

INSURANCE POLICIES AND COVID-19

Your financial circumstances might change drastically during the COVID-19 pandemic as a result of lockdown measures enforced by the South African government. The full or partial loss of your income is a reality, and this might lead to you being unable to pay the premiums on your insurance policy. To assist you during this time, most insurance companies have introduced premium relief packages. This premium relief is available to some policy holders that are directly affected by the national lockdown and as a result cannot pay their premiums.

It is, however, your responsibility to **contact the company you are insured with** to find out what relief is available and how you can access it. Failing to notify your insurance company that you have difficulty in paying your premium will cause your policy to **lapse** due to non-payment.

What is a lapse?

A lapse means an insurance policy is no longer active or the contract between the insurer and insured is no longer in force. An insurance policy will lapse when you miss your premium payments past the grace period set out in insurance contracts. If your policy lapses, it means the insurance company will no longer pay a benefit or provide any insurance coverage for the insured person (s) or asset insured.

Should you not be able to pay your policy premium on time, find out from your insurance company what the **grace period** for your contract is and whether your insurer offers any type of premium relief.

What is grace period?

An insurance grace period is the time you have after your due date to pay your premium before your insurance company cancels your policy. As a consumer you are given a fair extension to pay your premiums a bit later than usual when circumstances outside your control occur. It also specifies that a claim will be paid if payment is received within the grace period. Paying after the due date may attract a financial penalty from the insurance company. An insurance grace period must not be confused with the insurance waiting period, they are not the same. A waiting period is the time you must wait before your cover goes into effect.

What is the impact of lapsed policy?

If you do not pay your policy premium within the grace period provided by the insurer, the policy will lapse because of non-payment.

The impact of this is that:

- You won't have any insurance coverage during loss or at a claim stage, i.e. you will not be insured.
- Other insurance companies might refuse to cover you, depending on their underwriting guidelines.
- A lapse in cover can affect your premium rates for future insurance policies you might want to take out.

What can I do when my insurance policy lapses?

A policy lapse does not necessarily mean the end of the world for your insurance protection.

Most insurance companies allow you to apply a for **reinstatement** of your policy.

Most insurance policies offer a revival/reinstatement clause on an insurance policy. With this, you can 'revive' your lapsed policy, if you do the following:

1. Contact the financial advisor or your insurance company and submit proof of loss of income and continued insurability. The documents may vary from insurer to insurer and depends on the time elapsed.
2. You will have to negotiate a payment plan for the reinstatement of the policy first and arrange or set a date of resuming to pay premiums and/or paying all the due premiums along with the revival charges prescribed at the time of payment immediately when you start to receive income.
3. If needed, the insurance company might ask you to undergo a medical examination.
4. Once the above has been done successfully your insurance policy will back into force.

Who do I complain to?

If you have a complaint against an insurance company and you are unhappy with the response to your complaint, you can contact the Ombud's offices below:

Short-term insurance <i>Ombudsman for Short-term Insurance (OSTI)</i> Website: www.osti.co.za E-mail: info@osti.co.za Share call: 0860 726 890 and 0860 103 236. Tel: 011 726 8900 Fax: 011 726 5501	Life insurance, Funeral cover and other Long-term insurance matters <i>Ombudsman for Long-term Insurance</i> Website: www.ombud.co.za E-mail: info@ombud.co.za Share call: 0860 103 236 and 0860 726 890 Tel: 021 657 5000 Fax: 021 674 0951
Product provider or financial adviser? <i>Ombud for Financial Services Providers (FAIS Ombud)</i> Website: www.faisombud.co.za E-mail: info@faisombud.co.za Enquiries on status of complaints: enquiries@faisombud.co.za Share call: 086 066 FAIS (3247) Tel: 012 762 5000/ 012 470 9080 Fax: 012 348 3447/ 012 470 9097	To check if an FSP or financial advisor is authorised to sell you financial products and services, as well as which products they can sell you, contact the FSCA. Financial Sector Conduct Authority (FSCA) Website: www.fsca.co.za E-mail: info@fsca.co.za Call center: 0800 20 FSCA (3722) Tel: 012 428 8000 Fax: 012 346 6941

Stay safe and stay at home during the lockdown.

If you have any queries and for more information on consumer education messaging and activities, you can contact the FSCA at the following details:

Contact Centre: 0800 20 (FSCA) 3722
Email: CED.Consumer@fsc.co.za
info@fsc.co.za
Website: <https://www.fscamymoney.co.za/>