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South Africa

Funeral & life cover guide

4 chapters · every source listed

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Funeral & life cover guide 2026

For families in South Africa comparing funeral cover, life cover or the credit life policy sold with a loan.

This guide puts together 4 pages of Tulinde South Africa (tulinde.co.za), word for word. Each chapter states the date it was last reviewed; the 11 sources are listed at the end. Compiled on 28 October 2026. Laws, prices and rules change: check the online version of each chapter (its address is under its title) before you rely on it.

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Chapter 1

Funeral cover in South Africa: waiting periods, the benefit cap and the two-day claim rule

Reviewed 28 October 2026 · online: https://tulinde.co.za/funeral-cover/

Short answer Checked 28 October 2026

Funeral cover in South Africa is life insurance: only a licensed insurer may carry the risk, and every funeral policy must follow the **Policyholder Protection Rules (rule 2A)**. The waiting period for a natural death can be at most **six months** (or a quarter of the policy term if shorter), there is **no waiting period for accidental death**, and once all documents are in, the insurer has **two business days** to decide and authorise payment. The benefit is capped at **R100,000 per life insured, escalating each year with CPI**.

What funeral cover is, legally

A funeral policy is a life insurance policy written under the **funeral class** of the Insurance Act 18 of 2017: it pays a lump sum, or provides a service, to cover the costs of a funeral when someone dies, up to an amount set by the Prudential Authority.

Since 1 October 2018 every funeral policy — sold by a large insurer or a microinsurer — must also meet the product standards in **rule 2A** of the long-term Policyholder Protection Rules. Policies sold before that date had until **1 July 2021** to comply (rule 2A.2.2).

A policy can be **individual** or **group**. Under the Insurance Act a group policy may only be held by an employer, a fund, or an autonomous association of people who came together voluntarily for a shared purpose other than buying insurance (Joint Communication 7 of 2024, Annexure A).

How much cover: the cap per life insured

The Prudential Authority's Prudential Standard GOI 7 sets the maximum funeral benefit at **R100,000 per life insured, escalating annually by the CPI inflation rate** published by Statistics South Africa, from the date the standard took effect. The FSCA and the Prudential Authority quoted this as the current rule in November 2024. Rule 2A.4.2 of the PPRs forbids funeral and microinsurance benefits above the prescribed maximum.

The regulators do not publish the escalated rand figure on the documents we checked, so ask the insurer what the current maximum per life is if you want the highest cover.

> The cap is per life insured, so covering the same person under several funeral policies does not make the extra cover funeral cover. Bigger amounts belong in a life cover policy — see life insurance.

Waiting periods: what the rules allow

Situation	What rule 2A allows
Death from natural causes	Waiting period of at most **6 months**, or a quarter of the policy term if that is shorter (rule 2A.6.1)
Death from an accident	**No waiting period** (rule 2A.6.2)
Policy renewed	No new waiting period (rule 2A.6.4)
Switching from another insurer after completing its waiting period	No new waiting period, if the old policy started at least 31 days before and covered similar risks for the same people (rule 2A.6.5)
Switching before the old waiting period ended	Only the part of the old waiting period that was still to run (rule 2A.6.6)
Lapsed policy reinstated, or new policy within 2 months of a lapse	No new waiting period (unless the old one was not finished — then only the rest of it) (rule 2A.9)

Before selling you a policy, the insurer must ask whether you had a previous funeral policy and finished its waiting period (rule 2A.6.7). Say yes, and give the old policy details: it can save you months without cover.

A funeral policy may not exclude a **pre-existing illness** other than through that waiting period (rule 2A.7.1), and may not exclude **suicide** for more than **12 months** from the start (rule 2A.7.2).

Covering your extended family

Most funeral policies let you add a spouse, children, **parents** and extended family — the usual way to get funeral cover for parents. Each person is a separate life insured, with their own cover amount and, often, their own premium. Before adding someone, check:

- the age limits and the amount payable for each category of family member;
- whether a new waiting period starts for each person you add later;
- who receives the payout for each person — you, or the person named as beneficiary.

In a group scheme, the insurer may not cancel or refuse to renew individual members selectively (rule 2A.5.3), and may not change the terms in the **first 12 months** unless it can show actuarial grounds or the change benefits you (rule 2A.5.1).

Claims: the two-business-day rule

1. Report the death to the insurer (or the funeral parlour or adviser that sold the policy) as soon as possible. The claim must be recorded by the next business day, even if documents are missing (rule 17.8.7).
2. Hand in the documents the insurer lists — typically the death certificate, IDs and the claim form. It may ask only for what it needs to assess the claim (rule 17.8.5).
3. Within **two business days** after all required documents are received, the insurer must decide and either authorise payment, reject the claim or tell you it disputes it (rule 2A.8.1).
4. If it disputes the claim, it has **14 more business days** to investigate and then pay or reject (rule 2A.8.2).

The insurer may not reject a funeral claim because you did not disclose something it **never asked you about** before the policy began (rule 2A.8.3).

The cash belongs to the claimant: a funeral policy may not say that the money is paid straight to a funeral parlour, but you may choose to have it paid to the service provider of your choice at claim stage (rule 2A.10). If the policy provides a funeral service instead of cash, you can ask for the stated cash value instead, without an admin fee (rules 2A.4.5 and 2A.4.7).

If the insurer rejects your claim, it must give reasons and you have at least 90 days to challenge it (rule 17.6.3). Then go to the free National Financial Ombud Scheme — see our complaints guide.

Who may sell funeral cover — and the risks with funeral parlours

- **The risk must sit with a licensed insurer** (a life insurer or a microinsurer). Check it on the Prudential Authority's list.
- **A funeral parlour that sells policies** for an insurer must be an authorised financial services provider (FSP) under the FAIS Act. Check its FSP number on the FSCA register.
- A funeral parlour that only provides funeral services, and sells no insurance, does not need a financial licence.

In Joint Communication 7 of 2024, the FSCA and the Prudential Authority said they know of **a high number of unlicensed entities, including funeral parlours, that collect "premiums" and carry the risk themselves** in breach of insurance law — leaving families unsure whether the money will be there when they need it. They also note that commission on funeral policies, unlike most other policies, is **not capped**.

> Before paying: ask for the name of the insurer on the policy document, check it on the Prudential Authority list, and check the seller's FSP number. No insurer named = no insurance.

What to check before you sign

- The insurer's name and the seller's FSP number.
- The cover amount for each person, and the age limits.
- The waiting period for natural death (maximum 6 months) and that accidental death is covered from day one.
- Whether the premium can go up, and when (no changes in the first 12 months except as rule 2A.5.1 allows).
- What happens if you miss a premium: the grace period is 15 days for monthly premiums (rule 15A), and reinstatement must not add a new waiting period.
- Your 31-day right to cancel a new policy (rule 4.2) — see life insurance.

Frequently asked questions

Can I take out funeral cover for my parents?

Yes. Most funeral policies let you add parents and extended family as separate lives insured, each with their own cover amount, age limits and often their own premium and waiting period. Check who receives the payout for each person. If a parent dies in a road accident, the Road Accident Fund also pays the necessary funeral costs: see RAF death claims.

What is the waiting period for funeral cover in South Africa?

For death from natural causes, a funeral policy may impose a waiting period of at most six months, or a quarter of the policy term if that is shorter (PPR rule 2A.6.1). There may be no waiting period for accidental death, and none when the policy is renewed.

How long does a funeral claim take to pay?

Once the insurer has all the required documents, it has two business days to assess the claim and authorise payment, reject it or tell you it disputes it (PPR rule 2A.8.1). A disputed claim must be paid or rejected within 14 further business days.

What is the maximum funeral cover per person?

Prudential Standard GOI 7 caps the funeral benefit at R100,000 per life insured, escalating every year with CPI from the date the standard took effect. Ask the insurer for the current escalated maximum.

Do I get a new waiting period if I switch funeral policies?

Not if you had cover with another insurer for similar risks on the same people, started at least 31 days before, and finished its waiting period (rule 2A.6.5). If the old waiting period was not finished, the new insurer can only impose the part that was left.

Is a funeral parlour policy real insurance?

Only if a licensed insurer carries the risk and the parlour is an authorised financial services provider. The FSCA and Prudential Authority have warned that many unlicensed entities, including funeral parlours, collect premiums and carry the risk themselves, which is against the law.

Chapter 2

Life insurance in South Africa: life cover, disability, dread disease and income protection

Reviewed 28 October 2026 · online: https://tulinde.co.za/life-insurance/

Short answer Checked 28 October 2026

In South Africa, **life insurance** ("life cover") pays a sum of money when you die, become disabled or suffer a serious illness, and is sold only by insurers licensed by the Prudential Authority under the **Insurance Act 18 of 2017**. Every life policy is also covered by the **Policyholder Protection Rules** under the Long-term Insurance Act: you can cancel a new policy within **31 days**, a missed monthly premium leaves you covered for **15 days**, and a rejected claim gives you **at least 90 days** to challenge it.

The four kinds of life cover

The Insurance Act sorts life insurance into classes. The "risk" class is what most people mean by life insurance; it pays on a **death event**, a **health event** or a **disability event**. Insurers give their products their own names, so read what the policy actually pays on.

What you see advertised	What the Insurance Act calls it	How it pays
Life cover	Risk — individual death	A lump sum (or set payments) when the insured person dies
Disability cover	Risk — individual disability, lump sum	A lump sum when you become disabled as defined in the policy
Income protection	Risk — individual disability, recurring payment	Regular payments while you are disabled as defined in the policy
Dread disease / severe illness cover	Risk — individual health	A lump sum on a health event, not linked to medical-scheme costs or services
Funeral cover	Funeral class	A capped amount for funeral costs — see funeral cover
Credit life	Credit life class	Pays your debt to a lender — see credit life insurance

Employers and retirement funds also buy **group** versions of these covers for their staff or members. If you have cover through work, ask for the benefit statement before buying more.

> Dread disease and income protection are not medical aid. A health-event policy may not be linked to the costs or services regulated by the Medical Schemes Act (Insurance Act, Schedule 2, Table 1). For hospital bills, see health insurance.

Which laws protect you

- **Insurance Act 18 of 2017** — who may sell life insurance (licensed insurers only) and the classes of business. Check a company on the Prudential Authority's list of insurers or on our page on insurance companies.
- **Long-term Insurance Act 52 of 1998**, section 62 — the basis for the **Policyholder Protection Rules (PPRs)**, gazetted on 15 December 2017 (in force 1 January 2018) and amended on 28 September 2018 (in force 1 October 2018). They are enforced by the FSCA.
- Whoever sells or advises you must be an authorised financial services provider (FSP) or its representative — check on the FSCA register.

What the insurer must tell you

Under PPR rule 11.5, no later than **31 days after the policy starts** the insurer must send you, in writing and separate from the policy wording:

- evidence of cover and how and when benefits are paid to you or your beneficiary;
- all charges and fees, and the **commission** paid to the intermediary;
- all **exclusions and limitations**, with the significant ones shown prominently;
- your right to cancel and how to claim;
- the statements you made that the insurer treated as **material** to its risk assessment — check them carefully, because wrong answers are the classic reason for a rejected claim.

You must also receive a copy of the policy within 31 days, and you can ask for a copy at any time (rule 11.5.3 and 11.5.4).

Changed your mind? The 31-day cooling-off right

PPR rule 4.2 (as amended in 2018) lets you cancel a new policy, or a change you asked for, within **31 days** of receiving the rule 11.5 information, as long as no benefit has been paid or claimed and nothing insured has happened. It does not apply to cover that lasts 31 days or less.

1. Send the insurer a written cancellation notice (keep proof of the date).
2. The insurer must act on it **within 31 days** (rule 4.4).
3. You get back what you paid, less the cost of the cover you actually had and, for investment-linked policies, any market loss (rule 4.3).

Missed a premium: grace period and lapse

Rule 15A, added in 2018, says that if a premium is not paid on its due date the insurer must **tell you within 15 days**, and your cover stays in force:

- for **15 days** after the due date if you pay monthly (or more often);
- for **one month** after the due date if you pay less often;
- or longer, if your policy says so.

If you die or claim during that grace period, the claim is valid but may be **reduced by the unpaid premium** (rule 17.11). A policy clause that lets the insurer reject a claim because the premium was late, when you paid within the grace period, is void (rule 7.1(e)). After the grace period, a policy with no cash value lapses; one with enough cash value is dealt with as rule 15A.3 sets out (kept in force from its value, made paid-up or surrendered).

> Funeral policies have an extra protection: if a lapsed funeral policy is reinstated, or you take a new one with the same insurer within two months, no new waiting period may be imposed (rule 2A.9). See funeral cover.

Replacing an existing policy

Swapping one risk policy for another can lose you cover (new exclusions, new waiting periods, older age at entry). PPR rule 19 therefore makes the new insurer ask the adviser whether the policy is a **replacement**; if so, it must get the adviser's record of advice and send it to your old insurer **within 14 days**, and a senior manager must confirm within 14 days that the record shows why the new policy suits you better.

If the insurer later finds the adviser hid that it was a replacement, it must report this to the regulator and tell you that you may cancel the new policy under the cooling-off rule within **31 days** of being told (rule 19.2.5).

> Practical rule: do not cancel the old policy until the new one is issued, you have read its exclusions and waiting periods, and the cooling-off period has passed.

Claims: deadlines the insurer must meet

- The insurer must record your claim **by the next business day** after it is received, even if documents are missing (rule 17.8.7), and may ask only for documents essential to assess it (rule 17.8.5).
- It must accept, reject or dispute the claim within a reasonable period and **tell you in writing within 10 days** of deciding (rules 17.6.1–17.6.2).
- A rejection must give reasons and tell you that you have **at least 90 days** to make representations to the insurer, plus how to complain to the ombud (rule 17.6.3).
- The insurer must answer your representations **within 45 days** (rule 17.6.5).
- It may not reject a claim **only** because of a polygraph or lie-detector test (rule 17.10), and a clause forcing disputes into arbitration is void (rule 7.1).
- A wrong or missing answer on your application cancels cover only if a reasonable, prudent person would see it as material to the risk (rule 21). If your age was wrong, benefits are adjusted to the correct age (rule 21.3).

If the insurer's final answer is still no, complain free of charge to the **National Financial Ombud Scheme (NFO)**, which took over the Long-term Insurance Ombud and began work on 1 March 2024. Our complaints guide explains the steps, and policyholder rights lists the rest of the rules.

Beneficiaries and keeping cover up to date

- Name your beneficiaries on the policy and update them after a marriage, divorce or birth. Ask the insurer for written confirmation of every change.
- Tell your family which insurer you are with and where the policy documents are; a claim cannot be paid if nobody knows the policy exists.
- Rule 11.5.1 requires the insurer to tell you if you need to review your cover periodically — check the amount against your debts and your family's needs every few years.
- The insurer may end a policy for reasons other than non-payment or a change in risk only with **31 days' written notice** (rule 20.2.1).

Frequently asked questions

What is the difference between life cover and life insurance?

In South Africa they mean the same thing in everyday use: a policy that pays a sum of money when the insured person dies. Many life policies add disability, dread disease (severe illness) or income protection benefits, which the Insurance Act classes as disability and health events.

Can I cancel a life policy after I sign?

Yes. Under PPR rule 4.2 you can cancel a new long-term policy within 31 days of receiving the policy information the insurer must send you, as long as no claim has been made. You get your premiums back less the cost of the cover you had.

What happens if I miss a life insurance premium?

The insurer must notify you within 15 days, and the cover stays in force for 15 days after the due date for monthly premiums (one month for less frequent premiums). If you pay within that grace period, your cover continues (PPR rule 15A).

What is income protection?

Income protection pays regular amounts while you are disabled and cannot work as defined in the policy. The Insurance Act calls it individual disability cover paid as a recurring payment. Read the definition of disability and the waiting period before benefits start.

What is dread disease cover?

Dread disease or severe illness cover pays a lump sum when you are diagnosed with a condition listed in the policy. In the Insurance Act it is a 'health event' policy, which may not be linked to the costs or services regulated under the Medical Schemes Act, so it does not replace medical aid.

Where do I complain about a life insurer?

First use the insurer's complaints process. If you are still unhappy, the National Financial Ombud Scheme (NFO), which absorbed the Long-term Insurance Ombud on 1 March 2024, handles complaints free of charge.

Chapter 3

Credit life insurance in South Africa: the price caps and your right to choose your own policy

Reviewed 28 October 2026 · online: https://tulinde.co.za/credit-life-insurance/

Short answer Checked 28 October 2026

Credit life insurance pays off or pays your loan instalments if you die, become disabled or lose your income. Under the **Credit Life Insurance Regulations, 2017**, a lender may charge at most **R4.50 per month per R1,000** of the amount you owe on most loans and **R2 per R1,000 on a home loan**, commission included. A lender may require credit life, but the **National Credit Act (section 106)** gives you the right to **replace its policy with one of your own choice**.

What credit life insurance is

Section 106 of the National Credit Act 34 of 2005 lets a credit provider require you to keep **credit life insurance** for the term of a loan, for no more than what you owe it. It may not demand insurance that is unreasonable, or at an unreasonable cost, given the real risk (section 106(2)).

The Credit Life Insurance Regulations were published by the Minister of Trade and Industry on **9 February 2017** (GN 103, Gazette 40606). They took effect six months later and apply to credit agreements entered into from then on — the National Credit Regulator (NCR) announced them in February 2017.

The maximum price (regulation 3)

The cap includes any commission, fees or expenses, applies **per life insured**, and is calculated on the deferred amount at the start of the agreement or on the amount owed from time to time:

Type of credit	Maximum cost per month
Mortgage (home loan)	**R2** per R1,000 of the deferred amount
Affordable housing mortgage (principal debt up to R450,000)	**R2** per R1,000 if you are under 55; **R2.50** per R1,000 if you are over 55
Credit facility (credit card, overdraft, store card)	**R4.50** per R1,000 of the average amount used in the billing cycle
Unsecured credit transaction (personal loan)	**R4.50** per R1,000 of the deferred amount
Short-term credit transaction	**R4.50** per R1,000 of the deferred amount
Developmental credit	**R4.50** per R1,000 of the deferred amount
Other credit agreements (for example instalment agreements)	**R4.50** per R1,000 of the deferred amount

Worked examples (our arithmetic from the caps): on R100,000 owed on a personal loan, credit life may cost at most **R450 a month**; on a R1,000,000 home loan, at most **R2,000 a month**.

If the policy also settles your **whole debt** on temporary disability and on inability to earn an income, the cap may rise by **R1 per R1,000** — but you cannot be forced to take those extra benefits (regulation 5). If the premium is charged yearly, the limit is the monthly cap × 12 (regulation 6).

What the policy must cover (regulation 3(2))

- **Death or permanent disability**: the full outstanding balance of the loan.
- **Temporary disability**: the instalments that fall due, for 12 months, the rest of the loan term, or until you are no longer disabled — whichever is shortest.
- **Unemployment or inability to earn an income** (other than through disability): the instalments that fall due, for 12 months, the rest of the loan term, or until you find work or can earn again — whichever is shortest.

Some costs are not allowed at all: if you are **not employed** when the policy starts, you may not be charged for retrenchment cover; if you are a **pensioner**, you may not be charged for occupational disability cover (regulation 3(3)–(4)). Self-employed people and informal-sector workers may be covered for inability to earn an income, but not for retrenchment or occupational disability (regulation 3(5)).

What it may exclude (regulation 4)

The regulations list the only exclusions allowed. In short:

- **Death or disability** caused by alcohol or drug abuse, self-inflicted injury or suicide, war and civil unrest, nuclear/biological/chemical weapons, crime, or hazardous activities such as mountain climbing, bungee jumping and speed racing.
- A **pre-existing condition** you knew about and that affected you in the 12 months before cover started — but a condition you disclosed can be excluded only if you were clearly told about that specific exclusion.
- **Loss of income** from retrenchment in the first 3 months of cover (on loans longer than 6 months), dismissal, voluntary retrenchment, resignation, retirement, an unprotected strike, or a retrenchment you knew about in the 3 months before cover started.
- A **waiting period of up to 3 months** for disability benefits, only on loans longer than 6 months — and no waiting period at all on short-term credit of 1 month or less.

The exclusions must be explained to you when you sign the credit agreement and repeated at regular intervals afterwards (regulation 4(2)).

Using your own policy instead of the lender's

If the lender proposes a credit life policy, the National Credit Act says you must be told of your **right to waive it and substitute a policy of your choice** (section 106(4)). Regulation 7 adds that you can do this **at any time** after signing, and the lender **must accept** if your policy gives at least the minimum cover listed above.

1. Get a quote for a credit life or life policy that covers at least death, permanent and temporary disability and loss of income, for at least the amount you owe.
2. Have the lender recorded as beneficiary or cessionary up to the settlement value (the lender may require written directions to this effect, section 106(6)).
3. Give the lender the details of your new insurer **within 5 business days** of taking up the policy (regulation 7(2)).
4. Cancel the lender's policy only once the lender confirms the substitution.

The insurer of your new policy must help you meet the lender's requirements and, when asked, confirm in writing that the policy is in force and the lender is recorded on it (PPR rule 3.2, GN 1407 of 2017).

What the lender must do

- Add **no surcharge** above the real cost of the insurance it arranges (section 106(5)(a)).

- Disclose the cost of the insurance and any **commission or fee** it earns (section 106(5)(b)).
- Explain the terms and give you a **copy of the policy** (section 106(5)(c)).
- Be paid only up to the **settlement value** of the loan when you claim — anything left over goes to you (section 106(5)(d)).
- If you paid annually, refund the unused part of the final year's premium when you settle the loan (section 106(7)).

If a lender overcharges or refuses your own policy, complain to the lender first, then to the free National Financial Ombud Scheme, which includes the former Credit Ombud — see complaints. You can also report it to the National Credit Regulator, which can require a lender to show that its credit life charges comply (regulation 3).

Frequently asked questions

Is credit life insurance compulsory in South Africa?

A lender may require you to have credit life insurance for the term of a loan (National Credit Act, section 106), but you do not have to buy the lender's own policy: you may substitute a policy of your choice that gives at least the minimum cover in the regulations.

How much can a lender charge for credit life insurance?

At most R4.50 per month per R1,000 owed on personal loans, credit cards, vehicle finance and most other credit, and R2 per R1,000 on a home loan (R2.50 for over-55s on an affordable housing mortgage). The cap includes commission and fees (Credit Life Insurance Regulations, 2017, regulation 3).

Can I cancel the bank's credit life and use my own policy?

Yes, at any time after signing. The lender must accept your policy if it provides at least the minimum benefits; you must give the lender your insurer's details within 5 business days of taking up the new policy (regulation 7).

Does credit life cover me if I lose my job?

It must pay your instalments for up to 12 months (or the rest of the loan, or until you earn again, if shorter) if you become unemployed. But it may exclude resignation, dismissal, retirement, voluntary retrenchment and retrenchment in the first 3 months of cover, and you may not be charged for this cover if you had no job when it started.

Who regulates credit life insurance?

The National Credit Regulator enforces the National Credit Act and the credit life regulations against lenders; the insurer itself is licensed by the Prudential Authority and must follow the FSCA's Policyholder Protection Rules.

Chapter 4

Credit life insurance calculator: the legal maximum on your loan, card or bond

Reviewed 28 October 2026 · online: https://tulinde.co.za/credit-life-insurance-calculator/

Short answer Checked 28 October 2026

Under the **Credit Life Insurance Regulations, 2017**, the cost of credit life a lender charges you — **commission and fees included** — may not exceed **R4.50 a month per R1,000** owed on personal loans, credit cards, overdrafts, store cards, short-term and developmental credit and other agreements such as vehicle finance, and **R2 per R1,000 on a home loan** (R2.50 for consumers above 55 on an affordable housing mortgage). On R100,000 owed on a personal loan, the maximum is **R450 a month**. Optional cover that settles the whole debt on temporary disability and loss of income may add **R1 per R1,000**.

The caps per type of credit

Regulation 3 of the Credit Life Insurance Regulations, 2017 sets the maximum cost per month, **per life insured**, calculated on the deferred amount at the start of the agreement or on the deferred amount from time to time:

Type of credit	Maximum per month
Mortgage agreements (other than affordable housing)	R2 per R1,000 of the deferred amount
Affordable housing mortgage (principal debt up to R450,000)	R2 per R1,000 under 55; R2.50 per R1,000 above 55
Credit facilities (credit card, overdraft, store card)	R4.50 per R1,000 of the average utilisation of the credit limit in the billing cycle
Unsecured credit transactions	R4.50 per R1,000 of the deferred amount
Short-term credit transactions	R4.50 per R1,000 of the deferred amount
Developmental credit agreements	R4.50 per R1,000 of the deferred amount
Other credit agreements	R4.50 per R1,000 of the deferred amount

The "deferred amount" excludes the cost of the credit life insurance itself. If the premium is charged yearly, the limit is the monthly cap × 12, or × the number of months covered if fewer (regulation 6).

Worked examples

- **Personal loan, R100,000 owed**: 100 × R4.50 = **R450 a month** at most.
- **Same loan with the optional temporary-disability and no-income benefits**: 100 × (R4.50 + R1) = **R550 a month** at most (regulation 5).
- **Home loan, R1,000,000**: 1,000 × R2 = **R2,000 a month** at most.
- **Affordable housing loan, R400,000, borrower above 55**: 400 × R2.50 = **R1,000 a month** at most.

> Our arithmetic from the caps. They are maximums, not prices: a cheaper policy is allowed and common.

If you pay more than the cap

Ask the lender in writing to explain the charge and correct it. A lender may require credit life, but **section 106** of the National Credit Act lets you replace its policy with one of your own choice, and

regulation 5 forbids forcing the optional extra benefits on you. The full rules — what the cover must include and what it may exclude — are in credit life insurance; how to escalate is in complaints.

Frequently asked questions

What is the maximum credit life premium in South Africa?

R4.50 a month per R1,000 owed on most credit and R2 per R1,000 on a home loan (R2.50 above 55 on an affordable housing mortgage), commission and fees included — Credit Life Insurance Regulations, 2017, regulation 3.

How do I calculate credit life insurance?

Divide the amount you owe by 1,000 and multiply by the cap for your type of credit: R100,000 on a personal loan × R4.50 / 1,000 = R450 a month at most.

How is credit life on a credit card calculated?

On the average amount used of the credit limit in the billing cycle, at most R4.50 per R1,000 a month.

Can the bank force me to take its credit life policy?

It may require credit life cover, but section 106 of the National Credit Act gives you the right to use an existing policy or one from an insurer of your choice instead.

Sources

Chapter 1: Funeral cover in South Africa: waiting periods, the benefit cap and the two-day claim rule

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