

Correct as at 13:00 6<sup>th</sup> April 2020

## **Nedbank offers clients with Nedbank Unsecured Loans an opportunity to opt into debt relief and claim against Credit Life protection**

Clients who have taken up an unsecured loan (often referred to as a personal loan) and who are able to continue making their regular payments, should continue to do so. However, if clients have been retrenched or can no longer earn an income or have a reduced income, they can opt in for debt relief. In addition, if they have taken out Credit Life insurance, they may be able to claim against this policy and have up to 12 months of their debt payments covered.

As of 1 August 2017, all unsecured loans granted and disbursed required the new mandatory Credit Life policy, providing comprehensive insurance cover. In particular, this insurance covers the borrower's debt repayment obligations, in the event that they become unemployed or are unable to earn an income. This is wider than the terms of cover on Credit Life policies, taken out before August 2017, or those where Credit Life cover is optional, which among other terms, required the borrower to have been retrenched, in order to claim.

## **Nedbank widens terms of cover to cater for exceptional circumstances of Covid-19**

We have extended our debt relief support, given the exceptional circumstances caused by Covid-19, to help financially distressed clients who have been unable to earn their income during the lockdown.

Nedbank Insurance is extending the benefits of the new cover to clients who have an active Nedbank mandatory Credit Life Policy, known as the Personal Loan Protection Plan, protecting their personal loan, even if this was taken out **before** August 2017.

The pro rata benefit will be considered for claims on behalf of clients with a valid Personal Loan Protection Plan and: -

- 1 whose income has reduced by more than 20% (where this would normally only cover 100% loss of income) a pro rata benefit; and
- 2 who have earned an income for part of the month (where this would normally only cover loss of income for the whole month)

## **What you need to know**

If you find yourself in a situation where you are no longer earning a salary, resulting in you being unable to meet your financial commitments, you may have a claim against your Credit Life insurance policy.

While there are a range of benefits in your insurance policy, the benefit payable in the event of unemployment or not being able to earn an income is as follows:

The obligations under the credit agreement (personal loan), for that period where you have been unable to earn an income, or remained unemployed, will be paid, either:

- for 12 months;
- for the term outstanding of the credit agreement, or
- until you find employment or start earning an income again;

whichever is the shorter.

Even though the lockdown is less than a month, if you have been unable to earn an income or only a portion of your income (provided the reduction is more than 20%), we will consider a benefit on a pro rata basis for the period of the lockdown.

If you have a personal loan with Nedbank and have no income, as a result of Covid-19, we would like to help you.

Do you have more questions? Please see our FAQs, below.

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## Frequently asked questions

- 1 What is a payment holiday?**
  - A payment holiday allows you to suspend your monthly repayments for a period of three months if your income has been negatively impacted by Covid-19 and the national lockdown.
- 2 Will you still charge me interest if I take a payment holiday, or another debt relief alternative?**
  - Yes, we will continue to charge you interest and fees in accordance with the existing loan agreement. All your monthly service fees and Nedbank Insurance will continue in accordance with your loan agreement.
- 3 Am I going to pay for a longer period than I initially thought I would?**
  - Once the Covid-19 pandemic is over, we will consult with you to either restructure your loan term to accommodate the payment holiday, or, alternatively, provide an option to increase the monthly instalment of your loan repayment to recover the instalments missed during the payment holiday period.
- 4 Why do you say that I should continue to pay my loan, if I can still manage to do so?**
  - It is in your best financial interests as you will continue to be charged interest and fees in accordance with the existing loan agreement. A payment holiday will result in either an extended loan term or increased instalments. This means that for a while, you may be paying more.
- 5 If I make use of the payment holiday, will I be able to make an insurance claim in the future?**
  - Your Credit Life insurance cover will not be impacted if you take up the payment holiday, and you will still be able to claim for death, disability and unemployment, including an inability to earn an income, in accordance with the cover taken up during the loan origination.
- 6 How do I qualify for a payment holiday?**
  - Qualification for this debt relief option is based on your personal or household's cashflow being negatively impacted during Covid-19, resulting in you not being able to service your debts.
- 7 What is Credit Life insurance cover?**
  - Credit Life insurance is designed to cover your obligations under a credit agreement in the event of certain unexpected happenings, like death, disability, unemployment or not being able to earn an income.
  - Credit Life insurance can either be mandatory, which is where the credit provider insists on the cover as part of the loan agreement, or optional, where the client chooses to have the cover or not. Either way, the client can choose their insurance provider.
  - Where cover is mandatory, the minimum benefits, as prescribed by the regulator, must be included in the policy.
  - Nedbank Insurance offers both optional and mandatory Credit Life insurance solutions.
  - Where a client has their insurance with a third-party insurer, they will need to engage directly with that insurer in order to determine how to claim for the benefits provided under that policy.
- 8 Are all my Credit Life policies the same?**
  - No, you get two broad types of Credit Life policies, those that are mandatory and those that are optional. This note deals with mandatory Credit Life. If you want to find out more, you can always check the product-specific terms and conditions.
  - The Nedbank Personal Loans Protection Plan is a mandatory Credit Life solution for clients who have personal loans. (These FAQs relate to this product.)
- 9 What cover do I have under the Personal Loan Protection Plan used to insure my personal loan?**
  - The Nedbank Insurance Personal Loan Protection Plan not only covers the minimum set of benefits, covering death, disability and unemployment (including an inability to earn an income) but has more generous terms and conditions, making it easier to claim a benefit under your policy.

**10 Do I need a payment holiday if I have a Personal Loan Protection Plan?**

- Yes, we recommend that you apply for the payment holiday while you start the process for the insurance claim.
- The submission and approval of the claim process may take a while, as we must validate certain information and due to the high influx of claims, the process might be delayed.
- The payment holiday will provide you with relief while we finalise the insurance claim.

**11 Will the Personal Loan Protection Plan claim pay out retrospectively?**

- All valid claims will be paid from when the event leading to a claim happened, in other words, from the beginning of the Covid-19 lockdown.

**12 How long will it take before my Personal Loan Protection Plan claim is approved?**

- We expect a larger number of claims at this time; however, we will ensure that you are not unfairly prejudiced as a result.
- In order for us to finalise your claim timeously, we request all evidence to support your claim is provided upfront.
- The payment holiday will provide you with relief while we finalise the insurance claim.

**13 How do I qualify for the unemployed or unable-to-earn-an-income benefit?**

- As long as your policy is active, your premiums are up to date and you have the necessary benefits you will be able to claim.
- You will also need to show us that you are either unemployed or unable to earn an income due to Covid-19.

**14 What benefit can I expect to receive?**

- If you have a valid claim, then your benefit will depend on the period of time for which you have been unable to earn an income or received a reduced income. The reduction in income needs to be for 20% or more.
- Here are some examples based on a monthly instalment of R1 500,00

**Example 1:**

I have been forced on unpaid leave for the duration of the lockdown and earned nothing during this time.

Period of lockdown (no earnings) – 21 days

Normal month – 30 days

Benefit = no earnings / normal month = 21/30 = 70%

Your benefit would be R1 500,00 x 70% = R1 050,00 and that would be paid directly into your personal loan account.

**Example 2:**

I have been forced to take a 10% cut in pay during the lockdown.

As the loss of income is not greater than 20%, there is no benefit entitlement.

**Example 3:**

I have been forced to take a 60% cut in pay during the lockdown. My normal pay is R10 000,00 per month.

Period of lockdown (no earnings) – 21 days

Normal month – 30 days

Benefit = no earnings/normal month = 21/30 = 70%

Original monthly income = R10 000,00

Loss of earnings is 60%

Your benefit would be R1 500,00 \* 70% \* 60% = R630,00 and that would be paid directly into your personal loan account.

**15 Will I be able to apply for the unemployed or unable-to-earn-an-income benefit if I took out my loan before August 2017?**

- Nedbank recognises the financial stress many South Africans are under and we are extending this benefit to all clients who have been impacted by Covid-19. Therefore, if you took out a loan before 1 August 2017 and meet the necessary criteria, you can apply.

**16 What proof do you need me to send if I want to make a claim?**

- We will need the salary slips of the two months before you were unable to earn an income and the salary slip of the month where your income has stopped for a specified period, as a result of not being able to work. This will be used to determine the benefit payable to you.
- You will also need a letter from your employer stating the actions that were taken and the reasons for the actions.
- Finally, we need three months' bank statements showing the salary deposits and how they have been affected.

**17 Will my debt payments be paid by the insurance cover and will my credit record remain unaffected?**

- The insurance cover pays for as long as you meet the criteria for a benefit.
- This special consideration, however, is only applicable for the period you were not working as a result of Covid-19.
- If you have a valid claim, your benefit will be paid directly into your credit agreement and your credit record should remain unaffected. Please note that where you have not worked for part of a month, only a portion of that debt payment will be made.
- The payment holiday will provide you with relief while we finalise the insurance claim.

**18 Is the obligation on me to inform you if I start earning an income again?**

- Yes, and you will do this in line with the requirements set out in question 16.
- As the lockdown is expected to be temporary, the benefits payable under your policy are also expected to be temporary.
- Should the situation persist, we will reassess your benefits and advise you of any additional requirements as appropriate.

**19 Should I resume my instalments before the end of the payment holiday, if I start earning an income again?**

- If you are only claiming for the temporary benefit made available during COVID-19 there is no need to advise us when you start earning an income again.
- However, if you are entitled to ongoing benefits, as you continue to be unable to earn an income beyond the lockdown, then you need to first provide the necessary evidence to support this, then you will be required to advise us when you start earning an income again.

**20 What if I remain without an income or with reduced income for more than 12 months?**

- In keeping with our normal processes, we encourage our clients who think they might be going into financial distress, to contact Nedbank provider and ask for a payment arrangement.

**21 Am I still liable for the remaining debt?**

- Yes, you will be liable for your loan. After the period of lockdown your Credit Life insurance will continue to cover you for the standard Credit Life benefits of death or disability, unemployment or unable-to-earn-an-income.

**22 How do I go about claiming against the insurance cover?**

- We want to make this process as seamless and easy as possible for you. In order to do this, send us all the evidence that is required to support an insurance claim.
- As the insurance process takes time, we suggest that you contact Nedbank and ask for a payment holiday, while you are gathering all the evidence to support your claim. This will help ease any stress during this time, especially as you might find that you will only be able to access the required evidence once the lockdown is over and you return to work. See the table below for claim requirements.

**23 Where can I get more information about how Nedbank will support me during Covid-19?**

- Should you need more information on the Covid-19 debt relief measures we have taken to support you, click here: <https://together.nedbank.co.za/>

**24 How do I submit a payment holiday request?**

- We will be contacting you shortly regarding the debt holiday option, which will include information on the insurance claim process (if applicable).

**25 How do I submit an insurance claim?**

- Please email your claim, with a letter from your employer, your two most recent payslips and the past three months' bank statements to [insuranceclaimsqueries@nedbank.co.za](mailto:insuranceclaimsqueries@nedbank.co.za). If you have any questions, call 0860 333 111.

**The table below will assist you with determining whether you qualify for a Personal Loan Protection Plan claim. Here are some examples of how your policy would possibly pay:**

Employment status	Loss-of-income scenario	Claim (Yes / No)	Supporting evidence required for claim to be paid out
Permanently employed	My employer has said they cannot pay me as they are not receiving any income.	Standard benefit if loss of income is for more than a month. Exception: Benefit to be paid for period of lockdown.	1 Letter from employer/ 2 Three salary slips/ 3 Three-months' bank statements.
	My employer forced me to take unpaid leave.	Standard benefit if loss of income is for more than a month. Exception: Benefit to be paid for period of lockdown, provided income has dropped by more than 20%.	1 Letter from employer/ 2 Three salary slips/ 3 Three-months' bank statements.
	My employer reduced my income during the lockdown.	Ordinarily no claim (still earning an income) Exception: Benefit to be paid for period of lockdown, provided income drops by more than 20%.	
	I am quarantined but still receive an income.	No claim (still earning normal income).	
Permanent informal workers (eg domestic worker)	My salary has stopped due to no-work-no-pay.	Standard benefit if loss of income is for more than a month. Exception: Benefit to be paid for period of lockdown. (Both require an employment contract.)	1 Letter from employer/ 2 Three salary slips/ 3 Three-months' bank statements.
Self-employed	I am a self-employed person and had to close my business/had clients that cancelled (especially in the leisure, tourism and entertainment industries).	No claim – no cover for this benefit. Exception: If you were permanently employed, when you took your personal loan.	Affidavit/Financial statements/ Three months' bank statements.
Contractors	I am unable to fulfil the terms of my contract due to the lockdown, and therefore do not earn any income.	No claim – no cover for this benefit. Exception: If you were permanently employed when you took your personal loan.	Letter from employer/Three pay slips/Three months' bank statements.

Retrenched	I have been retrenched.	Standard benefit comes into effect from the first day after your effective retrenchment date, and continues until you find new employment, repay your loan, or 12 months after, whichever is the soonest.	Standard requirements.
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If you are still unsure about your benefits, you can always consult your policy document.

Ordinarily there is a three-month waiting period that you would need to serve before you would be entitled to the benefits under your policy. We have, however, waived this where the claim is directly related to the Covid-19 lockdown, provided your cover was in place prior to the lockdown.

While the Nedbank Contact Centre remains open at this time, we are experiencing higher than normal call volumes as a result of the lockdown. We would like to apologise for any inconvenience caused. Our call centre agents are available to help you with your questions and claims.

Please call our dedicated Covid-19 debt relief contact centre number **0860 110 702**, between 08:00 and 18:00, Monday to Friday, or from 08:00 to 13:00 on Saturday.

Some of our branches are open during lockdown from 09:00 to 15:00, Monday to Friday, and from 09:00 to 12:00 on Saturdays. For your safety our branches are constantly sanitised, and we ask that you maintain a safe distance from other clients.

For more information on how Nedbank can assist you during this time please go to our website [www.Nedbank.co.za](http://www.Nedbank.co.za).