

Learning Unit 3: General Sections



learning outcomes

Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Demonstrate an understanding of the General Sections of the policy
- Demonstrate an understanding of the definitions contained in the policy wording and the basic contract of insurance.
- Be able to apply the Terms and Conditions
- Identify what we do not insure (exclusions)

Introduction

The general section of the policy wording contains important information which includes definitions of key terms that are used throughout the policy wording. It would be useful for policyholder to familiarise themselves with these terms and definitions. Extracts of the policy wording has been provided for ease of reference.

General

1. Introducing your **allsure** Policy

1.1 Purpose of insurance

The purpose of insurance is to put you in the same financial position you were in before any insured event, loss or damage occurred less any excess you must pay. To be compensated, you must have complied with all policy terms and conditions.

There are limits to the compensation for the events or items you insure. Please see your schedule for the limits of compensation.

1.2 Basis of the **allsure** insurance policy

According to the terms and conditions and exclusions of this insurance policy:

- you must pay us a monthly or yearly premium and comply with the terms and conditions of the policy. **Your insurance will end if we do not receive your premium in time;**
- we compensate you for loss or damage you suffer from Insured events set out in the policy less any excess you must pay.

We may decide how to compensate you. Please check the conditions for compensation in each section.

2. Using your Policy

2.1 Definitions

These definitions apply throughout the policy. Please see the definitions specific to each section at the start of the section.

<i>You, your, yourself</i>	means the person named on the schedule as the policyholder. In certain sections, you includes spouse and family who live with you and who are financially dependent on you. See each section for who we insure.
<i>We, us, our</i>	means Mutual & Federal Insurance Company Limited, registration number 1970/006619/06.
<i>Spouse</i>	means a person who: <ul style="list-style-type: none"> • is the partner of the policyholder in any marriage, civil union or customary union recognised by South African law; or • is living with the policyholder in a relationship that is intended to be permanent and who is named in the schedule.
<i>Beneficiary</i>	means the person you choose and whose name appears on the schedule to receive compensation if you die.
<i>Anniversary date</i>	means the date 12 months after the Start date of your policy, unless your policy specifically states otherwise.
<i>Consequential loss</i>	any additional loss or damage that happens as a result of the insured loss or damage.

<i>Excess</i>	means the first amount you must pay before we settle a claim.
<i>Exclusions</i>	means an event, loss or damage that is not insured.
<i>Liability</i>	means responsible in law.
<i>Held liable</i>	means held responsible in law by a South African Court.
<i>May</i>	means are entitled to.
<i>Period of insurance</i>	means for yearly policies: the period from the Start date of your insurance to the anniversary date; for monthly policies: the period from the Start date of your insurance to the same day of the month one month later.
<i>Start date</i>	means the latest of the following dates: <ul style="list-style-type: none"> • the date on which insurance starts, as given in the schedule; • the date that any change to your policy became effective.
<i>Schedule</i>	this sets out the type of insurance you have bought, the people who are insured, the period of insurance, the amounts you are insured for, the excesses that apply and the premium you must pay; any changes to your policy will be shown in your schedule and will form part of your policy.

2.2 Structure

2.2.1 The structure of this policy is the same for each section, except the General section. In each section, you will find:

- Definitions in the section
- Who we insure
- What we insure
- What we do not insure
- Compensation
- Special conditions (if any)
- Claiming (if any extra requirements)

2.3 Examples

2.3.1 Examples in this policy are to help you understand how concepts of insurance work. They do not reflect a real situation and may assist you to interpret the clauses they illustrate.

2.4 Singular and plural

2.4.1 Any reference to the singular includes a reference to the plural and vice versa.



ACTIVITIES

Activity 1

Read through pages 2 to 4 of your policy wording with the heading

“1: Introducing your Allsure policy” and

“2: Using your policy”, which outlines the definitions, structure and examples found in the policy document. Use the space below to make any additional notes.

General Terms, Conditions and Exclusions

Introduction

The general terms, conditions and exclusions apply to every section of the allsure Policy, there are also terms, conditions and exclusion that apply to the specific sections.

3.1 The countries where you are insured

Countries	Conditions	Territorial limits
<p>The policy applies to:</p> <p>South Africa Botswana Lesotho Mozambique Malawi Namibia Swaziland Zimbabwe</p>	<p>However, this condition does not apply to the following sections of the policy:</p> <p>Personal Liability Extended Personal Liability Personal Accident All Risks Personal Computers Bereavement Expenses Hospital Cash Plan</p>	<p>Extension of territorial limits for insured vehicles travelling to areas other than those in column one:</p> <p>Request for letter required by border authorities to be addressed via the PLCC call centre</p>
<p>The repatriation clause must be applied in all instances. An additional excess will be applied if the policyholder is travelling to a neighbouring country that is not reflected on the territorial limits stated in the policy wording.</p>		
<p>Third party cover for those wishing to travel through various countries in Africa is available at border posts.</p>		


3.2 Give us relevant, true and complete information

The limits of compensation, premium, other terms, conditions and exclusions are based on the information provided by the client, so he/she has the following obligations:

- Provide all relevant and required material information so that we can assess the risk properly.
- Inform the insurer if any information regarding the insured and/or insured items that are not true and complete
- Immediately inform the insurer about changes to information.
- Ensure that Mutual & Federal has the correct banking details in order to keep the policy current.

If the policyholder does not fulfil the above, the insurer might:

- Not accept claims
- Cancel the policy
- Avoid the policy (means treating it as null and void)
- Recover any compensation given for previous claims



3.3 Understand your policy

It is the responsibility of the policyholder to ensure that he/she clearly understands the policy. The policy schedule is the client-tailored document that sets out the type of insurance cover that particular policyholder has bought. The client must understand the information outlined in the policy schedule. The client's responsibilities include the following:

Checking the schedule

Notify	Blank Information	Inconsistency
Notify the insurer of any incorrect details.	<p>If the limit of compensation is left blank or there is no specified amount, this means that there is no insurance for that section.</p> <p>If there is no information under a heading, this means that there is no insurance for that section.</p>	If there is any inconsistency between the schedule and the rest of the policy, the schedule applies.

Understanding the excess

Insured items	Excess	Payment
Certain insured items will require an excess when a claim is lodged.	The relevant excess appears along the item in the schedule.	<p>The excess is VAT exempt and must be paid before the claim is settled.</p> <p>The excess can be deducted from the compensation amount paid to the insured.</p>

Understand the rand amounts

VAT	Amounts
All compensation limits and premium amounts shown in the schedule include VAT.	Premiums, compensation amounts and excess amounts are all in South African Rand.

Read the general terms, conditions, exclusions and various sections carefully

Terms & Conditions	Sections	Interpretation
General terms, conditions and exclusions apply to the entire policy.	Specific sections are separate and stand alone.	One section may not be used to interpret another section.

Refer to the policy for what we do not insure

How	What
This can be done by referring to the identified exclusions.	Identify what is not insured in the General section. Identify what is not insured in each specific section.

3.4 Look after the items you have insured

It is also the policyholder's responsibility to take all reasonable care to protect the insured items. This implies prevention and/or reduction of loss, damage, bodily injury and accidents.

3.5 Pay your premiums

Premium payments are based on the information provided by the client. The policy is either monthly or yearly.

If you have a yearly / monthly policy

YEARLY POLICY	MONTHLY POLICY
The policy runs for a period of a year.	The policy runs for a period of a month.
Premiums are paid in advance.	Premiums are paid each month in advance.
The policy is automatically renewed if the next premium is paid in time.	Policy is automatically renewed for the next month if the next premium is paid in time.
For the policy to start , the premium must be received within 15 days of the start date shown on the schedule.	For the policy to start , the first premium must be received one month in advance.
For the policy to renew , the premium must be received within 15 days of the anniversary date shown on the schedule.	For the policy to renew , the premium must be paid in advance every month and no later than the payment due date.
If the premium is not received the policy will not take effect.	<p>If the premium is not received by the due date, the policyholder's account will be debited the next month for two premiums.</p> <p>If both premiums are collected, the policy will continue.</p> <p>If the premiums are not collected, the policy will lapse from the first payment due date that was not met.</p>
If there is a total loss from an event or of an insured item, the policyholder is not entitled to a premium refund.	If a stop payment is implemented by the policyholder on the premium, the policy will automatically lapse from the payment due date which was not met.

Changes in premiums and limits of compensation

Changes in premiums

The policyholder may make amendments and any time and however the insurer needs to give 30 days' notice for any changes they wish to make.

Increases due to inflation

Cover	Limits
Household Goods Houseowners All Risks (General)	Limit of compensation is increased each year on the anniversary of the policy by an amount. This is to cater for inflation. This could mean that the premium increases. It is the policyholder's responsibility to ensure that the limits of compensation are sufficient to cover the current value of the insured items.

Increases after a claim

The limit of compensation does not change when a claim has been made. However, the premium may be affected.

This increase in premium could be implemented:

- On the policy's anniversary date.
- Immediately, when the policyholder is requested to pay the higher premium from the date of the loss or damage.

3.6 Claiming

Refer to specific terms in each section

A policyholder may only claim under one section of the policy for each event. That implies that the insurer will not be compensated under more than one section of the policy for any insured event, loss or damage that arises from the same event or for the same item. The insured must choose under which section he/she would like to claim.

There may be additional requirements for specific sections in relation to claims made on the respective section.

Report certain claims to the police

Claims that involve criminal activities and traffic accidents must be reported to the South African Police Services as soon as reasonably possible. The case number must then be given to the insurer.

Tell us about the claim

Claim	Information
<p>Informing the insurer of the claim:</p> <ul style="list-style-type: none"> • Must take place as soon as possible. • No later than 30 days after the event, loss or damage has occurred. <p>Failure to do so might imply that the policyholder loses the right to lodge the claim.</p>	<p>Information to be provided includes:</p> <ul style="list-style-type: none"> • Full details of claim; • Details of any other insurance in place for the event; • Proof and/or statements; • Any correspondence or other documents received in relation to the claim (e.g. legal documentation of any kind); • Any other information required by the insurer.

If an incident might lead to a claim against you

In such cases, the insured must inform the insurer immediately. Copies of all legal documentation must be submitted to the insurer.

You must not give out any information

The insured must not provide any information unless written permission from the insurer has been given. This includes:

- Admission of being at fault;
- Making any promises;
- Giving or accepting compensation.

Help to recover compensation

The insured is expected to give all reasonable assistance to

- Take steps to recover compensation given to the insured from another party;
- Identify and recover any items that have been lost or stolen and have subsequently been found.

The insurer will reimburse reasonable expenses incurred on the part of the insured in assisting. However, if no assistance is forthcoming, the insured will be expected to reimburse the compensation given.

We may conduct legal proceedings in your name

The insurer may conduct legal proceedings in the insured’s name regarding the defence, recovery or settlement of any claim that has been accepted. This is termed **subrogation**.

If we reject your claim

The insurer may accept or reject all or part of a claim.

<p>If the claim is rejected:</p>	<p>The insured has 90 days from receipt of the rejection letter to object.</p> <p>The objection must be submitted in writing and must give the reasons for the objection.</p>
<p>If the objection is unsuccessful:</p>	<p>The insured has 6 months from the end of the 90 day period to serve summons on the insurer.</p> <p>Failure to do the above implies that the insurer will have no obligations to the insured under the policy.</p>

You can contact the Ombudsman

Should the insured believe that the insurer has not provided compensation to valid claims he/she may contact:

- A personal financial advisor;
- The insurer’s offices;
- The Short-Term Insurance Ombudsman.

The details of the Ombudsman can be found in the Disclosure Notice. The insurer will abide by any decisions made by the Ombudsman.

3.7 The compensation we give

Compensation is only given if the insured has complied with the terms and conditions of the policy.

Our choice of how we compensate

The insurer chooses the method of compensation. The following compensation can be given for valid claims:

- Pay for repair at a repairer of the insurer’s choice;
- Replacement of the item through a supplier of the insurer’s choice;
- Cash payment.

Make sure you are not under-insured

It is the responsibility of the insured to insure all items for replacement value. This implies that the item is insured for the cost of replacing the item at the time of the loss or damage.

When a claim has been lodged, the insurer will determine the replacement value. If it is found that the item is under-insured, the compensation will cover a percentage of the insurance purchased and the insured will be responsible for the difference.

Example:

Item’s replacement value:	R100, 000
Item insured for:	R 75,000
<i>Item is therefore insured for 75% of its value.</i>	
Damage to item:	R50, 000
Compensation:	R37, 500 less excess (75% less excess)
<i>The insured is responsible for the difference.</i>	



Underinsurance does not apply to these allsure sections:

Personal Accident, All Risks, Personal Computers, Bereavement Expenses, Premium Waiver for Retrenchment and Redundancy, Identity Theft, Hospital Cash Plan, Motor, Personal Liability, Legal Costs, Extended Personal Liability, Mechanical and Electrical Breakdown, Home Employer's Labour Dispute.

No interest

Premiums	Compensation
The insured is not responsible for paying interest on premiums.	The insurer is not responsible for paying interest on compensation.

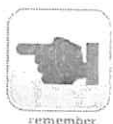
If you have other short-term insurance for the same item

If any item insured under the policy is also insured by other short-term insurance, the insurer will only compensate for their proportion of the claim.

Example:

Motor vehicle insured with Mutual & Federal for	R80, 000
Same motor vehicle insured to another company for	R100, 000
<i>Therefore M & F's proportion is 44%</i>	<i>(80,000 / 180,000)</i>

Vehicle is stolen and M & F accepts claim. Only 44% of the claim will be paid.



Other short-term insurance does not apply to:

Personal Accident, Bereavement Expenses, Premium Waiver for Retrenchment and Redundancy, Identity Theft, Hospital Cash Plan, Home Employer's Labour Dispute.

You may only claim for medical expenses if you are unable to recover from any other insurance, including medical aid.

You may only claim under one section of the policy for each event

We do not compensate under more than one section of the policy for any insured event.

Compliance with terms and conditions

You have to ensure that you comply with the terms and conditions of the policy in order to be eligible for compensation.

3.8 What we do not insure (exclusions)

These exclusions apply to all sections of the allsure policy.

The following are not compensated for:

Section	Exclusion
Consequential Loss	The insurer does not compensate for any additional loss or damage that happens as a result of the insured loss or damage.
Events which are deliberately caused	The insurer does not compensate for any claims which are a result of the insured (or any person colluding with the insured) deliberately causing the event, loss or damage.
Fraud, dishonesty, misrepresentation	<p>The insurer does not compensate for any claims which are based on fraud, dishonesty or misrepresentation (giving misleading or incorrect facts) including exaggerated claims.</p> <p>If the insurer later discovers that a claim was, in fact, based on any of these, the compensation amount will have to be returned to the insurer immediately.</p> <p>The insurer may cancel your policy immediately and you may face criminal charges.</p>
Scams	<p>The insurer does not compensate the insured for any claims arising from scams, fraud or theft by false pretences.</p> <p>Example: There is no compensation in the case of the sale of a vehicle if a bad cheque is received as payment for the vehicle.</p>
Liability related to contracts	The insurer does not compensate for liability arising from a contract that the insured has entered into unless he/she would have been liable even if there were no contract.

Confiscation by lawful authorities	The insurer does not compensate for claims related to loss, damage, bodily injury or liability if a lawful authority takes the insured items through, for example, nationalisation, commandeering, seizing, confiscation, attachment, impounding.
Fines and penalties	The insurer does not compensate for any punitive damages which the insured is liable for.
Pollution or contamination	The insurer does not compensate for liability related to pollution or contamination of any type, including the cost of cleaning up or replacing property damaged by the pollution or contamination.
Nuclear material	<p>The insurer does not compensate for the following:</p> <ul style="list-style-type: none"> • Ionising, radiation, radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; • Contamination from any nuclear material of any form; • Nuclear fission or fusion; • Nuclear weapons, nuclear explosions; <p>There is no compensation for these claims even if another event or cause contributed to the loss, damage, injury or liability.</p> <p>For example: As a result of an explosion at a nuclear plant, a water tower outside the plant topples. The water flows into the insured's house and ruins the carpets. This claim will not be compensated.</p>
War, riots, labour strikes, terrorism	<p>The insurer does not accept any claims for events resulting directly or indirectly from the following:</p> <ul style="list-style-type: none"> • Labour disturbances, riots, strikes, lockouts, public disorder, or any acts aimed at causing these; • War and warlike activities, e.g. invasion, civil war, acts of foreign enemies; • Martial law, mutiny, military uprising, siege, or any event which may cause these; • Revolution, protests, rebellion, civil disobedience, incitement of fear in the public; • Attempts to overthrow the government or local or tribal authority by means of force, fear, terrorism, violence; • Terrorism, threat of terrorism, attempts to cause terrorism, whether caused by persons acting alone or by a group; • Terrorism acts committed for religious, personal, political

	<p>or ideological reasons;</p> <ul style="list-style-type: none"> • Any event for which a fund has been established under the War Damage Insurance and Compensation Act 85 of 1976 or any similar Act; • Acts of any lawfully established authority to control, prevent, suppress or otherwise deal with any of the abovementioned activities.
Sanctions	<p>We do not insure you for or compensate you for any event or claim which would expose us to any sanctions, prohibition or restriction under United Nations regulations or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.</p> <p>What are sanctions:-</p> <p>Sanctions are a tool used by countries or international organisations to persuade a particular government or group of governments to change their policy by restricting trade, investment or other commercial activity. For example, sanctions may be applied to countries which develop weapons of mass destruction, violate human rights or trade unfairly. The extent of the sanctions often depends on the severity of the violation.</p> <p>Definition of trade sanctions:-</p> <p>A trade penalty imposed by one nation onto one or more other nations. Sanctions can be unilateral, imposed by only one country on one other country, or multilateral, imposed by one or more countries on a number of different countries. Often allies will impose multilateral sanctions on their foes.</p> <p>Definition of economic sanctions:-</p> <p>Are domestic penalties applied unilaterally by one country, or multilaterally, by a group of countries, on another country, or a group of countries. Economic sanctions may include various forms of trade barriers and restrictions on financial transactions.</p>

3.9 Changing and cancelling this policy

Changing the terms of the policy

A request to change the policy may be submitted by the policyholder at any time. Changes that are agreed to in writing will apply from the time and date of the agreement.

The insurer may change the terms, conditions and exclusions of the policy by giving the policyholder 30 days' notice via fax, post to the last known address, e-mail to the last known address or the contact details on record for the policyholder.

Cancelling all or part of the policy

The policyholder may cancel all of the policy or certain sections of the policy at any time by means of written notification.

The insurer may cancel all of the policy or certain sections of the policy by giving 30 days' written notice. This notice will be sent to the last known address of the policyholder on record.

Should a yearly policy be cancelled by either party, the insurer will refund the policyholder for the period of insurance that has not been used, less the adjustment for the shorter period of insurance.

3.10 South African law applies

We agree that only the courts within the Republic of South Africa may deal with any dispute in respect of this policy.

3.11 Sharing of information

The **sharing of insurance** information about the policyholder, inclusive of any credit information is shared amongst insurers for underwriting and claims purposes.

The policyholder **waives their rights** to privacy or those of any persons that represents them, regarding the information that the policyholder or another person on their behalf provides.

The policyholder in effect **consents** to the information being given to another insurance company or its agents.

3.12 SASRIA



Introduction

It was established in 1979 as a direct result of the 1976 Soweto uprisings and as a result of the Government's initiative where the South African Insurance Association (SAIA) was approached with a view to establishing an organisation to provide insurance cover for those activities not covered by the conventional insurers.

This happened because the short-term insurance industry expressed its reluctance to provide insurance cover for damage that is obviously political in nature. SASRIA was then formed as a Section 21 company called the **South African Special Risk Insurance Association (SASRIA)**. SASRIA was converted from an association into a public company in 1999.

It functions through a network of agents who have to be registered short-term insurers. The SASRIA agents handle the day to day administration of the SASRIA business. This includes

- Calculation of the SASRIA premium;
- Issuing of coupons and policies;
- Collection of premiums.

In the SASRIA value chain, brokers play a vital role by actively 'marketing' the SASRIA cover to clients. SASRIA provides technical support through product training and agent and broker visits in order to ensure effective understanding of the product.

SASRIA SOC Limited (SASRIA) is a short term insurance company for special risks such as

- Riots,
- Strike,
- Lock-out,
- Public disorder,
- Civil commotion,
- Political, social or economic motivated acts,
- Protest against any state or government.

SASRIA covers you for any accidental or intentional damage to your insured property caused by any persons or group of people.

SASRIA SOC Ltd provides cover under the Allsure policy and this cover is shown in the policy schedule, for all sections covering property insured.



This cover is limited to events in the Republic of South Africa only.



What is the difference between a SASRIA Coupon and a SASRIA Policy?

SASRIA Coupon

A coupon is when SASRIA cover is requested and it is dependent on there being a valid underlying policy, i.e. an existing short-term insurance policy to be in force covering the class/item/section.

SASRIA Policy

A policy is when SASRIA cover is requested and there is no dependency on there being a valid underlying policy, i.e. motor. SASRIA cover does not require a valid policy to be in force. In respect of business interruption, only a fire underlying coupon needs to be in force.

Claims Process

- Mutual & Federal administers all the claims on behalf of SASRIA.
- The final settlements and payments are made by SASRIA.

Under no circumstances is anyone allowed to amend any documentation issued by SASRIA without the knowledge of and consent from SASRIA Limited.



ACTIVITIES

Activity 2

Able Insurance brokers contacted the call centre to obtain a quotation for their client, Mr Jones. They disclosed that Mr Jones did have previous insurance for the past 10 years and has had no claims. A quotation was then prepared and accepted by Mr Jones.

The quotation was converted to new business and a 2nd tier audit was conducted by the call centre to verify the previous insurance history. It was determined that Mr Jones was in fact previously insured for a period of 10 years but during the past five years, he has had a total of four claims.

What action will be taken by the call centre on obtaining this additional information from the audit?

Activity 3

The policyholder was robbed at gunpoint at his private residence.

What terms and conditions apply to the policyholder should he claim for this incident?

Activity 4

The policyholder's vehicle is insured under this policy for R100 000 and under another company's insurance policy for R90, 000. The policyholder's car is stolen and we accept their claim.

How would this claim be settled?



Summary

This section has covered the general terms, conditions and exclusions of the allsure policy. It is vital that you understand these as you may need to help the client understand them.



Notes

Learning Unit 4: Household Goods



learning outcomes

Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Understand and provide definitions for terminology
- List who we insure for household goods
- Describe what we insure for household goods
- Understand and explain the insured events for household goods
- Describe other loss or damage cover provided under household goods
- Explain what liability cover is offered under household goods
- Identify which cover is optional under household goods
- Be able to distinguish between Full cover and Limited cover under household goods
- Identify what is not insure (the exclusions) under the household goods
- Understand and explain the different methods of compensation
- Identify which special conditions apply
- Have an overview of the underwriting rules

