



# **Employee Accident Insurance Benefits for Employees of Rhodes University**

## **1. Introduction**

At Rhodes University, the portfolio of insurance for the institution includes a short-term employee accident insurance policy which is renewed annually. The policy provides accident insurance cover for various categories of employees and members of the Board of Governors and Council. This cover is in respect of accidental death or injury caused by outward violent and visible means. The premiums for this policy are paid for by Rhodes University and therefore legally, the insurance company is required to pay the institution for any claims. How the institution wishes to then utilise and allocate these funds, is at its own discretion. This protocol document seeks to clarify the principles that will be used to determine how such funds received from this policy will be allocated.

Related protocols include:

- (a) Protocol regarding Incidents and Injuries on Duty resulting in Personal Injury
- (b) Protocol for financial support for staff of Rhodes University in the event of minor injury on duty.

## **2. University legal responsibilities and liability**

The University is not obliged by law to take out this additional short-term employee accident insurance. The University is also not obliged to distribute the funds from this insurance in a particular way. This insurance is also not a matter for negotiation with unions or staff.

## **3. Benefits of the policy**

The nature and extent of benefits of the policy are specifically recorded in the insurance policy agreement entered into by the University with the Insurer. The insurance policy is reviewed annually. Rhodes University reserves the right to review and amend the benefit structures and insured persons as defined in the policy, after consultation with the senior management of the University.

The benefits of the insurance policy are set out in the insurance document and this insurance policy will be the sole reference document in the event of any incidents submitted for consideration. Broadly, the insurance policy provides for:

- Non-indemnity<sup>i</sup> insurance in respect of
  - a) Death
  - b) Permanent Total Disability
- Indemnity<sup>ii</sup> insurance in respect of
  - c) Temporary Total Disability
  - d) Limited Medical Expenses

The University pays the premium on the policy which records that proceeds of the policy will be paid to the University<sup>iii</sup>. The University may either utilise the benefit for its own purpose or elect to pay these proceeds, in full or in part, to employees who suffer a loss in terms of the Employee Accident Insurance. Any Benefits payable to employees will be subject to the tax requirements and laws of the Country.

## **4. Benefits that may accrue to staff**

In terms of the allocation of any benefits received by Rhodes University in the event of an accident (as defined by the short-term insurance policy), the Budget Executive Committee, in 2011 determined the principles to govern the allocation of funds. This was ratified by The Finance and General Purposes Committee of the University at its meeting on the 31<sup>st</sup> of May 2012. The principles are:

#### **4.1 In the event of the death of an employee**

The full benefits received will accrue to the employee's estate, to be distributed in line with the general requirements of the deceased. For permanent staff and long-term contract staff, this distribution is outlined in documentation for the distribution of funds from the staff member's pension or provident funds. For those staff not on the pension or provident funds, this distribution shall be terms of their personal will or in the absence of the will, as required by the State.

#### **4.2 In the event of permanent total disability**

Where a permanent total disability payment is made under this Insurance, Rhodes University will remit the proceeds of the claim to the disabled insured person, less any direct<sup>1</sup> costs incurred by Rhodes University, as a result of the disablement.

#### **4.3 In the event of temporary disability**

In terms of current legislation, employers and employees have access to various statutory insurances for indemnity against injuries sustained during the course of their employment. These are the COID in the case of injury on duty (IOD) or the Road Accident Fund, in the event of an accident on the roads. This employee accident insurance policy only pays out in the event of other insurances not covering costs of an accident. In the event of temporary disability funds being paid out, Rhodes University will retain the funds received, to pay for all costs incurred by the employer as a result of the accident. This includes the employment of a replacement for the employee and/or where feasible or necessary, to supplement the remuneration of the employee, subject to any policies that govern such remuneration.

#### **4.4 Where medical costs have been incurred**

The employee accident insurance policy only covers very specific medical costs. The replacement of teeth or spectacles or contact lenses as a result of an accident, are not covered by this insurance. Where such costs have not been covered by other statutory insurances or personal insurances of the University, the benefits received will be paid to the service provider for any medical expenses not covered, including any excess<sup>iv</sup> that the employee has had to pay.

#### **4.5 No benefits as a result of damage to Personal Belongings**

The employee accident insurance policy does not cover the damage to personal belongings including teeth, spectacles, contact lenses, clothing even in the event of an accident. Therefore, there are no benefits for such items in terms of the policy.

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<sup>i</sup> In non-indemnity insurance, the sum which the insured is entitled to receive from the insurer does not necessarily bear any relation to the actual loss suffered by the insured. In addition, whether or not the injured already has insurance is not relevant.

<sup>ii</sup> Indemnity insurance entitles the insured to recover the actual commercial value of what has been lost through the happening of the insured event. This also takes into account other insurances that exist to compensate the insured e.g. COID Act and the Road Accident Fund and personal insurance such that indemnity insurance only pays out what which is not covered by other insurances.

<sup>iii</sup> Information provided by the University Broker.

<sup>iv</sup> The excess on medical expenses is currently R300.

Written: Director, Finance in consultation with the Director, HR

Last updated: July 2012

Approved by FNGP: May 2012

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<sup>1</sup> Direct costs refer costs that accrue as a direct result of the injury/accident. The costs of replacement staff would be an example of a direct cost.