

## WHEN SHOULD YOU TAKE INSURANCE?

Once you have life, with its possible unwanted outcomes. Also, as soon as you acquire a property it is advisable to take an insurance to cover the risk of damage or loss to the property. Again anytime you foresee liability to another person for any damage you may cause the person, it is advisable to insure the liability. For liability insurance in the form of third party motor vehicle, you are required by law to take out insurance as an owner.



Provide accurate and truthful information. Be honest. Whatever you do, do not provide false or misleading information. If you do and it is discovered, the insurance could deny the claim you make on the policy and you will be deprived of the protection that you thought you had paid for.

## INSURANCE – SOME BASIC STEPS

1. Contact an insurance company, an insurance broker or an insurance agent;
2. Discuss your insurance needs with them. Think about the options carefully and then choose the product(s) that meet your needs;
3. Supply truthful information for the completion of the insurance contract documents;
4. Sign the insurance contract;
5. Pay your premium;
6. Receive an insurance cover for the risk(s) you have insured.



Make sure you understand which types of insurance products you need.



# KNOW MORE ABOUT INSURANCE!

Insurance is a risk transfer mechanism; it is a measure taken to protect oneself against total loss in the event of unwanted or unforeseen outcome in life and in business. Insurance enables those who suffer a loss or accident to be compensated for the effects of their misfortune. It is a way of managing risk and ensuring continuity even after an unforeseen event. When we hear of fires burning down big markets, we worry so much because the owners of the stalls and wares lose everything. However, that may not be the case for those who insure their stalls and wares. Their insurance companies compensate them for all or part of their damaged or lost items.

Insurance involves paying an agreed sum of money, called a premium, to an insurance company licensed by the Pensions and Insurance Authority. The premium is calculated by the insurance company based on the value of the insured interest and the probability of the loss occurring.



Insurance protects you from financial problems resulting from damage or loss either to yourself or to your property.

## WHY SHOULD YOU INSURE?

Protecting your life and property should be an important part of your financial plan. Insurance protects you from financial problems resulting from damage or loss, either to yourself or to your property. It is therefore, important that you insure your life and property against any unanticipated accidents, damage or loss. You can take insurance to cover against loss resulting from:

- death;
- accident;
- theft;
- fire;
- loss;
- damage;
- disability.

**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



**Finanzgruppe**

Sparkassenstiftung für internationale Kooperation





Visit an insurance company, broker or agent to learn what kind of policies are available.

## TYPES OF INSURANCE

Broadly there are two kinds of insurance:

- **Life insurance** – which pays an insurance benefit when the person who is insured dies.
- **General insurance** – comes in many forms, including property, liability, disability, health and travel.

**Property insurance** - provides protection against property damage and pays a benefit if such damage occurs.

**Liability insurance** - covers your liability for causing damage to someone's health or property.

**Disability insurance** - provides protection should you lose your ability to work and earn income, and pays you income if you are unable to work.

**Health insurance** - covers certain medical expenses and prescription medications.

**Travel insurance** - provides protection against certain adverse occurrences during travel such as illness or even missed flights.

Some forms of insurance are required by law, while others are optional. An example of a form of insurance required by law in Zambia is Third Party Motor Insurance.

## HOW AND WHERE CAN YOU INSURE?

There are a number of insurance companies licensed by the Pensions and Insurance Authority that offer a range of insurance products. An insurance company is allowed to carry out either life insurance or general insurance, not both. You can go to any of the licensed insurance companies and choose the appropriate insurance product. You can also approach an insurance broker. The broker will advise you on the product that best suits your needs and get the product from the appropriate insurance company. Your premium can be paid through a broker who may also handle your claims.

## BANCASSURANCE

You can also obtain insurance through your bank when you obtain a loan or other financial service e.g. a bank account. This is called a bancassurance.

## INSURANCE POLICY

This is a document of agreement between an individual or organization and an insurance company. Once you decide which kind of insurance policy you wish to take and meet the requirement of the company for such insurance, you will be given an insurance policy.

When you buy life insurance you don't renew your policy each year. Instead, you agree to pay a fixed premium for a set number of years.

When you buy a general insurance policy, you have to renew your policy every year with the payment of annual premium unless the policy is for a period below a year.



Whatever policy you are considering, you need to carefully analyze every aspect of the policy before you sign the insurance contract. Look out for exclusion clauses.

## INSURANCE PREMIUMS

As part of the agreement captured in the insurance policy you will commit to pay an agreed sum of money to the insurance company regularly. This is called the premium. The company in turn commits to take on costs associated with risks in relation to specified unforeseen events and accidents that befall you. Usually, insurance premiums may be paid once. The premium is usually paid before the policy starts running. However, the insurer may allow the policy to start running before payment of the premium by granting the insured a short period of time to pay the premium.

You should take care that your insurance premiums do not eat into a huge chunk of your income. This is especially important in case of long-term contracts such as life insurance.

## COMPENSATION

This is what you are paid in the case of an accident or loss relating for which you have insured. Once you have entered into an insurance contract and paid your premium, you are entitled to compensation from the insurance company for any damage or loss suffered. The extent of compensation depends on the type of insurance.

If you have a complaint about your policy, you should contact the local branch manager of your insurance company. If they are unable to address the complaint satisfactorily, you can make a formal complaint to the Pensions and Insurance Authority.

## MAKING AN INSURANCE CLAIM

Under all insurance contracts, damages or losses incurred must be reported to the insurance company for the purpose of making a claim. In most cases a report must also be made to the police. Under a motor insurance for example, you must report any accident to the police as soon as it occurs to enable you to begin the process for making insurance claim. Failure to report an accident can subject you to personal liability if the persons involved later find themselves to be injured and your insurance company denies the claims due to your failure to report the accident promptly.



Read your policy well. Ask questions. Keep your policy at hand. Call your insurer to keep your policy up-to-date, inform your agent or insurer of any changes in the information you have supplied.

## HOW TO CHOOSE THE RIGHT INSURANCE

There are many factors you have to consider in your choice of the appropriate insurance policy.

These factors include:

- Risks associated with your work and lifestyle;
- Risks associated with your line of business or industry;
- Level of premium to be paid



Choosing a company to insure with can be difficult, so it is best to question and discuss your options with a number of the companies, brokers or agents offering the insurance you are considering. Talking to several insurance companies, brokers or agents helps in making the right choice.



Carefully read the terms and understand the type of insurance products that best suit your needs.

## WHO CAN INSURE?

Any person can insure his or her life and the lives of persons whose death may cause him or her financial loss. A person who owns a property or has an interest in a property can insure the property. Again any person who will be liable to another person for any damage caused can insure in respect of the liability.



Do not pay for an expensive insurance cover which you probably do not need.