



# inseta

INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY

<b>Learner Name</b>	
<b>ID Number</b>	
<b>Organisation</b>	

## FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Apply the law of contract to insurance**

Unit Standard No: **120128**

Unit Standard Credits: **3**

NQF Level: **4**

### Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
<b>Maximum marks</b>	17	14	9	18		58	100	

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## Formative Activities:

### Section 1: 17 marks

#### Activity 1

List the essential elements of contracts and explain how they are applicable to an insurance contract. (12)



#### Activity 2

Name at least three types of evidence that is required for an insurance contract to be legally binding. (3)

**Activity 3**

List two parties to a contract for a short term insurance. (2)

**Section 2: 14 marks**

**Activity 4**

Give 4 instances in which a person's contractual capacity is restricted example of each. (8)

**Activity 5**

Provide an example to indicate the difference between legal capacity in a contract and legal capacity in an insurance contract. (2)

**Activity 6**

Explain how the Parol Evidence Rule and the Caveat Emptor versus Uberrima Fides precedents have impacted on case law. (4)

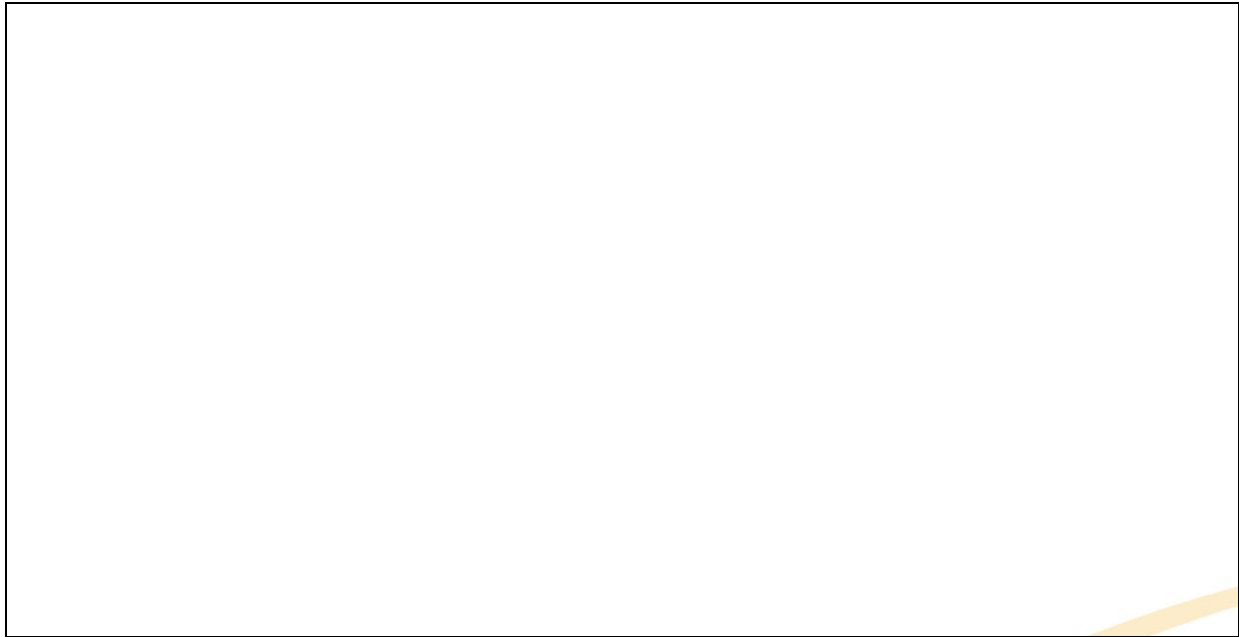
**Section 3: 9 marks**

**Activity 7**

List the basic principles of an insurance contract. (4)

**Activity 8**

List the conditions under which contracts are not legally binding. (5)

**Section 4: 18 marks****Activity 9**

Obtain a copy of a completed proposal form. Once the policy is incepted, do you feel that it would be seen as a legally binding contract? Explain your answer. (3)

**Activity 10**

How does a delictual action differ from the law of contract and explain the distinction between a delict and a crime. (6)

**Activity 11**

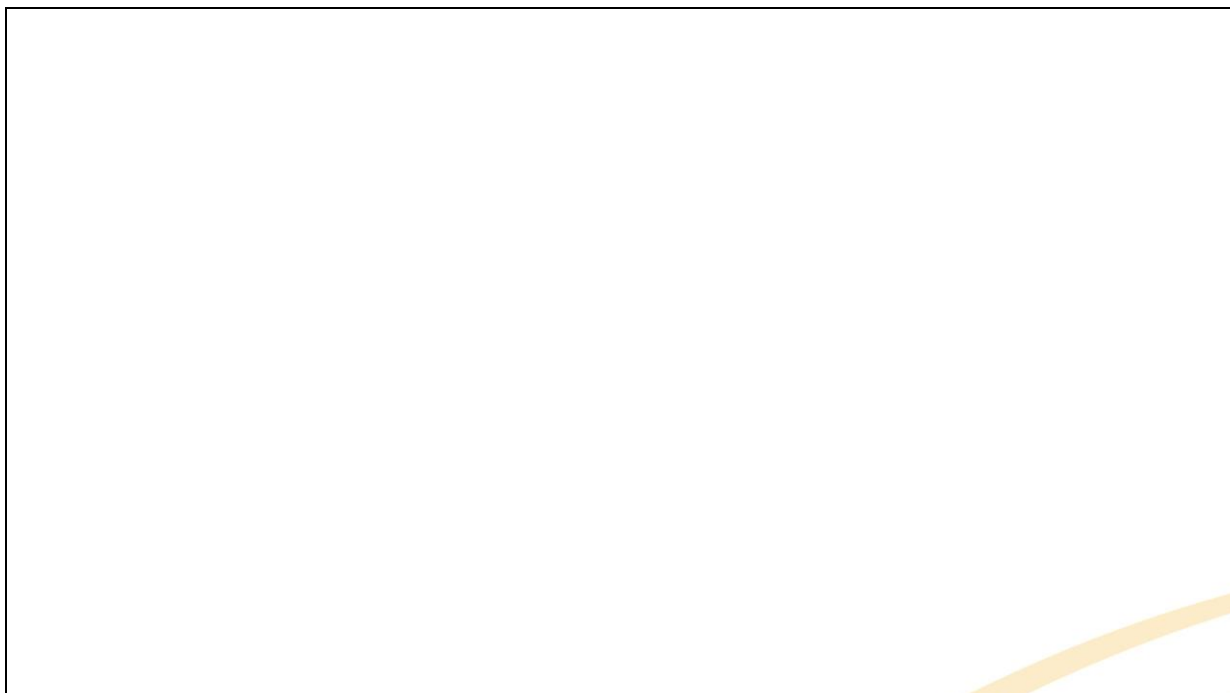
Explain the distinction between a delict and a crime?

(4)

**Activity 12**

Name the 5 elements that need to be present for a delict to be alleged.

(5)





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### SOUTH AFRICAN QUALIFICATIONS AUTHORITY

#### REGISTERED UNIT STANDARD THAT HAS PASSED THE END DATE:

##### Apply the law of contract to insurance

<b>SAQA US ID</b>	<b>UNIT STANDARD TITLE</b>			
120128	Apply the law of contract to insurance			
<b>ORIGINATOR</b>		<b>ORIGINATING PROVIDER</b>		
SGB Insurance and Investment				
<b>QUALITY ASSURING BODY</b>				
-				
<b>FIELD</b>			<b>SUBFIELD</b>	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
<b>ABET BAND</b>	<b>UNIT STANDARD TYPE</b>	<b>OLD NQF LEVEL</b>	<b>NEW NQF LEVEL</b>	<b>CREDITS</b>
Undefined	Regular	Level 4	NQF Level 04	3
<b>REGISTRATION STATUS</b>		<b>REGISTRATION START DATE</b>	<b>REGISTRATION END DATE</b>	<b>SAQA DECISION NUMBER</b>
Passed the End Date - Status was "Reregistered"		2009-01-27	2012-01-27	SAQA 0160/05
<b>LAST DATE FOR ENROLMENT</b>		<b>LAST DATE FOR ACHIEVEMENT</b>		
2013-01-27		2016-01-27		

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
14991	Apply the law of contract to insurance	Level 4	NQF Level 04	2	Complete

### **PURPOSE OF THE UNIT STANDARD**

This Unit Standard is intended for learners in insurance and those who manage asset risk in insurance and other organisations.

The qualifying learner is capable of:

- Explaining the law of contract as applied in insurance.
- Explaining the application of legal capacity in an insurance contract.
- Interpreting the basic principles required for an insurance contract to be legally binding.
- Evaluating a proposed insurance contract.

### **LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING**

It is assumed that learners are competent in Communication and Mathematical Literacy at Level 3.

### **UNIT STANDARD RANGE**

The typical scope of this Unit Standard is legislation relevant to a sector:

- Essential elements of the law of contract are offer, acceptance, consensus, legal capacity and bona fides.
- The basic principles of an insurance contract are insurable interest, bona fides and disclosures of material facts.
- Legal capacity includes, reference to the application of insurance legislation, entering into a policy and borrowing against a policy.
- The insurance Act refers to the Long-Term or short term Act.

### **Specific Outcomes and Assessment Criteria:**

#### **SPECIFIC OUTCOME 1**

Explain the law of contract as applied in insurance.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

The concept of the law of contract is explained with reference to its essential elements and how an insurance contract is bound by the law of contract.

##### **ASSESSMENT CRITERION 2**

Evidence that is required for an insurance contract to be legally binding is named for short term and/or Long-Term insurance.

### **ASSESSMENT CRITERION 3**

The parties to a contract are named for a selected sub sector.

### **SPECIFIC OUTCOME 2**

Explain the application of legal capacity in an insurance contract.

### **ASSESSMENT CRITERIA**

#### **ASSESSMENT CRITERION 1**

The concept of legal capacity is explained with examples of how it is applied in insurance.

#### **ASSESSMENT CRITERION 2**

The difference between legal capacity in a contract and legal capacity in an insurance contract is explained with examples.

#### **ASSESSMENT CRITERION 3**

Three examples of case law are analysed and discussed in terms of the precedents set.

### **SPECIFIC OUTCOME 3**

Interpret the basic principles required for an insurance contract to be legally binding.

### **ASSESSMENT CRITERIA**

#### **ASSESSMENT CRITERION 1**

The basic principles of an insurance contract are explained with examples.

#### **ASSESSMENT CRITERION 2**

Conditions under which a contract is not legally binding are explained with examples.

### **SPECIFIC OUTCOME 4**

Evaluate a proposed insurance contract.

### **ASSESSMENT CRITERIA**

#### **ASSESSMENT CRITERION 1**

A proposal is analysed in terms of risk and the law of contract as applied to insurance.

## **ASSESSMENT CRITERION 2**

Business rules that are applied in addition to legal requirements are identified for a specific insurer and an indication is given of why the organisation applies the requirement(s).

## **UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS**

- Anyone assessing a candidate against this Unit Standard must be registered as an assessor with the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Any institution offering learning that will enable achievement of this Unit Standard must be accredited as a provider through the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines and the agreed ETQA procedures.

## **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**

Learners are capable of identifying and solving problems in which responses show that responsible decisions using critical and creative thinking have been made in identifying conditions under which a contract is not legally binding from case studies.

### **UNIT STANDARD CCFO COLLECTING**

Learners are capable of collecting, organising and critically evaluating information in analysing case law in terms of precedents.

### **UNIT STANDARD CCFO COMMUNICATING**

Learners are capable of communicating effectively in discussing case law and explaining the issues in the Unit Standard.

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