

Frequently Asked Questions

Qn.1. Who is IRA?

Answer:

The Insurance Regulatory Authority (IRA) is a Government agency responsible for the regulation and supervision of the insurance industry in Uganda. IRA does not sell insurance products.

Qn.2. What is insurance?

Answer:

Insurance is a mechanism through which a person transfers a risk (s) to a professional risk carrier in this case, an insurance company at a consideration called premium. The insurance company in return promises to compensate the policyholder/insured when a **loss** occurs.

Qn.3. What is an insurance policy?

Answer:

It is a document evidencing the existence of an insurance contract. The policy contains terms and conditions of the contract. It is important to obtain, read and understand your insurance policy.

Qn.4. How many forms of insurance are there?

Answer:

There are two forms of insurance life (long term) and non-life/general (short term). Life assurance contracts run for more than one year whereas general insurance contracts run for one year or less.

There are life products like Group life, offered for a year and taken out to cover several people on one policy. These are majorly taken by employers for employees.

Qn.5. What happens to my policy if I fail to pay insurance premiums?

Answer:

Failure to pay insurance premiums as stipulated under the contract is a breach of policy terms and leads to termination of the contract by the insurance company.

If it is a life policy, the policyholder can claim for surrender proceeds. The period or term before surrender varies from company to company.

If one fails to pay premium before the surrender period, the policy lapses and no refund is given to the policyholder. But if the policyholder fails to pay premium up to or after surrender period, the policyholder can either get surrender value or the policy can be considered as paid up for a lower sum assured.

Qn. 6. Can I cancel my policy if I am not satisfied with its terms and conditions?

Answer:

Yes, you can. In the general insurance contracts, cancellation of the policy leads to either a proportionate refund of the premiums or a refund of premiums on a short period basis.

However, under a life assurance contract, some companies provide a 30-day period (cooling off period), whereby if the policyholder decides to withdraw within the period, he/she can cancel the policy and obtain a refund less administrative expenses incurred by the insurance company. The refund on any policy is guided by the cancellation clause.

Qn.7. What happens to my policy if an insurance company collapses?

Answer:

If a company collapses or is de-licensed, it operates on a run-off basis. The company will continue to operate without taking on new business until its wound up or is again re-licensed. The policyholders are fully safeguarded by the IRA during that period of run-off and the company will meet all its obligations with the clients.

Qn.8. How do I make an insurance claim?

Answer:

You must report any loss or damage to the insurance company immediately and submit all the necessary documents requested by the insurance company. You are required to cooperate with the company to facilitate the smooth handling of the claim.

Qn.9. What if the insurance company declines to pay my claim?

Answer:

If your claim is declined or when dissatisfied with your insurance company, lodge a complaint with the IRA's Complaints Bureau through this email: ira@ira.go.ug. You can, also, write a letter detailing your complaint to the **CEO, IRA P.O.Box 22855, Kampala**. Or call us on our toll free line, **0800,124124**

Qn.10. What is Motor Insurance?

Answer:

Motor Insurance covers you against loss or damage to your own vehicle due to accidental fire, theft, accident, third –party bodily injury or death, third party property loss or damage.

Qn.12 What are the different types of motor insurance covers?

Answer:

There are several types of covers under motor insurance namely; Motor Third party which protects you against third party losses including death and bodily injury of the other party.

There is Accident Fire and Theft motor insurance which protects you against damage to your vehicle due to accident theft and fire.

There is also Motor Comprehensive insurance cover which protects you against the third party's bodily injury and/or property damage as well as loss/ damage to your vehicle due to accident, fire or theft.

Qn.13 What is Motor Third Party insurance in simple terms and who benefits from this motor insurance cover?

Answer:

Motor third party insurance was introduced by the Motor Vehicle Insurance (Third Party Risks) Act in 1989. The Act provides for compulsory insurance against third party bodily risks in respect of the use of vehicles.

It is mandatory that any vehicle, van or motorcycle for private or commercial use should have Motor Third Party insurance cover. The law only exempts Government owned vehicles.

The person who benefits from Motor Third Party is a third party who suffers loss or death or bodily injury as a result of an accident. This maybe any road user, such as a pedestrian, a motor vehicle passenger, a property owner involved in an accident. The first party is the owner of the vehicle or motorcycle whereas the insurance company is the second party.

Qn.14 What can one do if involved in a motor accident and has motor insurance cover?

Answer:

If you are involved in a motor accident, the general rules that you need to observe are:

- Obtaining the following information related to the accident;
 - i. Names and addresses of all drivers and passengers involved in the accident.
 - ii. Registration numbers, make and model of each vehicle involved in the accident.
 - iii. Names and addresses of as many witnesses as possible
- Taking safe actions to prevent further damages and injuries such as calling the police and moving the vehicle to safe custody.
- Reporting the loss to the police within 24 hours of the accident if possible.
- Notifying your Insurance Company of the accident as soon as possible and follow this with a written notification.
- Sending all supporting documents including Police abstract report (if ready), your Driver's license, Driver's statement of the accident immediately to your insurer.

Qn 15. Can one make a claim to an insurance company if he or she is not the rightful owner of the vehicle involved in an accident?

Answer:

An insurance policy is a contract between the insurance company and the policy owner (in this case is the vehicle owner). If the owner fails to report to the insurance company about the accident, the insurance company may not be able to settle a claim made by any third party as the company has no contract with the third party.

But the insurance company is only responsible for handling your claim if the policy owner has requested the third party to report the accident on his/her behalf.

Qn.16 If one has a comprehensive motor policy, will all the losses incurred be covered and compensated?

Answer:

Under comprehensive policy, you will be covered for claims made by third parties for bodily injuries/death or property damage caused by your vehicle. You will also be covered for loss of or damage to your vehicle due to fire, theft or any accidental causes. This cover provides for material damage, third party cover, personal accident and medical expenses among others. However, there are some exclusions which should you need to check and know in your policy.

You should also note that deaths and bodily injuries of the driver and passengers of your vehicles are not covered under your comprehensive cover.

Qn.17 What risks are not covered in a standard motor insurance?

Answer:

Your motor insurance will not cover the following in the event that they happen:

- Your own death or bodily injury
- Damage to tyres only unless the vehicle is damaged at the same time
- Consequential loss, depreciation, wear and tear, rust and corrosion, mechanical or electronic breakdowns, equipment or computer malfunction.
- Loss or damage occurring outside the geographical area stated in th policy.
- Loss or damage caused by or due to cheating.
- Loss or damage occasioned whilst the vehicle is being driven by an unauthorized driver.
- Driving whilst under the influence of alcohol

- Loss or damage or liability caused by the vehicle being used for an unlawful purpose.

Qn. 18 Does improving a vehicle security reduce the cost of insurance?

Answer:

Improved security measures may cut the cost of premiums if the measures are recognised by insurers. Keeping your car secure does not only help lower the risk of it being damaged or stolen, it also contributes towards lowering your car insurance premium. It's worth stressing that locking your car makes it harder for thieves to break in.

Qn. 19 Would keeping a vehicle in a garage reduce on the premium cost if one is interested in a comprehensive insurance cover?

Answer:

At the time of proposing comprehensive insurance, Insurers always ask where you park your vehicle overnight because the location can reduce or increase the risk of it being broken into or stolen, which in turn has an impact on your premium.

Therefore always ensure that you accurately declare where your vehicle is kept overnight and for the rest of the time. Each insurer may treat the risks associated with a particular overnight parking spot in a different manner, so good security helps keep down premium costs. Keeping a vehicle in a garage therefore is good practice as opposed to parking in an open place.

Qn.20 What does excess mean in motor insurance?

Answer:

It is the specified sum which you the insured must bear before the insurers pay their liability. This amount is met by you in the event of any claim, regardless of who is to blame for an incident. It varies depending on the car that is covered. An insurer may have many types of excesses that may apply in different situations or apply concurrently.

Some insurers will allow you to increase your excess so as to reduce on your premium. This is one way you can save on your car insurance costs.

Insurers can reduce your premium when you increase your excess because this shifts some risk from them back to you. Essentially when your excess is increased it saves insurers from having to pay out numerous small claims.

Qn.21 What are the Benefits of Insurance?

Answer:

If you think insurance is a luxury or is for the well to do persons. You may need to change that mindset. We all have things that are precious like a home, car, health, life, business, children, parents with significant financial obligations.

Our lives and business are exposed to numerous risks. Insurance is the only professional way you can transfer these risks and derive benefits thereof. The following are the benefits of insurance:-

Peace of Mind:- The knowledge that insurance exists to meet the financial consequences of certain risks, provides a form of peace of mind.

Social Benefits:- The fact that the owner of a business has the funds available to recover from loss stimulates the business activity, jobs are being maintained and goods or services can still be sold. Thus people maintain their job and source of their income.

Investment of Funds:- Insurance companies may have at their disposal, large amounts of money. This arises due to the fact that there is a time gap between the receipt of premium and the payment of a claim.

Qn.22 Can I cancel my policy if am not satisfied with its terms and conditions?

Answer:

Yes. For general insurance business, cancellation of the policy leads to a prorata refund (fair or equal distribution) of the premiums so far paid.

Under a life insurance policy this action must be taken within the first thirty days after receiving the policy document. In case you cancel the policy within the thirty days, you

will be refunded the whole premium paid less medical expenses (if there were any incurred by the insurer).

If its after the thirty days, but before three years, the clients policy lapses and you don't get any refund. If you choose to cancel after three years you get what is called a surrender value, which is less than the sum assured.

Qn.23 What happens if one fails to pay insurance premium for any policy taken?

Answer:

Having an active and complete insurance policy or coverage running requires that a specified amount of money charged is paid or collected on monthly, semi-yearly or annual basis.

Failure to pay insurance premiums as stipulated in the policy amounts to breach of policy terms and conditions, leads to the termination of the contract and the an insurance company has a right not to honor any claim against it.

Qn. 24 How can one ever keep insurance premiums down?

Answer:

Shop around. Insurance premiums vary from company to company although there are minimum premium rates in the industry which can be accessed on the Insurance Regulatory Authority of Uganda (IRA) website, www.irago.ug. It pays to get several quotes from different insurers or intermediaries who specialize in your type of business and compare prices.

Consider packaged policies. A packaged policy with different coverages costs less than individual coverages.

Work closely with your intermediary. The more they understand your overall business and finances, the better they will be able to find competitively priced products for you.

Ask about specific actions you can take to prevent losses. You may be able to reduce your premium for certain coverages by following your insurer's specific recommendations. These can include tips on workplace safety, disaster preparation and

devices that reduce losses (loss mitigation), such as installing alarms and sprinklers. In addition, there are steps you can take to lower the possibility that one of your employees might file a lawsuit against you for discrimination or sexual harassment, for example.

Avoid losses. Costs are lower for customers with better claim histories. The more losses you have, the higher your premiums will be, because it suggests that you are not very careful and there will be more losses in the future. If your loss history is bad enough, you may have trouble obtaining insurance at all from an insurer.

Qn.25 Is it possible for one to insure the same property or assets with more than one insurance company?

Answer:

No. Insurance is designed to protect against financial losses from damage. It is not meant to be used as a way to gamble and make money off damage to your business or personal assets.

In addition, Insurance contracts are guided by the principle of indemnity which requires that the policyholder should be taken back to the financial position they were immediately before the loss occurred. So insuring the same property e.g. a house or vehicle with more than one insurance company with the aim of being paid twice should a loss occur does not apply.

However, you can insure your life or take up a life insurance policy with more than one insurance company because life insurance (benefit policies) and not policies of indemnity and no value life can ever be placed to someone's life. So with life policies you can take as many policies as you can.

Qn.26 If we are operating a small business in a shopping mall downtown, do we need insurance for our property?

Answer:

Yes. Property insurance compensates you if the property you use in your business is lost or damaged as the result of various risks like fire or theft. It covers not just a building or structure but also what insurance companies call “personal property.” This includes office furnishings, inventory, raw materials, machinery, computers and other items vital to your business operations.

Property insurance does more than protect your physical assets but may also provide operating funds during a period when you are trying to get the business back on track after the loss.

Depending on the type of policy you have, property insurance may include coverage for equipment breakdown, removal of debris after a fire or other destructive event, some types of water damage and other losses.

Qn.27. Is it possible to have an insurance policy covering a number of risks for a business?

Answer:

Yes. While insurance does not stop tragedies from occurring, it helps in cushioning those who suffer losses by paying out on the insured losses. But to fully benefit from insurance you need to purchase the right insurance cover by identifying the risks you are exposed to.

Remember that not all risks are insurable. Have insurance that meets your specific risks, needs and affordable.

Insurance companies often combine a number of covers into one package and is often offered as a single contract. The advantage of a packaged policy is that it offers a variety of covers at a price that is usually lower than if the same covers were bought separately.

Insurers have their own unique names for the packages policies they offer, and the covers may vary somewhat from company to company. Often, these policies are created specifically for businesses that generally face the same kind and degree of risk and in the same location. For example, packages policies may include but not limited for restaurants, hair stylists and many other enterprises.

Qn. 28. Life assurance policies are sometimes complex but how do I understand it and what determines the premium paid before contracting?

Answer:

To understand a life insurance policy, the premium (amount of money you have to pay to continue your insurance coverage) depends on your age, the kind of policy selected, the mode of premium payment to be used, the terms of premium payment and the terms of the policy itself.

With premium payment, you may choose to pay premium monthly (as a deduction from your salary), quarterly, half yearly or annually. But there are also single premium policies where you pay premium once only (so you do not have to make the effort of paying premium regularly).

Likewise, with the term of the policy (the number of years you choose to insure yourself), the longer the term the lower the premium. Policy terms vary from a single year to a maximum of 55 years. Not all policies offer you a range of terms.

It is advisable to take life insurance policies when still younger and healthier because you are likely to pay lower premiums for coverage.

Qn.29. When does an insurance claim arise?

Answer:

It arises when an insured event such as fire, accident, theft, sickness, and the like occurs resulting in a financial loss to the insured, or, in case of life assurance, death of the person insured or at maturity of the policy.

A claim will also arise out of liability of the insured to third parties. A third party is a person who is not connected with the insurance contract. These events will only translate to insurance claims if they were covered by the policy in question.

Qn.30 What are my rights as a person making an insurance claim?

Answer:

A person making a claim has certain rights regarding the insurance policy. Any person making a claim has the following rights:

1. To be informed about the procedures, formalities and time frames for claims settlement as contained in the insurer's manual on claims handling.
2. To be provided with an appropriate claim form(s) and a list of specific documents that may be required when lodging a claim and any additional information necessary in dealing with the claim; If a claim is admissible, the insurer shall settle it expeditiously;
3. Where further investigation is necessary to determine whether the claim is payable, the insurer shall notify the claimant accordingly and where a service provider is appointed to investigate the claim, the claimant should be made aware of the action being taken;
4. Upon receipt of the investigation report, the insurer makes an offer to pay or decline the claim and provide reasons for declining to pay;
5. Where assessment of a claim has been carried out, a copy of the assessment report shall be released to the claimant upon request;
6. Where the insurer is not responsible for any part of the claim, the insurer shall promptly notify the claimant of this fact and explain the reason(s) why;
7. If the amount offered for settlement by the insurer is different from the amount requested by the claimant, the insurer shall explain the reason for the difference to the claimant;
8. Every insurer, upon recovering through subrogation, shall promptly refund to the insured the excess earlier paid to them.
9. A claim that is reported late by the claimant shall not be declined without establishing whether the reason(s) for the late notification was/were justifiable or not.

Qn. 31. What happens if you are not satisfied with the insurer's claims settlement decision?

Answer:

A claimant has a number of options should they fail to be satisfied with the claims settlement decision by the insurer. The options include:

1. Upon receipt of the final unsatisfactory declinature from the insurer, the claimant may make a formal complaint to IRA for advice and intervention.
2. The claimant may seek Alternative Dispute Resolution (ADR) based on the specific policy clause on dispute resolution.
3. The claimant may seek legal redress as a matter of last resort.

Qn. 32. What happens to my policy if an insurance company collapses?

Answer

If a company collapses or is de-licensed, it operates on a run-off basis. The company will continue to operate without taking on new business until its wound up or is again re-licensed. The policyholders are fully safeguarded by the Insurance Regulatory Authority of Uganda (IRA) during that period of run-off and the company meets all its obligations with the clients.

Qn. 33. Who can bring a complaint to IRA for redress or resolution?

Answer:

1. An insured who holds a policy with an Insurance company licensed by the IRA.
2. A third party who seeks compensation from an Insurance company can also lodge an insurance claim with the compliants Bureau. A third party claim is a claim by a person, or the dependants of a person, who received a bodily injury or who died as a result of a motor vehicle accident caused by the negligent driving of a motor vehicle.

3. Brokers or Agents on behalf of the insured. The brokers assist you through the process and will liaise with the insurer on your behalf to claim.
4. Advocates representing policyholders or the insured before seeking other alternative dispute resolution mechanisms.
5. Beneficiaries of an insurance policy.
6. Members of the industry registered and licensed by IRA.
7. Insurance service providers and the general public.

*You are encouraged to collaborate with the Insurance Regulatory Authority of Uganda by writing to us, sharing ideas and concerns about the insurance industry using our toll free line **0800 124 124**; visiting our website www.ira.go.ug; emailing us on ira@ira.go.ug; or send your comments on our Facebook page <https://www.facebook.com/irauganda>, in order for us to serve your interests better.*