



# Financial **SAFEGUARD**

## **INSURANCE:** SHORT AND LONG-TERM INSURANCE



# Content •

|  |    |
|--|----|
| Planned and unplanned events           | 1  |
| Results of unplanned or planned events | 2  |
| How can insurance help you?            | 3  |
| What types of insurance are there?     | 4  |
| Insurance Products                     | 5  |
| Insurance documentation                | 9  |
| Exclusions and expectations            | 11 |
| Rights and Responsibilities            | 13 |
| Process of buying insurance            | 17 |
| Payment                                | 19 |
| Claim Process                          | 21 |
| Where can I go for help?               | 23 |

# Planned and unplanned events •

## Unplanned events

Unplanned or unexpected events are events that we have not planned for, but could happen to us suddenly, for example:

- Burglary
- Accident
- Funeral
- Retrenchment
- Victim of crime
- Fire and flood
- Sickness

## Planned Events

Planned events are events that are bound to happen to you at some stage in your life, for example:

- Birth
- Retirement
- Death



## Results of unplanned or planned events ●

It can be stressful if you experience any of these unplanned and planned events. This is when having insurance is important.

- Depression
- Loss of home / house
- Death
- No retirement savings
- Education expenses
- Disability
- Needing medical attention



# How can insurance help you? ●

## Reasons for Insurance

Insurance might be a need as it protects your life, the lives of your loved ones and your possessions.

With insurance you will have peace of mind because you are protected against risks (planned or unplanned) you may face.



## Examples:

- Your house is flooded
- You are involved in an accident
- You lose a family member
- You lose your job



## What types of insurance are there? ●

There are two types of insurance.

### 1 Short-term insurance

The first type of insurance protects your possessions. This type of cover seeks to put you in the financial position that you were in before the insured event occurred. This is called short-term insurance.

For example: Car and household contents insurance.



**Short-term insurance** is also known as **Non-Life insurance**

### 2 Long-term insurance

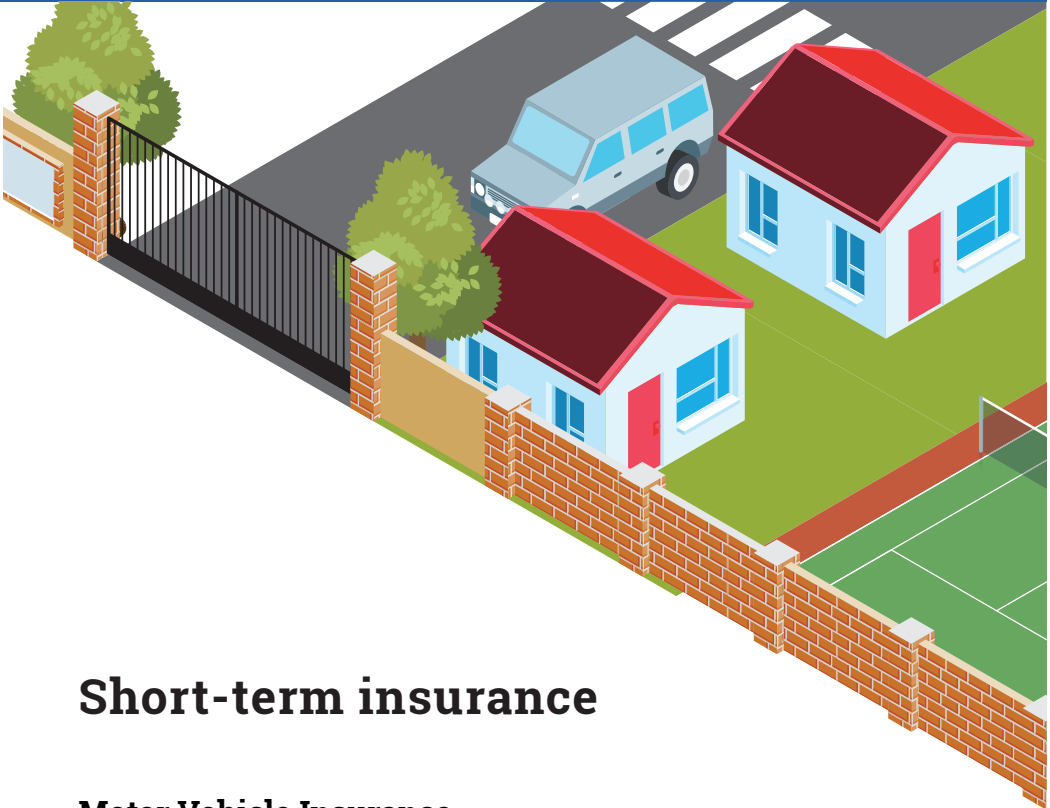


**Long-term insurance** is also known as **Life insurance**

The second type of insurance seeks to compensate you for life changing events such as death, retirement and disability, loss of life, injury and loss of income. This is called long-term insurance.

For example: Health policies, Life and disability cover.

# Insurance Products •



## Short-term insurance

### Motor Vehicle Insurance

This covers your motor vehicle for damage, theft, and damage caused to property belonging to other parties.

### Household contents Insurance

This covers your household contents, for example furniture, appliances and personal belongings.

### Homeowners Insurance

This covers your home, the structure itself like bricks, roof, fittings and other things that are needed to rebuild your house.





### **Personal liability Insurance**

This covers damages to a person or property that is not part of your household.

### **Travel Insurance**

This covers things like lost luggage and medical expenses when you travel outside of South Africa.

### **Cellphone Insurance**

This covers your cellphone in the event of it being stolen or damaged.



# Insurance Products •

## Long-term insurance



### **Life Insurance**

This covers your life in some of the following events: disability, loss of limbs, death etc.

### **Disability Insurance**

This covers you if you become disabled or suffer from a chronic illness, forcing you to stop working.

### **Endowment**

An endowment policy is an investment product. It is set up as a regular savings plan. At the end of a set period (usually a minimum of five years) you will get paid out a lump sum.



### Health policies

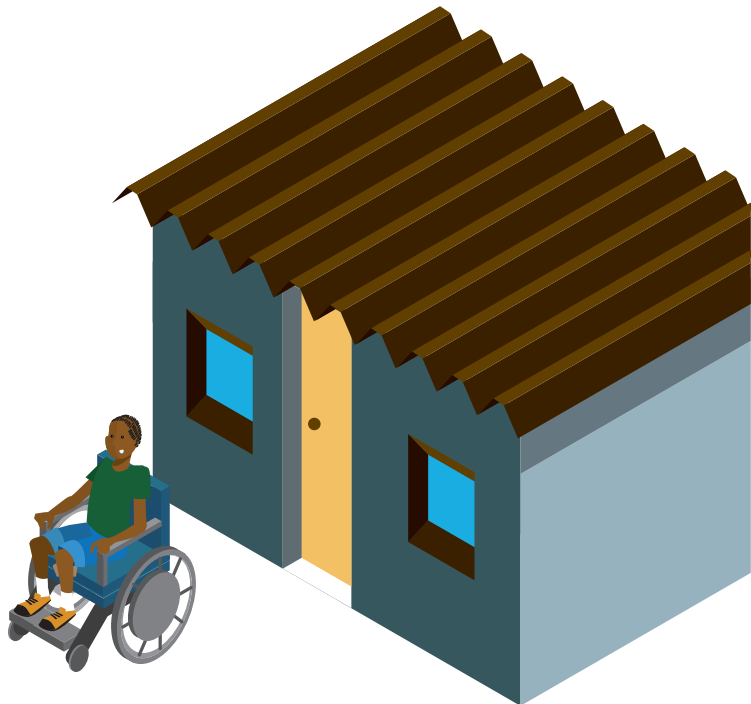
A health policy is a type of insurance policy that pays out a benefit when a specific health event occurs, which is covered by the policy. The benefit could either be a fixed sum of money per day, or maximum lump sum of money which is paid if a specific health event takes place (e.g. a specific health condition develops).

### Income Protector

This covers your income in case you are not able to earn income anymore because of disability or retrenchment.

### Funeral Insurance

This covers you and your loved ones for funeral expenses in the event of death.



# Insurance documentation •

## Documentation



You will receive a policy document once you register for insurance.

Read all information  
**carefully.**



Certificate  
of insurance

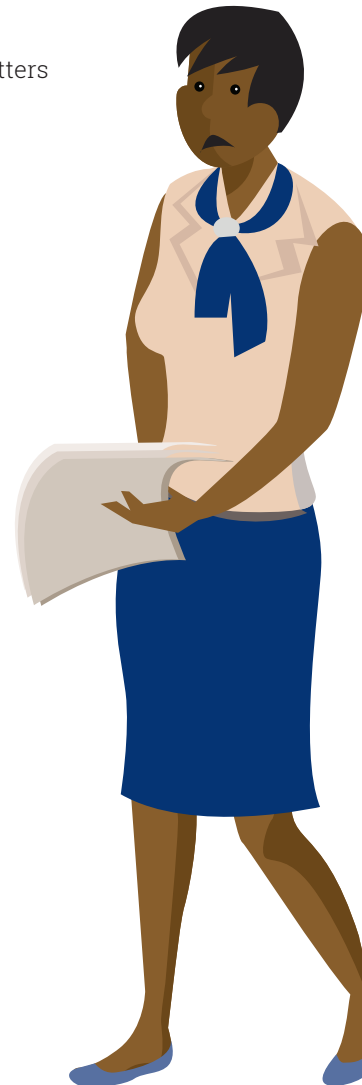


There will be a welcome letter – this is a letter that tells you who you are insured with and who to contact if you have any questions.

The policy wording – this is the information you need to read about your policy.

It includes your general terms and conditions which outline matters such as:

- Excess: **What** is it and **when** is it payable
- What is covered by the policy
- **When** your insurance starts
- **When** your insurance stops
- **How much** your monthly premiums are
- **What happens** if premiums are not paid
- **How** to claim
- **What to do** if you disagree with how the claim was handled
- Other information that is **important** to your contract
- **Grace** period
- **Waiting** period
- **Details** of the Ombudsman and the compliance officer:  
for complaints which were not handled to your satisfaction by the insurance company
- A **certificate** of insurance:  
This is proof that you are insured. It confirms what is covered and the date on which your insurance begins.  
It will also have your policy number on it.



# Exclusions and expectations •

Along with the general terms and conditions there will be a list of what is not covered (the exclusions and exceptions). These are situations where no claim can be made even though the insured item is damaged or lost. Common exceptions would include:

- If you intentionally damage or lose the insured item.
- If you falsely claim for something that is not lost or damaged.
- Where the client has misled the insurance company so that the insurance company thought that the risk was lower than it actually was.
- Normal wear and tear of an item.
- Damage or injuries suffered before the policy was issued.
- War and riot risks.
- If you are involved in illegal activities that damage the property.

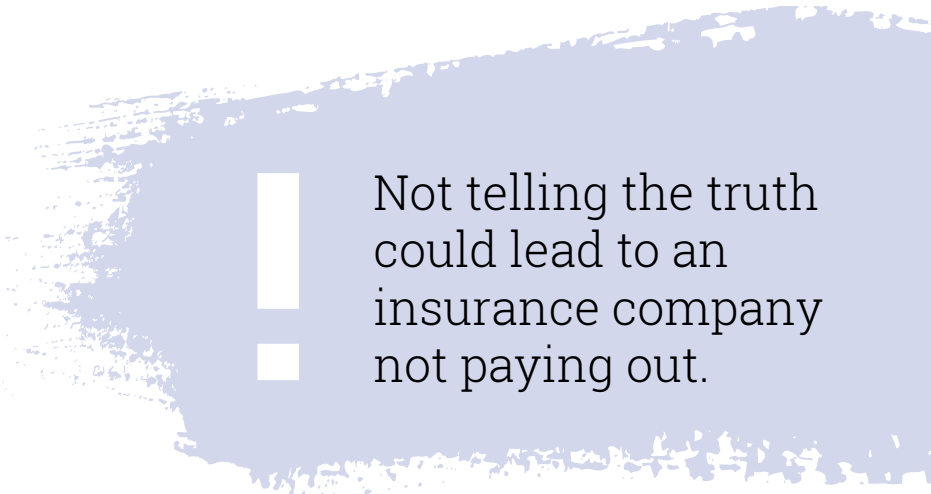
These specific lists of exclusions and exceptions can be different with each insurance company.





### Things to remember

- Most policies have an amount (excess) you need to pay before the insurance company will pay the claim. Make sure you know how much your excess is, for example in the event that your car gets stolen, the insurance company may require an excess amount of R4,500 before processing your claim. They usually take this money from the total payout. If the total payout is R80,000, they will take the R4,500 from there and pay you the difference of R75,500.
- Check your insured values annually and adjust them if you need to. For example, cars usually decrease in value over time. You need to contact your insurer to discuss and adjust this..
- Policies pay out a certain maximum value for different items. Make sure anything of high value is included and stated in your policy so that you will be paid out its real value if it is stolen or lost. For example, in household contents cover, you may want to specify your wedding ring in your policy.
- Shop around for the best value and not necessarily the cheapest quotations. The cheapest may be accompanied by very high commissions and you may not be covered for all your needs.
- Fraudulent claims are a criminal offence.
- Telephonic purchases of insurance are recorded and form a legally binding contract.
- Beneficiaries that are not older than 18 years can cause a delay in the payout.



Not telling the truth  
could lead to an  
insurance company  
not paying out.

# Rights and Responsibilities •

## Your rights

- Every purchase of a policy is a legal contract. It gives you rights in the event of an accident, injury, fire or whatever you are insured for. You have the right to be paid the amount you are insured for, provided that you have met all the terms and conditions.
- You may cancel your policy by giving the insurance company a period of notice (usually a month) as provided for in the policy document.
- Contact information – ask the insurance company and agent to give you their contact details.







**Along with all rights come certain responsibilities.**



## Your responsibilities

- You agree to pay the premiums and to follow the rules, as written in your policy document.
- It is your responsibility to make sure you understand everything in the policy.
- You must tell the truth.
- Be informed – make sure you know and understand the insurance product.
- Identify yourself – the insurance company will need your ID number, address and details of all other people you are insuring.
- Accurate information – in order for the company to insure you correctly, you need to provide them with true and complete information.
- Monthly payments – confirm how much your insurance payment will cost you each month and confirm that you can afford it.

# Rights and Responsibilities •

## Insurance company's responsibilities

- The insurance company will take responsibility for the risk you face if the insured event occurs, provided you have paid your premiums accordingly.
- The insurance company will explain the policy in full and answer any questions you have on your policy.
- The insurance company will pay in the event of death, disability and loss of income depending on what you are covered for.
- The insurance company will have qualified agents who can help you make the right decision about which insurance you need.
- The insurance company must be properly licensed by the Prudential Authority (PA) for all the insurance products that they sell you.





# Process of buying insurance •



## Step 1

### **Needs Assessment**

- Identify what insurance you need.



## Step 2

### **Choosing insurance**

You can apply for insurance in the following ways:

- Face-to-face
- Call centre
- Kiosk
- Sms

You choose the insurance product that meets your needs and that you can afford, based on your need's assessment.



## Step 3

### **Insurance agreement**

The insurance company will give you a copy of the insurance agreement:

- Read the agreement
- Make sure you understand the Terms and Conditions
- Sign the agreement and return it to the insurance company
- The agreement can also be made over the phone

The insurance company will need your details such as:

- ID number
- Phone number
- Address
- Banking details for the monthly debit

Zanele Makoni



## Step 4

### Confirmation of Insurance

A policy document will be sent to you as soon as you are registered for insurance with your insurance company. You will also receive your policy wording and certificate of insurance.



## Step 5

### Satisfied with Insurance

Are you satisfied with your insurance?

If you have questions, please call customer care services for:

- Upgrades and downgrades
- Queries or information
- Other insurance products
- For funeral policies and life policies you have a 30-day cooling-off period if you would like to change your mind

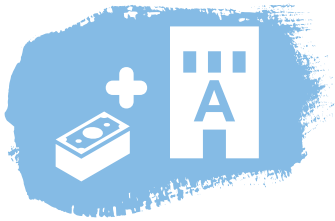


## Note

Some FSPs will have a qualified agent who can help you with your insurance needs, such as the different products available.

## Payment Options

- The insurance company will take responsibility for the risk you face if the insured event occurs, provided you have paid your premiums accordingly.
- You can pay in a retail store, for example PEP, Money Market, Easy Pay or a funeral parlour.
- You can pay using a store account, for example your Jet account, furniture stores, etc.
- You can make a debit order payment to the insurance company. As part of the sales process the call centre agent will ask you to provide your banking details to effect the debit order payment.
- A deduction may be made from your salary to pay your insurance as a stop order payment.





# Note

Failure to pay your premiums on the due date will result in your policy lapsing. You are given a grace period, however, if you do not pay within that grace period your policy will lapse.

If you are unable to pay your monthly insurance premium you must inform the insurer and make arrangements or you will not be covered.



# Claim Process •

## Step 1

### **Event must be insured**

The insured event must occur, i.e. flooding / death.

## Step 2

### **Report the claim**

You must notify your insurer as soon as the event occurs within the notification period. The insurance company will tell you what information you need to provide.

## Step 3

### **Prove the claim**

You will need to fill in the claim form and provide supporting documentation as required to prove your claim. Examples would be:

- ID
- Death certificate
- Police report
- Medical report
- Proof of damaged item
- Proof of ownership of damaged or lost item

Contact your insurance company to find out what you need to submit with your claim.





## Step 4

### Confirmation of claim

Your insurance company will agree or disagree to pay you as per your policy.

## Step 5

### Payment of excess

Short-term insurance companies require you to pay what is known as an excess when you make a claim. The excess is a pre-determined amount that you agree to pay towards the total value of your claim. For example, if your excess on your car is R500 and you submit a claim for R5,000 then you pay the first R500 and the short-term insurance company pays R4,500. In some instances there is no excess to be paid.

## Step 6

### Pay-out of claim

If all the requirements are met, the insurance company can repair, replace or pay cash in response to a claim. The insurance company has the right to reject the claim if the terms of the contract have been breached.

You must first write an official complaint to the insurance company and get their response.

If you are still unhappy with their response to your complaint you can approach the Ombudsman on 0860 324 766, 011 8900 or 021 657 5000.



# Where can I go for help? •

## Long-term Insurance Ombudsman

For complaints about life policies, funeral cover and other long-term insurance matters, contact the Ombud.

**[www.ombud.co.za](http://www.ombud.co.za)**

**[info@ombud.co.za](mailto:info@ombud.co.za)**

**Tel:** 021 657 5000

**Sharecall:** 0860 103 236

**Fax:** 021 674 09511





## Short-term Insurance Ombudsman

For complaints between members of the short-term insurance industry and customers contact the OSTI.

**[www.osti.co.za](http://www.osti.co.za)**

**[info@osti.co.za](mailto:info@osti.co.za)**

**Tel:** 011 726 8900

**Sharecall:** 0860 726 890

**Fax:** 011 726 5501



# Short and Long-term Insurance

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The purpose of this booklet is to help gain a better understanding about personal insurance.

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## FSCA Contact Details

Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Extension 6, 0181, Pretoria, South Africa | 012 428 8000 |  
Share call number: 0800 20 FSCA (3722) | [info@fsc.co.za](mailto:info@fsc.co.za) | [www.fsc.co.za](http://www.fsc.co.za)