



inseta

INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

Learner Name	
ID Number	
Organisation	

FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title:

**Apply knowledge and insight into the
Short Term Insurance Act (no 53 of 1998)
and the accompanying regulations**

Unit Standard No: **117121**
Unit Standard Credits: **3**
NQF Level: **4**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	33	18	28	21		100	100	

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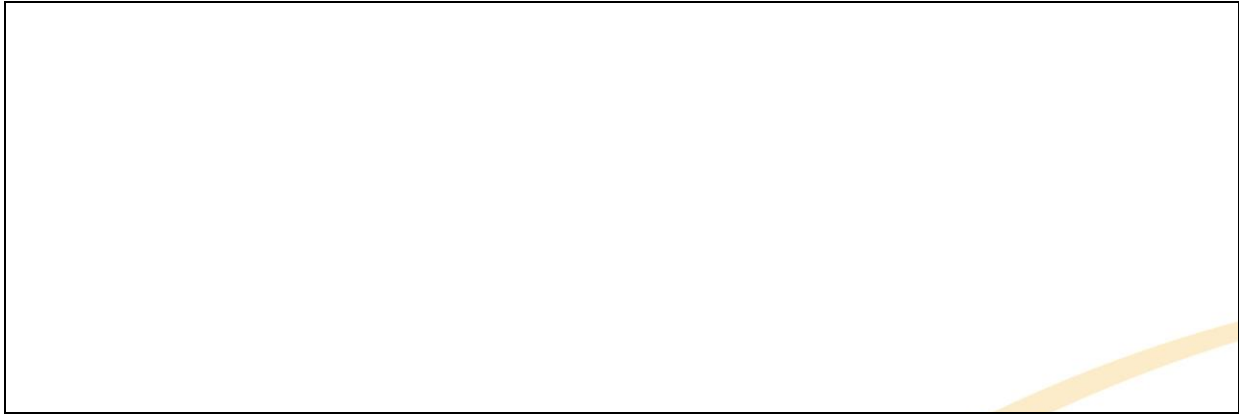
Formative Activities

Section 1:

(33)

Activity 1

Briefly explain in your own words what the reason for the Short Term Insurance Act was in terms of the need for legislation in insurance. (4)



Activity 2

List all the parties that are governed by the Short Term Insurance and give an indication of the role of the Registrar in administering the Short Term Insurance Act. (10)



Activity 3

Briefly explain what the consequences of non-compliance with the Short Term Insurance Act are for a short term insurance organisation, and give an indication of the recourse that a client has to the Registrar in cases of non-compliance.

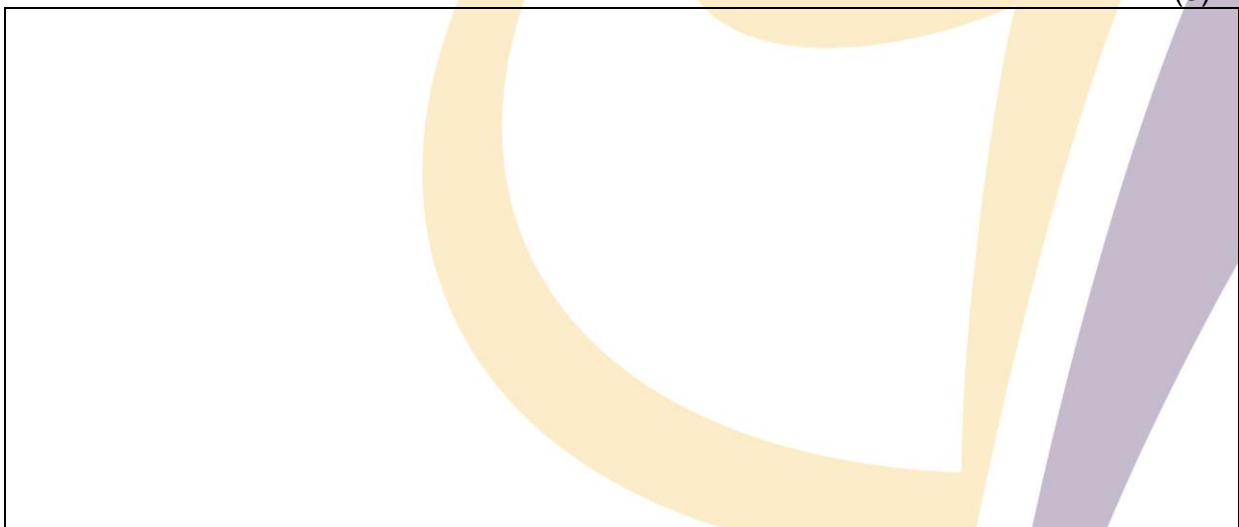
(6)



Activity 4

Explain the concept “short term insurance” in your own words with reference to the different classes of business defined in the Short Term Insurance Act.

(3)



Activity 5

Source any short term insurance contract. Identify at least 5 terms (terminology) used in the contract and highlight the terminology. Provide a definition (in your own words) for each term as outlined in the Short Term Insurance Act. Attach the short term insurance contract that you have used for this activity (with the highlighted terminology) to your Portfolio of Evidence as proof.

(5 x 2 = 10)



Section 2:
Activity 6

(18)

List the requirements for registration as an insurer as prescribed in the Short Term Insurance Act. (4)



Activity 7

Briefly discuss what returns should an insurer submit to the Registrar and give an indication of the consequences of non-compliance. (5)



Activity 8

Explain the concept “solvency margin” in your own words, in terms of approved assets over liabilities.

(5)

Activity 9

Compare the requirements imposed on Lloyd's to those that apply to any other insurance organisation in terms of registration and operations. Give your answer in the table below:

(4)

Normal Insurance Organisation	Lloyd's Insurance Organisation

**Section 3:
Activity 10**

(28)

Explain how commission and other fees are regulated with reference to the Short Term Insurance Act .

(5)

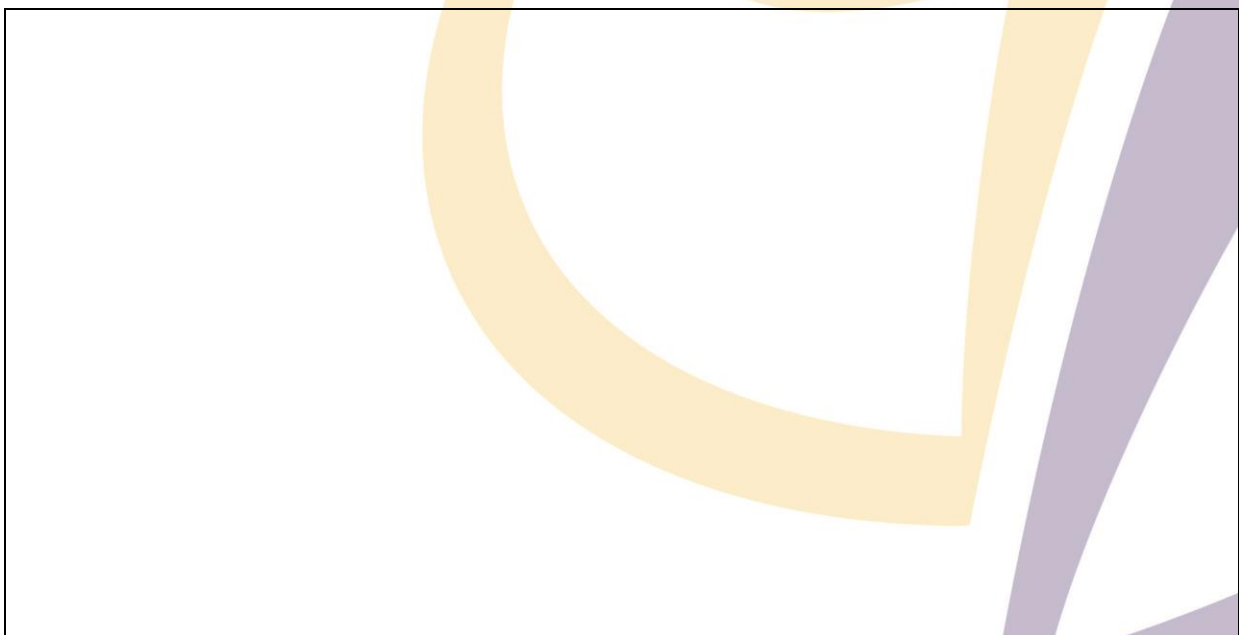


Activity 11

Conduct some research on at least 2 case studies relating to limitations on business practices in terms of placing business with insurers (keeping the Short Term Insurance Act in mind). Briefly discuss each of the case studies and answer the following questions relating to each case study used:

(3 x 2 = 6)

- a) What do you think the findings of the case will be?
- b) What do you think the registrar/ombudsman/authority will recommend be done to the insured?
- c) What steps should the insured have followed before he decided to take out short term insurance?

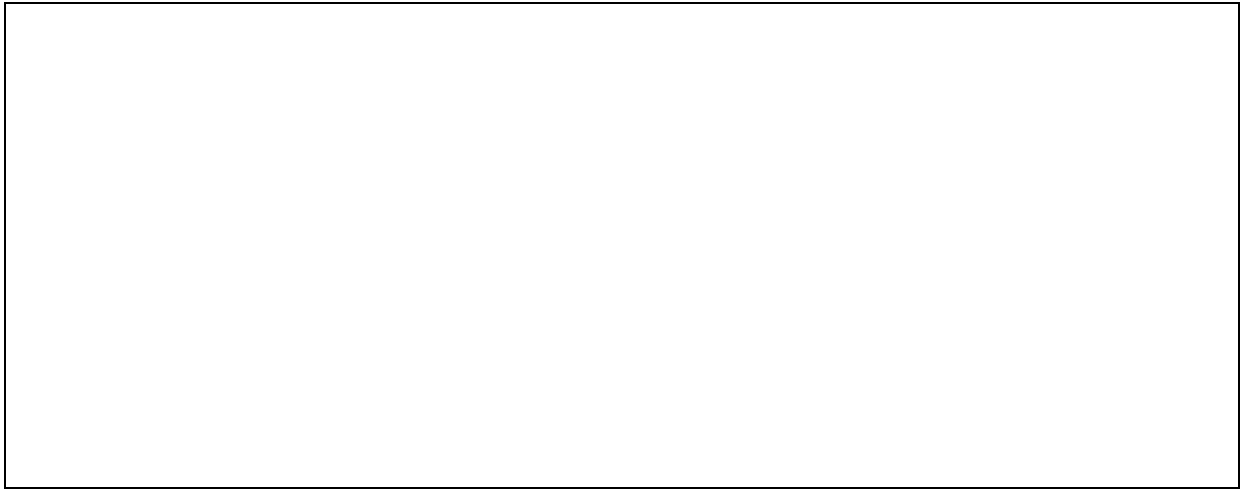


Activity 12

Explain the concept “Lloyd's binder” and briefly discuss the criteria used by Lloyd's to enter into an underwriting relationship with an intermediary with reference to specialist classes of business. (5)

Activity 13

Explain the way in which Lloyd's binders are regulated with reference to the Short Term Insurance Act. Conduct research and give examples of 1 case study to illustrate this point. (8)



Activity 14

Briefly explain the rights and responsibilities of an intermediary in accounting to the insurer with reference to the collection and payment of premiums. (4)



Section 4

(21)

Activity 15

Briefly explain the standard duration of a policy with reference to the Short Term Insurance Act. (3)



Activity 16

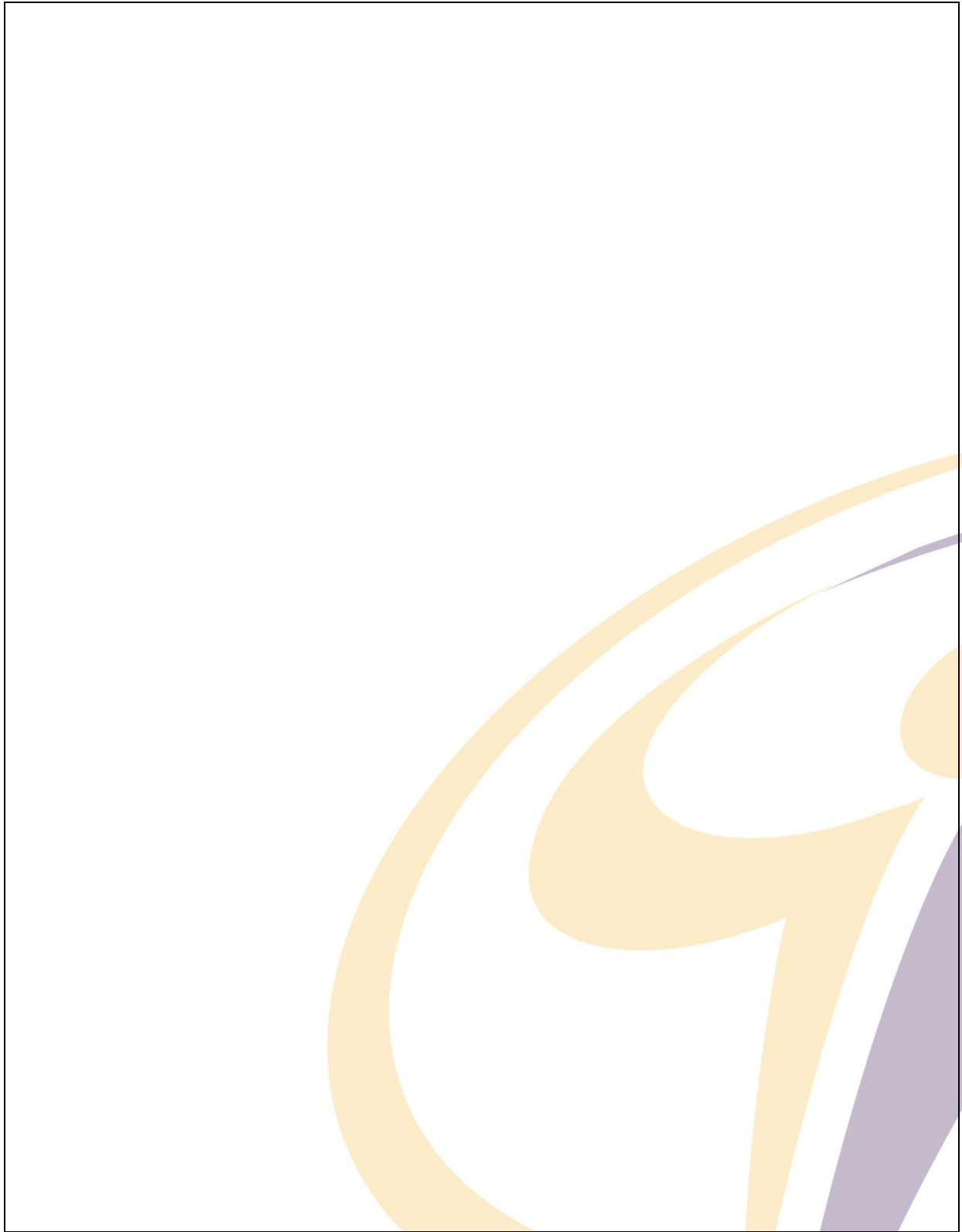
In terms of the Short Term Insurance Act, briefly explain the rules governing policies issued to minors. (2)

Activity 17

Explain the reasons why a personal lines policy must be issued within a prescribed period with reference to the rights and responsibilities of both parties to the contract. (5)

Activity 18

Briefly explain the way in which the Short Term Insurance Act protects individual policyholders with reference to Section 55 of the Act and the Policyholder Protection rules. (11)





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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD:

Apply knowledge and insight into the Short Term Insurance Act (No 53 of 1998) and the accompanying regulations

SAQA US ID	UNIT STANDARD TITLE			
117121	Apply knowledge and insight into the Short Term Insurance Act (No 53 of 1998) and the accompanying regulations			
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	OLD NQF LEVEL	NEW NQF LEVEL	CREDITS
Undefined	Regular	Level 4	NQF Level 04	3
REGISTRATION STATUS		REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Reregistered		2009-07-01	2012-06-30	SAQA 0480/09
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT		
2013-06-30		2016-06-30		

In all of the tables in this document, both the old and the new NQF Levels are shown. In the text (purpose statements, qualification rules, etc), any reference to NQF Levels are to the old levels unless specifically stated otherwise.

This unit standard replaces:

US ID	Unit Standard Title	Old NQF Level	New NQF Level	Credits	Replacement Status
10194	Demonstrate knowledge and insight into the Short Term Insurance Act (No 53 of 1998) and the accompanying regulations	Level 4	NQF Level 04	2	Complete

PURPOSE OF THE UNIT STANDARD

This unit standard is intended to empower intermediaries, learners who work in short term insurance and learners who work in call centres with sufficient general knowledge of the Short Term Insurance Act to allow them to show insight into why and how short term insurance is regulated by the Act. The qualifying learner is capable of:

- Explaining the purpose of the Short Term Insurance Act (53 of 1998) and related concepts.
- Explaining the basic requirements of the Short Term Insurance Act that apply to insurers.
- Explaining how the Short Term Insurance Act controls intermediaries.
- Explaining how the Short Term Insurance Act regulates short term insurance policies and protects individual policy holders.

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 Level 3.

UNIT STANDARD RANGE

The typical scope of this unit standard is the Short Term Insurance Act (53 of 1998) and the accompanying regulations.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Explain the purpose of the Short Term Insurance Act (53 of 1998.) and related concepts.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The reason for the Short Term Insurance Act is explained in terms of the need for legislation in insurance.

ASSESSMENT CRITERION 2

The parties governed by the Short Term Insurance Act are named and an indication is given of the role of the Registrar in administering the Short Term Insurance Act.

ASSESSMENT CRITERION 3

The consequences of non-compliance with the Short Term Insurance Act for a short term insurance organisation are named, and an indication is given of the recourse that a client has to the Registrar in cases of non compliance.

ASSESSMENT CRITERION 4

The concept of short term insurance is explained with reference to the different classes of business defined in the Short Term Insurance Act.

ASSESSMENT CRITERION 5

Terminology defined in the Short Term Insurance Act is explained in own words.

SPECIFIC OUTCOME 2

Explain the basic requirements of the Short Term Insurance Act as they apply to insurers.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The requirements for registration as an insurer are listed as prescribed in the Short Term Insurance Act.

ASSESSMENT CRITERION 2

Returns that an insurer is required to submit to the Registrar are identified and an indication is given of the consequences of non compliance.

ASSESSMENT CRITERION 3

The concept of a solvency margin is explained in terms of approved assets over liabilities.

ASSESSMENT CRITERION 4

The requirements imposed on Lloyd's are compared to those that apply to any other insurance organisation in terms of registration and operations.

SPECIFIC OUTCOME 3

Explain how the Short Term Insurance Act controls intermediaries.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The way in which commission and certain fees are regulated is explained with reference to the Short Term Insurance Act.

ASSESSMENT CRITERION 2

Limitations on business practices in terms of placing business with insurers are described with reference to case studies and the Short Term Insurance Act.

ASSESSMENT CRITERION 3

The concept of a Lloyd's binder is explained and the criteria used by Lloyd's to enter into an underwriting relationship with an intermediary is described with reference to specialist classes of business.

ASSESSMENT CRITERION 4

The way in which Lloyd's binders are regulated is explained with reference to case studies and the Short Term Insurance Act.

ASSESSMENT CRITERION 5

The rights and responsibilities of an intermediary in accounting to the insurer are explained with reference to the collection and payment of premiums.

SPECIFIC OUTCOME 4

Explain how the Short Term Insurance Act regulates short term insurance policies and protects individual policy holders.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The standard duration of a policy is explained with reference to the Short Term Insurance Act.

ASSESSMENT CRITERION 2

Rules governing policies issued to minors are explained with reference to the Short Term Insurance Act.

ASSESSMENT CRITERION 3

Reasons why a personal lines policy must be issued within a prescribed period are explained with reference to the rights and responsibilities of both parties to the contract.

ASSESSMENT CRITERION 4

The way in which the Short Term Insurance Act protects individual policyholders is explained with reference to Section 55 of the Act and the Policyholder Protection

rules.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

This Unit Standard will be internally assessed by the provider and moderated by a moderator registered by a relevant accredited ETQA or an ETQA that has a Memorandum of Understanding with the relevant accredited ETQA.

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 COLLECTING

The learner is able to collect, organise and apply information relating to the Short Term Insurance Act.

UNIT STANDARD CCFO COMMUNICATING

The learner is able to communicate effectively in explaining the concepts and terminology used in the Short Term Insurance Act.

UNIT STANDARD CCFO DEMONSTRATING

The learner is able to demonstrate an understanding of the world as a set of related systems by recognising the consequences of non compliance.

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