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DATED: 12 AUGUST 2026

CIRCULAR NO: 2026/00042

TO: ALL PARTICIPANTS IN THE MOTOR INDUSTRY

NOTICE: INFORMATION RELATED TO PROVIDENT RISK COVER

This notice aims to guide employees and employers on Risk Cover for the Autoworkers Provident Fund (AWPF) and the Motor Industry Provident Fund (MIPF), collectively known as Industry Funds.

INTRODUCTION:

The Industry Funds include risk cover to protect employee members and their families in the event of **Ill Health** or **Death**. The contribution for risk cover is included in the normal provident fund contribution and employees who are members of the Industry Funds will qualify for those benefits when their provident fund contributions are paid up to date, namely:

Ill Health:

When it is medically proven that a member of an Industry Fund is continuously or permanently unable to perform his/her usual work due to an illness or a disability.

The ill health benefit is nil in the first year of membership; 20% in the second year; 40% in the third year; 60% in the fourth year; 80% in the fifth year and 100% upon the completion of five years as a member, which is equal to –

(a) three times his last determined annual remuneration; and

(b) plus his/her Fund Credit should the member go onto early retirement due to ill health,

subject to the Fund Rules.

Death Benefit:

When there is a death of a member before retirement or withdrawal from the Industry Funds.

The death benefit is equal to –

(a) three times his/her last determined annual remuneration; and

(b) plus his/her Fund Credit at the date of his/her death,

paid to the death benefit beneficiary/s in accordance with the Fund Rules.

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Hence, employers are required and encouraged to make provident fund contributions diligently to remain in good standing. Should employers not make provident fund contributions timeously, their employees run the risk of forfeiting the Ill Health and Death benefits when it may be needed.

"In Good Standing" means an employer whose provident Fund contributions and Returns is paid up to date 6-months' prior to applying breaks.

PROCESS CHANGE REGARDING RISK COVER:

Note: The employer contributes 8% and employee 7.5%, which amounts to a total contribution of 15.5% of pensionable remuneration towards the employee's retirement fund. The risk contribution is currently 1.5% of the total contribution, which is paid from the employer portion.

1. The Industry Fund Rules have been amended and the Risk Cover contribution is required whenever there are breaks in provident fund contributions (for various reasons i.e. due to maternity leave, short-time, temporary business closure, etc.)
2. However, employers in good standing will automatically be granted a 6-month exemption not to make any provident fund contributions when there is a break and their employees will still be eligible for risk cover. Such employers may even apply for an extended exemption not to pay the risk cover contribution, should the break extend beyond 6-months.
3. Employers who are not in good standing and have not been granted this exemption will be required to at least make the 1.5% risk cover contribution for employees who are on breaks, to ensure that those employees are eligible for the risk cover benefits.

References:

Risk cover is regulated in terms of –

- Rule 4.3 of the Industry Provident Funds Rules; and
- Sub-clause 6(5) of the Industry Provident Funds Rules Collective Agreements (namely, Gazette 53984, Notice no. R.7016 of 23 January 2026 and Gazette 53984, Notice no. R.7015 of 23 January 2026).

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NOTE (IMPORTANT):

- MIBCO has set up the Returns System to forecast and bill for risk cover, or to apply the risk cover exemptions from 31 August 2026. Thus, risk cover will automatically be billed for short-time breaks that have been applied for employees**. It is therefore essential for employers to contact MIBCO and advise of short-time breaks**, to qualify for any possible exemption that may be due and avoid being billed when in good standing (namely, not to pay employee risk cover for 6-months).
- Exemptions that are due will automatically be applied when breaks are created from 31 August 2026 onwards.
- Risk cover exemptions are for 6-months and employers are required to keep track of the expiration of such exemptions and may request an extension from MIRF via MIBCO, or will be billed for risk cover thereafter.
- Failure by employers to pay for Risk Cover that is due will invoke a Returns Underpayment Contravention in terms of sub-clause 6(5) of the AWPF Collective Agreement (Gazette 53984, Notice no. R.7016 of 23 January 2026) or the MIPF Provident Fund Collective Agreement (Gazette 53984, Notice no. R.7015 of 23 January 2026) respectively.
- Webinar orientation workshops on the topic are scheduled for Industry as follows:

Session-1 for Industry: Wednesday 19 August 2026 , from 12h00 to 12h45 Click ***HERE*** to join or to copy the link
Session-2 for Industry: Wednesday 27 August 2026 , from 12h00 to 12h45 Click ***HERE*** to join or to copy the link

The MIBCO Team

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