

# IPF Q&A



## Q1.

### WHAT IS IPF?



This is an insurance loan facility that enables the customer to pay for all annual insurance needs in installments rather than a one-time payment. The bank processes the facility in favor of the customer and directly transfers the full premium to the insurance company ensuring a stress-free repayment plan from 4 to 10 months, subject to policy expiration dates and approval from the insurance Company

**The insurance policies being financed should be placed with Insurance Companies acceptable to the Bank.**

## Q2.

### WHAT ARE THE BENEFITS OF IPF TO THE CUSTOMER?



- Improved Cash flows and liquidity.
- Competitive financing rates.
- No additional security required from the company.
- Flexible payment plans.
- Easy and convenient documentation.
- No credit analysis.
- Minimum of KES 25,000 with no Maximum amount.
- You can process one IPF for multiple policies.

# DID YOU KNOW



## Q3. INSURANCE POLICIES COVERED UNDER IPF?



These include among others;

- Motor Commercial or Private
- Medical Insurance
- Fire and perils
- Industrial All Risk
- Workmen's compensation
- Burglary
- Golfers policy
- Contractors all risk policy etc

**NB: The financed covers should be on annual basis.**

## Q4. WHAT IS THE SECURITY FOR IPF LOANS?

The IPF security is the guarantees from insurance companies which promise to refund the premium if the customer defaults.

## Q5. WHAT HAPPENS WHEN A CUSTOMER DEFAULTS?



The customer is given seven days notice of cancellation of the insurance policies financed and a copy is sent to the insurer. After seven days, if the customer has not regularized the loan, a 14 days premium refund demand letter is sent to the Insurer in writing requesting them to cancel and refund the bank the unutilized premiums. In case the customer pays before the refund amount is received, a revocation notice is sent to the insurer to reinstate the cover.

# DID YOU KNOW



## Q6. WHAT IS BROKER PREMIUM FINANCE?

Broker financing is a product that enables insurance brokers / Agents take up IPF on behalf of their customers. This maybe because of various reasons that might not allow the customer directly take up the facility with the bank.

Below are some of the benefits that the Agent / broker may get while processing a broker finance application:

- Allows bundling together multiple customers in their portfolio who are taking up insurance with one insurance company and processing one IPF for all of them. The application should be signed off by the insurance company with a policy schedule attached listing the insured individuals.
- The process is easy as it only takes two working days to process payments to the insurance company.
- Simple documentation.
- Discounted rates for premiums above 5M.
- Eligible for other loan products from the bank when the broker / agency opens a current account with NCBA.
- Dedicated IPF account manager.



# DID YOU KNOW



## Q7. HOW DOES BROKER PREMIUM FINANCE WORK?



The Broker/ Agent to provide:

- List of all premiums to be financed with indicating the insured name, type of cover and amount for each-this should be approved by the insurance company for financing, by executing on the schedule.
- The broker provides the IPF application forms and mode of payment-first installment should be current.

Next Steps:

- The bank books the loan and pays the insurance company the full premium and the broker is left servicing the loan.
- The payment confirmation is sent to the broker for confirmation of payment.