

## Why do I need funeral cover if I already have life insurance?

Do you know what funeral insurance covers you for and what the key differences are between funeral and life insurance? Many people believe that if they have life cover, that they don't need funeral insurance. It's true that both funeral and life insurance are very important in your financial planning, so it should never be about a trade-off between the two as they both fulfil very different needs.

O'Keeffe & Swartz, a leading outsourced call centre specialising in the outbound sale of simple insurance products, offers some practical guidelines based on the questions they most often receive from consumers about what the difference is between funeral cover and life insurance.

<b>Funeral Insurance</b>	<b>Life Insurance</b>
<p><b>What does it cover?</b> A funeral policy provides short-term funding for the costs associated with arranging and providing a funeral including transport, catering, casket and tombstone, flowers and so on. You can usually insure your own funeral, as well as those of your family members and extended family on one policy. Most policies pay out a lump sum at the time of the claim to the nominated beneficiaries such as your spouse, who can then disburse the funds for the funeral expenses. Funeral cover is an important aspect of being able to provide a dignified funeral, especially when money will be needed quickly.</p>	<p><b>What does it cover?</b> A life policy covers the policy holder for death, and pays out to the nominated beneficiaries on the policy. It can be paid out in a lump sum, or a monthly amount, and is used to support loved ones or beneficiaries with their future financial needs after you are gone. The purpose of life cover is to ensure that there is enough money to settle all outstanding debts upon your death, and to continue providing for your family in the future when you are no longer around to provide an ongoing income.</p>
<p><b>How soon does it pay out?</b> Funeral policies need to pay out quickly when a claim is made – typically within 48 hours to the nominated beneficiary stipulated on the policy.</p>	<p><b>How soon does it pay out?</b> Life policies can pay out in a matter of days if the claim is straightforward and all the necessary documentation is received. But in some instances it can take a few months if the claim is complex or if the insurer believes there is a need to verify any further aspects of the claim or cause of death.</p>
<p><b>How much does it pay out?</b> The policy pay-out is capped by the insurer and each one offers various limits, but usually the cap is around R50k. This is intended as short term funding relief for the costs related to a funeral only. Your level of cover typically increases each year by an</p>	<p><b>How much does it pay out?</b> With life insurance, you can tailor the amount to suit you and your family's lifestyle needs and your budget will also determine how much cover you can get – this is usually calculated by a qualified financial advisor who will look at all the aspects of your</p>

inflationary amount. Remember that funeral plan providers often limit the amount of cover they will pay, so thoroughly consider the benefits and limitations of the policies you are taking out, especially if you have multiple policies. Usually it is more cost effective to combine all your requirements and take out one policy that will cover multiple lives on one policy.

financial needs. The monthly premiums are calculated on the required insured amount, your risk profile such as health, age, lifestyle habits and so on. In some instances you may need to go for a medical exam to determine your health risk profile. Remember this is funding intended to cover your loved ones for their long term financial needs that will no longer be provided for should you pass away. Your level of cover and hence premium typically also increases each year with inflation.

Albert Theyse, Head of Sales at O’Keeffe & Swartz explains: “Life insurance covers the important long-term needs for your family in the future when you are no longer around to provide ongoing financial security. Funeral insurance provides the peace of mind of having the financial means readily and quickly available to pay for the funeral itself – usually sums that most people won’t have readily available in their savings.

“Funeral plans are the most prevalent form of insurance in South Africa, and for good reason. Being able to provide a worthy and dignified send off for a loved one is held in very high regard in our South African communities. Our own experience in our call centre echoes these views as we see on a daily basis the impact of these simple insurance solutions on the lives of South Africans working towards carving out more financially secure lives for themselves and their families. We see millions of South Africans who are positively impacted by the insurance solutions we sell, providing the peace of mind of immediate financial relief so that their focus can be on family and friends and the emotional closure of a dignified funeral, and not on financial distractions,” concludes Albert.