

## **MEDIA RELEASE**

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**APRIL 2020**

### **Consumers advised to use their credit life insurance for relief**

As South Africa is battling with the impact of COVID-19 on the economy, many consumers have been left with the inability to earn an income. Some are unemployed whilst others are receiving less income due to reduced working hours. Some credit providers have pronounced interim debt relief measures for consumers who have been hard hit by this pandemic. The National Credit Regulator (NCR) advises consumers that where applicable, they first consider the option of using their credit life insurance benefit as a relief in this difficult period, says Nomsa Motshegare, Chief Executive Officer of the NCR.

A credit life insurance is an insurance that a consumer signs up for when applying for credit or a loan and it covers the outstanding debt in the event of unforeseen circumstances such as death, retrenchment, unemployment, inability to earn an income, disability and others. Motshegare advises that, in the event of the consumer becoming unemployed or unable to earn an income, the credit life insurance cover provides that credit providers must settle/pay the consumer's debt for a period of twelve (12) months or for the remaining repayment period or until the consumer finds employment or is able to earn an income, whichever period is shorter.

Many consumers may not be aware that they have credit life insurance in place and that the premium for this insurance is already included in the cost of credit. To check if this insurance is in place, consumers must contact their credit providers and where applicable consider use of this benefit to provide relief, concludes Motshegare.

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**About The National Credit Regulator**

The National Credit Regulator (NCR) was established as the regulator under the National Credit Act 34 of 2005 (NCA) and is responsible for the regulation of the South African credit industry. The NCR is mandated with the registration of Credit Providers, Credit Bureaus, Debt Counsellors, Payment Distribution Agents, and Alternative Dispute Resolution Agents; and monitoring their conduct in compliance with the National Credit Act as amended. The National Credit Regulator offers education and protection to consumers of credit in promotion of a South African credit market that is fair, transparent, accessible and dynamic.

**For more information contact:**

Media Office: [media@ncr.org.za](mailto:media@ncr.org.za)

Or

Ntombizodwa Mahlangu

(011) 554-2624 / 064 752 3926

E-mail: [nmahlangu@ncr.org.za](mailto:nmahlangu@ncr.org.za)

Website: [www.ncr.org.za](http://www.ncr.org.za)