

Secure yourself,  
Secure your future



## The Dos and Don'ts When Buying Insurance: A Guide to Protecting Your Future

Ever since Martha Tigo learnt the hard way when her father passed away, she has always been a careful planner. She believed in securing her future and that of her two children by making informed financial decisions. However, her cousin Edith Netu wasn't as cautious. After landing a lucrative job offer, Edith cashed out her pension contributions to buy a second-hand car. Tragedy struck when the car was a total write-off in an accident, and because she only had third-party insurance, she received no compensation. Edith learned the hard way that financial security requires careful planning and the right insurance choices.

Edith's story is a stark reminder of why having the right insurance matters. Insurance is not just another expense, it is your financial safety net. However, buying insurance requires careful consideration. To help you make informed choices, here are the dos and don'ts when buying insurance.

### The Dos

#### Assess Your Insurance Needs

Before signing up for any insurance policy, take time to evaluate your needs. Consider what you want to protect: your health, life, vehicle, home, or business. Insurance should be a tailored solution to your specific circumstances, ensuring that you are neither over-insured nor under-insured.

When choosing what to insure, consider both how often a risk might occur (frequency) and how damaging it would be if it did (severity).

#### Research and compare policies

Insurance policies can vary significantly. Shop around, compare coverage, and analyse the terms and conditions. Look beyond the price, the cheapest policy might not provide the best coverage when you need it most. Reading the fine print helps you understand the exclusions or limitations.

#### Choose a licensed insurance provider

Your insurance is only as good as the company behind it. Ensure that the provider is licensed by the Insurance and Pensions Commission (IPEC). Research customer reviews and claim settlement history to gauge reliability. A provider with a strong track record of honouring claims is invaluable. You can also consult IPEC's quarterly reports, which include data on complaints filed against licensed entities. These reports are accessible on the IPEC website and provide valuable insights into how insurers handle claims and serve their policyholders.

#### Understand the policy terms and conditions

One of the biggest mistakes policyholders make is signing insurance contracts without fully understanding the terms and conditions of the same. Read the policy carefully, ask questions, and clarify any uncertainties before committing. Pay close attention to exclusions, waiting periods, and claim procedures.

#### Pay your premiums on time

Always ensure that your premium payments are up-to-date. Missing premium payments can result in policy lapses, leaving you unprotected when you need coverage the most.

### The Don'ts

#### Don't buy insurance based on price alone

A lower premium might be tempting, but it could mean inadequate coverage or high deductibles. Always balance affordability with comprehensive coverage. Cheap insurance is expensive when it fails to protect you in an emergency.

#### Don't overlook policy exclusions

Exclusions define what is not covered. Many policyholders assume they are fully protected until they file a claim and find out otherwise. Review exclusions carefully to avoid unpleasant surprises.

#### Don't provide false information

Honesty is critical when buying insurance. Providing incorrect or incomplete information can lead to claim rejections. Insurers have means of verifying details, and fraudulent claims can result in policy cancellations or legal action.

#### Don't delay filing claims

If an insured event occurs, notify your insurer immediately. Delays can complicate the claims process, and in some cases, insurers may have time limits for claim submissions. Gather all necessary documentation and follow the prescribed procedures.

#### Don't cancel a policy without a replacement

If you wish to switch insurance providers, ensure that a new policy is in place before cancelling the existing one. A coverage gap can expose you to financial risks in case of unforeseen events.

Don't ignore policy renewal timelines

Some policies require renewal within prescribed timeframes to remain active. Keep track of renewal dates to avoid unintended lapses, which can leave you uninsured at critical moments.

#### Secure your future wisely

Insurance is a powerful tool for financial security, but only when used correctly. Martha Tigo understood this, and her careful planning ensured she was protected. Edith Netu, however, learned the hard way that impulsive financial decisions could have devastating consequences. By following these dos and don'ts, you can safeguard your future, protect your assets, and ensure peace of mind.

At the Insurance and Pensions Commission (IPEC), we encourage individuals to make informed insurance choices. If you have questions or need guidance on selecting the right insurance, visit [www.ipec.co.zw](http://www.ipec.co.zw) or consult a licensed insurance provider 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](mailto:pr@ipec.co.zw)