Why you should get education insurance



Education insurance is designed to tal

BY BILLY RWOTHUNGEYO

What is the best way to ensure you have money to pay school fees for Primary One when your son or daughter in Baby class eventually graduates from Top Class? Many of you would say open a savings account with a bank.

What about the money to pay university fees when they have to join university 15 years from today?

Are you sure you will still have that job more than a decade from now? Are you even sure you will be alive when that time comes?

This is where insurance becomes essential.

Nicholas Lutakome, the head of group risk at one of the insurance companies in the country, explains that education insurance is designed to take care of the uncertainties of life.

"If I have two children, aged four and five, who are in nursery school, what appears certain is I have to pay fees for next term, for Primary One and Primary Two. But the longer the period, the more uncertain it appears," he says.

"If someone asked me: 'Are you ready to pay the school fees in 2029?' I would hesitantly say yes. However, if someone asked me if I am ready to pay next term's school fees, I would confidently say yes," Lutakome reveals.

There are several insurance policies on the market solely focused on education.

Get in early

The key is to take out an education insurance policy as soon as possible.

If possible, do it way before your son or daughter is even born, according to Lutakome.

"It does not matter how young the child is, the younger you are when you enter (an insurance policy), the lower premiums you have to pay. Premiums do not increase with age," he explains.

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However, Lutakome advises that one ought to be disciplined enough to pay premiums promptly, and these payments should follow one's income patterns.

"If you do not pay your premiums, your policy elapses, and then you will lose your cover. You may even lose your monies," he warns.

Lutakome says before you sign up for any policy, ensure you understand the terms of what you are signing up for. While two policies may all cover education, they may in essence have very different outcomes.

What you should know

While some policies are only meant to protect the education interests of the child upon your demise, others may have a maturity value from which you get paid after the policy elapses.

The former are usually cheaper policies.

"Sometimes people buy cover which only caters for protection, then expect to be paid at the end of the term," Lutakome says.

Calvin Mugume, a financial expert, advises that you take a number of days or a month to read through your policy.

"Do not sign up for something that is not clear to you, otherwise, you may end up regretting," he warns.



Parents can find the best education insurance deals

