

By Prossy Nandudu

There is a growing need among Ugandans to invest in long-term projects so that when they retire, they have less stress. Stress comes in the form of lack of school fees, a decent home and the desire to have a farm, among others.

Such needs require long-term investments with genuine institutions, such as insurance companies, especially when one is looking out for their children's education.

Unlike other investments, insurance gives one a peace of mind because one is assured of an option in case of an emergency.

For instance, if one stopped working today and has insured the children's education, one will not have to worry about paying school fees because the insurance company will take over.

And since most insurance packages start from a minimum of five years to a maximum of 25 years, where it is assumed that one will have achieved their dreams, this could be an option.

However, before deciding what kind of insurance package to go for, one should first understand the different packages available and one's needs.

Insurance packages

Daniel Otaala, an insurance agent, says there are three major insurance packages that one can choose from.

General insurance

This covers fire outbreaks, motor third party and life assurance, among others.

● Motor third party is for those who would like to insure their vehicles and motor bikes against accidents.

How to get a good insurance deal now

INSURANCE GIVES ONE A PEACE OF MIND BECAUSE ONE IS ASSURED OF AN OPTION IN CASE OF AN EMERGENCY

They are required to part with sh70,000 annually. For every vehicle that is insured, the owner is entitled to sh1m in case of an accident. The money is meant to help the owner of the vehicle carry out minor repairs.

In case no accident or fire outbreak occurs in a year, the money is not refunded, Otaala explained.

● Life Assurance is like a saving plan. It involves saving money with an insurance company and you recover it at an agreed period of time.

This is mainly done to insure education. It can either be paid directly to the school or is given to the beneficiary as a lump sum depending on the insurance provider.

Comprehensive insurance

This caters for everything, including



Make sure you understand everything before you sign an insurance proposal form

the occupants of a car in case of an accident. The package includes medical attention not exceeding sh1m, repairs to the damaged vehicle or its replacement.

For this package, a company or vehicle owner parts with sh4m annually.

Money Markets, under Asset management

This insurance policy works like a bank. However here, one attracts an interest of 9.2% and above for every time they make a deposit.

"When one makes a deposit today, one is free to withdraw the entire amount after 30 days. However, it is

better to let the money grow and earn a reasonable interest," Otaala says.

He adds that this package is favourable for people who do not earn a monthly salary, but can be paid a lump sum after six months. They can then keep part of the lump sum with the insurance company and withdraw it when need arises.

This package is ideal for real estate agents and businesspeople who would like to bid for a contract, but do not want to use the money before they get the contract.

How to identify a genuine insurance agent, broker

Otaala says one could visit an insurance

company and get an agent from there or work with a broker. He adds that these must be licensed by the Insurance Regulatory Authority (IRA).

"One should take a photocopy of the ID of the agent they are dealing with to IRA to do a follow up. The ID should have a number that was issued to the agent by IRA. So, if the agent was dismissed or is no longer allowed to transact business on behalf of any company, it will reflect in the system," he says.

When dealing with an agent, it is important for one to ask questions and understand everything before filling in an insurance proposal form. In case one is not convinced by the agent, one could go the insurance company and cross-check.

"This stage is important to avoid being defrauded by the agent and in case the latter did not understand some terms in the policy, they will not be compensated by the company," he warns.

Once all this is cleared, one is given a proposal form to sign. This form is what the company uses to run a background check on the client to determine if he is eligible for insurance.

The information filled in the form includes type of insurance, amount or premium one is going to pay and doctor's letter in case of a medical condition.

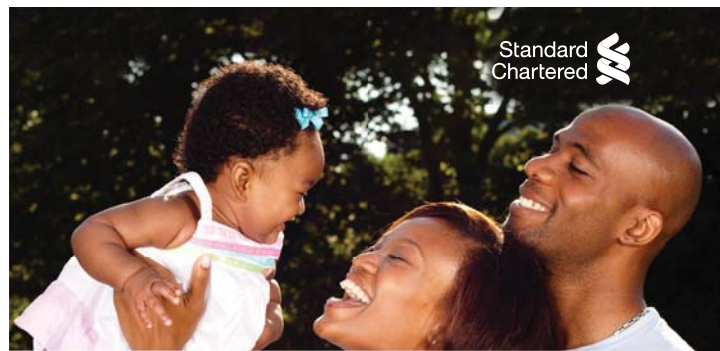
The form is evaluated by people called underwriters, who determine whether a client can be taken on or not.

Once approved, the client is given a contract and is given 14 days to read and understand the document. Those who may not be in position to interpret some clauses can get help from lawyers or the insurance agents.



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