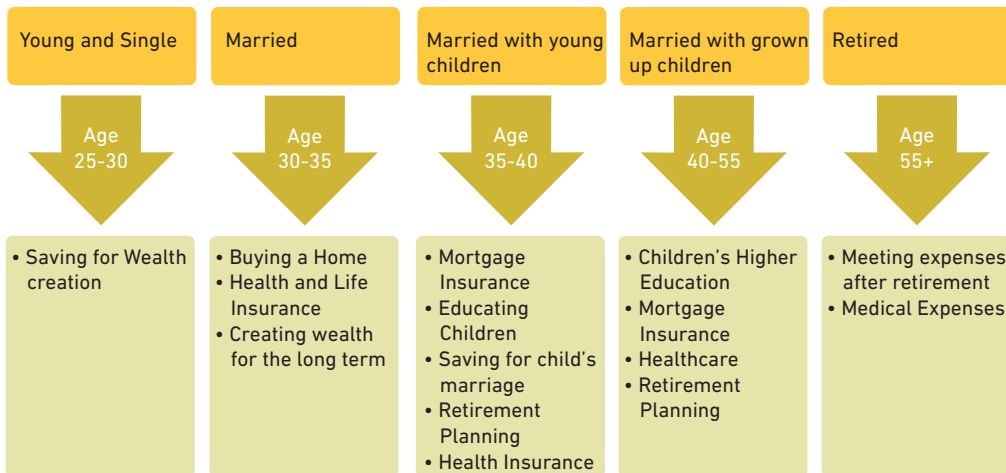


A Guide To Personal Life Insurance



Making life simpler with the right product for every goal



What is life insurance?

Life insurance is a contract between an insurance policyholder and an insurer. The policyholder pays the policy premium and the insurer promises to pay a sum of money to a beneficiary designated by the policyholder if the insured event (usually death) occurs. Depending on the contract, events such as terminal illness or critical illness may also trigger payment. The main benefit of life insurance is that

Think of insurance as "a way of avoiding hardship" and not "convenience" or "getting rich quick". No matter how diligent you are in building your financial empire, failing to purchase adequate insurance can quickly put you in a financial hole.

the financial needs of your family are protected should you lose income due to critical illness or death.

- The main types of Life insurance policies are:
 - Protection policies - these are designed to pay a benefit if the event that is insured against happens
 - Investment policies - the main goal of these policies is to grow the capital put in by policyholders.





Who is a life insurance agent?

A life insurance agent is a person who represents a life insurance company. An agent is trained to assess your needs as a customer, to guide you on suitable insurance solutions and to act as the link between you and the Insurance company.



How do I buy a life insurance policy?

- First, evaluate your needs and the needs of your family
- Research on the different types of life insurance policies available in the market
- Talk to an insurance agent or visit the insurance company of your choice and find out about the policies they offer and their terms and conditions for each.
- Gather all your personal financial information and estimate the amount of money your family will need at different stages in time e.g. school fees, funds for buying assets, making mortgage payments, etc.
- Choose and buy a life insurance policy directly from the insurance company or through an insurance agent by following these steps:
 - Complete a proposal form
 - Pay the first premium
 - Provide the documents requested by the company, such as identification card, PIN number, etc
 - Get a medical examination if necessary. There are many policies which do not require medical reports.
 - The insurance company will review the proposal form and documents you give them and issue you with a policy document



Why do I need life insurance?

Life insurance provides financial support to your dependents should untimely death occur and it also acts as a long term investment. Using life insurance, you can meet goals such as educating your children, financing their marriage, building your dream home or planning a stress-free retirement, depending on your stage in life and your appetite for risk.

Endowment Life Insurance Policies offer guaranteed benefits when they mature through options such as Money Back, Guaranteed Cash Values and Guaranteed Maturity Values.

What are the common types of Life insurance?



- **Term Assurance:** This policy offers you protection for a limited period. It is the cheapest and simplest type of life insurance since it provides life cover only with no investment benefits. The insurance company will pay the full sum assured if the policyholder dies within the period they are insured. If the policyholder survives and the policy matures, no benefits are paid out.
- **Endowment:** An endowment policy combines both protection and investments. The insurance company will pay the full sum assured if the policyholder dies within the period they are insured. If the policy holder survives and policy matures, the insurance company pays out maturity benefits including all the bonuses earned during the course of the policy.
- **Whole Life:** A whole life policy protects the insured for their entire lives and premiums are paid throughout one's life, as a single premium or until a given age e.g. 60 years of age.
- **Unit Linked / Investment insurance policies:** In a unit linked policy, a part of the premium is used to buy life insurance protection and the rest is used to buy units in an investment fund managed by the insurance company. The price of the units is based on the net value of the fund at the time of buying. The return on the policy depends on how the investment fund performs.
- **Last expense:** This policy is meant to cater for the funeral expenses of the policyholder or their loved ones. The benefits are paid within forty eight (48) hours of notifying the insurance company.

Which policy should I buy?

There are different types of life insurance policies. Choose the policy that best suits you and your future needs. You should understand:

- The period for which you are covered
- The terms and conditions of the policy
- The premium you need to pay

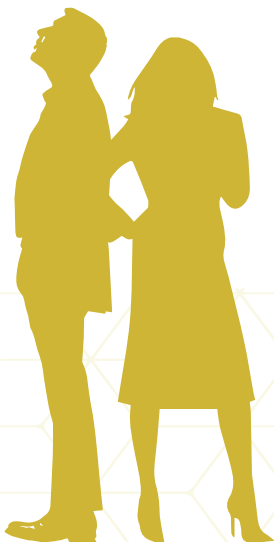
Contact your insurance agent or the insurance company for more information and guidance.

What is a Life Insurance Policy Document and what does it contain?

- A Life Insurance Policy Document is a formal contract given by the insurance company to the policyholder. It is the legal evidence of the insurance agreement and it states the exact terms on which the life insurance cover has been provided.
- The Policy Document contains details of the contract such as the:
 - Type of policy
 - Name and address of the insured person and the insurance company
 - Event which would cause the insurance company to pay the benefit if it happens
 - Duration of cover
 - Amount of premium and how often it is to be paid
 - Sum assured and other benefits
- It is very important to read your policy document and to contact the insurance company if anything is not clear.
- Contact the company if you have not received your policy document after a reasonable period of time, such as one month.

What do I do if I need to make changes to my life insurance policy?

Sometimes due to changes in your circumstances, it may be necessary to make changes to your policy document. It is advisable to make your request to the insurance company in writing. You will be advised on the steps to take to make the changes.



How do I make a claim and how long does it take?

- The insurance company should be notified immediately the event happens in writing or online. The person making the claim should fill the necessary forms and they will be advised on the documents required to process a death or disability claim.
- In the case of maturity benefits, the insurance company will normally contact you to pick your benefits on or before the maturity date. If you have not been contacted, then it is important to contact the insurance company.
- Enquire from your company how long it takes to settle a fully documented claim.
- Many insurance companies settle the claims within 7 - 10 days of submitting the required documents.



Who is a beneficiary and why is it important to choose one?

A beneficiary is the person who receives the benefits if the policyholder dies. Choosing a beneficiary ensures that, should you die, your benefits go to the right person. If you choose beneficiaries who are below the age of 18 years, also choose a responsible guardian.

What factors are considered in calculating premiums for life insurance?

Age

Occupation

health status



Sometimes gender and lifestyles (e.g. smoker vs non-smoker) also influence premiums.

What happens if I die before my policy matures?

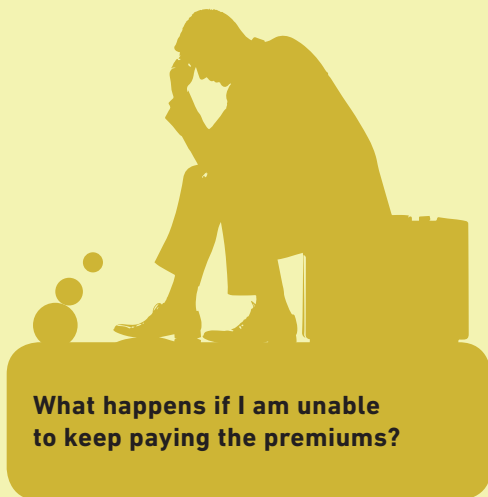
Death benefits are paid to the beneficiaries you chose. Some policies have provisions (riders) that come into play to keep the policy in force until it matures. This is common in education policies where some benefits are paid when the policyholder dies and the rider benefits maintain the policy to maturity, enabling the children to complete their education according to the original plan of the policyholder.







- Buying a life insurance policy is a long-term commitment. If you cancel your policy, you will not receive the total amount of premiums that you have paid to date. This is because the surrender value (the value of your policy when you terminate it) is usually less than what you have paid due to the administrative costs included by the company.
- If someone asks you to cancel your policy then buy another one, first talk to your current life insurance company you stand to lose when replace a policy because:
 - You will most likely have to pay a higher premium since you are now older
 - The cash value of your new policy will build up slowly as it must pay for the initial administrative cost of the life insurance policy a second time.
 - Many times, your current life insurance company can make the changes you want at lower costs to you.



The policy may lapse and you may not be entitled to any benefits unless the policy had attained a surrender value. A policy usually attains a surrender value after 2 to 3 years of paying premium continuously. After that period, the policy can be kept in force through options that prevent you from losing some of the benefits of the policy e.g. the remaining premiums can be deducted from the value of the policy, or you can be considered to have fully paid premiums for a policy of a lower value.

**Can I
revive a
policy that has
lapsed?**

When your life insurance policy has lapsed, you can revive or reinstate it to full force within a certain period of time, and under certain conditions e.g. you may have to declare your health status when reinstating the policy.



**What is the tax
advantage of buying a
life insurance policy?**

A person who has a life insurance policy receives a tax relief of 15% of the premium subject upto a maximum of Ksh. 5,000 per month or Ksh. 60,000 per year. Tax rates are reviewed from time to time. You can confirm the tax relief at any given time from the Income Tax Act.



15%

Tax Relief

What are the important provisions in a life insurance policy document?

Premium

This is the money you pay to the insurance company to buy the life cover. The cover starts when you pay the first premium.

Bonus

This is the extra money paid together with the final benefits or for with profit policies. Bonuses are declared periodically e.g. every year. Once the bonus is declared, it becomes guaranteed, in addition to the final benefits.

Grace Period

This policy allows you to share in the profits of the insurance company, usually paid as dividends or bonus. For this privilege, the premium charged is usually higher than for a policy without profit.

With profits policy

This policy allows you to share in the profits of the insurance company, usually paid as dividends or bonus. For this privilege, the premium charged is usually higher than for a policy without profit.

Cash / surrender value

When your life insurance policy has been in force for a certain period (normally 2 -3 years) it gets a cash value known as a surrender value. This is the amount of cash the life insurance company will pay you if you cancel your policy. You should strive to maintain your policy until maturity so that you can get the full benefits.

Policy loan

You can apply for a policy loan when your policy has acquired a cash value. Interest is charged on the policy loan. Should you die or the policy matures, any unpaid portion of the loan is deducted from the benefits to be paid.

What are the important provisions in a life insurance policy document?

Reduced paid-up policy

You can stop paying premiums after your policy has acquired a cash value. The policy will remain in force but the sum assured is reduced, according to the proportion of premiums paid compared to what should have been paid.

Automatic premium loan (or non-forfeiture advance)

If you do not pay premium within the grace period, provided your policy has a sufficient cash value, the insurance company will automatically advance to you the premium amount (i.e. pay on your behalf) to keep the policy in force for a stated period of time. Interest will be charge on the outstanding amount loaned to you. An automatic premium loan reduces your surrender value.

Grace period for review of policy document

You can cancel your life insurance policy by returning the policy document to the insurance company within 15 days after you receive it, if you feel that it does not reflect the cover you agreed upon when buying the policy. The premium that you have paid will be refunded, after deducting any medical fees incurred.

WHICH COMPANIES OFFER PERSONAL LIFE COVER?

NAME OF COMPANY	PHYSICAL ADDRESS	TEL NO. (020)	EMAIL ADDRESS
APA Life Insurance Ltd	Apollo Center, Off Ring Road. P.O.Box 30389-00100 Westland, Nairobi.	3641000	insurance@apalife.co.ke
Barclays Life Assurance Kenya Limited	Westlands Office Park, Off Waiyaki Way, Accacia Building, 3rd Floor, Nairobi	+254 700 590 039	barclays.kenya@barclays.com
Britam	Britam Center Mara/Ragati Road. P.O.Box 30375-00100 Nairobi.	2833000	info@britam.co.ke
Capex Life Assurance Company Ltd	5th avenue Office Suites, Ngong Road, Box 12043-00400, Nairobi	2712384/5	capex@swiftkenya.com
CIC Life Assurance Company Ltd	CIC Plaza, Mara Road. P.O.Box 59485-00100, Nairobi	2823000	callc@cic.co.ke
Corporate Insurance Company Ltd	Corporate Place, P.O.box 34172 Kiambere Road, Nairobi, Kenya	2717617	info@cickenya.com
First Assurance Company Ltd	First assurance hse, Gitanga Rd. P.O.Box 30064-00100 nairobi	2692250	hoinfo@firstassurance.co.ke
Gemina Insurance Company Ltd	Gemina Insurance Plaza, Kilimanjaro Avenue, P.O Box 61316-00200, Nairobi	2782000	info@gemina.co.ke
ICEA LION Life Assurance Co.Ltd	ICEA LION Center, Riverside Park, Chiromo Road. P.O.Box 46143-00100 Nairobi.	2750000	insurance@icealion.com
Jubilee Insurance Company Ltd	Jubilee insurance house, wabera street. P.O.Box 30376-00100 Nairobi.	3281000	info@jubileekenya.com
Kenindia Assurance Company Ltd	Kenindia house, Loita Street. P.O. Box 44372-00100 G.P.O Nairobi.	2214439	kenindia@kenindia.com
Kenya Alliance Insurance Company Ltd	Chester Hse, Koinange street. P.O.Box 30170-00100 GPO, Nairobi.	2253900	kai@kenyanalliance.com
Kenya Orient Insurance Company Limited	Capital Hill Towers, 6Th Floor Cathedral Road, Nairobi P. O. Box 34530 - 00100 Nairobi	2728603/4	info@korient.co.ke
Liberty Life Assurance Ltd	Liberty Hse, Mamlaka Rd. P.O.Box 30364-00100 nairobi, Kenya.	2866000	csc@libertylife.co.ke
Madison Insurance Company Ltd	Madison Insurance Hse, Upper hill Close. P.O.Box 47382-00100, Nairobi.	2864000	madison@madison.co.ke
Metropolitan Cannon Life Assurance Company Ltd	Gateway business park, Mombasa Road. P.O.Box 30216-00100 Nairobi	2216602	info@metropolitan.co.ke
Monarch Insurance Company Ltd	Monarch hse, 664 ole Nguruone Avenue. P.O.Box 44003-00100 GPO Nairobi, Kenya.	4292000	info@monarchinsurance.co.ke
Old mutual Life Assurance Company Ltd	Old mutual Building, Corner hse Mara/ hospital Road. P.O.Box 30059-00100, Nairobi.	2829000	omkeny@oldmutualkenya.com
Pan Africa life Assurance Company Ltd	Pan-African Hse, Kenyatta Avenue. P.O.Box 44041-00100 Nairobi.	2247600	customerservice@pan-africa.com
Pioneer Life Assurance Company Ltd	Pioneer Hse, Moi Avenue. P.O.Box 2033-00100 Nairobi	2220814/5	info@pioneerassurance.co.ke

NAME OF COMPANY	PHYSICAL ADDRESS	TEL NO. (020)	EMAIL ADDRESS
Prudential Assurance Company Ltd	5th Ngong avenue Off Ngong road. P.O.Box 25093-00100 Nairobi, Kenya.	2712591/2/3/6	info@prudentiallife.co.ke
Saham Assurance Company Ltd	Ecobank towers,Muindi Mbingu street. P.O.Box 20680-00200 City square	2218244	info@sahamassurance.com
Takaful Insurance of Africa Limited	CIC Plaza, 3Rd Floor, Mara Road, Upper Hill P. O. Box 1811-00100, Nairobi	254 (20) 2725134/5	info@takafulafrica.com
UAP Life Assurance Company Ltd	UAP insurance company Limited Bishop Gardens towers, Bishop Road. P.O.Box 43013-00100 Nairobi, Kenya	2850000	uapinsurance@uap-group.com



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