

Self-assessment Questions

Section A

Question 1

- 1.1 Upon processing a death claim, the insurance company finds that the age had been misstated and never confirmed during the duration of the policy. Identify the action the insurer is allowed to take.
1. Adjust the sum insured to the level supported by the premium and the real age.
 2. Cancel the policy ab initio.
 3. Refund all premiums received, together with a reasonable rate of interest.
 4. Declare the policy void.
- 1.2 Which is the correct statement if Mr X wants to buy a life policy for his spouse, three children and his neighbour's son?
1. Mr X can proceed and buy the life policies for the five persons without any restrictions.
 2. Mr X will be required to provide tangible evidence, if called upon to do so, that he stands to suffer a financial loss in the event of the insured event happening to the five persons he wants to insure.
 3. Mr X will be required to provide tangible evidence, if called upon to do so, that he stands to suffer a financial loss in the event of the insured event happening to his neighbour's son.
 4. Mr X cannot be allowed to insure his neighbour's son.

- 1.3 The following persons are disqualified from receiving a benefit from the will of a testator:
1. a person that attests and sign the will as a witness
 2. the spouse of a person who signs the will on behalf of the testator
 3. the spouse of a person who writes the will in his/her own handwriting
 4. a person generally disqualified but declared by a court competent to receive a benefit

Choose the correct combination:

1. a, b, c, d
2. a, b
3. a, b, c
4. a, c

Section B

Question 2

A pension fund is allowed to pay more than a third of the accumulated value due to the member as a lump sum on retirement.

True/False

Question 3

If at claims stage an insurer discovers that a person who was a financial manager died while working as a miner, the insurer will be justified to repudiate a claim on the basis that this was a material fact that required disclosure.

True/False

Question 4

Most South African life policies have a suicide clause which states that a death claim as a result of suicide during the first 12 months of the contract will be repudiated.

True/False

Section C**Question 5**

In January 2015 Ms Y bought a life policy, disability policy and health insurance policy for herself and for each of her three family members, namely spouse (currently aged 38), firstborn child (currently aged 23) and lastborn child (currently aged 10). In June 2017, Ms Y separated from her spouse and surrendered the policies of her spouse. Early in January 2018, her firstborn was involved in a terrible work-related accident and was

declared permanently disabled by medical professionals. In March 2018, the lastborn of Ms Y died because of food poisoning.

Supposing all the policies had accumulated cash values, answer the following questions:

- 5.1 What are the implications of the policy surrender? (3)
- 5.2 Discuss the disability claim. (3)
- 5.3 Discuss the death claim. (3)

Question 6

Ms K is the chief executive officer of a recently incorporated life insurance company. She wants to comply with all the requirements of the Protection of Personal Information (POPI) Act. Advise her by answering the following questions:

- 6.1 Define data subjects, operator and responsible parties. (2)
- 6.2 What are the requirements of POPI with regard to security standards? (3)
- 6.3 What are the requirements of POPI with regard to data breaches? (3)
- 6.4 What is the most efficient way of complying with all the requirements of POPI? (3)