

Children's grants can't fund funeral policies

After much legal wrangling, the minister, the South African Social Security Agency (Sassa) and Lion of Africa insurance company reached a settlement regarding funeral policy premiums being deducted from children's grants.

It all started when Lion of Africa questioned the department's prerogative of changing the law simply by issuing a directive.

"In November 2015, Sassa issued a policy directive to create a moratorium on the sale of funeral policies to child support grant recipients. This directive sought to overturn Regulation 26A of the Social Assistance Act, 2004. At the time, Lion of Africa asked the courts whether it is possible for Sassa to effectively change the law via the use of a directive," a statement from the company said.



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Minister provides clarity

On 17 December 2015, the company was granted an interim interdict, with costs, to suspend Sassa's moratorium on all funeral policy deductions against children's grants. In effect, the court ruled that it is not possible to change the law through issuing a directive and agency is not in a position to unilaterally make legislation in South Africa.

Sassa appealed the December ruling and the appeal date was set down for 26 May 2016. In the interim, in a statement on 6 May 2016, the minister provided clarity that deductions from social grants may only be made in respect of funeral policies issued by registered life assurance companies and that they may only be applied to adult grants. Lion of Africa welcomed the clarity that this statement brought to the situation and that the core elements of Regulation 26A of the Social Assistance Act, 2004, remain intact.

Concern about the legal process

"It is important to note that Lion of Africa is not, and has never been, opposed to the prevention of deductions from child support grants. The company was concerned for the legal process and challenged the right for any entity to change the law without following due process. At the time we fully complied with the directive and the company will continue to operate within both the spirit and the letter of the law in all respects," the statement said.

The matter concerns nearly 12m beneficiaries of the R350 a month child support grant, and also about 130,000

beneficiaries of the care dependency grant of R1,500 a month and more than 450,000 beneficiaries of the foster child grant of R890 a month.

Not in the interests of the child

“The Black Sash, admitted as a ‘friend of the court’, has argued among other things that the purpose of the children's grants is to give effect to the rights of children in the constitution, and that diverting money from children’s grants for a funeral policy – whether that of the child or another member of the family – is not in the interests of the child, an article in the [Daily Maverick](#) says.

At stake for Lion of Africa is the roughly R1,7m a month in income the company gets from premiums for funeral insurance paid by 20,000 beneficiaries of children's grants. The premiums range from R30 to R180 a month.

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