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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: **Demonstrate Knowledge and Understanding of Personal Motor Insurance**

Unit Standard No: **120005**

Unit Standard Credits: **4**

NQF Level: **4**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	108	2	12	4	14	140	100	

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Formative Activities

Case study:

Read through the case study and answer activities 1 – 14 based on the information supplied in the case study. You also need two policy wordings of two different insurers.

Mr Daniel Mahlangu calls you to obtain a quote on his vehicles.

He lives in 14 Sunset Boulevard, 33 Fire Street, Melrose Estate, Johannesburg. It is a private security residential estate. He is married, with 3 children, aged 21, 18 and 16. He is aged 48 and his wife is 43 years old.

He would like a quote on the following:

- 2014 Audi S5 (financed)
- 2012 Mercedes Benz B200 (financed)
- 2010 Toyota Yaris
- 1995 Renault Clio
- 2009 Suzuki Motorcycle
- A Caravan

He states that he is the regular driver on all of the vehicles, except the Mercedes, which his wife drives most often. He mentions that he drives the Audi most often, and as a business man, he requires full cover for all types of uses. He often uses the vehicle for business in some neighbouring countries.

He is currently insured with SANBAM insurers, and has an NCB of 4 on all the vehicles. All his cars are covered for Comprehensive cover and he has an excess waiver on all cars. He automatically has car hire on all cars, which he does not pay extra for. He does however have extras on the Merc & Audi which are all specified.

He submitted 4 claims in the last three years. 1 Hijacking in December 2013 of an Audi Q7, an accident in July 2013 valued at R37 500, a windscreen claim in November 2012 and hail damage in January 2012 valued at R41 000.

Section 1: 108 marks**Activity 1**

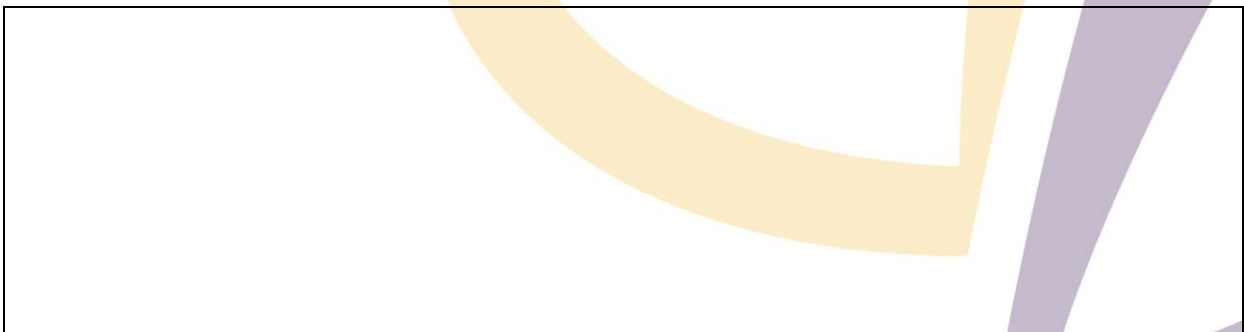
Are all the items that Mr Mahlangu wants a quote on classified as vehicles? Discuss your answer by explaining what is meant by domestic motor covered by insurers (also refer to maximum allowable mass) and naming three different vehicles that would be covered. (5)

**Activity 2**

What licenses will be required to drive the cars that Mr Mahlangu would like to place on cover? (2)

**Activity 3**

What usage will you base your quote on for the different vehicles? Discuss the difference between the possibilities and advise Mr Mahlangu on the best cover for his vehicles. (4)



Activity 4

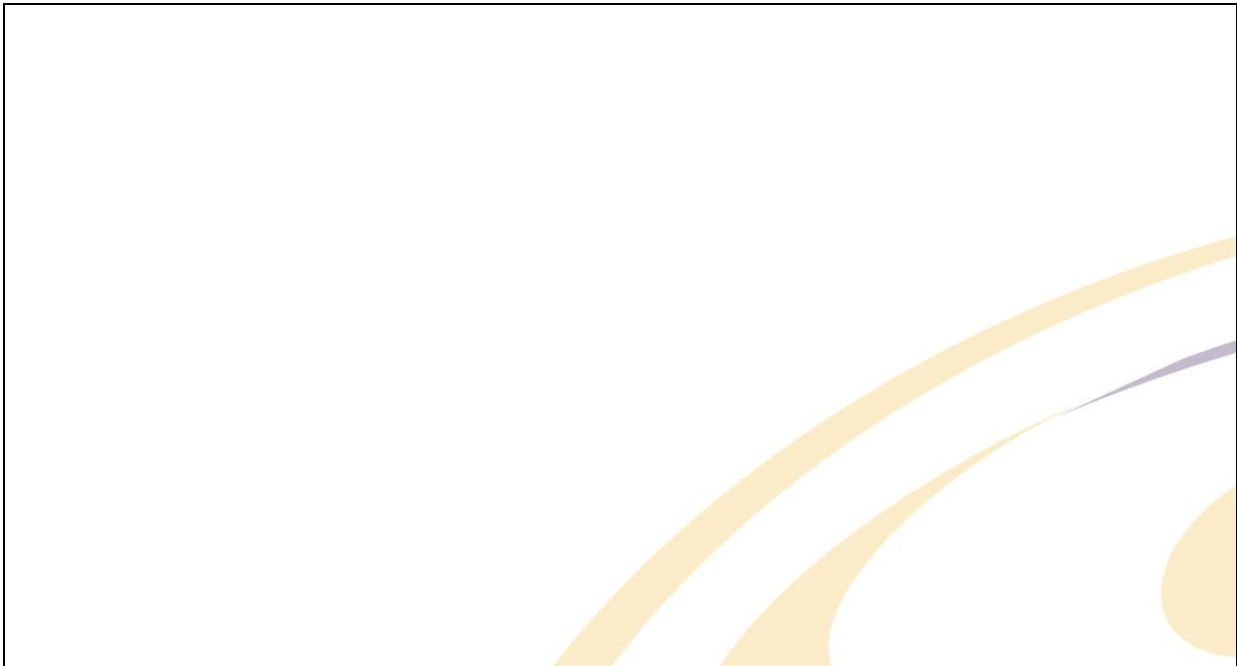
Mr Mahlangu would like to know what effect his NCB will have on his premium, as well as the difference between an NCB and a Cash Reward offered by some insurers. He asks you which is more beneficial to him. Discuss in detail. (4)

Activity 5

You are uncomfortable noting Mr Mahlangu as the regular driver on all of the vehicles excluding the Merc. You foresee problems at claims stage as you suspect that his children drive the other cars. How would you discuss this with the client? Be sure to mention in your answer the consequences of misrepresentation and non-disclosure. (3)

Activity 6

Mr Mahlangu understands and agrees with your concern – he was not aware that he needed to note his children as the regular drivers on these cars. He then agrees that you note the 21 year old as the driver of the Toyota, the 18 year old as the driver of the Renault and the 16 year old as the rider of the motorcycle. He would like to know what effect this will have on his premium as well as the variable excesses that will apply, if any. Be sure to mention the effect of age and driving experience of the regular drivers. (6)

**Activity 7**

Discuss the countries Mr Mahlangu would automatically have cover for, and for which ones optional cover would be available, should he choose to extend the territories. Also discuss what usage is covered in these countries, as well as any optional business use available to him in other countries. (8)



Activity 8

In order to provide Mr Mahlangu a comparative quote, prepare the following comparison between two short term insurers for him. Use the policy wording used by your company, and another. The comparison in the Learner Guide may be used if you do not have access to the required documentation. Most insurers have their policy wordings on their websites. If you have internet access, please search for other policy wordings. Write the name of the insurer at the top of the table under the words Insurer A and Insurer B.

You need to propose which cover will be best suited to which vehicle, ensuring that you cover all three the different types of cover available in the market. [76]

Insurer A: (½)	Insurer B: (½)
Comprehensive Cover	
What is covered (5)	What is covered (5)
What is excluded (5)	What is excluded (5)
Optional (additional) cover (5)	Optional (additional) cover (5)

Insurer A: (½)	Insurer B: (½)
Free benefits (3)	Free benefits (3)
Excess (1)	Excess (1)
Proposed vehicles to be covered under Comprehensive Cover (1)	
Limited Cover / Third Party Fire and Theft Cover	
What is covered (3)	What is covered (3)
What is excluded (5)	What is excluded (5)
Excess (1)	Excess (1)

Insurer A: (½)	Insurer B: (½)
Proposed vehicles to be covered under Limited / Third Party Fire and Theft Cover (1)	
Balance of Third Party / Liability to Other Parties only / Third party only Cover	
What is covered (3)	What is covered (3)
What is excluded (3)	What is excluded (3)
Excess (1)	Excess (1)
Proposed vehicles to be covered under Liability to Other Parties only Cover (1)	

Section 2: 2 marks**Activity 9**

With regards to the liability to other parties cover, what is the limit? Also, is it possible to extend this limit, and if so, what is the maximum limit a client can receive cover for? (2)

Section 3: 12 marks**Activity 10**

Mention 4 aspects listed in the case study that insurers would use to base their underwriting on. Then discuss what influence the underwriting criteria would have on the premium, with reasons. (1 mark per item = 12)

	Underwriting criteria	Influence on premium	Reason
1			
2			
3			
4			

Section 4: 4 marks**Activity 11**

Due to the fact that Mr Mahlangu's vehicles are financed and are quite new, what additional cover would you suggest he takes to cover him against financial loss in the event of total loss. Also explain what the cover is for. (2)

Activity 12

Mr Mahlangu mentions that he submitted a claim with his previous insurer last year which was rejected. He lent his car to a friend who was arrested for drunken driving after he bumped into a stop street. He would like to know whether you would have provided cover for this incident. Explain in detail. (2)

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Section 5: 14 marks**Activity 13**

Advise the insured value you would propose for the different vehicles and discuss what is meant by the values in the table below. (7)

Retail value	
Proposed vehicles	
Market value	
Proposed vehicles	
Trade value	

Nominated/Agreed value	
Settlement value	

Activity 14

Mr Mahlangu mentioned that he has extra's on the two financed vehicles. Discuss how this should be covered, if it is not covered automatically, and how you would go about to ensure that it is covered in full. Give examples to illustrate your understanding. (3)

**Activity 15**

What are the consequences of giving incorrect advice to your clients? Name 4 points. (4)





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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD:

Demonstrate knowledge and understanding of personal motor insurance

SAQA US ID	UNIT STANDARD TITLE			
120005	Demonstrate knowledge and understanding of personal motor insurance			
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	4
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
10368	Demonstrate knowledge and understanding of domestic motor insurance	Level 4	NQF Level 04	3	Complete

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for learners in short term or retail insurance. It will be useful for intermediaries, underwriters, claims and policy administrators, product developers and learners in service centres and retail motor outlets.

The qualifying learner is capable of:

- Explaining motor insurance.
- Explaining liability with regards to personal motor insurance.
- Describing the additional benefits available under comprehensive cover.
- Explaining additional cover that can be purchased to supplement comprehensive cover.
- Explaining how a vehicle is valued for insurance purposes.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

Learners should be competent in Communication and Mathematical Literacy at Level 3.

UNIT STANDARD RANGE

The typical scope of this Unit Standard is:

- Forms of cover include, but are not limited to, comprehensive, third party and third party fire and theft.
- Motor vehicles include caravans, trailers, motor cycles.
- Types of use include private, professional and social.
- Cover provided under liability includes death, injury, damage to property and cost of litigation.
- Factors that affect liability include, but are not limited to, carrying passengers in an open vehicle, motor cycles and towing trailers and caravans, and use of the vehicle.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Explain motor insurance.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Types of vehicles that can be insured under a personal motor policy are indicated with reference to the maximum mass and use of the vehicle.

ASSESSMENT CRITERION 2

A selected policy wording is analysed to determine the cover.

ASSESSMENT CRITERION 3

Different types of use covered by motor insurance are explained with reference to the license required for each.

ASSESSMENT CRITERION 4

The difference between a no claim bonus and a cash back bonus is explained with examples.

ASSESSMENT CRITERION 5

The difference between a no claim bonus and a cash back bonus is explained with examples.

ASSESSMENT CRITERION 6

The consequences of misrepresentation or non-disclosure on premium are explained with reference to rating area, principal driver, use of a vehicle and the place where a vehicle is kept at night.

ASSESSMENT CRITERION 7

The concept of territorial limits is explained with reference to the affect on cover.

ASSESSMENT CRITERION 8

Two different policies are compared in terms of cover.

SPECIFIC OUTCOME 2

Explain liability with regards to personal motor insurance.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

The concept of liability is explained as it applies to motor insurance.

ASSESSMENT CRITERION 2

A policy document is analysed to determine the cover provided under liability insurance.

ASSESSMENT CRITERION 3

A policy document is analysed to determine factors that could affect the limit of indemnity and an indication is given of possible extended liability cover.

SPECIFIC OUTCOME 3

Describe the additional benefits available under comprehensive cover.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

A policy document is analysed to determine standard and optional additional benefits that are available under comprehensive insurance.

ASSESSMENT CRITERION 2

The cover provided by two different insurers is compared in terms of additional benefits.

ASSESSMENT CRITERION 3

An insurance proposal, policy document and policy schedule are analysed to determine factors influencing rating.

SPECIFIC OUTCOME 4

Explain additional cover that can be purchased to supplement comprehensive cover.

ASSESSMENT CRITERIA**ASSESSMENT CRITERION 1**

Shortfall cover is explained with examples.

ASSESSMENT CRITERION 2

Cover in the event of unintentional violation of a policy condition is investigated for two different insurers.

ASSESSMENT CRITERION 3

Optional add-on cover for motor vehicles is investigated for two different insurers.

SPECIFIC OUTCOME 5

Explain how a vehicle is valued for insurance purposes.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Different ways of determining the value of a vehicle are explained with examples.

ASSESSMENT CRITERION 2

The difference between trade, retail, market, insured and settlement value is explained with examples.

ASSESSMENT CRITERION 3

The retail value of a vehicle is explained in order to guide the client to determine the right value for insurance purposes.

ASSESSMENT CRITERION 4

Additional items that should be insured with a vehicle are identified for three case studies.

ASSESSMENT CRITERION 5

The consequences of giving incorrect advice are explained in terms of FAIS, Policyholder Protection Rules and Professional indemnity.

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 critically evaluate information in investigating additional benefits and comparing the benefits offered by two different insurers.

UNIT STANDARD CCFO COMMUNICATING

The learner is able to communicate effectively in explaining the concepts indicated in this standard.

UNIT STANDARD CCFO DEMONSTRATING

The learner is able to demonstrate an understanding of the world as a set of related systems by explaining the consequences of misrepresentation and non-disclosure.

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