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ANALYSIS OF DIFFERENCES BETWEEN ACTUARIAL RESULTS

Introduction

The following is a summary of the main differences between the results for loss of support between the actuarial report by Independent Actuarial Consultants (Pty) Ltd ("IAC"), dated 19 November 2004, and the actuarial report by ABC Actuaries ("ABC"), dated 17 March 2004.

The gross results differed as follows:

- Past loss : Approximately 56% larger loss demonstrated by IAC
- Future loss : Approximately 140% larger loss demonstrated by IAC

Main differences in gross results

1. Level of support

- The ABC report assumed that the deceased did not contribute to the support of the mother of the children. The deceased's income was assumed to be apportioned 2 parts to the deceased and 1 part to each dependent child (i.e. 60% of the deceased's income was taken into account for support purposes while all three children were dependent).
- IAC was instructed that the deceased and the mother of the children were married and to calculate loss of support in respect of the spouse and the three children. The deceased's income was assumed to be apportioned 2 parts to each of the parents and 1 part to each dependent child (i.e. 87% of the deceased's income was taken into account for support purposes while all three children were dependent).
- This difference in the assumed apportionment of the deceased's income contributed to the larger gross loss demonstrated in the IAC report as follows:
 - Past loss : Approximately 30%
 - Future loss : Approximately 120%

2. Income of deceased

- The ABC report assumed income of R11 363 pa at date of death.
- The IAC report assumed total income of R13 795 pa at date of death. This was derived from a payslip provided.
- This difference in deceased's assumed income contributed to the larger gross loss demonstrated in the IAC report as follows:
 - Past loss : Approximately 21%
 - Future loss : Approximately 21%

3. Date of calculation

- ABC date of calculation: 15/06/2004
- IAC date of calculation: 01/12/2004
- This difference in date of calculation contributed to the larger gross loss demonstrated in the IAC report as follows:
 - Past loss : Approximately 5%
 - Future loss : Negligible

Differences in net results

The net results differed because of the following:

- Different general contingency deductions
- IAC also applied a remarriage deduction
- IAC was instructed to allow for welfare grants that were received by the spouse in respect of the three children.

Conclusion

The report by IAC sets out the instructions, information and assumptions on which the calculations were based. We cannot comment on the instructions on which the results in the ABC report were based.

We will be happy to provide updated results based on further instructions regarding the level of support to be assumed, and/or for an updated calculation date.

Regards



For Independent Actuarial Consultants (Pty) Ltd