



## **TIPS FOR BUYING INSURANCE**

Insurance is an invisible commodity where anybody exposed to the possibility of loss purchases a promise that the insurance company shall pay for their losses when they occur.

From the moment you start paying for your insurance policy, you will need to sustain your insurance premium payment as long as you still feel you may incur a loss. The premium payment can be made monthly, quarterly, half yearly or yearly. The principle here is that it must be paid upfront before consumption of the insurance takes place.

Here are some tips you need to follow when buying an insurance cover;

1. **Suitability:** Before you make the financial commitment to buy insurance, ask yourself this question: How does this insurance plan fit into my needs? Every type of insurance plan is meant to offer financial protection against different kinds of losses. Therefore, consider carefully what financial loss you want protection against and find an insurance coverage that best suits your objectives and needs.
2. **Affordability:** Consider whether you can afford to pay the premiums quoted by the insurance company. If you overcommit on your insurance budget, you may fail along the way leading to cancellation, or lapse for life assurance policies. So, be sure to commit on what you will be capable of playing in the foreseeable future.
3. **The level of benefit:** Carefully decide on the amount of possible loss you can suffer. This amount for general insurance should reflect the value of the property. For life insurance, the amount should be sufficient to maintain your standard of living or cover your financial burdens in the event that you are unable to support your family and loved ones due to you suffering a disability, accident or even death. For policies that have policy values, make sure you understand how cash flows are projected and whether bonuses are guaranteed or not.

4. **Compare Insurance Policies:** It pays to shop around and compare policies/products offered by various insurance providers. Each insurer offers products that differ from those offered by other insurers with variations in the coverage, the terms and conditions, exclusions and costs. Taking time to compare policies is more likely to give you what you want and need. Ask questions about the features you need in a policy or any exclusions. In case you need further assistance understanding the various products, seek help from the insurance company, insurance agent or an insurance broker.
  
5. **Read Policy Details and pay close attention to exclusions:** Take time to carefully read the terms and conditions of your policy. You should pay attention to what the policy does not cover which is referred to as exclusions in the policy document, deductibles/excesses or policy limits that come with your insurance. Contact your insurance company, agent or broker should you have any questions.
  
6. **Disclose Information Honestly:** When you decide to take up an insurance cover, you will be required to complete a proposal form. Every question asked by the insurance company is important therefore disclose information honestly when filing in the form. It is extremely important to understand the extent of the duty of disclosure because if you fail to comply, you may not be paid the benefits due when you make a claim.
  
7. **Your proposal form is the basis of your insurance contract:** Never sign on a blank/incomplete proposal form. You will be held responsible once you sign on the documents. You should check the correctness of the information and make sure you fully understand the contents before signing.

8. **The Right to cancel your insurance policy:** You may want to cancel your insurance policy if you have just bought it and have changed your mind. You have the right to cancel within the “cooling-off period” and obtain a premium refund as provided for in your insurance contract. The cooling-off period is usually up to 30 days upon receipt of the policy document. But this may vary from one insurance product to another
  
9. **Policy renewal:** Don’t forget to renew the policy and pay the premiums before the policy expires. Failing to do so, you may lose the continuous protection. Take time to review the policy and make any changes to your coverage if your situation has changed. In case you wish to continue with the policy, it’s important to continue making payments. It is essentially important to renew your policy in time as some policies don’t allow any graceperiod.
  
10. **Premium Payment Grace Period:** if your life policy is still within the first two years, a grace period depending on your insurance contract terms may be allowed. A grace period is the time allowed to the insured (you) to enjoy the benefits of the policy before payment of premiums. During this period, if the insured event occurs, the applicable benefits are paid out less the outstanding premiums

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