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5 funeral cover questions you need to consider

No one likes to think about dying. It is one of those things that “happens to other people, but it won’t happen to me”. The reality is that funerals can create a lot of stress on families if there is no provision made. South Africa also has a unique funeral culture where often the most important people who need to be covered are not necessarily only family members.

Darryl Adriaanzen, African Bank Group Executive: Operations, says funeral cover is a sensible choice, rather than being forced to take out a loan when a loved one dies, due to the exorbitant costs of a funeral.

Here are a few questions you may have thought about, but haven’t had the courage to ask:

1. How long do I have to wait until I can claim on my funeral policy?

Different funeral policies have different waiting periods. Some require a compulsory 6 or 12 month waiting period before any claims can be made. Especially since there are no examinations involved, they need to be certain you do not have an illness of which you haven’t informed them. Make sure to read the terms and conditions of any funeral plan carefully before signing an agreement.

2. Can I insure extended family as well?

With some companies, you can insure anyone who is important to you, up to a stipulated maximum. African Bank’s funeral cover, for instance, allows you to cover up to 9 immediate family members (1 spouse and up to 8 children) and up to 8 extended family members.

3. Will I still be able to claim money if I cancel my funeral policy?

No. A funeral cover only pays out when there has been a death. This means that as long as you pay your funeral policy, you or your family members' funeral will be provided for financially. If you cancel your policy, you will lose these benefits and will not be refunded for premiums already paid. It's also important to note that as soon as you stop paying your premiums, your policy will lapse.

4. Can I take out more than one funeral policy?

Most people have more than one funeral plan with various insurance companies. However, this could cause them to be viewed as 'over-insured.' This means that some insurance companies may choose to pay out less money than was promised and you could lose some of your benefits. Consider the benefit of taking out multiple funeral plans before you do it.

5. Would I be able to downgrade if my premiums become unaffordable?

Most insurance companies allow downgrading your premium. If the company doesn't allow this, they may suggest you cancel the policy and opt for cheaper funeral cover to suit your budget. It would be best to ask about this before applying for a particular funeral cover plan, especially when you're having doubts about whether you'll still be able to afford this payment a year after applying.

"Paying a small fee on funeral cover every month is much more convenient and affordable than paying a large amount of money to cover funeral costs, and struggling to make ends meet if the breadwinner in one's house has passed on," says Adriaanzen.

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PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR.
CONTACT JACQUI MOLOI ON JACQUI@FINDLEYPR.CO.ZA OR 071 764 8233
WITH ANY CONSUMER PR QUERIES.