

Insurance Covers

- Why Insurance Cover is a Necessity for All

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Do you have an insurance cover and have you ever wondered whether it is a necessity? And if so, do you understand what you are covered for? Do you understand what insurance is?

The simple answer to the above questions are:

- a) Yes, you need an insurance cover.
- b) You need to know and understand what it is that you are covered for.
- c) There is need for you to understand the needs and benefits of insurance so as to make an informed decision and purchase a cover.

Insurance operates on the basis that losses and misfortunes can occur anytime. It is informed by the wisdom that it is better to plan for a rainy day so as to reduce or manage the impact of a loss, should it occur. There are also various religious teachings that underscore the importance of insurance as a financial planning mitigation tool. In the traditional Kenyan societal set up, insurance was also practiced (and continues to be practiced in some areas) by pooling resources to help those in need. This practice, however, is not sustainable in the current life hence the need for individuals to purchase insurance covers.

NOT PREPARED

You need insurance because losses and misfortunes occur from time to time. In most cases when incidents such as fires, sicknesses, motor accidents and death occur, you are not prepared for the financial consequences that follow. We see cases where people resort to harambees or borrow money from friends and relatives who unfortunately, (in most cases) are often short of money and therefore do not help much. In extreme cases, we see cases of families disposing off assets at throw away prices because of the emergency situation. It is even sad when such assets are sold to pay for medical bills and the patient whose bills need to be paid dies. No doubt this is double tragedy. And while insurance will not stop such deaths or losses from occurring, or people holding harambees, it definitely helps cushion those who have suffered losses by availing funds to cover for the insured losses.

RIGHT POLICY

Life has a lot of uncertainties. By buying insurance, you transfer possible financial losses from yourself to an insurance company. While you cannot avoid the misfortunes of life, you can be sure that with the right insurance policy, you will recover from your financial loss. So as to fully appreciate the importance of insurance and purchase the right insurance cover for yourself, you may need to:

1. Identify your risks and needs and prioritize them. Remember that not all risks are insurable and your insurance needs are specific to you. You should not buy an insurance product simply because your friend bought a similar product and it sounds good.



Insurance is not a straight fitting jacket!

2. Discuss your risks and needs with an insurance company or a broker or an agent near you. Always compare policy benefits against premiums of several insurance companies before you settle on one. A colleague once mentioned that insurance intermediaries (brokers and agents) are like doctors who diagnose and prescribe medication for their patients in that they should help you identify that area in which you are hugely exposed and advice the right insurance product for you!

3. Match the available insurance products to your needs and choose the one that best meets your needs at affordable cost. When you match your needs with the policy, it is highly unlikely that you will cancel the policy before it matures. This is because you will have understood it and known exactly that which you are getting into. Once again remember to purchase only that cover that you need, based on your risk assessment and prioritization. Where possible avoid instances of buying more or less than you need.

PEACE OF MIND

Perhaps the most significant benefits of insurance include protection of family and assets and the resultant peace of mind that one has when they have an insurance policy. There are also other benefits like savings, financial security, investment vehicles and tax relief.

Lastly, remember that your health is your wealth- sicknesses strike without notice; take charge of your health and consider buying a medical insurance cover. The future belongs to the educated-with education becoming increasingly expensive; consider buying a policy for your children's education. Accidents occur anytime, anywhere-consider purchasing a personal accident cover against disabilities and deaths resulting from accidents (even those from accidental stair case falls).

If you Value It; Insure It!

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