



INSURANCE GUIDEBOOK



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Introduction

Insurance is broadly divided into two: General or Non-Life Insurance (short-term) and Life Insurance (long-term).

The information in this handbook intends to equip readers with basic knowledge of the various types of insurances that are available as well as what they cover.

This publication has covered the most common insurances that individuals, Small, and Medium Enterprises (SMEs) require.

For further discussion on the insurance classes outlined in this handbook and those not covered, we encourage readers to get in touch with the insurance companies listed at the back of this publication. Readers can also get in touch with any insurance agent or broker of their choice.

The Association of Kenya Insurers developed this Guidebook. We welcome feedback through the contact details below.

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A. Common Insurance Terms

Insurance – A contract in which an insurance company promises to compensate an insured.

Insurer – The company that accepts risks after receiving premiums and pays claims.

Insured – The person who has taken insurance and pays premium

Agent – A person or a group of people selling insurance on behalf of an insurance company.

Broker – An independent insurance professional licensed under the Insurance Act who advises customers on insurance. In Kenya, most brokers are members of the Association of Insurance Brokers of Kenya (AIBK).

Underwriter – The person who calculates how much premium to charge for various insurance products and accepts or rejects risks on behalf of insurance companies.

Underwriting – The process an insurance company uses to decide whether to accept or reject an application for an insurance cover.

Proposal Form – An application form completed by a potential client for an insurance cover.

Policy – A formal contract /document issued by an insurance company to the insured setting out terms on which the insurance cover has been provided.

Policy period – The period a policy is in force, from the beginning or effective

date to the expiry or end date.

Premium – The amount the insured pays an insurance company. It could be a one off payment or regular installments or as per the agreement with the insurer.

Claim – A request for payment when the insured event occurs as per the terms of the insurance policy.

Excess – The amount the insured pays when making a claim. The amount is specified in the policy.

Liability – The effects of your actions or lack of actions on others while undertaking your responsibilities.

Grace period – The time - usually 31 days - during which a policy remains in force after the premium is due but not paid. The policy lapses after 31 days if premium is not paid.

Lapse – The termination of an insurance policy because premium has not been paid.

Cancellation Notice – Termination of an insurance policy by either the Insurance Company or the insured before the renewal date.

Renewal – Continuation of a policy after expiry date and payment of premium.

First/ Second / Third Party – The first party is the insured, the second is insurance company and the third party is any other person(s) who may be

affected by the insured actions.

Third-party claim – A claim filed by a third party against the first party's insurance policy.

Sum insured – It relates to the value of the insurance and this is the basis upon which premium is calculated and claim paid.

Co-pay – The percentage of each health care bill people must pay out of their own pocket. This is under the medical health insurance.

Endorsement – A written agreement expanding or limiting the terms and conditions of a policy.

Rider – An additional benefit on a policy.

Exclusions or limitations – Provisions that exclude or limit coverage of a policy.

Towing coverage – The motor insurance benefit that pays for towing charges when a car cannot be driven. It also pays labour charges, such as changing a flat tyre at the place where the car broke down.

Material misrepresentation – A significant untruth on an application form which, if a company had access to, they might have rejected the application.

Pre-existing condition – A medical problem or illness you had before applying for health care coverage.

Beneficiary – The person, people, or entity who will receive benefits from an insurance policy or an annuity contract.

Accident – An unforeseen, unintended event.

Insurable interest – Any financial interest a person has in the property, person or liability.

Loss history – The number of insurance claims previously made by an insured. An insurance company will consider loss history when underwriting a new policy or considering renewal of an existing policy.

Market value – The current value of the asset you are insuring such as your home, motor vehicle etc.

Risk/Peril - An occurrence that can cause loss to an individual or a business for example fire, theft, death, accidents and others. A named-peril/risk policy covers the insured only for the risks identified in the policy. An all-risk policy covers all causes of loss except those specifically excluded.

Refund - An amount of money returned to the insured for overpayment of premium or when a policy is cancelled.

INSURING THE DIFFERENT STAGES OF LIFE

WITH EACH PHASE OF LIFE, OUR PRIORITIES CHANGE. WHAT WAS A PRIORITY WHEN YOU WERE IN YOUR TWENTIES, MAY CHANGE WHEN YOU ARE IN YOUR FORTIES. AS WE EVOLVE, SO DO OUR INSURANCE NEEDS. FOR THAT REASON, OUR STAGE OF LIFE, NOT JUST OUR AGE, IS OFTEN A GREAT INDICATOR OF OUR INSURANCE NEEDS.

YOUNG SINGLE

Full of life. Few responsibilities. Get Travel insurance as you see the world. Protect yourself with personal accident insurance to cover for any injuries or disabilities. Plan your career growth with an education policy. Protect your treasured electronics and home appliances with home insurance.



MARRIED

Protect the lifetime union with life insurance. Health insurance. Credit life insurance when purchasing a home via mortgage. Home insurance to protect that valued asset. Creating wealth for long term.

MARRIED WITH CHILDREN

Life insurance. Education policy. Health insurance. Investments and retirement planning.



BUSINESS OWNER

If you are running a business it should also be protected. Depending on the nature of the business there are several options, from professional indemnity, business interruption, goods-in-transit, money insurance, theft insurance, fire and perils. If you have employees, group insurances such as health, life, and pension are also key.



EMPLOYED

Establish what kind of insurance your employer provides, then depending on which stage of life you are in, you can fill in the gaps of insurance that you require. For example, your employer may provide health insurance but no life insurance or pension. It then becomes your responsibility to plan for retirement and to protect your life.



RETIREMENT

Planning for retirement is critical and this should start as early as possible. Insurance offers many options for planning for retirement in the form of schemes and annuities.

It is important for us to stress that the above pointers are simply guidelines based on the needs of the general public. This publication outlines the various insurance available. Each individual has their own personal needs and there is no one-size fits all product in the market.

If you are unsure about your needs, go talk to an agent that you trust. Remember to set a budget for yourself. Insurance policies are meant to insure yourself against adverse circumstances in life, not take over your life completely with high premiums.

B. Roles and Responsibilities of Insurance Consumer

How to buy insurance

Contact any insurance company (contacts are at the back of this publication), insurance agent or broker for your insurance needs. Check the insurance regulatory authority website to ensure the agent or broker you use is licensed.

Honesty

It is the responsibility of the consumer to be honest with the information given to the insurance company.

Reading and understanding the policy document

This is the contract between a customer and an insurance company. It is very important for customers to read and understand the policy document. Contact the company or agent/broker on any area that is not clear within two weeks of receiving it.

The policy outlines what is covered and what is not covered. It also contains other critical details that the customer or the insured needs to know.

The document outlines the necessary details of the contract including:

- The type of policy
- The name and address of the insured and the insurer
- The event /circumstances upon occurrence in which the loss becomes payable
- The incidences in which a loss is not payable
- Duration of cover
- The sums insured and other benefits
- Premium amount

Making changes to an insurance policy

Making a change to your insurance policy is possible. Get in touch with the insurance company, insurance agent or broker.

How to lodge a claim

If the insured incident occurs, inform the insurance company, agent or broker immediately. If the incident is criminal such as theft, immediately notify the police. You will be required to complete a claim form and provide documents to support the claim.

You should provide timely responses to any question or queries that the insurance company may request for during the claims processing period.

Insurance companies are required by law to process claims within 90 days after receiving all necessary documentation.

Communication

You should always communicate with the insurance company, agent or broker in case of any issues regarding the insurance products.



LIFE INSURANCE

PERSONAL LIFE INSURANCE

1. What is life insurance?

Life insurance is a contract between an insurance company and an insured (customer). Life policies can either be for protection against the insured event; or can be an investment where the aim is to save and grow your money.

The insured pays the premium and the insurer promises to pay a sum of money to an appointed beneficiary when the insured event occurs. Depending on the type of policy one takes, events such as terminal or critical illness, death and disability can trigger payment.

2. Why do I need life insurance?

Life insurance protects the financial interests of your family. It can provide financial support in the event of critical illness, disability or sudden death. It can also act as a long-term investment that will help you meet your goals such as children's education, your children's marriage, building your dream home, a relaxed retirement life or any other goal.

When you have life insurance, Kenya Revenue Authority allows a tax relief of 15% for a maximum of Ksh60,000 premium per year (Ksh5,000 per month).

3. Which policy should I buy?

There are different types of life insurance policies, its best that you choose the policy that best suits you, and your future needs. Some of the things you should understand are: The scope of the cover period, the various terms and conditions and the premium payable. It is important to contact the insurance company or agent for more details and guidance.

4. What are the different types of Life Insurance covers?

There are five broad types of Life Insurance Covers:

a) Term Assurance

This policy offers protection only for a particular period which is agreed upon by the insurance company and insured. It is the simplest and cheapest form of life insurance since it provides life cover only with no investment benefits. The insurance company will pay out the full sum assured if the insured passes away within the insurance period. There are no benefits that are payable if the insured is still alive when the policy matures.

b) Endowment

An endowment policy combines both protection and investment. The insurance company will pay out the full sum assured if the insured passes away within the insurance period. If the insured is still alive when the policy matures, the insurance company will pay out the sum assured and all the bonuses earned in the course of the policy.

c) Whole Life

A whole life policy offers life-long protection to the insured. The insured selects how they would like to pay premiums. It could be throughout your life, you can chose to cease payment at a particular age (for example at 60), or you can chose to pay one single premium.

d) Unit Linked / Investment insurance policies

Unit linked policies also combine protection and investment. A part of the premium is used to purchase life protection and the rest is used to purchase units in an investment fund managed by the insurance company. Investment returns on the policy are linked to the investment performance of the managed fund.

e) Funeral Insurance cover

Funeral Insurance cover is meant to cater for funeral expenses of a insured or their loved ones in the event of their demise. The benefits are payable within 48 hours after notification of death.

5. How do I buy a life insurance policy?

Before buying a life insurance policy it is important to evaluate your needs and goals as well as those of your family. Once you have your needs and goals, you will be able to select the type of cover that suits you.

Next, it is important to talk to an insurance agent or visit the company of your choice to find out the policies they offer and the terms and conditions for each policy.

You can choose to purchase a life insurance policy directly from a life insurance company or through an insurance agent.

Applying for a life insurance policy is a simple exercise. In summary, the process involves:

- ▶ Completing a proposal form
- ▶ Paying the initial premium
- ▶ Providing the required documents like I.D card, Pin number, etc as requested by the company
- ▶ Undergoing a medical examination if necessary. There are many policies where medical reports are not required.
- ▶ The insurance company reviews the proposal and documents submitted and issues the policy document



BEFORE BUYING A LIFE INSURANCE POLICY, IT IS IMPORTANT TO EVALUATE YOUR NEEDS AND GOALS AS WELL AS THOSE OF YOUR FAMILY. ONCE YOU HAVE YOUR NEEDS AND GOALS, YOU WILL BE ABLE TO SELECT A TYPE OF COVER THAT SUITS YOU.

6. What do I need to look out for when taking life insurance?

When taking out life insurance there are several things that you need to look out for including: The Policy document, the policy term or period, the amount of premium and the frequency of payments, and the bonus (if any).

Other things to look out for are cancellation clauses, the cash surrender value (the amount the insurance company will pay you if you cancel your policy after 3 years but before maturity), policy loan (you can take a loan from the insurance company against your policy after an agreed period).

7. What factors are considered when calculating premiums for life insurance?

Age, occupation, health status. Sometimes gender and lifestyle (e.g. smoker vs. non-smoker) also influence premium rate.

8. What is a Policy Document and what does it contain?

A life insurance policy document is a formal contract that the insurance company gives to the insured. It serves as legal evidence of the insurance agreement and sets out the exact terms on which the life cover has been provided. It outlines details such as:

- ▶ The type of policy
- ▶ The name and address of the insured and the insurance company
- ▶ The event upon occurrence in which the benefit becomes payable
- ▶ Duration of cover
- ▶ Amount of premium and frequency of payment
- ▶ The sum assured and other benefits

Contact the company in case you have not received your policy document within one month of signing up for the cover. It is very important to read your policy document and contact the company on any area that is not clear.

Grace period for review of policy document: You may cancel your life insurance by returning the policy document to the insurance company within 15 days after you receive it if you feel that it does not reflect what you agreed upon when buying the policy. The premium that you have paid (less any medical fees incurred) is refundable.

9. Who is a beneficiary and why is it important to nominate one?

A beneficiary is the person who receives the benefits outlined in the policy following the demise of the insured. Choosing a beneficiary ensures that your benefits go to the right people. If you chose minors (below 18 years) as beneficiaries ensure to also nominate a responsible guardian.

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

Circumstances may change and it may require an adjustment to your life insurance policy document. You need to make a request to your insurance company in writing and they will advise you on the next steps required to effect the changes.

11. What happens if I am unable to keep up with my premium payments?

If you are unable to pay premiums within the first two to three years, your policy may lapse. After three years however, the policy gains value and as such the insurance company is able to refund a portion of the paid premium. The insurance company will advise you on other options to keep the policy in force e.g. the already paid premium can be utilized to fully pay premiums for a policy of a lower value.

12. Can a lapsed policy be reinstated?

A lapsed policy may be reinstated. However, the insurance company will require the insured to meet certain conditions such as medical checkup at the time of reinstatement and payment of outstanding premiums

13. Can I cancel my policy?

When buying a life insurance policy, you are essentially buying the protection and benefits that comes with it. Cancelling therefore means you forfeit these benefits and protection. Cancellation also means that the premiums already paid may go to waste.

If someone asks you to cancel your current policy and then buy another policy, consult your current life insurance company first to avoid losing your benefits. Many times your current insurance company can make the changes you want at a lower cost as opposed to moving to a new company.

14. What happens if I die before my policy matures?

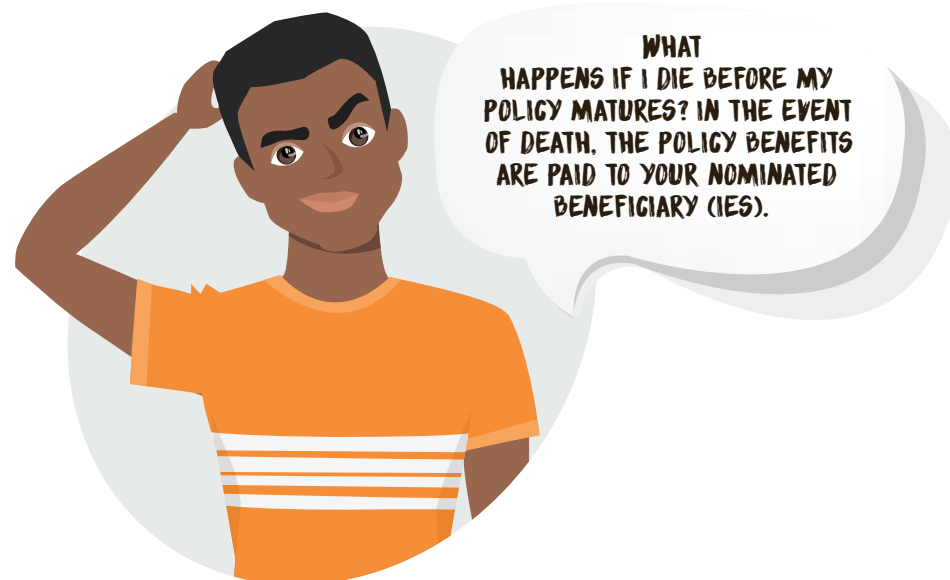
In the event of death, the policy benefits are paid to your nominated beneficiary (ies). Some policies have riders that come into play to keep the policy in force until maturity. For example, Education policies pay some benefits upon the demise of the insured but the policy remains in force until maturity to enable the children complete their education as per the original plan of the insured.

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

When the policy matures, the insurance company will contact you to collect your benefits. The insured or beneficiaries can also get in touch with the insurance company if they have not made contact.

In the event of death or disability, the insurance company should be notified immediately. The necessary forms should be completed and the person making the claim will be advised on the required documents to facilitate processing of the claim.

Claims are settled within 30 days of submitting the required documents.



GROUP LIFE INSURANCE

1. What is Group Life Insurance Cover?

This is a life insurance cover that any group can undertake. It is a key benefit that employers offer employees. The policy document is in the name of the employer who usually pays the premium. As with other types of group benefits, group life insurance is generally cheaper compared to individual policies.

SACCOs, Chamas and investments groups also take group life insurance and members pay the premium.

2. Why take Group Life Insurance cover?

The aim of this cover is to assist families at their most vulnerable point. It also gives peace of mind to both the members, as well as the employee and employer.

This cover also helps attract and retain quality staff as it forms one of the welfare benefits.

3. What is covered under Group Life Assurance

Group life insurance mainly covers death from any cause (natural, illness or accident). Other optional benefits include permanent total disability cover, last expense cover and a critical illness cover.



4. Who is eligible for Group Life Insurance cover?

Anyone above the age of 18 and below the retirement age of 65 years. Cover for members who are over 65 years can be addressed on need basis.

5. How are the benefits calculated?

For employees, the benefits are fixed as a multiple of their salary. The most common multiples in the market are 3, 4 and 5 times the employees' annual salary.

The benefit can also be arranged as a fixed amount where one category for example may be given Ksh2million and another Ksh5million.

For groups such as SACCOS and chamas, the benefits will be on a fixed amount.

6. Is a medical check-up required before the policy becomes active?

All members in a group life insurance become covered immediately up to a set limit, referred to as the free cover limit. This limit is determined by the insurance company based on the size of the Scheme.

However, as explained in No.5 above, the range of benefits vary based on the income scale. Therefore, there will be individuals who will be above the free cover limit.

For any individual above the free cover limit, they are required to undergo a medical check-up. For those below the free cover limit, a medical examination is not compulsory.

The insurance company covers the cost of the medical examination and also advices on the doctors, clinics or hospitals to visit for the examination.

7. When does the benefit become payable?

The benefit becomes payable upon the death of an employee who is a member while in the service of the employer or while a member of the affinity group

If the cover included the optional covers of permanent and total disability as well as critical illness cover, then these become payable when these events occur.

8. How is a claim made?

Once any of the insured events occurs, the employer should be immediately notified. For a member in an affinity group, the officials should be notified. The insurer should then be notified by the employer or officials for the claim process to start. The claim amount is then paid to the employer or officials for forwarding to the employees or members nominated beneficiaries.

9. How will my benefits reach my beneficiaries?

As part of the requirements before a cover becomes effective, every employee or member is required to complete an application form and a nomination of beneficiary form. The beneficiary form indicates their nominated beneficiaries and the percentage allocation of benefits. A member can make changes to their nomination form as many times as they find it necessary.

The insured is issued with a certificate of cover, which the beneficiaries can use to lodge a claim. Thereafter, as indicated in 8 above the employer or officials are paid by the insurance company for forwarding to the nominated beneficiaries.

If a member appoints minors as beneficiaries, then they are required to appoint a guardian.

10. What happens if I leave employment/ or leave the group?

Once you leave employment or the group, you cease to be a member of the scheme. However, you can arrange with the insurance company to take up an individual life cover.

11. Can premiums be refunded?

No. The premiums are paid in exchange for the cover benefits in the event of permanent disability, critical illness or death. Once the insurance period of one year ends, the unutilized premiums are not refunded.

12. What is the Funeral Insurance Cover?

Funeral insurance cover is a common additional benefit under the Group Life Insurance. Funeral Insurance cover caters for funeral expenses of a member in the event of their demise. The benefits are payable within 48 hours after notification.

A BENEFICIARY IS THE PERSON WHO RECEIVES THE PAYOUTS OUTLINED IN THE POLICY FOLLOWING THE DEMISE OF THE INSURED. CHOOSING A BENEFICIARY ENSURES THAT YOUR BENEFITS GO TO THE RIGHT PEOPLE. IF YOU CHOSE MINORS (BELOW 18 YEARS) AS BENEFICIARIES ENSURE TO ALSO NOMINATE A RESPONSIBLE GUARDIAN.



PENSION

1. What is pension?

Pension is a regular payment that is made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.

A pension or retirement benefit scheme is a form of insurance. The scheme protects members against the risk of poverty in old age by ensuring that they are able to provide for themselves in retirement.

2. What is a personal pension plan?

A personal pension plan, also referred to as a retirement plan, is a vehicle or service offered by insurance companies to build up a sum of money that can be used upon retirement. The money you put in is invested to generate a regular income referred to as pension.

3. Why should I plan for retirement?

You may be active today, but a time will come when you will have to slow down and retire and thanks to advances in medicine, we now live longer. Our living expenses such as food, utility (water, electricity) bills, medical bills, housing and others, do not retire. Planning for retirement helps us create an income that will cater for these expenses and ensure that the quality of life led in old age is still as good as when one was active.

Planning for retirement is also important given today's economic realities where it will be difficult to rely on other people for your daily needs. The family unit is weakening and the traditional notion of parents relying on their children is fading.

4. How do I save for retirement?

There are structured ways of planning for retirement as explained below:

Employer Sponsored Schemes- These schemes are formed by the employers for the benefit of their employees. It is not compulsory for employers to form pension schemes, however, employees can come together and form a scheme.

Individual Pension Plans- These are offered by insurance companies. Both employed and self-employed people can join individual pension plans.

Government Sponsored Plans – The National Social Security Fund provides basic financial security to Kenyans upon retirement. Contribution is compulsory for employers and employees. However, the benefits paid out are often not sufficient to provide for a comfortable retirement.

5. Who can join a personal pension scheme?

Anyone over 18 years of age who is either employed or self-employed. You join a personal pension scheme simply by completing an application form and making your first contribution. Membership is open to the following:

- Those working in organizations that do not have a retirement benefits scheme.
- People in seasonal or contractual employment.
- Self-employed.
- People working in the Diaspora.
- Members of existing schemes who are changing jobs and would like to transfer their pension funds from the employer-sponsored scheme.
- Members of existing pension schemes who seek to enhance their retirement savings.
- Small to medium sized employers who cannot afford to set a Staff Retirement Scheme
- Partnerships and Practice set up.
- Non-Governmental organizations etc



6. What are the benefits of joining a pension scheme?

- ▶ The contributions have a 100% capital guarantee. Retirement benefits schemes managed by insurance companies guarantee that your funds will not be lost. They also guarantee a minimum rate of return.
- ▶ Contributions are flexible depending on your financial ability and needs.
- ▶ Contributions are easy to make through deductions from your salary, direct debits, mobile money etc
- ▶ The fund earns compound interest. This allows contributions to grow into significant retirement savings over time
- ▶ It gives one the discipline to save and improve financial security in his/her retirement
- ▶ It offers a pooling advantage. Funds from various members are pooled together to form a huge fund that allows a larger scale of investments resulting in higher returns.
- ▶ Allows one to create a fund which 60% may be used as additional security for a mortgage in line with RBA Regulations.
- ▶ The accumulated fund plus investment income are paid to beneficiaries upon the death of the insured, providing a financial cushion for them
- ▶ Withdrawal terms are flexible
- ▶ An employer can contribute on behalf of the employee as long as the combined contributions do not exceed 30% of the employees' salary.
- ▶ Provides various flexible payments to a member at retirement i.e. lump sum, pension/annuity and even the option to keep the savings invested and draw an income from it.

Tax Benefits and calculations

- ▶ Contributions are tax deductible. The Income Tax Act allows for a maximum tax deductible contribution of Ksh20,000 per member per month (or 30% of the salary, or whichever is less)
- ▶ Income earned from investments is tax-free and therefore generates more funds for reinvestment.
- ▶ On retirement before 65 years, the annual tax free pension is Ksh300,000. Pension and lump sum payments after the age of 65 are tax-free.
- ▶ At retirement or withdrawal, you are entitled to receive tax free lump sum

payment of up to Ksh600,000. Any amounts above that are taxed as illustrated in the tables below.

Below 50 years or below 15 years in the Scheme

If you are below 50 years, or have been a member of a retirement scheme for less than 15 years, the pension amounts are subject to tax as per the table below:

Lump Sum Max	Ksh600,000	0
On the first	Ksh121,968	10%
On the next	Ksh114,912	15%
On the next	Ksh114,912	20%
On the next	Ksh114,912	25%
On the balance		30%

Above 50 years or above 15 years in the Scheme

If you are above 50 years, or have been a member of a retirement scheme for more than 15 years, the cash amounts are subject to tax as per the table below:

Up to Ksh400,000	10%
Ksh400,000 – Ksh800,000	15%
Ksh800,000 - Ksh1,200,000	20%
Ksh1,200,000 – Ksh1,600,000	25%
Above Ksh1,600,000	30%

7. Do contributions made to the scheme earn interest?

Yes. The contributions are invested and start earning income from the day the contributions are received by the insurance company. Your total accumulated fund is made up of your contributions and the investment returns.

8. Who forms the personal pension scheme?

Insurance companies are the main founders of personal pension schemes. The schemes are registered under the Retirement Benefits Authority (RBA) and Kenya Revenue Authority (KRA). The personal pension schemes enjoy all the benefits gained from saving for retirement.

9. Can my employer contribute to my personal pension scheme?

Yes. Your employer can contribute a percentage of your monthly salary towards your personal pension plan based on the agreement reached between you and them. The employer is allowed to treat the contributions as a tax allowable expense in their books of expense.

10. What happens when I change employers?

The individual pension plan belongs to you and is not affected by job changes. If your current employer is contributing towards your plan, you should negotiate with your future employer to also contribute if they do not have a staff retirement scheme.

If you are part of your employer's pension scheme, you can transfer from the previous scheme to your current employer's scheme if they have one. Be sure to check the terms and conditions of your new employer's scheme before transferring to ensure that it is registered with KRA to enable you continue enjoying the tax benefits.

11. What happens when I leave employment?

The individual pension plan belongs to you and is not affected by job changes. If you are part of your employer's pension scheme, the current laws allow you to withdraw 100% of your own contributions to the scheme plus interest earned and a further 50% of the employer's contributions plus interest earned. The balance of 50% must be retained in the scheme until age 50. This is a legal requirement to safeguard people against old age poverty.

12. Can I lose my retirement fund?

No. The contributions have a 100% capital guarantee. The retirement benefit schemes managed by insurance companies are guaranteed funds, which

means that the insurance company guarantees the capital (contributions) put into the scheme plus a minimum rate of return. This means that if money is lost in the course of investment, the clients' money is fully protected and it is the insurance company that bears the loss.

13. How do I know how much I have contributed to the scheme and the interest earned?

At the end of every year, the Insurance company sends a statement to each member clearly reflecting the contributions made by the member, the contributions made by the employer if any and the income earned from these respective contributions.

14. What happens if I die or become incapacitated whilst working?

The total fund arising from contributions and investments is paid to the nominated beneficiary immediately upon loss of life. The total fund is also payable to you or your beneficiary in case of incapacitation.

15. What happens when I retire?

If it is a pension scheme, you are allowed to take a third of the total pension fund as cash at the time of retirement. The remaining two thirds of the fund is converted into a monthly pension which is paid to you at the end of every month. For the rest of your life.

If it is a provident scheme, then the entire fund (subject to applicable taxes) is paid to you as a lump sum at retirement.



16. The National Social Security Fund (NSSF)

Current monthly contributions to NSSF are at Ksh400 for the employed and Ksh200 for self-employed. The NSSF Act, 2013 (which is yet to come into effect due to an ongoing court case) proposes to increase the contributions to 12% of gross monthly salary, where the employee pays 6% and the employer also puts in 6%.

The proposed contributions are divided into Tier 1 and Tier 2, which are determined by salary scales that NSSF will provide.

All employers and employees must contribute towards Tier 1. For Tier 2 contributions, an employer has the option of contracting out to a private retirement benefits scheme, which offer better returns. The employer however, has to first make an application to the Retirement Benefits Authority to contract out.



ANNUITIES

1. What is an annuity?

An annuity is a contract between an individual and an insurance company where the individual pays a premium and the insurance company pays an income to the individual for the rest of their life after retirement.

2. What is their purpose?

An annuity is a savings tool that enables you to have an income during retirement. The lifetime retirement income, guaranteed by an insurance company, is a valuable benefit and security that an annuity can provide.

An annuity is also a saving (financial planning) tool that can also be used to plan for when you will not have an income. For example, if you plan to take time off from your income earning activity (business or employment) you can use an annuity to ensure you have an income during that period.

3. How are annuities used to pay retirement benefits?

A retiree needs approximately 60% of their last monthly salary to maintain their living standard. The retirement benefits fund can be an important source of income but it may not be enough to finance all your needs in retirement. A survey by the Retirement Benefits Authority showed that majority of contributors spent all their savings within three years of retirement. One way of avoiding this is using annuities to provide you with a guaranteed stream of income for as long as you live. You can also purchase an annuity plan that guarantees an income for your loved ones after you die.

There are two ways that benefits are paid out from a retirement benefits scheme:

- a) Payment directly from the retirement scheme fund – The retiree is paid out of the ongoing scheme for as long as they live.
- b) Purchase of an annuity – The insurance company converts the lump sum that you have into a lifetime income through an annuity.

4. Types of annuity

Immediate annuity – the income payments begin within 12 months after you buy the annuity. This is suitable for those who are about to retire or have already retired. The premium for an immediate annuity is paid as a lump sum at the time of purchase.

For example if you retire at age 55 and you make a lump sum premium contribution to the insurance company, you will receive your first income payment within 12 months after paying the lump sum premium.

Deferred annuity – this type of annuity is for people who would like a guaranteed income after retirement but still have working years ahead of them and therefore do not need it to start right away. The premium in this case is paid well in advance and this can be a lump sum payment or periodic payments until retirement.

For example, at the age of 30, you may purchase a deferred annuity that begins income payments at age 55. You can choose to either pay a lump sum premium then or make yearly premium payments until you are 54. The lump sum premium paid at age 30 will be smaller compared with what you have to pay if you purchase an immediate annuity at age 54. Also the future income will be higher because the premium paid at age 30 will be invested by the insurance company and accumulate interest over the years.

5. Choosing the right annuity

The type of annuity you choose and other additional benefits will determine the amount of income you will receive during retirement. As you plan to purchase an annuity, it is also important to understand how much you will need to earn during retirement. A study by Retirement benefits Authority shows that you require approximately 60% of your last salary to maintain a similar standard of living in retirement.

Before choosing an annuity, check all the options being offered by various insurance companies to ensure you get the best deal.

The amount of income payment you will receive upon retirement will depend on:

- ▶ The amount you pay to purchase the annuity;
- ▶ Your age when you purchase annuity and your gender (women live longer than men)
- ▶ The benefits options you choose.

You can choose to have your income paid every month, every three months, every six months or once a year.

6. Benefit options for annuities

Level annuity without guaranteed period – pays a fixed regular income after retirement for as long as you live.

Level annuity with a guaranteed period – pays a fixed regular income for a guaranteed period say 10 years or for the rest of your life, whichever is longer.

Increasing annuity – pays an income which increases each year at a specified rate to partially protect your income from inflation. With increasing annuity, the starting income is lower than you would get from a level annuity, but it will provide you with better income years later in your retirement period.

Joint-life annuity – pays an income for the rest of your life, and then continues to pay the income to your partner for the rest of his/her life, after your demise. However, income to your partner may be at a reduced amount.

7. How do I pay for an annuity?

To purchase an annuity plan, you may pay to an insurance company a lump sum premium just before retirement. Alternatively, you can make periodic premium payments until your selected retirement age. Upon retirement, the insurance company would provide income payments for the rest of your life. You can buy annuities from any life insurance company, which offers annuity products.

8. Can an annuity provide a guaranteed period of payment?

An annuity contract may provide a guaranteed period of payment where a specific payment amount is assured, whether the annuitant survives the period or not. If the annuitant dies within the guaranteed period, the balance of the guaranteed payments is paid immediately instead of being paid on the periodic due dates over the remainder of the guarantee period.

9. Who is involved in an annuity?

The following are the parties involved in an annuity contract.

Insurance Company - issues the contract, provides contract information, allocates the money as instructed by the owner, and is responsible for the guarantees.

Owner - makes the decisions about the annuity, such as how much money to invest and the way it should be allocated. The owner also names the beneficiaries.

Beneficiary - usually, the beneficiary is the one who may have the right to receive the death benefit if the owner dies before income payouts begin or before the end of the guaranteed period of payment.

10. How are annuities priced?

The factors affecting the pricing of an annuity include;

- ▶ Age
- ▶ Gender
- ▶ Prevailing investment market
- ▶ Projected expenses
- ▶ Guaranteed period

FUNERAL INSURANCE COVER

What is Funeral Insurance?

This is an insurance policy used to pay for funeral expenses upon demise of the insured.

It can be purchased as a stand-alone product or as part of life or general insurance.

How does it work?

Like any other insurance policy, the insured determines the type of package they desire and premiums are paid pegged on the benefits in the cover. Premiums can be paid monthly, quarterly, half-yearly or annually depending on the agreement with the Insurer. Upon death of the insured, the insurance company pays the claim to the appointed beneficiary within 48 hours of receiving notification and relevant documentation.

How much does it cost?

Funeral insurance can cost as low as Ksh100 per month. The premium is calculated at roughly 1.5 per cent of the total cover. For example a cover of Ksh 100,000 will attract a premium of Ksh 1,500 per year or Ksh 125 per month.

Depending on your budget and preference, various service providers have different benefits. Remember, to compare the benefits being offered versus the premium to ensure you get the best value for your money.

Why do I need funeral insurance?

No amount of money can take your place, however, a funeral insurance cover can go a long way to minimize the financial drain on your loved ones.

Can I take out cover for my entire family?

Most funeral plans include full family protection, but it usually only extends as far as covering your immediate family (your spouse, your children) and your parents.

How long does a Funeral cover last?

- ▶ Funeral insurance is renewed annually.
- ▶ Cover for you will cease when you pass away, as long as your premiums are up to date.
- ▶ Cover for your partner and/or other family members, such as your parents, will end when you pass away or when they pass away, whichever comes first. As long as your premiums are up to date.

- ▶ Cover for your children will end when you pass away, or when they pass away or when they turn 21, whichever comes first. As long as your premiums are up to date. If your children are unmarried full-time students, mentally or physically impaired then in some cases their cover may be extended to the age of 25.

Will my family remain covered after my death?

Yes, provided premiums are paid by the family members covered on the policy.

Must I use my funeral insurance benefits on burial expenses?

The beneficiaries may use the funds in any way they see fit. The amount they will receive is supposed to be used to pay for funeral related products and services. However, it can also be used to settle loans, debts, or any other bill or expense.

What happens if I miss a premium payment?

Depending on the insurer, the grace period will differ whereby the insurer will have certain amount of grace day periods that will range from 15 to 30 days. This will have to be discussed with the insurer selected.

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GENERAL INSURANCE

GENERAL INSURANCE, ALSO KNOWN AS NON-LIFE INSURANCE, IS A CONTRACT WHERE THE INSURER (INSURANCE COMPANY) PROMISES TO COMPENSATE THE INSURED IN THE EVENT THAT THERE IS A LOSS /DAMAGE TO PROPERTY OR AGAINST LIABILITY. GENERAL INSURANCE TYPICALLY COVERS ANY INSURANCE OTHER THAN LIFE. MOST GENERAL INSURANCES ARE ANNUAL OR SHORT-TERM CONTRACTS.

General Insurance for Individuals

As individuals, we require insurance that will provide a cover to protect our interests. Insurance covers that can be taken out by individuals include personal accident, professional indemnity, domestic package, medical insurance, travel insurance and others outlined in this guidebook.

General Insurance for SMEs

With little resources in hand, Small and Medium Enterprises (SMEs) often view insurance as a luxury. However, insurance is a necessity and should be part of the important costs for SMEs.

Depending on the nature of the business, every SME is exposed to some risks, which when they occur may mean the end of the business. It is therefore important to identify and insure those risks. Lack of insurance could potentially cause more damage to the business if anything goes wrong.

When running a business, it is important to make sure that you have covered all aspects, including your liability towards your staff, customers, members of the public, your business activities and your possessions, including the building and its contents.

Depending on the type of business, insurances that cater for SMEs include fire, burglary, business interruption, work injury benefits, employee liability insurance, public and product liability, electronic equipment insurance, medical insurance, marine insurance, goods in transit, money, fidelity guarantee and others outlined in this guidebook.

1. Domestic Package (DP) Insurance

This policy insures the home. It combines coverage for the home that is, the building and household contents as well as domestic workers against death or injury while in the course of employment. The policy also covers the homeowners or occupiers against lawsuits for injury or property damage caused to other people (third parties).

What does DP insurance cover?

Domestic package insurance covers the following risks:

- Domestic package insurance policy has five (5) sections, A to E, as broken down below; Section A - Cover for the structure (building) of your home
- Section B - Cover for your personal belongings or contents of the building
- Section C - Cover for items you move with outside the house such as mobile phones, watches, iPads, laptops, rings, cameras, spectacles. This section is also referred to as All Risks
- Section D - Liability protection, this covers domestic workers for injury or death while undertaking domestic work.
- Sections E and F - Coverage of owners and occupiers against lawsuits for injury or property damage caused to other people.



Can I purchase DP insurance if I am renting a house?

Yes. You can purchase Domestic Package insurance if you are renting a house, a flat or an apartment.

Why is it important to take a home inventory before purchasing DP Insurance?

Before you purchase domestic package insurance, you will be required to

provide a home inventory. A home inventory is a list of all the things in your house including electronics, furniture, kitchen equipment and jewelry. It is important to record the serial numbers of the major appliances, keep the receipts and user manuals safely.

Having an up-to-date home inventory will help you insure the correct value of property and get your insurance claim settled faster.

How often should I review my policy?

Domestic Package insurance is an annual cover. However, if in the course of the year you make improvements to your home such as fire and burglar alarm systems, upgraded plumbing or electrical system or if you make a major purchase. Inform your insurance company about the improvements or changes.

You may need additional cover if there is a change in the value of your home or its contents.

What should I do if I am leaving the house unoccupied for some time?

If you are leaving your house without an occupant for eight (8) or more consecutive days, you will need to inform your insurance company. Cover may be suspended for the period, or extended to cover the period of un-occupancy on payment of an additional premium.

2. Personal Accident and Group Accident Insurance

A Personal accident insurance provides financial benefits to an individual if he/she is involved in an accident resulting in injuries or death. While, Group personal accident insurance provides financial benefits to a group of people such as a family, employees, chamas, learning institutions, SMEs or any other group-of people with common interest.

For employers who take the cover on behalf of their employees, the claim is paid to the employer for onward transmission to the employee or their appointed beneficiaries.

When calculating premiums to be charged for the above insurances, the following factors are considered: Age, location, occupation, current physical health status and lifestyle, type and amounts of benefits.

What are the benefits under this cover?

- ▶ Accidental Death – Pays the fixed amount or multiple of salary for loss of life due to an accident
- ▶ Permanent Disablement – Pays a certain percentage of the fixed amount or multiple of salary in the event of permanent disablement caused by an accident
- ▶ Weekly payment – Pays a weekly income for temporary disablement resulting from accidental injury
- ▶ Medical Expenses – Reimburses you for medical expenses that arise from an accident including dental and optical expenses.
- ▶ Emergency Evacuation – Covers emergency medical evacuation expenses.
- ▶ Pay for the cost of artificial appliances that arise from an accident such as crutches, hearing aid and prosthetics
- ▶ Repatriation Expenses – pays for the return of the deceased to place of residence.

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

Beneficiary is a person who receives the benefits following death of the insured. The person applying for insurance is required to nominate preferred beneficiaries and the percentage allocation of benefits.

If a child below 18 years is appointed, then a responsible guardian who will administer benefits upon sudden death should also be appointed. Choosing a beneficiary ensures that the benefits go to the right people.

3. Medical Insurance and Group Medical insurance

Medical insurance policy, also referred to as health insurance, covers the medical expenses incurred by the insured or their dependents. It covers numerous illness and or bodily injuries.

It can be taken by an individual or a group of people.

The policy can be out-patient (walk in and out of hospital) only or in-patient (admission) only. It can also have a combination of both in and out patient.

Does medical insurance cover all medical bills?

Each medical insurance is different in terms of the medical treatments it can cover. This is dependent on the type of cover and on the premium paid. It is therefore very important to review the policy document together with your insurer to confirm you have clearly understood what is covered and what is not covered.

It is also important to understand the expenses that NHIF card will pay for as these are excluded from the private medical insurance cover.

Most medical insurance policies can be extended to cover additional benefits such as optical and dental cover, congenital defects, maternity expenses, pre-existing conditions, chronic ailments, psychiatric conditions among others.

Most covers exclude cosmetic surgery or treatments, age related senility or insanity, family planning and treatments not administered by a registered medical practitioner.



4. Travel Insurance

Travel Insurance covers specific events. The insurance is dependent on coverage limits, which also determine the premium paid. Covered risks and exclusions vary significantly by policy type, insurer, and travel preferences. The risks typically covered include:

- ▶ Trip interruptions
- ▶ Cancellations (entire trip or a section of the trip)
- ▶ Lost or delayed baggage
- ▶ Carrier or service provider failures
- ▶ Emergency evacuations (due to physical threats and medical emergencies)
- ▶ Theft and other crimes

- ▶ Medical treatment for injuries caused due to travel
- ▶ Accidental death (including transportation of remains)

What is not covered?

- ▶ Natural disasters
- ▶ Severe weather
- ▶ Crimes committed against you or a member of your traveling party
- ▶ Lost travel documents or identification papers
- ▶ Civil unrest
- ▶ Unannounced strikes that render your carrier unable to operate

5. Professional Indemnity Insurance

This insurance policy covers liability to a third party arising from the performance of, or failure to perform services by a professional. Insurance is provided in accordance with the limits, conditions and activities defined in the policy.

Who is a professional?

There is not one standard-definition of a professional but they do possess the following characteristics:

- ▶ Skills and knowledge highly valued by society
- ▶ Usually trained in the specific skill
- ▶ Usually a member of a professional association – for regulation purposes
- ▶ May have a special license to provide the specialized service
- ▶ Advice/ Service is usually in exchange for a fee

Traditional professions - accountants, architects, engineers, advocates, insurance brokers, doctors/nurses

Non-Traditional - advertising agents, property valuers, real estate agents, event planners, debt collectors and consultants



What professional liabilities does the insurance cover?

- ▶ Negligent acts, errors or omission
- ▶ Misleading statements
- ▶ Unintentional breach of confidentiality
- ▶ Libel or slander (defamation)
- ▶ Dishonest, fraudulent or malicious acts, omissions by any former or present employee

What liabilities are not covered under this insurance?

- ▶ Performance guarantees
- ▶ Intentional acts by the professional
- ▶ Patents/trade secrets
- ▶ Prior claims/circumstances
- ▶ Policy excess

6. Work Injury Benefits Act (WIBA) Insurance

The Work Injuries Benefits Act No. 13 of 2007, requires that all employers must provide compensation to employees for work related injuries or diseases contracted as a result of work.

WIBA insurance policy responds to the requirements of the above Act. It covers employees whilst on duty against accidental bodily injury, disablement or death. Compensation is payable in accordance with the provisions of the WIBA Act 2007. The maximum benefit is set at 96 months' salary. The insurance also covers funeral expenses, medical expenses and artificial appliances or prosthetics.

WIBA policy does not cover the armed forces, minors, business owners and employees deployed outside Kenya.

What are the key exclusions under WIBA?

- Any injury by accident or disease sustained outside Kenya
- Any liability arising out of any court proceedings
- Any liability arising out of pre-existing medical conditions unless previously declared.

- Any Injury by accident /or disease attributable to war or war like activities
- Any Injury by accident/ or disease outside the course of duty
- Injury caused by deliberate and willful misconduct

All employers should read the Workmen Benefits Injury Act under the Kenyan Laws for detailed understanding of their responsibilities to their employees.

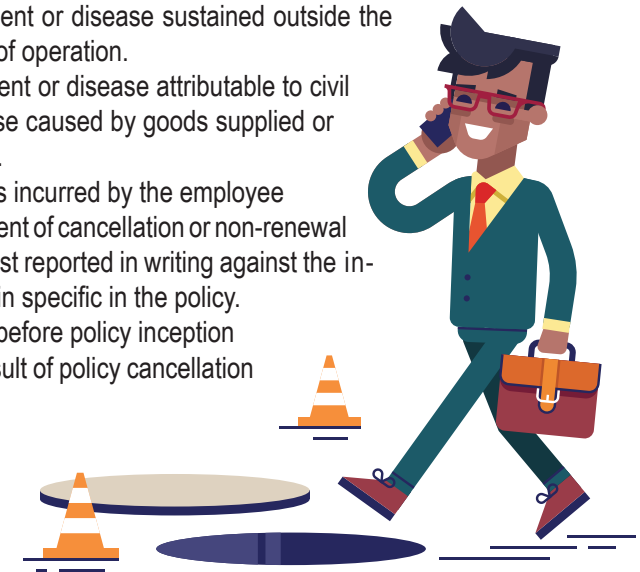
7. Employers' Liability (EL) Insurance

Employers' liability insurance protects employers from their legal liability to an employee for injury arising out of, and in the course of employment. The policy protects the Employers against lawsuits brought against them by employees due to allegations of injuries or contracting diseases because of employer negligence. The employee must prove negligence on the part of the employer e.g. if injury is a result of lack of a helmet – which the employer failed to provide.

Employers Liability compliments WIBA and picks common law claims after WIBA has dealt with statutory claims.

What are the Policy exclusions?

- Any injury by accident or disease sustained outside the geographical area of operation.
- Any injury by accident or disease attributable to civil war Injury or disease caused by goods supplied or remedial treatment.
- Fines and Penalties incurred by the employee
- Any claim (in the event of cancellation or non-renewal of this policy) not first reported in writing against the insured as specified in specific in the policy.
- Any known losses before policy inception
- Any losses as a result of policy cancellation or non-renewal



8. Public Liability Insurance

Public liability insurance is the most common type of insurance taken out by small businesses.

This insurance is essential for businesses that interact with the public such as customers receiving deliveries or clients visiting your office or work premises. Even home-based businesses should consider public liability insurance if their home office is also used as a client's meeting place.

What does public liability insurance cover?

Business owners purchase general Public liability insurance to cover legal liabilities due to accident, injuries and claims of negligence by third parties. These policies protect against payments as the result of bodily injury, property damage, medical expenses, and the cost of defending lawsuits. Simple accidents like coffee spilling over a client's computer, or a loose nail causing a customer to trip while visiting your office, could cost you thousands if you are uninsured.

This policy can be extended to cover Products liability where required.

9. Products Liability Insurance

Product liability insurance covers the cost of compensating anyone injured by a faulty product or damage to property caused by a faulty product that a business designs, manufactures or supplies. This insurance mainly targets the food and beverage industry, cosmetics, pharmaceuticals and manufacturers etc.

What does products liability insurance cover?

- Personal injuries caused by a faulty product
- Loss of, or damage to property caused by the faulty product

What are the general Policy Exclusions?

- Repair, Replacement and Recall
- Professional Liability
- Pollution
- Contractual liability
- Fines and penalties
- War



10. Fire and Perils Insurance

The basic fire and perils insurance covers loss or damage to property caused by fire, lighting or explosion.

The cover can also be extended to cover riots, strike, malicious damage, storm, earthquake, impact by vehicles, aircraft or other aerial devices, subterranean fire, spontaneous combustion or overflowing water from tanks and pipes.

This insurance covers assets such as buildings, plant and machinery, stock insurance, office equipment, furniture, fixtures and fittings.

The insurer guarantees to pay for the loss or damage to the property for the specified period (usually one year). The valuation of property is made according to the market value.



What is not covered?

- ▶ Items like precious stones, curios or works of art, manuscripts, plans, drawings, securities, obligations or documents of any kind, stamps, coins or paper money, cheques, books of accounts or other business books, computer systems records, explosives, manuscripts etc. unless specifically declared in the policy.
- ▶ Damaged cold storage stocks due to change of temperature.
- ▶ Loss / damage/ destruction of any electrical and/or electronic machine, apparatus, fixture or fitting arising from over running, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity.
- ▶ Loss / damage / destruction of Boilers, Economisers or other Vessels, machinery or apparatus which generates steam.

11. Business Interruption Insurance

This policy provides cover for loss of profits caused by reduction or interruption of production due to damage caused by fire and allied perils to the insured's premises. Allied perils are perils such as earthquake, flood, explosion, malicious damage that are insured in addition to fire at additional premium.

Business Interruption Insurance is taken together with fire insurance (see 10 above) to ensure both the business and the assets/materials are covered. Both covers have to be valid for a claim to be settled.

Business Interruption insurance covers loss of Gross Profits, wages that are paid while production is interrupted and auditors fees incurred in preparation of the claim.

12. Burglary or Theft Insurance

Burglary or theft insurance covers loss or damage of insured property because of theft accompanied by visible, forcible and violent entry into, or exit out of the insured premises.

The policy extends to cover damage to the doors, windows, walls and roof by intruders in their attempt to gain entry and exit. As well as damage to the contents in the event of an attempted break-in to the premises.



Which losses are not covered under this burglary/theft insurance?

The policy excludes losses such as:

- ▶ Damage by fire
- ▶ Theft by trick, pilferage, shoplifting
- ▶ Entry by use of key unless by force
- ▶ Where employee(s) collude with outsiders in perpetration of the crime

Can I purchase burglary insurance if I am renting a business premise?

Yes, theft or burglary insurance provides financial protection against loss or destruction of your possessions even when you rent a business premises.

13. Money Insurance

All businesses handle money in some form – cash, cheques, credit card slips, bankers' drafts and others- making this form of insurance essential for businesses large and small.

Money insurance covers loss or damage of cash in transit, cash in premises, cash in safe, cash with authorised staff and damage to safe/strong rooms. The policy will cover loss of money in varying scenarios including hold up, burglary and by use of force or threat of the person with the money. A Personal Accident cover is also included for those carrying money.

Policy features can include:

- ▶ Money in transit to and from banks, carried by employees
- ▶ Personal assault cover
- ▶ Money on business premises, in or out of safes
- ▶ Personal and safe damages
- ▶ Cover for money in the home of employee or director
- ▶ Cover for money in safety deposits

Why should you consider it?

- ▶ Essential protection of financial assets
 - ▶ Protection for employees and others who transport monies
 - ▶ Peace of mind security, minimising disruption to your business
 - ▶ May cover risks that are excluded in other insurance policies

Does Money insurance cover money in M-pesa, Airtel, Equitel, Orange and other such accounts?

Money insurance does not cover mobile/electronic money i.e. Money in the mobile phone transferred following hold up / threat at



gunpoint. However, cover for such risks can be extended at an additional premium or insured under a separate cover.

What are the common exclusions in money insurance?

- ▶ Any loss of money in which an employee of the Insured or member of the Insured's family is directly or indirectly involved
- ▶ Unexplained losses and/or shortages due to errors or omissions
- ▶ Any damage or loss of money occurring because of use of any keys, unless access obtained by force, violence, assault or threat.
- ▶ Theft or loss of money by employees through manipulation of any computer software.

14. Fidelity Guarantee Insurance

Fidelity Guarantee insurance covers an employer against loss of money, business equipment, securities or other goods belonging to the business resulting from an act of fraud or dishonesty by employees for improper personal financial gain in the course of their duties.

Why is Fidelity Guarantee Insurance Important?

Companies are exposed to significant financial losses, due to crime committed by employees. Companies most often seek fidelity guarantee insurance where employees are more likely to cause financial loss because of their constant exposure to cash, stocks or other assets.

Who is covered?

Fidelity Guarantee covers all employees engaged under a contract of service, for example storekeepers, sales people, staff authorized to handle cash among others.

It covers actions such as forgery, misappropriation of funds, embezzlement or diversion of money and theft of money or property.

Fidelity insurance may include a single employee or a group of employees and the cover extends to measurable financial losses only. The type and extent of cover you chose will depend on your particular business.

Who is not covered?

The cover does not insure all the staff and it excludes the following:

- ▶ The business owner
- ▶ A director, partner or sole proprietor of the Business, a trustee
- ▶ Commission agent, consignee, contractor or other agent or representative of the Business
- ▶ Any employee or category of employees not in the Schedule of the Policy or an employee not on permanent terms of service.

Can compensation occur if loss is discovered after a staff member has left employment?

Yes. However, this has to be within 3-6months after policy expires or the termination of the employment whichever comes first. The policy runs for one year and the 3-6months is referred to as 'discovery period'.

What happens when staff are hired or resign?

The policy allows the insured to add, replace or remove staff during the period of insurance by advising insurance company accordingly.

What is excluded under this policy?

The policy excludes such form of losses as; damage by fire, political and terrorism, unexplained losses, consequential loss of any kind, loss by use of electronic equipment.

15. Marine Insurance

Marine insurance is broadly divided into three categories namely: Marine Hull Insurance, Marine Cargo Insurance and Marine Third Party Liability.

- a) Marine Hull insures risks associated with boats, canoes, dhows, vessels, ships and other marine vessels.
- b) Marine Third Party Liability insures the vessel owner; vessel charterer in respect of legal liabilities to third parties. It does not cover loss or damage to the vessel.
- c) Marine Cargo Insurance covers shipments from starting point to the final destination. The same insurance can cover any shipment by road, rail or air.

There are two types of marine cargo insurance:

- ▶ Marine Open Cover

The Marine open cover is an umbrella cover and is ideal for those engaged in continuous or regular import and export of goods. It is an agreement to provide insurance cover on all shipments of the insured at pre-agreed rates and terms.

- ▶ Voyage Policy

This is a single policy cover that covers the goods from one place to another irrespective of the duration involved. The policy therefore ceases or lapses once the goods are delivered to the destination.

The insurance cover contains the policy number, name of the assured, name of the transporting vessel, details of the voyage, description of goods, type of cover, sums insured and the premium.

16. Goods in Transit (GIT) Insurance

Goods in Transit Insurance covers loss or damage to goods and/or merchandise while moving it from one place to another.

This cover is restricted to Kenya but can be extended to cover East Africa subject to agreement with the insurance company.

The insurance covers loss or damage to goods when:

- ▶ Loading, carrying or unloading from any vehicle
- ▶ Collision, overturning or derailment of the conveying vehicle
- ▶ Theft and pilferage following collision, overturning or derailment of the conveying vehicle.

This insurance can extend to cover expenses reasonably and necessarily incurred in respect of;

- ▶ Cost of debris removal of property damaged from the site where damage occurred
- ▶ Transferring property from the vehicle following an accident and reloading to another conveyance
- ▶ Security and protection at the site of accident
- ▶ Damage to tarpaulins, trailer curtains, ropes, chains, webbing straps and packing material following an accident.
- ▶ Political violence and terrorism is currently a common extension.

What is not covered by GIT?

The insurance policy does not cover loss, destruction or damage caused by:

- ▶ Loss from an unattended vehicle
- ▶ Wear and tear
- ▶ Defective or inadequate packaging or insulation.
- ▶ Wilful misconduct of the Insured, theft or dishonesty
- ▶ Delay or loss of market

This Policy does not cover loss of or damage to the following goods unless specifically agreed:

- ▶ Deeds, bonds, bills of exchange, promissory notes, money or other negotiable currency, securities or stamps;
- ▶ Documents, manuscripts, business books, computer systems records, patterns, models, moulds, plans or designs;
- ▶ Electrical or electronic equipment, cameras, photographic or binocular equipment
- ▶ Bullion, jewellery, non-ferrous metals, precious stones, precious metals, platinum or silver articles, furs, watches, curios, or works of art
- ▶ Glass and other articles of a brittle nature except as a direct result of fire, theft or accident to the conveying vehicle;
- ▶ Explosives;
- ▶ Livestock/living creatures

17. Carriers Legal Liability Insurance

Carriers Legal Liability Insurance insures a carrier (person or entity providing transportation for hire) against legal liability claims.

The insurance covers accidental loss or damage to goods in the custody or control of the insured whilst in transit by road, rail, inland waterway, air or any other specified means. The cover territory is within Kenya however, it can extend to East Africa based on agreement with the insurer.

The insurer shall not be liable to pay in respect of liability arising from:

- ▶ Loss of any kind, delay or loss of market.
- ▶ Political violence and terrorism, war, confiscation by authority.
- ▶ Loss or damage to goods belonging to the insured or to an employee or agent of the Insured
- ▶ Carriage of illicit, illegal, contraband or smuggled goods.
- ▶ Illegal sale, conversion or wrongful disposal of goods in the custody or control of the Insured
- ▶ Wilful misconduct of the Insured, theft or dishonesty on the part of the Insured's employees, disappearance of or unexplained inventory shortage.
- ▶ Defective or inadequate packaging or insulation.
- ▶ Damage, destruction and deterioration to goods caused by change in temperature resulting from total or partial breakdown of any refrigeration or cooling equipment unless such breakdown has been caused by an event not excluded from this Policy.
- ▶ A motor vehicle driven by you, or anyone with your permission while the driver is under the influence of alcohol or any other intoxicating substance or drug.
- ▶ Abandonment of consignment

Member Organizations



AAR Insurance Company Ltd
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Email: info@aar.co.ke
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Capex Life Assurance Ltd
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Website: www.geminia.co.ke



Kenya Orient Insurance Company Ltd
&
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Website: www.korient.co.ke



Allianz Insurance Company of Kenya
4th Floor, Cavendish Block-14 Riverside Drive
Email: contact@allianz.co.ke
Website: www.allianz-africa.com



CIC General Insurance Company
& CIC Life Assurance Company
CIC PLAZA, Mara Road, Upper Hill.
Email: info@cic.co.ke
Website: www.cic.co.ke



Heritage Insurance Company Ltd
(Now a member of Liberty)
Liberty House, Mamlaka Road
Email: info@heritage.co.ke
Website: http://www.heritageinsurance.co.ke/



Kenyan Alliance Insurance Company
Chester House, Koinange Street
Email: kai@kenyanalliance.com
Website: https://kenyanalliance.co.ke/



Africa Merchant Assurance Co. Ltd
2nd Floor, Trans-National Plaza,
Mama Ngina Street,
Email: info@amaco.co.ke
Website: www.amaco.co.ke



Corporate Insurance Company Ltd
Corporate Place, Kiambere Road, off Lowerhill
Road
P.O. Box 43172-00100 Nairobi
Email: info@cickenya.com
Website: http://www.corporate-insurance.co.ke/



ICEA LION General Insurance Company
&
ICEA LION Life Assurance Company
ICEA Building, Kenyatta Avenue
Email: insurance@icealion.com
Website: www.icealion.com



Liberty Life Assurance Company Ltd
Liberty House, Processional Way
P.O. Box 30364-00100, Nairobi, Kenya.
Email: csc@libertylife.co.ke
Website: http://www.liberty.co.ke/



AIG Kenya Insurance Company Ltd
AIG House, Eden Square Complex,
Chiromo Road,
Email: aigkenya@aig.com
Website: www.aig.co.ke



Direct Line Assurance Company Ltd
17th Floor, Hazina Towers, Monrovia Street,
Email: Info@directline.co.ke
Website: http://www.directline.co.ke/



Intra Africa Assurance Company Ltd
Williamson House,
4th Ngong Avenue
P.O. Box 43241-00100 Nairobi
Email: info@intraafrica.co.ke
Website: www.intraafrica.co.ke



Madison Insurance Company Ltd
Madison Insurance House, Upper Hill Road
Email: Madison@madison.co.ke
Website: www.madison.co.ke



APA General Insurance Company Ltd
& APA Life Insurance Company Ltd
Apollo Centre, Westlands
Email: info@apainsure.org
Website: http://www.apainsurance.org/



Fidelity Shield Insurance Company
Equatorial Fidelity Centre, 5th Floor, Waridi Lane,
Off Waiyaki Way, Westlands.
P.O.Box 47435, 00100 Nairobi, GPO Kenya.
E-mail: info@fidelityshield.com
Website: www.fidelityshield.com



Invesco Assurance Company Ltd
3rd floor Bishop Magua Centre, Ngong Road
Email: info@invescoassurance.co.ke
Website: www.invescoassurance.co.ke



Mayfair Insurance Company Ltd
Mayfair Centre, Ralph Bunche Road
Email: info@mayfair.co.ke
Website: www.mayfair.co.ke



Barclays Life Assurance Kenya Ltd
PO Box 30120 – 00100 Nairobi
Barclays Westend Building, Off Waiyaki Way
Email: barclays.kenya@barclays.com
Website: https://www.barclays.co.ke/corporate/insurance/



First Assurance Company Ltd
First Assurance House, Gitanga Rd,
Email: info@firstassurance.co.ke
Website: www.firstassurance.co.ke



Jubilee Insurance Company Ltd
Jubilee Insurance House, Mama Ngina Street
Email: info@jubileekenya.com
Website: www.jubileeinsurance.com/ke/



Metropolitan Canon Life Insurance Company Ltd
&
Canon Assurance Ltd
Gateway Business Park, Block D,
Mombasa Road
E-mail: clientservice@metcanon.co.ke
Website: http://metcannon.co.ke/



Britam General Insurance Company
& Britam Life Assurance Company
Britam Centre,
Mara/Ragati Road, Upperhill
Email: info@britam.com
Website: www.britam.com



GA Kenya Insurance Company Ltd
GA House, Ralph Bunche Rd,
Email: atyourservice@gakenya.com
Website: www.gakenya.com



Kenindia Assurance Company Ltd
Kenindia House, Loita Street
Email: kenindia@kenindia.com
Website: www.kenindia.com



The Monarch Insurance Company Ltd
664 Ole Ngurone Avenue, off James Gichuru
Road, Lavington
Email: info@momachinsurance.co.ke
Website: www.monarchinsurance.co.ke

Association of Kenya Insurers

AKI Centre, Mimosa Road, Mucai Drive, Off Ngong Road

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Facebook: AKIKenya, Twitter: AKI_Kenya