

Protecting the heartbeat of South Africa's economy

Elmarie Samuel, Product Marketing Specialist at FMI (a Division of Bidvest Life Ltd)



Collectively, small to medium-sized businesses contribute 20% to South Africa's GDP, account for 66% of all formal jobs and keep 10.8 million South Africans employed.

Small, medium and micro enterprises (SMMEs) are the lifeblood of our economy and business owners are the heart. The definition of a SMME is wide-ranging. It can be a micro enterprise employing less than ten people or an established business with 200 employees; it could be a self-employed individual working from home or a passionate entrepreneur always looking for their next venture.

Whatever the business, it's important for the business owner to not only protect their own income in the event of an injury or illness, but to safeguard the financial future of their business and that of their employees. Even a one-man band has monthly overhead expenses to think about. That's why business overhead insurance should be seen as a mandatory line item in running a business, no matter its size. Since inception, FMI has supported business owners by providing a monthly income to cover their salaries and business overheads when they couldn't work due to injury or illness. Over the years, we've innovated our product to include a combination of income and lump sum benefits that provide a payout for injury,

illness and death. As a financial adviser, there are two key considerations when selecting income cover for your business owner clients, namely business overhead income benefits and continuation of income if they pass away.

BUSINESS OVERHEAD INCOME BENEFITS

Loss of income claims criterion: Many insurers assess business overhead claims under a Loss of Income criterion, which can be difficult to prove if the loss of income doesn't coincide with the period of injury or illness. That's why it's important to choose a policy which allows a claimant to choose between loss of income or percentage of duties unable to perform, whichever is greater for them.

"Small, medium and micro enterprises (SMMEs) are the lifeblood of our economy and business owners are the heart."

Speed of payments: Speed of claim payment is crucial for business owners who need to pay staff and suppliers. FMI's Fast-Track claims, for example, offer a simplified claims process with payments based on receiving objective medical evidence. This results in faster claim payments because we don't have to wait for medical professionals to complete an occupational disability assessment. Plus, the first 60 days of the guaranteed claim period are paid upfront on acceptance of the claim.

Shorter waiting periods: While it's common for business owners to qualify for a 7-day waiting period on their temporary income protection benefit, this often isn't available for manual occupations. At FMI, the 7-day waiting period is also available to most occupations that perform manual duties, such as self-employed plumbers, electricians and mechanics. And on our Event Based cover, business owners can claim from day one.

LIFE INCOME IF YOU PASS AWAY

Consider a Life Income policy for your business owner clients. They can choose to provide their businesses with up to R150 000 per month for either 6 or 12 months in the event of their death. This can assist with providing a monthly income to pay for the ongoing monthly expenses while a suitable replacement is found or trained to take over their responsibilities, and could mean the difference between business survival or not.

As drivers of economic growth and job creation, all business owners should ensure that they not only protect themselves with personal cover, but to also ensure their business is protected and can continue operating, no matter what happens to them.