

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 and whether any product improvements should be made.

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 and insurance companies, as well as some retail companies that are players in this business. This comparison does not take account of any product changes that may come into effect across any competitor to meet funeral standard compliance by the 30 June 2020 licence conversion dates, should changes in product be made.

In summary the Capitec Funeral Plan remains competitive in the market in terms of benefit and premium offerings. A notable change is that Bank C has lowered most of the premiums, and for profiles 4 – 6 are 20% to 35% less than Capitec. 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. Our focus will not be on the level of the benefit offered by each plan, though this will be briefly considered for some plans in the analysis sections. 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.

E.g. For Bank A, where the PLA premium for R20 000 cover was required and Bank A only offered premiums for R10 000 and R30 000 cover, we used 2 x R10 000, as that would be the premium a client will pay.

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

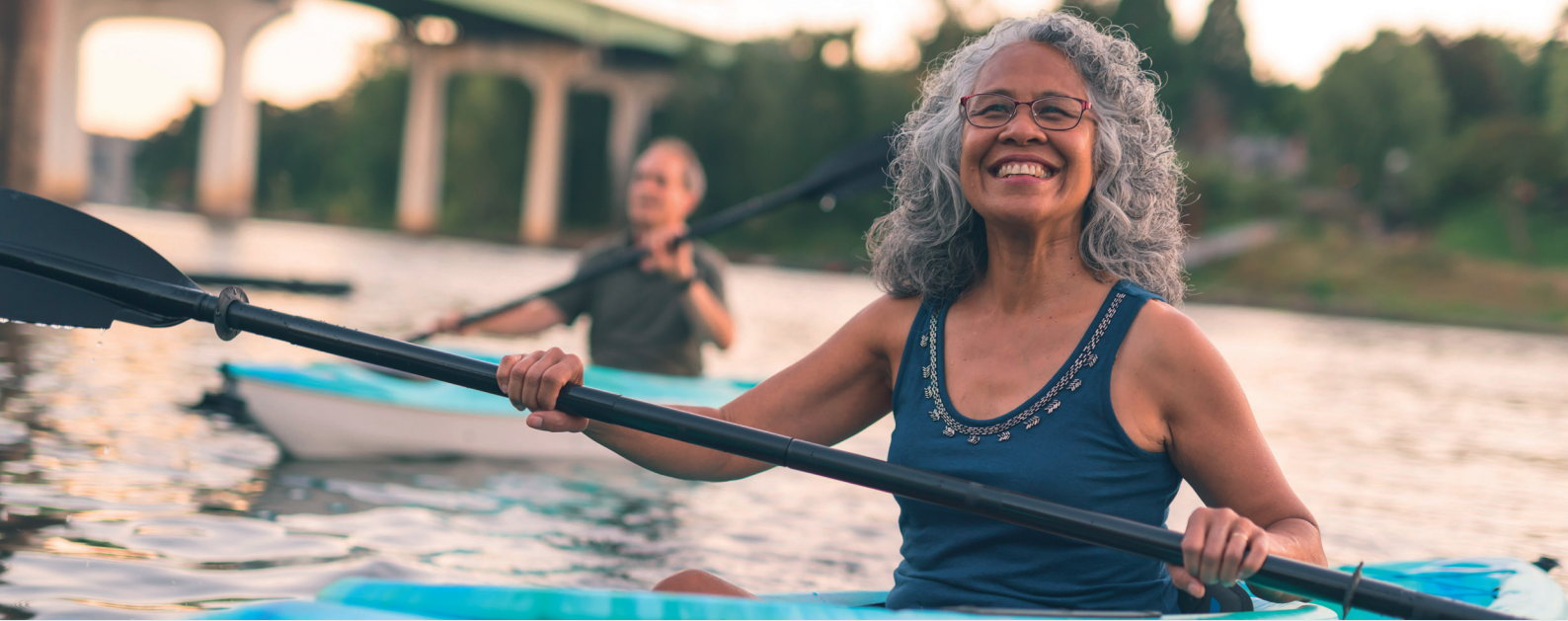
Consider the following absolute and percentage premium comparison tables:

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. Parent age 60, 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	180	162
Bank A	67	110	130	173	236	196
Bank B	86	130	144	175	233	233
Bank C	49	89	89	97	183	196
Bank D	61	105	143	143	203	157
Bank E	84	196	196	296	300	300
Traditional Insurance comparison						
Insurer A	62	100	100	144	182	143
Insurer B	64	83	91	189	159	304
Insurer C	94	188	234	274	414	392
Insurer D	114	228	276	309	471	443
Insurer E	210	241	261	286	338	303
Insurer F	50	98	110	207	277	324
Insurer G	242	286	286	439	483	423
Insurer H	143	194	194	219	270	246
Insurer I	64	99	99	Not available	Not available	Not available
Insurer J	146	288	288	371	513	496

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

Overall Capitec's Funeral Plan seems to be reasonably competitive, except that Bank C has become a fierce competitor in the basic profiles. Since the previous March / April 2019 comparison, all the banks have changed their premiums, but only Bank C is competitive.



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. Parent age 60, 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%	0%
Bank A	33%	28%	41%	36%	31%	21%
Bank B	70%	52%	56%	37%	29%	44%
Bank C	-3%	4%	-3%	-24%	2%	21%
Bank D	20%	23%	55%	12%	13%	-3%
Bank E	66%	129%	113%	132%	67%	85%
Traditional Insurance comparison						
Insurer A	22%	17%	9%	13%	1%	-12%
Insurer B	26%	-3%	-1%	48%	-12%	87%
Insurer C	86%	119%	154%	114%	130%	142%
Insurer D	125%	166%	200%	142%	162%	173%
Insurer E	315%	181%	183%	124%	88%	87%
Insurer F	-1%	14%	19%	62%	54%	100%
Insurer G	378%	234%	210%	244%	168%	161%
Insurer H	182%	127%	111%	71%	50%	52%
Insurer I	26%	16%	7%	Not available	Not available	Not available
Insurer J	188%	236%	213%	190%	185%	206%



Conclusion

Overall the Capitec Funeral Plan seems to be cheaper than the other competing products across the different policy bundles. In summary we can conclude:

- For the Life types and combinations where Capitec chooses to compete (as specified above), they are generally significantly cheaper than the opposition.
- Bank C seems to be Capitec's closest competitor from a premium rates perspective. Given that their premium rates are age banded, they will be cheaper than Capitec for older ages, and Capitec would be cheaper for younger ages.
- The premium rates compared above are the 'Branch' premium rates. After deducting the R15 for the 'App' premiums, rates for business sold through the Capitec App further strengthens Capitec's position.
- Pricing philosophies differ and the detailed pricing tables show that there are life types and combinations where Capitec is less competitive.

The Capitec Funeral Plan is still very competitive, in terms of premiums and benefits, when measured against other comparable plans in the market. The no-more premiums benefit on new birth/adoption of a child is still a unique feature of this plan. The memorial and grocery benefits (in that order) seem to be consistent between plans that offer more benefits than the Capitec Funeral Plan.

When considering banks; only Bank A and Bank E Funeral Plans offer more benefits, which are reflected in their premiums.

Changes in this document from September 2019 to March 2020

Overall, there were many changes on products offered by the competitors, across different profiles of the products during this investigation period. Some notable changes include:

- Bank B increased premiums associated with Family members older than 70+. Also removed the 80+ benefit.
- Insurer B have lowered all their premiums. Only two of the more complex profiles (8 & 9) are cheaper than Capitec.
- Insurer H increased all their premiums – still not competitive
- Insurer F have lowered all their premiums but still more expensive than Capitec. Insurer F (Dignity) increased across all profiles (all profiles now available).
- Insurer E made changes across all profiles and removed the 80+ benefit
- Insurer I increased its prices
- Insurer G – we saw changes in all premiums (still not competitive)
- Bank A changed during Sept / Oct 2019 reporting
- Bank D changed pricing during Sept / Oct reporting. One change in this reporting period is that there is no longer a benefit offered on wider family older than 65+



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