

Don't pay if there are uncertainties or if you do not know what exactly is covered by the insurance! It is also important that you keep records of all the payments you make. Demand a receipt for every payment that you make to the insurance agent at all times and keep all the receipts in a safe place.

Pay regularly and keep receipts!

HOW CAN YOU MAKE A CLAIM?

If you experience the kind of loss or damage that your insurance covers, you need to inform your insurance agent about the event immediately and request payment from your insurance company as agreed in the policy. The process of demanding the payment is called making a 'claim'. Details of how to make a claim for the money are defined in the insurance policy. If you are unsure, ask your insurance agent for information on how to make a claim. It is important that you understand how to request the money and that you know which documents are required by the insurance company in order to process the claim. You also need to inform your family members about the procedures in case something happens to you.

It is very important that you tell your family about the insurance you buy so that they will know how and when to request for the money in case something happens to you. Otherwise, you have paid all the money for nothing.



WHEN WILL CLAIMS NOT BE PAID BY THE INSURANCE COMPANY?

The insurance company will not pay any money if you have given untruthful information. In addition, the coverage of an insurance policy ends at some defined point in time if you do not renew the policy or if you stop paying premiums. If the event occurs when the insurance policy has expired, the insurance company will not pay out any money. Therefore, it is important that you know how long your policy is valid and that you renew it on a regular basis.

You have the right to make a claim: talk to your insurance agent.

HOW CAN YOU PROTECT YOURSELF FROM BEING CHEATED?

There are certain ways in which you can protect yourself from being cheated. For example, ask your insurance agent all the necessary questions to make sure you fully understand which product he is selling to you. If he/she cannot explain it well to you and you do not trust him/her, you do not need to buy the insurance. It should be clear what you need to do when the event which is covered by the insurance happens to you. It is also important to know where to find the insurance agent you need to inform when you suffer any loss or damage.

Bank of Zambia | Tel: 0211-228888 / 221118 | Fax: 0211-223502 | Email: fecu@boz.zm

Pensions and Insurance Authority | Tel: 0211-251401 / 251405 | Fax: 0211-251492 | Email: pia@pia.org

Securities and Exchange Commission | Tel: 0211-222368 / 227012 | Fax: 0211-225443 | Email: sec@zamnet.zm

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KNOW MORE ABOUT MICROINSURANCE!

INTRODUCTION

All of us desire a secure and comfortable future for ourselves and our families. However, every day we face various risks which are unexpected and occur without warning. When for example a family member dies or someone suddenly becomes ill and needs to be treated at the hospital or fire or flood destroys farms, houses or shops, we will need money to take care of the situation. Often, people with low incomes find it difficult to raise enough money to manage such situations.

Preparing in advance can help you when faced with these risks. There are different ways to prepare yourself. Many people save money to cover cost of such unexpected events, while others borrow money for the same purpose. However, the money from saving and borrowing is in most cases not enough to cover all expenses arising in an emergency situation and borrowing might not be the appropriate way to deal with such risks.



Microinsurance makes way for low-income earners to pay some small money on a regular basis to be able to deal with such unexpected events.

Insurance helps you to handle unwanted and unexpected outcomes in life or business and thus provides security for you and your family.

Secure yourself for the future.

WHAT IS MICROINSURANCE?

Microinsurance is insurance with low premiums with 'limited coverage' targeted at low income earners.

For example, when someone dies you have to buy a coffin, clothes and other items. To organize the funeral, you have to rent tables, chairs, and tents. Food needs to be prepared for the guests, music provided and much more. All these activities cost a lot of money and the financial burden brought upon you and your family can be huge. Microinsurance can help you to manage emergency situations like death, illness or damage of property.

Insurance is like an umbrella – if it rains it can be opened and used immediately. But if it does not rain it is also ready to protect you whenever you need it.

WHAT CAN BE INSURED?

You can insure yourself against a number of different unexpected and unwanted events, for example, illness, death, accident, theft, fire and disability. These events can happen to

anyone at any time. But if you have insurance, it can help you deal with the situation by paying you some money to cover your loss. If, for example, fire burns down your market store, property insurance will help you to pay for a new market store and to restart your business.

WHAT IS NOT COVERED BY MICROINSURANCE?

Microinsurance will not pay for losses or damage brought about intentionally or through careless behaviour. If, for example, someone sets fire to his market store simply because he would like to be paid for a new shop, the insurance company will not pay out money.



You too can insure your family.

HOW DOES MICROINSURANCE WORK?

In microinsurance you pay small amounts of money (called premiums) regularly or at once, to the insurance company in exchange for future compensation which you will receive if something like illness, death or damage happens to you. In these cases, the amount of money the insurance company will pay you

is agreed upon at the time you buy the insurance. If, however, you are fortunate and never experience the insured event, the insurance company will not pay your premiums back. The benefit here is that you will have enjoyed the peace of mind.

This is how microinsurance works: your small payment is put into a pot and will be used together with everyone else's contributions to pay for the loss suffered by you or any insured member. However, it is important to understand that only those people who have contributed according to the prior agreement to the pot will receive the compensation from the company. There are different pots for specific purposes, e.g. one pot covers the expenses of a funeral and another pot covers the expenses of market stores which have been burnt down by a fire. You need to assess to which pot you would prefer to contribute your money, so you need to ask yourself which insurance you really need.



Pay your small premiums regularly to be protected against future uncertainties.

HOW MUCH DOES MICROINSURANCE COST?

Most people think that microinsurance is expensive, but this is not necessarily true. Microinsurance is insurance especially designed for people who earn very little money and thus it makes insurance affordable to everyone.

WHAT TYPES OF MICROINSURANCE EXIST?

Microinsurance products include both health risks (illness, injury, or death) and property risks (damage or loss). A wide variety of microinsurance products exist, including the following:

HEALTH INSURANCE

Health Insurance is offered by paying a small premium payment every year and varies depending on the person's income. This will ensure that your medical bills are covered when you are sick and have to go to the hospital, or to pay for you to get medicine from an accredited pharmacy, so you do not need to pay cash. For information on how to register contact your local insurance company or insurance broker.



Insurance is not only about health insurance! Find out which insurance is available and what you really need.

LIFE INSURANCE

There are two different types of life insurance, one that pays benefits upon occurrence of an event and the other that pays even without occurrence of an event. Some life insurance policies, for example funeral policies, pay an insurance benefit only when the insured person dies. Other life insurance policies, for example education policies, combine insurance with a saving option. Under such an arrangement, in addition to your regular premium, you make a small payment that the insurance company puts aside as saving for you. These life insurance policies with a saving option are the only exception for insurance products when you get money back even if the negative event does not occur.

FUNERAL POLICIES

If you or an insured member of your family dies, the funeral policy covers a certain amount agreed in advance of the expenses for the funeral.

EDUCATION POLICIES

Education policies pay for your child's education at a specific point in time which you and the insurance company agree upon. If you die before this point in time, the money will still be paid out by the company, often to the school directly or the administrator.

DISABILITY INSURANCE

If you have an accident or fall sick and lose your ability to work, disability insurance pays you a regular income up to an agreed period such as 52 or 104 weeks.

PROPERTY INSURANCE

Property insurance will pay you an agreed amount of money if your property, house, or your business is destroyed or damaged due to specified risks. If, for example, you have a fire policy and fire burns down your market store, the money paid by the insurance company may help you to restore the store to its position before the loss.

As you can see, there are many different insurance products you can choose to buy. It is important that you assess which products you really need and decide which insurance you wish to buy. There is not one insurance policy which can insure you for all risks at the same time – the policies need to be bought separately. Some insurance companies may also offer other microinsurance products as the ones above. Ask your insurance agent or insurance company about any microinsurance product you are interested in.

Insurance helps you to handle loss or damage due to an unexpected event by making money available to cover the cost of your loss. As such, microinsurance is a financial service just like savings and loans.



Savings, loans and microinsurance are important if wisely used, they can help you to improve and protect your standard of living. But they have different aims and objectives and it's important to understand them.

WHAT IS THE DIFFERENCE BETWEEN MICROINSURANCE, SAVINGS AND LOANS?

Saving means putting some money you earn today aside for future use. People save for difficult times when they might have less money. You can use the saved money for anything you desire. However, certain life – cycle events (such as illness, damage, death etc) require much more money than you can save. Insurance will pay out large amounts of money which enables you to deal with the financial losses associated with such events.

A loan is a borrowed amount of money. Usually the loan and a fee for borrowing the money (the interest rate) have to be paid back within a specific time frame. A loan can be taken for any purpose. However, to actually get the loan you often need to present securities (for example a shop, a house, a secure income etc), which can be especially difficult to do in times of dire need. A loan should be used as investment and is generally not a good way to deal with risks like illness or death. In such difficult times, insurance might be more appropriate to cover the losses experienced after unexpected events which force you or your family into a position where you need money urgently.

HOW CAN YOU INSURE?

WHO CAN INSURE?

Everyone can insure – microinsurance is especially designed for people with low incomes. Usually, children can be insured by their parents or along with their parents. It is also possible to take insurance to cover your whole family. Seek more information from your local insurance company or from an insurance broker.

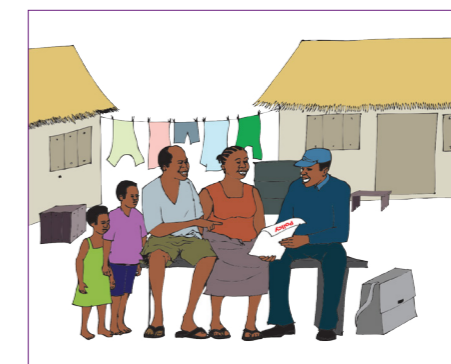
WHAT IS AN INSURANCE POLICY?

If you have decided on the type of insurance you wish to buy and the insurance company of your choice, a contract will be made between you and the company.

You will receive a document called an 'insurance policy'. It defines the specific event or events covered by the insurance as well as the conditions of your contract. It is very important that you understand this document and that you are honest and give truthful information to your insurance agent – otherwise your policy can become invalid and the company will not pay out any money. If you are in doubt, it is always better to ask rather than say the wrong thing.



Give truthful information. Make sure you understand what you buy and which loss or damage is covered by your insurance



Before signing an insurance policy, make sure you understand everything about the policy.

HOW DO YOU PAY FOR INSURANCE PREMIUM?

One of your responsibilities defined in the insurance policy will be a regular payment to the insurance company, which is called a premium. Premium can be paid daily, monthly or annually, depending on what kind of policy you have bought and what has been agreed on. Different insurance companies have different ways of collecting their premiums: it could be in cash, by using an electronic payment system or by deducting money from your bank account. It is important that you know how much and for what services you are paying.