

Credit life insurance regulations now in effect

The final [credit life insurance regulations](#), which prescribe the minimum benefits that must be offered to consumers and the limitations or exclusions that apply to the insurance cover, came into effect on 9 August 2017.



©elosa [123rf.com](#)

The regulations aim is to limit the cost of credit life insurance. Consumers will now be charged a maximum of R4,50 per R1,000 of the deferred amount for credit facilities, unsecured loans, developmental credit agreements and other types of credit agreements. When it comes to mortgages, consumers can only be charged a maximum of R2 per R1,000 of the deferred amount, says Lesiba Mashapa, company secretary at the National Credit Regulator (NCR).

Consumers who are not employed cannot be sold retrenchment cover. A consumer who dies or becomes permanently disabled will have his or her outstanding debt under a credit agreement settled by the credit life insurance policy. If the consumer loses his or her job, the policy will pay installments due under a credit agreement for up to 12 months.

It is important to note though, that these regulations are not retrospective. Consumers who have a life cover can use this insurance to cover their debts and should not be forced to take out a new insurance as long as the life cover is sufficient to cover the debt in case of a claim, says Mashapa.

These regulations were published in the *Government Gazette* in February 2017 and were set to come to effect six months after the date of publication.

For more, visit: <https://www.bizcommunity.com>