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INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

Learner Name	
ID Number	
Organisation	

FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Investigate ways of managing Financial Risk in own lives**

Unit Standard No: **117158**

Unit Standard Credits: **5**

NQF Level: **4**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	31	41	25	22	9	128	100	

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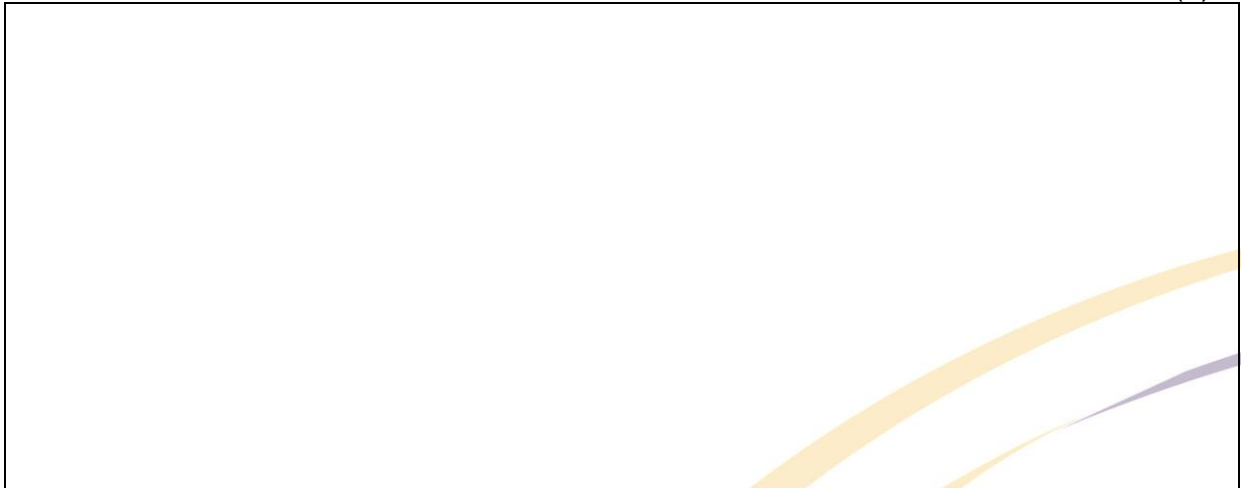
Formative Activities

Section 1: 31 marks

Activity 1

List at least 4 unplanned events related to economic, social, political, environmental and other events in South Africa that can expose an individual to risk and give an indication of the risks that could be controlled through careful financial planning.

(5)



Activity 2

Explain the basic elements of a contract. Make use of three basic personal contracts as examples. Also give an indication of the consequences of not honouring each contract.

(10)



Activity 3

Source three personal contracts for this activity. Analyse the small print clauses in each of the contracts and give an indication of the implications of the clauses for the individual and any associated financial risk. Attach the three contracts that you have used for this activity to your Portfolio of Evidence as proof. (9)

Activity 4

Explain the concept “suretyship” with reference to how this can impact on personal liability and therefore on financial risk. (3)

Activity 5

Explain the concepts “absolute and collateral cession” with reference to how the two types impact on financial risk (2 x 2 = 4)

Section 2: 41 marks

Activity 6

Explain, using your own words, what you understand the concept of a “utility” to be. Give examples to illustrate your understanding of the concept. (4)

Activity 7

Compare the difference with regards to contracting a service with purchasing a product.

(6)

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Activity 8

Conduct research and identify at least 2 kinds of service contracts that an individual may enter into and give an indication of the cost of each service, when payment for the contract is due and the implications if the individual does not honour the contract. Give your answer in a table format.

(10)

Service Contract	Cost of service	Payment due by	Implications of not honouring the contract
1.			
2.			

Activity 9

Explain the concepts “deposit” and “once off payment” and give an indication of the implications and risk associated with each. (4)

Activity 10

Briefly explain the financial implications of paying a lump sum in advance for a service or paying monthly. Research the following three examples: a) buying electricity, b) buying water and c) buying a cell phone and calculate the real savings or loss. (6)

Activity 11

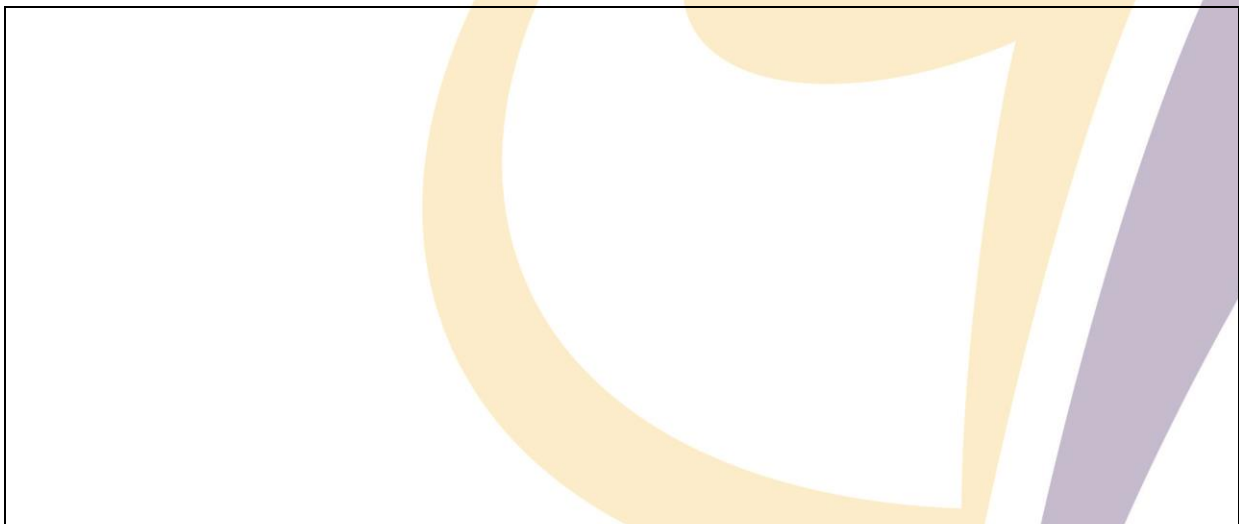
Research, investigate and list some ways of reducing the cost of at least two utilities that you have used in Activity 8. Mention at least 3 ways of reducing cost for each utility. (6)



Activity 12

Briefly discuss the following questions with regards to the moral obligation of the user of a service contract or utility from the point of view of the service provider and other parties who may be directly or indirectly affected by the actions of users:

- (5)
- a) Do you think utilities are a right of all people? Which ones are non-negotiable in your eyes?
 - b) Do you think that providers have a right to payment for utilities?



Section 3: 25 marks

Activity 13

List the different classes of short term insurance and give an indication of the cover in each case. (6)



Activity 14

Do some self-reflection and analyse the risks in your own life that could be reduced by short term insurance. Compare some possible options for cover in terms of benefits and cost. (6)



Activity 15

Briefly explain why it is necessary to update short term insurance policies regularly and give an indication of the implications of under- insurance. (3)

Activity 16

Research and investigate ways of reducing insurance premiums. Indicate the implications of a person's decision to spend less on insurance for five different scenarios/examples. (5 x 2 = 10)

Section 4: 22 marks

Activity 17

Conduct research of the facilities that are available at state medical facilities (state hospitals) and mention the availability, cost and adequacy. (3)

Activity 18

Refer to Handout 1 with regards to the different plans/options available at Discovery Health medical aid. Compare any three different options in terms of benefits and cost. Summarise your answer in a table format. (3 x 3 = 9)

Options	Benefits	Costs
1.		
2.		
3.		

Activity 19

Medical insurance and personal accident insurance can be viewed as alternatives to medical scheme cover.

- a) Briefly explain the difference between medical insurance and personal accident insurance (4)

- b) Which product is best suited to your own personal needs – motivate your answer? (2)

Activity 20

Do some self-reflection and write short notes on ways in which you think you can reduce the risk in a medical emergency. (2)

Activity 21

Refer back to Handout 1 and the information given at Activity 18. Mention two things / events that are not covered in a specific type of medical cover/option / plan and give an indication of the risk that their exclusion implies to financial security. (2)

**Section 5:
Activity 22**

(9)

Research and indicate at least 3 behaviours that could result in a fine due to contravention of a law or regulation. Provide information on the possible financial or other consequences of the selected behaviours. Present your answer in a table format.

(9)

Behaviours in contravention of a law	Possible consequences
1.	
2.	
3.	



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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD:

Investigate ways of managing financial risk in own lives

SAQA US ID	UNIT STANDARD TITLE			
117158	Investigate ways of managing financial risk in own lives			
ORIGINATOR		ORIGINATING PROVIDER		
SGB Insurance and Investment				
QUALITY ASSURING BODY				
-				
FIELD			SUBFIELD	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
ABET BAND	UNIT STANDARD TYPE	PRE-2009 NQF LEVEL	NQF LEVEL	CREDITS
Undefined	Regular	Level 4	NQF Level 04	5
REGISTRATION STATUS		REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Reregistered		2012-07-01	2015-06-30	SAQA 0695/12
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT		
2016-06-30		2019-06-30		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard replaces:

US ID	Unit Standard Title	Pre-2009 NQF Level	NQF Level	Credits	Replacement Status
10387	Investigate ways of managing financial risk in own lives	Level 4	NQF Level 04	6	Complete

PURPOSE OF THE UNIT STANDARD

Learners who achieve this unit standard understand the financial risk that can impact on their own lives and make decisions to reduce the effect of that risk.

The qualifying learner is capable of:

- Describing factors that contribute to financial risk in own life.
- Explaining the individual's liabilities and duties with regard to service contracts and the use of utilities.
- Investigating short term insurance as a means of reducing financial risk in own life.
- Investigating ways to reduce risk associated with accidents and medical conditions.
- Explaining the financial consequences of contravening the law.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

There is open access to this unit standard. Learners should be competent in Communication, Mathematical Literacy and Financial Literacy at NQF Level 3.

UNIT STANDARD RANGE

The typical scope of this unit standard is

- Contractual obligations associated with service contracts.
- Liabilities in the use of utilities.
- Exposure to risk that could be controlled by short term insurance, medical cover and retirement funding.
- Unplanned events include acts of terrorism, political instability in SADCC, crime, floods, bankruptcy, retrenchment, drought and liquidation of a company.
- Personal contracts include life insurance, short term insurance, marriage, lease, loan agreements, mortgage bond agreements, credit cards, cell phone contracts, DSTV and hire purchase agreements.
- Small print clauses include exclusions or loadings on insurance contracts, notice of termination, default on payment, non disclosure and a residual clause on an hp agreement.
- Service contracts include DSTV, garden services, pool services, hire of TV and the like.
- Utilities include water, refuse, sewage, electricity and telephone.
- Classes of short term insurance include fire, theft, motor vehicle, professional indemnity, public liability and personal indemnity.
- Retirement funding includes defined contribution funds, defined benefit funds, unit trusts, retirement annuities and endowments.

- Expenses that could be reduced when one is a pensioner include travelling costs.
- Expenses that could possibly increase in one's retirement include medical costs and other costs associated with increasing age.
- Road/traffic offences include use of a cell phone while driving, driving under the influence of alcohol, driver's licence, speeding, disregarding road signs, unroadworthiness of vehicle.
- Licence offences relate to SABC, car, drivers, animal, fishing gun and recreational permits.
- Financial risk associated with criminal offences includes legal costs, loss of income, unemployment,
- Reckless behaviour/negligence applies to public, professional and personal liability.
- Behaviour that could result in a fine includes, but is not limited to road/traffic offences, licences, contravention of environmental legislation, municipal bylaws, carrying weapons, committing criminal offences, reckless behaviour/negligence.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Describe factors that contribute to financial risk in own life.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Unplanned events that expose an individual to risk are listed with reference to economic, social, political, environmental and other events in South Africa and an indication is given of the risks that could be controlled through careful financial planning.

ASSESSMENT CRITERION 2

The basic elements of a contract are explained with reference to three different personal contracts and an indication is given of the consequences of not honouring each contract.

ASSESSMENT CRITERION 3

The small print clauses in three personal contracts are analysed and an indication is given of the implications of the clauses for the individual and any associated financial risk.

ASSESSMENT CRITERION 4

The concept of suretyship is explained with reference to how this can impact on personal liability and therefore on financial risk.

ASSESSMENT CRITERION 5

The concepts of absolute and collateral cession are explained with reference to how

the two types impact on financial risk.

SPECIFIC OUTCOME 2

Explain the individual's liabilities and duties with regard to service contracts and the use of utilities.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The concept of a utility is explained with examples.

ASSESSMENT CRITERION 2

The concept of contracting a service is compared with purchasing a product.

ASSESSMENT CRITERION 3

The kind of service contracts that an individual may enter into are listed in a table and an indication is given of the cost of each service, when payment for the contract is due, and the implications if the individual does not honour the contract.

ASSESSMENT CRITERION 4

The concepts of a deposit and a once off payment are explained and an indication is given of the implications and risk associated with each.

ASSESSMENT CRITERION 5

The financial implications of paying a lump sum in advance for a service or paying monthly are explained and real savings or loss are calculated for three examples.

ASSESSMENT CRITERION 6

The liability associated with utilities are listed in a table and an indication is given of the how the cost of each utility is calculated, when payment is due, and the implications if the individual does not pay for the utility

ASSESSMENT CRITERION 7

Ways of reducing the cost of utilities are investigated for two different utilities and a decision is made on how to make the most cost effective use of the utility.

ASSESSMENT CRITERION 8

The issue of moral obligation of the user of a service contract or utility is debated from the point of view of the user, the service provider and other parties who may be directly or indirectly affected by the actions of the users.

SPECIFIC OUTCOME 3

Investigate short term insurance as a means of reducing financial risk in own life.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The different classes of short term insurance are listed and an indication is given of the cover in each case.

ASSESSMENT CRITERION 2

The risks in own life that could be reduced by short term insurance are analysed and possible options for cover are compared in terms of benefits and cost.

ASSESSMENT CRITERION 3

The need to update short term insurance policies regularly is explained and an indication is given of the implications of under insurance.

ASSESSMENT CRITERION 4

Ways of reducing insurance premiums are investigated and the implications of a decision to spend less on insurance are indicated for five different scenarios.

SPECIFIC OUTCOME 4

Investigate ways to reduce risk associated with accidents and medical conditions.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Facilities available at state medical facilities are investigated in terms of availability, cost and adequacy.

ASSESSMENT CRITERION 2

Three different medical scheme options are compared in term of benefits and cost.

ASSESSMENT CRITERION 3

Medical insurance and personal accident insurance are explored as alternatives to medical scheme cover and a decision is made about the kind of product best suited to own needs.

ASSESSMENT CRITERION 4

Ways of reducing the risk in a medical emergency are explored for own situation.

ASSESSMENT CRITERION 5

Events that are not covered in a selected type of medical cover and an indication is given of the risk that their exclusion implies to financial security.

SPECIFIC OUTCOME 5

Explain the financial consequences of contravening the law.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Behaviour that could result in a fine due to contravention of a law or regulation is investigated and the possible financial or other consequences are presented in a table.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

This unit standard will be internally assessed by the provider and moderated by a moderator registered by INSQA or a relevant accredited ETQA. The mechanisms and requirements for moderation are contained in the document obtainable from INSQA.

INSQA framework for assessment and moderation.

UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE

N/A

UNIT STANDARD DEVELOPMENTAL OUTCOME

N/A

UNIT STANDARD LINKAGES

N/A

Critical Cross-field Outcomes (CCFO):

UNIT STANDARD CCFO IDENTIFYING

The learner is able to identify, solve problems and make decisions relating to risk in own financial situation.

UNIT STANDARD CCFO ORGANISING

The learner is able to organise and manage him/herself effectively when designing an appropriate record keeping system for tax and other related personal documents.

UNIT STANDARD CCFO COLLECTING

The learner is able to collect, organise and critically evaluate information in order to reduce own financial risk.

UNIT STANDARD CCFO COMMUNICATING

The learner is able to communicate effectively using visual, mathematics and language skills in the modes of oral and written presentation when researching ways to reduce financial risk in own life and tabulating the consequences of contravening the law.

UNIT STANDARD CCFO DEMONSTRATING

The learner is able to demonstrate an understanding of the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation in identifying financial risk in own life and possible ways of reducing that risk, and in understanding the consequences and financial risk that result from contravening the law.

UNIT STANDARD CCFO CONTRIBUTING

The learner is able to participate as a responsible citizen in the life of local, national and global communities by debating the moral issues relating to payment for services and utilities and by reducing the financial risk in his/her own life thereby contributing in a small way to the financial stability of the country.

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