

Media Release

Association for Savings and Investment South Africa (ASISA)

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Life insurers settled 95.6% of all death claims in 2024

Life insurance members of the Association for Savings and Investment South Africa (ASISA) settled 95.6% of death claims received in 2024, paying beneficiaries of life and funeral policies R39.5 billion in benefits.

The ASISA annual death claims payout statistics for 2024 show that life insurers processed 914 258 death claims against individual life, credit life, funeral and universal life policies. The statistics also show that 873 825 of these claims were paid and 40 433 claims were declined in 2024 for reasons such as dishonesty, fraud, or contractual exclusions like suicide within the first two years from when the policy was taken out.

ASISA started publishing the average rate at which claims against fully underwritten life policies are paid by member companies in 2013 to provide consumers with the peace of mind that valid claims are paid. Fully underwritten life policies are only issued if the individual policyholder has completed a full underwriting process, which involves a comprehensive assessment of the life insured's health and medical history.

In 2021, ASISA started collating claims payout statistics for all types of life policies (fully underwritten and partially underwritten), as well as funeral policies.

Gareth Friedlander, a member of the ASISA Life and Risk Board Committee, says that for the past four years (2021 to 2024), the average claims payout rate for life and funeral policies remained steady between 94% and 96%.

He says since life companies exist primarily to provide consumers with the option of insuring themselves and their loved ones against the financial impact of an event like death, disability, or critical illness, policyholders and their beneficiaries should be able to trust that their policies will pay when a life-changing event occurs.

He explains that a life company will only decline a claim if there is evidence of a crime, if the benefit definition is not met or an exclusion applies, if the policyholder died during the waiting period, or if fraud or intentional dishonesty was evident, for example, a policyholder not disclosing material information about a medical condition or lifestyle when applying for the policy to secure cover and/or lower premiums.

The 2024 claims payout statistics show that more than 95% of claims were valid and therefore paid, with only 4.4% of claims declined for the reasons mentioned above. This highlights the importance of being honest with the life insurer when taking out a life or funeral policy, says Friedlander.

ASISA Claims Payout Statistics from 2022 to 2024

Type of policy	% of claims paid			Number of claims paid			Rand value of claims paid		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Life Insurance Policies	95.9%	97.5%	97.3%	213 962	261 525	276 108	R28.5bn	R28.1bn	R28.9bn
Credit Life Policies	88.8%	87.5%	88.1%	67 926	20 769	21 107	R2bn	R1.5bn	R1.3bn
Funeral Policies	94.1%	95.3%	94.7%	412 491	563 887	530 045	R6.1bn	R7.7bn	R7.3bn
Combined (Universal Life) Policies	98.1%	99.3%	99.9%	50 286	46 636	46 565	R7.1bn	R2.6bn	R2bn
Total	94.3%	95.9%	95.6%	744 666	892 817	873 825	R43.7bn	R39.9bn	R39.5bn

- **Life insurance policies (including universal policies):**

Friedlander explains that the highest average claims payout percentage is typically achieved for life insurance policies (including the old universal life policies), because they require some form of risk screening, like health assessments and lifestyle questions, before the applicant's life is insured.

Life insurance policies can offer life cover worth millions of Rands, and the underwriting process reduces the risk of fraud and non-disclosure at the application stage.

In 2024, 97.3% of claims against life policies were paid and 99.9% of universal life policies.

- **Funeral insurance policies**

Funeral insurance policies are designed to pay out quickly and without hassle when an insured family member dies and typically do not require blood tests and medical examinations. Funeral policies are also restricted in terms of the maximum cover they can provide.

Since there are no underwriting requirements for funeral insurance, it is often tempting for people to buy funeral cover only once they have developed a serious illness and are expecting to die as a result. To prevent this, funeral cover usually imposes a waiting period of six months for deaths due to natural causes.

Friedlander explains that, therefore, the payout rate for funeral policies tends to be slightly lower than for life policies but still exceptionally high at 94.7% in 2024.

- **Credit life policies**

Credit life policies are designed to cover loans should the policyholder die before the debt has been settled, for example, a home loan or vehicle finance. The payout by a credit life insurance policy decreases as the outstanding loan amount decreases, and once the debt

has been repaid, the cover ends. Since premiums are worked into the monthly loan repayment, a default on the repayment also means that no premiums are paid to the life insurer, and the cover therefore lapses.

Friedlander explains that claims against credit life policies are most commonly declined because the cover lapsed due to non-payment of premiums or the outstanding loan balance had been settled. The average claims payout rate for credit life policies was 88.1% in 2024.

Ends

To set up interviews, please contact:

Lucienne Fild
Independent Communications Consultant
082 567 1533
lucienne@fild.co

Issued on behalf of:

Gareth Friedlander
Life and Risk Board Committee
Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.