**UNEMPLOYED, CAN’T PAY BOND AND CREDIT INSTALMENTS? “CREDIT LIFE INSURANCE” MAY SAVE YOU**

If you are one of the many employees retrenched or put on short pay or unpaid leave as a result of the COVID-19 crisis and lockdown, you will be wondering how to cover the monthly instalments on your mortgage bond and other credit agreements. You have no doubt heard of the “payment holidays” banks are offering, but remember that although these are a lot better than losing your house, car etc, they are no free lunch. Interest and fees will still be building up.

Credit life insurance is not just death cover

That’s why you need to check right now whether or not any of your credit agreements are covered by “credit life insurance”. Many people don’t even realise they have this cover in place, and those that do may look at the “life” part of the name and think “well that’s no good to me or my family, I’m unemployed not dead”. The good news there is that most policies cover a host of other events leaving you unable to pay instalments – see below for more.

Do you have cover?

You may well have this cover in place without even realising it because it is commonly required when you take out any form of credit – think mortgage bonds, vehicle finance, credit cards, retail credit (store cards etc) and so on.

If you aren’t sure, check your latest bond or credit statement for any sign of an insurance premium deduction (it may be called “balance protection” or the like). Then contact the bank (or whichever credit grantor you are with) and ask them to check. You may not have it for example if at the time you ceded another life policy to the credit grantor.

What are you covered for?

Check what the terms of your particular policy are, but the minimum cover required by National Credit Act Regulations (which only affect credit agreements entered into on or after 9 August 2017) is:

* Death or permanent disability: The outstanding balance of your total obligations under the credit agreement is covered.

* Unemployment or inability to earn an income: You are covered until you find employment or are able to earn an income, with a maximum of 12 months’ instalments.

* On temporary disability: You are covered until you are no longer disabled, with a maximum of 12 months’ instalments.

Exclusions – the Regulations allow a long list of exclusions to be incorporated in your policy so check which apply to you. Most of them are common sense – for example lawful dismissal, retirement or resignation from employment – but if you are told that a particular exclusion applies to you and you don’t agree ask your professional advisor for advice before conceding anything. Employers may be able to assist in this regard when structuring crisis outcomes with staff, but remember to do so only after taking your own legal advice!

Self-employed people and pensioners should check what cover they have under their particular policy, and what terms apply to them.