

QUESTIONS THAT A CONSUMER OF SHORT-TERM INSURANCE NEEDS TO ASK WHEN BUYING SHORT-TERM INSURANCE

1. **Q:** Is the insurance company registered with the Financial Services Board?

A: If the insurance company is registered with the FSB, then you can take out a policy with that insurer.

2. **Q:** Is the Financial Services Provider advising on the short-term insurance product licensed with the Financial Services Board in terms of the FAIS Act?

A: It is advisable to obtain proof that the Financial Services Provider or Representative is licensed with the FSB before you take out a policy.

3. **Q:** Can I take the policy document home with me to read it before I sign?

A: Yes, it is recommended that you take time to study the policy document before you sign it.

4. **Q:** What happens if I have already paid the first premium and I do not need the cover anymore?

A: You have the right to cancel the contract within a cooling off period which is normally 30 days from the day you signed the contract.

5. **Q:** How long do I have to pay the insurance premium?

A: You must pay the insurance premium for as long as you want to be insured against the risk that the policy covers.



6. **Q:** Do I have to pay excess?

A: It depends on what your policy document says. Most policies provide that you must pay excess, but not all policies do.

7. **Q:** What are the exceptions or endorsements to the policy?

A: You must insist that the Financial Services Provider or Representative discloses any exceptions to or endorsements of the policy to you.

COMPLAINTS HANDLING PROCEDURE

First raise your complaint with the insurance company or financial services provider.

If your problem is not resolved satisfactorily within a reasonable time, the matter should be referred to the Ombudsman for Short-term Insurance or the Ombud for Financial Services Providers.

If your complaint relates to a possible contravention of the Short-term Insurance Act you should also contact the FSB.

Ombudsman for Short-term Insurance

Tel: 011 762 8900 Fax: 011 726 5501
E-mail: info@osti.co.za

Physical address:
2nd floor JCC house, 27 Owl street,
Milpark, Johannesburg

The Ombud for Financial Services Providers

Tel: 0860 324 766 Fax: (012) 348 3447

Postal address:
P O Box 74571, Lynnwood Ridge, 0040
Email: info@faisombud.co.za

Financial Services Board

Call centre: 0800 20 20 87 or 0800 11 04 43
E-mail: www.fsb.co.za

Physical address:
Block B, Riverwalk Office Park
41 Matroosberg Road, Ashlea Gardens
Extension 6, Pretoria, 0081

DEFINITIONS

“cooling off period” is the period after taking out an insurance policy within which you may cancel the policy without losing any premium you may have paid (usually 30 days);

“endorsements” means specific provisions that change the policy as it applies to the risk you are insured against;

“exceptions” means things or circumstances that are not covered by your policy;

“excess” means the first amount of the claim you must pay since it is not covered by the policy;

“financial services provider” means any person who as a regular feature of the business of such person furnishes advice and/or renders any intermediary service in relation to financial product (such as a short term insurance policy) who is licensed in terms of the Financial Advisory and Intermediary Services Act (FAIS Act);;

“policy benefits” means money or services that the insurance company pays or gives to the policyholder for the loss or damages the policyholder suffers when the risk insured against happens;

“policyholder” means the person entitled to be provided with policy benefits under the insurance policy;

“premium” means the amount the policyholder pays to the insurance company to cover the risk insured against;

“representative” means any person who renders a financial service to a client for or on behalf of a financial services provider in terms of conditions of employment or any other mandatory agreement; and

“risk” means a possibility that a particular event may occur during the period for which a short-term policy is operative.

WHAT IS A SHORT-TERM INSURANCE

Short-term insurance is a contract in terms of which an insurance company, in return for a premium, undertakes to provide policy benefits if an event, specified in the contract as a risk, occurs. You can take out insurance on belongings such as a house, a car or a cellular phone or for a health or disability event. It can also cover you for legal liability to others. Note that you can cancel an insurance policy if you no longer need it. But remember, when you cancel the policy, your cover ends and you do not get a refund even if you have never put in a claim. The policy benefit is intended to place you in the same position that you were before the loss event. A person cannot claim from more than one short-term insurance company for damage suffered because of the same event.

You can buy a short-term insurance policy either from the insurance company directly or through a financial services provider or its representative that must place your business with an insurance company.

Short-term insurance is regulated by the Financial Services Board in terms of the Short-term Insurance Act, 1998 (Act No. 53 of 1998).

Examples of Short -term insurance are:

- Motor insurance: It covers your motor vehicle against collision, fire and theft;
- Household contents insurance: It covers furniture, TV, radio and other valuables in your house;
- House owners insurance: It covers things like bricks, roof, fittings and other things that are needed to rebuild your house;
- Personal liability insurance: It covers damages to a person or property that is not part of your household; and
- Travel insurance: It covers things like lost luggage and medical expenses when you travel outside South Africa.

RIGHTS OF THE CONSUMER WHEN BUYING A SHORT-TERM INSURANCE POLICY

As a consumer of a short-term insurance policy you have the right to the following:

- The details of the policy, for example the policy number, the premium and when it must be paid, the benefit and when it becomes payable, which belongings are covered, exceptions and endorsements;
- To receive information on the insurance policy in plain, simple and understandable language;
- To receive contact details of the insurance company or financial services provider, for example company name, physical address and telephone numbers, cellular phone numbers and e-mail addresses;
- To receive contact details of the Ombudsman for Short-term Insurance;
- To be informed about the 15 day period of grace for late payment of premiums;
- To be informed of the cooling off period;
- To be informed of the reasons for the rejection of the claim or a part of the claim by the insurance company in writing; and
- To be informed of the procedure for lodging a complaint.



RESPONSIBILITIES OF THE CONSUMER WHEN BUYING A SHORT-TERM INSURANCE POLICY

As a policyholder or prospective policyholder of a short-term insurance policy you have the responsibility to:

- Deal with an insurance company that is registered under the Short-term Insurance Act with the Financial Services Board or a Financial Services Provider (FSP) or a representative that is authorised in terms of the FAIS Act. The (prospective) policyholder can contact the Financial Services Board to verify that the insurance company or FSP is licensed;
- Shop around for the best insurance policy that suits your needs;
- Ensure that you can afford the premiums and will be able to pay those on time (example monthly) as stipulated in the policy;
- Ensure that you request and receive your policy document;
- Ensure that you read and understand everything about your insurance policy;
- Ensure that you have a physical address of the insurance company and not only the telephone number;
- Ensure that you are insured for the right amount;
- Ensure that you do not sign any document under any pressure;
- Ensure that you do not sign a blank document;
- Ensure that all original copies of your documents are kept in a safe place;
- Always remain truthful and disclose all required relevant information to your insurance company;
- Update the insurance company on changes of the status of your insured belongings; and
- Always inform the insurance company about the changes of your physical address and bank details.