

Lets....



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Benefits of Insurance and Tips on Buying Insurance

But first.. about the College...

About the College of Insurance

- It is the only College offering insurance training in East Africa.
- It trains school leavers in insurance and related areas-diploma for Kenya (AIK) and the UK (CII)
- Train employees of the insurance industry who want to enhance their skills
- Trains trustees of pension scheme.
- There are 45 insurance companies, 150 insurance brokers, 300 service providers and about 4000 insurance agents.

Benefits of Insurance

**Benefits of
insurance**



Benefits of insurance

Having insurance is like....

**Having an army or
Police force.**

**Having these shows that
your are ready for your
enemies should they decide
to attack.**

**The enemies may never
attack...**

**But you must always have
your defences ready and
prepared.**

**This is the insurance for a
country's national survival.**

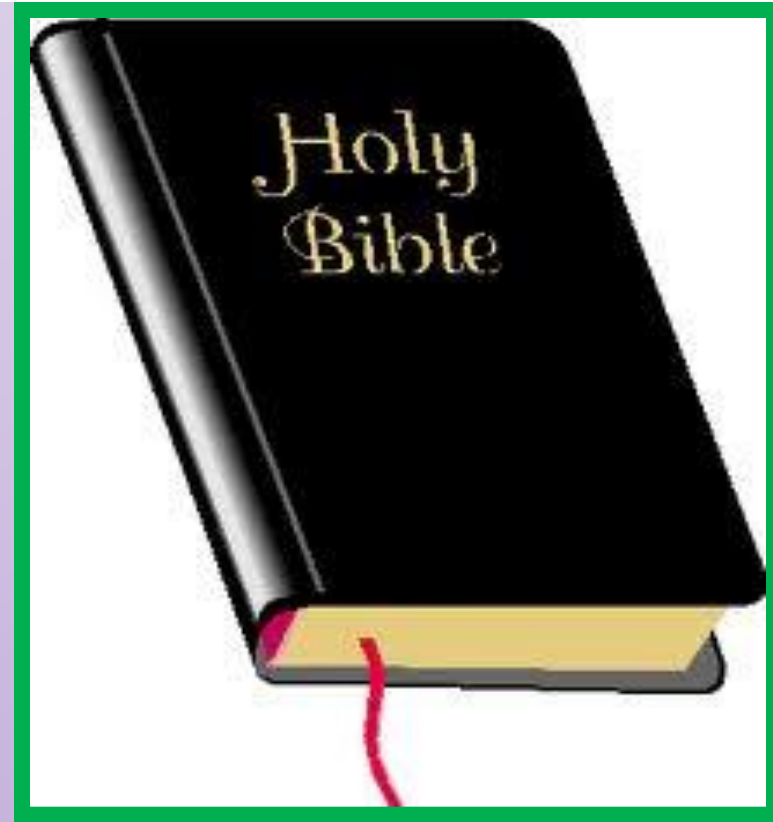


Having insurance is wise.... because....

Proverbs 6:6-7

Go to the ant, you sluggard;
Consider its ways and be wise!
It has no commander,
No overseer,
Yet it stores its provisions in
Summer,
And gathers its food at harvest.

It is wise to be prepared for loss/misfortunes.



What is insurance?

Insurance is a form of management used to offer a financial payment when unplanned or unexpected losses occurs.

It is a transfer of the risk of a financial loss from one entity (that is exposed to risks) to another (the insurer) in exchange of payment of a premium.

Insurance is part of a broad discipline called Risk Management- the practice of appraising, controlling, and providing a financial payment for unexpected and unplanned losses.

Why insurance?

**There are some form of insurance
in all societies.**

**I.e. all societies take some measures
to either control risks or reduce its
impact;**

**This includes the African
traditional societies.**

Modern insurances

- Modern insurance exists in all countries;
- This can obviously be because insurance meets certain specific needs in societies.

Logic of insurance.....

- Insurance operates on the basic understanding that **risks** are ever present in life and societies and that losses and set backs do from time to time occur to all.
- A peril converts a risk into a loss.
- What are perils?

From risks to losses

- A peril is a primary cause of loss.
 - For a risk to become a loss, there has to be a peril.
- Thus, fire, pre mature death, theft, accident, storm, diseases, flood, terrorism, political violence, pre-mature death, old age etc are perils.
- And these hits us from time to time. The only thing that we do not know is whom they will hit...but we know they will hit someone.....

Visitation by the devil



Floods

Storms



Fire



Political
violence

Diseases



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Accidents



We can not control the occurrence of perils i.e....

- In most cases, the occurrence of perils is beyond the control of anyone who may be affected by them.**
- So is the magnitude of the loss that they cause.**

Risks that we all face:

1. Dying too soon- at least for those with dependants.

2. Becoming physically challenged from old age, accidents or diseases.

3. Having our assets lost or destroyed.

Do the following look familiar?

Political violence



Political violence



Theft



CoolClips.com





A motor cycle accident



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Police reports now show that motor cycles are only second to matatus in rate of accidents.

A road accident



Applicable classes of insurance: motor, personal accident, work injury, group personal accident, life assurance etc

A house on fire



**Material damage –applicable classes of insurance:
fire, theft, all risks, goods in transit etc.**

A plane crash



**Applicable classes of insurance:
aviation cargo, hull and liabilities.**

Insurance for the physically challenged

Applicable classes of insurance:

- Personal accident;
- Medical/Health;
- Income protection;
- Group accident.



Friends and relative can visit us in hospitals when we are sick, but who caters for our dependants at this time?



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YES,

Insurance can be summed up as

"Praying for the best while...

*...being **PREPARED** for the
Worst.*



Planning and risks

In simpler terms, this is called planning.

We plan what to do and when to do it, but we should remain alive to the fact that things could go wrong. And they often do.

- **The position and logic of insurance is that it is better to be prepared financially for misfortunes if and when they do occur than to be unprepared.**
- **If you don't plan.....**

How does insurance operate?

- It is the duty of insurance to financially mitigate the effect of perils i.e. losses.
- This is done through creation of a fund out of which losses are paid.
- Those who opt to insure choose to incur a small loss (premium) rather than face the uncertainty of a major loss....
- Or call upon friends to help..... as
- This may not always be enough.

Key Challenges of Life

So far we have talked about the benefit of insurance in the event of a misfortune and seen that misfortunes do occur.

However, insurance can also be used in planning and providing for the three key challenges of life.

These are:

Key challenges of life

Buying a house.

**Educating children
at colleges
and/universities.**

**Living in financial
freedom after
retirement/old
age.**

Buying a house

Applicable policies: life policies, mortgage protection policies, fire and other perils policies etc



Educating children in colleges/universities

Appropriate Policies

- Life assurance saving policies maturing when a child is entering university or college.
- Unit linked policies;
- Education policies that provides cash on death or disablement of breadwinner while the child is in college/ university .



Maseno
University

Students graduating in a local university



Living in financial freedom in retirement

- We all believe that we shall grow old and not die young!
- It is important to remember that we may live longer in retirement than the entire working life.



And how shall we live?

Retired old man



Tips on buying insurance



Tips on buying insurance

Tips on buying insurance

1

Have compulsory insurance

Ensure you have all the compulsory insurances

- **Motor vehicle third party injuries**
- **Workers injuries benefit insurance**
- **NSSF and NHIF**

2

Protect your most important assets



3

Protect family and employees against the risk of pre-mature death.

It may not do much, but a lump sum paid on death to the family of the bread winner can go along way in assisting the family in settling down while facing the reality of the pre mature death of the bread winner





4

Plan buying major assets and important undertakings using insurance among other considerations

Contributes toward important undertakings in life—mainly buying/building a house and educating children in colleges and universities.

5

Ensure you have some critical insurances

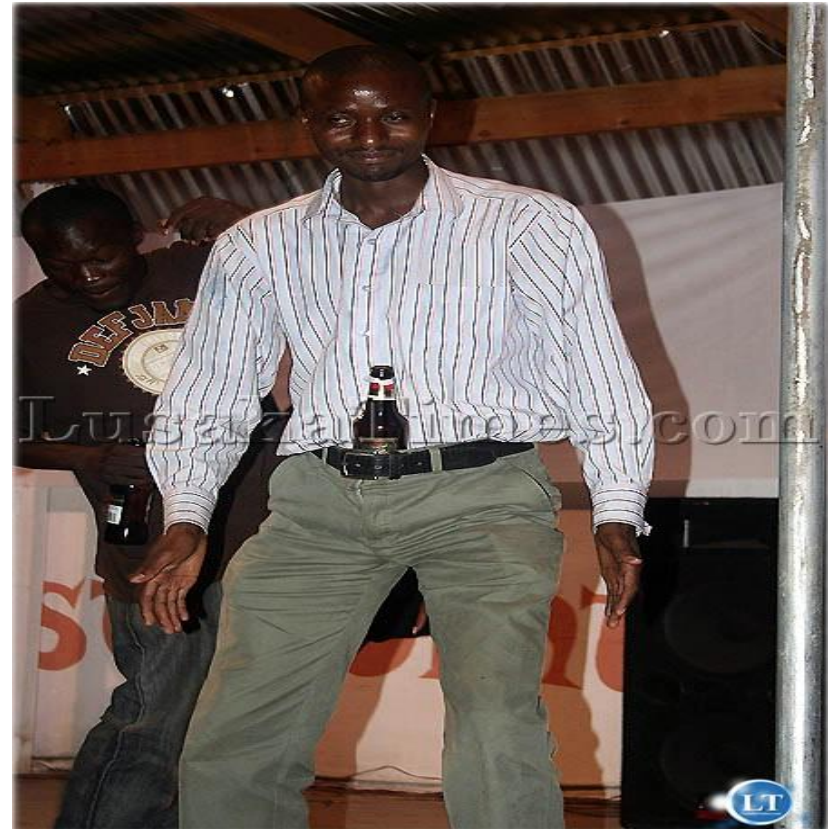
- Personal Accident
- Health insurance for self and family
- Key assets
- Some life policy
- Education policy.



Education policy for children in colleges and universities

- The future belong to the educated, the learned and the wise.

Will you have enough funds to educate your children in colleges and universities?



Personal accident and health insurances



**Aftermath
of accident**



FPGindia.org



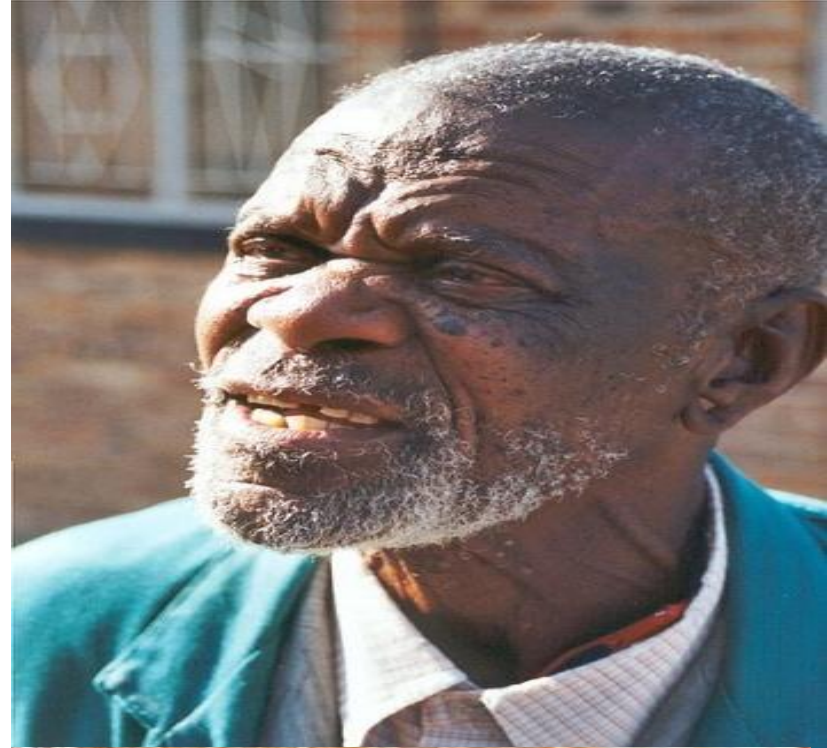
6

Enhance your financial plan for old age by buying an insurance policy

- A day comes when we are no longer able to work but we will still have our basic requirements and may be even other greater challenges.
- It is important to plan for such a day.



Retirement benefit insurance



Retirement benefit insurance

Planning for retirement is important.

Retire into financial freedom.

Not to be a burden to society and to others including our children.



7

Investments using insurance



A unit trust is a pooled investment vehicle for small private investors.

Unit funds are able to obtain professional management and wide spread approach to investments.

Use insurance for investment

Can be used as a means of diversifying investments.

**Some of the Companies offering this facility are:
Old Mutual, British American, ICEA, Madison,
Cooperative Insurance Company Ltd.**

**Some life policies have investment assets and
can be used as a security for loan.**

Tips on buying insurance

8

Buy insurance that you need.

9

Deal only with licenced operators.

10

Obtain advice from a licenced broker and agent.

11

Deal with those with an office near you-it saves a lot of time when you want to see them.

12

Read and gather information about insurance so that you can have some understanding of it...

- Listen to radio
- Use newspapers
- Advertisements
- Information bulletin
- Insurance professionals

The end.....

GOD
BLESS
YOU
ALL!



Questions
are
guaranteed in
life;
Answers
aren't.