main	Spouse	Children	Parent	Wider family
Capitec – 1	R46.89	R70.73	R72.95	R140.27	R197.30
Capitec – 2	R50.10	R79.04	R83.62	R169.10	R197.47
Capitec – 3	R52.85	R86.89	R91.77	R185.61	R211.19

Capitec is more competitive across all the lives as has been shown in earlier sections.

## Conclusion

- Capitec product continues to be one of the most competitive across all lives.
- Capitec quoted premium rates in these tables are a combination of life types e.g. quoted spouse premium rate is actually main + spouse.
- The **Insurer B selling into the Groceries Retail Group C** product is more competitive on profile 1 but Capitec becomes more competitive with increasing age.
- We need to understand why Insurer B selling in Grocery Retailer C2 is more competitive on profile 1 and 2.
- The Grocery Retailer C1 rates for parent and wider family are not a “like for like” comparison in all the profiles, as the Grocery Retailer C1 cover is up to R10 000 for both the parent and wider family roles per policy.
- Not all players are offering App/Website. It may be necessary to understand the reasons for such a trend.
- **Bank A and Telecommunications Company A** use similar rates across all the age profiles hence there could be cross subsidised rates.
- It appears that there are some pricing anomalies in some competitors’ premiums, especially in profile 1, which we would need to understand better in future. This could be a marketing strategy to price immediate family members differently.



CENTRIQ

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

SPE1579/12/2020