



SACCO LOAN PROTECTION INSURANCE

Benefits of joining a SACCO and Loan Protection Insurance



SACCOs are a popular financial institution in Kenya as members are able to save and access affordable loans with few demands.

There has been a rapid expansion in the number of SACCOs. Whereas, the membership used to comprise people of within a similar set up such as location or employer; the membership today is open to a wider community.

The role of SACCOs is to give loans to its members. The loan application process requires that the loan applicant provides guarantors who legally guarantee that in case of default, they will repay the loan to the SACCO.

This ensures the SACCOs survival and continuity.

In the case of default, the SACCO and guarantors also have the option of pursuing the defaulting member through various means including the legal channels, reporting to the Credit Reference Bureau or even through informal recovery methods.

However, there are unforeseen circumstances that may lead to loan default such as death or permanent disability of the borrower. Such loans are unlikely to be repaid and this may pose serious threat to the SACCOs survival.

This is where SACCO Loan Protection Insurance cover comes in.

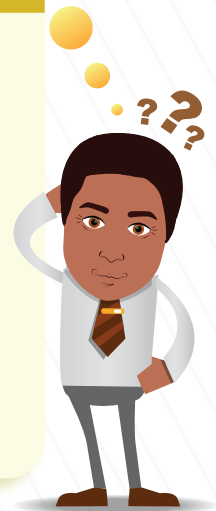
1. What is SACCO Loan Protection Insurance?

The SACCO Loan Protection Insurance covers members of a SACCO with outstanding loans against death, total permanent disability and critical illness. This means that in the event of death, total permanent disability or critical illness of a member, the outstanding loan amount will be repaid by the insurance company.

This serves to protect the SACCO from loss of funds and ensures continuity for members. It also relieves the guarantors and the borrower's family of the loan liability.

The cover ensures that in the event of death, permanent disability or critical illness of a member with a running loan which was secured by their deposits or guarantor's deposits or other securities; the loan is not repaid by the attached securities, but by the insurer.

For this insurance, the SACCO is the policy holder, while the borrowers are the members of the loan protection cover.



2. Why should SACCOs take the Loan Protection Insurance?

- It eliminates risk of loan default in the event of death of a member. The insurance company will pay outstanding loan amounts to the SACCO.
- It facilitates competitive pricing for the SACCO. With greater financial security, the SACCO can now afford to competitively price its products. This is good for existing customers and good for attracting new customers.
- It offers financial relief to the borrower's family as it eliminates the burden of paying the outstanding loan amount.
- It is a cost-effective insurance since it works on a group buying principle.
- Convenient administrative procedures.

3. What is covered under SACCO Loan protection Insurance?

- SACCO loan protection insurance mainly covers death from any cause (illness or accident).
- Optional added benefits are available at an additional cost and they include:-

1

Permanent Total Disability cover: means that because of a sickness or injury, a person is unable to work in their own or any occupation for which they are suited by training, education, or experience. However the actual scope of the cover will be as defined in the policy document.



2

A critical illness cover: this becomes payable if a borrower contracts a specified critical illness (the first diagnosis). The specified illnesses are Cancer, Kidney Failure, Paraplegia, Heart Attack for the first time in their life, Stroke, Coronary Artery bypass surgery and major organ transplant. The scope of cover and amount to be paid out is as specified in the policy document.



3

Last expense cover: the benefits are paid out by the Insurance Company within 48 hours after notification of death to cater for the funeral costs of a member.



4

Cover for member deposits: it ensures that in the event of death of the borrower with a running loan which they secured with their deposit or guarantor's deposits or other securities; the loan is not repaid by the attached securities, but by the insurer.





4. How can a SACCO sign up for the Insurance?

- Once a SACCO expresses interest in the loan insurance, the insurance company will provide the SACCO a quotation giving details of the cover provided and the costs associated with it. Once both parties, SACCO and Insurance, agree on the terms of the cover, the SACCO will pay the insurance premium.
- The policy document will be in name of the SACCO outlining the terms and conditions of the insurance.
- Each member will then be expected to fill in an insurance proposal form when applying for a loan.
- Members' loans will be covered automatically up to the free cover limit.
- Members whose loans are above the free cover limit are requested to go for medical examination at the cost of the insurer.
- Age limit of 65 years - members above this age can be considered on special terms.

5. What is a Free Cover Limit?

This is a limit that is set by the insurer as a threshold which determines the value of loans that will attract medical examinations. This limit varies from SACCO to SACCO.

This means that, depending on the limit set by the insurance company, members whose loans are below the limit do not need to have medical examinations, however those loans above the set limit will require a medical examination.

6. Are medical examinations required by members taking out loans?

All members' loans are covered up to the free cover limit without any medical examination. However, for members whose loans are above the free cover limit will be required to undergo medical examination at the insurer's cost.



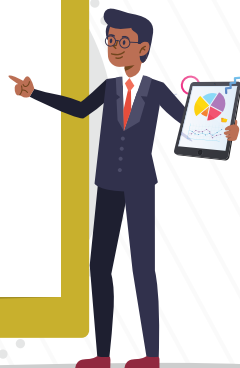
7. How to make a claim

- The SACCO should notify the insurer of the claim in the prescribed format.
- A discharge form is executed by the SACCO Officials on behalf of the borrower.
- The outstanding loan amount is then paid to the SACCO for settlement of the loan.



8. What documents are needed to make a claim?

- Loan statements of the borrower.
- Death certificate for death claim.
- Burial permit for last expense claim.
- Doctor's report for permanent total disability or critical illness claim.



9. Can a claim be filed when the borrower is still alive?

- Yes, if the SACCO took out the permanent and total disability benefit or a critical illness benefit.

10. Is the annual premium refundable?

- No. The premium is paid in exchange for providing cover against loss of funds as a result of death, permanent total disability or critical illness of a member. Once the insurance period of one year ends, the utilised premium cannot be refunded.

COMPANIES THAT PROVIDE LOAN PROTECTION INSURANCE

1. APA Life Assurance Ltd

Address: Apollo Centre, Ring Road,
P.O. Box 30065-0100, Nairobi, Kenya.
Tel: 3641000
Email: Info@apalife.co.ke

2. Barclays Life Assurance Kenya Ltd

Address: Acacia Building Westlands
Office Park off Waiyaki Way,
P.O. Box 1140-00100, Nairobi, Kenya.
Tel: 4209000
Email: BLAKCorporate@barclays.com

3. Britam Life Assurance Kenya Ltd

Address: Britam Centre,
Mara/Ragati Road,
P.O. Box 30375-00100, Nairobi, Kenya.
Tel: 2833000
Email: info@britam.com

4. Capex Life Assurance Company Ltd

3RD Floor Galana Plaza, Galana Road,
P.O. Box 12043-00400, Nairobi, Kenya.
Tel: 020 2712384 /0715 140074
Email: info@capexlifeassurance.co.ke

5. CIC Life Assurance Company Ltd

Address: CIC Plaza, Mara Road,
P.O. Box 59485-00100, Nairobi, Kenya.
Tel: 2823000
Email: cic@cic.co.ke

7. GA Life Assurance Ltd

Address: GA Insurance House,
Ralph Bunche Road,
P.O. Box 42166-00100, Nairobi, Kenya.
Tel: 2711633
Email: life@gakeya.com

8. Geminia Insurance Company Ltd

Address: Geminia Insurance Plaza,
Kilimanjaro Avenue,
P.O. Box 61316-00200, Nairobi, Kenya.
Tel: 2782000
Email: info@geminia.co.ke

9. ICEA LION Life Assurance Co Ltd

Address: ICEA LION Centre, Riverside
Park, Chiromo Road, Westlands,
P.O. Box 46143-00100, Nairobi, Kenya.
Tel: 2750000
Email: info@icealion.com

10. Jubilee Insurance Company Ltd

Address: Jubilee Insurance House,
Mama Ngina Street,
P.O. Box 30376-00100, Nairobi, Kenya.
Tel: 3281000
Email: jic@jubileekenya.com

11. Kenindia Assurance Company Ltd

Address: Kenindia House, Loita Street,
P.O. Box 44372-00100, Nairobi, Kenya.
Tel: 2214439
Email: kenindia@kenindia.com

12. Kenya Orient Life Assurance Ltd

Address: Capitol Hill Towers, Cathedral
Road, P.O. Box 34530-00100,
Nairobi, Kenya.
Tel: 2728603/4
Email: info@kenyaorient.co.ke

13. Kenyan Alliance Insurance Company Ltd

Address: Chester House, Koinange
Street, P.O. Box 30170-00100,
Nairobi, Kenya.
Tel: 2216450
Email: kai@kenyanalliance.com

14. Liberty Life Assurance Kenya Limited

Address: Liberty House, Mamlaka
Road, P.O. Box 30364-00100,
Nairobi, Kenya.
Tel: 2866000
Email: libertylife@libertylife.co.ke

15. Madison Life Assurance Kenya Limited

Address: Madison Insurance House,
Upper Hill Road,
P.O. Box 47382-00100, Nairobi, Kenya.
Tel: 2864000
Email: madison@madison.co.ke

16. Metropolitan Cannon Life Assurance Company Ltd

Address: Gateway Business Park,
Mombasa Road, Nairobi,
P.O. Box 46783-00100, Nairobi, Kenya.
Tel: 3966000
Email: info@metcannon.co.ke

**SACCO LOAN PROTECTION
INSURANCE** ensures peace
of mind for the entire family



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