

**INSURANCE REGULATORY
AUTHORITY**

MINISTERS' FORUM

AT

**KENYATTA INTERNATIONAL
CONFERENCE CENTRE.**

BY

MURIITHI KOGI


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
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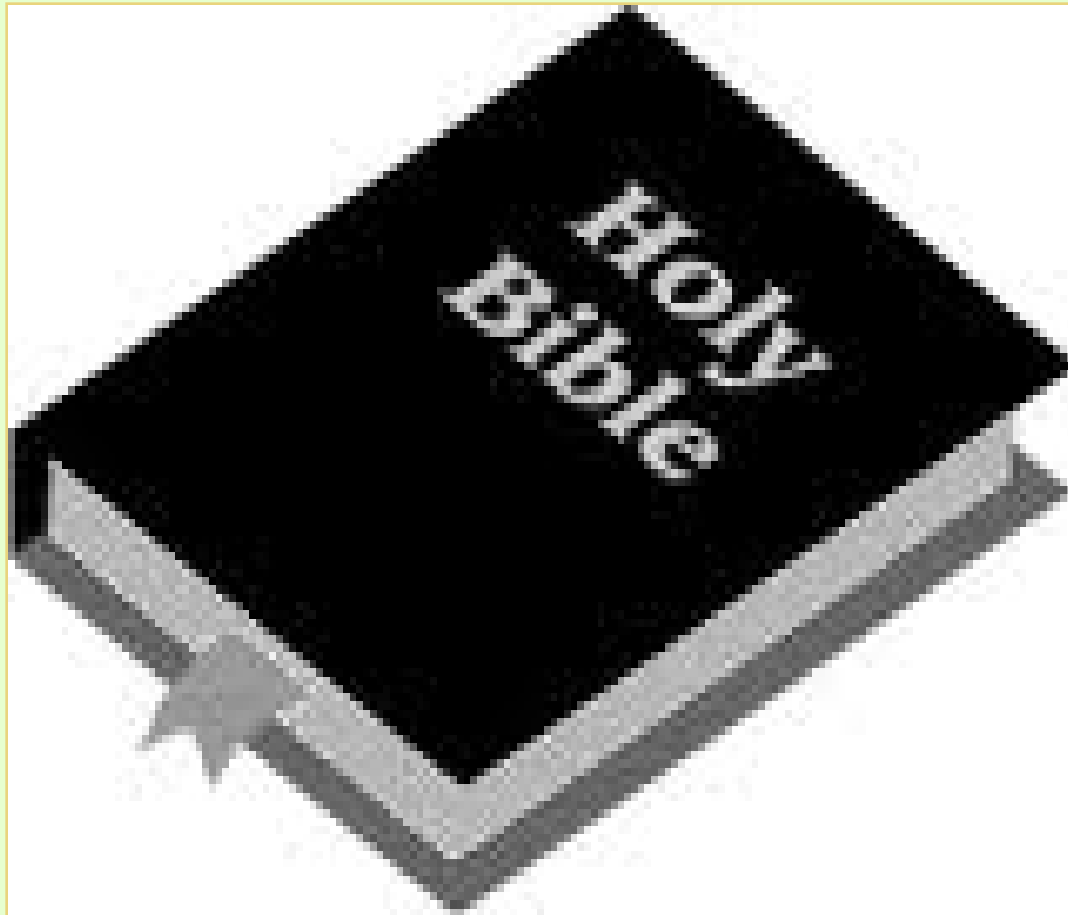
 **Common risks we all face.**

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Lessons in RM from the Bible



2 Peter 5-6

For this very reason, you must make every effort to support your faith with goodness, and goodness with

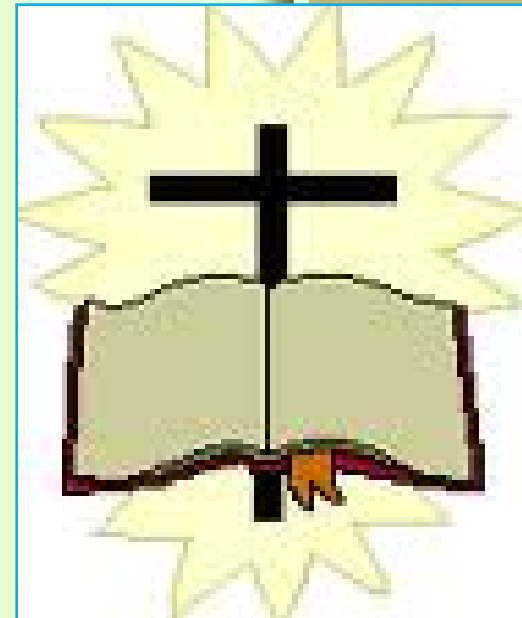
knowledge, ⁶and knowledge with self-control...

Proverbs 27-12

‘The prudent see danger and take refugee, but the simple keep going and suffer for it.’

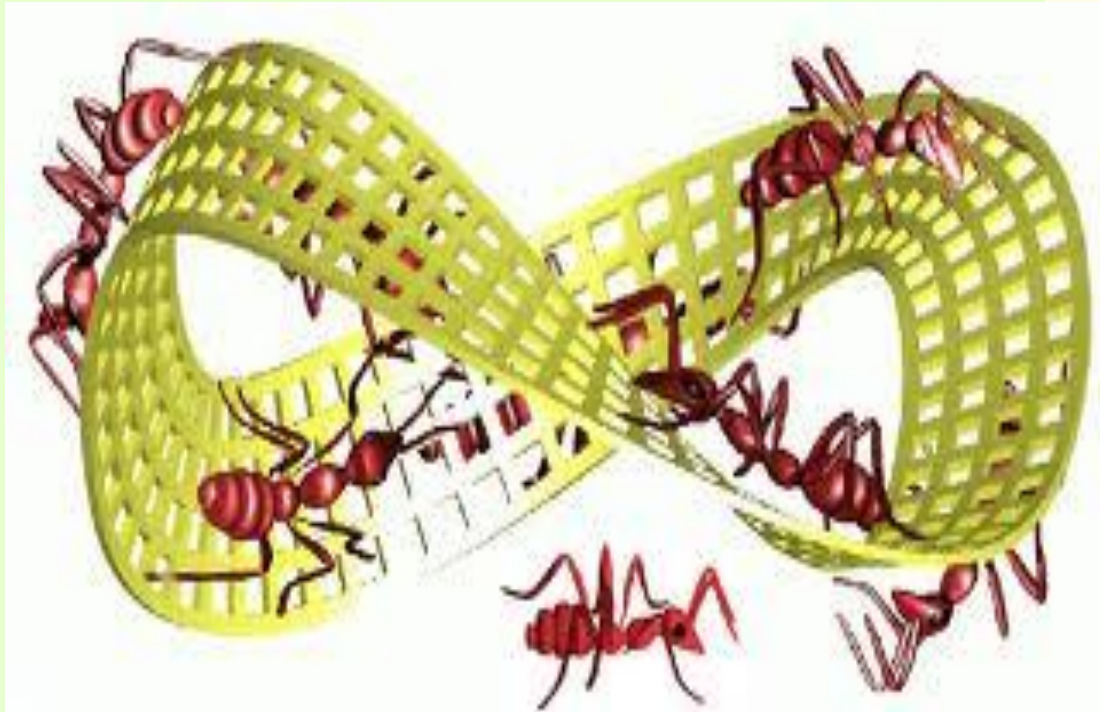
Proverbs 24. 6

‘For waging war you need guidance, and for victory many advisers’.

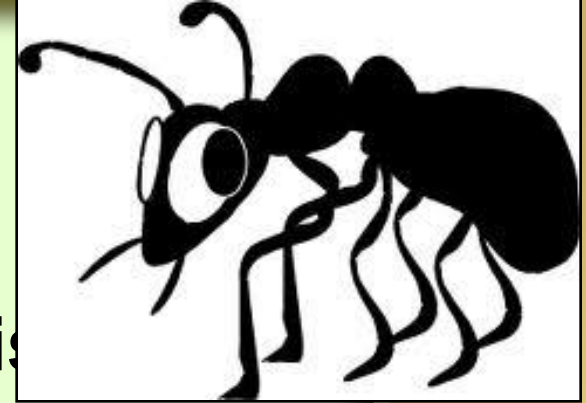


Proverbs 6:6-7

Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer, yet it stores its provisions in summer, and gathers its food at harvest.



Lessons from the ant

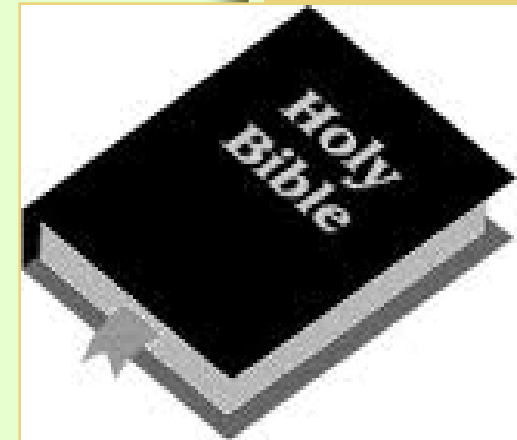


- The ant is a planner and strategic.
- It makes tactical decisions to plan for risks.
- It is proactive and does not react to situations unlike many people who only react to risks after misfortunes have occurred.
- It initiates actions rather than waiting to depend on goodwill of others.
- It is aware that there is time for everything.
- It is aware that in future there could be the risk of missing food in winter.

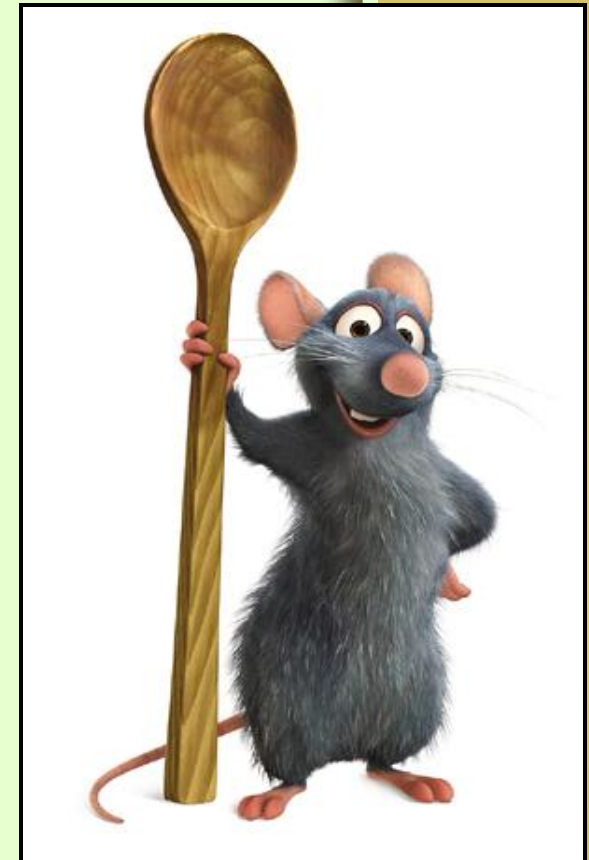


Genesis 41: 33-36

‘And now let the pharaoh look for a discerning and wise man and put him in charge of the land of Egypt, let the pharaoh appoint commissioners over the land to take a fifth of the harvest of Egypt during the seven years of abundance. They should collect all the food of these good years that are coming and store up the grains under the authority of the pharaoh to be kept in the cities for food. This food should be kept in reserve for the country, to be used during the seven years of famine that may come upon Egypt, so that the country may not be ruined by famine.’



The reality of risks



Risk is...

- Risk is the possibility of an outcome being unfortunate; that something can go wrong;
- Risk is the uncertainty of a loss;
- Risk is the possibility of loss;
- Risk is the chance of a loss;
- Risk is the variation in the outcome that could occur over a specific period in a given situation..

**Risks exists in
practically all
situations in life.**



From risks to losses

For a risk to become a loss, there has to be a peril.

A peril is the primary cause of loss. Thus fire, theft, accident, malicious damage, riot, storm, untimely death, sickness etc are perils.

In most cases, the occurrence of a peril is beyond the control of anyone who may be affected by it.



Risks that we all face

Having our assets lost or destroyed by perils- as individuals, churches, business people etc.

Becoming physically challenged from accidents or diseases.

Untimely death, especially for those with dependants.

Why do we face risks?

...because lucifer was cast down from heaven to the world...

“How you are fallen from heaven, o lucifer, son of the morning! How you are cut down to the ground, you who weakened the nations!”

Isaiah 14:12



Visitation by the devil





**work
of
demon
s**



floods etc



**Disease
s**

Malicious damage



Road accidents

Theft

I R A



Attacks the family with diseases, accidents and untimely death



Discourages friends and relatives from assisting us in times of problems.





JOS, Nigeria, June 17 (CDN) — Suspected Islamic extremists bombed three churches in Kaduna state this morning, the third consecutive Sunday that worship services in Nigeria have ended in lethal bloodshed. In a predominantly Christian area of Zaria known as Wusasa, a suspected Islamic extremist crashed a car into a barricade... at around 9 a.m., setting off explosives that killed at least **24** people and wounded **125....**



Common risks we all face...

A car accident



Applicable classes of insurance: motor, personal accident, work injury, group personal accident, life etc



The aftermath of a fire



**Material damage –applicable classes of insurance:
fire, theft, all risks, goods in transit etc.**

Political violence-churches seem to be easy targets



Theft-even in churches!



A plane crash



**Applicable classes of insurance:
aviation cargo, hull and liabilities.**



Being physically challenged by accident or disease

Applicable classes of insurance:

- Personal accident;
- Medical/Health;
- Income protection;
- Group accident.



Have a medical insurance scheme for the pastor and the his family.



Untimely death of



Applicable policies-life
and education policies




Orphaned children



The role of insurance in risk management

Insurance helps societies in....



**Replacing lost
assets/possessions.**



**Dealing with
misfortunes.**



**Dealing with key
challenges of life.**



What is insurance?

- Insurance is a financial system whose main objective is to indemnify one in the event of loss or damage of possessions through the operation of perils.
- It can also avail a financial benefit in the event of death or disablement.
- **There are two broad classes of insurance-life and general.**
- Life insurance provides a financial benefit in the event of pre untimely death of the bread winner or due to physical disablement as a result of accident or disease.
- General insurance provides compensation due to losses or damage inflicted on property by perils.



IRA

Basic assumptions of insurance

-  **Insurance operates on the basic assumption that only a few people exposed to risks will suffer financial losses.**
-  **It is the duty of insurance to financially mitigate for such losses.**

How insurance operates....

- Insurance operates on the basic understanding that risks are ever present in life and that losses and set-backs do from time to time occur.
- The core position of insurance is that it is better to be prepared financially for misfortunes if and when they do occur.
- In simpler terms, this is called planning.
- We plan what to do and when to do it, but we should remain alive to the fact that things could go wrong. And, as we have already seen, they often do.



How does insurance operate?

- Insurance mitigates the consequences of risks through creation of a fund out of which losses are paid.
- The fund is created through the contribution of the many (who are willing to join) and are exposed to risks. What they contribute to the fund is called premium.
- The few who suffer loss are compensated from the fund.
- The amount of the premium is determined by the probability of occurrence of losses which is scientifically worked out by experts called actuaries for each and every insurance proposal.

YES....

Insurance can be summed up as...

"Praying for the best while...

*...being **PREPARED** for the Worst.*








Key challenges of life

Key Challenges of Life

So far we have talked about the benefit of insurance in the event of misfortunes.

However, insurance can also be used to help in meeting the key challenges of life. **The main ones are:**

-  **Buying a house.**
-  **Educating children in colleges/universities.**
-  **Living in financial freedom after retirement.**

Buying a house

Applicable policies: life policies, mortgage protection policies, fire and other perils policies.



Appropriate pastors' house



Educating children in universities and in the event of pre mature death of the bread winner

Policies

- **Life assurance saving products.**
maturing when a child is entering university/college.
- **Unit linked products.**
- **Education policies that provides cash on death or disablement of breadwinner while a child is in college/university.**

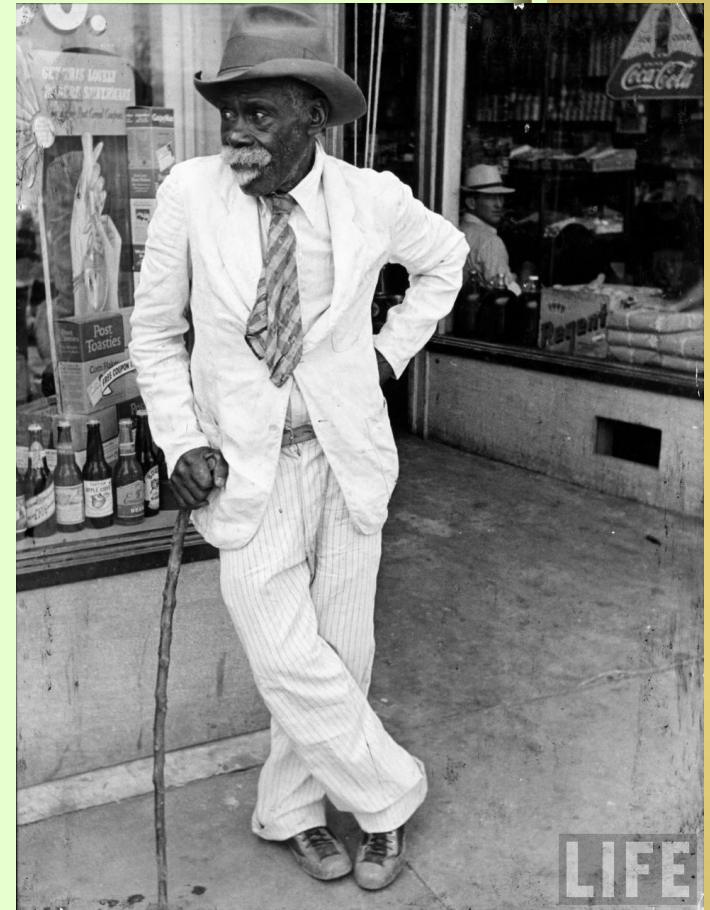




Living in financial freedom in retirement



- We shall grow old; we shall not die young!
- Do you plan to retire?



Old age and retirement package

Ecclesiastes 12

Remember your Creator in the days of your youth,
before the days of trouble come and the years
approach when you will say, “I find no pleasure in
them”—² before the sun and the light and the moon
and the stars grow dark.....

³ when the keepers of the house tremble,
and the strong men stoop,
when the grinders cease because they are few,
and those looking through the windows grow dim...

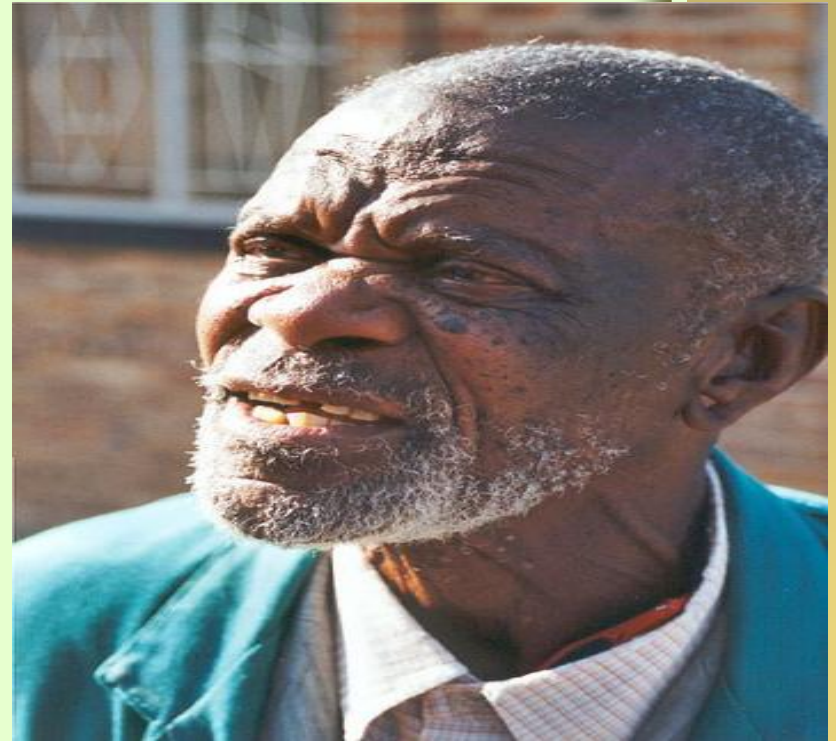
⁴ and the sound of grinding fades;
when people rise up at the sound of birds,
but all their songs grow faint;

⁵ when people are afraid of heights
and of dangers in the streets;
when the almond tree blossoms...



Old pastors preaching...up to what age do you want to preach?





- It is advisable to have a pastors retirement benefit plan;
- And also for church employees.



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Solutions for financial freedom in old age

Employers'/ occupational benefit schemes.

Personal retirement benefit policies- these are pure investment policies and one can choose their retirement dates.

Both of these are regulated by the Retirement Benefit Authority (IRA).

Life assurance products maturing at retirement age so that one can get a cash lump sum.





Benefits of insurance

1. Peace of Mind Products

- Life assurance products.
- Disablement products.
- Medical insurance products.



2. Savings/Investment products

- Life assurance with investment aspects, and retirement products.
- Insurance gives an alternative investment vehicle/source of collaterals



Reduced fund raising activities-medical,
accident, death, destruction of assets,
SC



Financial freedom

Education policies maturing when a child is going to the university.

Old age policies.

Life assurance product which avail a sum of money if the sponsor dies while the child is in school esp. college/ university.

Death benefits policies.



Medical insurance policies etc

Other benefits of insurance con'd

4. Advise on reduction and control of losses.

-pre-loss control and post loss measures.

5. Invisible earnings.

6. Social benefits:

- **Job creation and retention;**
- **Provision for old age;**
- **Provision for education.**

Insurance is a superior method of handling risks

- **It anticipates losses and plans for them;**
- **It creates a fund out of which losses i.e. consequences of misfortunes are paid;**
- **It employs technically qualified people to manage the fund.**
- **It is supervised by the government.**
- **It spread risks nationally, regionally, and internationally.**

**Finally, take off and
decide which insurance
to buy, do not tax forever!**



**GOD
BLESS
YOU
ALL,
Men
and
Women
of
Christ!**

