

INSURANCE

1. HOW TO MAKE INSURANCE YOUR FRIEND

1) Definitions:

Insurance is an arrangement in which an insurance company compensates a person or a company for a specified loss caused by e.g. an accident, fire, injury, illness or death in return for an agreed amount of money paid in advance (this is called a **premium**). This compensation may also be made to a third party (e.g. if you knocked somebody down while you were driving or riding a motorcycle). If you have life assurance and you die, your family will be paid some money. Your vehicle or motorcycle must have insurance cover.

Insurance only applies when you buy the insurance before any accident, damage, sickness, loss or death happens. An insurance company will not pay you if you buy insurance after the unfortunate event has happened.

The law provides that the insurer must **compensate** you for the losses within 60 days after you have informed them, as long as all the required documentation has been presented.

The **insurance policy** is the contract or legal document that explains in detail under what situations and conditions the insurance company will pay you. There are different insurance policies for different types of risk. These include: fire, burglary, and ill-health, loss of life and car accidents. You will only get paid if the loss is covered by the terms of a particular policy.

An **insurance broker** can help you identify the right insurance policy for you. This is an individual or company that sells insurance policies and looks for clients interested in buying insurance

policies. In addition, he or she negotiates insurance compensation for people who have bought insurance. You can also get information and advice on policies, licensed insurance companies, agents and brokers from the **Insurance Regulatory Authority of Uganda (IRA)** at the following address:

Plot 5 Kyadondo Road
2nd Floor Block B Legacy Towers
P O BOX 22855 KAMPALA
Tel 0414-346712/
0414-253564/0312-266364
Fax 0414-349260
Email: ira@ira.go.ug
Website: ira.go.ug

2) Types of insurance:

- **Life insurance** is an agreement between an insurance company and an individual, where the insurer promises to pay a certain amount of money to your family or other designated beneficiaries when you die.
- **Health Insurance** covers certain medical costs as included in the insurance policy. Make sure you understand which medical conditions and services will be covered and up to which amount.
- **Property Insurance** provides protection against property damage. The person insured is given compensation when damage occurs to the particular property that had earlier been insured. An example is when your house burns down: In such a situation, the insurance company will provide compensation to enable you to replace the lost/damaged property.
- **Liability Insurance** provides you with insurance protection if you cause damage to someone's health or property. It only covers the other person's losses. Your person and your property are unprotected, but liability insurance protects you from being held responsible for the other person's damages. For example, if your building collapses as it is being constructed

and hits a person who gets injured, this type of insurance will take care of the medical costs of that person. In addition, the insurance coverage will pay for the person's belongings that were damaged at the time of the accident.

- **Disability Insurance** provides protection to you in case you lose your job or are unable to work due to a disability as a result of an accident. If you are insured against disability, then the insurance company will compensate for your loss of earnings.
- **Travel Insurance** provides protection during travel against unexpected situations, such as sickness, injury, if you miss a flight because of reasons beyond your control or if you lose your luggage.

3) **Prepare for the unexpected**

When you get insurance, you take away some of the financial risks of unexpected events. For example, market vendors who insure their goods will get back some of the money they will have lost if a fire burns the market down.





4) Find the right policy

There are different insurance companies, which offer different policies such as insurance against fire, burglary, ill-health, loss of life and car accidents. Shop around for a company that offers you the exact cover you need and can afford.

5) Look for an insurance company that has the best service (“shop around”)

When trying to identify the best insurance company, consider their conditions, processes and the time it would take to have your compensation paid in case of death, theft, damage or loss of property. Get information from different insurance companies, agents, brokers and friends who have bought insurance or from the Insurance Regulatory Authority of Uganda (IRA).

6) Take the right steps to get your insurance policy

When you are ready to take insurance, these are the main steps to follow:

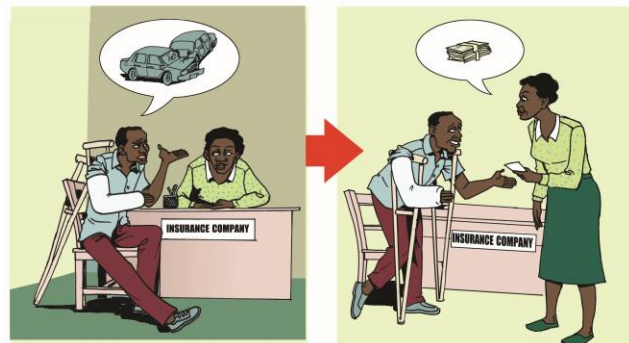
- *Contact a broker, agent or an insurance company.*

- *Talk to them about your insurance needs. Think carefully about the options, and then choose a policy that meets your needs.*
- *Give correct information about yourself for the insurance contract documents. If you don't give the right information, the insurance company might not pay your claim.*
- *Carefully read the contract. Ask where you do not understand. Only sign when you are satisfied on all points – including the insurance cover and the premiums you will be paying.*
- *Pay your premium before you receive the insurance policy for which you are covered.*

7) **Make a quick and honest claim**

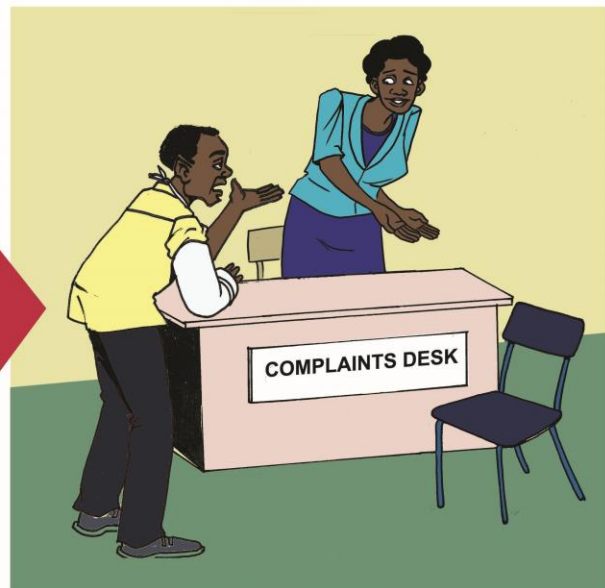
If you incur any loss covered by the insurance policy, inform your insurance company immediately. When making any claims, always tell the truth. If you tell lies, your claim will not be paid. It is a criminal offence to give wrong information. If the insurance company finds out that you wanted to cheat them, they will not pay your claim and they may take you to court.

Report thefts, accidents and other damages to the police before going to ask for compensation from the insurance company. For example, the insurance company may refuse to compensate you if you have no police report to confirm how the accident happened and what property was lost or damaged. For any claim, make sure you keep written proof (e.g. the medical costs and the police reference number). When you take a long time to report, you may forget or lose information that is important for the insurance company to calculate your compensation.



8) **Complain if you are treated unfairly**

If you think that the insurance company has refused to compensate you unfairly, or has not given you enough compensation, you can complain to the insurance company. If the insurance company refuses to consider your complaint, or you consider that the insurance company has not responded fairly to your complaint, you can approach the complaints bureau at the Insurance Regulatory Authority of Uganda (IRA).



2. RULES OF THUMB



What Types of Risk Does Insurance Cover?

Risk	Insurance	Potential Coverage
<i>You lose your job</i>	<i>Mortgage and Credit</i>	<i>Will cover your debts for a fixed period while you are unemployed</i>
<i>Your stocks loose value</i>	<i>None</i>	<i>None</i>
<i>You have a car accident</i>	<i>Auto</i>	<i>Will pay for damage to your car and other damaged vehicles and properties. Will pay for medical expenses for you and other parties.</i>
<i>Your friend falls in your home and breaks his leg</i>	<i>Homeowners', Occupiers'</i>	<i>Will pay fixed amounts for his medical expenses</i>
<i>The Police gives you a speeding ticket</i>	<i>None</i>	<i>None</i>
<i>You are hurt on the job</i>	<i>Workers' Compensation, Disability</i>	<i>Will pay your lost wages and medical expenses</i>
<i>A necklace is stolen from your home</i>	<i>Home Owners'</i>	<i>Will pay to replace your necklace up to a fixed amount</i>
<i>You die</i>	<i>Life insurance</i>	<i>Will distribute money to your benefactors and cover House hold expenses</i>
<i>You are shot while robbing</i>	<i>None</i>	<i>None</i>
<i>You commit suicide</i>	<i>None</i>	<i>None</i>
<i>You commit a professional error resulting into loss of profits to the company</i>	<i>Professional Indemnity</i>	<i>Covers the loss up to a specified amount</i>

3. ARE YOU AN INSURANCE PRO?

QUIZ – Which Insurance covers which risk?

Make the right connections.

- | | |
|--|-------------------------|
| 1. <i>I am unable to work due to a disability</i> | A) Travel Insurance |
| 2. <i>I miss my flight</i> | B) Health Insurance |
| 3. <i>My house burns down</i> | C) Life Insurance |
| 4. <i>I make a risky investment and lose money</i> | D) None |
| 5. <i>I accidentally damage someone else's property</i> | E) Property Insurance |
| 6. <i>I die and leave my spouse and children behind without a source of income</i> | F) Disability Insurance |
| 7. <i>I fall ill and need to go to hospital</i> | G) Liability Insurance |

4. BUILD YOUR OWN INSURANCE PLAN

Questions you should ask your insurance agent:

- *What type of policy is it? What does it cover? Who does it cover?*

Premium

- *What is the amount of the premium?*
- *How is it to be paid? (in cash, deducted from the loan, etc)*
- *How frequently is the premium paid? (monthly, quarterly annually)*

Benefits

- *What benefits does the insurance policy guarantee to be policyholder?*
- *Which events will trigger payment of the benefit?*

Beneficiary

- *Who can be named as a beneficiary?*
- *How many beneficiaries can be named?*
- *Are there special provisions if benefits are paid to a named beneficiary who is a child? Does the insurer notify the beneficiary?*

Claim

- *How is a claim submitted?*
- *What type of documentation is needed?*
- *When should a claim be submitted?*

Exclusion

- *What events are named as exclusions to this policy?*

Eligibility

- *What are the criteria for who can purchase this insurance policy?*

Deductible

- *What is the amount deductible?*
- *Does this amount ever vary? Is it the same for every claim?*
- *What if the cost of the event (the loss of medical expense, for example) is less than the deductible amount?*

Waiting period

- *When will the policy be active?*
- *What if something happens to me during the waiting period? Is one entitled to any benefit?*

5. THE ABC OF INSURANCE

Insurance Term	Definition
Policy	<i>The printed document that states the terms and conditions of the insurance contract</i>
Premium	<i>The money a policyholder pays to the insurance company to activate an insurance policy and keep it in force</i>
Benefits	<i>The amount of money that the insurance company pays to the policyholder or to his/her beneficiary</i>
Beneficiary	<i>The person who receives the insurance money when an insured event occurs</i>
Claim	<i>A request for payment for a loss that is covered by the policy</i>
Exclusions	<i>Specific conditions or circumstances listed in the policy that are not covered and for which the policy will not pay any benefits</i>
Eligibility	<i>The criteria that determine who can purchase an insurance policy (e.g. age limits on who can buy an insurance policy; often one must be at least 18 years old)</i>
Deductible	<i>The amount of money that a policyholder agrees to pay, per claim or per accident, toward the total amount of an insured loss. Insurers use this mechanism to share risk with policyholders and reduce false claims.</i>
Waiting period	<i>The time a policyholder must wait before his or her coverage becomes effective. For example, life insurance policies typically have a delay between the time when policyholders begin paying premiums and when the coverage is active, reducing the risk that someone who is about to die will purchase a policy.</i>