



INSURANCE REGULATORY AUTHORITY

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TIPS ON BUYING INSURANCE

An insurance market can be compared with a supermarket into which a customer walks and is instantly faced with the challenge of making a shopping decision from the wide collection of products. The challenge is that the products are similar to one another with others being more expensive and others possessing unique features. At the end of the day, the buyer must make a choice. The supermarket example is used here to depict tough choices buyers face when seeking to buy insurance products within their strict budgetary limits. Often, the buyers get confused as they seek the right product to meet their protection needs.

Providers of insurance products also face challenges of availing full details about the features of their products. This is a challenge because providing all the details may be bulky and expensive and at times the buyer may not find time to read.

With the above challenges and limitations, IRA has found it important to shed some light on what consumers need to know in order to make informed choices when buying insurance products. This article is aimed at overcoming cases of

under-insuring or over-insuring and aims at reducing problems that arise when making a claim. Below are some of the tips you need to follow when buying insurance cover for medical, life, household, businesses, motor vehicles, education etc.;

- **Set Their Priorities Right:** Before buying insurance, a customer must set priorities right by listing all valuables they feel are at risk. They should prioritize them in order of their importance, value and the extent to which the valuables are exposed to loss. Since one cannot insure all valuables, this process will help buyers identify what to insure and at what cost.
- **Look Out for Miss-selling:** Look at all protection products you already possess whether provided by yourself, your employer, society or group. This is to help you avoid miss-selling of insurance. For example, if you already possess a policy with personal accident or if your employer has a group life cover and a medical scheme that is sufficient then you do not need to buy another.

- **Make the Right Choice by Comparison:** Obtain and compare various insurance products from various insurance companies and make the right choices regarding the benefits provided by each, the terms and conditions, exclusions and costs.

Remember the cost of insurance should not be the only guiding factor. Understand the financial stability and soundness of the insurer concerned.

- **Use of Intermediaries:** Prospecting for a suitable insurance cover can be challenging, at times when you do not have experience or where the cover is complicated. While you can buy simple products directly from the insurer, you may also need to seek the services of licensed insurance agents or brokers or medical service providers.
- **Completing the Proposal Form:** Completion of the form is the beginning of buying insurance. Ensure you provide correct information about the risks you intend to insure. Providing incorrect information or withholding information from questions raised in

the proposal form is the beginning of problems with an insurance policy. Fill in the form yourself, read and understand it before signing. Do not leave it to be completed by the agent.

- **Read and Understand the Policy before Signing:** When you are finally issued with a policy, check that all what was contained in the proposal form is contained in the policy. There is generally a 30-day waiting period, for life policies, within which you are required to read, understand and sign the policy. Enquire and obtain sufficient facts about the policy within this period. Signing the policy and then cancelling after this period and before three years will make you lose all premiums so far paid. Pay

policy premium on time to avoid your policy being terminated.

- **Keep All Records Pertaining to the Policy:** Ask for all receipts when you pay for your policy. Keep all documents including receipts, policy documents, all correspondence and other documents in a safe place.

Following the above tips will help you get the best bargain for your money and avoid the drawbacks that arise when lodging an insurance claim.



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