

Secure yourself,
Secure your future



Factors to consider when selecting an insurance policy

Martha Tigo's story is one of resilience and awakening. As a 28-year-old nurse and single mother, she had always focused on the immediate needs of her children. Insurance and pensions were not a priority until life delivered a harsh lesson. When her father passed away after a prolonged illness, the financial burden fell squarely on her shoulders. Martha had to scramble to make ends meet. The family had already sold their last two cattle to fund his medical bills, leaving Mary in a vulnerable financial position. That was the turning point. She vowed never to find herself in such a situation again.

Martha's experience is not unique. Many people only realise the importance of insurance and pensions after experiencing a crisis. Yet, financial preparedness should not be a reaction to hardship but rather a proactive step toward securing one's future. The Shona proverb "*Kuyeuka bako wanayiwa nemvura*", which loosely translates to "You remember the cave when you are already wet," aptly captures this sentiment. Insurance is much like a parachute—if you don't have it when you need it most, the consequences can be irreversible.

Choosing the right insurance policy is crucial in achieving this financial security. But how does one go about it? Here are the key factors to consider when selecting an insurance policy.

Assess Your Needs

Before committing to an insurance policy, consider what risks you need coverage for. Are you looking for health insurance to cover medical bills? Life insurance to secure your dependents' future? Motor insurance to protect your vehicle? Or perhaps agricultural insurance to protect your crops against climate-related risks?

Understand the Types of Insurance

There are two broad categories of insurance: general/non-life/short-term insurance and life/long-term insurance.

- **General Insurance** covers risks related to property, liability, and health. This includes home, motor, agricultural, and health insurance.
- **Life Insurance** provides financial security to beneficiaries in case of the policyholder's death. This includes funeral insurance, term life insurance, whole life insurance, universal life insurance, and Variable life insurance

Each type of insurance serves a different purpose. Knowing what you need will help you select the right policy.

Evaluate the Policy Coverage

Not all insurance policies are the same. Read the policy document carefully to understand what is covered and what is not. Some policies offer broad coverage, while others have exclusions that exclude coverage for specified risks.

For instance, Martha learnt that while some funeral policies cover extended family members, others only cover the policyholder and their nuclear family. Understanding the details of a policy can prevent unpleasant surprises later.

Consider Affordability and Premiums

A common misconception is that insurance is only for the rich or those who are formally employed. However, with Microinsurance and Micropensions Frameworks developed by IPEC, even low-income earners can access affordable insurance and pension plans.

When choosing a policy, ensure that the premiums fit within your budget. While it is essential to get adequate coverage, overcommitting financially, can strain your monthly expenses.

Compare Different Providers

Insurance providers offer different policies with varying benefits and costs. Take the time to compare policies from multiple insurers. For example, look at customer service, and the overall reputation, among other factors. A cheaper policy may not always be the best if the insurer has a reputation for denying or delaying claim payments.

Martha chose her life insurance policy after consulting different providers and ensuring she was comfortable with their terms. Doing thorough research can save you from future headaches.

Look for Flexibility

Life circumstances change. You may start with a basic policy, but you may later want to upgrade your coverage as your financial situation improves. Check if your prospective insurance provider allows flexibility in adjusting coverage, adding beneficiaries, or modifying terms as needed.

Verify the Legitimacy of the Insurer

Insurance fraud is a growing concern. To avoid falling victim to scams, ensure that the insurance provider is licensed by IPEC. You can ask for proof of registration and verify with IPEC by checking the list of licensed insurance entities on the IPEC website (www.ipec.co.zw).

Call to Action: Take Action Today

Martha's journey from financial distress to empowerment is a lesson for all of us. The right insurance policy is not just a piece of paper, it is a shield against life's uncertainties. It ensures that when challenges arise, you and your loved ones are financially protected.

The Insurance and Pensions Commission (IPEC) is committed to promoting financial security for all Zimbabweans. We encourage you to take proactive steps today. Speak to a licensed insurance provider or broker, assess your needs, and choose the right policy for you. Financial security starts with a decision. Will you make the right one today?

About IPEC

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry for the protection of policyholders and pension scheme members.

For feedback or enquiries, please contact us at: pr@ipec.co.zw