

Faculty of Law

# THE BASICS OF SHORT-TERM INSURANCE



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REINVENT YOURSELF.



UNIVERSITY  
OF  
JOHANNESBURG

## SHORT-TERM INSURANCE ACT 53 OF 1998

Short-term insurance business means the business of providing policy benefits under defined short-term policies. These include engineering policies, guarantee policies, liability policies, miscellaneous policies, motor policies, accident and health policies, property or transportation policies of contracts that provide for a combination of these policies. Most types of insurance covered by the term “short-term insurance” are instances of indemnity insurance. However, short-term insurance is not necessarily restricted to indemnity insurance as because an accident and health policy belongs to the class of capital insurance.

The Financial Services Board published their latest “fit and proper” requirements on 29 December 2009. From now on, all representatives performing financial services in relation to Short-term Insurance: Personal Lines and Short-term Insurance: Commercial Lines will be required to write a second level regulatory examination based on certain qualifying criteria.

### THE SHORT PROGRAMME

This particular programme was developed in order to assist representatives to master the outcomes as prescribed by the Regulator. By aligning the learning outcomes of this programme with those that form part of the latest “fit and proper” requirements, we ensure that participants are prepared for their compulsory statutory examination. A further objective is to provide an detailed overview of the role and importance of short-term insurance in South Africa and to discuss matters pertaining to legal policy, adjudication in short-term insurance and the role of the Financial Services Board as regulator.

## PROGRAMME FORMAT AND DURATION

The short programme is presented bi-annually from January to June and from July to December. Contact tuition is compressed into a five day programme (February and July, from 8:30 – 16:30) at the University of Johannesburg. During these contact sessions, students will actively engage with the facilitator in class discussions. A class test is written on the last day of the week. Students are then required to submit an assignment six weeks after the week during which the contact tuition takes place. The final exam is written in June for those who have registered for the first semester and in November for those who opted to register for the second semester.

### WHO SHOULD ATTEND

Representatives who perform financial services in relation to Short-term Insurance, Personal Lines and Short-term Insurance, Commercial lines. Those who are obliged to write the compulsory statutory exam on these two subjects in order to comply with the “Fit and Proper” requirements will find the course extremely beneficial. Matters pertaining to Short-term Insurance are presented in such a way as to equip students not only to prepare for their statutory exams but also to have a better understanding of their tasks as representatives.

### TOPICS

Topics covered include the following:

1. Introduction, historical background and sources of insurance
  - historical development of the origins, development and sources of insurance
  - Basic classification of insurance contracts

2. General principles of Short-term Insurance
    - Parties to the insurance contract, insurable interest, insurable risk, duty to disclose material information.
    - indemnity, average, compensation, subrogation, proximate cause and contribution
    - Determine the client's insurance needs
    - Explain the different lines of insurance
    - Describe the different types of cover and the implications and benefits thereof (e.g. self insurance, aggregate excesses)
    - Analyse and understand financial statements
    - Describe what is meant by 'niche market'
    - Indicate when a client should be referred to a niche specialist
  3. Conclusion of an insurance contract, content of an insurance contract
    - Explain the process of offer and acceptance
    - Explain what is meant by consensus
    - Recognise and interpret certain basic terms of an insurance contract, which includes:
      - - Endorsements (e.g. noting of third party interests)
      - - Restrictions
      - - Exclusions
      - - Conditions of insurance
      - - Application
  4. Elements of the client/broker relationship
    - Matching the needs of the client with relevant products
    - Drafting or requesting a quotation for insurance
    - Reinsurance and the limits of retention of the company
    - Issuing of policies/ fulfillment documents
  5. Maintaining policies
    - maintaining the policy and retaining the client
    - Renewal or review of policies
    - Conditions of collection and payment of premiums
  - Replacement policy concepts as defined in Board Notice 43/2008 Amendment of Part X of Schedule of Notice
  6. Claims processing
    - Identification of loss as insured peril in terms of the policy
    - Claims procedure and criteria for claims of the insurer
    - Applicability of third party insurance and the procedures for third party insurance claims
    - Roles of the relevant parties to a claim
    - Different types of compulsory statutory insurance
    - Formulas, such as average, betterment and contribution
  7. Recovery and mitigation of losses
    - Salvage of goods and recovery of money
    - Legal rights of recourse, i.e. subrogation
  8. Liability of intermediaries and dispute resolution
    - Common law and statutory duties that are placed on intermediaries
    - Consequences of failure to properly execute common law and statutory duties
    - Measures that may be employed by intermediaries to avoid being liable to clients for negligence
    - Dispute resolution procedure
    - Role of the office of the Short-term Insurance Ombud
- This unique programme:
- presents an ideal opportunity to representatives to prepare for their statutory exams;
  - to engage with other representatives in the field;
  - Invites participants to share their experiences and to debate policy and other issues.

### PROGRAMME LEADER

The programme leader is Prof. D Millard, a full-time associate professor in Private law at the University of Johannesburg. Prof. Millard writes and lectures on insurance law, law of delict and social security law.

## ADMISSION

Applicants should have a National certificate (matric) and must also demonstrate their ability to complete the programme successfully. Ideally, applicants should work as representatives who perform financial services in relation to Short-term Insurance.

## FEES 2011

### 1. Administration fees (non-refundable)

Only New applications*	R280
ICT levy*	R390
Registration*	R450

<b>2. Tuition Fee</b>	<b>R6000</b>
<b>TOTAL:</b>	<b>R7120</b>

### \* To be confirmed

Foreign students need to pay an additional international levy of R750\*.

Tuition fees include access to the University's library, a copy of the textbook and other relevant study material.

Students who fail to pay all fees will not be permitted to attend classes.

## APPLICATION

The closing date for applications:  
Semester 1: **1 November 2010**  
Semester 2: **25 May 2011**

The completed application form and application fee must be sent to:

**The Registrar**  
**University of Johannesburg**  
**P O Box 524**  
**Auckland Park**  
**Johannesburg, 2006**

Please attach a **certified** copy of your ID document /passport and **certified** copies of your Higher Certificate and other relevant qualifications. Please note that student numbers are restricted in order to ensure maximum class participation.

## ADMINISTRATIVE ENQUIRIES

Application forms and more details on the programme are available from the Faculty of Law. Tel: 011 559 3739.  
Email: [excurlaw1@uj.ac.za](mailto:excurlaw1@uj.ac.za);

## PROGRAMMES PRESENTED IN 2011

1. Higher Diploma in Tax Law (intake every 2nd year – next intake 2012)
2. Higher Diploma in International Taxation (intake every 2nd year – next intake 2012)
3. Postgraduate Diploma in Drafting and Interpretation of Contracts
4. Postgraduate Diploma in Corporate Law
5. Diploma in Criminal Justice and Forensic Investigation
6. Diploma in Insolvency Law and Practice (AIPSA)
7. Postgraduate Diploma in Compliance
8. Certificate in Money Laundering Control
9. Certificate in Board Governance
10. Certificate in Compliance Management
11. Certificate in Sport Law\*
12. Certificate in Legislative Drafting
13. Short Course in Environmental Law and Compliance
14. Short Course in Entertainment Law\*
15. Postgraduate Diploma in Cyber Law\*
16. FAIS Act for Key Individuals and Representatives
17. The Basics of Short-term Insurance

\* Please contact the Faculty to confirm that the programme will be offered in 2011

[www.uj.ac.za/law](http://www.uj.ac.za/law)