

By Billy Rwothungeyo

Why you need insurance

To many, insurance is just another luxury in life. In fact, if it were not for legal requirements that would see a traffic Police officer breathe down their necks, this lot would not even bother to insure their valued vehicles.

So why should you bother about insurance? Why should you insure that precious house you built with your hard-earned savings? Why should you insure your business premises?

Latimer Kagimu Mukasa, the managing director of Phoenix of Uganda Assurance, says insurance cushions one against risks, which ultimately, result in peace of mind.

"Insurance gives you protection for assets such as theft, burglary and damage by water. You can take out insurance for your staff's safety and so on," he explains.

There are even policies that are geared towards insuring your child's education. With such policies, you will usually make monthly contributions. During this time, should anything happen to you — should you become physically incapacitated or even die — the policy will pay for the child's education. Insurance penetration



A farmer in his poultry house. The Government is encouraging farmers to insure their agricultural ventures

INSURANCE IS LIKE SECURITY, YOU NEED A SECURITY GUARD AT YOUR PREMISES TO GUARD AGAINST RISKS SUCH AS BURGLARY

in Uganda is one of the lowest in the world. There is a perception among the population that claims are not paid out by insurers. But Mukasa says this is not true and that credible claims are paid out.

"We have parameters within which a claim is processed.

This is normally dictated by the terms and conditions in the policy. It is important that when taking out a policy, you need to always ask and know exactly what the policy covers, the limits of the cover and what is excluded," he says.

"Exclusion is that particular

risk which is not covered by the policy, but you will know in advance. For example, if you have taken out a policy which covers your money, normally, such a policy will cover a safe close. So if you put money in a drawer and it is stolen, that is an exclusion and the policy may not pay."

Then there are people who think insurance is expensive, something Paul Muhame, an insurer in Kampala, disagrees with.

"The problem is some of our businessmen look at insurance as an extra cost to their business that they would rather not deal with. Insurance is like security, you need a security guard at your premises to guard against risks like burglary. Insurance also protects you against uncertainties."

Insurance future is bright
The prospects for the insurance industry are bright. According to data from the Insurance Regulatory Authority of Uganda (IRA), gross premium underwritten

by the insurance industry increased from sh612b in 2015 to sh634b in 2016, representing an overall growth of 3.6%. The industry regulator also notes that life insurance grew by 20.87% in 2016, up from 16.36% in 2015.

"The number of claims being paid has increased, mainly due to the increase in the business of insurance, and most importantly, the rise in awareness. People are beginning to understand that if they take out a policy, they should make claims," Mukasa says.

Under the Uganda Insurers Association, more Ugandans are being exposed to promotions aimed at cultivating their interest in the industry. The association wants to grow penetration to 3% by the end of this year.

"Going forward, increasing awareness of insurance is important. Insurance is also a function of the economy, so as the economy grows, it will also grow."


The Government is also

taking an active interest in growing the industry. Before anyone takes their vehicle for the inspection, the Government requires that they first have motor third party insurance. This has been touted by industry players as one sure way of boosting the uptake of premiums.




Furthermore, the Government is encouraging the uptake of insurance in agriculture, a sector that has traditionally been given a cold shoulder by the insurance and banking industries.




By piloting the Uganda Agriculture Insurance Subsidy (UAIS) programme, industry analysts say this is a sure way of making premiums affordable, and in return, attract more farmers to insurance.



Under the UAIS, which became operational in July last year, 23,000 small and large scale farmers have so far been covered, increasing the awareness of insurance among Ugandans.



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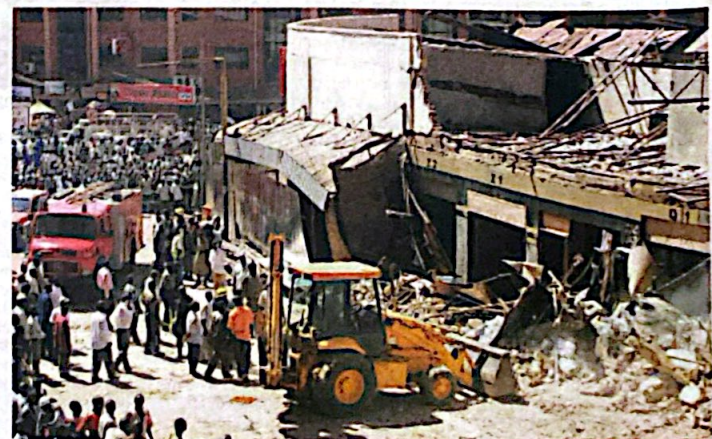




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A collapsed building in Kampala. Most owners of buildings think insurance is a luxury